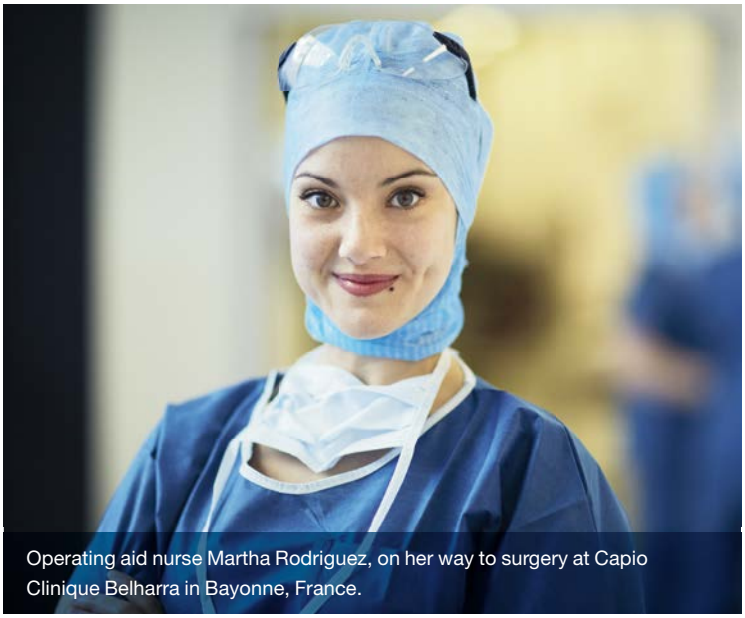
Capio Annual Report 2015

The best achievable quality of life for every patient

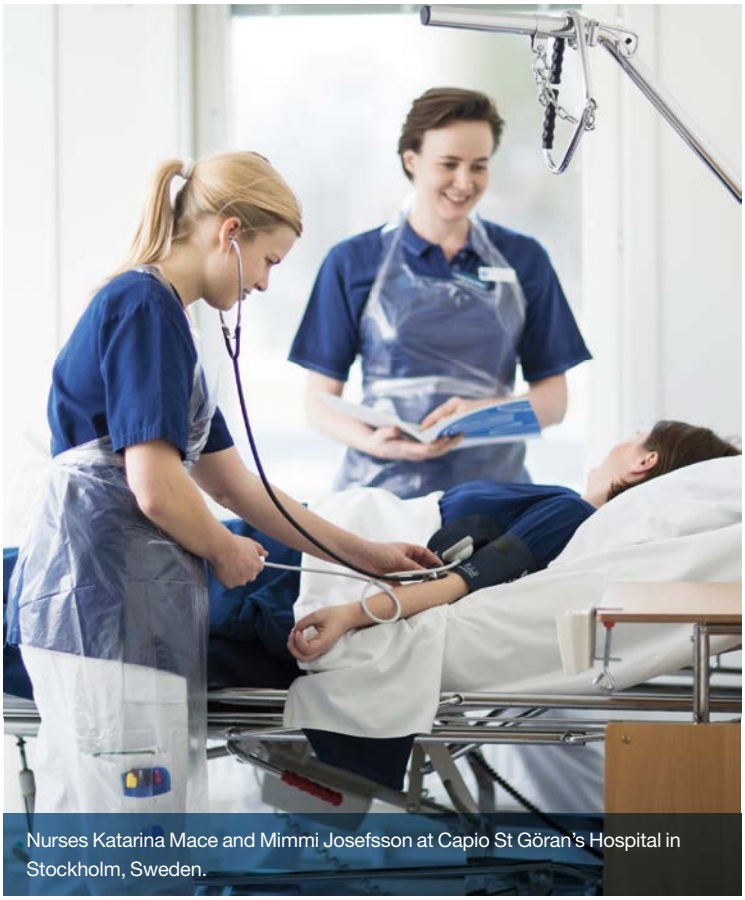
Capio



Operating aid nurse Martha Rodriguez, on her way to surgery at Capio Clinique Belharra in Bayonne, France.

Capio 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[1] employees provided healthcare services during 4.6 million[2] patient visits across the Group's facilities in Sweden, Norway, France and Germany, generating net sales of MSEK 13,486. Since June 30, 2015, Capio AB (publ) is listed on Nasdaq Stockholm under the short name "CAPIO".

[1] Number of employees as full-time equivalents on average during the year.
[2] Number of inpatient and outpatient visits.



Nurses Katarina Mace and Mimmi Josefsson at Capio St Göran's Hospital in Stockholm, Sweden.

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Cover photographs, clockwise:
Capio St Göran's Hospital Stockholm, Sweden
Capio Clinique Belharra, Bayonne, France
Capio City Clinic Landskrona, Landskrona, Sweden
Capio Clinique Belharra, Bayonne, France

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Marie Ullnert: Cover (lower left), page 26, 147 (lower portrait)
Olof Holdar: Inside cover (lower left), page 19
Måns Nilsson: Page 29, 140 (portrait François Demesmay)
Michaela Barkensjö: Page 33, 34
Oskar Arvidsson, Grafia AB: Page 27

This is a translation of the original Swedish Annual Report. In the event of any difference between the English translation and the Swedish original, the Swedish Annual Report shall prevail.

This is Capio

Mission

Cure. Relieve. Comfort.

We have a mission: to cure, relieve and comfort anyone seeking medical care from Capio. 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 Capio, 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.

Assistant nurse Karin Leinhagen at Capio Geriatrics Nacka in Stockholm, Sweden, in conversation with a patient.

Midwife Barbara Bordachar with a baby at the maternity ward at Capio Clinique Belharra in Bayonne, France.

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.

Values

Quality. Compassion. Care.

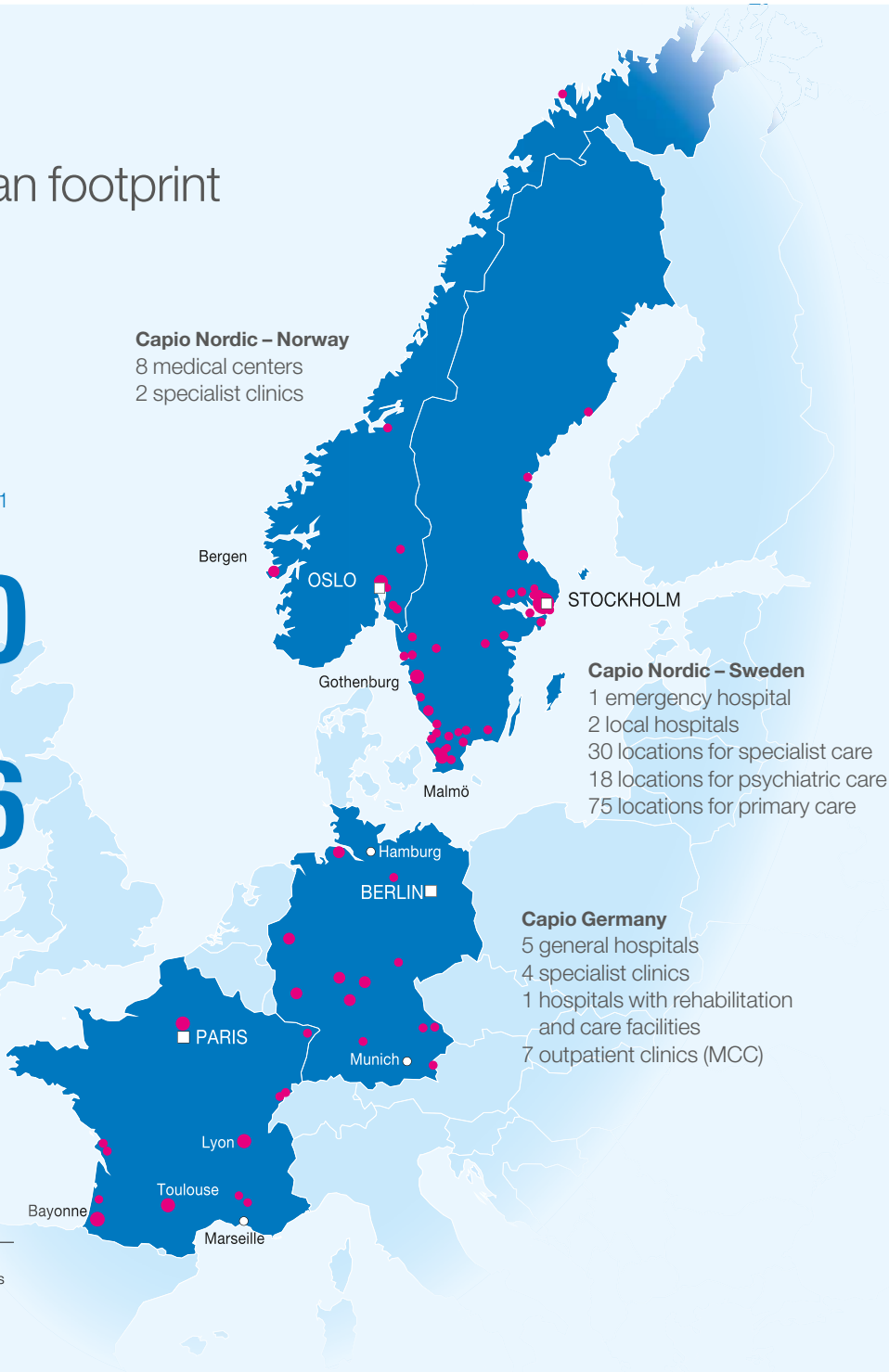
When we require medical care, we are vulnerable and perhaps helpless, or at least in need of assistance. We may also have a limited insight and knowledge of our illness and how best to treat it. This places a heavy burden of responsibility on the healthcare service and its staff, far beyond the responsibility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

A pan-European footprint

4.6
million patient visits[1]

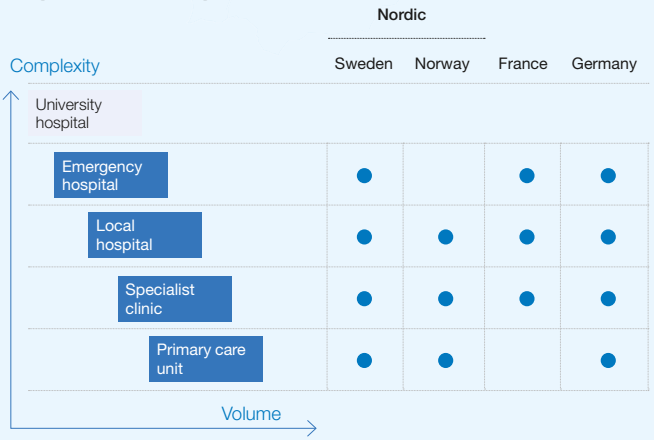
12,360
employees[2]

13,486
MSEK in net sales



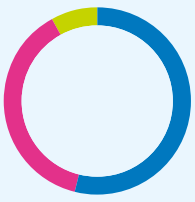
[1] Number of inpatient and outpatient visits.
[2] Number of employees as full-time equivalents on average during the year.

Capio's care level presence



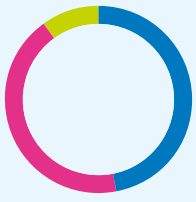
Capio has extensive activities at all care levels, except within university hospitals. Operations in all countries are united in the Capio model with its systematic approach to drive quality and productivity. Capio leverage the transfer of know-how within the concepts of Modern Medicine and Rapid Recovery, thus improving healthcare services across Europe.

Net sales



- Capio Nordic, 54%
- Capio France, 38%
- Capio Germany, 8%

Employees



- Capio Nordic, 47%
- Capio France, 43%
- Capio Germany, 10%

Capio organizes its business in three operational segments: Capio Nordic (Sweden and Norway), Capio France and Capio Germany. The segments provide 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.

2015 in brief

Operational development

- A continued positive development in the Nordic segment driven by organic sales growth in Capio St Göran's Hospital, Capio Specialist Clinics and Capio Norway
- Capio Norway acquired two clinics which gives Capio a national presence and a healthcare service offering in each of Norway's health regions
- Strong focus on improving staff productivity within Capio Proximity Care. The program continues in 2016
- Capio France continued to show positive results from its medical strategy – Modern Medicine and Rapid Recovery – with a growth in the number of outpatients of 5.7% and an increase of the share of outpatients operated on by 2 percentage points (to 67% of total patients operated on)
- All but four out of 22 hospitals in France have together fully compensated for the Government's price reduction and two national doctor strikes
- Capio France strengthened the local star network in the Paris region by the acquisition of Capio Clinique du Parisis
- The new modern hospital Capio Clinique Belharra was opened in Bayonne. The hospital is part of Capio France's investment program in Modern Medicine
- In Capio Germany the hospital in Dannenberg continued to show a positive development. The development of the specialist clinics remained stable

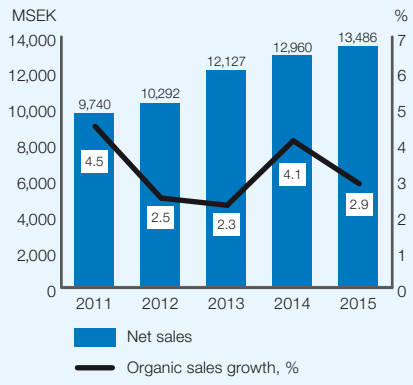
Financial development

- Net sales were MSEK 13,486 (12,960)[1]
- Organic sales growth was 2.9% (4.1) and total sales growth was 4.1% (6.9). The organic sales growth was positive in all segments and was fully related to volume as price changes were negative following a general price reduction in France of -2.5% from March 1, 2015
- Operating result (EBITDA) was MSEK1,001 (972)[1] and operating margin was 7.4% (7.5)[1]
- Operating result (EBITA) was MSEK 592 (544)[1] and operating margin was 4.4% (4.2)[1]. EBITA increased with 8.8% on adjusted basis and the result growth was driven by the Nordic and the German segments. The French segment was negatively impacted compared to last year by the price reduction, two doctor strikes, the ongoing integration of the Parisis hospital and the opening of the Belharra hospital (MSEK -83)
- Earnings per share[2] was SEK 1.45 (-0.04) and adjusted earnings per share[2] was SEK 2.44 (2.29)
- Proposed dividend is SEK 0.50 per share (0.00)

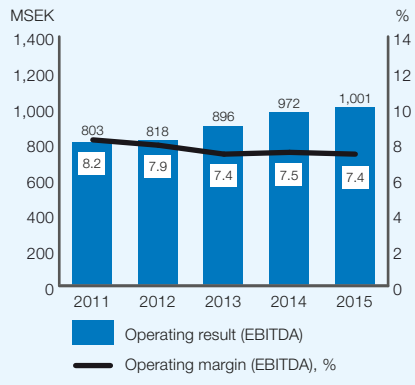
[1] Development adjusted for structural changes made in 2014. Refer to note 33 for a description of these changes and reported numbers for 2014.
[2] Earnings per share and adjusted earnings per share before and after dilution were the same. Refer to note 26 for calculations of earnings per share.

Financial targets and outcomes

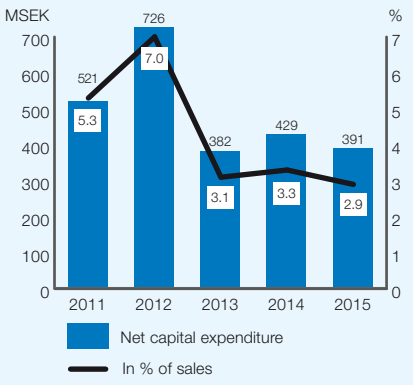
Net sales and organic sales growth[1]



Operating result (EBITDA) and margin[1]



Net capital expenditure and in % of sales



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 note 33 for a description of these changes and reported numbers for 2014.

Quality drives productivity in European healthcare

The year of 2015 for Capio:

- **In June, Capio re-entered Nasdaq Stockholm after almost nine years in the private domain, giving Capio long-term anchor investors, the transparency of a listed company and access to financing for future expansion**
- **The organic sales growth reached 3% and the operating result (EBITA) increased by 9%, reflecting a strong development in the Nordic and German segments and a more challenging situation in France**
- **Our strategy of Modern Medicine and Rapid Recovery in France has proven right with continued productivity improvements and an increasing share of outpatient activities compared to last year**

Our strategy

Over the years, as a non-listed company, we have developed a clear strategy based on two pillars being **Modern Medicine** and **Modern Management**.

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 sometimes 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. An obvious example of a less invasive method is arthroscopic surgery where surgery is done through small holes instead of opening a bigger entrance to the body. Another example is from France, where Capio's orthopedic teams have developed less invasive methods for hip and knee replacements allowing the patient to leave hospital the same day as the operation is completed.

The second pillar of our strategy is **Modern Management**. The development of medical methods is rapidly leading to both continuously improving medical results for the patient and Rapid Recovery after treatment. However, the speed of implementing these new and proven better methods is slow, which means an unnecessary delay in giving the benefits of better treatments for the patient. Studies show that implementing new methods often takes between 10 and 20 years – after the methods have been medically tested and proven.

With a decentralized and empowered organization with strong local managers where the doctors, nurses and other medical staff focus their time on working with patients and having the resources and authority to drive development, the speed of change is increasing. In the 21th century highly educated and motivated staff can neither be commanded from over-sized head offices nor by distant administrative management. Modern Management is the tool to put the medical profession in the driving seat, making Modern

Thomas Berglund, President and CEO.

Medicine real to patients. As an example of the power of Modern Management, Capio St Göran's Hospital, our acute hospital in Stockholm, is measured higher on quality than the comparable hospitals in Stockholm, produced with between 10 and 15% lower costs for the county council, by staff scoring higher on job satisfaction.

With Modern Medicine and Modern Management the quality of healthcare improves. An important aspect of achieving quality is to do it right the first time with thought-through care programs and work streams. In that way, quality also drives higher productivity. The population development in Europe is changing. Yes, on average we live longer, but more importantly, the proportion of people 60 years and older are increasing due to lower nativity rates in most countries. From 2010 to 2050 the proportion of 60+ will increase in the EU from 19% to 29%. This calls for more high quality healthcare at affordable costs. The payer in all countries is already struggling to find resources and in many countries patients have to wait long for needed treatments.

Capio learnt in Sweden, where focus on productivity started early, how to drive Modern Medicine. To that we have added the empowerment to the front line organization with Modern Management. We believe, we can contribute to closing the gap between patients need and resources. Some countries, like in Scandinavia, have worked with quality and productivity for many years, others have just started. In France, the efficiency in operating theatres is higher than in many other countries. These facts give the rational for being pan-European. By sharing know-how between countries, the implementation of Modern Medicine and Modern Management can speed up to the benefit of patients, payers and society at large. This is Capio's role in European healthcare and our fundamental business idea.

Development in the segments

Capio Nordic

In Sweden we are active on all care levels – from the acute hospital to local hospitals, specialized hospitals and local primary care centers. In Norway we work with specialist care and local care centers. The Nordic market has a stable growth as the public system is increasingly using private healthcare as subcontractors. In Capio the acute hospital and specialist activities have close to double digit growth, where proximity care grows in line with the population development. The Nordic segment is growing organically 4-5% topline and achieved a more than 20% increase in operating result (EBITA). There is still opportunity for continued strong improvement of operating margins, especially in proximity care.

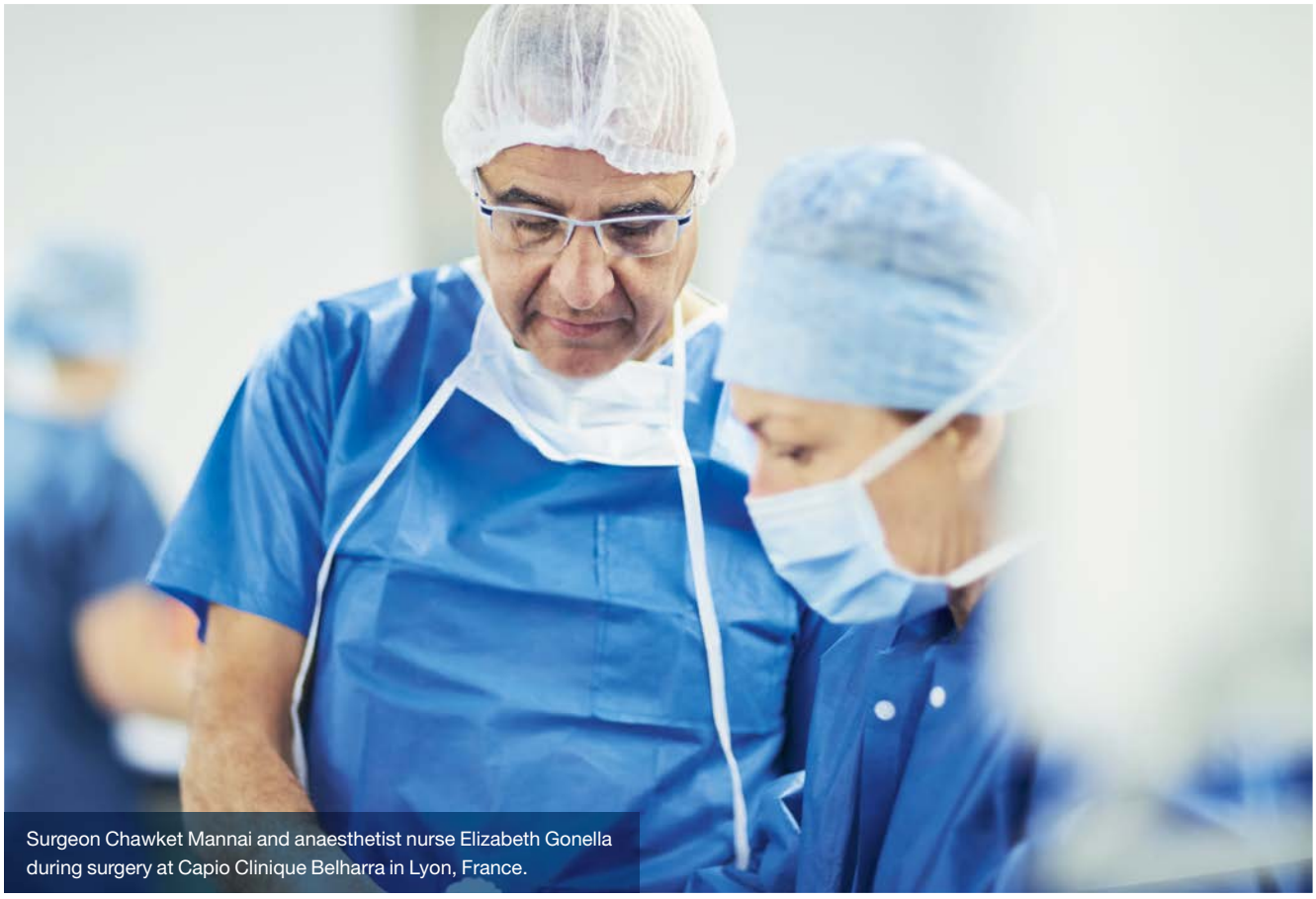
Capio Germany

Capio is active in two segments in Germany – specialist vein surgery and general hospitals. The German market is still enjoying price-increases through the Government's tariff system, reflecting that the focus on Modern Medicine and Rapid Recovery has not yet started in Germany. Meanwhile Capio is preparing the introduction of Modern Medicine as the population mix has an even more dramatic development in Germany than in the rest of Europe. In 2050, 39% of the German population is expected to be older than 60 years, compared to 29 in Europe as a total. For 2015 Capio Germany achieved a more than 30% increase in operating result (EBITA). The turn-around of the general hospital in Dannenberg is one important contributor to this strong development.

Capio France

In France, the Government is challenging us on our home turf – Rapid Recovery. The Government has more recently discovered the potential of Modern Medicine and is now putting pressure on both the public and private healthcare by lowering the tariffs applied to pay for healthcare. In 2015, the tariffs were unexpectedly lowered by -2.50%. With the short notice the new tariffs were introduced in 2015, we were not able to compensate in full. The operating result (EBITA) decreased by 9% in the French operation.

For 2016, the French government has recently announced additional tariff decreases of -2.15%, compared to 2015 tariff levels. The new tariffs are valid as of March 1, 2016.



Surgeon Chawket Mannai and anaesthetist nurse Elizabeth Gonella during surgery at Capio Clinique Belharra in Lyon, France.

Our operating model – the Capio model, is based on Modern Medicine and Modern Management, 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 2016. Capio France is speeding up these programs to compensate for the 2016 price decreases.

Capio operates 22 hospitals and special clinics in seven regions in France with its core focus on the MSO segment (Medicine, Surgery and Obstetric). The new tariff levels puts additional pressure – on top of what has already been planned for – to continue the adaption of healthcare processes, medical staff planning and administrative routines in the entire organization. Such additional changes require lead time by managers and doctors. Thus, the work of compensating the tariff decrease now announced, have some time lag before already initiated and additional measures will give effects.

Our strategy, focused on improving productivity has proven right to take part in the ongoing consolidation of French healthcare. The overcapacity seen in the French system, calls for structural changes towards shorter AVLOS and higher speed in the shift to outpatient care and day surgery. This transformation has to be supported by significant investments in modern care facilities with capacity to treat larger patient volumes but in fewer facilities. Since 2010, Capio is engaged in a substantial investment program, consolidating to modern facilities, development of care programs and work flows. The MEUR 600 program demonstrates our commitment to be part of changing French healthcare. However, the current pricing environment, combined with a lack of long-term tariff visibility, hamper our ability to undertake larger investment commitments. Long term stability and visibility in regulatory development are essential for our ability to make significant investments and undertake long term rental agreements, often 10 years or more.

Capio recognizes it should be in the interest of both patients and payers of healthcare to continue the ongoing positive development of Modern Medicine and Rapid Recovery. This calls for reimbursements that speed up the change needed and incentivize the modernization and innovation of new ways to deliver healthcare at higher quality and lower cost in France. Recurring price decreases without long-term transparency, does not in the most constructive way support the transformation of French healthcare, nor long term investments in Modern Medicine.

Market Leadership

Capio strives for market leadership in terms of medical excellence and thus require critical market size to make a difference improving healthcare in Europe. Our aim is to grow at least in line with our markets as the basis for long term growth and profitability. In addition, we see opportunities over the years to add acquired growth of the same magnitude as the organic growth. Such acquisitions can be made to strengthen our medical offering, enhance national and regional presence as well as entries into new markets.

In the Nordic segment, areas for acquisitions are proximity care and specialist care. As Capio in Germany is small on the market, we need to establish a larger platform.

In France, we have built a number of modern hubs facilitating the development of Modern Medicine. By adding small nearby clinics, we can both fill up our hubs as shorter treatment times free up bed capacity and create consultation centers feeding the hubs with patients. We are continuing to complete these local so called star networks and adding new entities to fit with this hub strategy.

Capio's mission is to cure, relieve and comfort. We have a clear strategy matching the needs of an ageing Europe. We also have passionate people in Capio wanting to serve our patients and making a difference every day. All this together makes Capio a long-term healthcare provider, remaining firm to improve healthcare to the benefit of patients and the society at large.

Thomas Berglund
President and CEO

Nurses Ingela Bostedt, Anna Wieckman and Stefan Lundmark at an emergency medical ward at Capio St Göran's Hospital in Stockholm, Sweden.

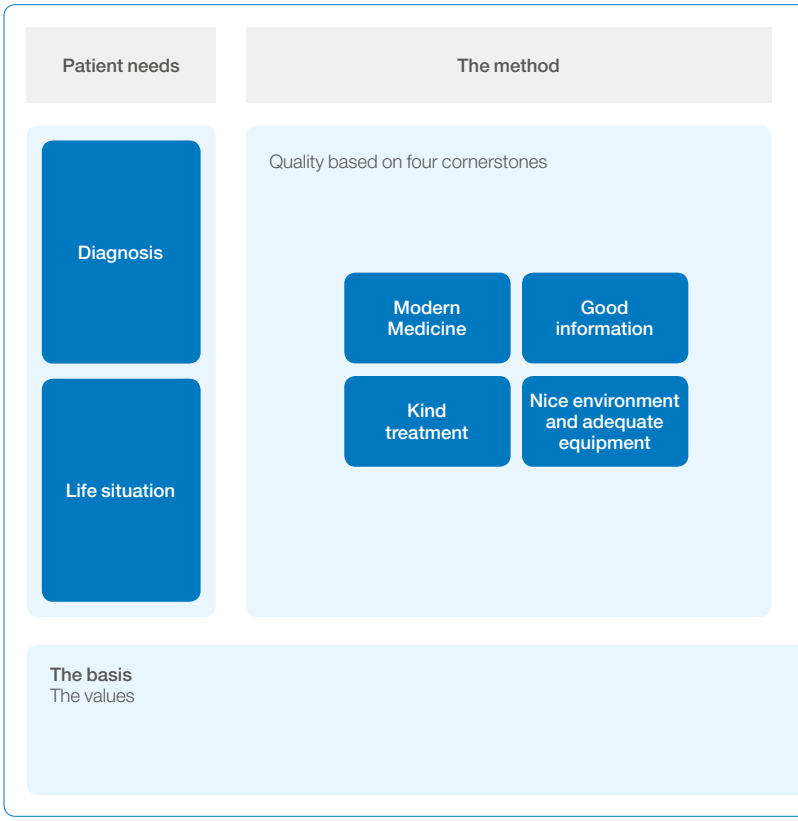
The Capio model

Quality drives productivity

The Capio model is the basis for all activity at Capio. The elements of the Capio model work together to create continuity, for the benefit of patients and of society in the broader sense. This is how we achieve our strategy and our ambition to provide and develop good healthcare.

The needs and situation of our patients determine the content of our quality ambitions: how we organize our healthcare work, and measure and follow up results to achieve continuous improvements in quality and processes. The economic consequences of our efforts are realized as our financial results. We use these results to further develop our activities through continuous investments in healthcare, in order to become even better at meeting our patients' requirements.

Our business model – the Capio model – helps us to fulfill our promise to our patients and funders. Via our strong focus on continuous improvement, we can take part in developing healthcare within the areas entrusted to us.



The basis

The foundation for Capio's activities is three core values: Quality, Compassion and Care. Our values guide our day-to-day healthcare work and our approach to relations with our patients and their relatives, and with our colleagues and society in general.

Patient needs

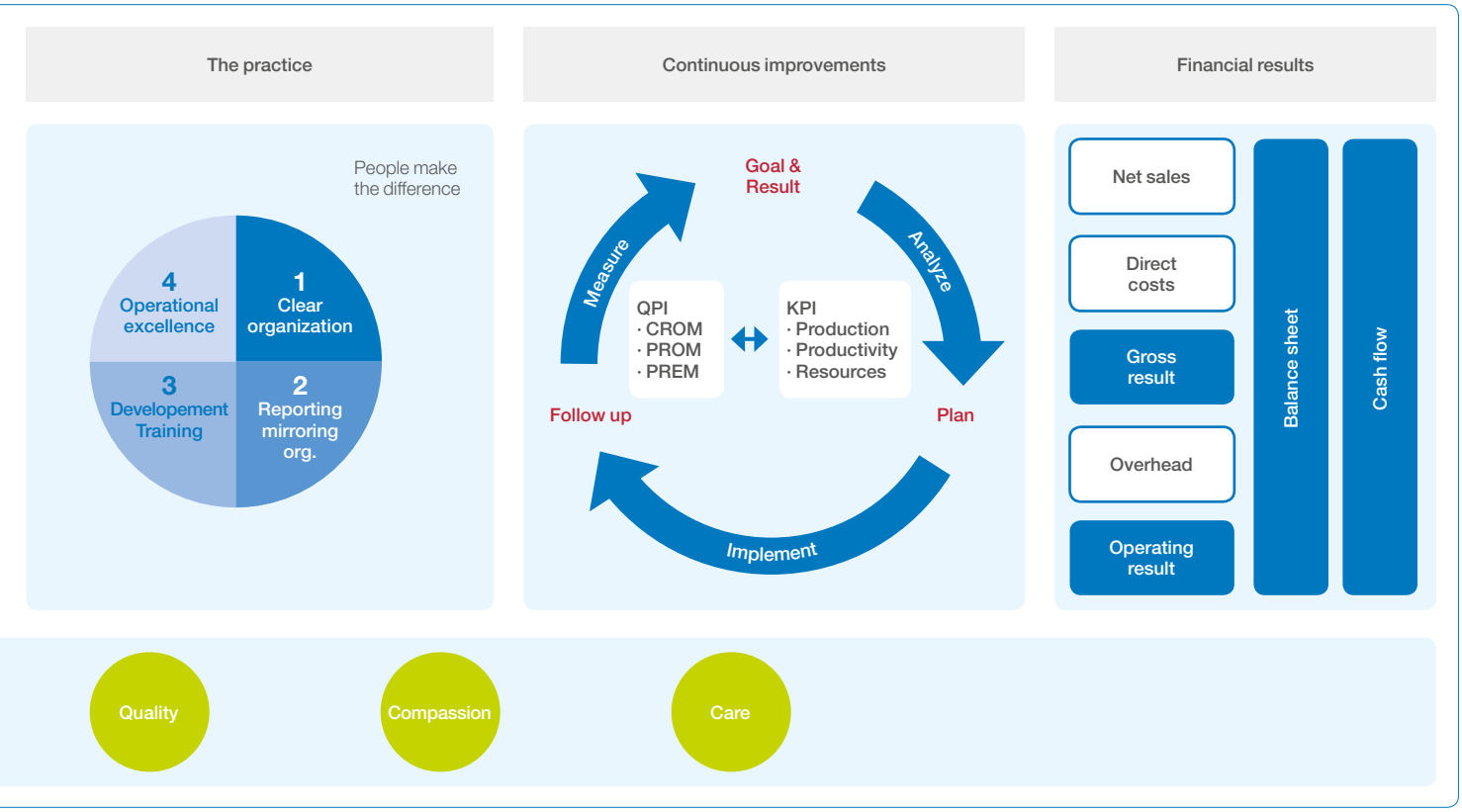
Patients' need for care varies according to their diagnosis and circumstances, such as age, gender, lifestyle, etc. All of Capio's healthcare work is intended to meet the needs of each patient and patient group. It is therefore vital to understand patient needs and how they change over time.

The method

Quality based on four cornerstones describes our total quality commitment. The nature of each cornerstone is determined by our understanding of patients' needs, and the interaction between the cornerstones creates sound medical results and a good healthcare experience for the patient, for every healthcare admission.

The practice

This is how we implement our insights into day-to-day healthcare. We organize staff, management and local resources with the patient at the center. The organization and local management must clearly delegate responsibility and authority to their employees, in order to create independence, initiative and continuous improvements. We measure and follow up on quality, productivity and finances in a structure that mirrors the organization. We develop and train our managers and employees to strenghten responsibility and drive change. This continuous development creates medical excellence in healthcare.



Continuous improvements

We set goals and measure our activities, in order to know where we stand and how we can improve further. This systematic process helps to ensure that everyone in the operations knows how the healthcare is developing and how we can develop it further. We measure quality via our Quality Performance Indicators (QPIs). These cover three areas: CROM (Clinical Reported Outcome Measurement), PROM (Patient Reported Outcome Measurement), and PREM (Patient Reported Experience Measurement). Together these provide a comprehensive view of both medical results and patient satisfaction. The measurement results are used to create and implement improvement plans which are followed up in relation to the targets set.

We also measure our resources via Key Performance Indicators (KPIs). These are non-financial, well-defined measurements of production, productivity and resources (personnel and material resources).

Via our QPIs we develop our quality and drive productivity, while our KPIs provide the link to financial reporting, follow-up and results.

Financial results

The final stage of the Capio model is financial results and outcomes. Everything we do has financial consequences. By providing high-quality healthcare from the outset we can improve treatment results and keep costs under control. We can make better use of our resources, our staff and premises can accommodate more patients, and we can become better at caring for our patients, so that quality drives productivity.

By continuously measuring and communicating financial results to the managers closest to the patients we receive continuous feedback on the financial consequences of our activities. We can quickly take measures to ensure the best achievable care for our patients. The majority of the profits is re-invested in staff, buildings and equipment in order to continuously meet our patients' ongoing healthcare requirements. This closes the Capio model's circle.

QPI, Quality Performance Indicators
CROM – Clinical Reported Outcome Measurement
PROM – Patient Reported Outcome Measurement
PREM – Patient Reported Experience Measurement

The values

The foundation for our activities

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 into 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 Capio's activities is three core values to manage this responsibility and to achieve the best achievable quality of life for every patient.

Our top priority is medical quality – on which we never compromise. We must remember that what may be routine for healthcare staff is often a unique experience for patients. This is why the highest medical quality on its own is not enough. We must also show compassion and care, which are our other two core values.

Today, many medical advances are made via technically sophisticated methods. This is important for medical results, although the human aspect of healthcare can never be replaced by medical drugs or machines. Compassion and an understanding of the fears and vulnerabilities of our patients are therefore just as important to how patients experience medical care.

Our understanding of the patient's situation enables us to show care for both major concerns and minor queries. Caring for patients, of course, but also taking the care to do our everyday work well in relation to both our colleagues and Capio. We know that each and every one of us makes a difference and that each of us is needed for the team to function.

Patient needs

All healthcare is based on the patient's need for care. This applies to medical treatment, as well as the research and development of new medicines, new treatment methods and how healthcare is organized and managed. Patient needs are therefore also the starting point for our approach to good healthcare in the Capio model. We divide this concept into two parts which together form the patient's total healthcare needs.

The diagnosis, or several diagnoses, is the basis for medical treatment and determines where in the care chain a patient is best treated, the treatment methods and any medication that are necessary, and the need for other support from a society's resources.

It is also vitally important to understand the patient's circumstances. Factors such as age, gender, nationality, ethnic background, civil status, housing situation, working conditions, and so on, create varying patient needs in terms of how care will be received, in order to achieve the best possible treatment.

Diabetes is one of Sweden's most prevalent universal diseases and an estimated approximately 4% of the population have been diagnosed with diabetes. The treatment methods and medication are well-known and the healthcare sector has tried and tested procedures to provide adequate care to this group of patients. On the other hand, people with the same diagnosis can have very different circumstances in life. They may be children, or older people with multiple illnesses, who each require different contact, treatment and information from the healthcare profession. Even though the medical treatment of diabetes is the same, the care must be adjusted to take account of the circumstances, and healthcare needs, of different patients.

Once we understand our patient groups' overall need for healthcare, we can form the content of our work. We can give the right medical treatment, clear information and an adequate treatment – as and when the patient needs us.

The method

Quality based on four cornerstones

The patient is our first priority. We wish to continuously develop our ability to cure, relieve and comfort – and the better we are at giving high-quality care, the more we can help, at the same, or lower, cost to society.

In other words, quality drives productivity, enabling us to give good healthcare to more patients.

Healthcare quality can be summarized as four areas of particular importance: Modern Medicine, Good information, Kind treatment and a Nice environment and adequate equipment. Together they provide a stable basis for good healthcare.

The four cornerstones work together

In order to offer our patients the best achievable quality of life, we never compromise on the quality of medical care. This does not mean that we can fail in the other three areas. On the contrary: good information and kind treatment ensure that patients can feel secure, and recuperate and recover more quickly. In the same way, well-functioning premises and the right equipment contribute to increasing the quality of medical care. Together they help to improve patients' quality of life. We therefore work to increase the levels of all of these dimensions at the same time. This is a continuing task that is never completed.

Modern Medicine

Medical methods are undergoing constant development. Conditions that just a few years ago required major surgical procedures may today need just a simple procedure, or can be treated with medication alone. It is important to stay ahead of new medical developments and to have an organization that can take medical achievements on board quickly, while still maintaining quality standards.

Good information

A well-informed patient is a confident patient who will make a faster recovery. Correct information on diagnosis, treatment and progress is very important. It is just as vital to show patients how they can facilitate and speed up their own recovery, once treatment has been completed.

Kind treatment

We all wish to be seen and treated kindly. This is particularly true of patients who are anxious about their illness and what is going to happen to them. It is vital to remember that what is routine for us may be new for our patients. We need to see things from their perspective and show our compassion and care. These are important ingredients in the recipe for a sound recovery.

Nice environment and adequate equipment

Our core ambitions are reflected in our external environment. Nice, modern and inviting premises create a positive environment and help to reduce treatment times. Research has shown that a comfortable environment makes people feel better, both physically and mentally. In step with medical progress, healthcare's "machine park" in terms of equipment and IT systems must also be renewed and further developed.

The practice

People make the difference

The knowledge of both each individual and the overall team is essential to uncompromising quality. Professionalism, too, has a key role to play, and requires an environment and culture that allow both the team and its members to take responsibility, exercise authority and use resources.

Clear organization

Everything we do is patient-driven. This is why our organization is built from the bottom up. Focusing on our patients means that we do not wait for orders, but take the initiative. Our culture entails that our line staff take the initiative and hold the responsibility for implementing improvements. This staff consists of the doctors, nurses and all other team members who meet the patients in our more than 600 care units. They know best which improvements should be made in their particular units.

Each care unit is headed by a manager who has clear authority and responsibility for achieving the objectives that have been set. This allows us to utilize the knowledge of our unit managers in the best possible way, while giving staff the opportunity to grow and see how their own knowledge and initiative can make a difference. This increases both quality and productivity, and in this way we become even better at curing, relieving and comforting more patients.

We know that the Capio model works when staff feel empowered and are convinced that they can influence their own work situation and create more value for patients on a systematic basis.

Reporting which mirrors the organization

We want to create a culture of continuous quality improvement in each care unit. This requires a sound overview of how much care we are expected to provide in a given period of time. This is what we refer to as our production. The number of outpatients, the number of hospital admissions requiring one or several days of inpatient care, and the number of surgical procedures are all examples of key figures.

By productivity we mean how well we provide healthcare, so that our patients recover more quickly and that our resources are used effectively, allowing us to give the same good care to more patients. Average length of stay (AVLOS), ward utilization, theater utilization and number of outpatients per ward, are all key figures used to measure productivity. We must also have the right number of beds, operating theaters, staff and skills. We use these key figures to map our resources, which are also our costs.

Our internal income statement and our systematic quality measurements are important steering instruments for managers at all levels within the organization. Together with the key figures, they are used to analyze and steer the organization in the right direction, both medically and financially. This frees up funds and resources to make further investments in productive healthcare to an even higher quality standard.

The practice

Development and training

We believe in people, and wish to see each other grow in a decentralized organization in which individuals can gain new insights and have opportunities to influence the healthcare they provide, as well as their own personal development. This builds expertise and continuity.

We attach great weight to training in new medical treatment methods and to improving our personal interaction with patients on a kind and informative basis even further, and set targets for each area.

The close to 400 operational managers in our healthcare organization are all an important part of this process. All managers, at all levels, must receive the support and training they need to enable both themselves and their teams to grow. Most of our recruitment takes place within the organization, and most of our managers are nurses or doctors. The majority of managers are recruited from within our own organization.

We share useful knowledge, as this increases quality and benefits our patients. It is natural for the staff of a department to pool their expertise, but we take this further by sharing knowledge between different units and countries. In this way we can rapidly implement effective new medical treatment methods at additional locations and in more contexts.

Operational excellence

Our organization – which is based on the delegation of responsibility and authority to line managers, key figures that are easy to understand and which mirror our operations, and deliberate focus on internal training and internal career paths – is gradually building a more and more detailed knowledge base. This knowledge is driving the organization towards even greater specialization and the introduction of new treatment methods that match the general medical development.

We are also implemting new methods and developing programs of our own in order to enhance the quality of our care. This requires the courage to question traditional healthcare practices. One example is the abolition of the traditional ward rounds. Our con-

stant aim is to pass on specialist skills throughout the organization, so that more patients can benefit from them.

The design of our properties and premises also has a great impact on the quality of our care. Our equipment must be the most suitable choice for every initiative. Many of the surgical procedures that previously required patients to remain in hospital for several days can now be carried out far more quickly, thanks to modern processes, methods and equipment, and patients can sometimes go home just a few hours later. This places demands on premises being designed to support these changed patient flows.

Continuous improvements

Measuring and assessing quality

Quality must be reported on a systematic basis in order to be worthwhile. For each treatment, the most relevant outcome should be pinpointed, in order to assess the value of the treatment for the patient. Capio divides the outcomes into three main groups: the clinical reported outcome (CROM), the patient reported outcome (PROM), and the patient reported experience (PREM), see the figure to the right. Examples of clinical reported outcomes are the frequency of complications, the time to recover after the procedure and the measurable control of the disease, while improvements in function and quality of life after treatment are examples of patient reported outcomes. How care is experienced ultimately depends on the medical outcome and how much pain, discomfort and tiredness the treatment causes, but is also to a great extent affected by how we provide information and our kind treatment. The care environment also has an impact. It must be possible to measure each of the three main groups of outcomes. These measurements are called Quality Performance Indicators (QPIs).

Continuous improvements

Continuous quality work leads to improvements

Our results do not improve automatically. Improvements require determined, systematic initiatives. Our continuous improvement work entails developing our care processes so as to improve results. By understanding the care process and its significance to the results, we can focus on the most urgent needs for improvement. It is important to set up measurable goals, process targets, for the day-to-day work, in order to follow up on whether the care processes are developing in accordance with our targets. This is all summarized in a quality plan, or quality budget. A quality plan includes concrete activities to improve working methods that we consider significant for the quality indicators we wish to influence. These activities must be measurable, with allocated resources, and for each activity there must be a person responsible for achieving the improvement within a stated time.

Key figures for the right production, resources and productivity

Our key performance indicators (KPIs) help us to set goals and measure and improve our production, our productivity and the resources we devote to providing healthcare. These non-financial indicators are nonetheless clearly linked to the financial results of various healthcare inputs. Productivity KPIs give an understanding of how we use our employees and material and physical resources and some central KPIs are: average length of stay, utilization of operating theaters and wards, number of patient visits per doctor and nurse, and number of patients per care team.

On planning our resources, and patient flows in operating theaters and wards, our starting point is the highest care quality requirements. By setting clear targets for various activities, we can measure and follow up on results and understand the financial outcomes of various care inputs. This provides a basis to work with continuous improvement in production planning, working methods and how we best use our healthcare personnel, so as to be able to give as many patients as possible the healthcare they require.

Financial results

Capio's financial model is based on an interaction in which the quality of healthcare drives productivity and a sound financial balance, which enables new investments to improve quality. It is vital that the entire organization understands what creates high quality and that development can be measured and monitored with the help of relevant key figures.

The employees who work close to patients can influence activities on a day-to-day basis and this important work is supported by Capio's internal financial reporting. Accurate, relevant and timely reporting provides direct feedback on the financial consequences of our activities. This ensures a sound basis for decisions and continuous process improvements, leading to more efficient use of resources, and more healthcare for the money.

Reporting reflects responsibility and activities, with the patient as the starting point

Capio's organization is decentralized and built on the patient's needs, up through the organization. Internal financial and operational reporting is structured in line with the organization and reflects responsibility and activities all the way from the care unit treating the patient, to the Group management.

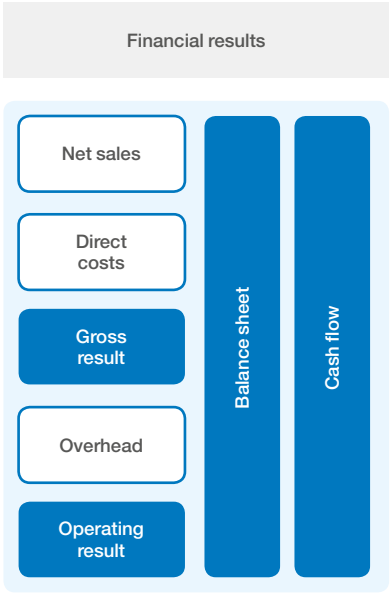
The reported results are of course important, but another equally vital parameter is that reporting enables us to understand and analyze the factors contributing to the results. This includes patient volumes, the level and rate of productivity, and the number of doctors and nurses contributing to healthcare production.

Important support for managers at all levels

It is vital that managers at all levels of the organization, especially those working closest to patients, have access to and understand the reports and the interactions between quality, productivity and finances. This will enable them to adopt appropriate improvement measures and compare outcomes with other similar units within Capio. This understanding also contributes to making Capio better prepared to meet the changing conditions in the healthcare market.

Systematic efforts, such as support from an effective IT system, are therefore made to ensure access to the reports, and that the reports present relevant information. This will optimize development and improvement opportunities. To make it easier to understand the financial results, Capio's has an income statement classified by function which reflects the organization's direct and indirect costs.

Capio provides training in Modern Management for managers within the organization, including to ensure that information is handled correctly and leads to wise decisions. One example is the efforts during the year to minimize unnecessary duplicate work in wards, and thereby release more time for the patients.



Pedagogical structure for increased understanding

The financial reports are pedagogically divided into different sections, with the respective areas of responsibility illustrated by specific colors. Operational managers receive relevant operational information and some financial information. At business area level, there is information on cash flows and working capital, for example, while information at Group level also includes financing and Group-wide tax matters.

An important aspect of providing healthcare services is to ensure a purpose-built and pleasant environment. Capio owns and operates many hospital properties. The real estate business is related to the healthcare business, but sets different requirements in terms of leadership skills, financing and follow-up compared to the healthcare business. As a consequence, the real estate business is accounted for and followed up separately in the financial reports. In order to ensure financial reports that can be compared between the various operating units, each care unit is charged a market rent. See further details of the color coding on page 75.

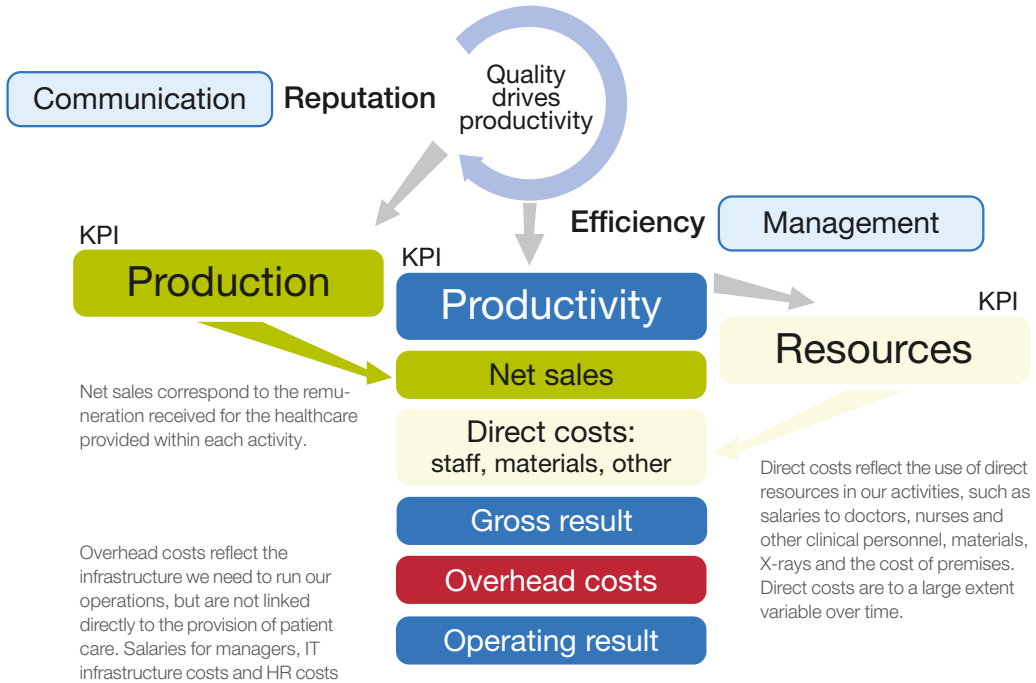
Production requirement as the starting point

Unlike many other healthcare providers, Capio's starting point is not the costs of delivering healthcare, since this is a variable that to a great extent can be influenced with the help of quality initiatives leading to increased productivity. Capio's financial model is based on planned healthcare production, such as the number of expected patient visits during a day, week or month. Based on this information, the expected revenue from patient visits can be calculated. With a clear objective for the level of productivity to be achieved, which means the number of visits that can take place, with high

Capio's financial model

Capio's financial model is based on the interaction between quality, productivity and financial results, and creates an understanding of the basis for good healthcare and high quality.

Capio's income statement is function-based and divides the operations into net sales and direct costs (directly related to the production of healthcare and to a large extent variable), which together give a gross result and a gross margin. From this gross result the overhead costs are deducted, to obtain an operating result and operating margin.



Net sales correspond to the remuneration received for the healthcare provided within each activity.

Direct costs reflect the use of direct resources in our activities, such as salaries to doctors, nurses and other clinical personnel, materials, X-rays and the cost of premises. Direct costs are to a large extent variable over time.

Overhead costs reflect the infrastructure we need to run our operations, but are not linked directly to the provision of patient care. Salaries for managers, IT infrastructure costs and HR costs are all examples of overhead costs. Since overhead costs are generally fixed, an increase in business volume has a direct positive impact on the financial results.

quality during a certain period, the need for resources can also be determined – such as the number of employees required to achieve the objective. The resources used thus constitute the direct costs of the healthcare produced. To avoid bottlenecks and be able to guarantee steady high quality with good productivity, this is also a question of ensuring that the right resources and competences are used, as well as good planning of resources.

Productivity – a central key figure

The financial model's non-financial key figures, or KPIs (Key Performance Indicators), are used to measure production, productivity and resources, which are naturally key aspects of planning and managing activities to achieve healthcare of high quality for more patients, with the same resources. Using the productivity measure, which is a central aspect, managers in the organization can work to ensure that staff and medical equipment, and other relevant resources, are used effectively, by matching resources to the planned production. The aim is to maintain stable, high productivity, in order to ensure the effective use of resources.

A commonly used productivity measure in inpatient care is average length of stay (AVLOS). By introducing modern new treatment methods, the quality of treatment will be improved, which in turn leads to increased productivity such as shorter AVLOS, and that more patients can be treated with the same amount of resources. This means that good healthcare of high quality can be offered to more patients. There are various examples of this link within Capio's activities. The Capio Group has activities in several countries and thus has good opportunities to compare various units' development within relevant areas, and to share best practice between its activities in Sweden, Norway, France and Germany.

A sound financial balance allows for investments in better healthcare

When the finances are in balance, with sound financial results and cash flows, Capio can create scope for investments in its operations, which in turn contribute to higher quality and more productive healthcare. This is becoming increasingly important as healthcare requirements increase, concurrently with a tightening of public healthcare budgets.

For example, in 2015, a new hospital, which consolidates three hospitals into one, opened in Bayonne, with modern premises to support the implementation of Modern Medicine. In addition, Capio invests approximately 3% of annual net sales in net capital expenditures. In 2014 and 2015, for example, this included major investments in Capio St Göran's Hospital in Stockholm as a consequence of the modernization of the hospital premises, and this project is continuing in 2016.

The strategy in practice

Hip and knee replacements – an example of Modern Medicine

Orthopedic surgeon Gregory Biette and team are performing a hip prosthesis surgey in daycare at Capio Clinique Belharra in Bayonne, France.

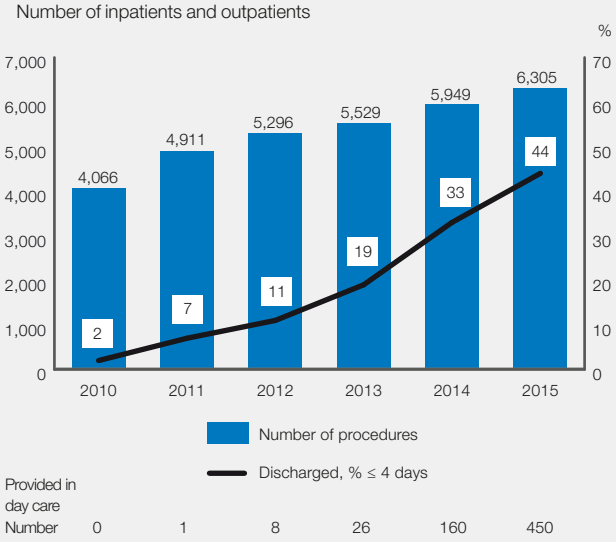
Development and implementation of Modern Medicine and Rapid Recovery continues in Capio France

France has relatively long stays in hospitals and a low percentage of outpatient treatments. Compared to Scandinavia, the average length of stay (AVLOS) is typically twice as long for heavier diagnoses. One of the reasons for long AVLOS in France has been the rule of "borne basse", meaning that a patient had to stay a minimum number of days in hospital or full payment would not be provided.

This rule was removed during 2014 for the majority of treatments as authorities have realized that with Modern Medicine, the indications for discharge of the patient can be reached faster as the recovery process is faster with less invasive surgery. Hip and knee replacements in Capio France continued to grow well above market growth during 2015, positively impacted by the use of Modern Medicine as more doctors and patients are coming to our hospitals.

The number of hip and knee prosthesis surgeries provided in outpatient day care in relation to the total number of procedures was 7% in 2015, an increase of 4 percentage points compared to. 2014. The number of outpatient procedures is increasing rapidly and almost tripled during 2015. The increase is expected to continue during 2016. 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 recently been possible due to changes in treatment methods and procedures.

Hip and knee prosthesis surgery Capio France
Number of inpatients and outpatients



Provided in day care Number	0	1	8	26	160	450

Challenges in Swedish healthcare calls for Modern Management

Sweden has benefited from an early adoption of DRG based reimbursement (i.e. reimbursement per treatment instead of per diem), keeping cost for healthcare in relation to GDP at an average slightly below 10%[1] from the mid-80s up until the beginning of the 21st century. New treatment methods have been introduced – Modern Medicine, reducing average length of stay (AVLOS) in hospital for many diagnoses – improving productivity in wards. Sweden has a long tradition collecting healthcare data in national quality registers confirming that Modern Medicine has improved quality and patient satisfaction over time.

Going forward, the demographic development (a larger share of the population being elderly while there will be fewer people financing the healthcare) and restricted state budgets put additional demands on the Swedish healthcare system.

Two important factors are impacting the capacity of providing healthcare in the new landscape:

- The estimated number of consultations per doctor in Sweden is less than 1,000 per year whereas other Nordic countries show about 1,300 consultations per year, France more than 2,000 consultations per year and the EU24 average show about 2,000 consultations per doctor and year. (Source: OECD)

- The number of doctors has grown in line with the population development while the number of nurses has grown faster than the population development and the number of consultations. Today, there are more doctors and nurses in the Swedish healthcare system than ever before. (Source: SCB)

The challenge in Sweden is now Modern Management with focus on organization and local leadership close to the daily patient work. Significant improvements in utilization of staff and other resources are needed to manage waiting times to treatment for patients as well as working environment for medical staff.

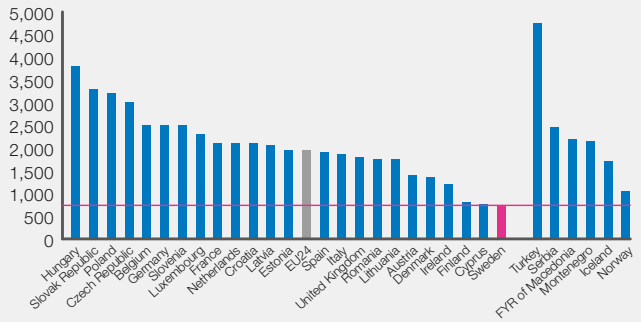
Initial studies at some Capio hospitals suggest that only 12–14% of daily work performed by nurses is allocated to direct patient work while documentation, reporting and pharmaceutical handling constitute about 40%. Other observations suggest large variations in the number of patients per care team (4–9 patients), doctor consultations per day (7–22 consultations) and staff hours per operation hour (6–22 hours).

These studies are now extended and transformed into local action plans in Capio Nordic to increase the direct patient time for doctors and nurses. For inpatient care we aim to increase the number of patients per care team and for outpatient care the number of doctor consultations should gradually increase. All while maintaining and increasing quality for patients and improving the work environment for medical staff. For example, at Capio St. Göran's Hospital in Stockholm a pilot project to implement new working methods in wards has been initiated. The aim of the project is to release more of the time for patients, improve staff satisfaction and productivity. This will be achieved by improved performance in the focus areas; documentation, teamwork and reporting, task shifting and pharmaceutical handling.

The basis for these initiatives is a clear organization, strong local management and empowered teams driving every day improvements. Implemented and planned actions comprise for example new work streams and patient pathways, skill-shift between staff categories to reduce administrative duties from medical staff, more efficient pharmaceutical handling, standardized patient records documentation and staffing.

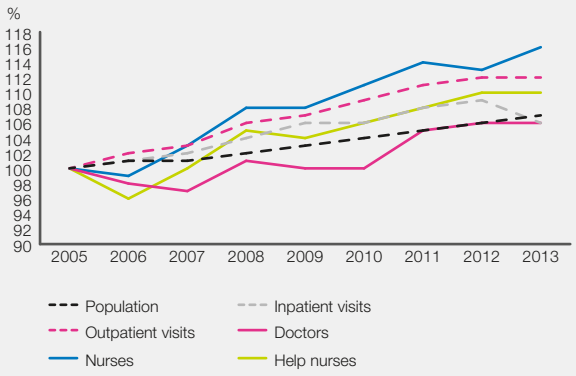
Modern Management is now the focus for all units in Capio Nordic to drive quality and productivity, thus improving medical outcomes and patient- and staff satisfaction. This allows for a more efficient use of resources, which gives more healthcare for the money spent.

Estimated annual consultations per doctor
Annual consultations per doctor (2012)



Source: OECD

Swedish development of population, patients and resources
Indexed developement 2005 =100



Source: SCB

[1] OECD Health Data 2014.

The European healthcare market is changing

The total size of the markets in which Capio operates was approximately EUR 38 billion in 2014.[1] Private providers still represent a small part of the overall market, approximately 13% of the addressable market in Sweden, 6% in Norway, 23% in France and 16% in Germany in 2013.[2] Even though the different local markets have varying proportions of private providers, growth prospects and funding conditions, there are a number of common factors shared by all of the markets in which Capio operates. Capio believes that these common factors create significant opportunities for private healthcare providers.

Development of Western European healthcare systems

Over the past decade, healthcare systems in Western Europe have developed at a faster rate towards the adoption of performance-based reimbursement structures, which incorporate fulfillment of quality indicators as a metric determining reimbursement. Simultaneously with this development, structural changes have been implemented in healthcare systems to enable independent providers to play a larger role in driving change in the healthcare sector. This transition has led to increased focus on productivity, incorporating both the volume and quality aspects of service delivery, and opened up the potential for best practice transfer between various Western European countries. This trend is evidenced by the transition from per-diem based to a DRG-based reimbursement system (Germany and France), the adoption of free healthcare choice (the Nordic countries) and the removal of borne basse thresholds (France).

Reform measures within European healthcare also include consolidation into more effective structures and increased focus on scale synergies such as coordinated purchasing and administrative costs.

The more dynamic market factors within Modern Medicine and Modern Management have made varying progress in the European countries. In the Nordic countries, among other things the early introduction of DRG-based remuneration has resulted in shorter average lengths of stay (AVLOS) via a far-reaching shift from inpatient to outpatient care and day surgery for many areas of medical specialization.

In France, a shift is taking place from inpatient to outpatient care, with the initial effect of shortening average lengths of stay, but there is still considerable potential to increase the outpatient share and significantly reduce average lengths of stay during the coming years. In Germany, the development in this area has barely started, mainly due to regulatory factors and a lack of incentives.

Other dynamic factors, such as the transfer of elective care volumes from large hospitals to independent specialist clinics, and the personal effectiveness of medical staff, show considerable variation between countries. In Sweden, free healthcare choice reforms within primary and specialist healthcare have contributed to the establishment of new primary care centers and specialist clinics, which has increased availability to patients, diminished average lengths of stay for various interventions, and significantly reduced the costs of the free healthcare choice within specialist care. On the other hand, Swedish healthcare faces major challenges in driving staff effectiveness via increased time spent with patients by medical staff, and more consultations and visits per doctor and nurse.

In France and Germany, conditions are very different to Sweden's. The transition to lower care levels and specialization is not taking place on any large scale, mainly because healthcare is concentrated in hospitals and inpatient care. On the other hand, differences in working methods and reporting among medical staff have led to significantly higher staff productivity compared to the Nordic countries. In recent years, a major challenge and opportunity for both Sweden and Norway has been to drive the productivity of healthcare processes.

On this basis, Capio can identify six key trends for healthcare development comprising both medical development – Modern Medicine – and healthcare's structural development – Modern Management – in Europe. These trends are presented on pages 19–23.

Recent healthcare system reforms and ongoing development trends per country of operation

					
Preformance-based renumeration		✓ 2003	✓ 2005	✓ 1997	✓ 1995[3]
Consolidation		✓	✓	✓	✓
Focus on traditional scale synergies		✓	✓	✓	✓
Modern Medicine & Management	AVLOS	—	✓	✓	✓
	In- to outpatient	—	✓	✓	✓
	LEON/ Specialization	—	—	—	✓
	Staff productivity	✓	✓	—	—

Source: Indicative trends according to Capio market studies

[1] Swedish Association of Local Authorities and Regions (SKL), DREES, Helsedirektoratet, Finans Norge, SSB, Destatis (Federal Bureau of Statistics Germany).

[2] Swedish Association of Local Authorities and Regions (SKL), Helsedirektoratet, Finans Norge, SSB, DREES, Comptes de la santé, Destatis (Federal Bureau of Statistics Germany), Hospital Rating Report Germany, Capio market studies. Data för Tyskland avser år 2013.

[3] Refers to implementation of DRGNord. Some county councils implemented parts of the DRG system earlier.

The market for private operators

The growth in private operators in Sweden is significantly influenced by the freedom of healthcare choice reforms within primary and specialist care, which commenced in the early 2000s. It is assessed that the estimated future growth will be influenced by additional volumes within freedom of healthcare choice, and certain contract negotiations.

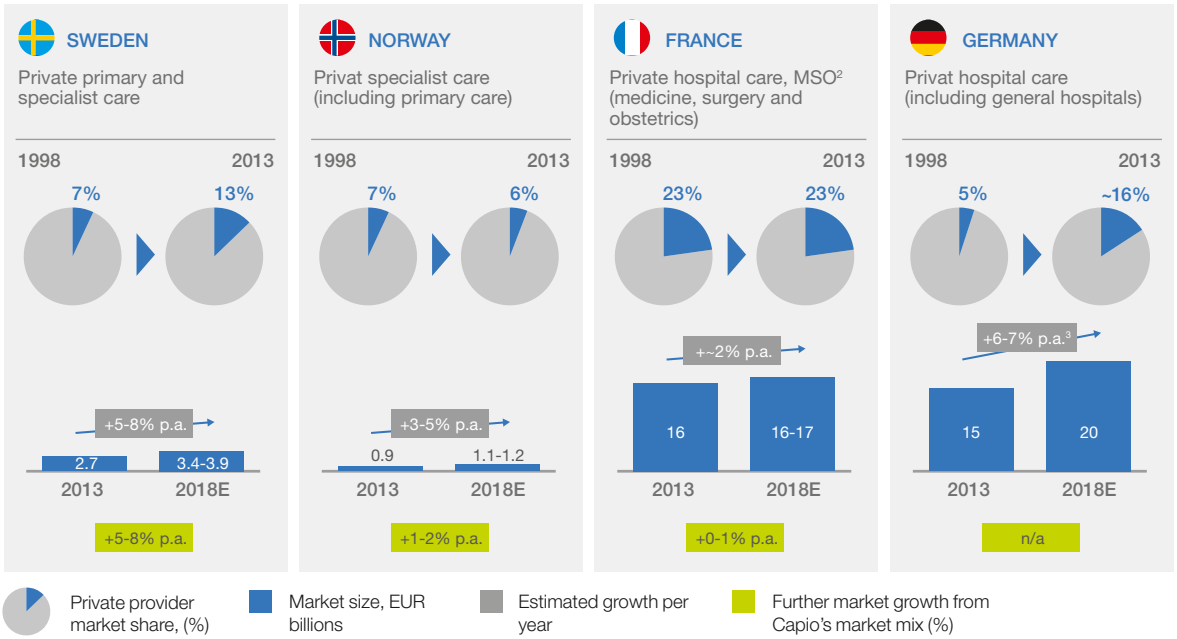
In Norway, the market for private operators is mainly directed at insurance patients and private-paying patients. This segment is estimated to grow further in the coming years, as a supplement to public healthcare. The reform initiatives in 2015 indicate that, via the freedom of healthcare choice, an increased proportion of public contracts may become available to private operators.

In France, private operators have a right of free establishment within existing authorizations, so that shifts from public to private sectors are less relevant than in the Nordic countries. The private share below represents clinics for medicine, surgery and obstetrics. Independent primary care doctors represent a further approximately 25% of the market (not included below), but Capio is not active within this segment in France. The estimated growth is mainly assessed to be driven by a continuing shift from inpatient to outpatient care and day surgery – Rapid Recovery. The current price development in France is dampening the overall market growth for private operators. There is also a significant difference in remuneration to public and private healthcare providers in France. Capio estimates that this difference is more than 20% higher remuneration to public providers.

In Germany, the growth is primarily driven by alternative financing requirements for hospital investments (maintenance), which has led to consolidation and privatization of hospitals and care volumes. The estimated future growth is assessed to come mainly from the need to drive quality and productivity in the healthcare system.

The demographic driver of an ageing population and macroeconomic factors such as the limited payment scope under national budgets are shared by all countries in which Capio operates.

Private provider share per market and estimated development 2013–2018 (billion euros)[1]



Source: Swedish Association of Local Authorities and Regions (SKL) , Helsedirektoratet, Finans Norge, DREES, Comptes de la santé, Destatis (Federal Bureau of Statistics of Germany) , Hospital Rating report Germany, SSB and Capio's market assessments.

[1] The assessed market size, private operators share and estimated growth rate are based on available data 2014.
[2] The private and public markets for hospital care within medicine, surgery and obstetrics in France are estimated at EUR 65 billion in 2013.
[3] Forecast 2012–2018.

1 Trend: The demographic squeeze drives increasing needs and costs of healthcare

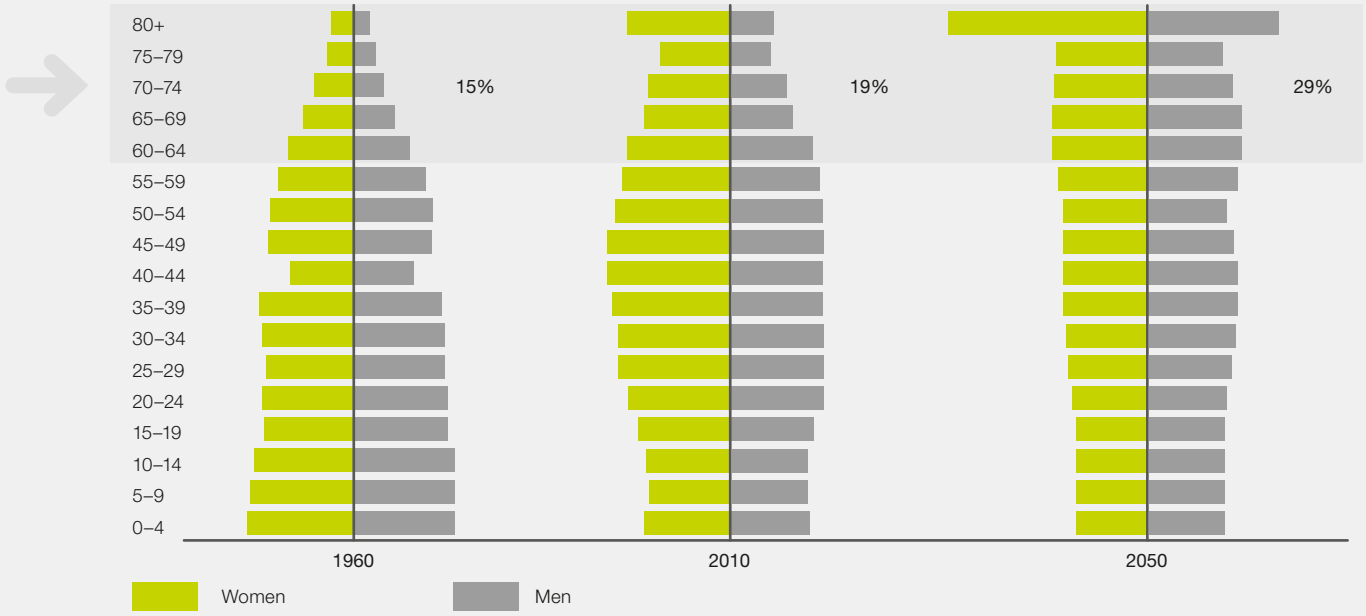
Capio can identify three main drivers of the growing demand for healthcare and associated costs. Firstly, the share of the population in the 60+ age bracket is increasing disproportionately, as the post-war baby-boomer generation ages. The proportion of the EU population over 60 years of age is expected to increase to 29% in 2050 from 15% in 1960. Secondly, overall medical progress and the ability to manage illness have resulted in an overall increased life expectancy. Thirdly, the spectrum of illness has shifted towards managing chronic conditions (such as diabetes, obesity or cardiovascular disease) over longer periods of time.

While the population structure develops towards a larger share being elderly and while healthcare expenditure is increasing, the share of working people financing healthcare is expected to decrease, resulting in constrained public healthcare budgets. The share of the working population is expected to decrease at a CAGR (Compound Annual Growth Rate) of approximately 0.4 percentage points from 2010 to 2050[1], which, in turn, can be expected to reduce the funding available for healthcare and increase the need for healthcare providers to offer more efficient services at lower costs. Within the OECD, the average healthcare expenditure as a percentage of GDP increased from 7.7% in 2000 to 9.2% in 2012.[2]

Occupational therapist Degen Abraham in conversation with a patient at Capio Geriatrics Nacka in Stockholm, Sweden.

Population pyramid, EU, 1960–2050

The population structure develops towards a larger share being elderly. The proportion of the EU population over 60 years of age is expected to increase from 15% in 1960 to 29% in 2050.

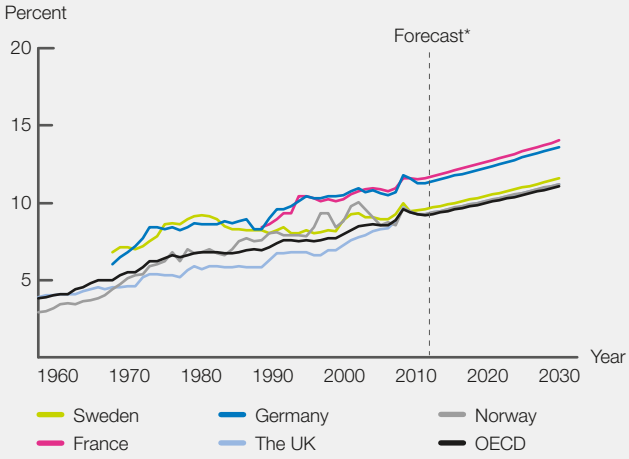


[1] World Bank.
[2] OECD Health Data 2014.

1 cont.

The Western European healthcare system has begun to respond to this challenge, with different starting points and initiatives in the various countries, but with each system striving in the same direction. The Nordic countries were among the first countries to promote the adoption of Modern Medicine; evidence-based methods that allow certain conditions, which only a few years ago would have required major operations, to be treated today by a simple procedure or by medication alone. For example, Sweden introduced the DRG (Diagnosis Related Groups) remuneration system in 1995, but it was only introduced in France in 2005. All of Capio's markets are now focused on consolidation, performance-based remuneration models and the capturing of scale synergies, for example from vertical integration of the healthcare system or collaboration across care units. In the Nordic region, Capio has successfully reduced the length of stay of patients in hospitals (AVLOS) before they can return to daily life, transferred large numbers of inpatients to outpatient care, and increased volumes via the system's continued adoption of LEON (lowest efficient care level) to provide healthcare at the right level of care delivery and specialization. Capio can see that France and Germany present significant opportunities for similar improvement, and Capio believes that it is well positioned to benefit from these opportunities.

Total expenditure on healthcare as share of GDP, OECD, 1960–2030



*Future development projected in line with historic OECD average CAGR from 2002 to 2012.

Source: OECD Health Data 2014

2 Trend: Private providers are increasingly part of the solution to provide quality healthcare at high productivity

While the share of private healthcare provision varies in different markets, in recent years, Western European healthcare systems have evolved, providing a favorable outlook for private providers. Capio experiences that the key market trends have created opportunities for private healthcare providers, as they have historically been better able to adapt to the changing environment. In view of the increasing demand for healthcare services and increasing pressure on healthcare budgets, private providers are seen by governments as part of the solution to relieve the pressure from an increase in healthcare expenditure. This is due to their perceived high quality and high productivity offering, which is increasingly attractive to both payers and patients, who also benefit from reduced waiting times. For example, in Stockholm, the share of patients waiting more than 90 days for hip or knee prosthesis surgery fell from 16% in 2010 to 3% in 2014,[3] which could be linked to an increase in private provision.

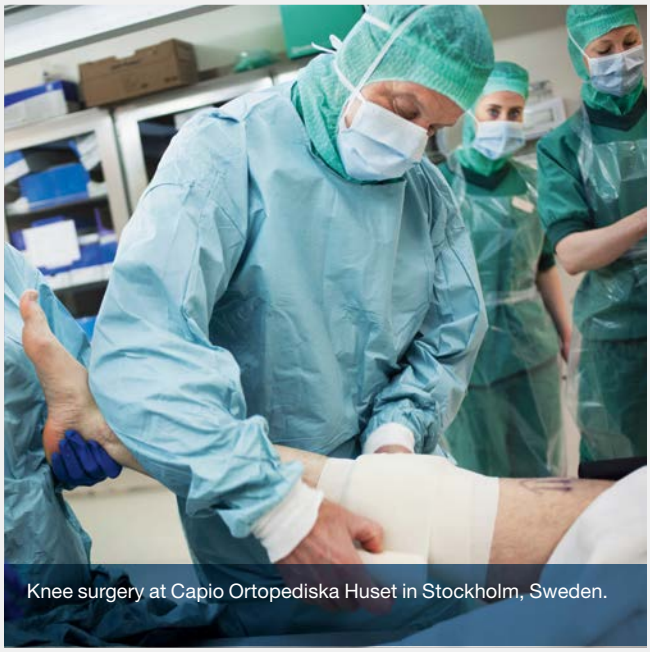
Private providers still represent a small part of the overall market at approximately 13% of the addressable market in Sweden, 6% in Norway, 23% in France and 16% in Germany, in 2013.[4] There are generally two primary means by which the public system can shift volumes to private providers: tendered contracts or the implementation of free patient choice, with the latter being expected by Capio to continue or to become more prevalent in the Group's markets. Going forward, the share of healthcare services provided by private providers in Europe is expected by Capio to increase, with the following potential benefits:

[3] Swedish Association of Local Authorities and Regions (SKL) (Healthcare waiting times).
[4] Swedish Association of Local Authorities and Regions (SKL), Helsedirektoratet, Finans Norge, DREES, Comptes de la santé, Destatis (Federal Bureau of Statistics Germany), Hospital Rating Report Germany, Capio market studies.

- **Lower unit price:** Private providers offer a lower unit price for healthcare based on the combination of contracts awarded through competitive bidding and centrally-determined patient choice reimbursement levels. Healthcare systems are expected to increase the volumes shifted to private providers, as private providers are well positioned to provide quality healthcare with high productivity and at a lower cost than public providers. For example, introducing care choice in Stockholm for hip and knee replacements has resulted in a 17% decrease in cost per procedure between 2008 and 2011, see the graph to the right

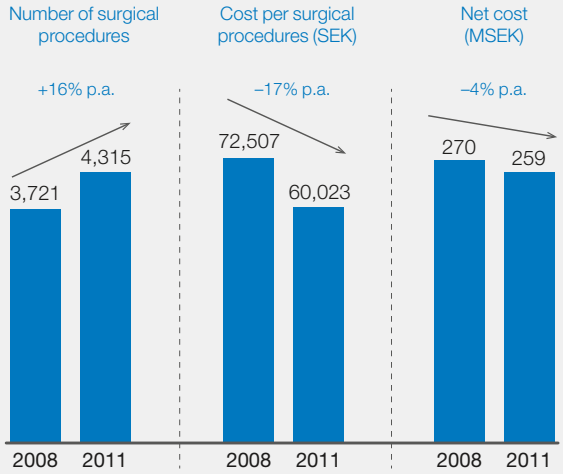
- **Leveraging patient involvement:** The implementation of patient choice creates an incentive for providers to improve quality (such as encouraging an improved quality/value offering or shorter waiting times). This creates an opportunity for private providers to attract elective (planned) volumes by developing competitive quality and value offerings

- **Explicitly connecting reimbursement to quality:** The public healthcare systems are developing towards measuring and taking account of the quality of delivered healthcare, and ensuring the right incentives to drive quality improvements and apply modern, evidence-based medical methods. One element of this is to adapt reimbursement models so that they no longer impede quality improvements which can lead to shorter average lengths of stay and the transition from inpatient to outpatient care. For example, for certain procedures the French government has removed the borne basse, a system in France with minimum required lengths of stays for patients in hospital in order for the provider to receive full reimbursement. This positive development means that reimbursement levels better reflect the quality of care provided, and improve the transparency of actual quality delivered across providers



Knee surgery at Capio Ortopediska Huset in Stockholm, Sweden.

Effect of the introduction of freedom of healthcare choice in Stockholm for hip and knee prosthesis operations



Follow-up report on free healthcare choice, hip and knee prosthesis operations, Medical Management Center, Karolinska Institutet, Institute for Strategy and Competitiveness, Harvard Business School and Swedish Hip Prosthesis Register (2 March 2012).

- **Increased co-payments:** Potential limitations to the public offering of healthcare due to longer waiting times are expected to stimulate an increase in privately financed healthcare, such as private health insurance and out-of-pocket expenditure, thereby affording private providers the opportunity to expand service offerings

- **Co-investments in capacity:** The use of public-private partnerships, and the shift of specific volumes of healthcare for which public providers lack capacity and private providers hold excess capacity, benefit both the public system and private providers, as the public system is expected to improve its access to "free capacity" while private providers are expected to gain access to additional patient volumes

3 Trend: Reduced average length of stay (AVLOS) from improved quality of care increases productivity

Nurses Amanda Söderman and Louise Lindgren at the emergency department at Capio St Göran's Hospital in Stockholm, Sweden

New treatment methods, new medical techniques and protocols that allow patients to be treated with these methods and techniques and at the right level of care delivery, all support improved quality of care. This results in more rapid recovery for patients and shorter average length of stay (AVLOS).

Historically, however, two barriers have inhibited the introduction and application of this type of Modern Medicine: the inability of healthcare providers to introduce and apply "best practice" and healthcare reimbursement systems that prevent opportunities for healthcare providers to drive quality improvements.

Research has indicated that the time lag from when medical best practice is proven to when it is implemented systematically in healthcare may amount to up to 17 years. The poor ability of healthcare providers to evolve and reap the potential of Modern Medicine, derives, in part, from an organizational structure of many healthcare providers that is historically influenced by a traditional split between "the medical profession" and "the administration", with limited incentives for the organization as a whole to drive initiatives and improvements.

In addition, European healthcare systems have historically reimbursed healthcare on a per diem basis in certain countries. For example, both France and Germany have had thresholds for minimum required lengths of stay for patients in a hospital. in order for the provider to receive full reimbursement, in France called borne basse thresholds and untere grenzverweildauer ("UGVD") in Germany. These reimbursement systems have provided poor incentives for healthcare providers to drive quality and productivity improvements.

The slow adoption of Modern Medicine, and timing differences in the implementation of DRG-based reimbursement by various healthcare systems, have resulted in an unbalanced adoption of Modern Medicine and large performance differences across countries. For example, there is significant variation in the AVLOS in Germany, France and Sweden, respectively, for the treatment of acute myocardial infarction and acute appendicitis, as well as for uncomplicated knee and hip prosthesis surgery. The AVLOS for acute appendicitis, for example, was 4.3 days in Germany, while the equivalent AVLOS was 4.0 days in France and 2.5 days in Sweden in 2014. For hip and knee replacement operations, the AVLOS in Sweden was approximately 50 to 65% shorter than in France and Germany in 2013.[5]

These trends create opportunities for pan-European healthcare providers to implement best practices across markets by transferring knowledge and experience between units and countries, thereby gradually decreasing the differences in the quality of care. In addition, AVLOS reduction also reduces personnel and other direct costs, as well as freeing up capacity to handle additional patient volumes. Continued implementation of Modern Medicine will improve medical results, reduce AVLOS and thereby improve the productivity.

4 Trend: Shift from inpatient to outpatient care driven by implementation of Modern Medicine

Ongoing technological developments and improvements in healthcare have contributed to both increased life expectancy and an increased number of treatment methods available to patients. As modern treatment methods are developed, the need for inpatient care is generally reduced. This also gives increased opportunities for outpatient treatment of patients and thus leads to a shift in volumes from inpatient to outpatient care. This in turn leads to the release of capacity and resources, enabling more patients to receive care of high quality at the same cost for the healthcare system. The share of outpatient care for certain treatment areas varies considerably among European countries. In France, for example, the share of costs related to outpatients has increased from 32% in 2007 to 42% in 2013. During 2013, the corresponding shares were 51% in Germany and 60% in Sweden.[6] In France, this switch from inpatient to outpatient care is expected to continue, and patient volumes within outpatient care are assessed to increase, with positive effects on medical quality and productivity.

Medical staff are looking after patients at the day care unit at Capio Clinique d'Orange in Orange, France.

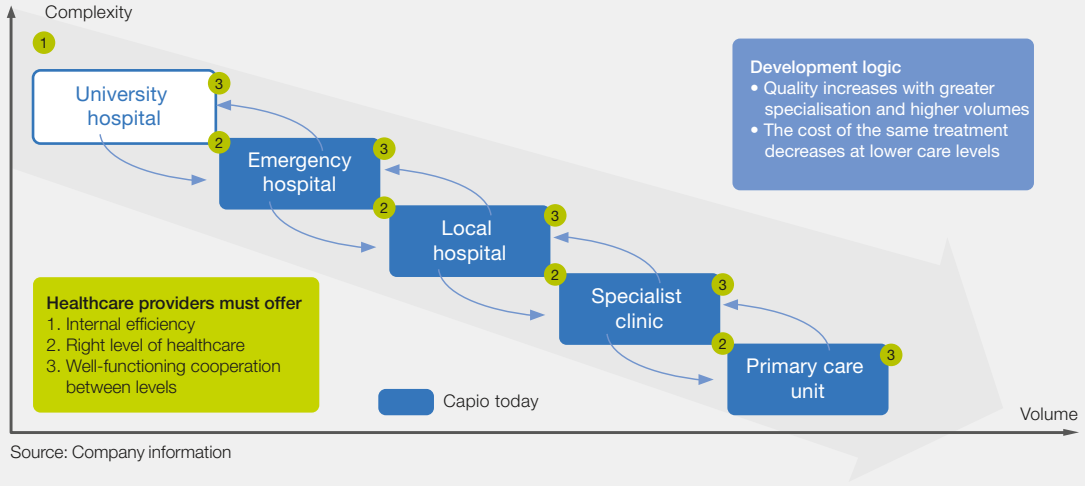
[5] The Swedish National Board of Health and Welfare, Helsedirektoratet, ATIH, Federal Statistical Office's DRG Browser.

[6] OECD Health at a Glance 2015.

5 Trend: Improved efficiency of healthcare systems by shifting volumes to the most efficient care level

The healthcare system's ability to manage patient flows to the right treatment at the right care delivery level will be important in addressing the bottlenecks and cost pressure in European healthcare systems.

By providing quality healthcare with high productivity, at the right level of care delivery, while integrating care across the different levels of the healthcare system and building patient pathways, the cost of care can be lowered while ensuring consistent or improved quality. Allowing the patient to be the basis for the healthcare structure not only ensures that the patient receives comprehensive care at the right level, but also that resources are used in the best possible way. One consequence of this viewpoint is that there is greater focus on outpatient care, seen from the patient's perspective. This new viewpoint also means that substantial patient flows can in future be redirected from inpatient to outpatient care, where there are good opportunities for greater specialization and treatment of more patients to a high quality standard, as well as cost efficiency. An example of this is providing a patient with the right treatment at the primary care unit level, rather than requiring the patient to seek treatment at a local hospital. These trends create opportunities for pan-European healthcare providers to implement best practices across markets by transferring knowledge and experience between units and countries, thereby gradually reducing the differences in the quality of care. In addition, AVLOS reduction also reduces personnel and other direct costs, as well as freeing up capacity to handle additional patient volumes. Continued implementation of Modern Medicine will improve medical results and reduce AVLOS.

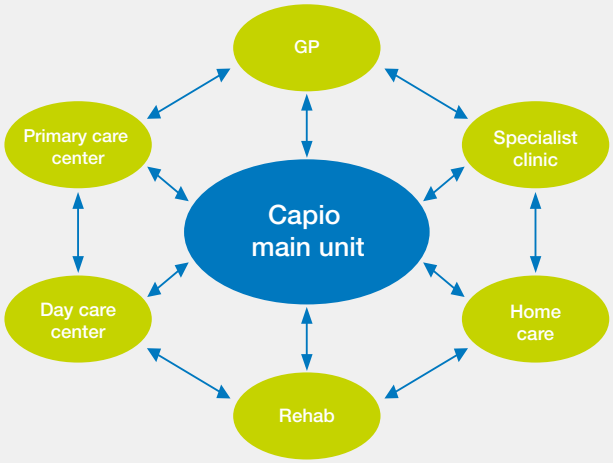


Source: Company information

6 Trend: Concentration of volumes to "centers of excellence" to drive productivity improvements

Increased specialization improves quality and increases productivity, since greater specialization increases the expertise of doctors, nurses and other medical staff, enabling them to develop and maintain their core competences. Developed healthcare systems are, therefore, seeking to concentrate volumes at levels where the numbers of procedures, treatments or interventions per doctor or medical team are sufficiently high to achieve quality and productivity gains. The development of increased specialization is in line with the shift from inpatient care to outpatient care and the adoption of the LEON (lowest efficient care level) principle, and ultimately enables the provision of quality care to more patients for the same cost.

In most developed healthcare systems, this trend for increased specialization can be seen in the greater prevalence of "centers of excellence". In Sweden, the breast center at Capio St Göran's Hospital is an example of a specialist inpatient center of excellence. Another example are smaller specialized units that together with a Capio main unit form a so called star network, see illustration to the right.



Business overview

Capio has three operational segments: Capio Nordic (Sweden and Norway), Capio France and Capio Germany. Each of Capio's operational segments provides a wide range of healthcare services and is structured to facilitate the provision of healthcare at the most efficient care level for each patient.

Group development 2011–2015	2015	2014	2013	2012	2011
Production, kNumber					
Number of outpatients	4,398.2	4,420.1	4,137.9	2,710.3	2,462.4
Number of inpatients	222.5	228.9	232.1	231.2	221.9
Number of patients	**4,620.7**	**4,649.0**	**4,370.0**	**2,941.5**	**2,684.3**
Resources, Number					
Number of employees (FTE)	**12,360**	**12,357**	**12,193**	**10,453**	**9,621**
Income statement, MSEK					
Net sales[1]	**13,486**	**12,960**	**12,127**	**10,292**	**9,740**
Organic sales growth, %	***2.9***	***4.1***	***2.3***	***2.5***	***4.5***
Operating result (EBITDA)[1]	**1,001**	**972**	**896**	**818**	**803**
Operating margin, %[1]	***7.4***	***7.5***	***7.4***	***7.9***	***8.2***
Operating result (EBITA)[1]	**592**	**544**	**483**	**437**	**449**
Operating margin, %[1]	***4.4***	***4.2***	***4.0***	***4.2***	***4.6***
Net capital expenditure, MSEK	**-391**	**-429**	**-382**	**-726**	**-521**
In % of net sales, %	***2.9***	***3.3***	***3.1***	***7.0***	***5.3***

[1] Comparison periods 2011–2014 adjusted for structural changes made in 2014. Refer to note 33 for a description of these changes and reported numbers for 2014.

- Organic sales growth 2015 was fully related to higher volumes as price increases were slightly negative. Organic sales growth during the year was negatively impacted by a general price reduction in France combined with two doctor strikes. Organic sales growth outpaced patient growth, positively impacted by a higher case mix. The organic sales growth 2014 was mainly related to volume, positively impacted by expansion and refurbishment projects (Nordic and France). Total sales growth in 2013 was driven by the acquisition of Carema Healthcare (Nordic) 2012. Organic sales growth 2013 was negatively impacted by the new care contract for Capio St Göran's Hospital (from January 1, 2013)
- The result and margin was positively impacted by the sales growth combined with productivity improvements in all segments. The 2015 result was negatively impacted by the French segment following the price reduction, doctor strikes, the ongoing integration of the Parisis hospital and the opening of the Belharra hospital. These effects impacted the result with MSEK -83 in total. Patient growth was lower than the FTE growth following the higher case mix, acquisitions and expansions
- Net capex was mainly related to maintenance capex. Differences between the years were mainly related to the timing of expansions projects

Segment overview, share of total in %, 2015

Net sales
Group MSEK 13,486

Capio Nordic, 54%
Capio France, 38%
Capio Germany, 8%

Operating result (EBITA)
Group MSEK 592

Capio Nordic, 47%
Capio France, 42%
Capio Germany, 11%

Capital expenditure
Group MSEK -391

Capio Nordic, 35%
Capio France, 55%
Capio Germany, 10%

Publicly and privately financed healthcare

Capio operates under different remuneration systems across its segments. In 2015, 88% of the Group's net sales were publicly financed, with the remaining 12% being financed under private insurance schemes or privately financed by the patients themselves and were primarily related to activities in Norway and France. In France, most privately financed remuneration is attributable to non-medical services, including single-room supplements. In Sweden, the proportion of privately financed activities was negligible.

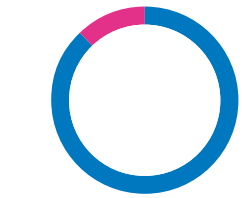
The largest share of Capio's remuneration, 87%, is based on payment per treatment (tariffs). Capitation is another remuneration form that, with regard to Capio, is applied in large areas of the primary care activities in Sweden. This entails that a fixed annual amount is received per patient listed at the primary care center. 13% of Capio's remuneration was related to capitation based remuneration models in 2015.

The basis for business operations may be a licence/authorization whereby a healthcare facility has gained approval from the healthcare authorities to provide certain types of healthcare, and to receive remuneration according to a specific price list. The care provision agreement is not subject to any time limit and applies until further notice. Examples are Capio's activities in France and Germany, as well as within primary and specialist healthcare in Sweden. In Sweden free healthcare choice schemes have been introduced for a number of different treatments in recent years. A trend in Europe is for the form of agreement to focus more on a free choice of healthcare, whereby the patient chooses the healthcare provider. Healthcare agreements (contracts) also occur, entailing that the care provider is required to produce a certain volume of healthcare, for a maximum price, during the term of the agreement. If this cap is exceeded, the remuneration for production above the fixed cap will be reduced.

Nurse Elisabeth Ryd Ausén at the new Breast Center at Capio St Göran's Hospital in Stockholm, Sweden.

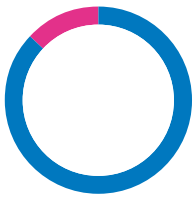
Capio's remuneration and agreement model 2015

Share of publicly- and privately-financed healthcare



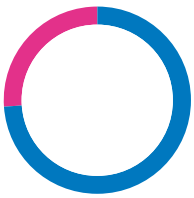
- Public, 88%
- Private, 12%

Remuneration form



- Tariff, 87%
- Capitation, 13%

Agreement structure



- Free healthcare choice/ authorization, 74%
- Contract, 26%

Capio Nordic

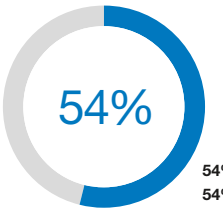
Strategic focus: Achieve more direct time spent with patients via Modern Management and Modern Medicine.

Michaela Gaffron, department manager Orthopedics and Physiotherapy at Capio Lundby Local Hospital in Gothenburg looking after a patient.

Key events in 2015

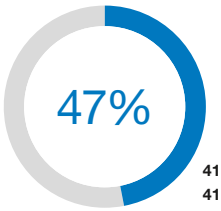
- Volume growth driven by the free healthcare choice and contract businesses in Sweden, mainly by emergency volumes at Capio St Göran's Hospital and in geriatric care in Stockholm
- Acquisitions gave Capio a national presence in Norway
- Efforts were initiated to increase patient time for medical staff by reducing administrative tasks
- 90 Swedish managers took Capio's management program to strengthen leadership skills – Modern Management
- Capio Proximity Care implemented measures to increase staff productivity. In addition a restructuring program was initiated implying a reduction of employees (FTE) by 90, of which the majority relates to temporary staff positions. Half of the program was effective from January 2016 with the remaining reduction planned gradually over the year

Net sales
share of Group, %



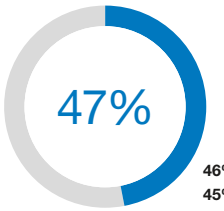
54% 2014
54% 2013

Operating result (EBITA)
share of Group, %



41% 2014
41% 2013

Number of employees (FTE),
share of Group, %



46% 2014
45% 2013

	2015	2014	2013
Production, kNumber			
Number of outpatients	3,673.0	3,719.4	3,463.5
Number of inpatients	50.4	49.9	48.7
Number of patients	**3,723.4**	**3,769.3**	**3,512.2**
Resources, Number			
Number of employees (FTE)	**5,755**	**5,722**	**5,432**
Income statement, MSEK			
Net sales[1]	**7,243**	**6,968**	**6,544**
Organic sales growth, %	***4.6***	***5.4***	***2.7***
Operating result (EBITDA)[1]	**458**	**411**	**369**
Operating margin (EBITDA), %[1]	***6.3***	***5.9***	***5.6***
Operating result (EBITA)[1]	**316**	**262**	**233**
Operating margin (EBITA), %[1]	***4.4***	***3.8***	***3.6***
Net capital expenditure, MSEK	**-135**	**-138**	**-136**
In % of net sales, %	***1.9***	***1.9***	***2.0***

[1] Comparative figures for 2013-2014 adjusted for the handover of a Nordic contract business in 2014.

- Organic sales growth was mainly related to higher volumes in the free healthcare choice and contract businesses in Sweden combined with growth from previous expansion projects in Norway. Organic sales growth outpaced patient growth in 2015 as a higher case mix impacted net sales positively
- The result and margin were positively impacted by the sales growth in combination with productivity improvements. The number of FTEs increased more than the number of patients in 2015 following the higher case mix
- Net capex in % of sales was stable between the years and mainly related to maintenance capex. For example, large investments were performed at Capio St Göran's Hospital during 2014 and 2015

Nordic

The Nordic segment consists of the operations in Sweden and Norway.

Sweden

In Sweden, Capio offers healthcare in the areas of primary care, somatic and psychiatric specialist care, and emergency care. Activities are operated at centers for primary care at 75 locations, centers for somatic specialist care at 30 locations, two local hospitals, centers for psychiatric specialist care at 18 locations, and one emergency hospital, organized across the following business areas: Capio Proximity Care, Capio Specialist Clinics, Capio Psychiatry and Capio St Göran's Hospital. Capio Proximity Care is the largest business area, followed by Capio St Göran's Hospital and Capio Specialist Clinics, with Capio Psychiatry representing the smallest proportion of net sales in 2015.

Norway

In Norway, Capio offers both primary care and somatic specialist care. Capio Norway operates eight medical centers under the Volvat brand, offering preventive and general healthcare services, as well as specialist healthcare, and two specialist clinics that offer treatment for eating disorders and physiotherapy, respectively. Today, it has a nationwide presence, via activities in Oslo, Bergen, Fredrikstad, Hamar, Tromsø and Trondheim.

Tina Adebahr, biomedical scientist, with a patient at Capio Primary Care Centre Orust, outside Gothenburg, Sweden.

Healthcare in Sweden

The total private primary and specialist healthcare market in which Capio is active in Sweden was estimated at approximately SEK 24 billion (EUR 2.7 billion)[1] in 2013[2]. Private healthcare providers still account for a small share of the total healthcare market, at approximately 13% of the current market in Sweden in 2013[3].

- The total costs for Capio's relevant market have increased by 4% average annual growth (CAGR) between 2007 and 2013[4]
- Healthcare costs as a percentage of GDP were 9.6% in 2012, compared to the OECD average of 9.2%[5]. Stockholm, Västra Götaland and Skåne in 2013 accounted for approximately 52%[6] of total national healthcare expenditures

[1] SEK/EUR foreign exchange rate used: 0.1156 (February 2015).
[2] Swedish Association of Local Authorities and Regions (SALAR).
[3] Swedish Association of Local Authorities and Regions (SALAR), Capio market studies.
[4] Swedish Association of Local Authorities and Regions (SALAR), Insurance Sweden.
[5] OECD Health Statistics 2014.
[6] Swedish Association of Local Authorities and Regions (SALAR).

– Patient needs are the basis for our treatment programs. We now reinforce medical quality, increase the direct time with the patient and develop our team-oriented work processes for modern primary care.

Susanne Wellander, business area manager Capio Proximity Care

Sweden

Capio Proximity Care

Capio Proximity Care offers primary care within general medicine and specialist healthcare under contracts with 12 county councils and regions, at clinics at 75 locations ranging from Simrishamn in the south, to Umeå in the north. Besides a wide range of primary care services, the primary care centers offer proximity services such as pediatric and maternity care, occupational therapy and physiotherapy. Furthermore, specialist medical care is offered within for example urology, cardiology, general surgery and orthopedics at most of Capio Proximity Care's units in Skåne.

Key events in 2015

During the year, extensive measures took place to continue to increase the quality of healthcare. Among other things, Capio Proximity Care published a quality report. This is the outcome of quality work that commenced towards the end of 2013, with the aim of identifying shared quality performance indicators for all primary care units. This initiative entails faster feedback of quality results from quality development, and increased comparability between the units, so that best practice can be identified and promoted between units.

During the year the medical agenda developed in order to establish clear shared guidelines for Capio Proximity Care's healthcare treatments, within the framework of Capio's four quality cornerstones. In the day-to-day work at the clinics, this is a matter of even more clearly understanding and respecting the patient's treatment needs, but also a focus on developing modern treatment methods, resource-effective work, and team-based approaches.

During the year a lot of focus was devoted to extensive oversight of working methods to ensure the right staffing, focus on the right inputs and patient flows, and eliminating unnecessary use of time, in order to spend more time on activities which directly benefit patients. For example, the number of agency physicians was reduced considerably, allowing for increased continuity for patients, and reduced physician costs.

Less administration and more consultations per physician and nurse are key initiatives that will help Capio Proximity Care to devote resources to more patients. In order to increase productivity (more visits per doctor and nurse), a program was initiated during the fourth quarter 2015 resulting in a staff reduction of 90 employees (FTEs, corresponding to less than 5% of the total number of FTEs), of which the majority relates to temporary staff positions. Half the program is effective from January 2016 and the remaining reductions are planned to come gradually over the year.

In 2015, Capio Proximity Care rationalized its procurement organization in order to ensure that, from a quality and cost perspective, the best products possible are used in healthcare.

The Integrated Behavioral Health treatment method was expanded within Capio Proximity Care in 2015. The purpose of this treatment method is to help mental health patients directly in primary care, when the need arises. This entails that at the first consultation the patient is offered a brief session with a psychologist or counselor as soon as possible, and preferably directly after the first consultation. This treatment method is offered in cooperation with Capio Psychiatry and is planned to be introduced at additional primary care units with psychologists or counselors.

Patients

Capio Proximity Care had approximately 667,000 (662,000) listed patients at the end of 2015. The number of outpatient visits during the year was approximately 2,417,000 (2,496,000).

Efforts to increase availability continued during the year. They included a pilot project with a "Waitometer", whereby the waiting times for drop-in treatment are indicated on a number of primary care centers' websites. This enables patients to prepare for the expected waiting time, so that they can plan their visits accordingly.

The annual national patient survey of primary care is undertaken by the Swedish Association of Local Authorities and Regions (SKL) and the results are used to develop activities, in order to increase quality. As a supplement, during the year a patient satisfaction measurement tool was introduced, covering just over half of Capio Proximity Care's care units. The aim is to ensure direct feedback from patients, as the basis for the local improvement effort. The initial results from a selection of units indicate a good patient satisfaction rate, but also show areas for improvement. The introduction of the tool will continue at the remaining units during 2016, and four times a year the units that use the tool will take part in a joint survey, with questions based on the national patient survey.

On the basis of Capio Proximity Care's medical agenda, the range of healthcare offered must be adjusted continuously, in line with various patient groups' needs and circumstances in life. This applies to families with children, people in the prime of life, and the elderly with multiple illnesses. Patients with chronic conditions are another group which requires special care and focus.

Employees

During 2015 Capio Proximity Care had approximaltey 2,000 employees, converted to full-time equivalents, in a flat, effective organization with short decision-making paths. All employees are focused on ensuring that the organization delivers the best possible healthcare to patients. This work is based on the Capio model.

Annual employee surveys are used to identify and work with the areas for improvement on a systematic basis at unit level. The year's employee survey shows an employee index of 77 (76). Rates above 70 are classed as high in the survey. The conclusions from the 2015 survey are that Capio Proximity Care performs strongly on good working environments, high confidence in managers, and good well-being for employees. Based on the results of the survey, improvement targets are set and improvement measures are implemented.

Capio Proximity Care undertakes regular training initiatives. In the autumn of 2015, extensive management training was held for all regional managers and care unit managers, with focus on the manager role in Capio Proximity Care with regard to an effective organization and working methods, as well as financial and quality measurement. During the year, 19 managers also participated in Capio's Swedish management program.

Capio Proximity Care offers training positions to medical students. The programs for medical students is rated highly. During the year, for example, three primary care centers in Stockholm received the "Excellent supervision of medical students" award, which is given annually by Karolinska Institutet. In 2015, Capio Proximity Care had approximately 120 trainee resident physicians. A resident physician medical council was established during the year and separate training days were held. These kind of efforts also promote the long-term competence provision of staff.

Investments

During the year, Capio Proximity Care invested in two modern new primary care centers. Capio City Clinic Landskrona has moved into modern premises in the converted old Post Office in the center of Landskrona and in Stockholm, Capio Primary Care Center Ringen has been converted.

Market

Capio Proximity Care is active within the free healthcare choice system for primary care subject to a free right of establishment and accreditation terms. The free healthcare choice models vary between different county councils with regard to terms of reference, reporting requirements, etc. However, the agreements are drawn up on the same basis for private and public-sector healthcare providers. As from 2016, all county councils will base their remuneration on a capitation model that comprises fixed remuneration for each clinic, according to such factors as number of listed patients and care burden, which is the estimated care requirement of a particular patient group, based on socioeconomic factors such as age, gender, nationality and civil status.

The local market situation varies between different locations in Sweden. The patient basis (number of patients in a specific area), and the composition and care needs of patient groups, determine both the number of clinics and the care offered in various areas. Densely populated areas have more clinics per capita than more rural areas, which can affect the availability and provision of care for various patient groups. Capio Proximity Care's units are located in both weak and strong areas in socioeconomic terms. A comparison from 2014 shows that Capio Proximity Care's listed patients in Stockholm, Västra Götaland and Skåne on average had a higher care burden, measured in terms of CNI (Care Need Index), than other private care providers and public primary care centers.

It is estimated that the terms of reference for primary care in Sweden will be expanded in step with the shift from e emergency- and local hospitalsto specialist and proximity care.

Focus areas going forward

- More effective staff planning, the right staff levels and more time for patients
- Continued adjustment of the care provision to achieve a broader and better range of care for various patient groups
- Continued improvement in availability to patients, supported by digital solutions and new working methods
- Increased continuity for patients. Contact with the same doctor and support throughout the entire value chain
- Further training of managers and employees
- "The modern primary care center" – a project to meet patients' changing needs for contact and treatment in local healthcare

System to increase quality

In 2015, Capio Proximity Care implemented the Rave analysis tool. This is an effective tool to monitor the quality of care by generating statistics, but also offers functions that enable the physician to identify data for individual patients, and not only as anonymous clusters. This allows the physician to address individual patients' needs directly, ensuring a high medical standard of care. The tool e.g. provides details of medical quality indicators that are important for patients with chronic diagnoses such as asthma, diabetes or cardiovascular disease. This information will be used to identify areas for improvement – commencing in 2016. Besides major quality gains, the tool ensures considerable time savings, so that more time can be devoted to treatment, rather than administration.

General practitioner Gunilla Fabricius with a patient at Capio Primary Care Centre Hovås/Billdal in Gothenburg, Sweden.

– We increase the speed of specialization within all activities. We aim to offer care to more patients supported by refined treatment methods and more effective care programs.

Peter Holm, business area manager Capio Specialist Clinics

Specialist operations

Capio operates somatic and psychiatric specialist care in a large number of counties and regions of Sweden.

Capio Specialist Clinics

Capio Specialist Clinics are operated at 30 locations and in 11 counties and regions in Sweden, offering a wide range of somatic specialist care. The activities are divided into four main areas: geriatric care, orthopedic surgery, local hospitals and other specialized surgery within ENT (ear-nose-throat), gynecology, ophthalmology and general surgery. These clinics operate under either tendered contracts or care authorizations from 11 county councils, including Stockholm, Västra Götaland and Skåne. There is also a growing need for healthcare financed via insurance companies.

Key events in 2015

The focus in 2015 was on streamlining and consolidation, and managing improvement work based on identified key indicators for quality (QPI) and productivity (KPI). Unnecessary duplicate work was identified and eliminated, for example concerning documentation. This allows more time to be spent on treating patients. The organization also reviewed the utilization of operating theaters by the units, in order to increase productivity.

This improvement work has yielded good results, as shown by Capio Movement's positive results for hip and knee replacement surgery, reducing the average length of stay significantly in recent years. These improvements have made the clinic a leader in an international comparison. Read more about this on page 31.

The price development within some free healthcare choices in Stockholm County Council has been challenging during the year. Restructuring work is ongoing to match the activities to the changed conditions, with the objective of continuing to be a long-term operator within specialist healthcare in Sweden.

Capio Geriatrics has conducted a systematic improvement program over several years. The measures include continuous quality improvements, together with well-functioning cooperation with emergency hospitals and other elements of the care chain, in order to ensure that patients receive the right diagnosis and the right level of healthcare as quickly as possible, which has a great impact on the patients' welfare and prognoses. During the year, the geriatric activities in Stockholm have expanded which has contributed to a positive volume growth.

In 2015, Capio Geriatrics Nacka was named as the best specialist clinic by the Swedish Dementia Register, Svedem, for the most completed registered dementia investigations during the year.

Within Capio Läkargruppen in Örebro, urology activities were introduced during the autumn of 2015 in order to meet increasing patient demand within this area of specialization, not least within prostate cancer care.

During the year, Capio Specialist Clinics saw an increase in healthcare financed via insurance companies, albeit from low volumes. The greatest increase was seen within orthopedics in Stockholm. Capio Läkargruppen in Örebro also has a clear range of care offered to insurance companies.

Patients

Capio Specialist Clinics' activities also conduct regular patient surveys. Capio Ear Nose Throat Globen in Stockholm, which expanded strongly in 2015, is a clear example of a high level of patient satisfaction. Patient satisfaction is measured continuously, and generally shows very good results, while the remuneration for completed treatment is lower compared to equivalent care provided at large hospitals. This means that the clinic is contributing to reducing the overall costs to the county for the same type of treatment, while achieving very high patient-perceived quality.

Employees

During 2015 Capio Specialist Clinics had approximaltey 1,300 employees, converted to full-time equivalents There is competition for employees within Swedish specialized healthcare. Capio Specialist Clinics therefore attach great weight to creating attractive working conditions. This has resulted in very effective recruitment and a relatively small proportion of agency physicians, as well as low staff turnover.

The staff of Capio Specialist Clinics' units are generally satisfied with their work and workplace, according to the regular employee surveys which are conducted. One example is the result for Capio Geriatrics Nacka, for which the latest survey shows an index of 91 (average of highest possible value of 100) of the employees feel motivated by their work, an index of 84 experience that they can influence the planning of their work, and an index of 87 consider Capio to be a attractive employer. In addition, ambassadorship has been further strengthened from the existing high level. This is the result of several years' systematic work, leading to the clinic's nomination as Sweden's best workplace, and its regular high employee satisfaction ratings as one of the private and public organizations that work under contracts with Stockholm County Council. The employee index for Capio Geriatrics Nacka in total was 86. A very good result as results above 70 are classed as high in the survey.

Capio Specialist Clinics undertake regular training within their respective activities, as well as participating in joint Capio training initiatives, such as the Swedish management training in 2015, in which 28 managers took part. Capio Specialist Clinics also offer training to resident physicians at Capio Artro Clinic and within Capio Geriatrics.

Investments

In the autumn of 2015, Capio Artro Clinic Rehab Globen opened as a new clinic for specialized physiotherapy, with focus on orthopedics and medical sports injuries. This new establishment, entailing investment in suitable premises, strengthens Capio's rehabilitation

Capio Movement – international orthopedic leader via internal knowledge sharing

Via its focus on quality and method development within hip and knee prosthesis surgery, the Capio Movement specialist clinic has been able to increase its surgery capacity by significantly reducing average lengths of stay. The clinic has leveraged the expertise of Capio Clinique Sainte Odile in France, where orthopedic surgeon Jérôme Villeminot has played a central role. The improvements have made the Capio Movement a world leader in this area, which is highlighted in the international report on "Helping NHS providers improve productivity in elective care", published in October 2015.

This study took place in order to improve the quality and productivity of elective care within the British NHS (National Health Service), comparing the results within e.g. orthopedic surgery from eight NHS hospitals and five hospitals and clinics outside the UK.

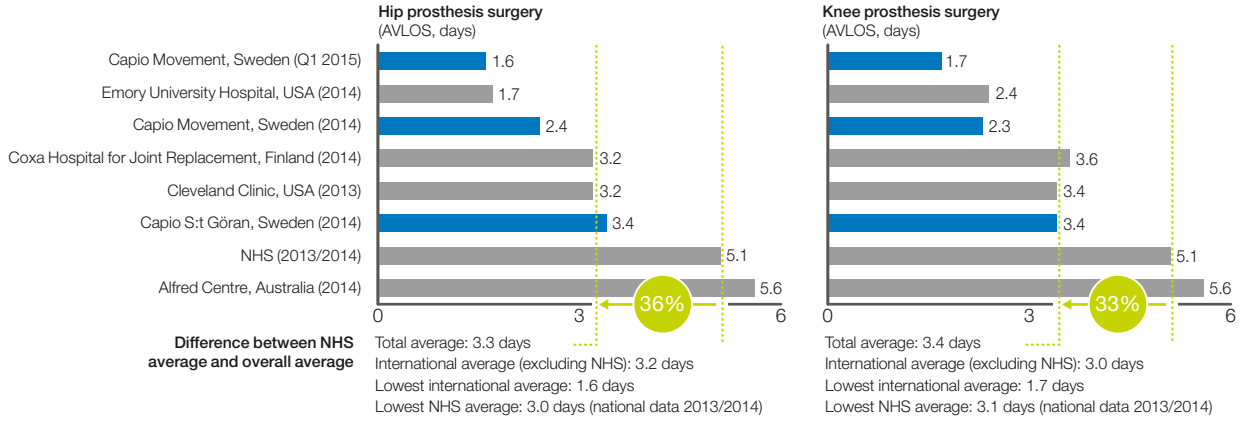
In the study, the average length of stay within NHS was 5.1 days and corresponding 3.2 days for hip prosthesis surgery and 3.0 days for knee prosthesis surgery at the international units. In the first quarter of 2015, Capio Movement achieved average lengths of stay of 1.6 and 1.7 days, respectively, for the same type of operation, which are the lowest average lengths of stays in the study overall. For the full year 2015, the average lengths of stay had improved further to 1.3 days altogether. Capio Movement can also report a low level of re-operation and very satisfied patients. The study thereby identifies a significant improvement potential within elective NHS care.

"We are very proud of the results we have managed to achieve via systematic quality work. With essentially the same resources, we have been able to increase the number of hip and knee replacement surgeries from 358 in 2013 to 754 surgeries surgeries in 2015", says Hjalmar Thorsteinsson, CEO of Capio Movement, consultant in orthopedics and specialist in orthopedic surgery.

Capio St Göran's Hospital was also included in the study and showed results in line with the overall average.

Orthopedic surgeon Håkan Sporrong and nurse Lisbeth Hulander perform a knee prosthesis operation at Capio Movement in Halmstad, Sweden.

Average length of stay (AVLOS) for hip and knee replacement: an international comparison



Source: Individual studies, Cleveland Clinic Department of Orthopaedics and Rheumatological Institute, Outcomes Report 2013; Hospital Episode Statistics 2013/14, HSCC.

– We develop our care offering and treatment programs to help more patients within general psychiatry, addiction medicine and anorexia treatment.

Lotta Olmarken Ingler, business area manager Capio Psychiatry

provision in southern areas of Stockholm. Effective continuity of care is also ensured, due to its proximity to Capio Ortopediska Huset, which undertakes orthopedic surgery. The new clinic operates within free healthcare choice for specialized physiotherapy under a contract with Stockholm County Council, and has capacity for around 16,000 patient visits per year.

During the year, a major IT investment was made within Capio Movement, comprising a well-established IT system to handle diagnoses, referrals, treatment, medication and administration. Capio Lundby Local Hospital in Gothenburg also invested in IT systems and modern diagnostic equipment within urology, gynecology, eye surgery and gastroenterology.

In addition, a number of new websites were launched, in order to spotlight Capio Specialist Clinics' services to both patients and potential employees, and to involve patients even more in their own recovery by providing good information.

Market

In time, the switching of patient volumes from emergency hospital care to specialized care may lead to increased volumes within free healthcare choice activities. This is particularly apparent from the Future Plan for Medical and Healthcare in Stockholm, although similar flows may also be relevant in other counties, in order to increase availability and reduce costs for hospital-based care. The new Swedish Patient Act, which came into force in January 2015, and which entails that patients have the right to choose specialist healthcare (outpatient care) in any county, may create increased mobility between counties.

Demand from insurance companies is expected to continue to increase, and Capio Specialist Clinics are ready to meet this demand.

Somatic specialist care is provided via procurement contracts or accreditation for the free healthcare choice scheme and Capio submits tenders where there are opportunities to provide quality care in line with Capio's ambitions. Capio assesses that the quality aspects of procurement will be more and more important in the future, and Capio Specialist Clinics are well-positioned for this.

Focus areas going forward

- Release more time spent directly with patients by medical staff via Modern Management and effective use of staff resources
- Continued streamlining of the interfaces in internal value chains, both for referrals between primary and specialist care and in the collaboration between specialist care and emergency care, in order to safeguard patients' welfare
- Continued cooperation within the areas of geriatrics, orthopedics, local hospitals and other specialized surgical areas, and continued improvements in quality and productivity, based on each area's unique conditions

Capio Psychiatry

Capio Psychiatry is one of the largest private providers of specialist psychiatric care in Sweden. It operates at 18 locations across five county councils via care contracts and free healthcare choice accreditations. Capio Psychiatry treats patients within the fields of general psychiatry, addiction medicine and eating disorders.

Key events in 2015

Activities during the year were focused on releasing more time to spend on patients by more efficient patient flows and processes.

In order to increase efficiency within administration, Capio Psychiatry reviewed the patient records system and introduced a new system for handling documents and other management information throughout the organization. A common deviation handling system was introduced and the quality and environmental management system was audited during the year.

In 2015, Capio Psychiatry tested drop-in times at certain clinics, as a supplement to booked appointments. Separate doctor's appointments to renew prescriptions were also tested. The aim is to increase availability and reduce the proportion of no-shows, which at some units exceeds 10%.

In 2014–2015 Capio Psychiatry has undertaken work with a special focus on kind treatment of patients. In 2016, Capio Psychiatry will focus especially on good information to patients, including via the ongoing development and launch of a number of new websites, but also the information provided during individual patient consultations.

Patients

Recent years' focus on quality and productivity is reflected in the results from the regular patient surveys. Patient satisfaction has gradually improved from year to year within nine key areas, and in seven areas the targets have been exceeded, which can be compared with the situation two years ago, when the targets in two key areas were achieved. Kind treatment of patients is one of the areas showing a clear improvement as a result of targeted efforts during the last two years. The same applies to a sense of trust and involvement.

The ambition for the future is to involve patients even more in the planning of their own care. In this way, the operations will be able to benefit from the patients' experience, viewpoints and practical suggestions, both at the overall level and in the individual care situation.

Since 2014, in Östergötland Capio Psychiatry has also run a pilot project with self-assessment surveys based on the CORE (Clinical Outcomes in Routine Evaluation) method. The method is based on the patient, before the consultation, responding to health questions via a computer, which makes it possible for the medical staff to systematically monitor the patient's development in response to treatment. This makes it possible to quickly identify and address any areas for improvement. So far, CORE is applied to approximately 900 patients.

Unit manager Yolanda Sandberg in dialogue with a patient at Capio Psychiatry's clinic for young adults in Haninge, Stockholm, Sweden.

In 2015, Capio Psychiatry prepared a treatment offering that will be financed privately, via insurance companies or other corporate entities. This offering will include addiction disorders and psychiatry. Approximately 40% of people on sick leave in Sweden today suffer from some form of mental health issues. The treatment offering has been created in order to investigate these cases more quickly and help the patients to return to work. This initiative is planned to be launched during 2016.

In 2016, a pilot project will also take place to see whether early cooperation between psychiatry and primary care can reduce mental health issues. The project will be run in collaboration with Capio Primary Care Center Högdalen in Stockholm, where a psychiatrist from Capio Psychiatry will be stationed one day a week for consultations and assessments and, as required, will be able to refer patients for psychiatric or addiction disorder therapy.

Employees

Capio Psychiatry had approximately 500 employees, converted to full-time equivalents, in 2015. Employee surveys take place regularly in order to identify and work with the areas for improvement on a systematic basis. The survey in 2015 showed that employees at Capio Psychiatry are generally satisfied with their work situation. Both the individual's and the group's work situation are given high ratings. A climate of openness, motivation and knowledge of the contribution from each individual employee are examples of areas with a high rating, at over 85 out of a maximum 100 points. One area for improvement, however, is willingness to serve as an ambassador for the company, for which the result is just below 70 out of 100. Ambassadorship is significant from a recruitment perspective, why this area will be in stronger focus in coming years.

Great emphasis is given to a high permanent staff level at Capio's clinics. During the year, Capio Psychiatry increased the ratio of permanently employed physicians, which increases continuity for patients and is a result of the company's long-term efforts. Capio Psychiatry works systematically to create a critical mass of psychiatric research and expertise. Among other things, an academy for all permanently employed physicians takes place every six months. This includes the opportunity to attend lectures by well-reputed researchers. During the year a director of studies and resident physicians were recruited, which is a further step towards a strong position as a competence center of psychiatric expertise.

Training takes place on an ongoing basis at the respective units. During the year, eight managers from Capio Psychiatry took part in Capio's Swedish management training. During 2016 the learning from this training will be shared internally with the unit managers in the organization.

Investments

Major investments in 2015 included the coming new websites, which will increase information and availability levels for patients. The operations have also invested in a common system for document handling and deviation reporting.

Market

The prevalence of mental health issues is increasing and today they account for approximately 40% of all sick leave in Sweden. Most of Capio Psychiatry's activities take place in Stockholm, whose population increases by around 35,000 every year, leading to ever-higher patient volumes. According to a national health report from Stockholm County Council (SLL), published in 2015, 11% of women and just over 5% of men in Stockholm were diagnosed with depression or anxiety during 2014. SLL is currently investigating how psychiatry should develop in the future and it is not yet clear whether this will be operated under free healthcare choice or via procurement contracts. No matter what, Capio Psychiatry is well-prepared to make a contribution. The high demand for psychiatry also opens up the opportunity of developing treatment options that are financed privately by insurance companies.

During the year a new Swedish Patients Act entered into force, under which patients are entitled to seek medical care anywhere in the country. This is an opportunity for Capio Psychiatry. However, patients are not yet generally aware of this entitlement, so that the decision did not have any decisive impact during 2015.

During 2016, a large number of procurement processes and accreditations for free healthcare choice will take place in several counties. Via its focused quality work, Capio Psychiatry is well-prepared for these.

Focus areas going forward

- Release more time to spend with patients and improve patient-perceived and medical quality
- Attract and retain the right expertise
- New procurement contracts and accreditations for free healthcare choice
- Development of collaboration with primary care

Releasing more time for patients

Capio Maria in Stockholm is engaged in specialized addiction disorder treatment. As for Capio's other activities, it is important to release as much time as possible to spend with patients, meeting their need for high-quality healthcare. For some years the Lean-based project method Releasing Time to Care (RTC) has been used, helping to achieve this on a structured basis.

This systematic work takes place in 13 modules which are either fundamental, such as "Measuring to know" and "Due diligence", or process-oriented, such as "Admission and discharge" and "Ward rounds". Several measurements take place in order to create a fact-based, sound platform for decisions concerning improvements in the respective departments.

The results from the year's RTC initiatives have been very good. Besides releasing more time to care for patients, there are also other positive effects. For example, the measurements showed that employees in emergency clinics are highly exposed to threats and the risk of physical violence, for example due to patients under the influence of drugs. A major training program for more than 60 employees was therefore held, with focus on prevention and handling actual incidents. This project also helped to significantly reduce stress levels among employees at Capio Maria's emergency department.

Chief physician Anita Lappalainen and carer Shannon Magnusson at Capio Maria emergency department in Stockholm, Sweden.

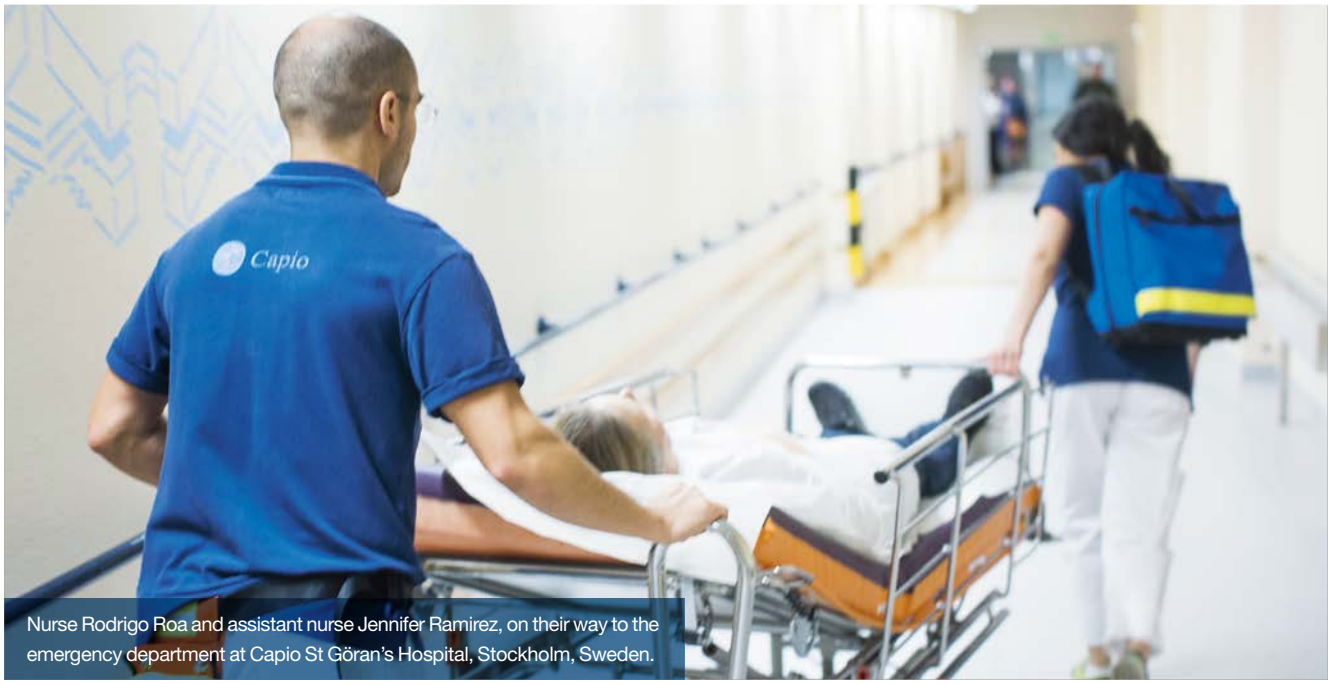
Capio St Göran's Hospital

Situated in central Stockholm, Capio St Göran's Hospital is one of Sweden's larger emergency hospitals in terms of emergency patient volumes in the catchment area (approximately 420,000 residents) and is the only privately-run emergency hospital in the Nordic region. The hospital is operated under a contract with Stockholm County Council (SLL) and includes emergency and elective healthcare for adults within basic emergency care. The hospital has accident and emergency clinics, and orthopedic, surgical, medical, neurological, radiology, anesthesia, pain and clinical physiology clinics. It also has a breast surgery center and leading expertise in areas such as shoulder surgery.

For many years the hospital has held a strong position within quality, productivity and availability, which is among other things confirmed by this year's benchmarking report of emergency hospitals in Stockholm from the Council. The report on "Waiting times and emergency flows at emergency departments" shows that Capio St Göran's has more satisfied employees and patients, good quality and high availability, together with the lowest care production costs. The report from Swedish National Board of Health and Welfare (December 2015) on "Benchmarking emergency hospitals' effectiveness" indicates great differences in average waiting times at Sweden's accident and emergency departments. Capio St Göran's showed the shortest waiting time for examination by a doctor at 28 minutes, while patients who waited the longest had to wait four times longer to be examined by a doctor at another emergency department.

Key events in 2015

During the year, the work intensified to implement the Future Plan for the County's healthcare, which is of great significance to Capio St Göran's. According to the Future Plan, the hospital shall be even



Nurse Rodrigo Roa and assistant nurse Jennifer Ramirez, on their way to the emergency department at Capio St Göran's Hospital, Stockholm, Sweden.

more focused on emergency care, which entails that the share of emergency care is expected to increase from approximately 2/3 today to 3/4 of cases in the future. The total number of patients seeking emergency treatment at Capio St Göran's is expected to increase by around 25% in 2016-2018, to more than 100,000 per annum, and the number of beds is planned to be gradually increased in order to fulfill this requirement.

The Future Plan entails an expansion of Capio St Göran's activities within e.g. neurology and breast cancer care. As a consequence, neurology became a separate clinic in January 2015. During the year, extensive preparations were also made to open an expanded breast surgery center in January 2016. This means that Capio St Göran's, as one of three regional breast surgery centers, will be responsible for the entire value chain of breast cancer care, from screening and diagnosis, to treatment and rehabilitation.

In order to meet the increased need for emergency care, in 2013 the County Council's real estate company, Locum, commenced the construction of a new emergency department at Capio St Göran's. The first stage of the new emergency department is expected to be completed in the spring of 2016. The full new emergency department will be completed by 2017 – designed in accordance with Capio St Göran's flow-based working methods. One element of this is that emergency radiology will be an integrated part of the emergency department.

Despite the limitations of the current emergency department premises, the ongoing quality activities have contributed to high productivity. In 2015, 84,000 emergency visits were made to the emergency department, and 79% were treated within four hours, with the target being 80%, even though the current emergency department is originally dimensioned for approximately 35,000 visits per year. The good quality and productivity are highlighted in the County's benchmark surveys, such as the year's "Benchmarking emergency hospitals' effectiveness" report, in which Capio St Göran's is named as the emergency hospital with the highest quality and productivity among all those included in the report.

In 2015 there was continued focus on systematic improvements related to quality, patient safety and productivity, in accordance with the plan that was adopted in conjunction with the new agreement that entered into force in 2013. A further example of the high quality achieved is the new neurological clinic, where a key process indicator is the time "from door to needle". In practice, this is the time it takes from a patient being admitted with stroke symptoms until he or she receives anticoagulants. The target, according to Stockholm County Council's guidelines, is below 40 minutes, which is achieved with a good margin. The record at Capio St Göran's is 14 minutes.

During the year, extensive work was also undertaken within Modern Management to create clear roles in the healthcare team and to simplify a number of the work elements that take up a large part of the working day. The project is called "Task Shifting" and concerns releasing more time to spend with patients. This was introduced at the end of 2015 as a pilot project.

– We continue to develop the hospital to stay in the forefront of quality and productivity. The opening of the new acute ward in 2016 increases capacity to welcome more patients and the hospital has a key role in the program of future healthcare in the Stockholm County Council.

Britta Wallgren, business area manager Capio St Göran's Hospital

Working on a standardized basis as far as possible contributes to increased quality, safety and productivity. This applies to everything from medical treatment to nursing care and cleaning. In the autumn of 2015, a common hospital nursing care standard was launched, to ensure a consistent high quality of day-to-day nursing with regard to e.g. personal hygiene. The standard serves to support employees and also strengthen the patient's position.

Cleaning at Capio St Göran's was highlighted positively during 2015, in a survey by the Swedish Association of Local Authorities and Regions (SALAR). One of the key improvement factors is that the hospital handles cleaning itself, since cleaning, infection control and patient safety are closely related. Together with other measures, the high cleaning quality has contributed to Capio St Göran's having the lowest proportion of patients contracting healthcare-related infections in the County of Stockholm.

A high-priority area during 2015 was to create effective care flows above the healthcare thresholds within and outside the hospital. This helps to ensure that more time can be spent on patients, who also feel more secure, thanks to enhanced continuity of care, which contributes positively to their recovery.

In addition, the task of reducing the volume of unnecessary administrative work has continued. This includes using the IT system more effectively in order to reduce duplicate documentation, eliminate long free-text patient records, and generally reduce manual routines for administrative work. This work is continuing i 2016, including by updating the patient record system. A new working method which is being tested is for reporting to take place together with the patient.

In 2015, St Göran's Hospital passed its environmental audit for renewal of its certification, so that the hospital has held certification in accordance with the ISO 14001 standard for ten years in total.

Patients

Capio St Göran's Hospital serves an area with a population of around 420,000. In 2015 there were around 84,000 emergency hospital visits. Besides emergency visits there were 152,000 planned hospital visits. Capio St Göran's has 333 beds in total.

Patients' satisfaction with Capio St Göran's Hospital is confirmed by the annual patient surveys conducted by Stockholm County Council, in which the hospital heads the County's table. In 2015 a new method of compiling patients' viewpoints was tested in three departments. Instead of relying solely on a major annual survey, continuous measurement, using tablet computers, takes place quickly and simply in conjunction the patients' discharge. This immediate response means that staff can discover areas for improvement and take appropriate action more quickly.

In 2015 Capio St Göran's involved patients in its activities to an even greater extent than before. For example, patients can contribute their knowledge when new units are established, as in the case of the Breast Center, which opened in January 2016. To enable the Breast Center's patients to be involved in this expansion a special "patient council" was formed, in which ten patients participate, in order to ensure that nothing is missed, viewed from the patient's perspective.

High quality cleaning services run by the hospital itself at Capio St Göran's hospital.

During 2015 Capio St Göran's also worked to involve patients more in their own treatment, including by introducing "online patient records", so that patients can read their own electronic records in a secure environment. This supports the communication between hospital and patient and creates greater involvement in treatment, which has a positive effect on recovery.

Employees

During 2015 Capio St Göran's had approximately 1,500 employees, converted to full-time equivalents. Stockholm, County Council performs annual employee surveys at the County's hospitals. The survey for 2015 showed once again that employees at Capio St Göran's are very satisfied (data from other emergency hospitals in Stockholm County are not available for this publication). A reputation as a good workplace is a benefit in view of the intense competition for healthcare staff within emergency care, not least with regard to nurses.

Besides offering a good working environment, Capio has an attractive point salary model for remuneration of shiftwork, called the "St Göran's Model". This enables employees to influence their own working hours, while sharing responsibility for the hospital's activities. Even though the point salary model gives employees a higher remuneration, the higher quality and productivity mean that the total costs of healthcare are lower at Capio St Göran's than at the other emergency hospitals in Stockholm County.

Another focus area during the year was Capio's values and what they mean for employees, healthcare and patients at Capio St Göran's. Extensive work was also undertaken to create clear roles in the healthcare team and to simplify a number of the work elements that take up a large part of the working day. The project is called "Task Shifting" and concerns releasing more time to spend with

patients, as mentioned on the previous page. This was introduced at the end of 2015 as a pilot project.

As part of Stockholm County Council's Future Plan, Capio St Göran's will play an even stronger role within research, education, development and innovation (REDI). Today, both Capio St Göran's and Stockholm County Council have the clear objective for the hospital to be part of university healthcare, and to contribute REDI. Capio St Göran's undertook extensive initiatives within the respective areas during 2015. For example, educational and academic competence were strengthened considerably, including by adding ten clinical instructors to the hospital's healthcare departments. Their task is to be responsible for supervision of the students who undertake work-based training and to contribute to a good academic environment.

In the year's internship ranking of intern physicians, Capio St Göran's took a big step upwards from a ranking as number 37 to number 24, due to systematic improvement work together with the interns, and focus on REDI. The result ranks Capio St Göran's ahead of other large university and emergency hospitals in Stockholm.

There are also good opportunities for employees to continue their training and further develop their skills. The hospital's Clinical Competence Center provides regular instruction and training, and an introduction to the various healthcare areas. Within each unit, further education takes place as required, and Capio St Göran's wishes every employee to have a personal competence development plan. Managers are offered regular leadership and business management training. During 2015, for example, 17 of them took part in Capio's Swedish management program, together with colleagues from other areas of Capio's activities.

Capio St Göran's also contributes to sharing knowledge outside its own organization, and participates actively in regional, national and international knowledge-sharing networks. For example, in 2015 the hospital hosted an international conference on global surgery at which a Scandinavian network for providers in this area was established.

Investments

Capio St Göran's continuously invests in activities in order to ensure continued quality and productivity improvements. Investments during the year were related to the construction of the new emergency department and replacement of the plumbing system of the multi-storey building at the site. New medical technology is another ongoing investment area. One more investment during the year was in advanced cardiac monitoring technology. There were also investments related to the expanded activities within neurology clinic and breast cancer care.

Focus areas going forward

- Via Modern Management, release more time spent directly with patients by medical staff via improved working methods and effective use of resources , for example via the pilot project "Task shifting"
- Sustained focus on continuous quality and productivity improvements, basis on the County's Future Plan and the Capio model's structure
- Continue to involve patients in the units' development, available treatment and their own recovery.
- Continue to create employee empowerment and ensure the right division of work in the healthcare teams, to ensure effective patient flows
- Continue to develop IT, premises and other infrastructure, to support Capio St Göran's work. Extensive streamlining of administration is planned for 2016, for example within handling of patient records, with the aim of "one patient, one set of records"
- Inauguration of the new emergency department. Construction of an additional two buildings will commence

Market

In the period from 2010 to 2020, the population of Stockholm County is estimated to increase by 35,000 annually. The number of children and elderly people is increasing at a faster rate than other age groups, while the longevity of Stockholm residents is increasing. This development is positive, but also presents a major healthcare challenge, viewed from a resource perspective. In order to fulfill future healthcare requirements on a quality-oriented and resource-effective basis, Stockholm County Council is undertaking one of the largest-ever initiatives within healthcare and medical care. In this respect, Capio St Göran's has an important role to play in receiving the increased emergency patient flows, which are expected to increase by 25% in the coming years, and also expanding the range of specialized care, in accordance with the changes described in the Future Plan.

Capio St Göran's quality data

Sweden is at the forefront in terms of the measurement and follow-up of medical quality via national quality registers and requirements of regional register reports for care providers. Patient satisfaction and staff statistics are also assessed in annual surveys. This long-standing tradition for quality measurements has resulted in extensive data concerning treatment results and process measurements. Treatment methods can be assessed and the data allows for comparisons between methods and care units at national and regional level. Process measurements support the development of healthcare availability.

Stockholm County Council has a well-developed view of health-care quality and their measurements span a wide range of quality indicators for the County's emergency hospitals.

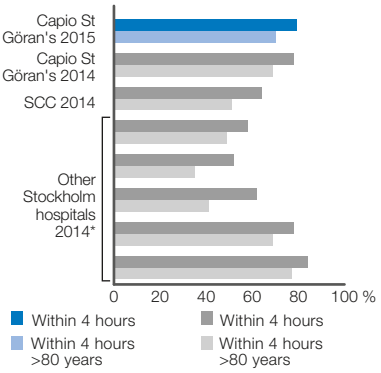
Fulfilment of targets of Stockholm County Council's quality indicators, 2011–2015 (%)

	2011	2012	2013	2014	2015
Capio St Göran's Hospital	**96**	**99**	**98**	**96**	**99.7**
Other Stockholm hospitals*	95	94	90	90	–
	92	92	87	88	–
	90	90	92	94	–
	93	93	97	94	–
	95	93	96	97	–

* Data for other Stockholm hospitals within SCC 2015 not available at publication of this Annual Report.

Source: Summary HSF/Stockholm County Council 2014

Waiting times, total length of stay, per emergency clinic

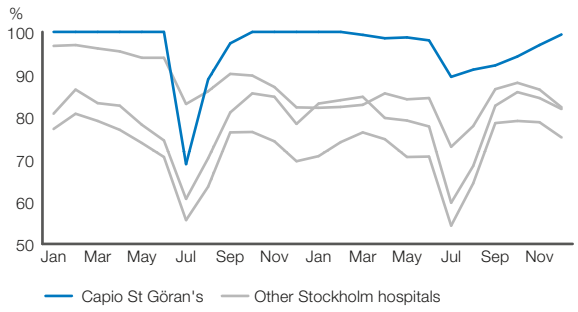


* Data for other Stockholm hospitals within SCC 2015 not available at publication of this Annual Report.

Source: Summary HSF/Stockholm County Council 2014

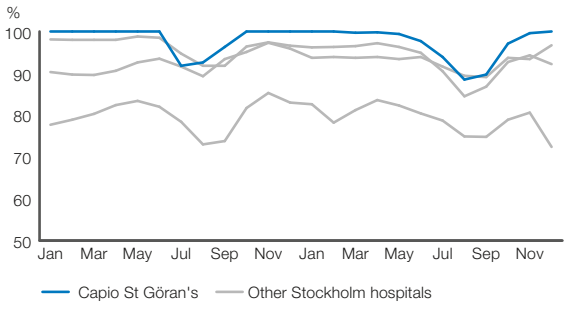
Fulfilment of the healthcare guarantee within Stockholm County Council per month, 2014–2015

Fulfillment of healthcare guarantee – Appointment



Source: SCC reporting data from the Central waiting times register 2016

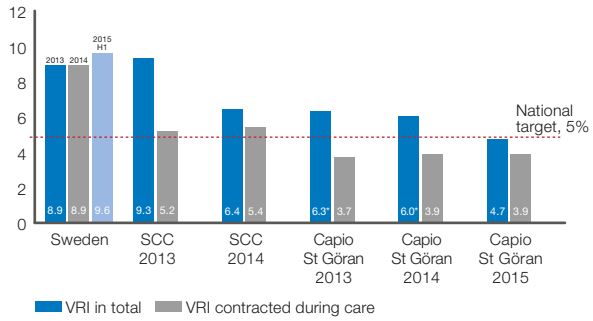
Fulfillment of healthcare guarantee – Treatment



Source: SCC reporting data from the Central waiting times register 2016

Capio St Göran's takes part in all mandatory and relevant registers, which together with its own quality management contribute to the hospital's development of its quality and availability. The graphs below present some vital quality results for Capio St Göran's in comparison with other Stockholm County Council hospitals, and national data.

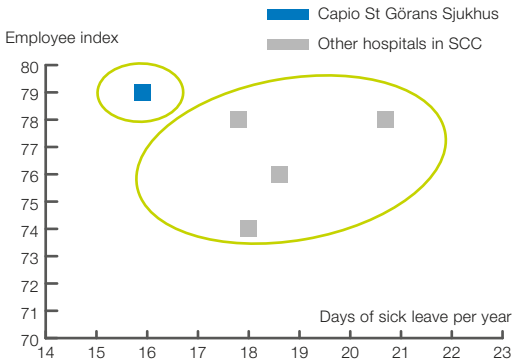
Share of healthcare-related infections (VRI) (%)



* All healthcare-related infections including infections not contracted at Capio St Göran's Hospital.

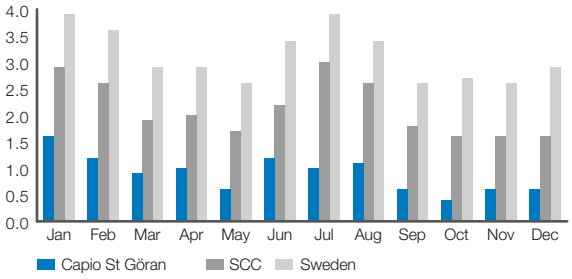
Source: Capio St Göran's Hospital, SCC, SKL

Employee index and days of sick leave 2015



Source: Data from respective hospital. Capio St Göran's Hospital from 2015. Other Stockholm hospitals in SCC show data from 2014

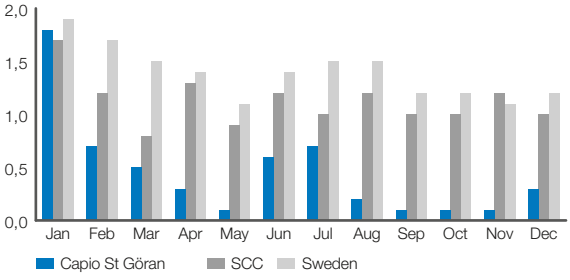
Number of overcrowding* per 100 available beds (somatic care), 2015



* Overcrowding is defined as an event when an admitted patient is cared for without the requirements for available beds being met.

Source: SKL 2016

Number of outsourced* patients per 100 available beds (somatic care), 2015



* An outsourced patient is defined as a patient being admitted and cared for at a different care unit than the care unit holding specialist expertise and reponsibility for the patient.

Source: SKL 2016

– With a nation-wide operation, we reinforce Capio's care offering in Norway through extended care programs and a focus on continued expansion.

Per Helge Fagermoen, business area manager Capio Norway

Norway

Overview

In Norway, Capio offers both primary care and somatic specialist care. Capio Norway operates eight medical centers under the Volvat brand, offering preventive and general healthcare services, as well as specialist healthcare, and two specialist clinics that offer treatment for eating disorders and physiotherapy, respectively. The healthcare provided by Capio Norway is predominantly privately funded care that is financed via insurance companies, corporate entities or individual patients. Volvat was founded in Oslo in 1985, celebrated its 30th anniversary in 2015, and in recent years has developed strongly through a continuous quality work and increased patient volumes. Today, it has a nationwide presence, via activities in Oslo, Bergen, Fredrikstad, Hamar, Tromsø and Trondheim.

Medical secretary Christina Stiris greets a patient at Volvat Medical Centre Nationatheatret in central Oslo, Norway.

Key events in 2015

The operations were restructured in 2015 in order to give greater responsibility to the first-line managers, in line with the Capio model. The ambition is to enhance quality more effectively, based on the patient's needs, for example by releasing more time from administration, which can instead be devoted to treating patients.

In the autumn of 2015, two leading specialist clinics were acquired in Trondheim and Tromsø, respectively. The clinics are well-functioning organizations with specialist expertise within orthopedic and plastic surgery, and a significant patient base. The two clinics give Volvat a nationwide presence as a care provider in all healthcare regions in Norway.

During the year, the care services offered to corporate clients were strengthened in a number of treatment areas. Medical check-ups is one of many services required by this client group and Volvat has a broad range of high-quality services. For example, besides general health check-ups, Volvat has an outstanding stomach and bowel screening method, to discover any cell discrepancies in good time. The capacity for this health check-up, which is in high demand, was doubled during the year. In addition, a new method of investigating reflux problems, swallowing difficulties and chest pains was launched. Volvat is the sole provider of this in Norway.

In 2015, a completely new screening method was launched for more effective skin cancer diagnosis. This method provides for productivity improvements, since more patients can be helped within a shorter time, and the resources are thereby used more effectively.

Treatment of varicose veins is another area in which quality and productivity increased significantly in 2015, thanks to a new, non-invasive treatment method.

Healthcare in Norway

The total private specialist care market in which Capio operates in Norway had revenue of approximately NOK 7.9 billion (EUR 0.9 billion)[1] in 2013.[2] Private providers still represent a small share of the total healthcare market, at approximately 6% of the current market in Norway in 2013.[3]

Healthcare expenditure was 9.3% of GDP in 2012, in line with the OECD average of 9.2%.[4]

- Norway ranks third in an OECD ranking in terms of healthcare expenditures per capita, which is 70% higher than the OECD average[5]
- From a funding perspective, Norway's healthcare system is funded mainly by public sources (about 85%)[6]
  - The largest regional healthcare authority is Sör-Ost (Oslo area), which accounts for 54% of the total healthcare expenditure on specialist care[7]
  - Private contributions consist of private health insurance, co-payments, and fully private payments
- From a provider perspective, Norway's healthcare system is divided into primary and specialist care:
  - Primary care is financed by the municipalities and provided by stand-alone private physicians

[1] Based on a NOK/EUR foreign exchange rate of 0.1283 (February 2015).
[2] Helsedirektoratet, Finans Norge.
[3] Helsedirektoratet, Finans Norge, Capio market studies.
[4] OECD Health Data 2014.
[5] PPP adjusted: Purchasing power parity (rate of currency conversion that equalizes the purchasing power of currencies by eliminating the differences in price levels), OECD Health Data 2014.
[6] Heledirektoratet, Finans Norge.
[7] SSB.

Now nationwide in Norway

The acquisition of two specialist clinics in Norway was completed in November 2015. The clinics, which are leading specialists within orthopedics and plastic surgery, are located in Tromsø and Trondheim, respectively. This enables Capio Norway to offer nationwide healthcare, which is required by the insurance companies which are major clients for specialist healthcare.

Volvat Trondheim is considered to be one of Scandinavia's leading clinics for plastic and cosmetic surgery. In addition, orthopedics, general surgery, neurosurgery and bariatric surgery are also offered. Approximately 7,000 patients are treated on an annual basis, of whom approximately half via the agreement with the regional healthcare authority, Helse Midt-Norge RHF. Volvat Tromsø specializes in plastic surgery and cosmetic treatments. It also offers orthopedic, bariatric, ENT and general surgery.

Section leader Inger Louise Paulsen and orthopedic surgeon Tom Henry Sundøen at Volvat Medical Centre in Fredrikstad, Norway.

During the year, the capacity for both diagnosis and advanced neck and back treatment was expanded in Oslo and Bergen.

In Norway, as in other countries, the need for treatment linked to stress-related symptoms and psychiatric diagnoses is increasing. During the year, the opportunity was introduced for examination by a neuropsychologist at the clinic in central Oslo.

The range of care within the ear-nose-throat area was also expanded during the year. One example is the new and very successful method of treating chronic sinusitis via a balloon method to expand the sinus area. This treatment is less invasive and studies show that the long-term effects are very good.

Recruitment within the area of plastic surgery took place during the year. Together with the acquisition of the clinics in Tromsø and Trondheim, this has enabled Volvat to strengthen its role within this treatment area.

During the year, cardiac ablation was also introduced as a treatment method for patients with atrial fibrillation.

In 2015 the public-sector agreement between Capio Anorexia Center in Fredrikstad and healthcare region Helse Sør-Øst concerning the treatment of eating disorders was renewed until 2018.

Patients

Volvat's activities are mainly financed by individual patients, followed by insurance companies, corporate customers and a small element of public-sector agreements. Private individuals have the opportunity to become members of Volvat's patient association. In 2015, the number of members increased by 3%, to around 60,000. Members are eligible for discounts on medical services and access to a health hotline, 24 hours a day, all year round.

Capio Norway's activities are generally rated very highly in surveys. The insurance companies' patient surveys in 2015 once again gave Volvat very good results, with an average patient satisfaction rate of approximately 95%, which gives Volvat a top ranking in nationwide terms. The good patient ratings are the result of systematic improvement work over many years. The reorganization of Volvat's customer service during the year has e.g. contributed to increased availability, with a significant reduction in telephone waiting times. Other improvements which support patients and contribute to enabling staff to spend more time with patients include the installation of payment machines during the year. Currently, self-registration on arrival, which is linked to patient records, is also being introduced.

Employees

In 2015, Capio Norway had close to 400 employees, converted to full-time equivalents. The most recent employee survey, from 2015, showed that employees are very satisfied with their workplace.

The restructuring during the year has contributed to increased transparency in terms of responsibility, authority and follow-up, which is expected to lead to a continued good working environment. There is intensive competition for employees within Volvat's areas of activity, and especially for medical specialists. The ambition is to have a relatively high share of permanently employed physicians, in order to have culture bearers in the organization. Volvat's

strong reputation as a workplace and high-quality healthcare provider is already a big advantage, as shown by the year's recruitment of leading specialists.

Employees have good opportunities for further training within their respective specialist areas, and also within other areas in which the individual or group need strong competences. In addition, both local and general training initiatives take place.

Investments

Capio Norway regularly invests in increasing quality and productivity and as a consequence has a modern park of medical equipment.

Major investments in medical equipment took place in 2015, specifically, the purchase of a new advanced magnetic resonance imaging (MR) scanner. This technology is used to discover, locate and classify certain diseases and injuries. This includes tumors, varicose veins, ophthalmic diseases and cerebrovascular diseases, but also diseases affecting various organs and soft tissue, and certain skeletal diseases.

In 2015 Volvat also invested in electromyography (EMG) technology for neurological applications, as well as green laser, which is used for urological treatment. In addition, investments in technology for hip and knee replacement surgery were made in Fredrikstad, and in order to streamline administration and release more time for patients, the organization made important IT investments.

The outpatient clinic in central Oslo, Volvat Nationaltheatret, has been expanded, which has doubled capacity since the start in early 2014. The expanded clinic opened at the end of 2015 and received a positive response.

Market

For a considerable time, public-sector healthcare has been affected by long waiting times. In order to reduce waiting times by increasing quality and productivity, the current government has introduced free healthcare choice. In 2015, free healthcare choice was introduced within addiction treatment, psychiatry and certain specific surgical procedures within orthopedics and cardiology. However, there is some uncertainty concerning the terms for the free healthcare choice that has been introduced, and many private operators are awaiting developments.

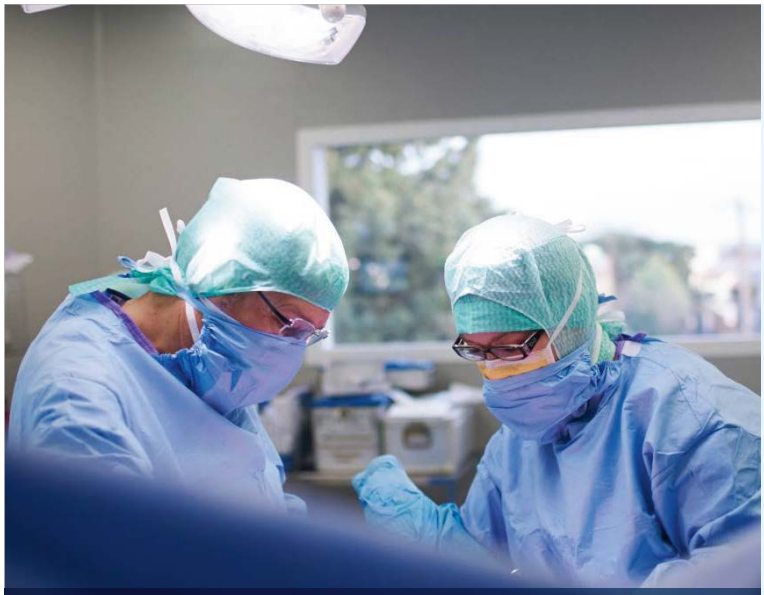
The market for healthcare in addition to public-sector healthcare comprises two major players, Aleris and Volvat, of which Aleris is the largest operator after the acquisition of Teres Medical Group during 2015. Within privately financed healthcare, Volvat is the largest player in the Norwegian market. The market for privately organized healthcare is still fragmented, with many small operators. For Volvat this presents long-term opportunities to grow via supplementary acquisitions.

Focus areas going forward

- Continued improvement in quality and productivity in order to release more time to spend with patients
- Continued investigation of opportunities for expansion, both organically and via acquisitions
- Growth within new treatment areas, such as neurosurgery
- Staying prepared for expansion to publicly financed healthcare
- Completion of ISO certification of the entire Volvat Group within quality and the environment during 2016
- Contribution to building a knowledge base for systematic quality improvements

Capio France

Strategic focus: Modern Medicine leading to Rapid Recovery for patients, shorter treatment times and a higher share of outpatient care.

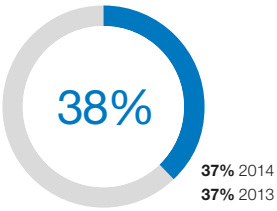


Orthopedic surgeon Guy Sockeel and nurse Magalie Chevalier performing surgery at Capio Clinique d'Orange in Orange, Provence, France.

Key events 2015

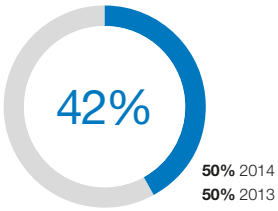
- The medical strategy continued to deliver positive results. The number of outpatients increased by 5.7% and the share of outpatients operated on was 67%, an increase of 2 percentage points compared with 2014
- Volume growth was positively impacted by completed expansion projects and additional doctors
- The local star network in the Paris region was strengthened by the acquisition of Capio Clinique du Parisis
- The new and modern hospital Capio Clinique Belharra was opened in Bayonne. The hospital is part of Capio France's extensive investment program to support implementation of Modern Medicine
- Two national strikes were called by doctors as they opposed new healthcare regulation impacting private providers. The strikes impacted net sales by MSEK -23 in 2015
- The Government's unexpectedly large price reduction impacted market conditions in France during the year. All but four out of 22 hospitals compensated together fully for the price reduction and the two national doctor strikes

Net sales
share of Group, %



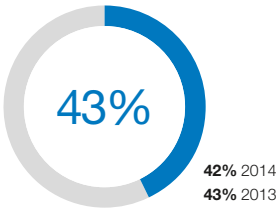
37% 2014
37% 2013

Operating result (EBITA)
share of Group, %



50% 2014
50% 2013

Number of employees (FTE)
share of Group, %



42% 2014
43% 2013

	2015	2014	2013
Production, kNumber			
Number of outpatients	556.5	526.7	502.9
Number of inpatients	133.1	137.8	142.4
Number of patients	**689.6**	**664.5**	**645.3**
Resources, Number			
Number of employees (FTE)	**5,296**	**5,187**	**5,268**
Income statement, MSEK			
Net sales	**5,098**	**4,869**	**4,552**
Organic sales growth, %	***0.7***	***2.4***	***1.9***
Operating result (EBITDA)[1]	**529**	**566**	**538**
Operating margin, %[1]	***10.4***	***11.6***	***11.8***
Operating result (EBITA)[1]	**286**	**314**	**287**
Operating margin, %[1]	***5.6***	***6.5***	***6.3***
Net capital expenditure, MSEK	**-210**	**-252**	**-212**
In % of net sales, %	***4.1***	***5.2***	***4.7***

[1] Comparison periods 2013–2014 adjusted for the French sale and leaseback transaction in 2014.

- Organic sales growth was fully related to volume growth, impacted by completed expansion projects and additional doctors. The organic sales growth in the year was negatively impacted by a general price reduction of -2.5% from March 1, 2015 combined with two doctor strikes. Sales growth and patient growth were positively impacted by the acquisition made
- The result and margin were positively impacted by the sales growth in combination with productivity improvements which has enabled a reduction in number of FTEs for comparable units. The 2015 result was negatively impacted by the price reduction, the doctor strikes, the ongoing integration of the Parisis hospital and the opening of the Belharra hospital in Bayonne. These effects impacted the result with MSEK -83
- Net capex was mainly related to maintenance capex. Differences between the years were mainly related to the timing of expansions projects

– We are at the forefront of implementing Modern Medicine and Rapid Recovery, transforming French healthcare. Our operating model will help us to continue to drive quality and productivity in our hospitals, despite a challenging pricing environment.

Philippe Durand, business area manager Capio France

Overview

Capio France operates eight emergency hospitals, eleven local hospitals and three specialist clinics for rehabilitation and psychiatry. Capio France operates in seven of the country's regions, concentrated on the districts around the cities of Bayonne, Lyon and Toulouse, as well as Paris. Capio France performs a wide variety of medical treatments, including orthopedic, gastrointestinal, urological, gynecological and lung treatment, as well as neurological, heart and bariatric surgery. Great emphasis is given to implementing Modern Medicine at a high rate in order to improve quality, reduce average lengths of stay and drive the transition from inpatient to outpatient care.

Key events in 2015

In March 2015, the French government significantly lowered the remuneration level for publicly financed private healthcare. This reduction was unexpectedly large, amounting to -2.5%, compared to a -1% price reduction for public healthcare. To compensate for the price reduction, as from the first quarter of 2015, Capio France has introduced several programs to stimulate the implementation of Modern Medicine, driving Rapid Recovery. These initiatives are continuing in 2016.

The work during the year focused primarily on adjusting activities to the new tariffs. For the full year 2015, all but four hospitals out of 22 have together fully compensated for the negative effects from both prices and two national doctors' strikes during the year. The share of outpatients operated on increased by 2 percentage points compared to 2014 and corresponded to 67% out of the total number of patients operated on. The average outpatient surgery rate in French hospitals was 45% in 2014. We have also seen that the average length of stay (AVLOS) is continuing to decrease with 2.9% for comparable DRGs (Diagnosis Related Groups) within MSO (Medicine, Surgery and Obstetric) during the year.

This sound development is a result of the systematic introduction of Modern Medicine, leading to a more Rapid Recovery for the patient, which gradually reduces the average length of stay. For example, more and more hip and knee prosthesis surgery take place as outpatient surgery. 7% of all hip and knee surgeries in 2015 were day surgery, enabling the patient to leave the hospital on the same day. Just a few years ago, this was generally deemed to be impossible.

Employees

In 2015, Capio France had about 5,300 employees, converted to FTE, not including the around 1,070 active doctors (individuals) that Capio France cooperates with and who are self-employed professionals under the French healthcare system.

Knowledge of Capio France's positive development of treatment methods within Modern Medicine is beginning to spread, attracting more and more healthcare personnel to apply to Capio France's units.

Capio France provides regular training to strengthen medical expertise as well as management skills. The organization also seeks to ensure the right conditions for knowledge sharing. One

Healthcare in France

It is estimated that the privately provided hospital care market[1] was in 2013 worth approximately EUR 20 billion[2] with the total hospital care market within which public and private providers, including Capio, provide care estimated to amount to approximately EUR 87 billion.[3] Private providers represented approximately 23% of the addressable market in France in 2013.[4]

- France ranked third among the OECD countries in terms of healthcare expenditures in percentage of GDP, 11.6% in 2012, compared to the OECD average of 9.2%, and eight in expenditures per capita[5]
- From a funding perspective, the French healthcare system is built on a social security scheme which procures 83% of its funding, only 17% being privately funded[6]
- Government and parliament decide on healthcare rules and funds allocation, with yearly public healthcare budget target
- Regional health authorities are in charge of executing the regulatory policy, i.e. to "manage the healthcare map" – granting authorizations, checking compliance and providing complementary resources, etc
- French healthcare expenditure is growing, yet the growth rate is decelerating (2.9% p.a. 2007–2013),[7] due to the healthcare reforms undertaken by the government, using both volume and price levers
- Including GPs and specialists, private providers represent 51% of total healthcare expenditure[8]

[1] Including MSO (medicine, surgery and obstetrics) and rehabilitation, post acute care and psychiatry.
[2] Comptes de la santé, DREES 2013.
[3] Comptes de la santé, DREES 2013.
[4] Comptes de la santé, DREES 2013.
[5] OECD Health Data 2014.
[6] Comptes de la Santé, DREES.
[7] Comptes de la Santé, DREES.
[8] Capio market studies.

example is the increasing numbers of centers of excellence established, thanks to the sound cooperation between hospitals and individual employees. One area is hip and knee prosthesis surgery, for which Capio France opened the first center of excellence with outpatient surgeries just a few years ago. Today, this procedure is performed at, in principle, all hospitals in France, thanks to systematic knowledge transfer. This will also take place systematically within other treatment areas.

In 2013, Capio France identified a number of key areas for improvement and intensified its focus on training, development of employees and strategy based on the Capio model. In 2014 an extensive training program was launched and in 2015 phase one of the program was completed. The aim is to create a common view of the conditions and solutions for the healthcare of the future. Phase one, which commenced in the spring of 2014 and was concluded in the summer of 2015, includes all managers in the organization. One element of the training was for each manager to create an activity plan to implement the Capio model in his or her own team. In phase two of the training, involving all employees, the plans will be implemented. This phase will be completed during 2016.

The ongoing work has showed significant improvements which is demonstrated by the results from the latest employee surveys at the end of 2015. For example there has been an increase in the awareness and benefit of the Capio strategy and method as well as adherence to the Capio values. The results also indicate a more empowered organization with improvements such as a higher degree of clear objectives and autonomy. However, the results vary between hospitals and while there are hospitals with very high satisfaction rates, there are also hospitals where there are still room for improvement.

Capio encourages a constructive and transparent dialogue with national and local unions. Therefore, several workshops with employee representatives have been organized in all main units, to jointly build a shared agenda which allows for openness and transparency. Main unit managers and unions have thus together defined a "social partnership chart" which states the basis of collaboration.

Market

In recent years the private French healthcare market has been affected by declining price levels. The reduction of remuneration levels within publicly financed healthcare seen during the year is amplifying this trend, emphasizing the need for improved quality and productivity. The national doctors' strikes in January and November also affected conditions negatively.

This situation has contributed to greater consolidation pressure on the market and two large transactions took place in 2015. Ramsay Healthcare merged with Générale de Santé, together forming the new healthcare company Ramsay GDS, which is the largest in the market. Vedici acquired Vitalia, making them the second largest in the market, under the name of Elsan.

Capio France is at the forefront of the organizational and medical development, attracting more and more interest from politicians and authorities.

Capio RRAC (Rapid Recovery After Surgery) label

A medical team is rewarded with an RRAC label on achieving 80% of full implementation of the RRAC quality plan. This requires a high level of expertise in the RRAC implementation by the team. The plan consists of approximately 45 parameters which present a holistic picture, since parameters such as kind treatment and good information are considered to be as important as medical parameters. The RRAC label is certification by Capio which demonstrates the high level of expertise of a medical team, driving the implementation of new treatment methods for Capio's patients.

At the forefront of Modern Medicine and Rapid Recovery

Capio France has a clear strategic focus: Modern Medicine leading to Rapid Recovery, which is better for the patient; and a lower average length of stay (AVLOS), allowing for more efficient use of resources, and driving the shift from inpatient to outpatient care. This is the core focus of the day-to-day activities and for the long-term program of investment in the French healthcare system, which is being undertaken by Capio France.

The development of shorter hospital stays has become increasingly popular among patients, who have switched from thinking "I am safe at the hospital" to "I am safe at home". Capio's analysis of patient satisfaction with outpatient surgery within Capio France shows, for example, that 99% of patients are satisfied with their stay overall (out of 50,745 respondents during 2015).

Excess capacity and long treatment times call for new treatment methods and efficient care processes. The Court of Auditors estimated global excess capacity of 18,000 beds in France, in its report on Social Security published in 2013 (Cour des Comptes – La Sécurité Sociale – rapport sur l'application des lois de financement de la sécurité sociale – September 2013).

Modern facilities are being built to achieve Modern Medicine, driving the Rapid Recovery consolidation strategy. Capio is in the process of completing or has completed investments in facilities in all of the French regions in which it is active, in order to combine good clinical and organizational practices (clinical pathway) and

Orthopedic surgeon Gregory Biette and operating aid nurse Martha Rodriguez performing a hip replacement operation as day surgery.

patient flow management, so as to improve safety, quality and care efficiency.

Star networks integrate regional hubs (hospitals), improve accessibility and attract new patients. The aim is to have small clinics providing outpatient care and other specialist care and consultations, in close cooperation with bigger hospitals with specialized teams and highly-technical equipment. This combines quality and healthcare at the most relevant level. The creation in 2015 of a new entity called "territory hospital group" (GHT) by the French Government validates the soundness of this strategy, which is mainly, but not exclusively, for public hospitals (Projet de loi de modernisation de notre système de santé – Article 107, adopted by the National Assembly on 17 December 2015). Capio is increasingly exploring the concept of star networks in its regions.

Capio France is at the forefront of Modern Medicine and Rapid Recovery. The "*Borne basse*" (level 1) was removed in 2014, so that treatment performed in less than two to four days is now fully reimbursed. Medical and political recognition for Capio of its focus on Modern Medicine and Rapid Recovery After Surgery are core elements to support the further development. The removal of the "*Borne basse*" for surgical treatment demonstrates the awareness of political stakeholders regarding the need to remove all technical and financial barriers to the development of day surgery and short surgical inpatient stays. In 2014, HAS (Haute Autorité de Santé) launched the first workshop dedicated entirely to Rapid Recovery After Surgery. Capio is the only private healthcare Group to be mentioned in this report as an advancer of Rapid Recovery (HAS - Programme de rehabilitation rapide après Chirurgie – Etat des lieux et Perspectives – 2014).

Another example to demonstrate the recognition of Modern Medicine within hip and knee prosthesis surgery is that the regional authority in Franche Comté is co-financing the implementation at Capio Clinique Saint Vincent in Besançon. This comes in addition to the reimbursement based on the number of outpatient procedures performed. There is no doubt that such initiatives speed up Modern Medicine and Rapid Recovery.

The private insurance market is also recognizing this development within French healthcare. The first bid to select the most efficient hospitals based on the implementation of Rapid Recovery was launched by insurers in 2015. By developing Rapid Recovery in all its hospitals since 2010, Capio is far ahead and well-positioned, thanks to its good results and medical outcomes, as well as its recognition by stakeholders.

Due to shorter AVLOS, the length of patient contact is now much longer than the length of stay at hospital. Since the relationship with the patient begins well ahead of admission, and continues after discharge, the implementation of new ways of communicating with patients is vital. After launching a national bid for patient follow-up

software, PRM (Patient Relationship Management) in 2015, Capio has started to implement a new tool which marks the start of a new era for patient preparation before treatment, and follow-up after discharge. Three regional healthcare agencies (ARS) have already chosen to support the development and deployment of this innovative tool. Capio is the only healthcare provider to use PRM in France, which enhances our leading position in the implementation of Modern Medicine and a Rapid Recovery for French patients.

Investing in Modern Medicine

In 2010, Capio decided on an investment plan to accelerate the development and implementation of Modern Medicine and Rapid Recovery in France. These investments are rooted in Capio's strategy, with the core focus on improved medical quality and productivity in care processes, through consolidation of modern facilities, development of care programs and work flows. The substantial investment program of 600 MEUR demonstrates Capio's long-term commitment to strengthen and to be a part of changing French healthcare. New medical treatment methods allow for shorter AVLOS and drive the shift from costly inpatient care to more efficient outpatient care, and a growing proportion of day surgery, for example hip and knee replacement operations. Capio uses its know-how within Modern Medicine to design and develop its hospitals, focusing on the patients' needs and pathways through treatment processes.

During the past years, several strategic projects have been completed, while others are still under construction. Some projects are refurbishments and extensions of existing hospitals to meet new demands for the delivery of efficient healthcare. Other projects are completely new hospitals, of which some are designed exclusively for outpatient care and day surgery.

Going forward, modern new hospitals with a large range of activities will be complemented with various small specialized units, such as day care, rehabilitation and consultation centers. These specialized units constitute together with a main unit, a star network which improves their accessibility to patients, and attracts new patients and doctors to the integrated regional hubs. Read more about the projects in the section on regional development on page 48.

Focus areas going forward

- Continued initiatives to compensate for lower remuneration levels
- Continued high rate of implementation of Modern Medicine, via the necessary investments in technology and facilities, as well as the establishment of star networks with one large hospital that is supported by several centers of excellence (specialist clinics)
- Strong focus on organization and management to support the development of quality and productivity
- Systematic quality work by continuing to implement and measure quality performance indicators (QPIs) throughout the operations
- Continued development of the dialog with patients and measurement of quality development, in order to offer the right quality of care, at the right care level, and in the right way
- Recruitment of new doctors to support patient growth and specialization

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 2015 the tariffs were decreased by -2.50%.

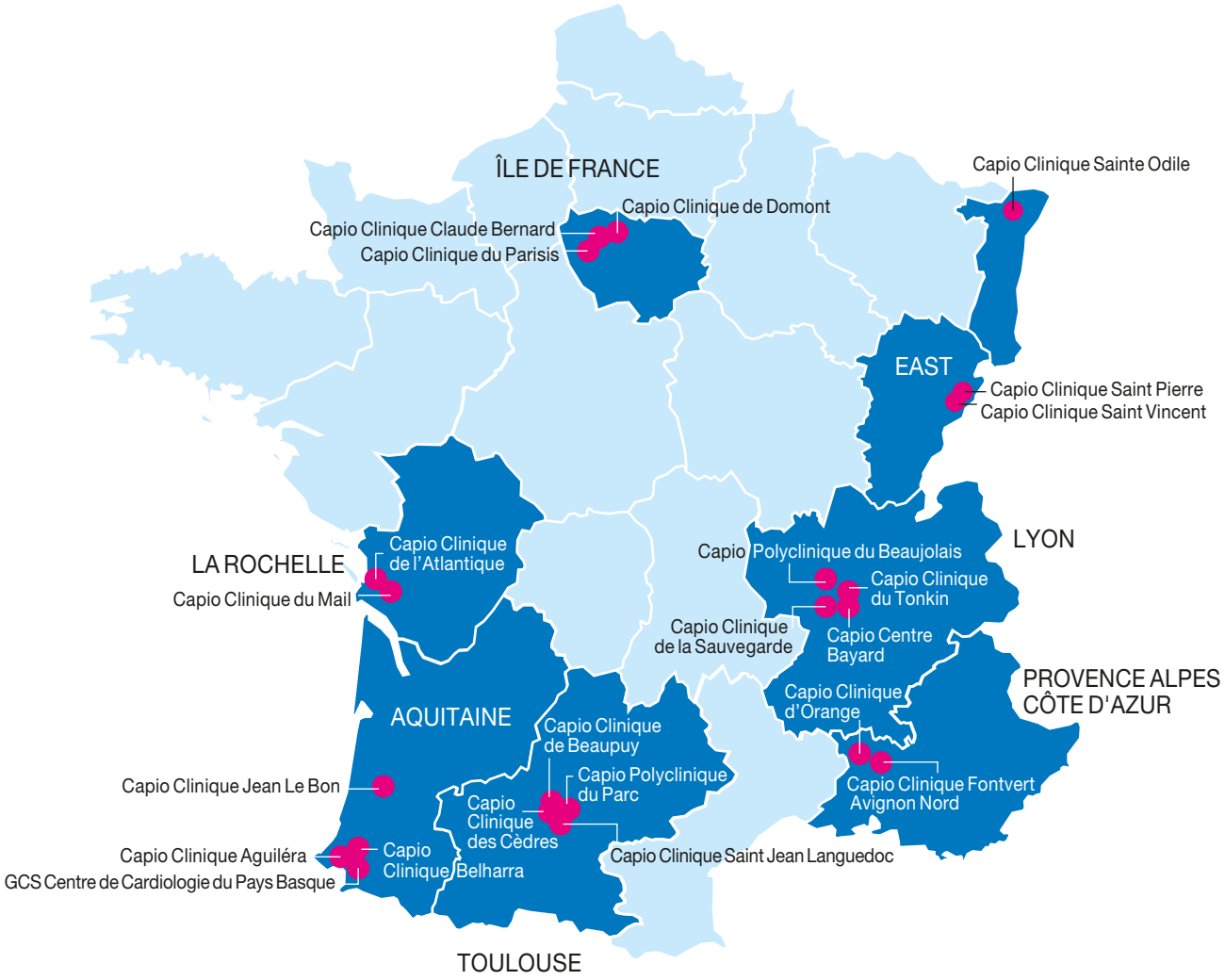
Capio's operating model, based on Modern Medicine and Modern Management, is designed to drive quality and productivity in healthcare. Extensive programs to compensate the 2015 tariff decrease has been in place since the first quarter last year, thus Capio is better prepared this year. Capio France is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

Regional overview

Capio is active in seven healthcare regions in France:

- Midi-Pyrénées, the Toulouse region
- Rhône-Alpes, the Lyon region
- Aquitaine, the Bayonne region
- Île de France, the Paris region
- Alsace, the East region
- La Rochelle region
- Provence Alpes Côte d'Azur, the PACA region

The 22 hospitals and clinics are all focused on the strategy of Modern Medicine and Rapid Recovery and are managed under regional accreditation from the ARS (regional health authority). All healthcare activities are designed to meet patients' needs on a regional basis, in close cooperation with the ARS. Since there is excess capacity of beds in the French healthcare structure on a national basis, Capio is focused on driving the shift from inpatient to outpatient care at regional level, thereby taking part in the ongoing consolidation. New treatment methods, patient pathways and care processes are shared between the Capio regions, in order to exchange best practice and speed up the development of Modern Medicine and Rapid Recovery.



– The Toulouse region is recognized for its strong focus on Modern Medicine and Rapid Recovery, which is also reflected in the awareness by key stakeholders. The region continues its consolidation strategy with the Capio Clinique Croix de Sud project that was started in 2015.

Véronique Dahan, regional manager Toulouse

Toulouse region

Regional overview

Capio operates four hospitals in the Toulouse area, which are Capio Clinique des Cèdres, Capio Clinique Saint Jean Languedoc, Capio Polyclinique du Parc and Capio Clinique de Beaupuy. This is the largest region within the Capio structure in France.

Capio Clinique des Cèdres is the largest private hospital in France (number of beds) and is located north-west of Toulouse. Its main activities are neurosurgery, digestive surgery, digestive endoscopy, interventional cardiology, orthopedics, urology, ear-nose-throat (ENT), stomatology, gynecological surgery, thoracic surgery, pulmonology, neurology, and cancerology for each specialty. One feature of Capio Clinique des Cèdres is its position with regard to complex diseases through its access to modern technical facilities such as intraoperative CT scanning (computerized tomography), and interventional neuroradiology. The hospital was also the first in France to perform hysterectomies (surgical removal of the uterus) in day care.

Capio Clinique Saint Jean Languedoc's main activities are digestive endoscopy, urology, gynecological surgery, digestive surgery, proctology, ophthalmology, ENT, orthopedics, obstetrics and medicine (gastroenterology and pulmonology). The hospital also offers a medically assisted procreation (MAP) center (biology laboratory, sperm bank, egg donation and fertility preservation). The hospital has a high level of day surgery activity compared to the national average and a significant proportion of innovative activities.

Capio Clinique du Parc's main activities are digestive endoscopy, ENT, stomatology, interventional cardiology, ophthalmology, orthopedics, spinal surgery, visceral surgery, a pain management center and pulmonology.

Capio Clinique Beaupuy is a psychiatry unit recognized for the quality of its care by the ARS, the national psychiatric authorities and the public hospital.

In Toulouse, the competition for patients is strong from both public hospitals and other private healthcare providers.

Modern Medicine and Rapid Recovery

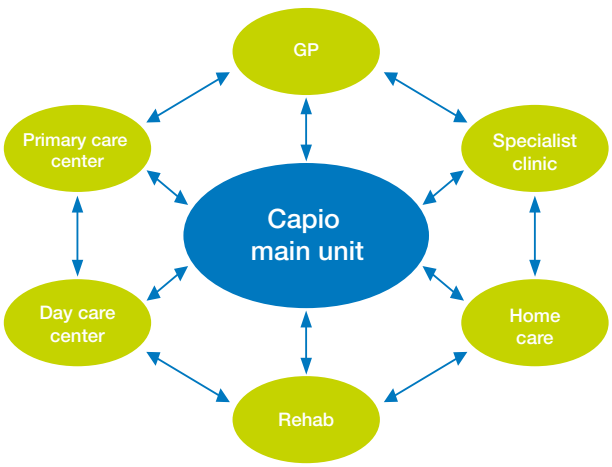
In terms of Modern Medicine and Rapid Recovery, six teams at the Capio hospitals within the region have been certified with the RRAC label. Capio Clinique des Cèdres has also organized its care offering around specialized centers for obesity, perineal disease management, chronic wounds and spinal pathology. These centers ensure coverage around outpatient stays. During these stays, doctors offer a multidisciplinary assessment and appropriate care, and provide good information to patients before and after surgery. The implementation of Rapid Recovery is thereby made easier, and lengths of stay are shorter.

Capio Polyclinique du Parc and Capio Clinique Saint Jean Languedoc will be merged and transferred to a brand-new facility with a focus on centers with high day surgery activity through specific patient flows, driving the shift to outpatient care and consolidation in the Toulouse area. The building of the new Capio Clinique Croix du Sud commenced at the end of 2015 and is planned to be completed in 2018.

Capio Clinique de Beaupuy offers the patient substantial information activity in order to involve the patient in his or her treatment. The treatment is built around nursing interviews, a welcome workshop, personalized care contracts and projects, therapeutic workshops, and the necessary coordination of the patient's discharge.

Star network strategy

Capio Clinique de Beaupuy, together with Capio Clinique des Cèdres' psychiatry unit, has developed a network with the public hospital in Toulouse to manage emergency cases together with general practitioners (GPs), as well as to provide psychiatric home care, which was launched successfully together with the public hospital in 2015.



Example of a star network. Close cooperation with Capio's own or other public/private healthcare providers within the region.

– The year 2015 was a pivotal year for the Rhône-Alpes region. To face our market, we have sped up the pace of implementation of Modern Medicine and the Capio model. Finalizing our agreements with Mutualité, we will start the construction of Médipôle in 2016.

Pierre-Yves Guiavarch, regional manager Lyon

Lyon region

Regional overview

Capio operates four hospitals in the Lyon region: Capio Clinique de la Sauvegarde, Capio Clinique du Tonkin, Capio Polyclinic du Beaujoulais and Capio Centre Bayard. Capio Clinique de la Sauvegarde has a public service role in the west of Lyon (emergency department welcoming nearly 17,500 patients each year) and recognition for the excellence of all surgical operations undertaken by its medical and paramedical teams. Capio Clinique de la Sauvegarde operates within the main activities, which are global cardiovascular coverage, a multidisciplinary and diversified oncology unit, a digestive and endocrine unit recognized as a Specialized Center for Obesity (C.S.O.) by the Health Ministry, and an orthopedic surgery unit specializing in the pathology of osteoarthritis and sports. Other activities are urology, gynecology, visceral surgery, thoracic surgery, spinal surgery, stomatology, and ear-nose-throat (ENT). The emergency unit has a 24-hour access for its patients.

Capio Clinique du Tonkin is considered to be the full-service hospital of the city of Villeurbanne. All short-stay activities except pediatrics are present at the hospital: emergency room (ER), medicine, surgery, cancer surgery, cardiac surgery, neurosurgery, dialysis, intensive care, continuous care, chemotherapy, and a center for harvesting tissues and organs. Moreover, the hospital has been authorized to welcome future doctors (students) for more than 20 years.

The main activities are clustered into complete cardiovascular coverage, heavy surgery and strong development of day surgery, robotics, diversified dialysis care provision, and a polyvalent resuscitation unit open to patients coming from other hospitals. Capio Clinique du Tonkin is the only privately operated hospital in the region, holding authorization for neurosurgery and also for tissue and organ harvesting.

Capio Polyclinique du Beaujolais' main activities are arterial and endovascular surgery, digestive, endocrine and thoracic surgery, obesity surgery, gynecology, orthopedics, esthetic and plastic surgery, spinal surgery, urology, andrology, gastroenterology, ophthalmology, ENT, maxillofacial surgery, obstetrics and hand surgery.

Capio Clinique de la Sauvegarde in Lyon.

Capio Centre Bayard specializes in rehab for patients with cardiovascular, pulmonology, orthopedic and neurological diseases. Innovative specific programs have been developed for patients with chronic diseases such as obesity or post-breast cancer, as well as intensive rehab for patients suffering from Parkinson's. This is a new center offering superior, comfortable conditions and efficient technical equipment.

The hospitals face competition from both public hospitals and several private healthcare providers.

Modern Medicine and Rapid Recovery

All hospitals have strong focus on Modern Medicine and Rapid Recovery in developing treatment methods and patient pathways. The rate of day surgery continued to improve in the region during 2015.

In 2010, Capio launched a significant extension and refurbishment program to develop Capio Clinique de la Sauvegarde towards Modern Medicine and Rapid Recovery, with the support of a modern building that is comfortable and adapted to patients' needs and expectations.

The new building, which doubles the size of the hospital, was opened in September 2012. It meets the new requirements in terms of quality and incorporates an upgraded technical platform. The compliance and refurbishment works for the old building began in November 2015 and is planned to be completed in June 2017. This project will increase outpatient capacity and reduce inpatient capacity by more than 30%. The inpatient capacity reduction is driven by a reduction of AVLOS and a faster transfer to outpatient treatment. The new entity will ensure enhanced care provision, allowing the hospital to meet patients' needs even better, and will strengthen its important position in regional healthcare provision. The project extends beyond the architectural work, as it supports the development of Modern Medicine and Rapid Recovery, based on the high competence of the doctors and an innovative organization to take care of patients. The reduction of AVLOS thereby corresponds to good medical practices and is driven by an innovative organization and efficient patient pathways. The development of day surgery is increasingly being recognized as providing better quality for the patient, so that the hospital is well positioned in the region to meet new patient demands and expectations.

The digestive surgical team at Capio Clinique de la Sauvegarde performed the world's first colectomy as day surgery, certified with the Capio RRAC label. The hospital was also the first in France to perform a lumbar disc hernia as day surgery.

Regarding the implementation of Modern Medicine and Rapid Recovery, action plans have been launched, analyzed and followed up. Medical teams are dedicated to reaching the targets each year.

These efforts have been successful, especially for the orthopedic team, which in September 2015 performed the region's first total hip replacement (THR) as day surgery. Other teams (urology, visceral and orthopedics) are achieving continuous improvement in transfer to day surgery, based on Rapid Recovery protocols.

Star network strategy

Capio Clinique du Tonkin is involved in a project which will merge six hospitals, of which four are owned by Mutualité Française, into one building. This project is called Médipôle Lyon-Villeurbanne and is the only project of its kind in France.

The hospitals owned by Mutualité Française (Resamut) are Clinique Mutualiste de Lyon, Clinique du Grand Large, Clinique de l'Union and the rehab center Les Ormes. The Capio hospitals involved are Capio Clinique Tonkin and the Capio Bayard rehab center.

The project involves the complete restructuring of care provision in the North East of Lyon, for which the partners have defined a split of medical specialties, in order to offer all components of MSO (Medicine, Surgery, Obstetric) and rehab at a single site. The construction of the new building began during the summer of 2015 and Médipôle is expected to open at the end of 2018.

Capio Clinique Tonkin is currently developing the star network together with the Grand Large clinic team, by establishing three consultation centers in East Lyon: the first next to Médipôle, the second near the Stade des Lumières, and finally, in the current Capio Clinique Tonkin area.

In line with Capio's star network strategy, Capio Polyclinique du Beaujolais has opened a secondary consultation center in Tarare, a city located 45 km from the hospital. This multidisciplinary consultation center (seven specialists giving regular consultations) allows patients to benefit from a pre- and post-operative consultation without having to go the main hospital. By creating this star network, the aim is to develop the hospital's activities by optimizing its attractiveness.

Refurbishment projects are ongoing, to improve patient flows and improve the general environment experienced by the patient.

– 2015, the year of the final sprint after a long marathon with the opening of the heart center and the brand new Belharra clinic, and the launching of the geriatric short stay unit at Aguilera hospital.

Nicolas Bobet, regional manager Aquitaine

Aquitaine region

Regional overview

In the Aquitaine Region, Capio is the leading private healthcare provider. In August 2015, the most significant event was the opening of the Capio Clinique Belharra, which combines three former Capio hospitals previously spread across different sites (St Etienne, Paulmy and Lafourcade). For all of the comparable specialties represented at the Capio Clinique Belharra, according to Capio estimates, the hospital has approximately 55% market share in the region, while public hospitals have around 25%. The main activities comprise medicine, surgery (digestive, orthopedic, urology, thoracic, vascular, gynecology, ear-nose-throat (ENT), stomatology, ophthalmology, obstetric, oncology, medically assisted procreation (MAP)), and emergency medicine.

Capio Clinique Belharra also holds authorizations for medical imaging, owned by the radiologists.

This is the first hospital that from the outset has been designed according to the concept of Modern Medicine within Capio, focusing on highly-efficient patient flows and a patient experience of high quality. These modern patient flows have been created in a bright and spacious environment, enhancing a nice patient experience while also supporting efficient patient pathways. The design also supports a modern workflow for medical staff and enables high staff efficiency in planning and care work.

Capio Clinique Aguiléra is located in Biarritz and its main activities are medicine (gastroenterology, pulmonology and geriatric), oncology and emergency services (the most important private emergency service in the Aquitaine Region).

GCS Centre de Cardiologie du Pays Basque's main activities compromise medicine and interventional cardiology. 98% of the cardiology activities are undertaken by the Cardiology Center of the Aquitaine Region.

Capio Clinique Belharra in Bayonne.

A fourth hospital is located in Dax, the Capio Clinique Jean Le Bon, which offers healthcare provision in the Landes with main activities which include surgery (ophthalmology, gastroenterology, stomatology, ENT, varicose veins, plastic surgery), and medicine.

The hospitals face competition from both public and several private healthcare providers.

Modern Medicine and Rapid Recovery

Four medical teams at Capio Clinique Belharra have been certified for the RRAC label in 2015, demonstrating the smooth transition into the new facility. The RRAC label was achieved in gynecology (for hysterectomy and elective Caesarean), in urology for transurethral resection prostatectomy (TURP) and transurethral resection of the bladder (TURB), in orthopedics for total hip replacement (THR), and in spinal surgery (for lumbar discal hernia as day surgery).

One team at Capio Clinique Aguiléra was certified with the RRAC label in 2015 for hallux valgus surgery. Capio Clinique Aguiléra is also highly recognized for its organization of day surgery activities and innovative outpatient surgery.

The former Capio Clinique Paulmy was the first in France to perform a total hip replacement (THR) in day surgery.

In 2015, Capio Clinique Aguiléra opened an acute geriatric short-stay activity (Rapid Recovery after geriatric medicine) that was created by the recruitment of employed practitioners with professional experience of geriatrics. The increased share of day surgery with lower AVLOS enabled free bed capacity at the hospital to be utilized for geriatric patients. The use of protocols inspired from Capio in Sweden (Rapid Recovery protocols in geriatrics) enables early discharge and shorter stays for the geriatric patient.

Star network strategy

2015 was also marked by the opening of the GCS Centre de Cardiologie du Pays Basque in February. This is a private facility, located inside the public hospital of Bayonne, which centralizes all interventional and medical cardiology (public and private). This unit is private, majority-owned by Capio and managed by the company. The realization of this project is the result of cooperation with the sanitary institutions of the Aquitaine Region. It will become a unit for Modern Medicine, Rapid Recovery and the development of outpatient care.

The Cardiology Center of the Pays Basque prefigures what could be public/private collaborations enabling the optimal allocation of health insurance resources via efficient care and quality offered to patients. This collaboration marks a change and demonstrates true cooperation between the public and the private healthcare sectors.

– The Île de France region reflects Capio's star network strategy based on a medical project built around a multi-speciality clinic and two satellite clinics 100% dedicated to day surgery.

Frédéric Pecqueux, regional manager Île de France

Île de France region

Regional overview

Capio's presence in the Île de France region comprises three hospitals. Capio Clinique Claude Bernard (Ermont) has the main activities of surgery, medicine, obstetrics, dialysis, chemotherapy, cancerology, ER, medical imaging, laboratory and surgical robotic procedures. Capio Clinique de Domont is dedicated to day surgery and is the first hospital in France to exclusively offer day care. The hospital includes such specialties as endoscopy, urology, ophthalmology, gynecology and orthopedics. Capio Clinique du Parisis (Cormeilles) has the main activities of surgery, medicine, dialysis and medically assisted procreation (MAP). The plan is to turn Capio Clinique Parisis into a day surgery hospital too. Together, these three hospitals are vital elements of Capio's network strategy in the region.

The hospitals face competition from both public and several private healthcare providers.

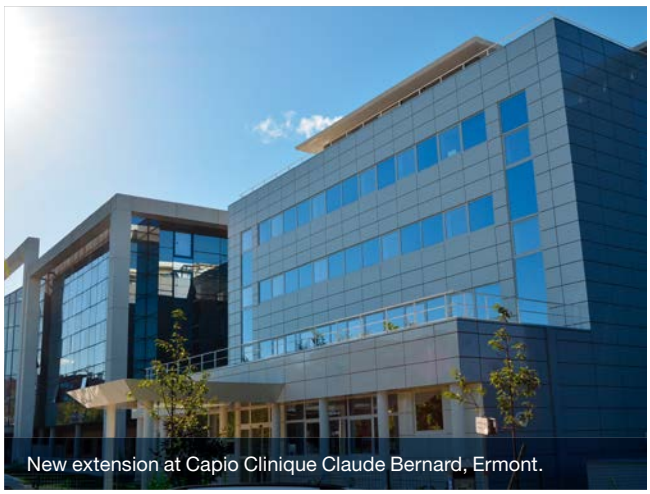
Modern Medicine and Rapid Recovery

Capio Clinique Claude Bernard achieved the Capio RRAC label (Rapid Recovery After Surgery) for anterior cruciate ligament (ACL) surgery in 2014. Capio Clinique de Domont is designed as a center of excellence for outpatient surgery, especially when it comes to complex orthopedic surgery. More than 30% of THR (total hip replacement) operations are performed as day surgery, which is by far a national record. The orthopedic teams at Capio Clinique de Domont who also practice at Capio Clinique Claude Bernard are certified under the Capio RRAC label for total knee replacement (TKR) and ACL. Since it is exclusively a day-care hospital, Capio Clinique de Domont is at the top of the French National Outpatient Index and scores very high for innovative day surgery. By the end of the year, the activities of the hospital will be transferred to a brand-new building, enabling it to further strengthen its position even as an ambulatory center, which is unique in the current French healthcare landscape.

Star network strategy

In 2015, according to the star network strategy, the maternity department of Capio Clinique du Parisis has been transferred to Capio Clinique Claude Bernard. The premises of Capio Claude Bernard will be refurbished in order to welcome medically assisted procreation (MAP) activity from Capio Clinique du Parisis, during 2016. A new extension will also be built at Capio Clinique Claude Bernard to welcome heavy dialysis activity from Capio Clinique du Parisis, due to a new authorization for dialysis granted to the hospital. With the strong support of Capio Clinique Claude Bernard's doctors, Capio Clinique du Parisis is currently being transformed into a day-care center, profiling its care offering in the star network structure. In 2016, construction of the Capio Clinique Bois Rochefort will commence. The hospital, entirely dedicated to day surgery, will work in close cooperation with Capio Clinique Claude Bernard and Capio Clinique de Domont, strengthening the star network activities. The Capio hospitals in the Île de France region are supported by the ARS (Agence regionale de santé, or regional health authority) to drive the development of day surgery at Capio Clinique de Domont and Capio Clinique Claude Bernard.

The star network strategy is starting to take shape in Île de France and will constitute a broad and modern care offering for its patients in the growing Paris region.



New extension at Capio Clinique Claude Bernard, Ermont.

– The development of Rapid Recovery and day surgery as well as a day care hospital for rehabilitation bring a new dynamic into our hospitals.

Valérie Fakhoury, regional manager East

East region

Regional overview

Capio operates three hospitals in the region: Capio Clinique Saint Vincent, Capio Clinique Saint Pierre and Capio Clinique Sainte Odile. Capio Clinique Saint Vincent overall holds a central position in the region, with 15% of all the surgery performed in the region. The main activities are orthopedics, urology, digestive surgery, vascular surgery, gastroenterology (endoscopy) cardiology, ophthalmology and ear-nose-throat (ENT).

Capio Clinique Saint Pierre is a rehab center which specializes in care of the elderly. The hospital was extended in 2015 to reach a critical size (70 beds installed) and to welcome more patients, as the hospital has a very good position in the catchment area. Capio Clinique Saint Vincent welcomes heavy patients equivalent to geriatric patients.

The development of rehab activities as day care, which participate in the star network, are following breast cancer, i.e. adapted physical activity and two programs for the prevention of obesity.

Capio Clinique Sainte Odile specializes in orthopedics, urology, vascular, ophthalmology, ENT, stomatology and gastroenterology. The hospital is strongly involved in day surgery and has a national ranking of 98% for innovative day surgery, compared to the national average.

The hospitals face competition from both a public hospital and a private healthcare provider.

Modern Medicine and Rapid Recovery

Capio Clinique Sainte Odile is one of the pioneers in Rapid Recovery. In 2012, Capio Clinique Sainte Odile performed the first total knee replacement (TKR) as day surgery in France. This was an important start for Capio's activities within Modern Medicine and Rapid Recovery for orthopedics, which has driven Capio's focus on developing surgical methods across French hospitals. Today, more than 50% of TKR procedures are provided as day surgery, which is unsurpassed in the rest of France.

Capio Clinique Sainte Odile in Haguenau.

Capio Clinique Sainte Odile has a high rate of innovative day care activity. Day surgery is developing via the project for the refurbishment of a unit (31 places, around 75 patients/day) with support from the ARS, as the hospital has been selected as a pilot for this type of project in the region.

Regarding Modern Medicine, Capio Clinique Saint Vincent has been certified with the Capio RRAC label for TKR, total hip replacement (THR) and anterior cruciate ligament (ACL), due to the harmonization of the practices between eight orthopedic surgeons.

Ongoing development in the field of Rapid Recovery comprises a shoulder procedure via arthroscopy. Arthrodesis with 24 hours' stay and furthermore as day care is currently being tested. Other areas comprise aortic aneurysm, femoral tripods and carotid; Digestive: obesity, mastectomy, colons mastectomies, colons; and Urology: transurethral resection prostatectomy (TURP) and prostatectomies (robotic surgery).

Star network strategy

Capio Clinique Saint Vincent works with the star network strategy to create an integrated pathway for patients, including surgery, medicine and rehab, as the rehab unit is now fully integrated in the hospital.

Based on the rehab know-how, activities such as geriatric assessment, and onco-geritriac as well as nutritional assessments, were developed in 2015, linked to the preparation of the patient for the procedure (to speed up Rapid Recovery implementation) and to meet the expectations specified by INCa (Institut National de Cancérologie) for cancerology. These assessments can also take place within the rehab pathway as day care. They could be developed within the star network, especially regarding the future partnerships with other structures in the area.

The development of day rehab activities included in the star network is following breast cancer, i.e. adapted physical activity, fall prevention and prevention of obesity.

In addition, cooperation with the local home care unit is subject to development, to support the discharge of patients and follow-up after leaving the hospital.

– Mobilized and reinforced by the planned merge of the two hospitals in 2018, La Rochelle opens new perspectives for further development with the opening of care units without appointment and the new authorization for rehabilitation.

Olivier Le Borgne, regional manager La Rochelle

La Rochelle region

Regional overview

Capio is the only private healthcare provider in the La Rochelle region and operates two hospitals: Capio Clinique du Mail and Capio Clinique de l'Atlantique. Capio Clinique du Mail specializes in surgery, obstetrics and intensive care and has unscheduled patient reception, to increase accessibility. Capio Clinique de l'Atlantique specializes in hand emergencies, strong day surgery activity with short patient flows and a dedicated organization.

The hospitals face competition from other public hospitals.

Modern Medicine and Rapid Recovery

The orthopedic team of Capio Clinique du Mail achieved Capio RRAC certification for total knee replacement (TKR) and total hip replacement (THR) in 2015.

The Clinique de l'Atlantique has developed a patient pathway according to the concept of Modern Medicine as a fast track for varicose veins.

From a national point of view regarding day surgery volumes, Capio Clinique de l'Atlantique is well above the national rate of day surgery, also demonstrated in the HospiDiag data published by ANAP (Agence nationale d'appui à la performance) and ATIH (Agence technique de l'information sur l'hospitalisation). Both Capio hospitals in the Poitou-Charentes Region are supported by the ARS when it comes to the implementation of the new Patient Relationship Management tool (PRM). This will further enhance the development of day care at these hospitals through new ways to communicate with the patient before and after surgery.

A consolidation project is being planned in La Rochelle as part of the investment program for Modern Medicine. Building permission is expected to be granted in the first half of 2016. This project will support the development of day surgery and provide a high-level medical environment, while improving the efficiency of patient flows and reducing costs.

Star network strategy

In terms of the star network strategy, Capio Clinique de l'Atlantique is developing a polyvalent medical reception for which patients can turn up without an appointment. The reception will have opening hours between 8am and 8pm, to increase patient accessibility.

Other activities comprise quality improvements in bariatric surgery via a new therapeutic education program launched in October 2015, and new rehab authorization. The authorization, obtained in October 2015, is dedicated to the treatment of musculoskeletal diseases, either as day care or inpatient treatment, which enables the early discharge of patients who, for medical or social reasons, cannot return home directly.

In 2015, Capio Clinique du Mail opened a similar reception for hand trauma. This is clearly an entrance door for new patients. Specific meetings are organized to strengthen our cooperation with independent midwives and thus give a new dynamic to the maternity activities of Capio Clinique du Mail.

– The successful merge of two hospitals into a brand new facility in Orange, has allowed for further specialization. We are now ready to integrate new activities and new clinics to speed up our growth.

Sofien Khachremi, regional manager Provence Alpes Côte d' Azur

Provence Alpes Côte d'Azur region

Regional overview

Capio hospitals are located in Avignon: Capio Clinique Fontvert Avignon Nord and Capio Clinique d'Orange. The strong culture of day care in these hospitals has increased the share of day care to be the highest among Capio hospitals in France. Capio Clinique Fontvert has a high rate of day surgery and is the only hospital in the region with full-scope medical imaging equipment to provide radiology services. Capio Clinique Fontvert is organized for highly specialized services: hand emergency and shoulder institute. The hospital is also the first center to provide foot surgery and high-volume activities such as hand surgery, ophthalmology and endoscopy, having developed efficient and safe patient pathways in the hospital.

Capio Clinique d'Orange was created after the merger in 2015 of Capio Clinique du Parc and Capio Clinique de Provence. The merger of the two hospitals created a critical size to enhance its Modern Medicine efforts, as well as cost synergies. The main activities of the hospital are orthopedics, digestive surgery, urology, bariatric surgery, ophthalmology and ear-nose-throat (ENT). A specific patient pathway has been developed for bariatric surgery.

The hospitals face competitions from both a public hospital and several private healthcare providers.

Modern Medicine and Rapid Recovery

The implementation of Rapid Recovery at Capio Clinique Fontvert is most evident in orthopedics, total knee replacement (TKR) and total hip replacement (THR), with a decrease in the number of bed days by 27% in 2015. The first shoulder prosthesis undertaken as day surgery in France took place at the hospital. The hospital has also established a "patient's school" with strong focus on patient information.

Capio Clinique d'Orange benefits from a brand-new technical platform and a building designed for Modern Medicine and for day surgery. The hospital has a clear Rapid Recovery orientation and was the first hospital to perform TKR and THR as day surgery in the Vaucluse Region. Moreover, urologists from Capio Clinique d'Orange were the first team within Capio France to implement Rapid Recovery protocols in urology, after knowledge sharing with colleagues in Capio Sweden.

Star network strategy

The star network strategy allows the development of cooperation between both hospitals, located 30 km from one another, especially for gastroenterology medicine and surgery.

Capio Clinique d'Orange in Orange, Provence.

Continued good results for Modern Medicine and Rapid Recovery

In 2010 Capio France implemented a systematic quality work according to the Capio model. The aim was improve the recovery of patients after surgical interventions. A quality plan was created based on published medical evidence but also factors such as information and training of patients and their relatives. The entire plan consists of approximately 45 parameters along the patient journey, covering both clinical techniques and organizational processes prior to admission and up to postop follow-up after discharge. Preparing the patient, giving full insight into the treatment and postoperative course of the patient is very important. So is the implementation of Modern Medicine techniques to prevent any undesired response to the surgical trauma such as inflammation with pain, etc.

The results of the strategic quality work show a strong development five years after the start. The clinical reported outcome measurement (CROM) is used for assessing the recovery after surgery. This is as well reflected in the average length of stay (AVLOS), for patients after a specific intervention. For certain intervention, such as total knee replacement surgery, the average length of stay was reduced from 6.8 days to 3.0 days 2015 at Capio Clinique Sainte Odile. In parallel the number of surgeries performed as outpatient surgery has gone from 0% in 2010 to 29,8% in day care 2015.

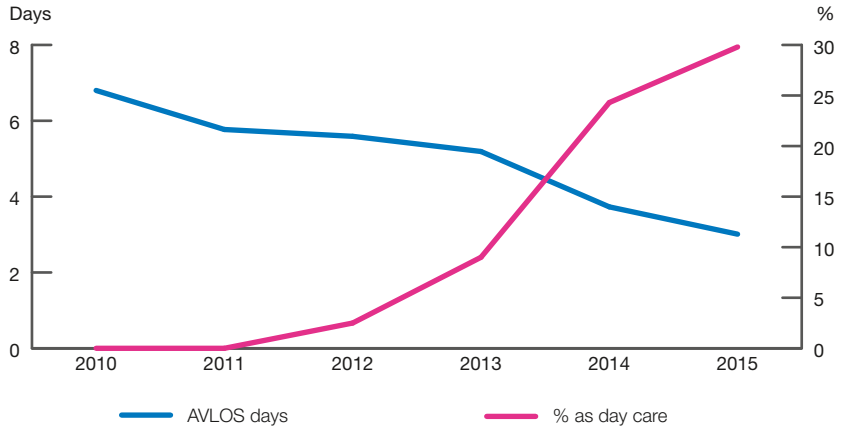
Capio RRAC label

RRAC is Recuperation Rapide Apres Chirurgie in French meaning rapid recovery after surgery. The RRAC label is based on the quality plan and how it is being implemented. The RRAC label shows a holistic picture as parameters as kind treatment and good information are as important as medical parameters. The medical team around the patient is responsible for the implementation of the quality plan while the management follows up of the plan via an audit as an integrated part of the budget process. Each parameter of the plan is evaluated as not yet implemented, partly or fully implemented and new targets are then set for the coming year. The extent of the implementation can be presented as percentage of full implementation. The teams and not the hospital are rewarded with a Capio RRAC label on achieving 80% of full implementation of the quality plan.

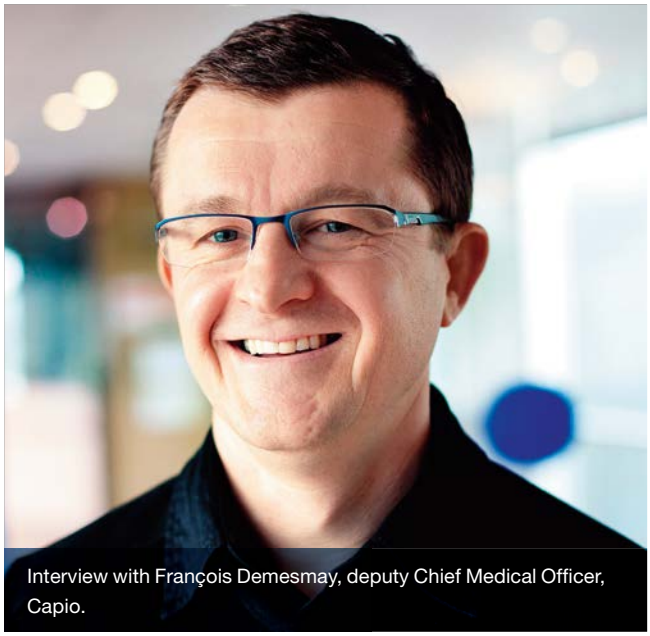
Capio Clinique Sainte Odile, Haguenau

Since 2010, 29 teams in France have been awarded a RRAC label. The first team to be awarded was the orthopedic team of Capio Clinique Sainte Odile in Haguenau for their total knee replacement (TKR) quality plan. The outcome for patients has improved significantly over time, as illustrated in the figure below. Their quality plan was formulated in 2011 and the team was awarded RRAC label 2012. Since then the protocols have been finetuned and the quality still continues to improve.

Results from improvements with knee prosthesis surgery (TKR), (AVLOS), Capio Clinique Sainte Odile



At Capio Clinique Sainte Odile the average length of stay after total knee replacement surgery was reduced from 6.8 days in 2010 to 3.0 days 2015. In parallel the number of surgeries performed as outpatient surgery has gone from 0% in 2010 to 29.8% in 2015.



Interview with François Demesmay, deputy Chief Medical Officer, Capio.

How are the teams formed and the roles of the quality work distributed?

– There are two teams involved in the process; the medical team takes care of the patient and registers the data. The other team compile and evaluate the data at a group level. The medical team consists of 5–20 people depending on the area of specialization. The team is multidisciplinary and the members are doctors, nurses, surgeons, anesthesiologists and physiotherapists. These teams work close together.

At every hospital there is a local support and expert, called a referent who is coordinating each team. The referent meets the teams regularly to measure the daily work and what can be improved ahead.

There is a network for all local referents covering each area of specialization. They work closely together and meet each other as often as possible. They are provided training and support from other support functions.

How has this way of working been received by the employees?

– They are very fond of it. The selected teams have a positive mindset and they like to work according to protocol and continuous development, in other word Modern Medicine! At the beginning it was a real challenge because they all wanted to work the way they always had done. Now however, working according to protocols is very welcomed and also, the level of high quality that this way of working generates make it very appreciated. The patients are very satisfied and the employees are proud of their work.

Is there a specific element of the working process that has been more difficult for the teams to adjust to? Specific challenges?

– Technically there is no problem. The challenges were and still are psychological. There are always those who not welcome new ways of working. They may have been working in their own way for many years, whether they are doctors or nurses. When doctors and anesthesiologists are self-employed we cannot demand, only seek to convince that this is the right way of working with Modern Medicine. We do this by showing them the data. Depending on their mindset we show hard data, ”the what”, or soft data “the how”.

Do you work on refining the process in any way?

– It is a continuous process. Our quality plan consists of approximately 45 parameters that each team will implement. When new science within the area is presented, new parameters are added to the quality plan. The addition of new parameters is preceded by a discussion with the referents. The quality plan is updated regularly but not too often. Each version must be implemented before the update and it is important to find the right frequency. The plan is used as a compass to lead the development forward and is seen as a translation of the Capio model. It is also used as a work tool on a weekly basis for the teams to prioritize action plans.

How do you work on spreading the results and the way of working between hospitals?

– We are working on spreading the results both internally, within the hospital but also nationally within Capio. We try to meet as often as possible to compare results. These meetings are really inspirational and of benefit to the entire organization.

We also use the results during recruitment. Many young healthcare professionals are attracted to this kind of working method. We work with Modern Medicine! This is quite unusual in the healthcare labor market today. So we use our advantage as a communication tool.

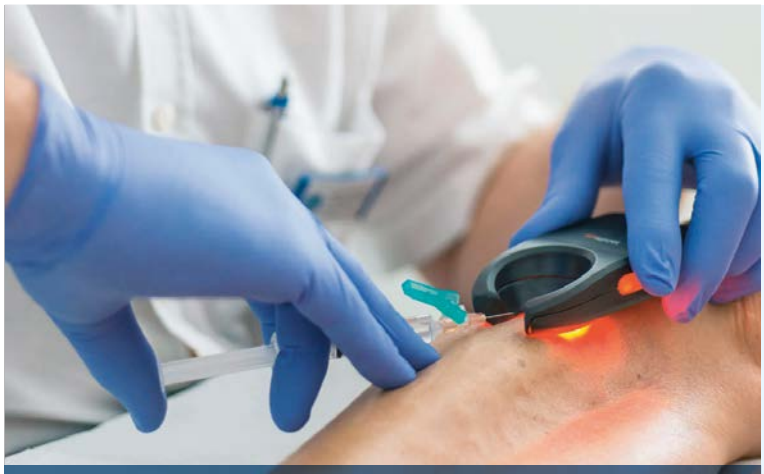
We have also received more external attention for our work. In the yearly report about healthcare insurance (Assurance Maladie), RRAC has special chapter, about increasing quality and cost control. Capio France is mentioned as the only private healthcare provider who has advanced in this process. The French National Authority for Health (HAS) has also started a working group for RRAC. They have made a first evaluation of RRAC in France and Capio France is the only private healthcare provider they mention who has get this far.

Can you give an example of what the other teams with the RRAC label have done?

– All of our areas of specialization are involved. In addition to knee and hip replacement, there are also teams within digestive, backbone, gynecology, bariatric and urology working with this method.

Capio Germany

Strategic focus: Modern Medicine leading to shorter treatment times and a higher share of outpatient care.

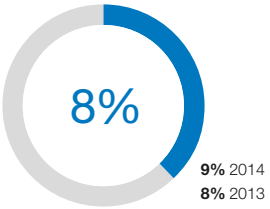


Vein surgery at Capio Mosel Eifel Klinik in Bad Bertrich, Germany.

Key events in 2015

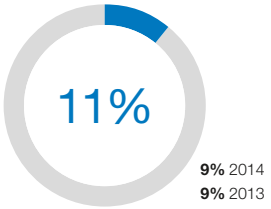
- Efforts to speed up the implementation of Modern Medicine continued during the year with focus on shorter average length of stay for hip and knee prosthesis surgery
- New medical specialties were introduced in some of the general hospitals
- The development of the hospital in Dannenberg continued to improve, partly following the introduction of new medical specialties, for example in geriatrics
- The development of the specialist clinics was stable
- The hospital in Bad Kötzting (Klinikum Maximilian), including the rehabilitation center and nursing home, was divested as it was not considered to be part of the German core business

Net sales
share of Group, %



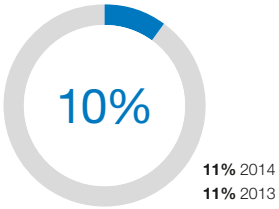
9% 2014
8% 2013

Operating result (EBITA)
share of Group, %



9% 2014
9% 2013

Number of employees (FTE)
share of Group, %



11% 2014
11% 2013

	2015	2014	2013
Production, kNumber			
Number of outpatients	168.7	164.0	152.4
Number of inpatients	39.0	40.6	40.2
Number of patients	**207.7**	**204.6**	**192.6**
Resources, Number			
Number of employees (FTE)	**1,275**	**1,320**	**1,292**
Income Statement, MSEK			
Net sales	**1,145**	**1,123**	**1,031**
Organic sales growth, %	*2.0*	*3.5*	*2.4*
Operating result (EBITDA)	**94**	**78**	**74**
Margin, %	*8.2*	*6.9*	*7.2*
Operating result (EBITA)	**74**	**55**	**52**
Margin, %	*6.4*	*4.9*	*5.0*
Net capital expenditure, MSEK	**-40**	**-27**	**-20**
In % of net sales, %	*3.5*	*2.4*	*1.9*

- Organic sales growth was mainly related to higher volumes within the general hospitals combined with a higher case mix and slightly higher prices. Patient growth was lower than the organic sales growth in 2015 following the divestment of the hospital in Bad Kötzting as of June 30, 2015
- The result and margin development was mainly related to the higher sales growth combined with productivity improvements in the general hospitals (mainly the hospital in Dannenberg). Patient growth was higher than the FTE growth following productivity improvements
- Net capex in % of sales has increased between the years, mainly related to a construction project in one of the general hospitals

– We are continuing to strengthen the operations in Germany and are preparing for a broad implementation of Modern Medicine and Rapid Recovery.

Martin Reitz, business area manager Capio Germany

Overview

Capio Germany offers care at all levels of the value chain, besides university hospital services. The activities comprises five general hospitals offering a wide range of medical care, seven medical care centers (MCCs) and four specialist clinics focusing on vein surgery, a treatment area in which Capio Germany is a market leader for inpatient care, with a market share of approximately 15%. Germany's operations are spread across ten locations: Otterndorf, Dannenberg, Büdingen, Bad Brückenau, Aschaffenburg, Hilden, Laufen, Weissenburg, Blaustein and Bad Bertrich.

Key events in 2015

During the year, Capio Germany continued to create the basis for Modern Medicine, in accordance with the Capio model. These initiatives include knowledge sharing of best practice, increasing the share of outpatient treatment, and reducing average lengths of stay.

Hip and knee prosthesis surgery is one area in which the average length of stay was reduced. Knowledge transfer from units in France and Sweden played a role in achieving this.

During the second half of 2015, a review commenced of the purchase of implants for the whole of Capio Germany. The ambition is to reduce the number of suppliers, which means an improved negotiating position, lower costs and more uniform quality and productivity.

In 2015, the closing stage commenced of the extensive construction project at Capio Mathilden-Hospital in Büdingen, which is planned for completion during 2016. This construction project will create good conditions for Modern Medicine via e.g. modern operating theaters that can help to streamline patient flows, and increase quality and productivity. In addition, the psychiatric clinic will be expanded with another 20 beds. Major progress was already made at the hospital in 2015, for example the average length of stay within internal medicine decreased by almost 5% during the second half-year. In 2015, a completely new intensive care department opened and a large number of new agreements and collaborations commenced during the year.

The general hospitals in Germany are relatively small, yet are also obliged to offer a wide range of care, which presents a challenge from a resource perspective. It is therefore strategically important that each hospital establishes specialist units, centers of excellence, within the areas of specialization generally required in the region. This will attract more patients, while the units can increase their quality and productivity. Capio Germany's vein surgery activities are an example of a well-established center of excellence. During the year, a new center of excellence was created on the launch of the Demenzsensibles Krankenhaus concept at Capio Mathilden-Hospital in Büdingen. This concerns specialized treatment of patients with dementia, an area for which demand is increasing rapidly. Another center of excellence focuses on reconstruc-

Healthcare in Germany

Capio estimates that the overall private market in which Capio is active achieved sales of approximately EUR 15 billion in 2013[2]. Private care providers still account for a small share of the overall healthcare market, at approximately 16% of the current market in Germany[3].

- Healthcare costs were equivalent to 11.3% of GDP in Germany in 2012, compared to the average for the OECD of 9.2%[4]
- From 1991 to 2013, state subsidies decreased by 27%,[5] with the result that the system had a shortfall of hospital investments. This led to considerable consolidation of the market and privatization of a number of public facilities
- Private for-profit healthcare chains have continued to increase their market shares during the last decade[6]
- Many small hospitals that faced substantial economic problems were sold to private healthcare chains with the aim of reorganizing them as profitable enterprises[7]
- The German healthcare market remains highly fragmented
- Capio is the market leader within vein surgery, with an approximately 15%[8] market share in 2014, and has a niche position in the broader hospital market
- Prior to the healthcare reform of 2004, the outpatient sector was separate from the inpatient sector and hospitals only provided limited outpatient services. New regulations have been introduced which will eliminate this separation of the sectors

[1] Capio estimate.
[2] Destatis (Federal Bureau of Statistics of Germany), Krankenhaus Rating Report.
[3] Destatis (Federal Bureau of Statistics of Germany), Hospital Rating Report Germany, Capio market studies.
[4] OECD Health Data 2014.
[5] Working groups of the hospital association, Stat BA, EIU.
[6] Destatis (Federal Bureau of Statistics of Germany), German Association of Hospitals, company websites.
[7] Destatis (Federal Bureau of Statistics of Germany), German Association of Hospitals, company websites.
[8] Capio estimate.

tive surgery, which comprises modern methods to restore and repair function and appearance after accidents, cancer or congenital abnormalities. Capio Schlossklinik Abtsee in Laufen recruited one of the world's leading surgeons [within the area of] at the end of 2015. She is president of the world organization for regenerative surgery, whereby functioning organs and tissue are recreated with the help of stem cells. We see increased international demand in this area.

Patients

Capio Germany's operations generally achieve very high ratings from patients, requesters and funders of healthcare. Capio Mosel-Eifel-Klinik in Bad Bertrich, for example, gained the"very satisfied" rating from 96% of patients via the independent Klinikbewertungen.de. This can be compared with the average of 58% for all hospitals in Germany.

In 2015, work commenced to adjust the patient surveys in order to more effectively identify the development within Modern Medicine and how it relates to patient satisfaction. Capio Germany has invested in a new IT system to facilitate this.

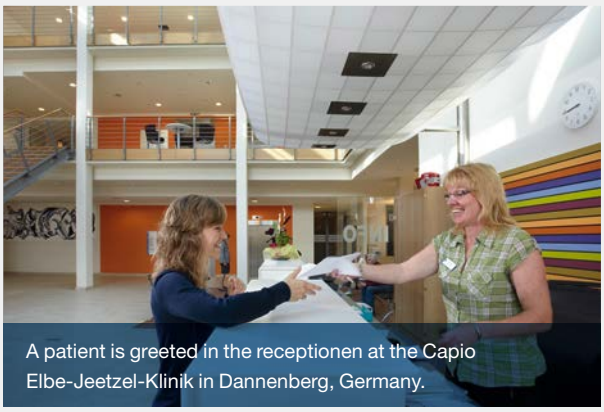
The results of the insurance companies' surveys are also very positive. One example is the insurance company AOK Rheinland's survey, in which Capio Klinik im Park gained the highest rating for the entire Rheinland region. In total, more than 400 hospitals and specialist clinics are included in the survey.

Employees

In 2015, Capio Germany had close to 1,300 employees, converted to full-time equivalents.

There is great competition for the best physicians in Germany, which is a particular challenge outside major city regions. Capio Germany therefore works systematically to attract employees via good working conditions and development opportunities. The fact that Capio Germany can offer opportunities for international knowledge sharing among Capio units is a career advantage.

Relevant hospitals and clinics under Capio Germany offer ongoing training based on specific requirements within various medical specializations or management areas. At an overall level, initiatives regularly take place in line with the Capio model, in order to share experience and ideas among various units and disciplines. An example is this year's conference on orthopedic hip and knee prosthesis surgery in Berlin, where specialists from various parts of the Group met to share their expertise. Systematic knowledge sharing also takes place among the managers of various hospitals, who meet regularly to pool their knowledge. The same applies to controllers and HR managers, to ensure optimized management and follow-up.



A patient is greeted in the receptionen at the Capio Elbe-Jeetzel-Klinik in Dannenberg, Germany.

On the right track with Modern Medicine

Clear evidence that the work according to the Capio model and the Modern Medicine principles is bearing fruit is the year's positive development at the Capio Elbe-Jeetzel-Klinik general hospital in Dannenberg, after some years of weak development. As a consequence of systematic quality improvements based on the Capio model's principles, the hospital's average length of stay was reduced to 4.6 days during 2015. This is 18.8% better than the average for all hospitals in Germany, according to the national index compiled by the InEK institute, against which all of Capio Germany's units are benchmarked on a monthly basis. The benchmarking of Capio Germany's hospitals also shows a significant improvement in quality and productivity.

During the year, the Capio Elbe-Jeetzel-Klinik hospital opened an outpatient medical care center (MCC), which is strategically important to increasing the number of patient visits to the hospital, and also increased the number of geriatric and intensive care beds. The facility has also introduced a new logistics concept to streamline resource handling.

Investments

Capio Germany continuously invests in both healthcare environments and medical technology, in order to maintain a high rate of implementation of Modern Medicine and Rapid Recovery.

The year's investments in the final phase of the extensive construction project at Capio Mathilden-Hospital in Büdingen are an example of strategically important investments to enable this transformation. The investments total just over EUR 20 million, whereof the majority is financed by government grants in line with the regional hospital plan. Investments in medical technology also take place on a systematic basis. In 2015, for example, a new sterilization unit was established at Capio Krankenhaus Land Hadeln in Otterndorf, as an element of ensuring the higher possible standards of hygiene.

In 2015 a decision was also taken on IT support via a system to gather all information related to each individual patient and his or her treatment, which can then be retrieved on an iPad during the physician's rounds. This helps to reduce administration and the risk of duplicate work and errors due to missing information. It also releases more valuable time to spend with patients.

Market

Until now, the current reimbursement system in Germany, which distinguishes between inpatient and outpatient care, has not given the right incentive to encourage the introduction of modern new treatment methods leading to shorter average lengths of stay. However, Germany's government has set a clear agenda to develop the healthcare reimbursement system into a system that focuses on higher quality. In time, this is expected to lead to adjustment of the pricing of outpatient versus inpatient treatment. Today, inpatient treatment is subject to around three times higher reimbursement than outpatient treatment, which impedes development towards an increased outpatient share and a lower average length of stay.

In the medium term, the reform is expected to open up significant opportunities for Capio Germany. By applying Modern Medicine in the same way as in Sweden and France, quality and productivity improvements can give more patients access to good healthcare, with responsible use of resources. This will benefit both patients and society at large.

Small general hospitals in Germany face challenges, since they are required to have capacity within a wide range of treatment areas and emergency department services, around the clock. This requires high capacity utilization, which increases the consolidation pressure on the market. One way of handling this challenging situation is to establish specialist expertise within attractive treatment areas, or centers of excellence, to attract more patients. This is a successful strategy for Capio Germany.

The circumstances for specialized healthcare are different, due to the opportunities for effective capacity utilization via specialization. One example is Capio Germany's vein surgery activities.

The extensive influx of refugees to Germany in the fall of 2015 makes high demands of German healthcare services. It is too early to draw any final conclusions, however. So far, Capio Germany has been required to assist with medical examinations. In addition, Capio Germany has supported employees wishing to offer their help on a voluntary basis, via e.g. training in reception centers.

Focus areas going forward

- Accelerate the implementation of Modern Medicine and Rapid Recovery by increasing the share of outpatient care and reducing the average length of stay (AVLOS)
- Further develop the centers of excellence strategy, to increase patient volumes within attractive treatment areas in which Capio Germany has outstanding specialist expertise
- Continued growth, organically and through acquisitions

Responsibility for patients, employees and the environment – the society we operate in

We have a mission: to cure, relieve and comfort anyone seeking medical care from Capio. This is our most important commitment, which entails a great responsibility to patients, funders, politicians, fellow citizens and society in general. Capio's vision is to achieve the best achievable quality of life for every patient and this endeavor also relates to our key responsibility to society, with the same benefit for the patient and for society. High quality and availability ensure the right conditions for the patient to make a speedy recovery and return to normal life, which for many people entails paid employment. Since Capio also seeks to provide healthcare with efficient use of resources, this also entails due care for society's combined resources – with more care for the money spent. The guarantee of good quality and care for society's resources lies with our employees. Healthcare results are closely related to our ability to attract, develop and retain the right employees with the right competences.

Providing healthcare is a matter of trust

As a supplier of healthcare services, our patients trust us to ensure the best possible conditions for their recovery. This is also expected by society in general, which furthermore expects our activities to be operated on a responsible basis, and that Capio over time provides good healthcare on a sound financial basis. Providing healthcare means working to make people healthier. This not only concerns conducting our activities on a long-term sustainable basis from the patient's perspective, but also from an employee and environmental perspective. This is our role in society, and constitutes Capio's approach to sustainability.

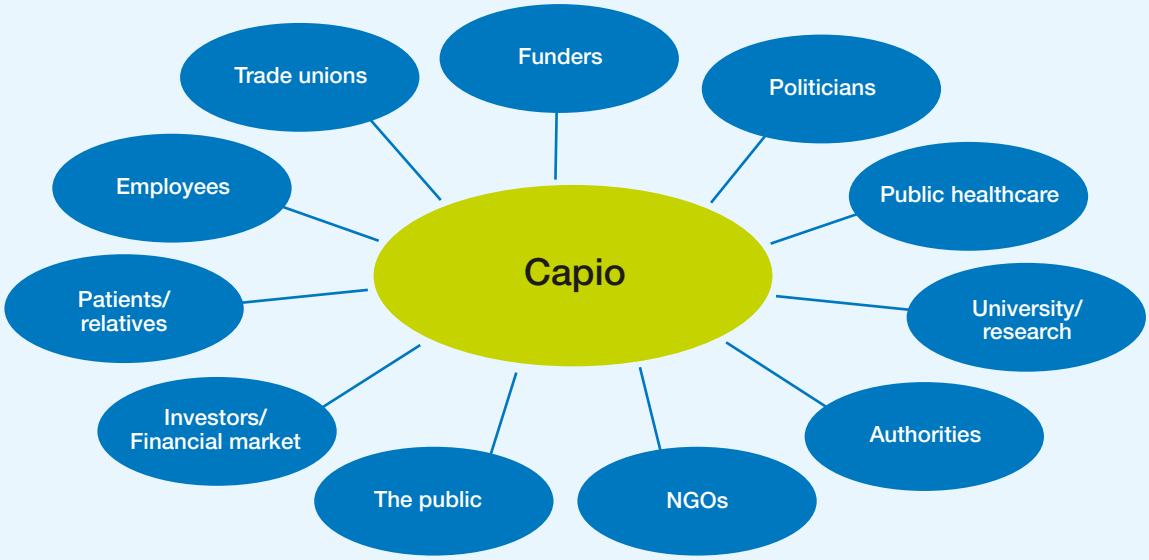
Our values set the foundation

Capio's activities are based on three fundamental values: quality, compassion and care, which are the basis for our business model and for the sustainability work. Capio's first priority is medical quality – on which we never compromise – although compassion and an understanding of the patient's situation are also extremely important for how the patient experiences healthcare. Our values also include care. This means caring for the patient, but also caring for each other and the society around us. In order to meet the expectations of patients, employees and external stakeholders, we work to achieve continuous improvement of matters which affect patients, employees and the environment.

Responsibility for the society we operate in:

- Responsibility for the patient – high quality and productivity while caring for society's resources
- Responsibility for the employee – attracting, developing and retaining the right competences
- Responsibility for the environment – efficient use of resources and reduced environmental impacts

Capio's stakeholder model



Patient focus based on quality

Our patients are our key priority at Capio and our mission is to offer all patients treated by Capio the best possible care. Quality is the starting point for everything we do, in terms of medical treatment and in our cooperation and contact with patients, employees and external stakeholders.

Methodical quality work is driving improvements

Via determined and methodical quality work within the four cornerstones: Modern Medicine, Good information, Kind treatment and a Nice environment and adequate equipment, we are ensuring continued progress towards better treatment results and increased patient benefit. Quality drives productivity, and besides the benefit to patients, quality work also entails economic benefits, as the resources can be used to provide high quality healthcare to more patients. Capio has published a quality report for 2015 in which these quality initiatives are described in more detail, as well as how further steps have been taken in recent years' structured work of defining and measuring quality within all of Capio's activities. The report presents both targets and outcomes for key quality performance indicators (QPI). Measuring quality and that activities within Capio develop quality from a shared starting point enhances the basis for quality improvements and comparisons between entities and countries. With this work, Capio will contribute to greater transparency and openness concerning the quality of healthcare.

Helping to bridge knowledge gaps in Europe

Capio's highest ambition is also to contribute to the development and transformation of European healthcare. As pioneers within Modern Medicine we will, besides increasing the quality of healthcare, also support the transition from costly inpatient care to outpatient care that is more cost efficient for society. Via the presence in several countries, we see an opportunity, and a responsibility, to disseminate best practice where we can identify that similar activities in various different countries have not made as much progress with this transformation. One of these areas is day surgery, where a higher proportion of procedures take place on an outpatient basis in Sweden than in Germany and France, for example. Shorter average lengths of stay and a higher proportion of day surgery activities are vital to ensuring that in the future, despite its limited public resources, society can still meet the increasing demand for healthcare services. This transformation is now taking place in France and Capio is part of this development since for many years we have been able to inspire the French organization and benefit from the development of Modern Medicine in Sweden. As an example, Capio is a pioneer within outpatient care via the ongoing construction of the first ever dedicated outpatient hospital in France, in Domont outside Paris. The hospital is designed for outpatient surgery, including outpatient hip and knee prosthesis surgery. This has only recently become possible with the same or improved quality, and in 2015 Capio in France performed 450 hip and knee replacements as day surgery. For comparison, the average length of stay in France for equivalent procedures was around nine days (Scansanté, 2014). Regular medical seminars are held to create a platform for knowledge transfer and the exchange of experience within the Group. The most recent example is the orthopedic seminar which took place in Berlin in April 2015, which gathered around 80 doctors and managers from units all over Europe for lectures and discussion of hip and knee prosthesis surgery.

On 1 January 2013, Capio's new agreement with Stockholm County Council (SLL) came into force. This agreement is for the operation of St Göran's hospital in Stockholm up to 4 January 2022, with the opportunity for SLL to renew the agreement for an additional four years, and entails lower reimbursement than to comparable hospitals in Stockholm, and a higher quality commitment than in previous agreements. This is possible due to our strong focus on quality and productivity improvements based on improved working methods and a clear profiling of the hospital as an emergency unit. In order to maintain quality and productivity improvements on a successful basis within Capio's activities, we need to conduct sound and financially profitable activities that allow for new investment in Modern Medicine and a Nice environment and adequate equipment. On this basis, we can offer high quality healthcare to more people, which is an ongoing task that is never concluded.

Support for patient-based research – Capio Research Foundation

In 2001, Capio established a research foundation to support patient-based research and other significant research for the benefit of public health in general.

The research aims to increase knowledge of how care activities can reduce patients' suffering and increase their quality of life. The research can also focus on improving working methods and care processes. Research can also increase knowledge of quality and safety within healthcare and medical care, as well as financial reporting systems.

Applications can be submitted once a year and there is stable interest in submitting applications. The board of directors has five members, of whom three are independent members from outside Capio. The selection process for grants is undertaken by a working committee consisting of the four board members with medical expertise. Applications are assessed on the basis of quality, relevance and benefit to patients.

In 2015, a total of 27 projects were awarded grants from the foundation, for a total of SEK 685,000. Since its establishment the foundation has awarded grants for more than SEK16 million.

Support to Doctors Without Borders (MSF).

In September 2015, Capio donated one million SEK to the organization Médecins Sans Frontières (MSF) for emergency relief to the many people who are fleeing in today's refugee disaster in Europe. The support makes Capio a Field Partner to MFS during 2016.

Our employees

Florence Raymond and Fabienne Gourdol, nurses at Capio Clinique d'Orange in Orange, France.

Our employees constitute Capio, and they make a difference for our patients in practice. On the basis of the Capio model, we therefore work to create an organization in which employees are given authority and take responsibility for their tasks, and also drive continuous improvements. Good relations with our employees based on mutual trust and respect are thus of the very greatest importance to us.

Strong local organization that reflects how we work with patients

To support our important work with patients, Capio is structured according to a decentralized model that delegates responsibility, authority and resources to the team, as well as to individuals. In this way, we ensure that decisions are taken as close to the patients as possible, and that we fulfill the local requirements for each of our activities. With strong local leadership whereby operational managers are given the appropriate mandate and responsibility, supported by overall Group policies, the right conditions are created for the development of the local care units on the best possible basis.

The Capio Group's activities are operated via our main units, units and care units. Actual healthcare is provided at the last-mentioned organizational level. In most cases, the main unit organizational level is a hospital or clinic, while a unit can, for example, be a primary care center or another group of care units under the same management. A care unit is equivalent to, for example, one or more wards or operating theaters. In the case of smaller units, such as a small primary care center, a care unit is often the same as a unit. At year-end 2015 Capio's organization and reporting consisted of more than 600 care units, summing up to approximately 400 units and 65 main units, respectively.

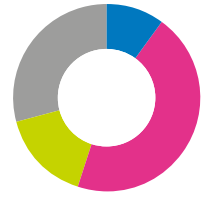
Capio's employees

In 2015, Capio's average number of full-time employees was 12,360, of whom approximately 10% were doctors[1], approximately 45% were nurses, and approximately 16% were other medical staff. The remaining Capio employees provided direct or indirect support for Capio's healthcare activities. As the patients are the basis for Capio's organization, all medical staff groups are equally important, and supplement each other. Together, the members of the respective care teams create the best possible conditions for the patients' recovery and a positive healthcare experience. The team is also key to providing healthcare with due care for the shared resources, as continuous attention to method and process improvements leads to higher productivity and a more efficient distribution of work tasks.

According to an OECD evaluation, there is great variation in the number of annual doctor's consultations in the various European countries. In Sweden, there are significantly fewer annual consulta-

Employee data

Profession

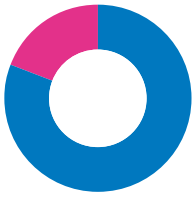


- Doctors[1], 10%
- Nurses, 45%
- Other medical staff, 16%
- Other staff, 29%

Age

- 18–29 years, 15%
- 30–39 years, 22%
- 40–49 years, 26%
- 50–59 years, 28%
- 60– years, 9%

Gender



- Women, 81%
- Men, 19%

[1] Note that doctors in France are self-employed professionals and are not included in Capio's employees. Read more about this on page 66.

tions per doctor than in France and Germany, for example. Also, initial studies at some Capio hospitals indicate that only 12–14% of nurses' day-to-day work is related to direct work with patients, while documentation, reporting and handling of pharmaceuticals account for approximately 40%. Other observations show great variation in the number of patients per team, doctor's consultations per day, and number of staff hours per surgery hour. These studies have now been expanded and converted to local action plans within Capio Nordic, in order to increase the direct patient time for doctors and nurses. This change process is taking place in collaboration with the trade unions, and besides releasing limited resources, the objective is also to reduce work-related stress in order to better utilize the group's expertise and competence. When doctors and nurses devote more time to patients, this will also increase quality for the patient, in view of the increased level of experience, because the more patients doctors and nurses meet, the more skilled and experienced they will become.

The age group distribution of Capio's employees is relatively even. Of the Group's 12,360 employees, 9,969 were women and 2,391 men (81% and 19%, respectively).

On average, 97% of the medical staff were directly employed by Capio in 2015. For nurses and other clinical staff, the proportions of employed staff were 98% and 99%, respectively. The proportion of employed doctors was 91%. Capio's objective is to have a high share of permanent employees, since continuity of healthcare contact creates security for patients, while staff continuity ensures better conditions for sound healthcare development. The challenges in recruiting specific expertise are a factor affecting the proportion of employed staff. We primarily encounter this difficulty in certain medical specialization areas. In Sweden, there is a shortage of general practitioners and psychiatrists, among other areas, which is a national challenge. Permanent employees account for 84% of the staff employed directly by Capio, while 16% are employees on temporary contracts.

Self-employed professionals working for Capio

Capio's organization and its operating conditions vary between the different countries. For example, in Sweden doctors are employed by Capio, while in France doctors are not employed and paid by Capio, and are therefore not included in staff numbers. In France, doctors are self-employed professionals, while all other medical staff, as well as premises, materials and equipment, are provided by Capio. This makes high demands of the planning of activities, as well as good relations and close cooperation with doctors, who are free to receive and treat patients at the hospitals they prefer. The income from the doctors' services is not reported in Capio's revenue, nor does Capio carry the staff costs for these doctors. Besides the 12,360 employees in Capio's workforce, approximately 1,070 self-employed doctors (counted as individual doctors), were active in Capio's French activities during 2015.

Development opportunities are a key success factor

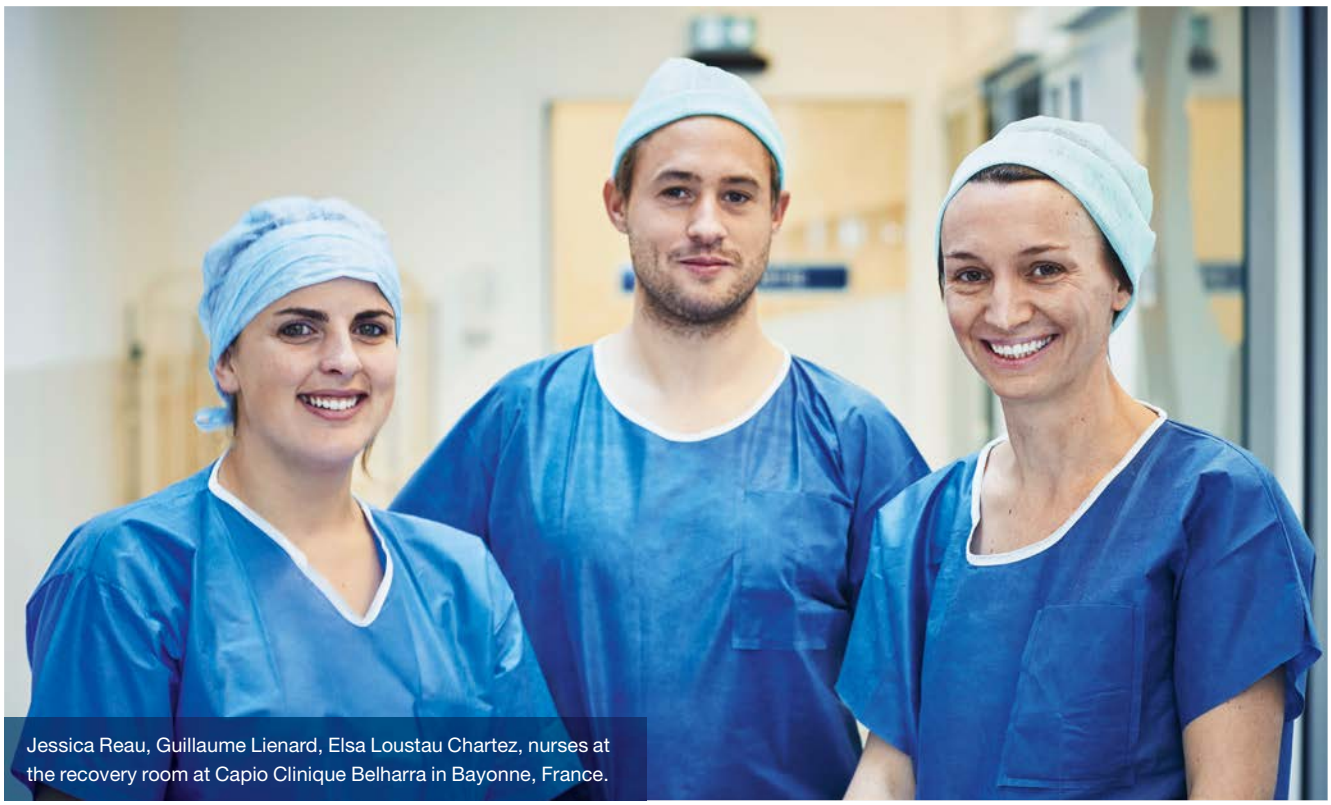
The knowledge held by Capio is built up and managed by dedicated, skilled employees. It is therefore crucial to Capio's success that we can attract, develop and retain the right employees. We work actively to be seen as the first choice of employer, and employee development and good leadership are key aspects for us. As our employees are engaged in activities that make high demands of knowledge, flexibility and readiness for change, our ambition is to continuously offer both career and training and development opportunities.

One means of retaining and developing our competent employees is to encourage internal mobility. Creating opportunities for employees to take on a new area of responsibility or a new role, or to move to a new unit, contributes to competence development, increased commitment and a holistic approach. The Capio Academy in Germany is an example of how we work with training and internal mobility. The Academy's most important building blocks are a trainee program, exchange program, scholarship and medical congress. Another example is the web-based training platform launched in France in 2013, and then further developed, to support continued training and knowledge sharing within this segment. The number of employees using this tool on a monthly basis continued to increase in 2015.

Research is also vitally important to developing the range of healthcare services and to further strengthen our employees' dedication. Research is conducted within the Group, for example at Capio St. Göran's Hospital and at Capio Artro Clinic in Sweden. In 2001, Capio established a research foundation to promote patient-based clinical research. The research foundation is open to applications from individuals within or outside Capio who are involved in patient care, or are active within medicine and healthcare. Research may also be focused on improvements to working methods and healthcare processes, which is an area that Capio considers to be vitally important for society to be able to meet future increased healthcare demands. Read more about Capio's research foundation on page 64.

Strong leadership and internal career paths

Our close to 400 operational managers play an important role in building up competence and continuity, and Capio offers a development program for managers and key staff at various levels. All managers, at all levels, must receive the support and training they need to enable both themselves and their teams to grow. One example is the leadership training which Capio in Sweden held in 2015 for around 90 managers and staff managers within the Swedish organization. The program comprised four blocks, each of three days' duration, and gave good insights in several activities by lectures, case studies and group work, for example. Another example is that in 2014 and 2015, all Capio managers in France received training in Capio's strategy and governance models, knowledge that will be passed on to all employees within the French organization in 2016.



Jessica Reau, Guillaume Lienard, Elsa Loustau Chartez, nurses at the recovery room at Capio Clinique Belharra in Bayonne, France.

The majority of managers are recruited internally from within the Group, and most of Capio's managers are nurses or doctors. The proportion of women in the organization is high (81%), which is also reflected in the proportion of care unit managers who are women of 70% (2014: 71%). 80% of Capio's managers have a medical background, distributed as 23% doctors, 63% nurses, and 14% other medical background.

Capio managers also contribute their experience to developing leadership in healthcare outside their own organizations. One example is their involvement in the "Healthcare Leadership Academy", which is an annual mentor and management program for staff in leadership roles within Swedish healthcare and research. In 2015, Capio participated in this initiative for the fifth time.

Dialog with employees

Capio treats all of its employees as equals and with respect. We seek to ensure good relations with both employees and professional organizations, and respect all employees' right to form, and join a trade union of their own choice, and to take part in collective negotiations. Capio is one of only a few private healthcare providers to establish a European Works Council (EWC), with representatives from the professional organizations, as well as managerial representatives from the company. EWC is a forum for mutual consultation between employee representatives from all countries in which Capio operates, as well as Capio's management. Meetings are held twice a year, with the aim for dialog to lead to the exchange of experience, helping to improve the quality of healthcare provided to patients. Read more about this on page 72.

All business areas work regularly with follow-up initiatives and employee surveys. The survey results are followed up and analyzed, and action plans are drawn up. Read more about this in the section Business overview.

Working environment and health

Capio does its utmost to ensure a safe and healthy working environment. This is described in Capio's Code of Conduct and in the Group's overall HR policy, as well as local policies and programs. The Capio model and our corporate culture ensure the right conditions for a good working environment. When staff feel empowered and are convinced that they can influence their own work situation, this has a positive effect. For Capio as an employer, it is important to offer a workplace with good working conditions and health and safety procedures. A high standard of active local leadership and opportunities for professional development are important elements of this.

Capio's working environment initiatives are well-organized and systematic, in accordance with statutory and regulatory requirements in each of the countries in which Capio operates. The working environment is developed in the day-to-day activities, in collaboration with the employees. Within Capio Proximity Care, working environment initiatives are mainly pursued via local safety representatives who receive annual training in such ares as working environment law and the role of the safety representative. They are also offered support in, for example, creating risk analyses and conducting safety inspections. Capio's French clinics have specific health and safety committees that work to improve safety and working conditions. By law, these committees are mandated to take certain measures, such as consulting an external party when required. Via a professional agreement, Capio France has supplemented these committees with a person dedicated to issues concerning working conditions and workloads. Besides statutory safety inspectors, Capio Germany also has an occupational health program, and a program to support employees who, for various reasons, such as sick leave, are not active in the workplace. In 2015 absence due to sick leave amounted to 7% for the Group (2014: 7%). The sick leave was was slightly higher than in the previous year, partly due to a severe flu season in Germany. Staff turnover for the Group was 12% in the same period, which was in line with the previous year (2014: 12%).

Focus on management – 90 Swedish managers took Capio's management program

In 2015 there was strong focus on management development in the Swedish activities. During the year, 90 managers and persons in key roles took Capio's internal management program. The aim of the program is to strengthen leadership skills and the ability to analyze and understand the need for change in Capio's various healthcare activites. The Capio model is the basis for the program, which also gave good insights in several activities and, not least, a wider network of colleagues with whom to share knowledge and experience.

The aim of the program is that together we can create a deeper understanding of Capio's activities, and to analyze, understand and prepare change activities that improve quality, accessibility and finances. The basis is that "we are best at what we do" and the method leverages the knowledge and experience in the organization today, so that we can learn from each other and gain new knowledge to support our own areas of responsibility and day-to-day work.

The program comprised four blocks, each of three days' duration, and gave good insights in several activities by lectures, case studies and group work, for example. In the first instance, the participants gathered in Paris to study one of Capio's French hospital, Capio Clinique Claude Bernard, and see how their French colleagues work successfully with the Capio model in their activities today. In the second instance, units within Capio Proximity Care were studied, and in the third instance, activities of Capio Specialist Clinics and Capio Psychiatry. Finally, Capio St Göran's Hospital was visited and studied. In their review of the activities, the participants used the Capio model on the basis of four fundamental questions: Where are we? How did we get here? Where do we want to go? How will we get there?

Based on these questions, the activities were subject to in-depth analysis concerning tasks, organization, patient groups and patient requirements, care chains, quality work and key figures. Challenges and opportunities were identified and concluding recommendations given to the relevant operations manager.

"Via this program, as participants we identified many good collaboration methods from which we will reap the benefits for a long time into the future, while creating a good team spirit. This has also given us a shared Capio language with which to describe our activities. The next important step will be to train the next-line care unit managers in using the Capio model to a higher degree in their day-to-day activities."

Alexander Ahlberg, care unit manager and medical specialist, Capio Ear Nose Throat Globen and Capio CFTK.

"Capio's management program strengthens our common values and creates a better understanding of our business model. The program builds relationships between Capio business areas, which facilitates current and enables new collaborations, for the benefit of patients. Personally, the program has, by the work with the business model, given me tools to use in my leadership."

Karin Steinberg, regional manager, Capio Proximity Care, region Stockholm North.

The program is headed by members of Capio's Group management and the Swedish management, together with the persons responsible for the units visited.

"Our task is to lead Capio, in order to achieve better healthcare, for the benefit of our patients and society in general. Our intention and logical approach towards improving standards of healthcare are described in the Capio model, which is a good starting point, but not the conclusion. It is only when we apply the various steps in reality, and see interaction and results, that we will make a difference for both patients and funders," says Thomas Berglund, President and CEO.

During 2016, the managers will disseminate the knowledge and experience from the management program in their own organizations by focusing on completing business area specific management programs.

Efficient use of resources

Providing healthcare entails working to make people healthier. We therefore consider it part of the trust placed in Capio by society that we operate on a sustainable basis, also from an environmental perspective. The ambition, over time, is to make efficient use of resources and reduce the Group's environmental impacts.

Environmental impacts of healthcare

In most countries in the world, healthcare account for a significant share of the overall economy and the activities in this sector thereby also have environmental impacts. The general environmental impacts primarily relate to heating and other energy consumption, waste generation, transport and consumption of materials. The more specific areas in which environmental impacts are especially related to healthcare activities concern, for example, the discharge of pharmaceuticals to the environment, disinfection/sterilization, and the widespread use of materials containing PVC/phthalates.

Capio's environmental guidelines

Capio's approach to environmental work is summarized in the Group's Code of Conduct, which supports long-term sustainable development. We strive for high efficiency in the use of energy and natural resources and promote systems for the recycling and reuse of materials, and work to prevent and minimize pollution. The environmental initiatives in each business area must be adapted to the type of activity and its environmental impacts. The Group's environmental work focuses especially on energy consumption, waste management, procurement, transport and chemical products.

Over time, Capio's ambition is to reduce the environmental impacts of its activities, and compliance with existing environmental laws and regulations in the countries of operation is considered to be a minimum requirement. In addition, Capio Sweden, for example, operates within the framework of an environmental management system. Most of the Swedish activities, including the single largest unit, Capio St Göran's Hospital, are certified in accordance with ISO 14001:2004, the international standard for environmental management systems. A few smaller Swedish activities hold environmental diplomas instead. In 2014, Capio initiated an ISO certification process in Norway, and at the end of 2015, half of Volvat's medical centers held ISO 14001:2004 certification. The rest of the medical centers are expected to complete their certification during the first half of 2016.

Environmental work at Capio

An initiative was launched in France a few years ago to reduce the French clinics' environmental impact via greater awareness and improved procedures. The measures include reducing water consumption, improving waste management and increasing use of ecolabelled products, and this work proceeded during 2015. For example, all of Capio's hospitals i France began to recycle food waste in 2015, partly as a consequence of new statutory requirements concerning the four largest units.

During the year, Capio St Göran's Hospital continued to focus on serving patients nutritious and tasty meals. The hospital is gradually using more and more organic ingredients, which accounted for around 30% of the total volume in 2015. During the year, portion packs were replaced by a more ecofriendly alternative, which has reduced the consumption of plastic by just over 70%. Food waste is recycled as biogas in six departments and recycling is estimated to increase to include all food waste in the future.

All of Capio's business areas are working to reduce their energy consumption, including by using low-energy light bulbs, automatic switches to save energy in areas that are not used continuously, and energy-saving technology. During 2015 Capio worked with an external firm of consultants in France to review the ventilation and heating system and identify potential improvements. Also in 2015, Capio commenced the work required to fulfill the Group's obligation to map its energy consumption and identify areas for improvement in accordance with the EU Energy Efficiency Directive and the respective countries' legislation. The time schedules for the implementation of the Directive in their national legislation varies between the EU member states. In France, Capio undertook this energy mapping in 2015, while the review of Capio's German activities will be completed in the first half of 2016. In Sweden, data was registered by the Swedish Energy Agency in December 2015, while the energy mapping of the Swedish activities will commence in 2016.

Environmental issues are also important in relation to the Group's new construction and conversion projects, such as recent years' real estate projects in France and Germany. For example, the modern new hospital in Bayonne in France was constructed according to principles which made it the first of Capio's hospitals in France to fulfill the requirements of Haute Qualité Environnementale, a French standard for environmentally sustainable construction. In conjunction with the merger of three hospitals in Bayonne to the new Belharra hospital, Capio in France donated more than 200 m3 of materials and equipment to a hospital in Cameroun. Capio Clinique de Provence also donated equipment to hospitals in North Africa in conjunction with the move to Capio Clinique d'Orange.

Other examples of new environmental measures within the Group during 2015 are that Capio in France adopted a new printing policy, to reduce the volumes printed and paper consumption. To achieve this objective, software to track the volumes printed has been installed and photocopying machines have been replaced. In 2015, Capio St Göran's began to use a new collection of patient clothing, whereby the environmental impacts of both the choice of materials and manufacturing processes were a key aspect of this work. For example, the patient towels used today are made from cellulose from beechwood. Compared to cotton, this reduces use of both insecticides and water in the manufacturing process.

Within Capio Proximity Care, central environmental coordinators drive the environmental work, together with environmental representatives in each unit. The procedures for this work are compiled in the business area's environmental handbook, including tar-

gets and guidelines to reduce the discharge of pharmaceutical residues to the environment. Examples of measures to achieve this target include choosing pharmaceuticals that have a lower environmental impact, issue of medicine bags to hand in superfluous and obsolete pharmaceutical residues to pharmacies, and avoiding large packs for occasional medication. In 2015, Capio Proximity Care took the initiative to launch cooperation with a major pharmacy chain in order to enhance awareness of the problem of pharmaceutical residues in the environment, and to increase the return to pharmacies and hence the recycling of such products. Evaluation of the pilot project in the late spring of 2015 showed good results and this initiative was therefore expanded to additional primary care centers in the second half of 2015. Capio St Göran's Hospital also works systematically to reduce the negative environmental impacts of pharmaceutical residues in the environment. For example, a method is used to make maximum use of anesthetics, with the least possible waste. This methods halves consumption, and thereby the environmental impact, while still administering the same doses to patients. Capio St Göran's trains doctors and other key staff members in the environmental effects of medical products and pays a lot of attention to the "Wise List" of the medical products recommended for the treatment of common illnesses, including from an environmental perspective.

Increased follow-up in the future

Some of Capio's activities have come far in measuring and setting targets for their environmental work, and we are working on providing combined follow-up for the overall Group. We view this as a development area, where our objective for the next step is to gather data on, in the first instance, the Group's energy consumption and waste handling, which will then be a key aspect of our continuous improvement work.

Reuse of medico-technical equipment

Since 2012, Capio Artro Clinic has collaborated with Human Bridge, an organization that collects, repairs and sends out second-hand auxiliary equipment and hospital materials, mainly to countries in Africa and Eastern Europe. Capio Artro Clinic contributes items such as second-hand orthoses (such as various types of knee braces and Vulkan supports), crutches, shoulder bandages and other medico-technical equipment. Since the collection begun in 2012, Capio Artro Clinic has contributed to the reuse of about 500 kg of medico-technical equipment.

Three questions for Karna Karlsson, CEO of Capio Artro Clinic

Can you describe your cooperation with Human Bridge?

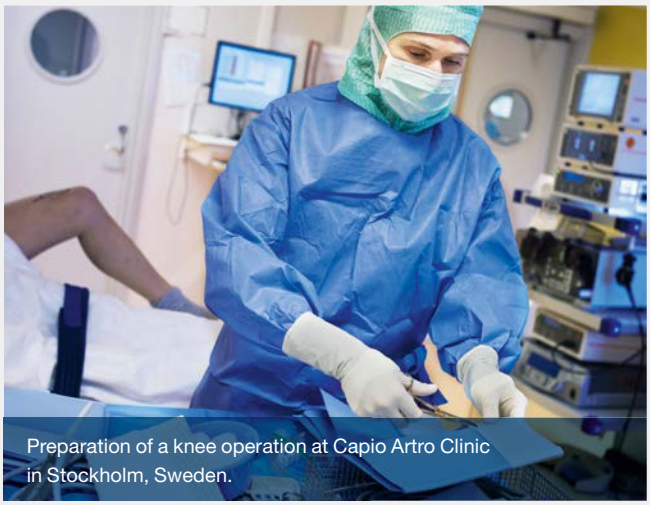
The background is that we became aware of how large volumes of auxiliary equipment are discarded in the course of our activities. It is therefore good to be able to do something that benefits both the environment and our fellow human beings. Instead of being discarded, the material is now being put to good use elsewhere in the world, where auxiliary equipment that we can no longer use ourselves can be reused after being freshened up and repaired. We mainly collect auxiliary equipment used after operations, but some medical equipment can also be used. For example, an old surgical table and an old sterilization machine have been put to good (re) use via the collaboration with Human Bridge.

What are you doing to increase reuse of auxiliary equipment?

First of all, this is about information. We distribute information material to patients when they collect their auxiliary equipment. We have also set up noticeboards in the waiting rooms. At the clinic, there are containers to which patients can return materials, and when sufficient items have been returned, they are collected by Human Bridge. They make sure the materials and equipment are in good working order and then send them out to new users via Human Bridge's partners.

What are the results of this cooperation so far?

We begun this cooperation in 2011 and started to collect auxiliary equipment on a small scale in 2012. We measure the reuse of auxiliary and medical equipment in kilos, and the amount of material passed on to Human Bridge has increased strongly every year since 2012. For example, in 2014 we sent more than 165 kilos of materials to Human Bridge, while the figure for 2015 was 230 kilos, which is an increase by almost 40%! Another important effect is our staff's pride in being part of this initiative. We are very pleased that we can present this example of what Capio's values of compassion and care mean for us in practice!



Preparation of a knee operation at Capio Artro Clinic in Stockholm, Sweden.

Capio's Code of Conduct

Visceral surgeon Quanq Nguyen listens to a patient at Capio Clinique d'Orange in Orange, France.

Capio's Code of Conduct guides the principles for the decisions taken by the Group, its Board of Directors and employees within the framework of its activities and in the interaction with its patients, employees, clients, business partners, shareholders and society in general.

The Code of Conduct is built upon the cornerstones of honesty and integrity, and incorporates Capio's values to be part of the day-to-day activities.

Capio's employees must adhere to the Code of Conduct, and each manager is responsible for ensuring that employees and business partners are informed of its content. Employees are required to report any deviations from the Code of Conduct to their managers for investigation and possible corrective action. Compliance with the Code of Conduct is monitored continuously as an integral element of business management. Each manager is responsible for local follow-up and reporting of any relevant issues. Repeated, serious deviations lead to corrective measures.

The Capio Group respects and supports the protection of international human rights within its sphere of influence, and also respects the ILO's conventions to protect fundamental human rights.

In connection with the updating of Capio's Code of Conduct in 2013, new policies were also implemented in order to detect and deter cases of bribery or other corruption. The policies are supplemented with specific guidelines for each of the countries in which Capio operates. Any suspected breach of these policies is to be investigated and any necessary measures are to be taken. All employees within the Capio Group have received detailed information about the company's policies for transparency, as well as about the routines and procedures that apply to upholding these standards. The information initiative was undertaken in cooperation with the European Works Council (EWC) and is followed up at local level. Information can be found at Capio's website.

During 2013, a whistleblower function was established whereby Capio encourages employees and other persons in contact with Capio's activities to report any serious wrongdoing they may have encountered, including any illegal actions, conflicts of interest, dubious reporting principles or abuses of power or authority. The function serves as a supplement to the internal reporting system, which means the manager responsible or the human resources department. Any serious wrongdoing by management or other key staff within Capio may be reported on an anonymous basis. Capio's whistleblower function is handled by an independent law firm in Sweden, and all notifications are investigated.

In 2011, Capio signed a collective agreement with Swedish trade unions that guarantees all Capio staff in Sweden the freedom to disclose information. Any Capio employee is entitled to contact and personally comment or give information to the media, either anonymously or in his or her own name. Capio's management and managers will not investigate the source of information published in the media. Employees that comment to the media may not be discriminated against as a consequence.

The freedom to disclose information was already in practice within the Capio Group and this collective agreement has formalized and further clarified the employees' rights. The agreement gives Capio's staff in Sweden the same right to disclose information as public-sector employees, in accordance with the Swedish Public Access to Information and Secrecy Act, with the exception of information that is protected by a duty of confidentiality or the Swedish Act on the Protection of Trade Secrets.

Capio's European Works Council

Capio seeks to ensure good relationships with labor organizations. The Group is one of only a few private healthcare providers to establish a European Works Council (EWC), with representatives from the professional organizations as well as managerial representatives from the company.

During 2015, two ordinary meetings between Capio and its European Works Council were held in Frankfurt, Germany, and Stockholm, Sweden, respectively.

In 2015 the European Works Council continued to work on the results from the survey which was conducted in France, Germany and Sweden in 2014, in order to investigate the climate of cooperation and areas for improvement between Capio and local union representatives. Action plans were drawn up and implemented during the year at both business area and local level. The plans are now being followed up in order to ensure that all of Capio's activities are characterized by openness and collaboration on this important consultative work.

At the meetings, Capio's operational development and strategies were also discussed, as well as the importance of achieving improved healthcare quality and new working methods, while retaining a good working environment and adequate staffing levels.

During the year, Kevin Thompson was re-elected Employee Chairman of Capio EWC and Michèle Goya was elected Vice Employee Chairman. To the select committee the following representatives were re-elected: Michèle Goya, France, Johannes Heuer, Germany, and Kevin Thompson, Sweden. All positions were elected unanimously by the members of the EWC.

Kevin Thompson, employee chairman, Capio's Europan Works Council.

– There is a consensus regarding the importance of a good dialogue between labour organizations and Capio. Capio's employees want to be given the opportunity to influence decisions that affect them. Good employment conditions and content staff is a prerequisite for being able to produce efficient and high quality healthcare, says Kevin Thompson, employee chairman of Capio's European Works Council.

Facts about the European Works Council

The EU Directive on European Works Councils applies to companies with at least 1,000 employees within the EU, and at least 150 employees in each of two EU member states. Capio is one of the few European healthcare companies to have taken the initiative to form a European Works Council. The European Works Council was formed in 2006 by Capio and professional organizations in the countries in which Capio operates.

Contents financial reports

Administrative report

The Board of Directors and the Chief Executive Officer (CEO) hereby presents the annual report and consolidated financial statements for Capio AB (publ), 556706-4448, for the financial year January 1 to December 31, 2015.

Capio AB (publ), 556706-4448, with its registered office in Gothenburg, Sweden, conducts operations in healthcare services through its subsidiaries in the Capio Group. The operations are conducted on commissions from and in cooperation with public healthcare authorities, insurance companies, other organizations and private individuals.

Capio's organization

Capio is a decentralized and empowered organization which means that important decisions are made as close to patients as possible. The organization is built from the bottom up which creates a culture of continuous improvement, for the benefit of our patients.

Our organizational structure is based on the care units where our patients are treated, for example operating theatres, wards, primary care units and specialist clinics. In total we have a little more than 600 care units at Capio. Most of these are part of a unit consisting of two or more care units, which in turn form part of a main unit, often a hospital. For small units the organizational level care unit and unit could be the same.

Each care unit is headed by a manager who has clear authority, resources and responsibility for achieving the objectives that have been set. This allows us to utilize the knowledge of our unit managers in the best possible way, while giving our staff the opportunity to grow and see how their own knowledge and initiative can make a difference.

The Group's operations are divided into three operational segments (Capio Nordic, Capio France and Capio Germany) based on the Group's management structure and geography. The Nordic segment includes Capio Sweden and Capio Norway. The Group's operations are primarily managed and followed up per business area which also forms the basis for the segments. The organization is structured to facilitate provision of healthcare on the most relevant care level for each patient.

For further information regarding the organization, refer to Capio's Corporate Governance Report.

Internal control

The Group works actively with the development and assessment of the effectiveness of the internal control over financial reporting. The Group's internal control structure is inspired by the COSO framework. A fundamental part of the framework for internal control is the control environment in the form of Rules of Procedures between the Board of Directors and Group Management. Based on the overall control environment, detailed guidelines and instructions are developed for the financial reporting within the Group. These guidelines and instructions are verified in a regular self-assessment process in which the external auditors participate.

For further information regarding internal control within the Group, refer to Capio's Corporate Governance Report.

Medical governance

Medical governance is based on Capio's corporate governance model and the organizational structure established for this purpose. Medical quality management is an integrated part of the operational organization. This is a prerequisite to achieve the high medical quality objectives set by the Group. Capio has a Board committee for medical quality (Medical Quality Committee) which is responsible for monitoring medical risk, quality and compliance within the Group, as well as for developing and reviewing appropriate policies and reporting within the medical compliance area.

Capio's financial model

Capio's financial model is based on an interaction in which the quality of healthcare drives productivity and balanced financial results, which can be devoted to new investments to improve quality. It is vital that the entire organization understands what creates good quality and that development can be measured and monitored with the help of relevant key figures.

The employees who work close to patients can influence activities on a day-to-day basis and this important work is supported by Capio's internal financial reporting. Accurate, relevant and timely reporting provides direct feedback on the financial consequences of our activities. This ensures a sound basis for decisions and continuous process improvements, leading to more efficient use of resources, and more healthcare for our money.

Reporting reflects responsibility and activities, with the patient as the starting point

Capio's internal financial and operational reporting is structured in line with the organization and reflects responsibility and activities all the way from the care unit treating the patient, to the Group Management.

The reported results are naturally important, but another equally vital parameter is that the reporting enables us to understand and analyze the factors contributing to the results. This includes patient volumes, the level and rate of productivity, and the number of doctors and nurses contributing to healthcare production.

Pedagogical structure for increased understanding

Capio's financial reports are pedagogically divided into different sections, with the respective areas of responsibility illustrated by specific colors, see picture to the right. Care unit managers receive relevant operational information and some financial information. At business area level, there is information on cash flows and working capital, for example, while information at Group level also includes financing and Group-wide income tax matters.

An important aspect of providing healthcare services is to ensure a purpose-built and pleasant environment. Capio owns and operates many hospital properties. The real estate business is related to the operational healthcare business, but sets different requirements in terms of leadership skills, financing and follow-up compared to the operational healthcare business. As a consequence, the real estate business is accounted for and followed up separately in the financial reports. In order to ensure financial reports that can be compared between the various operating units, each care unit is internally charged with a market rent.

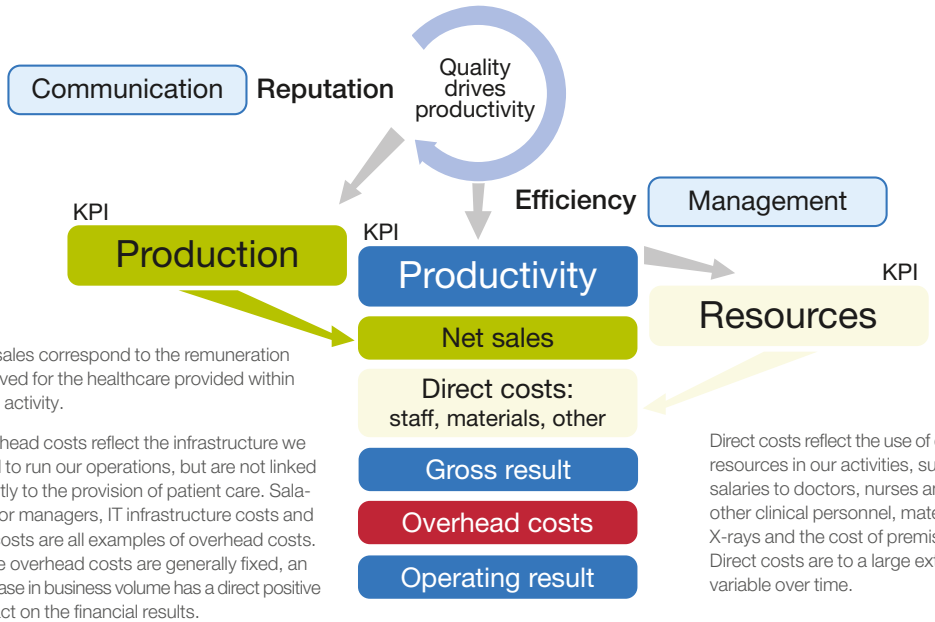
Blue	The operational part where the responsibility lies within the business
Green	The operational part with addition for real estate – responsibility on business area level
Yellow	Non-operational part, e.g. legal responsibilities either on Group or business area level
Red	Financial part (net debt) with responsibility either on Group (Treasury) or business area level

To show Capio's financial model, reports prepared in line with the model are presented as supplementary information to the legal financial statements in the annual report. For further information regarding Capio's financial model, refer to the section "Financial result" on page 12 of the annual report.

Capio's financial model

Capio's financial model is based on the interaction between quality, productivity and financial results, and creates an understanding of the basis for good healthcare and high quality.

Capio's income statement is function-based and divides the operations into net sales and direct costs (directly related to the production of healthcare and to a large extent variable), which together give a gross result and a gross margin. From this gross result the overhead costs are deducted, to obtain an operating result and operating margin.



Net sales correspond to the remuneration received for the healthcare provided within each activity.

Overhead costs reflect the infrastructure we need to run our operations, but are not linked directly to the provision of patient care. Salaries for managers, IT infrastructure costs and HR costs are all examples of overhead costs. Since overhead costs are generally fixed, an increase in business volume has a direct positive impact on the financial results.

Direct costs reflect the use of direct resources in our activities, such as salaries to doctors, nurses and other clinical personnel, materials, X-rays and the cost of premises. Direct costs are to a large extent variable over time.

Financial targets and financial development in the Group

Financial targets

Capio's financial targets are summarized in the following bullets:

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

In line with Capio's dividend policy, Capio targets annual dividends that reflect a yearly payout ratio of approximately 30% of the Group's profit for the period over time, allowing for a meaningful reinvestment in the business. Capio also strives for a reasonable return on capital employed.

Net Sales[1]

Organic sales growth 2015 was fully related to volume as price increases were slightly negative following a general French price reduction of -2.5% from March 1, 2015. January and November were negatively impacted by two short doctor strikes in France (estimated impact of MSEK -23 corresponding to -0.2 percentage points (p.p.) on organic sales growth). For more information regarding the price reduction and the strikes, refer to section "Significant events during the year". Organic sales growth 2015 is considered to be in line with the market growth bearing in mind the French price reduction and the strikes. The organic sales growth 2014 was mainly related to volume and was positively impacted by expansion and refurbishment projects (Nordic and France). Total sales growth in 2013 was driven by the acquisition of Carema Healthcare (Nordic) completed in late 2012 whilst the organic sales growth in 2013 was impacted by the new care contract for Capio St Göran's Hospital (started from January 1, 2013) which included a substantial price reduction.

[1] Comparison periods adjusted for structural changes made in 2014. Refer to note 33 for a description of these changes and reported numbers for 2014.

Operating result (EBITA)[1]

The operating result (EBITA) increased by MSEK 48 during 2015 corresponding to a growth of 8.8%. The result growth was mainly driven by operational leverage on higher outpatient volumes as well as by productivity improvements in all segments. The lower result in the French segment was related to the price reduction, doctor strikes, the ongoing integration of the Parisis hospital and the opening of the Belharra hospital. These effects impacted the year with MSEK -83 in total. The price effect (MSEK -57) was almost compensated for by productivity improvements and initiated programs. All but four out of 22 French hospitals have together fully compensated for the price reduction and the strikes during 2015.

Amortization on group surplus values, restructuring and other non-recurring items and acquisition related costs

The operating result (EBIT) was MSEK 471 (2014: 407; 2013: 532) and included amortizations on group surplus values of MSEK -75 (2014: -106; 2013: -91) and restructuring and other non-recurring items and acquisition related costs of MSEK -46 on a net basis (2014: -132; 2013: 15). Amortization of group surplus values decreased compared with last year following the 2014 French sale and leaseback transaction (SLB transaction). For more information regarding the French SLB transaction, refer to section "Significant transactions during 2014 impacting comparability". Restructuring and other non-recurring items

Group development 2011-2015

MSEK	2015	2014	2013	2012	2011
Net sales[1]	13,486	12,960	12,127	10,292	9,740
Organic sales growth, %	*2.9*	*4.1*	*2.3*	*2.5*	*4.5*
Operating result (EBITDA)[1]	1,001	972	896	818	803
Margin, %[1]	*7.4*	*7.5*	*7.4*	*7.9*	*8.2*
Operating result (EBITA)[1]	592	544	483	437	449
Margin, %[1]	*4.4*	*4.2*	*4.0*	*4.2*	*4.6*
Capital Employed	7,937	7,620	9,517	8,890	8,305
Return on Capital Employed, %	*7.5*	*8.5*	*6.4*	*6.1*	*6.5*
Net debt	2,936	3,440	5,402	5,181	4,636
Financial leverage	*2.9*	*3.1*	*5.0*	*5.2*	*4.8*
Net capital expenditure	-391	-429	-382	-726	-521
In % of net sales	*2.9*	*3.3*	*3.1*	*7.0*	*5.3*
Operating cash flow	574	551	481	144	379
In % of EBITA	*97.0*	*85.4*	*79.1*	*26.5*	*69.8*

[1] Comparison periods 2011-2014 adjusted for structural changes made in 2014. Refer to note 33 for a description of these changes and reported numbers for 2014.

were on a net basis mainly related to the IPO (MSEK -41).

Finance net

Net interest was MSEK -135 (2014: -248; 2013: -320) and relates to net interest expenses for the Group's total funding. Net interest was positively impacted compared to previous years by lower interest rates, the new financing of the majority of the Group's external funding from July 2015, the new share issue and the reduced debt level following the 2014 French SLB transaction. For more information regarding the refinancing and the new share issue, refer to section "Significant events during the year". Other financial items were impacted by a one-off effect of MSEK -50 related to capitalized borrowing cost from the previous financing. Other financial items in 2014 were impacted by a write-off of capitalized borrowing cost related to the loans that were amortized after the completion of the French SLB transaction.

Income Taxes

Current income tax was MSEK -70 (2014: -468; 2013: -116) and the effective income tax rate was 20% (2014: 109%; 2013: 64%). All Group companies pay their income tax in accordance with the applicable tax laws in the countries in which they are active. In addition to income tax the Group also pays substantial amounts in form of other taxes and fees as for example social security charges and value added tax. Deferred income tax was MSEK 21 (2014: 380; 2013: 19). Current income tax in 2014 was mainly related to capital gains tax on the French SLB transaction. Deferred income tax in 2014 was mainly related to the French SLB transaction (deferred income taxes previously recognized as part of a sale and leaseback transaction made in 2010 and related to group surplus values recognized in conjunction with acquiring the respective businesses).

Profit/loss for the period

The profit for the period was MSEK 195 (2014: loss -7; 2013: profit 55).

Capital employed and financing

The increase in capital employed between 2014 and 2015 was mainly related to the settlement of the income tax effects from the 2014 French SLB transaction. In addition, total capital employed was positively impacted by changes in exchange rates (the Swedish krona strengthened compared to the Euro). The reduction in capital employed between 2013 and 2014 was mainly a result of the French SLB transaction, the divestment of Capio UK and impairment of fixed assets in Capio Germany and Capio Nordic.

The decrease in net debt between 2014 and 2015 was mainly related to the positive operating cash flow in the period combined with the subscribed new share issue as of June 30, 2015 (impacted with MSEK 669 after transaction costs). Net debt was negatively impacted by the payment of income tax related to the French SLB transaction during the second quarter, which on a net basis after tax credits in Capio France amounted to MSEK -265. On a pro forma basis financial leverage was 3,5x as of December 31, 2014.

The decrease in net debt between 2013 and 2014 was mainly related to the French SLB transaction which impacted net debt positively with MSEK 2,343 before income tax. The transaction also resulted in income tax charges of MSEK 418.

Cash flow

The higher operating cash flow in 2015 compared with 2014 was mainly related to positive changes in working capital which more than compensated for the lower reported operating result in the year. Working capital changes in 2013 were negatively impacted by new contract terms in Capio Nordic. Net capex in % of sales reduced during the year, positively impacted by divestments of fixed assets in Capio France. Investments were mainly related to maintenance capex.

Financial development by segment

Capio Nordic

	2015	2014	2013
Production, kNumber			
Number of outpatients	3,673.0	3,719.4	3,463.5
Number of inpatients	50.4	49.9	48.7
Number of patients	**3,723.4**	**3,769.3**	**3,512.2**
Resources, Number			
Number of employees (FTE)	**5,755**	**5,722**	**5,432**
Income statement, MSEK			
Net sales[1]	**7,243**	**6,968**	**6,544**
Organic sales growth, %	***4.6***	***5.4***	***2.7***
Operating result (EBITDA)[1]	**458**	**411**	**369**
Operating margin, %[1]	***6.3***	***5.9***	***5.6***
Operating result (EBITA)[1]	**316**	**262**	**233**
Operating margin, %[1]	***4.4***	***3.8***	***3.6***
Net capital expenditure, MSEK	-135	-138	-136
In % of net sales, %	***1.9***	***1.9***	***2.0***

[1] Comparison periods 2013-2014 adjusted for the handover of a Nordic contract business in 2014.

Organic sales growth 2015 was driven by volume growth in the specialist free healthcare choice and contract businesses in Sweden (mainly emergency and geriatric care in Stockholm) combined with growth from expansion projects in Norway made in 2014 and a higher case mix. Patient growth adjusted for structural changes in 2014 was -0.3% (reported growth was -1.2%), mainly related to a changed patient mix within primary care. Startups and expansions during 2014 impacted patient and organic sales growth positively. Total sales growth was positively impacted by the acquired businesses in Norway

from November 2015 (MSEK +15).

The operating result (EBITDA) increased by MSEK 47 in 2015, corresponding to a growth of 11.4%. EBITA increased by MSEK 54 in 2015, corresponding to a growth of 20.6%. The result and margin were positively impacted by increased sales growth in combination with productivity improvements. The number of FTEs increased more than the number of patients following the higher case mix. A program to increase productivity within primary care (more visits per doctor and nurse) was initiated during the fourth quarter 2015. The program will result in a reduction of 90 FTEs out of ~2,000 whereof half was achieved from January 2016 and the remaining reductions are planned gradually over the year. Startups and expansions made in 2014 contributed to the positive result development. The result was positively impacted by the acquired businesses in Norway from November 2015.

Net capex in % of net sales was stable between the years and mainly related to maintenance capex. For example, large investments were performed at Capio St Göran's Hospital during 2014 and 2015.

Capio France

	2015	2014	2013
Production, kNumber			
Number of outpatients	556.5	526.7	502.9
Number of inpatients	133.1	137.8	142.4
Number of patients	**689.6**	**664.5**	**645.3**
Resources, Number			
Number of employees (FTE)	**5,296**	**5,187**	**5,268**
Income statement, MSEK			
Net sales	**5,098**	**4,869**	**4,552**
Organic sales growth, %	***0.7***	***2.4***	***1.9***
Operating result (EBITDA)[1]	**529**	**566**	**538**
Operating margin, %[1]	***10.4***	***11.6***	***11.8***
Operating result (EBITA)[1]	**286**	**314**	**287**
Operating margin, %[1]	***5,6***	***6.5***	***6.3***
Net capital expenditure, MSEK	-210	-252	-212
In % of net sales, %	***4.1***	***5.2***	***4.7***

[1] Comparison periods 2013-2014 adjusted for the French sale and leaseback transaction in 2014.

Organic sales growth 2015 was fully driven by volume, positively impacted by completed expansion projects and additional doctors. The general price reduction of -2.5% from March 1, 2015 and the doctor strikes in January and November 2015 impacted growth negatively. Adjusted for the price and strike effects, organic sales growth was 2.6% (2014: 2.4; 2013: 1.9). At comparable exchange rates total sales growth was 1.8% (2014:1.7; 2013; 1.5), positively impacted by acquisitions. Patient growth was 3.8% (2014: 3.0; 2013: 2.8), positively impacted by the acquisition of the Parisis hospital. The shift from in- to outpatient treatments continued also in 2015. The price development in 2014 was positively impacted from March 2014 by the removal of "Borne basse"[2] for some treatments combined with a minor price increase for outpatients.

The operating result (EBITDA) decreased by MSEK -37 in 2015 corresponding to a negative growth of -6.5%. EBITA decreased by MSEK -28, corresponding to a negative growth of -8.9%. The lower result was impacted by the price reduction, doctor strikes, the ongoing integration of the Parisis hospital and the newly opened Belharra hospital in Bayonne. These effects impacted the year with MSEK -83, whereof the price effect was MSEK -57. The price effect was almost compensated for by productivity improvements and initiated programs. All but four out of 22 hospitals have together fully compensated for the price reduction and the strikes. Productivity improvements were achieved by operational leverage on higher outpatient volumes combined with the implementation of Modern Medicine and Rapid Recovery. The number of FTEs increased by 2.1% (2014: -1.5; 2013: -0.9), impacted by acquisitions, expansions and productivity improvements.

Net capex in 2015 was mainly related to maintenance capex and expansion capex related to the new Belharra hospital in Bayonne. Net capex in % of net sales varies between the years, mainly related to when in time expansions projects have been conducted.

Capio Germany

	2015	2014	2013
Production, kNumber			
Number of outpatients	168.7	164.0	152.4
Number of inpatients	39.0	40.6	40.2
Number of patients	**207.7**	**204.6**	**192.6**
Resources, Number			
Number of employees (FTE)	**1,275**	**1,320**	**1,292**
Income statement, MSEK			
Net sales	**1,145**	**1,123**	**1,031**
Organic sales growth, %	***2.0***	***3.5***	***2.4***
Operating result (EBITDA)	**94**	**78**	**74**
Operating margin, %	***8.2***	***6.9***	***7.2***
Operating result (EBITA)	**74**	**55**	**52**
Operating margin, %	***6.4***	***4.9***	***5.0***
Net capital expenditure, MSEK	-40	-27	-20
In % of net sales, %	***3.5***	***2.4***	***1.9***

Organic sales growth 2015 was positively impacted by higher volumes, a higher case mix and slightly higher prices. Volume growth in some of the general hospitals was positively impacted by the introduction of new medical specialties. At comparable exchange rates total sales growth was -0.9% (2014: 3.5; 2013: 3.8), impacted by the divestment of the hospital in Bad Kötzting as of June 30, 2015.

The operating result (EBITDA) increased by MSEK 16 in 2015, corresponding to a growth of 20.5%. EBITA increased by MSEK 19 corresponding to a growth of 34.5%. The result improvement compared with last year was mainly driven by improved performance in the general hospitals (mainly the hospital in Dannenberg). Some of the general hospitals are under restructuring with main activities being improved patient flows, reduced cost structure and introduction of new medical specialties. The performance in these hospitals was overall positive

[2] Borne basse refers to the minimum length of stay and implies a reduction of reimbursement per DRG in case the average length of stay is below a predetermined minimum.

compared to last year despite a negative impact from one of the hospitals undergoing construction.

Net capex was mainly related to maintenance capex. The increase in net capex in % of sales in 2015 was related to a construction project in one of the general hospitals.

Significant events during the year

Listing on Nasdaq Stockholm

On June 30, 2015 Capio AB (publ) was listed on Nasdaq Stockholm. The price at the offering was SEK 48.50 per share, corresponding to a market value of all shares in Capio of approximately MSEK 6,846 on the first day of trading.

The offering comprised 48,122,611 of Capio's shares, corresponding to approximately 34.1% of the total number of shares in Capio after completion of the offering, of which 15,463,918 newly issued shares and 32,658,693 existing shares were sold by Ygeia Equity AB (refer to note 30), a company owned by Nordic Capital Fund VI ("Nordic Capital"), the Apax Europe VI fund (advised by Apax Partners LLP) ("Apax Partners") and the Apax France VII fund (managed by Apax Partners S.A, "Apax France"). Including the overallotment option, which was exercised in full, the offering comprised a total of 52,934,872 shares, corresponding to 37.5% of all shares in Capio after completion of the offering, and the total value of the offering amounted to MSEK 2,567 (at the price of the offering of SEK 48.50 per share).

R12 Kapital AB (the af Jochnick family), the Fourth Swedish National Pension Fund, Swedbank Robur Fonder AB and Handelsbanken Fonder AB committed to acquire, and were allocated shares in the offering corresponding to 6.2%, 5.5%, 5.5% and 2.9% of the total number of shares in Capio after completion of the offering, respectively.

Costs for the listing process and new share issue were in total MSEK -81. Of the total cost, MSEK -40.5 was allocated to the listing process and was reported in the statement of comprehensive income for the Group as a restructuring and other non-recurring item. The remaining MSEK -40.5 was allocated as cost for the new share issue and reported directly in the statement of shareholders' equity net of income tax. The total transaction costs of MSEK -81 have reduced the reported gross proceeds from the new share issue in the cash flow as of December 31, 2015.

Refinancing

In conjunction with the IPO the Group was refinanced and a new five year Group financing facility of in total MSEK 4,600 (MEUR 500) was entered into with five banks. The facility is split into a term loan facility of MSEK 2,440 (MEUR 265) and a revolving credit facility of MSEK 2,160 (MEUR 235). It replaces the previous bank facility from 2006 which has been repaid in full. The Group's pledged assets were reduced by MSEK 10,981 following the repayment and release of security for this facility. The new facility reduced the Group's average financing costs by approximately 2 p.p. from 5% to 3% from the third quarter 2015.

The new facility contains two financial covenants; one covenant with a maximum financial leverage and one covenant with a minimum interest cover. As of December 31, 2015 Capio was in compliance with and had satisfactory headroom under both covenants.

New share issue

The gross proceeds of MSEK 750 from the new share issue (15,463,918 shares) made in connection with the IPO were received on July 2, 2015. The unpaid subscribed capital was reflected in the consolidated financials as of June 30, 2015. As of December 31, 2015, there were in total 141,159,661 shares and votes in Capio.

R12 Kapital exercised its right to acquire additional Capio shares

At the end of the third quarter of 2015 R12 Kapital, which is one of the cornerstone investors in Capio, exercised its right to acquire an additional 1% of the shares in Capio from Ygeia Equity AB (refer to note 30). After the transaction, which was completed on September 30, 2015, R12 Kapital controlled 7.2% of the capital and votes in Capio. R12 Kapital's right to acquire additional shares in Capio was described in the prospectus issued in connection with the listing of Capio.

Structural changes

Inauguration of Clinique Belharra in Bayonne (France)

On October 27, 2015 Capio celebrated the official opening of the new hospital Capio Clinique Belharra in Bayonne, France, after welcoming its first patients in August 2015. The brand new hospital is built entirely on the basis of Modern Medicine principles and is the result of a construction project lasting for more than two years. The new hospital is an emergency hospital offering a broad range of specialties, and is merging activities and expertise from three former hospitals in the Bayonne region. It has a capacity of 250 beds and places and is expecting to welcome 50,000 patients each year. The hospital is designed for outpatient surgery with a capacity that is significantly higher than the average of 45% for the French market (2014) and will thus create a larger production capacity compared to the former hospitals.

Acquisition of Teres Stokkan and Teres Tromsø (Norway)

During the third quarter of 2015 Capio agreed to acquire two clinics, Teres Stokkan and Teres Tromsø located in Trondheim in the Central Norway Regional Health Authority (Helse Midt-Norge RHF) and in Tromsø in the Northern Norway Regional Health Authority (Helse Nord RHF), with main operations in orthopedics and plastic surgery. The add-on acquisitions were made in conjunction with Aleris' acquisition of Teres Medical Group and gave Capio, through the Norwegian operation Capio Volvat, national presence in Norway. Total annual sales 2014 of the operations were MNOK 78 and enterprise value (EV) was MNOK 28. The transaction was approved by the Norwegian competition authority on September 1, 2015 and the transaction closed on November 2, 2015. Capio acquired 100% of the shares and the acquisitions were consolidated in Capio as of November, 2015. Since the consolidation, the clinics' contribution to net sales was MSEK 15. The two clinics contributed positively to the Group's earnings per share from 2015. For more information about the acquisition, refer to note 24 in the annual report.

Acquisition of Clinique du Parisis (France)

During the first quarter of 2015 Capio France acquired the Parisis hospital located in the Ile-de-France region. The hospital provides outpatient and inpatient care and has estimated annual sales of MSEK 98 (MEUR 10.5). The acquisition strengthens Capio's position in the Paris area and will give synergy effects with the current Capio hospitals in the close vicinity as part of the local star network once the integration is finalized in 2016. The acquired share was 100% and the acquisition was consolidated in Capio as of March 31, 2015. Since the consolidation, the hospital's contribution to net sales was MSEK 56 and operating result was MSEK -7. For more information about the acquisition, refer to note 24 in the annual report.

In addition some minority holdings in Capio France and Capio Nordic were acquired during the first quarter 2015.

Divestment of Klinikum Maximilian (Germany)

During the second quarter of 2015 Capio Germany divested the Maximilian hospital, including the rehabilitation center and nursing home, as it was not part of the core business in Capio Germany. The hospital, located in Bad Kötzting, was deconsolidated as of June 30, 2015 and its contribution to net sales in the first six months was MSEK 32 (MEUR 3.5). Proceeds from the divestment were approximately MSEK 27 and goodwill was impacted by MSEK -4. The divestment has only a minor impact on the Group's operating result (EBITA) and net profit going forward.

Price reduction on MSO services in France

In March 2015, the French authorities announced a 1.0% general price reduction for private and public providers of MSO (Medicine, Surgery and Obstetric) services effective from March 1, 2015. In addition to this, private providers received a further 1.5% price reduction on MSO services. For Capio France, the net effect of the price reduction impacted operating result (EBITA) by MSEK -57 (MEUR -6) in the financial year 2015. To manage the reduced price levels, implementation of Rapid Recovery has been reinforced and accelerated and structural changes to realize cost savings have been initiated. The price effect was almost compensated for by productivity improvements and initiated programs in 2015.

Strike among doctors in France

In January a national strike was called by doctors as they opposed the new healthcare law which was strengthening the ARS (regional agencies' authority) to decide and cancel private healthcare authorizations, especially in the area of public services such as emergencies. The handling of extra fees for surgeons was also not considered satisfactory. The strike lasted for a couple of days in some of Capio's hospitals and impacted net sales with MSEK -17 and operating result (both EBITA and EBITDA) with MSEK -11.

One outcome of the negotiations between FHP (the private hospitals' professional organization) and the government was that private provision of emergency care continues to be permitted although extra fees are being charged in other parts of the hospitals. This is positive for Capio hospitals in which emergency activity forms an integrated part of the business. The law was finally passed in December 2015 and will come into force during the first half of 2016.

Regulatory development of the welfare sector in Sweden

The Swedish government launched a government inquiry concerning the regulatory framework for the Swedish welfare sector on March 5, 2015. Findings and suggestions were expected to be reported on November 1, 2015 and November 1, 2016 respectively. On October 15, 2015 the government decided to postpone the first report from the inquiry to November 2016. On November 5, 2015 the Government issued complimentary directives to the ongoing inquiry. These directives relevant for the healthcare sector are requirements on long term financial stability and management capacity by healthcare providers. Other areas comprise an increased focus on measurement and follow up of quality as well as accreditation of providers. The original directives issued in March 2015 largely endure, with the exception of suggestions for new regulation regarding free healthcare choice in primary care that has been excluded from the enquiry as such. The enquiry should report findings and suggestions on November 1, 2016 and May 2, 2017.

A majority constellation of the opposition parties in the Parliament Committee of Social Affairs have launched committee motions against the inquiry, including changes to the mandatory obligation for county councils to provide free healthcare choice in primary care. On June 16, 2015, the parliament voted in favor for a committee motion passed by the Parliament Committee of Financial Affairs. The committee motion is urging the government to initiate a new inquiry to investigate enhanced and partially new regulations that will guarantee the freedom of choice, diversity and quality of welfare services performed.

Capio continues to monitor the political and regulatory development in Sweden and other countries of operations.

Significant transactions during 2014 impacting comparability[3]

Divestment of seven hospital properties in France

During the second quarter of 2014 seven of Capio's French hospital properties were divested to Icade Santé in a sale and leaseback transaction (12-year fixed term operational leases with extension options). The transaction increases focus of management resources on the healthcare operations, strengthens Capio's balance sheet and increases the diversification of long-term sources of financing. The sale and purchase agreement was signed in June 2014, and the transaction was reflected in the Group's accounts as of June 30, 2014. The transaction subsequently closed in July 2014 and impacts operating result (EBITA) with higher rents and lower depreciation going forward. In the full year 2015 the sale and leaseback transaction impacted operating result (EBITA) negatively by MSEK -66 compared with the same period last year, through increased rents combined with lower depreciation. The corresponding impact on operating result (EBITDA) was MSEK -92.

Handover of a contract business in Capio Nordic

Due to a procurement decision prior to Capio's acquisition of Carema Healthcare in 2012, a contract business was handed over to another healthcare services provider as from December 1, 2014. During the financial year 2014 the contract contributed to the Group with net sales of MSEK 160, an operating result (EBITDA) of MSEK 25 and an operating result (EBITA) of MSEK 24.

Divestment of Capio UK

During the third quarter of 2014 the Group completed the divestment of the remainder of its UK business through the sale of the private mental health hospital in central London (Capio Nightingale Hospital). During the financial year 2014 Capio UK was included in the Group's accounts through June 30, 2014 and had net sales of MSEK 80 and contributed to Capio Group's operating result (EBITDA) with MSEK 13 (contribution to operating result (EBITA) was MSEK 11).

Risks

The Group is exposed, through its international operations, to a variety of risks that may give rise to fluctuation in income, other comprehensive income and cash flow.

Key areas of risk encompass political, operational and financial risks. Various policies and instruments govern the management of key risks. The following is an overall description of areas of risk, and refers to relevant notes to the financial statements.

[3] For a pro forma consolidated statement of comprehensive income, refer to note 33 in the annual report.

Political risks

The single greatest risk for the Group involves political decisions that change market conditions. For the Group as a whole this risk is mitigated by the fact that the Group operates in a variety of countries and within different care levels.

Operational risks

The Group is active in areas involving extensive regulation and the treatment of patients entailing the risk of complications. By standardizing materials, equipment and processes and applying the Capio model, the Group increases quality, improves efficiency, and enhances patient safety in order to manage the operational requirements imposed on healthcare companies.

Financial risks

One main task of each business area's finance function is to support operating activities and to identify and optimally limit the Group's financial risks in accordance with the financial policy established by the Board of Directors. Financial activities are centralized to capitalize on economies of scale, improve internal control and facilitate risk reviews.

Financial operations at the various business areas aim to improve cash flow through focusing on profitability and minimizing operating capital employed. For countries with a number of subsidiaries, surpluses and deficits are matched via a group account (cash pool).

Credit risks/counterparty risks

Credit risks can arise through counterparty's failure to fulfill its commitments in accordance with signed agreements.

The risk that a counterparty fails to fulfill its obligations in accordance with financial contracts is limited by choosing credit worthy counterparties and by limiting the level of involvement of each counterparty.

Exchange rate risks

Exchange rate fluctuations impact the Group's earnings and shareholders' equity in different ways. Transaction risk means that the value of commercial flows in foreign currencies may be affected by exchange rate fluctuations, hence resulting in an impact on the earnings. Transaction risks are deemed less significant as the majority of transactions within each segment and business area are made in the same currency and as there are very limited flows of foreign currencies in the Group. Translation of foreign subsidiaries' income statements and net assets into SEK involves the risk that exchange rate fluctuations impact the Group's profit, other comprehensive income, net assets and ability to service its debt. The Group aims to minimize this risk through matching cash flows per currency with the corresponding same proportion of borrowings per currency.

Interest rate risks

Changes in market interest rates affect the Group's net interest income. The speed of the impact of any change in interest rates on net interest income depends on the fixed interest terms of the loan portfolio. Interest rate derivatives are used primarily in the form of interest rate caps (options) or interest rate swaps to obtain the desired balance of fixed interest periods in the loan portfolio.

Liquidity risks

The Group ensures a favorable level of financial preparedness by always keeping a certain portion of sales in cash equivalents and undrawn credit lines.

An appropriate balance between short and long-term borrowing and contingency borrowing arrangements in the form of long-term credit facilities are used to ensure long-term financing needs. 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 December 31, 2015 Capio was in compliance with and had satisfactory headroom under both covenants.

Further information about financial risks can be found in note 16.

Legal disputes

The Group's operations are involved in a number of minor disputes, which are considered a customary element of the operations.

Research and development

Investments in research and development are focused on patient-related clinical research and healthcare research as well as scientific training and clinical development of new research results.

Within a number of specialties, cooperation involving medicinal trials and joint research projects with other healthcare providers takes place. Research and development costs account for a small portion of the operating costs.

Environment

Capio's approach to environmental work is summarized in the Group's Code of Conduct, which supports long-term sustainable development. The Group seeks to make efficient use of energy and natural resources, promote systems for the recycling and reuse of materials, and works to prevent and minimize pollution. The environmental initiatives in each segment and business area must be adapted to the type of activity and its environmental impacts. The Group's environmental work focuses especially on procurement, transport, energy consumption, chemical products and waste management. Over time, Capio's ambition is to reduce the environmental impacts of our activities, and compliance with existing environmental laws and regulations in the countries in which activities are conducted is considered a minimum requirement.

The Group pursues operations requiring permits pursuant to the Swedish Environmental Code through some of its Swedish subsidiaries. Impact upon the external environment primarily involves environmentally hazardous chemicals used in the production of services, for example film and chemicals used as part of radiological operations.

Contractual conditions related to take-over bids

The financing facility that Capio entered into in conjunction with the IPO contains conditions stipulating the right for the lenders to request repayment in advance under certain conditions following a change of the control of the company. It is Capio's opinion that it has been necessary to accept those conditions in order to receive financing on otherwise acceptable terms.

Personnel

The average number of employees was 12,360 (2014: 12,357; 2013: 12,193), of whom 81% (2014: 82; 2013: 82) were women. The average number of employees in Sweden was 5,402 (2014: 5,394; 2013: 5,094), of whom 78% (2014: 79; 2013: 80) were women. The increase in Sweden between 2013 and 2014 was mainly related to the integration of Carema Healthcare in 2013.

Proposal for remuneration guidelines for the CEO and other senior managers 2016

The Board of Directors of Capio AB proposes that the Annual General Meeting 2016 adopts guidelines for remuneration to the CEO and other senior managers in accordance with the following:

- These guidelines concern the remuneration and other terms of employment for the CEO and other senior managers. Senior managers include Group Management
- The guidelines are valid for employment agreements entered into after the approval of the guidelines by the Annual General Meeting and for changes made to existing employment agreements thereafter
- Remuneration to the CEO and other senior managers will include fixed salary (base salary), possible variable remuneration, other benefits and pension. The variable compensation comprises (i) an individual annual variable compensation, and may also, as a supplement, include (ii) a long-term incentive program
- The total remuneration should correspond to market conditions and be competitive in the senior manager's relevant labor market. Fixed salary and variable remuneration is to be linked to the manager's responsibility and authority. The annual variable salary for the CEO and the other members of the management may not amount to more than 60 percent of the fixed annual gross salary. The variable remuneration is to be based on the outcome of predetermined objectives and, as far as possible, be linked to the growth in value of the Capio share, from which the shareholders benefit
- Programs for variable remuneration shall be designed in such a way as to enable the Board of Directors, if exceptional economic conditions prevail, to restrict or omit payment of the variable remuneration if such action is deemed reasonable and consistent with the company's responsibility towards shareholders, employees and other stakeholders
- In order to establish a long-term perspective in the decision-making and to ensure long-term achievement of goals, the Board of Directors may propose the general meeting to resolve on long-term incentive programs. The program participants shall be nominated based on i.a. competence and performance. The outcome shall be dependent on the fulfillment of certain predetermined performance requirements. The aim of the Group's long-term incentive programs shall be to create a long-term commitment to Capio, to offer the participants to take part in Capio's long-term success and value creation and to create possibilities to attract and retain members of the management and key employees
- In the event of termination of employment, the notice period should not exceed 12 months. The right to severance payment, which shall only be payable if the termination is initiated by the company, should not exceed 12 months, and include a reduction of other income during the period. Consequently, the combined notice period and period during which the employee is entitled to severance payment should not exceed in aggregate 24 months
- Pension benefits should if possible be defined by contribution but may also be defined by benefit, or by a combination thereof, and should entitle the senior manager to pension payments from the age of 65 at the earliest, unless local regulations provide otherwise. Variable remuneration shall not be included in the base when calculating pension unless local regulations provide otherwise
- Matters of remuneration for the CEO shall be prepared by the Remuneration Committee and be resolved by the Board of Directors. The remuneration for senior managers who report directly to the CEO shall be prepared by the Remuneration Committee and can also be resolved by the Remuneration Committee
- The Board of Directors may derogate from the guidelines in certain cases if there are special reasons for doing so. Special reasons may include, for example, offering to members of the senior management who reside outside Sweden terms that are competitive in their country of residence

The decisions already taken on remuneration to the senior managers that has not become due for payment at the time of the Annual General Meeting 2016 fall within the frames of these guidelines.

Remuneration guidelines and related costs for Group Management in 2015 are presented in note 4.

Deviations from the guidelines

All employment agreements concerning the remuneration for the CEO and other senior managers in 2015 were entered into before the adoption of the remuneration guidelines by the Extraordinary General Meeting on June 16, 2015. Consequently, there are current remuneration terms for Group Management deviating from adopted guidelines. These deviations mainly relate to dismissals where six senior managers (not the CEO) are entitled to severance pay. Pension benefits for Group Management are in line with local regulations why a number of Group Management members are entitled to pension payments before the age of 65. For further information, refer to note 4.

The Board of Directors and the Articles of Association

According to Capio's Articles of Association adopted by the Extraordinary General Meeting on June 16, 2015, the Board of Directors of Capio shall consist of not less than five members and not more than ten members. The Board of Directors is elected by the general meeting. The Articles of Association contains no limitations for changing the articles.

Information regarding the Capio share

The Capio share is listed on Nasdaq Stockholm Mid Cap since June 30, 2015. As of December 31, 2015, the share capital of Capio amounted to MSEK 72.0, corresponding to 141 159 661shares. All shares are common shares and have the same right to capital and votes.

As of 31 December 2015, the largest shareholder in Capio was Apax Europe VI Fund Group[4] through companies, which held 26.5% of the shares and votes. The second largest shareholder was Nordic Capital Fund VI[5] through companies, which held 25.9% of the shares and votes. Outstanding shares in the company may be freely transferred, without restrictions under law or in Capio's Articles of Association and the Board of Directors is not aware of any agreements between shareholders, which limit the right to transfer shares.

For more detailed information about the shareholders, see page 144.

[4] Apax Europe VI-A, L.P., Apax Europe VI-1, L.P. and Apax Capio Syndication Partners (Guernsey) L.P.
[5] Nordic Capital Fund VI is comprised of (1) Nordic Capital VI Limited, acting as general partner of Nordic Capital VI Alpha, L.P. and Nordic Capital VI Beta, L.P.; (2) NC VI Limited; and (3) Nordic Industries Limited.

Events after the balance sheet date

Convertible debenture loan to employees

The Board of Directors has decided that a proposal will be made to the Annual General Meeting to issue a convertible debenture loan during 2016 as a long term incentive program in which employees in the Capio Group will have the possibility to participate.

The tentative conditions of the convertible debenture loan are a duration of 5 years and a maximum total value of MSEK 200, which will give an approximate dilution of 2.5% at a share price of SEK 50 and with a 20% conversion premium. The terms and conditions will be determined and made public in due time before the Annual General Meeting.

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 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 has been in place since the first quarter 2015, thus Capio is better prepared 2016. Capio France is now speeding up these programs within its 22 hospitals and specialist clinics to start compensating for the 2016 tariff decrease.

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.

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 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.

Capio France takes next step in the Médipôle Lyon Villeurbanne project

Capio France has agreed to acquire the hospital Clinique du Grand Large in Lyon, France, with annual sales of MEUR 10 and 7,000 patients, from Mutualité Française, with effect from April 1, 2016. The hospital is specialized in surgical activities. Effective the same date, Capio France has agreed to divest the rehabilitation activities in the specialist clinic Capio Centre Bayard in Lyon, with annual sales of MEUR 7 and 2,100 patients, to Mutualité.The transactions are not expected to have any significant impact on the results or the financial position of Capio France in 2016.

Parent Company

Net sales, operating result and profit/loss for the period

Net sales for the Parent Company were MSEK 11 (2014: 2; 2013: 0), operating profit/loss was MSEK -42 (2014: -23; 2013: -3) and the profit/loss for the period was MSEK 154 (2014: -23; 2013: -3).

Capital expenditures and financial position

Capital expenditures in tangible fixed assets for the Parent Company were MSEK 0 (2014: 0; 2013: 0). Equity to debt ratio was 99.5% (2014: 99.3; 2013: 99.9).

Dispositions of earnings

The following profits are at the disposal of the Annual General Meeting (MSEK):

Premium reserve	4,373
Retained earnings	166
Profit for the period	154
Total	**4,693**

The Board proposes that the remaining earnings amounting to MSEK 4,693 at the disposal of the meeting be appropriated as follows:

Dividend to the shareholders of SEK 0.50 per share	71
To be carried forward	4,622
Total	**4,693**

Consolidated statement of comprehensive income

MSEK	Notes	2015	2014	2013
Net sales	1, 34	13,486	13,200	12,420
Direct costs	4, 5, 10, 11, 12	-11,330	-10,944	-10,268
Gross result		**2,156**	**2,256**	**2,152**
Administrative expenses	4, 5, 10, 11, 12, 22	-1,564	-1,611	-1,554
Other operating income	2	–	–	10
Operating result (EBITA)	34	**592**	**645**	**608**
Amortization on surplus values	9, 10, 11, 12	-75	-106	-91
Restructuring and other non-recurring items	3	-42	-128	20
Acquisition related costs		-4	-4	-5
Operating result (EBIT)	34	**471**	**407**	**532**
Interest income	6, 16	19	22	31
Interest expenses	6, 16	-154	-270	-351
Other financial items	6, 16	-92	-78	-60
Profit after financial items		**244**	**81**	**152**
Current income tax	7	-70	-468	-116
Deferred income tax	7	21	380	19
Profit/loss for the period		**195**	**-7**	**55**
Operating result (EBITDA)	34	**1,001**	**1,102**	**1,084**
Earnings per share, SEK	26	1.45	-0.04	0.43
Adjusted earnings per share, SEK	26	2.44	2.29	1.10
Other comprehensive income that will be reclassified into profit/loss:				
Hedge effect in foreign investment		0	0	-10
Exchange differences on translation of foreign operations	27	-104	158	116
Revaluation reserve, cash flow hedging	16	5	-2	59
Income taxes related to other comprehensive income	7	-1	0	-17
Other comprehensive income that will be reclassified into profit/loss, net of income tax		**-100**	**156**	**148**
Other comprehensive income that will not be reclassified into profit/loss:				
Revaluation of defined benefit plans	5	34	-118	53
Income taxes related to other comprehensive income	7	-9	29	-17
Other comprehensive income that will not be reclassified into profit/loss, net of income tax		**25**	**-89**	**36**
Total comprehensive income for the period, net of income tax		**120**	**60**	**239**
Profit attributable to:				
Parent Company shareholders		194	-5	53
Non-controlling interests		1	-2	2
		195	**-7**	**55**
Total comprehensive income attributable to:				
Parent Company shareholders		119	62	237
Non-controlling interests		1	-2	2
		120	**60**	**239**

Supplementary information

Report format is according to Capio's financial model - Income statement [1]

MSEK	2015	%	2014	%	2013	%
Total net sales	**13,486**		**13,200**		**12,420**	
Organic sales growth, %	*2.9*		*4.0*		*2.3*	
Total direct cost	-11,447	*84.9*	-11,181	*84.7*	-10,571	*85.1*
Gross result	**2,039**		**2,019**		**1,849**	
Gross margin, %	*15.1*		*15.3*		*14.9*	
Total overhead	-1,541	*11.4*	-1,567	*11.9*	-1,456	*11.7*
Operating result (EBITA 1)	**498**		**452**		**393**	
Operating margin, %	*3.7*		*3.4*		*3.2*	
Real estate result	94		193		215	
Operating result (EBITA)	**592**		**645**		**608**	
EBITA margin, %	*4.4*		*4.9*		*4.9*	
Amortization of surplus values	-75	*0.6*	-106	*0.8*	-91	*0.7*
Restructuring and other non-recurring items	-42	*0.3*	-128	*1.0*	20	*-0.2*
Acquisition related cost	-4	*0.0*	-4	*0.0*	-5	*0.0*
Operating result (EBIT)	**471**	***3.5***	**407**	***3.1***	**532**	***4.3***
Net interest	-135		-248		-320	
Other net financial items	-92		-78		-60	
Income before tax	**244**		**81**		**152**	
Current income tax for the year	-70		-468		-116	
Deferred income tax for the year	21		380		19	
Profit/loss for the period	**195**		**-7**		**55**	

[1] Capio's financial model is described in the Administrative report, see page 74–75.

Consolidated balance sheet

MSEK	Notes	2015	2014	2013
Goodwill	9	5,289	5,375	5,147
Other intangible assets	10	1,566	1,589	1,566
Intangible assets		**6,855**	**6,964**	**6,713**
Buildings and land	12, 23	1,261	1,435	3,544
Equipment, tools, fixtures and fittings	11, 23	968	900	900
Tangible fixed assets		**2,229**	**2,335**	**4,444**
Financial fixed assets, interest-bearing	13, 16	55	30	2
Financial fixed assets, non-interest-bearing	13, 16	131	140	132
Deferred income tax assets	7	411	443	399
Financial fixed assets		**597**	**613**	**533**
Total fixed assets		**9,681**	**9,912**	**11,690**
Inventories	31	215	210	187
Accounts receivables – trade	14, 16	662	680	677
Other receivables	14	195	253	254
Other receivables from group companies		–	2	1
Current income tax assets	7	78	82	51
Prepaid expenses and accrued income	14, 17	799	800	656
Short-term investments and interest-bearing receivables	16	2	22	2
Cash and cash equivalents	16	118	561	207
Total current assets		**2,069**	**2,610**	**2,035**
Total assets		**11,750**	**12,522**	**13,725**
Share capital	25	72	39	39
Other capital contributed		710	0	0
Other reserves		-133	-162	-71
Translation reserve		234	338	180
Retained earnings		4,098	3,945	3,943
Equity attributable to Parent Company shareholders		**4,981**	**4,160**	**4,091**
Equity attributable to non-controlling interest		**20**	**20**	**24**
Total equity		**5,001**	**4,180**	**4,115**
Provisions for employee benefits	5	338	378	290
Provisions, non-interest-bearing	17, 18	94	172	171
Deferred income tax liabilities	7, 17	604	653	996
Long-term liabilities, interest-bearing	15, 16	3,018	3,966	5,544
Long-term liabilities, non-interest-bearing	16, 17	20	20	23
Total long-term liabilities and provisions		**4,074**	**5,189**	**7,024**
Current liabilities, interest-bearing	15, 16	93	68	69
Advance payments from customers		68	56	68
Accounts payable - trade	16	672	625	551
Other current liabilities		483	544	539
Current income tax liabilities	7	4	360	34
Accrued expenses and prepaid income	17	1,355	1,500	1,325
Total current liabilities		**2,675**	**3,153**	**2,586**
Total liabilities, provisions and shareholders' equity		**11,750**	**12,522**	**13,725**
Pledged assets	19	**1,389**	**11,598**	**11,801**
Contingent liabilities	20	**4**	**7**	**3**

Supplementary information

Report format is according to Capio's financial model - Capital employed and financing[1]

MSEK	2015	2014	2013
Operating capital employed 1			
Operating fixed assets (excl. real estate)	1,174	1,062	1,075
Net customer receivables	1,160	1,169	1,074
DSO[2]	*32*	*32*	*31*
Other operating assets	634	711	627
Other operating liabilities	-2,463	-2,594	-2,454
Operating capital employed 1	**505**	**348**	**322**
In % of sales	***3.7***	***2.6***	***2.6***
Operating capital employed 2			
Operating real estate	883	1,055	2,347
Operating capital employed 2	**1,388**	**1,403**	**2,669**
In % of sales	***10.3***	***10.6***	***21.5***
Other capital employed			
Real estate – buildings and land, surplus values	298	309	1,098
Goodwill and other acquired, surplus values	6,729	6,872	6,636
Tax assets and liabilities	-118	-488	-580
Other non-operating assets, liabilities and provisions	-360	-476	-306
Other capital employed	**6,549**	**6,217**	**6,848**
Capital employed	**7,937**	**7,620**	**9,517**
Return on capital employed, %	***7.5***	***8.5***	***6.4***
Net debt			
Cash and cash equivalents	118	561	207
External loans	-3,104	-4,033	-5,614
Other interest-bearing assets, liabilities and provisions	50	32	5
Total net debt	**-2,936**	**-3,440**	**-5,402**
Equity			
Total equity	**-5,001**	**-4,180**	**-4,115**
Total financing	**-7,937**	**-7,620**	**-9,517**

[1] Capio's financial model is described in the Administrative report, see page 74–75.
[2] DSO, Days sales outstanding, average number of days outstanding on net sales, at balance sheet date.

Consolidated statement of cash flow

MSEK	Notes	2015	2014	2013
Operating result (EBIT)		**471**	**407**	**532**
Reversal of depreciations/amortizations and impairments		453	692	567
Items not affecting cash flow[1]		-9	-254	–
Interest received		5	4	19
Interest paid		-189	-262	-409
Taxes paid		-423	-126	-130
Cash flow from operating activities before changes in working capital		**308**	**461**	**579**
Change in accounts receivable – trade		-24	-64	-71
Change in other current receivables		62	-93	23
Change in accounts payable – trade		32	72	-111
Change in other current liabilities		-125	67	-164
Change in net working capital		**-55**	**-18**	**-323**
Cash flow from operating activities		**253**	**443**	**256**
Divestment of companies	24	27	109	190
Acquisition of companies	24	-37	-53	-42
Payment to non-controlling interest		-15	-4	-2
Acquisition/divestment of financial assets		-21	–	–
Investments in tangible and intangible fixed assets		-432	-433	-498
Divestments of tangible fixed assets		125	2,210	116
Cash flow from investment activities		**-353**	**1,829**	**-236**
Increase in external loans		2,494	39	372
Amortization of external loans		-3,482	-2,000	-306
Amortization of employee benefits		-12	-27	-15
Capital contribution		–	9	–
New share issue		750	–	–
Paid transaction cost for IPO and new share issue		-73	–	–
Cash flow from financing activities		**-323**	**-1,979**	**51**
Cash flow from operations		**-423**	**293**	**71**
Currency differences in cash and cash equivalents		-20	61	41
Change in cash and cash equivalents		**-443**	**354**	**112**
Opening balance, cash and cash equivalents		**561**	**207**	**95**
Closing balance, cash and cash equivalents		**118**	**561**	**207**

[1] Related to capital gains.

Supplementary information

Report format is according to Capio's financial model – Cash flow [1]

MSEK	2015	%	2014	%	2013	%
Net debt opening	***-3,440***		***-5,402***		***-5,181***	
Operating result (EBITA)	**592**	***4.4***	**645**	***4.9***	**608**	***4.9***
Capital expenditure	-432	*-3.2*	-433	*-3.3*	-498	*-4.0*
Divestments of fixed assets	41	*0.3*	4	*0.0*	116	*0.9*
Net capital expenditure	**-391**	***-2.9***	**-429**	***-3.3***	**-382**	***-3.0***
Add-back depreciation	409	*3.0*	457	*3.5*	476	*3.8*
Net investments	**18**	***0.1***	**28**	***0.2***	**94**	***0.8***
Change in net customer receivables	-11	*-0.1*	-76	*-0.6*	-55	*-0.4*
Other changes in operating capital employed	-25	*-0.2*	-46	*-0.3*	-166	*-1.3*
Operating cash flow	**574**	***4.3***	**551**	***4.2***	**481**	***3.9***
Cash conversion, % [3]	***97.0***		***85.4***		***79.1***	
Income taxes paid	-42		-126		-130	
Free cash flow before financial items	**532**		**425**		**351**	
Cash conversion, % [3]	***89.9***		***65.9***		***57.7***	
Net financial items paid	-153		-258		-332	
Free cash flow after financial items	**379**		**167**		**19**	
Cash conversion, % [3]	***64.0***		***25.9***		***3.1***	
Acquisitions/divestments of companies (net debt impact)	-63		51		148	
Paid costs acquisitions	-4		-4		-3	
Received/paid restructuring and other non-recurring items	-410		2,029		-100	
Capital contribution	-		9		-	
Shareholder transactions	669		-		-	
Dividend paid to non-controlling interest	-2		-4		-2	
Net cash flow [2]	**569**		**2,248**		**62**	
Cash conversion, % [3]	***96.1***		***348.5***		***10.2***	
Finance lease debt	-106		-54		-115	
Currency effects	126		-172		-118	
Other items affecting net debt	-85		-60		-50	
Net debt closing	***-2,936***		***-3,440***		***-5,402***	

[1] Capio's financial model is described in the Administrative report, see page 74–75.
[2] Net cash flow is defined as change in net loan debt and cash and cash equivalents.
[3] Cash conversion in % are defined as the flow related to the operating result (EBITA).

Consolidated statement of changes in shareholders' equity

MSEK	Share capital	Other contributed capital	Other reserves	Translation reserve	Retained earnings	Non-controlling interest	Shareholders' equity
Opening balance at 1 January 2013	**38**	**0**	**-148**	**73**	**3,723**	**23**	**3,709**
Profit/loss for the year					53	2	55
Other comprehensive income			77	107			184
Total comprehensive income	**0**	**0**	**77**	**107**	**53**	**2**	**239**
New share issue	1				171		172
Dividend to non-controlling interest					-4		-4
Change in non-controlling interest						-1	-1
Total transactions with shareholders	**1**	**0**	**0**	**0**	**167**	**-1**	**167**
Closing balance at 31 December 2013	**39**	**0**	**-71**	**180**	**3,943**	**24**	**4,115**

MSEK	Share capital	Other contributed capital	Other reserves	Translation reserve	Retained earnings	Non-controlling interest	Shareholders' equity
Opening balance at 1 January 2014	**39**	**0**	**-71**	**180**	**3,943**	**24**	**4,115**
Profit/loss for the year					-5	-2	-7
Other comprehensive income			-91	158			67
Total comprehensive income	**0**	**0**	**-91**	**158**	**-5**	**-2**	**60**
Capital contribution					9		9
Dividend to non-controlling interest					-2		-2
Change in non-controlling interest						-2	-2
Total transactions with shareholders	**0**	**0**	**0**	**0**	**7**	**-2**	**5**
Closing balance at 31 December 2014	**39**	**0**	**-162**	**338**	**3,945**	**20**	**4,180**

MSEK	Share capital	Other contributed capital	Other reserves	Translation reserve	Retained earnings	Non-controlling interest	Shareholders' equity
Opening balance at 1 January 2015	**39**	**0**	**-162**	**338**	**3,945**	**20**	**4,180**
Profit/loss 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 31 December 2015	**72**	**710**	**-133**	**234**	**4,098**	**20**	**5,001**

Accounting principles

General information

All amounts are stated in millions of Swedish kronor (MSEK) if not else stated and amounts within parentheses refer to the comparative period 2014 and 2013.

Capio AB (publ), the Parent Company of the Capio Group, is a limited liability company with its registered office in Gothenburg, Sweden. The company's address is provided in Note 29. The company's operations are described in the Administrative report on page 74.

This Annual Report including the consolidated financial statements was signed by the Board of Directors of Capio AB (publ) and also approved for publication on March 18, 2016. Capio AB (publ) is listed on Nasdaq Stockholm. Capio AB (publ) were listed on the stock exchange in June, 2015. In connection with the listing the company changed name from Capio Holding AB to Capio AB (publ).

The statements of income and balance sheets for the Parent Company and the Group included in the Annual Report and the consolidated financial statements are subject to adoptions by the Annual General Meeting on May 11, 2016.

The consolidated financial statements for Capio AB (publ) and its subsidiaries for January to December 2015 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Group also applies the Swedish Financial Reporting Board's Recommendation (RFR 1) "Supplementary Accounting Rules for Groups", which specifies the disclosure requirements attributable to the Swedish Annual Accounts Act.

The consolidated financial statements have been prepared in accordance with the cost method, except with regard to the revaluation of financial instruments, which are continuously valued at fair value. Unless otherwise specified, the consolidated financial statements relate to the period from January to December 2015, in regard to consolidated statement of comprehensive income items (the period from January to December 2014 for comparative period 2014 and the period January to December 2013 for comparative period 2013), and to the amount on December 31, 2015 regarding balance sheet items (on December 31, 2014 for comparative period 2014 and on December 31, 2013 for comparative period 2013).

The preparation of financial statements in accordance with IFRS as adopted by the EU necessitates the use of a number of accounting estimates. In addition, it requires management to make certain estimates when applying the company's accounting principles. Those areas that contain a high degree of accounting estimates, that are complex or that are areas including assumptions and estimates are of key importance to the consolidated accounts is described separately below.

Consolidated financial statements

The consolidated financial statements include, in addition to the Parent Company, Capio AB (publ), all companies in which the Parent Company directly or indirectly held a controlling interest at year-end. A controlling interest means that the Parent Company owns participations corresponding to more than 50% of the voting rights, or is considered to control the company in some other way. The consolidated financial statements are prepared in accordance with the purchase method. As a result, only that portion of the shareholders' equity of subsidiaries that has been added after the acquisition is included in consolidated shareholders' equity. Subsidiaries are included in the consolidated accounts as of the date when the controlling interest is transferred to the Group, which normally corresponds to the date of acquisition. Subsidiaries divested during the year are included in the consolidated accounts until the date when the controlling interest ceases.

Historical cost is used for the reporting of the Group's acquisition of subsidiaries. Costs for an acquisition consists of the fair value of the assets submitted as payment, equity instruments issued and liabilities arising or assumed on the transfer date. Identifiable acquired assets and assumed liabilities and any contingent liabilities in a company acquisition are valued initially at fair value on the date of acquisition, irrespective of the extent of any non-controlling interest. The surplus value that consists of the difference between acquisition cost and the fair value of the Group's portion of identifiable acquired net assets is reported as goodwill. If the acquisition cost is lower than the fair value of the acquired subsidiary's net assets, the difference is reported directly in the consolidated statement of comprehensive income.

All transactions between Group companies are made at market terms. Intercompany transactions, balance sheet items and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction constitutes proof that an impairment requirement exists for the transferred asset. Where appropriate, the accounting principles for subsidiaries have been changed in order to guarantee the consistent application of the Group's accounting principles.

Transaction with non-controlling interests

Transaction with non-controlling interests are accounted for as a change in shareholder's equity.

Associated companies

Associated companies are companies in which the Group has a significant but not controlling interest, which as a rule corresponds to a holding of between 20 and 50% of the voting rights. Holdings in associated companies are reported in accordance with the equity method and are initially valued at acquisition cost. The Group's carrying amount of holdings in associated companies includes goodwill (net after any accumulated impairment losses) identified at the time of acquisition.

The Group's share in the results of an associated company after acquisition is reported in the consolidated statement of comprehensive income. Accumulated changes following the acquisition are reported as changes in the carrying amount of the holding. When the Group's share in the losses of an associated company amount to, or exceed, the Group's holding in the associated company, including any unsecured receivables, the Group does not report further losses unless it has undertaken commitments or made payments on behalf of the associated company.

Segment reporting

The Group's operations are primarily controlled and followed per business area which is also the basis for classification of segments. The Group's operational segments consist of Capio Nordic, Capio France and Capio Germany. The segments represent the management structure of the Group and also correspond with the geographical composition of the operations. The segments are responsible for the operating profit and net assets used in their operations, while net financial item and taxes as well as equity are not reported by segment. The operating profit and net assets for the segments are consolidated according to the same principles as for the Group overall. The allocation of costs and net assets is made as needed. Transactions between the segments are based on commercial terms at market prices. Other in this context relate to the Parent Company Capio AB (publ), and a number of holding companies.

Translation of foreign currency

Items included in the financial reporting of the different Group companies are valued in the currency used in the financial environment in which the individual companies are primarily active (functional currency). In the consolidated financial statments, Swedish krona (SEK) is used, which is the Parent Company's functional and reporting currency. Transactions in foreign currencies are translated into the functional currency in accordance with the exchange rates applying on the transaction date. Exchange rate gains and losses occurring from the payment of such transactions and in the translation of monetary assets and liabilities in foreign currencies at the closing rate are reported in the consolidated statement of comprehensive income. Exceptions are when transactions take the form of hedges that meet the conditions for hedge accounting of cash flows or of net investments, whereby the gains/losses are reported in other comprehensive income.

Group companies

The earnings and financial position of all Group companies (none of which have a high-inflation currency) with a functional currency that is different to the reporting currency, are translated to the Group's reporting currency in accordance with the following:

i) assets and liabilities for each of the balance sheets are translated at the closing day rate
ii) income and expenses for both of the consolidated statement of comprehensive income and the statement of other comprehensive income are translated at the average exchange rate, and
iii) all exchange rate differences that arise are reported as a separate component of other comprehensive income

At the time of consolidation, exchange rate differences arising as a result of the translation of net investments in foreign operations, borrowing and other currency instruments, identified as hedges for such investments, are reported as part of other comprehensive income. Upon divestment of a foreign operation, such exchange rate differences are reported in the consolidated statement of comprehensive income as a part of capital gains/losses.

Goodwill and the adjustments of fair value arising in connection with the acquisition of foreign operations are treated as assets and liabilities in the acquired operation and are translated at the closing day rate.

Exchange rates

Consolidated statements of comprehensive income and balance sheets for foreign subsidiaries have been recalculated into SEK in accordance with the following exchange rates:

		Average rate			Closing rate		
Country	Currency	2015	2014	2013	2015	2014	2013
EMU-countries	EUR	9.36	9.10	8.65	9.14	9.52	8.94
Norway	NOK	1.05	1.09	1.11	0.96	1.05	1.06
UK	GBP	12.90	11.29	10.19	12.38	12.14	10.73

Tangible fixed assets

Tangible fixed assets are reported at historic acquisition cost, less accumulated depreciation according to plan and accumulated impairments. Acquisition cost includes expenses directly attributable to the acquisition of the asset. Depreciation is based on the original acquisition cost and is allocated on a straight line basis over the useful life of the asset with consideration to estimated residual value. Additional expenses are added to the carrying amount of the asset, or are reported as a separate asset, depending on which is appropriate, but only when it is probable that the future financial advantages associated with the asset will accrue to the Group and the cost of the asset can be assessed in a reliable manner. All other forms of repairs and maintenance are reported as costs in the consolidated statement of comprehensive income during the period in which they arise.

The Group applies component depreciation of tangible fixed assets. This means that tangible fixed assets consisting of different components, the cost of which is significant in relation to the total acquisition cost of the assets, are depreciated separately. Depreciation according to plan is applied straight line over the useful life of each asset, which is assessed on an annual basis. Generally, the following depreciation periods are applied in the Group:

i) Buildings, 30–50 years
ii) Machinery and equipment, 3–10 years
iii) Computers and other hardware, 3–5 years
iv) Land is not depreciated

Machinery and equipment comprises predominantly hospital equipment such as beds, scanners, theatre equipment and similar items.

If the asset's reported value exceeds its estimated recoverable amount, the reported value of an asset is written down to the recoverable amount. Gains and losses on divestments are established by comparing the proceeds from the sales with carrying amount and the result is then reported in the consolidated statement of comprehensive income.

Intangible fixed assets

Intangible fixed assets are reported at cost, less accumulated amortization according to plan and accumulated impairment. Intangible fixed assets acquired as a result of acquisitions are reported at fair value at the date of acquisition. Apart from certain development costs that meet the requirements in IAS 38, development costs are not capitalized but are instead expensed as they arise. Following acquisition, intangible fixed assets are reported in accordance with a limited useful life at original acquisition cost, less accumulated amortization according to plan and accumulated impairments. Amortization is based on the original acquisition cost and is applied on a straight line basis over the useful life of the asset, which is assessed on an annual basis. Intangible fixed assets with an unlimited useful life are subject to at least an annual impairment test.

Goodwill consists of the amount by which the acquisition cost exceeds the fair value of the Group's share of identifiable net assets in the acquired subsidiary/associated company at the time of acquisition. Goodwill on the acquisition of subsidiaries is reported as an intangible asset. Goodwill on the acquisition of associated companies is included in the value of the holding in the associated company. Goodwill is assessed annually to identify potential impairment needs and is recorded at acquisition cost less accumulated impairments. Gains or losses arising on the disposal of a unit include the remaining carrying amount of the goodwill attributable to the divested unit.

In the testing of potential impairment, goodwill is distributed between cash generating units. Each of these cash generating units comprises the Group's investments in each of the segments/country in which operations are conducted.

Intangible fixed assets in the form of key brandnamne, healthcare contracts, concessions, patient lists and customer/supplier relationships have been valued at the fair value established in conjunction with company acquisitions. During subsequent periods, these assets are

reported at original acquisition cost, less accumulated amortization according to plan and accumulated impairments. Such assets are normally amortized over an estimated useful life of between 5 and 10 years. The brand name is assessed annually to identify potential impairment and is reported at acquisition cost less accumulated impairments.

Acquired software licenses are capitalized on the basis of the costs arising when the software in question was acquired and put into operation. These costs are amortized over the estimated useful life, which is normally 3 to 5 years but strategic licenses can be amortized over a longer time period. Costs for the maintenance of software are expensed as they occur. Costs closely related to the production and development of identifiable and unique software controlled by the Group, which will have probable economic benefits for more than 1 year and which exceed the original cost, are reported as intangible assets. Costs closely related to the production of software include personnel costs for the development of software and a reasonable portion of attributable indirect expenses. Software development costs reported as assets are amortized over their assessed useful life, which is normally 3 to 10 years.

Impairment

Assets with an indefinite useful life, predominantly goodwill and brand, are not amortized but tested annually for potential impairments. Depreciated assets are assessed with regard to depletion in value whenever events or altered conditions indicate that the carrying amount is not recoverable. An impairment is recognized in the amount by which the carrying amount of the asset exceeds its recoverable value. The recoverable value is the higher of an asset's fair value, reduced by the sales costs, and value in use. When conducting an impairment test, the assets are grouped at the lowest levels where separate identifiable cash flows (cash generating units) exist. Future amortization/depreciation is adjusted to the written-down value.

Previously reported impairment losses are assessed on a continuous basis to establish if the events that served as a basis for such impairment still exist, or if they have changed.

In the event of significant changes, the recoverable amount is estimated. A reversal is made to an earlier reported impairment only if there is a change in the assumption upon which the original impairment was based. Possible reversals are reported in the consolidated statement of comprehensive income with an amount corresponding to the estimated recoverable amount adjusted for amortization as if the original impairment had not been reported, except for goodwill, for which impairments are not reversed.

Assets held for sale and operations being discontinued

The Group classifies a fixed asset or disposal group as assets held for sale if their reported value will largely be recovered through a sale rather than from through continuing use. To be classified as an asset held for sale, the asset or disposal group must be available for immediate sale in its current condition.

It must also be highly probable that a sale will occur.

The classification of operations as discontinued operations is made at the time of sale or at an earlier time when the operations fulfill the criteria for classification as an asset held for sale. A disposal group planned to be discontinued also fulfills the criteria under certain circumstances.

Immediately prior to classification as an asset held for sale, the reported value of the assets, and all assets and liabilities in a disposal group, are determined in accordance with applicable IFRS standards. At the time of initial classification as an asset held for sale, fixed assets and disposal groups are reported at the lowest of carrying amount less selling expenses and fair value. Depreciation/amortization is not applied in cases of assets held for sale.

Financial instruments

Financial assets and liabilities are categorized as either:
Financial assets:

i) Financial assets held to maturity
ii) Financial assets at fair value through profit and loss for the period
iii) Loans and receivables
iv) Assets available for sale financial investments

Financial liabilities:

i) Financial liabilities at fair value through profit and loss for the period
ii) Financial liabilities, interest-bearing loans and borrowings

Within each category there are different classes of financial instruments. Used classification is evaluated at the end of each financial year, and is modified if necessary.

Fair value measurement of financial instruments

Financial instruments measured at fair value are either classified at fair value through profit and loss for the period or as available-for-sale financial assets. Its measurement can be based on inputs from one of the following levels:

1. Quoted prices (without adjustments) in active markets for identical assets or liabilities (level 1)
2. Other data that are observable for the asset or liability, either directly (i.e. observable prices) or indirectly (i.e. derived from observable data) (level 2)
3. Inputs to the valuation model for the asset or liability are unobservable (level 3)

The fair value of financial instruments traded in an active market is determined by the market price on the date of measurement (closing day). A market is defined as active if the quoted prices, from an exchange, broker, industry group, market monitoring service or surveillance authority, are easily and readily available, and if those prices reflect the actual market value through an arm's length transaction. The Group does not currently measure any of its financial instruments in accordance with level 1.

The fair value of financial instruments not traded in an active market (e.g. OTC derivatives) is calculated using valuation techniques. In this case, the use of market data is preferred to data specific to the entity. If all the significant input needed for the valuation is observable, the instrument measurement can be categorized within level 2. The fair value of interest rate derivatives is determined by the present value of expected future cash flow, based on observable yield curve data, and therefore is categorized within level 2. The fair value of interest rate derivatives is presented in Note 16.

When one or more of the significant inputs used are not based on observable market data, the financial instrument is categorized within level 3. The Group does not currently measure any of its financial instruments in accordance with this level.

All financial instruments are initially valued at their fair value and accounted for at their trade date. Transaction costs are included

except when the assets and liabilities are categorized as fair value through profit and loss for the period. All loans and borrowings are initially recognized at fair value less directly attributable transaction costs. A financial asset is derecognized when essentially all risks and rewards connected to the asset has been transferred to an external party.

Financial assets held to maturity

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities. The Group does not posses any significant financial assets held to maturity.

Financial assets at fair value through profit and loss for the period

A financial asset at fair value through profit and loss for the period is either (1) traded with or (2) it has initially been classified at fair value through profit and loss for the period according to the fair value option. For an asset to be classified as (1), it has to be bought with an intention of selling it within the near future. It also has to be a part of a portfolio that is managed as one and finally there has to be a pattern of short term realizations.

Derivatives, including embedded derivatives separated from their host contracts, are classified as held for trading. Changes in their fair values are accounted for in profit and loss for the period.

The Group is using interest rate derivatives. When they are a part of a documented, effective interest rate derivatives, hedge accounting is used. Changes in the hedging instruments values are accounted for within other comprehensive income (other reserves). Besides these assets there are no financial assets accounted for at fair value through profit and loss for the period.

Loans and receivables

Loans and receivables are non-derivatives financial assets with fixed or determinable payments. These assets are not quoted in an active market and the company does not trade them. Loans and receivables are initially accounted for at their fair value, which is the value the company can expect to receive. If the credit time exceeds one year the receivable will be accounted for at its present value. Allowances are made for uncertain receivables every year when there are evidence concluding the fact that the company will not receive any payments. After initial valuation, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in the profit and loss for the period when the loans and receivables are derecognized or impaired, as well as through the amortization process. Information regarding loans and receivables is presented in the Notes 15 and 16. There is no concentration of credit risk.

Assets available for sale financial investments

This category includes assets that are not categorized as any of the other three categories. These assets are initially valued at their fair value with changes accounted for in other comprehensive income. When the assets are sold, any cumulative valuation effects accounted for within equity are recycled through the consolidated statement of comprehensive income.

Earned and paid interests on these assets are accounted for through the consolidated statement of comprehensive income as a financial transaction according to the effective interest method. Dividends received on these assets are accounted for in the consolidated statement of comprehensive income.

Short-term investments are classified as available for sale financial investments and changes in their fair values are accounted for in the statement of other comprehensive income. Short-term investments mainly consist of interest-bearing instruments and are presented in Note 16.

Financial liabilities at fair value through profit and loss for the period

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near future. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are part of an effective hedge. Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

Financial liabilities, interest-bearing loans and borrowings

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and have not been designated at fair value through the consolidated statement of comprehensive income. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

The Group posseses interest-bearing loans and borrowings. These liabilities are disclosed in Note 15 and 16.

Impairment of financial assets

Impairment testing is performed for individual assets. If this is not possible assets are grouped into cash generating units and the risk for impairment is then assessed collectively. Individually impaired assets or assets impaired during earlier periods are not included in the collective testing.

Impairment of assets valued at amortized cost

If there is evidence that an impairment loss on assets carried at amortized cost has incurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The loss is recognized in the consolidated statement of comprehensive income. If the circumstances regarding the impairment in subsequent periods change, the previously recognized impairment can be reversed, if the carrying value of the asset does not exceed its amortized cost at the reversal date.

Impairment of assets available for sale financial investments

If an asset available for sale is impaired the difference between its cost and its current fair value, less any impairment loss previously recognized in consolidated statement of comprehensive income, is transferred from equity to consolidated statement of comprehensive income. Reversals in respect of equity instruments classified as available for sale are not recognized in the consolidated statement of comprehensive income. Reversals of impairment losses on debt instrument are reversed through the consolidated statement of comprehensive income.

Hedge accounting

Hedges are either classified as a fair value hedge, a cash flow hedge or a hedge of a net investment of a foreign operation.

i) Fair value hedges are used to hedge exposures to changes in assets' and liabilities' fair value or against a not recognized firm commitment

ii) Cash flow hedges are used to hedge an exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability (for instance a loan with variable interest) or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment (foreign currency forward). In terms of cash flow hedging the effective part is accounted for directly in the statement of other comprehensive income and the ineffective part is accounted for in the consolidated statement of comprehensive income

iii) Hedges of a net investment in a foreign operation. In translating the earnings and net assets of foreign subsidiaries into SEK, a currency exposure arises that may affect consolidated earnings and equity. Changes in exchange rates between EUR and SEK are the primary reason for translation differences in consolidated equity. To limit currency exposure, the currency mix in the Group's cash flow is matched with the interest-bearing gross debt and thereby creating a natural hedge

In order to use hedge accounting the company has to fulfill certain requirements regarding documentation of the hedge relationship. The hedged position has to be identified and described, the purpose of the hedge has to be described and the company has to confirm the effectiveness of the hedge. Financial instruments used for the purpose of securing future cash flows denominated in foreign currency are considered a hedge if the future cash flows are highly probable. When a hedging instrument expires, is sold or when the hedging requirements are no longer met accumulated gains and losses are recycled to the statement of other comprehensive income.

If the future transaction no longer is expected to be realized accumulated gains and losses are recycled in the same way.

The Group uses interest rate derivatives to hedge interest rate exposures. Long-term internal loans from the Parent Company to subsidiaries within the Group have been assessed as being a hedge of the net investment of foreign investment. As a consequence, changes in foreign exchange rates related to these long-term internal loans are reported as a separate part of other comprehensive income.

Inventories

Inventories are valued at the lower of acquisition cost and net realizable value. Cost is calculated according to the first in/first out (FIFO) principle. The net realizable value is the estimated value in the operational activities.

Accounts receivables – trade

Accounts receivable are valued at amortized cost less possible provisions for reductions in value. A provision for reduction in the value of an account receivable is made when there is objective evidence that the Group will not be able to secure all amounts maturing in accordance with the original conditions of the receivable. The size of the provision comprises the difference between the carrying amount of the asset and the current value of estimated future cash flows, discounted by the effective interest rate. The reserved amount is reported in the consolidated statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents consist of cash, bank balances and other short-term investments with a maturity of less than three months, and overdraft credit facilities. The overdraft credit facilities is reported in the balance sheet as borrowing among interest-bearing current liabilities.

Share capital

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of new shares or options are reported net, after tax, in shareholders' equity as a deduction from the issue proceeds. At an Extraordinary General Meeting in 2015 a decision of a conversion of all outstanding preferential shares to ordinary shares were taken. After this conversion number of prefererential shares amounted to zero. See Parent Company change in shareholder's equity, for more information.

Borrowings and borrowing costs

Borrowings are initially reported at fair value, net after transaction costs and subsequently at accrued acquisition cost. Any difference between the amount received (net after transaction costs) and the amount to be repaid is reported in the consolidated statement of comprehensive income, distributed across the loan period by applying the effective interest method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer payment of the debt for at least 12 months following the reporting date.

Financial items are recognized in the consolidated statement of comprehensive income in the period in which they arise. Exceptions include the interest arising during the installation period, or similar items, which are capitalized, plus costs arising in connection with the raising of loans, which are distributed over the duration of the loan.

Account payables – trade

Accounts payable are initially reported at amortized cost, which are assumed to correspond with fair values.

Provisions

Provisions are reported when the Group has a legal or informal obligation resulting from past events and it is highly probable that an outflow of resources will be required to meet the obligation and that the amount has been calculated in a reliable manner. The provision for restructuring mainly covers one-time costs relating to severance pay. No provisions are made for future operating losses.

If a number of similar obligations exist, an assessment is made of the probability that these could result in an outflow of resources to meet the entire group of obligations. A provision is reported even if the probability of an outflow related to a specific item in this group of obligations is negligible.

Employee benefits

Pension obligations

The Group companies have a number of different pension plans. The plans are normally financed through payments to insurance companies or externally managed funds in accordance with periodic actuarial computations. The Group has both defined benefit pension plans and defined contribution pension plans. A defined benefit plan is a pension plan that stipulates the amount of the pension benefit an employee will receive after retirement based on such factors as age, period of service and salary. A defined contribution pension plan is one according to which the Group pays fixed fees to a separate legal entity. The Group has no legal or informal obligation to pay additional fees if the fund does not have sufficient assets to pay all benefits due to employees in connection with their periods of service during the current period or earlier periods.

Provisions, with regard to any plan assets for obligations related to post-employment benefits, arise when the obligations are defined benefit obligations. In regard to employment during the current period, these liabilities and costs are computed on an actuarial basis using the Projected Unit Credit Method.

The computations are at least made on an annual basis for the Group's plans. The computations are based on external actuarial assumptions. The assumptions used to compute the pension obligation and costs vary in accordance with the economic factors reflecting the situation in those countries where the defined benefit plans are located.

The Group's defined benefit plans are either non-funded or funded. In the case of non-funded plans, the benefits are paid out of the assets from the companies included in the plan. The provision in the balance sheet is made up of the present value of the defined benefit obligation. In the case of funded pension plans, the assets belonging to the plan are held separately from the Group's assets in externally managed funds. Liabilities or assets shown in the balance sheet with regard to funded pension plans represent the amount by which the fair value of the plan assets exceeds or falls below the present value of the defined benefit obligation (including actuarial gains and losses and cost of employment service during earlier periods). However, a net asset is reported only to the extent that it represents a possible future financial benefit for the Group, for example in the form of reduced future fees, or the repayment of funds accumulated in the plan. When such surpluses are impossible to utilize, they are not reported but are instead explained in a note to the financial statements.

Actuarial gains/losses arise principally when changes occur in the actuarial assumptions and when differences occur between actuarial assumptions and actual outcome. For all defined benefit plans, the actuarial costs/incomes, which are charged against other comprehensive income, consist of the cost of employment service during the current period, interest expense, the anticipated return on the plan assets (funded plans only) and the costs related to earlier periods of employment service. The costs of employment service during earlier periods and which relate to changed pension conditions are realized when these improvements have become vested.

The accounting principles described above for defined benefit pension plans are applied only in the consolidated accounts. The Parent Company and subsidiaries continue to apply local computations in regard to pension provisions and pension costs in their annual accounts.

Certain group companies have defined contribution pension plans, which refer to benefits paid to employees after the completion of service, and for which the Group has no obligation to pay benefits after premiums have been paid to the third party responsible for the plan. Such plans are reported as a cost as premiums are paid. Some of the ITP plans in Sweden are financed through insurance premiums paid to Alecta, which is a multi-employer plan. At the present time, Alecta is unable to provide the information required to report the plans as defined-benefit plans. As a result, the ITP plans insured via Alecta are reported as defined contribution pension plans.

Compensation if terminated

Compensation is paid if employment is terminated prior to normal pension age, or when an employee accepts voluntary termination in exchange for compensation. The Group reports severance pay when it is demonstrably obligated to either terminate employees in accordance with a detailed formal plan, without any possibility of recall, or to pay compensation upon termination as a result of an offer made to encourage voluntary termination. Benefits that mature after more than 12 months from the reporting date are discounted to present value.

Revenue recognition

Although the Group applies various compensation models in the markets in which it is active, they all have a common denominator, namely that revenues are recognized at the time the services are performed in all markets. The Group applies the percentage-of-completion method, which means that revenues from assignments are reported in accordance with the degree of completion on the reporting date. Revenues from the sale of services are recognized in the reporting period when the work is performed. Only revenues that provide the Group with economic benefits are recognized. In the consolidated accounts, intercompany sales are eliminated.

Depreciation, amortizations and impairments

Depreciations for tangible and intangible fixed assets which are directly utilized in the operations are classified as either direct cost or administrative expenses. Amortization of acquisition related surplus values and impairments are classified on a separate line in the consolidated statement of comprehensive income.

Leasing

A lease contract in which the financial risks and rewards associated with the ownership of an asset are essentially transferred to the Group is defined as a financial lease contract. Financial lease contracts are reported as fixed assets initially entered at the discounted present value of future leasing fees during the lease period or the fair value, whichever is the lower. Assets that are utilized through financial lease contracts are reported in the balance sheet as tangible fixed assets and are depreciated in accordance with the principles for owned tangible fixed assets. Related commitments are reported as interest-bearing liabilities. Lease fees are distributed between interest and amortization of debt. Interest is distributed over linear during the lease period so that each accounting period is charged with an amount corresponding to a fixed interest rate on the reported liability in each period. For non-financial lease contracts, the annual leasing cost is distributed over linear during the lease period and reported as an operating expense in the consolidated statement of comprehensive income.

Taxes

Taxes consist of current income tax based on taxable earnings, deferred income tax and other taxes, and adjustments to current income tax in regard to earlier years for the Group's subsidiaries and associated companies. All Group companies calculate their income taxes in accordance with the applicable tax laws in the countries in which they are active. Unless attributed to an underlying transaction that has been reported directly against shareholders' equity or statement of other comprehensive income, income tax is reported directly in the consolidated statement of comprehensive income.

The Group applies the balance sheet method to recognize deferred income tax liabilities and assets. The balance sheet method means that calculations are based on the tax rate applying on the reporting date, which is applied to differences between the booked and income tax values of assets and liabilities and to losses carry forward. Losses carry forward can be utilized to reduce future taxable income. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available to enable the utilization of such

benefits. Other taxes relate to taxes that do not have the nature of income taxes and these are reported elsewhere in the consolidated statement of comprehensive income.

Government grants

Government grants are recognized in the statement of comprehensive income and the statement of financial position when there is reasonable assurance that the entity will comply with the conditions attached to the grant and that the grant will be received. A grant related to assets is normally accounted for in the statement of financial position as a reduction of capitalized value of the related asset acquired or constructed. A grant related to income is accounted for in the statement of comprehensive income as other income or deducted from the related expense.

Key estimates and assessments

In preparing the report, certain accounting methods and accounting principles must be used, the application of which may be based on difficult, complex and subjective judgments on the part of company management, or on previous experience or assumptions judged in the light of circumstances to be reasonable and realistic. The use of such estimates and assumptions influences the reported amounts for assets and liabilities as well as disclosures regarding contingent assets and liabilities at the reporting date and reported net sales and expenses for the period. Actual future outcomes may differ from these assessments. The following is a summary of the accounting principles whose application requires extensive subjective judgments on the part of company management with regard to estimates and assumptions that by their nature are difficult to assess. The estimates and assumptions are reviewed regularly.

Revenue recognition

Revenue from sale of services is recognized using the percentage-of-completion method. Revenue is recognized in the accounting period in which the services are provided. When the outcome of a transaction involving the provision of services can be estimated reliably, revenue associated with the service is recognized by reference to the stage of completion of the service at the balance sheet date.

The outcome of a service can be estimated when the amount of revenue can be measured accurately and is probable and the stage of completion and associated cost can be measured reliably.

When the outcome of the service provision cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are estimated to be recoverable.

Reductions of income due to a cap in service agreement with the customer are reported net of total produced service revenue. If the revenue stream cannot be controlled a provision is made when there is a risk for production above the cap of the agreement for which no revenue will be received.

Services that have been delivered but not yet been invoiced are reported and recognized as accrued income in the consolidated financial statements.

Impairment of assets

Goodwill and other assets with an indefinite useful life are subject to impairment tests at least annually. All fixed assets and goodwill are subject to impairment test whenever events or changes occur that indicate that the reported value of an asset may not be recoverable. Impairment losses are made with respect to assets that have declined in value, down to their recoverable amount based on the best available information. Various bases for judgment have been used depending on access to information. Where fair values can be established, they have been used and the impairment amount has been reported where there is an indication that the reported value for an asset cannot be recovered. In certain cases, it has been impossible to establish the market value and an estimate of fair value has been made by computing the present value of cash flow based on expected future outcomes. Differences in estimates of expected future outcomes and discount rates used may result in discrepancies in the valuation of assets. Fixed assets, with the exception of goodwill and intangible assets with indefinite useful lives are depreciated on a straight-line basis over their estimated useful lives.

Company management performs regular assessments of the useful lives of all assets of significance. It is the understanding of company management that reasonable changes in the factors that constitute the basis for estimation of the recoverable value of assets should not lead to the reported value exceeding the recoverable value.

Taxes

In preparing the consolidated financial statements, the Group calculates the relevant income tax for each tax jurisdiction in which the Group operates, as well as the deferred income taxes attributable to temporary differences. Deferred income tax assets that are primarily attributable to tax loss carried forward and temporary differences are reported if the deferred tax assets can be expected to be recoverable through future taxable income. Changes in assumptions about forecast future taxable income, as well as changes in tax rates, may result in significant differences in the valuation of deferred income taxes.

Accounts receivable – trade

Receivables are reported net, after allowing for doubtful receivables. The net value reflects amounts expected to be recoverable based on circumstances known on the reporting date. Changed circumstances, for example, an increase in defaulted payments or change in the financial position of a major customer, may entail significant discrepancies in valuation.

Compensation following completion of employment

The Group has defined benefit pension plans for a portion of its employees in certain countries. Computation of pension costs is based on assumptions regarding the discount interest rate and future salary increases. Changed assumptions directly impact costs for work performed during the current period and interest expenses. Actuarial gains/losses, which arises when the actual yield from managed assets deviates from the expected and actuarially computed obligations are adjusted on the basis of empirically induced changes to assumptions, is recognized when it occurs in other comprehensive income.

Legal disputes

The Group is involved in legal disputes in the normal course of business operations. Such disputes can prove to be costly and time-consuming and can disrupt normal operations. In addition, the outcome of complicated disputes is difficult to predict. The possibility cannot be excluded that a disadvantageous outcome of a dispute may prove to have a significant negative impact on the Group's profits and financial position.

During the year the Group has implemented the following new and amended IFRS as of January 1, 2015

The Group has, for the first time, applied the standards and interpretations in the consolidated financial statements for 2015 that are applicable for annual periods beginning on or after January 1, 2015. The transition to these applied standards and interpretations has not had a significant effect on the Group's financial report.

New standards for the Group that will be implemented as of January 1, 2016 or later

A number of newly issued and changed IFRS have yet to be made effective and have therefore not been applied in the Group's consolidated financial statements. IFRS that have the potential to affect the Group's consolidated financial statements are described below. No other new standards, amended standards, or interpretations of IFRIC published December 31, 2015 are expected to affect the Group's consolidated financial statements.

2012-2014 Annual improvements cycle

The Group will be affected by the amendment of IAS 34 Interim Financial Reporting. If the required interim disclosures is presented elsewhere in the report there should be a cross-reference. The amendment is effective for annual period beginning on or after January 1, 2016.

IAS 1 Presentation of Financial Statements (amendment)

The amendments to IAS 1 have been adopted by EU and are effective for annual periods beginning on or after January 1, 2016. Several of the changes do not necessarily imply changes in the financial statements. For example clarification regarding the application of materiality and the order in which the notes are presented.

IAS 19 Defined Benefit Plans: Employee Contributions (amendments)

The amendment, in IAS 19, clarifies how contributions from an employee or third party for defined benefit plans are accounted for. The amendment, which will be made effective for annual periods beginning on or after January 1, 2016, is currently being assessed by the Group.

2010-2012 Annual improvements cycle

The Group is affected by the amendment of IAS 24 that requires that expenses incurred for management services from a management entity should be disclosed. Furthermore the amendment in IFRS 8 that requires disclosures regarding aggregation of operating segments will be applicable as the Group has aggregated operating segments based on certain criteria. The amendments are to be applied for annual reporting periods beginning on February 1, 2015 which effectively will be as from January 1, 2016 for the Group.

IAS 27 Separate financial statements (amendment)

The amendment in IAS 27 allow an entity to account for its investments in subsidiaries, joint ventures and associates by applying the Equity method in its separate financial statements. According to IASB the amendment is effective as of January 1, 2016 or later. EU has adopted the amendment with the same effective date. The accounting treatment is currently not acceptable under the Annual Accounts Act. The suggested changes to the Annual Accounts Act (SOU 2015:8), contains a proposed change that might enable this alternative in the future.

IFRS 9 Financial Instruments

IFRS 9 encompasses the accounting standards for financial assets and liabilities, and replaces IAS 39 Financial Instruments: Recognition and Measurement. Financial assets in IFRS 9, similarly to IAS 39, are classified into different categories, where categories assets are measured at its acquisition cost and others at fair value. IFRS 9 introduces different categories than those in IAS 39. IFRS 9 also introduced a new impairment model on financial assets. One of the purposes of this new model is to introduce a more timely recognition of credit losses. Financial liabilities in are generally treated the same under IFRS 9 as under IAS 39. For financial liabilities measured at fair value, the amount of change attributable to changes in credit risk must be presented in other comprehensive income, unless this presentation creates or enlarges an accounting mismatch in profit and loss for the period. IFRS 9 introduces different criteria for hedge accounting. More economic hedging strategies may meet the new requirements.

IFRS 9 Financial Instruments is estimated to be effective for annual periods beginning on or after January 1, 2018. The EU has yet to approve the standard. There has been no decision made on when the standard will be applicable for the Group.

In the upcoming year, an assessment will be made to estimate what implications the transition to IFRS 9 will have on the Group's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces all existing revenue requirements in IFRS, and its requirement also provides a model for the recognition of revenue. The standard is based on the principle that an entity shall recognize revenue when a good or service has been transferred to the customer, in other words, when the customer can benefit from the good or service. This can happen at either a certain point in time or over a period of time.

IFRS 15 is estimated to be effective for annual periods beginning on or after January 1, 2018. The EU has yet to approve the standard, and there is therefore no decision made on when or how the standard will be applicable for the Group.

Capio is currently assessing the potential implications the Standard will have on the consolidated financial statements including the increase of disclosure requirements in the Standard.

IFRS 16 Leases

IFRS 16 replaces IAS 17 is estimated to be effective for annual periods beginning on or after January 1, 2019. The EU has yet to approve the standard, and there is therefore no decision made on when or how the standard will be applicable for the Group. An assessment of the potential impact on the Group will be made in due time.

Notes

Note 1 Distribution of net sales

	2015	2014	2013
Sweden	6,616	6,501	6,111
France	5,098	4,869	4,552
Germany	1,142	1,120	1,025
Norway	625	621	604
UK[1]	0	80	121
Other	5	9	7
Total	**13,486**	**13,200**	**12,420**

[1] The UK business was divested as of 2014.

Note 2 Other operating income

	2015	2014	2013
Divestment of fixed assets	–	–	10
Total	**–**	**–**	**10**

Note 3 Restructuring and other non-recurring items

	2015	2014	2013
Cost for IPO	-41	–	–
Divestment of group companies	0	77	120
French hospital property divestment	–	177	–
Divestment project costs	–	-105	–
Impairments[1]	31	-118	6
Subsidies	–	–	48
Restructuring projects including redundancies[2]	-4	-140	-157
Provision for lease obligations	-2	6	11
Other[3]	-26	-25	-8
Total	**-42**	**-128**	**20**

Total restructuring and other non-recurring items in 2015 were MSEK -42 (2014: -128; 2013: +20). These items were split by segment as follows; MSEK -12 (2014: -127; 2013: -87) was related to the Nordic segment, MSEK +5 (2014: +93; 2013: +170) was related to the French segment, MSEK +8 (2014: -87; 2013: -31) was related to the German segment and MSEK -43 (2014: -7; 2013: -32) was related to the segment Other (including the IPO cost).

[1] Impairments in 2015 were related to the German and French segments. Following improved performance in one of the German hospitals an impairment made in the prior year was partially reversed in 2015 (MSEK +19). The effects in France were mainly related to a change in timing of some projects (impacting the estimated recoverable amount positively) and negative changes to the estimated sales price for some idle properties (MSEK +12). Impairments in 2014 were related to the Nordic segment with MSEK -27 (mainly related to a write-down of fixed assets concerning a contract business in Sweden), MSEK -31 was related to the French segment (changes in timing of some projects) and MSEK -60 was related to the German segment (fully related to an impairment of fixed assets in a hospital with negative cash flows for the foreseeable future).

[2] Restructuring costs in 2015 were mainly related to redundancies of management and staff not being replaced in all of the operating segments (MSEK -28; 2014: -36; 2013: -42) and to the transfer of activity in Bayonne from the old clinics to the new Belharra clinic which was opened in August 2015 (MSEK -28). Total restructuring costs were almost offset by a capital gain related to a property divestment in France (MSEK +68) in 2015. The remaining restructuring costs in 2014 were mainly related to future commitments in a contract business in Sweden and to some property related litigations in France (total MSEK -57). Remaining restructuring costs in 2013 were mainly related to the integration of acquired businesses (MSEK -58).

[3] Other restructuring items were mainly related to non-recurring external and staff costs in connection with projects completed in 2015.

Note 4 Salaries, other compensation and social costs

2015	Salaries and other compensation	Social security expenses	Pension costs
Group	**5,086**	**1,795**	**361**
Whereof Parent Company, Sweden	10	3	1

2014	Salaries and other compensation	Social security expenses	Pension costs
Group	**4,994**	**1,701**	**342**
Whereof Parent Company, Sweden	4	1	0

2013	Salaries and other compensation	Social security expenses	Pension costs
Group	**4,681**	**1,591**	**336**
Whereof Parent Company, Sweden	2	0	0

Salaries and other compensation

2015	Board and President[1]	(of which variable salary)	Other employees	Total
Sweden	34	3	2,591	2,625
France	50	14	1,471	1,521
Germany	7	2	579	586
Norway	4	0	350	354
Total	**95**	**19**	**4,991**	**5,086**
Whereof Parent Company, Sweden	8	0	2	10

2014	Board and President[1]	(of which variable salary)	Other employees	Total
Sweden	37	8	2,556	2,593
France	39	12	1,407	1,446
Germany	5	1	557	562
Norway	5	0	361	366
UK	1	0	26	27
Total	**87**	**21**	**4,907**	**4,994**
Whereof Parent Company, Sweden	4	0	0	4

2013	Board and President[1]	(of which variable salary)	Other employees	Total
Sweden	23	2	2,392	2,415
France	34	5	1,332	1,366
Germany	5	0	496	501
Norway	5	1	339	344
UK	7	1	48	55
Total	**74**	**9**	**4,607**	**4,681**
Whereof Parent Company, Sweden	2	0	0	2

[1] Related to all Board and Presidents (CEO's) in the legal companies per country.

Average number of employees

Per country 2015	Number of employees	Of whom women	Of whom men
Sweden	5,402	4,233	1,169
France	5,296	4,465	831
Germany	1,275	972	303
Norway	387	299	88
Total	**12,360**	**9,969**	**2,391**
Whereof Parent Company, Sweden	3	0	3

Per country 2014	Number of employees	Of whom women	Of whom men
Sweden	5,394	4,275	1,119
France	5,187	4,485	702
Germany	1,320	1,006	314
Norway	367	285	82
UK	89	62	27
Total	**12,357**	**10,113**	**2,244**
Whereof Parent Company, Sweden	1	0	1

Per country 2013	Number of employees	Of whom women	Of whom men
Sweden	5,094	4,073	1,021
France	5,268	4,563	705
Germany	1,292	986	306
Norway	372	289	83
UK	167	115	52
Total	**12,193**	**10,026**	**2,167**
Whereof Parent Company, Sweden	0	0	0

Note 4: Salaries, other compensation and social costs, cont.

Remuneration for the CEO and the senior management

Guidelines

The Chairman of the Board and the Directors receive compensation in accordance with the decision of the Annual General Meeting. Separate compensation is paid for committee work. Neither the CEO nor the employee representatives receive Board compensation. Pursuant to the resolution by the Extraordinary General Meeting held on June 16, 2015, the following guidelines apply for remuneration and other terms of employment for the CEO and the senior management:

- Remuneration to the CEO and other senior managers will include fixed salary (base salary), possible variable remuneration, other benefits and pension. The variable compensation comprises (i) an individual annual variable compensation, and may also, as a supplement, include (ii) a long-term incentive program. Other senior managers include Group Management and Business Area Managers
- The total remuneration should correspond to market conditions and be competitive in the senior manager's relevant labor market. Fixed salary and variable remuneration is to be linked to the manager's responsibility and authority. The annual variable salary may not amount to more than 60 per cent of the annual gross salary for the managing director and not more than 60 per cent of the fixed annual salary for the other members of the management. The variable remuneration is to be based on the outcome of predetermined objectives and, as far as possible, be linked to the growth in value of the Capio share, from which the shareholders benefit
- Programs for variable remuneration shall be designed in such a way as to enable the board of directors, if exceptional economic conditions prevail, to restrict or omit payment of the variable remuneration if such action is deemed reasonable and consistent with the company's responsibility towards shareholders, employees and other stakeholders
- In order to establish a long-term perspective in the decision-making and to ensure long-term achievement of goals, the board of directors may propose the general meeting to resolve on long-term incentive programs. The program participants shall be nominated based on i.a. competence and performance. The outcome shall be dependent on the fulfillment of certain predetermined performance requirements. The aim of the Group's long-term incentive programs shall be to create a long-term commitment to Capio, to offer the participants to take part in Capio's long-term success and value creation and to create possibilities to attract and retain members of the management and key employees
- In the event of termination of employment, the notice period should not exceed two years if the termination is initiated by the company, and not exceed one year if initiated by the senior manager. Senior managers should not be entitled to severance pay
- Pension benefits should if possible be defined by contribution but may also be defined by benefit, or by a combination thereof, and should entitle the senior manager to pension payments from the age of 65, at the earliest. Variable remuneration shall not be pensionable
- Matters of remuneration for the CEO shall be prepared by the remuneration committee and be resolved by the Board of Directors. The remuneration for senior managers who report directly to the CEO shall be prepared by the remuneration committee and can also be resolved by the remuneration committee.
- The board of directors may derogate from the guidelines in certain cases if there are special reasons for doing so. Special reasons may include, for example, offering to members of the senior management who reside outside Sweden terms that are competitive in their country of residence

All employment agreements concerning the remuneration for the CEO and other senior managers in 2015 were entered into before the adoption of the remuneration guidelines by the Extraordinary General Meeting on June 16, 2015. Consequently, there are currently remuneration terms for Group Management deviating from the above guidelines. These deviations are described below.

Planning and decision-making process

The Board of Directors proposes to the Annual General Meeting guidelines for remuneration of Group Management including the CEO. The remuneration guidelines for 2015 were adopted by the Extraordinary General Meeting held on June 16, 2015. Matters of remuneration for the CEO is then prepared by the remuneration committee and resolved by the Board of Directors. The remuneration for the Group Management members who report directly to the CEO can be resolved by the remuneration committee.

The following Board members were appointed members of Capio's remuneration committee at the inaugural Board Meeting following the Annual General Meeting 2015:

- Anders Narvinger (chairman)
- Neal Dignum
- Fredrik Näslund

The committee has held four meetings in 2015.

Compensation of the members of the Board of Directors and Board committees

Following a proposal from the nomination committee, compensation to directors elected by the General Meeting are decided upon by the Annual General Meeting.

The table below shows the compensation to the current members of the Board of Directors elected by the shareholders at the General Meeting. The Board of Directors is otherwise not entitled to any other compensation except for travel and logding expenses as well as separate consultancy services.

Current terms of employment for the CEO and Group Management

Remuneration

The following table sets out the remuneration and benefits paid to the CEO as well as the members of the Group Management in 2015.

Remuneration paid to the CEO consists of fixed salary, variable salary, other benefits and pensions. The amount of the variable salary for the CEO, can reach a maximum of 50% of the annual fixed salary is based on the Group's operating earnings. The amount of the variable salary for other members of the Group Management, varies between a maximum of 50–60% of the annual fixed salary and is based on the Group's operating earnings, results in their respective areas of responsibility and individual performance objectives. The aggregate variable compensation relating to the 2015 performance to the other members of Group Management could reach a maximum of MSEK 13, outcome in 2015 was MSEK 9. No share-based incentive program exists for the CEO and the other members of Group Management.

Pensions and other benefits

The age of retirement for the CEO is at 65. The pension expense for the CEO amounts to 40% of the annual base salary from July 1, 2015. The age of retirement for the other Group Management members is generally at 65. The pension expense for other members of the Group Management amounts up to 35% of the pensionable salary. Pension benefits for Group Management are in line with local regulations why a number of Group Management members are entitled to pension payments before the age of 65.

Notice of termination

For the CEO, a notice period of 12 months applies if the agreement is terminated by either Capio or the CEO. All other members of the Group Management have a notice period of six months, if terminated by the employee. If terminated by Capio, five members of the Group Management have six months notice and four members have twelve months notice.

Six members of the Group Management are entitled to severance pay if terminated by Capio. Three of these members have right to twelve months severance payment, with deductions for any other income received. Two of these members have right to eighteen months severance payment, without any deductions for other income. One of these members has the right to severance payment amounting to three monthly gross salary per year of service since June 1, 1992. The monthly gross salary is calculated as the gross salary (including variable payments) received for the last financial year prior to the event triggering the severance payment divided by 12.

Compensation to the Board of Directors and Group Management

2015, MSEK	Fixed salary/ board compensation	Other compensation	Variable salary	Other benefits	Pensions	Total
Anders Narvinger, chairman[1]	0.8	–	–	–	–	0.8
Gunnar Németh, vice chairman[1]	0.7	–	–	–	–	0.7
Gun Nilsson, director[1]	0.4	–	–	–	–	0.4
Fredrik Näslund, director[1]	0.4	–	–	–	–	0.4
Neal Dignum, director[1]	0.4	–	–	–	–	0.4
Håkan Winberg, director[1]	0.3	0.9	–	–	–	1.2
Total Board of Directors[2]	**3.0**	**0.9**	–	–	–	**3.9**
Thomas Berglund, CEO	4.0	–	0.3	–	0.8	5.1
Other members of the Group Management	25.1	–	9.0	0.9	7.3	42.3
Total CEO and other members of the Group Management[3]	**29.1**	–	**9.3**	**0.9**	**8.1**	**47.4**
Total	**32.1**	**0.9**	**9.3**	**0.9**	**8.1**	**51.3**

[1] Including compensation for committee work.
[2] Bertrand Pivin and Robert Andreen resigned on June 16, 2015 at the Extraordinary General Meeting. Michael Phillips resigned on March 10, 2015. No board fees paid for 2015.
[3] The Group Management consisted of 10 persons, whereof 3 women, as of December 31, 2015. Group Management consisted of CEO, CFO, Senior Vice President Corporate Communications and Public Affairs, CMO and business area managers. The business area manager for Capio Norway was part of Group Management until September 30, 2015.

Note 4: Salaries, other compensation and social costs, cont.

Compensation to the Board of Directors and Group Management

2014, MSEK	Fixed salary/ board compen- sation	Other compen- sation	Variable salary	Other benefits	Pensions	Total
Anders Narvinger, chairman	2.1	–	–	–	–	2.1
Gunnar Németh, vice chairman	0.3	1.1	–	–	–	1.4
Gun Nilsson, director[1, 2]	0.4	–	–	–	–	0.4
Robert Andreen, director	0.1	–	–	–	–	0.1
Fredrik Näslund, director	0.1	–	–	–	–	0.1
Neal Dignum, director	0.1	–	–	–	–	0.1
Michael Phillips, director	0.1	–	–	–	–	0.1
Bertrand Pivin, director	0.1	–	–	–	–	0.1
Håkan Winberg, director[1]	0.4	6.0[4]	–	–	–	6.4
Total Board of Directors	**3.7**	**7.1**	**0.0**	**0.0**	**0.0**	**10.8**
Thomas Berglund, CEO	4.0	–	0.3	–	–	4.3
Other members of the Group Management	24.5	–	9.4	1.0	7.3	42.2
Total CEO and other members of the Group Management[3]	**28.5**	**0.0**	**9.7**	**1.0**	**7.3**	**46.5**
Total	**32.2**	**7.1**	**9.7**	**1.0**	**7.3**	**57.3**

[1] Including compensation for committee work.
[2] Gun Nilsson was elected in June 30, 2014 at the Extraordinary General Meeting.
[3] The Group Management consisted of 11 persons, whereof 3 women.
[4] Consulting fees, mainly related to the French SLB-transaction, review of the German business as well as get ready for IPO.

Compensation to the Board of Directors and Group Management

2013, MSEK	Fixed salary/ board compen- sation	Other compen- sation	Variable salary	Other benefits	Pensions	Total
Anders Narvinger, chairman	1.0	–	–	–	–	1.0
Gunnar Németh, vice chairman	0.3	2.6	–	–	–	2.9
Robert Andreen, director	0.2	–	–	–	–	0.2
Fredrik Näslund, director	0.1	–	–	–	–	0.1
Neal Dignum, director	0.1	–	–	–	–	0.1
Michael Phillips, director	0.1	–	–	–	–	0.1
Bertrand Pivin, director	0.1	–	–	–	–	0.1
Håkan Winberg, director[1]	–	–	–	–	–	–
Total Board of Directors	**1.9**	**2.6**	**0.0**	**0.0**	**0.0**	**4.5**
Thomas Berglund, CEO	4.0	–	0.9	0.0	–	4.9
Other members of the Group Management	25.1	–	8.5	0.8	7.9	42.3
Total CEO and other members of the Group Management[2]	**29.1**	**0.0**	**9.4**	**0.8**	**7.9**	**47.2**
Total	**31.0**	**2.6**	**9.4**	**0.8**	**7.9**	**51.7**

[1] Håkan Winberg was elected in October 4, 2013 at the Extraordinary General Meeting.
[2] The Group Management consisted of 11 persons, whereof 3 women.

Shareholding at December 31	2015	2014	2013
Anders Narvinger, chairman	33,975	164	164
Gunnar Németh, vice chairman	327,620	1,166	1,601
Gun Nilsson, director[1]	10,000	–	–
Robert Andreen, director	–	–	–
Fredrik Näslund, director	–	–	–
Neal Dignum, director	–	–	–
Michael Phillips, director	–	–	–
Bertrand Pivin, director	–	–	–
Håkan Winberg, director	1,207,435	2,369	3,511
Kevin Thompson, employee representative	–	–	–
Julia Turner, employee representative	–	–	–
Total Board of directors	**1,579,030**	**3,699**	**5,276**
Thomas Berglund, CEO[2]	1,207,643	2,370	3,512
Other members of the Group Managment[3]	413,286	1,112	1,112
Total CEO and other members of the Group Management	**1,620,929**	**3,482**	**4,624**
Total	**3,199,959**	**7,181**	**9,900**

[1] Gun Nilsson was elected in June 30, 2014 at the Extraordinary General Meeting.
[2] Including holdings through legal entity.
[3] Including holdings through related party to Group Management.

Note 5 Pensions and post retirement plans

Most of the employees within the Group are covered by pension and post retirement benefit plans. Such plans can be either defined-benefit plans or defined-contribution plans. The pensions are normally secured through insurance premiums and primarily involve retirement pensions and benefits. The post retirement benefit plans in the Group are unfunded. Pension and post retirement benefit commitments are at least calculated on an annual basis, as per the closing date and in accordance with actuarial principles. Plan assets that are related to pension commitments are valued at fair value. Actuarial gains or losses on pension commitments and plan assets are recognized as part of the other comprehensive income. In Sweden, most pension commitments are secured through plans that comprise a number of employers. The largest of these is the ITP plan administered by Alecta.

Pension schemes within the Group follow local market practice and/or collective bargaining agreements. The Group's funded defined benefit pension plans are KLP in Norway and KAP-KL in Sweden. These plans are managed by independent funds, and premiums are paid by the company. The premiums are calculated yearly based on the demographic and other actuarial changes in the plans. Surpluses in the fund remain in the fund assets but can be utilized in the form of reduced premiums under certain circumstances. In France the post-retirement benefit plans are unfunded, the company is legally required to pay a lump sum to employees when they retire from service.

Information about reporting in connection with Alecta

For employees in Sweden the ITP-2 defined benefit pension plan is secured through an insurance in Alecta. According to a statement from the Financial Reporting Council, UFR3 Pension plans secured through insurance in Alecta, is a multi-employer defined benefit plan. For the financial year 2015 (and earlier years) the company has not had access to information required to disclose their proportional share of the plans obligations, plan assets and costs and as an effect the plan is not possible to account for as a defined benefit plan. The pension plan ITP-2 secured through insurance in Alecta is therefore accounted for as a defined contribution plan. The premiums for the defined benefit plan is individually calculated and are, among other things, depending on salaries, previously earned pension and expected remaining time of employment. Expected premiums for the next reporting period for ITP2 pensions in Alecta amounts to MSEK 60. The Group's share of the total premiums for the plan amounts to 0.29% (2014: 0.42; 2013: 0.47) and the Group's share of the total number of active members of the plan amounts to 0.43% (2014: 0.44; 2013: 0.44).

Alecta's surplus can be distributed to the policy holders and/or to the insured. At the end of 2015, Alecta's surplus in terms of the collective consolidation rate was 153% (2014: 144; 2013: 148). The collective consolidation rate consists of the market value of Alecta's assets expressed as a percentage of insurance commitments calculated in accordance with Alecta's actuarial assumptions.

	2015			2014			2013		
	Funded pension plans	Unfunded post retirement plans	Total	Funded pension plans	Unfunded post retirement plans	Total	Funded pension plans	Unfunded post retirement plans	Total
Current value of commitments	**714**	**258**	**972**	**653**	**252**	**905**	**528**	**212**	**740**
Fair value of plan assets	**-634**	**–**	**-634**	**-527**	**0**	**-527**	**-450**	**0**	**-450**
Net balance sheet liability	**80**	**258**	**338**	**126**	**252**	**378**	**78**	**212**	**290**
Pension commitments									
Opening balance	653	252	905	528	212	740	509	200	709
Liabilities assumed upon company acquisitions	11	5	16	–	1	1	7	-3	4
Reassessment of pension commitments[1]	48	–	48	–	–	–	–	–	–
Service costs – benefits accrued during the year	38	15	53	24	13	37	29	12	41
Past service cost	–	–	–	-9	-1	-10	–	–	–
Interest expenses	20	5	25	23	6	29	18	6	24
Paid benefits	-7	–	-7	-7	-1	-8	-6	-1	-7
Actuarial gains (–)/losses (+)[1]	-31	3	-28	97	18	115	-18	-3	-21
Liabilities extinguished on settlement	–	-11	-11	–	-11	-11	–	-7	-7
Other	-1	–	-1	-1	–	-1	–	0	0
Exchange rate differences	-17	-11	-28	-2	15	13	-11	8	-3
Closing balance	**714**	**258**	**972**	**653**	**252**	**905**	**528**	**212**	**740**
Plan assets									
Opening balance	527	–	527	450	–	450	378	0	378
Assets acquired through company aquisitions	8	–	8	–	–	–	6	–	6
Reassessment of plan assets[1]	31	–	31	–	–	–	–	–	–
Expected return on plan assets	16	–	16	20	–	20	14	–	14
Contributed funds from employer	55	–	55	52	–	52	45	–	45
Paid funds	-7	–	-7	-7	–	-7	-6	–	-6
Actuarial gains (+)/losses (–)[1]	15	–	15	15	–	15	22	–	22
Other	-1	–	-1	-2	–	-2	–	–	0
Exchange rate differences	-10	–	-10	-1	–	-1	-9	–	-9
Closing balance	**634**	**–**	**634**	**527**	**–**	**527**	**450**	**0**	**450**
Net liability	**80**	**258**	**338**	**126**	**252**	**378**	**78**	**212**	**290**

[1] Charged to other comprehensive income.

	2015				2014				2013			
Total pension expenses for pension plans	Funded pension plans	Unfunded post retirement plans	Contribution plans	Total	Funded pension plans	Unfunded post retirement plans	Contribution plans	Total	Funded pension plans	Unfunded post retirement plans	Contribution plans	Total
Benefits accrued during the year	38	15	–	53	24	13	–	37	29	12	–	41
Past service cost	–	–	–	–	-9	–	–	-9	–	–	–	–
Interest net	4	5	–	9	3	6	–	9	4	6	–	10
Other costs	–	–	–	–	–	–	–	–	–	–	–	–
Pensions costs, defined-benefit plans	**42**	**20**	**–**	**62**	**18**	**19**	**–**	**37**	**33**	**18**	**–**	**51**
Pension premiums for defined-contribution and direct pensions	–	–	306	306	–	–	315	315	0	–	295	295
Total pension costs	**42**	**20**	**306**	**368**	**18**	**19**	**315**	**352**	**33**	**18**	**295**	**346**

Note 5: Pensions and post retirement plans, cont.

Actuarial assumptions, weighted average in %	2015	2014	2013
Discount interest rate	2.7	2.7	3.8
Inflation	1.8	1.8	2.2
Expected salary increases	2.4	2.4	2.5
Yield on managed assets	3.0	2.7	4.1

The discount interest rate reflects the interest level at which pension and post retirement commitments can be redeemed in full. The discount rate is determined in accordance with IAS 19 with reference to prime corporate bonds traded in a functioning corporate bond market as per IFRS's view by referring to the Swedish mortgage bond market. The Group has thus taken the view that the discount rate applied reflects the time value of the money and provides a reasonable present value of Capio's pension commitments. The yield from managed assets reflects expected average yield. This level varies with the type of placement and market. Expected salary increases are dependent on inflation, seniority and advancement. Assessments are based on historical information.

Sensitivity analysis for pension and post retirement commitments

In the valuation of pension and post retirement commitments the essential assumptions for the Group are changes in discount interest rate and expected salary increases. The summary below shows the sensitivity of a change in the discount interest rate or expected salary increase in the expected value for pension and post retirement commitments.

Sensitivity analysis for pension and post retirement commitments	Expected value for pension and post retirement commitment	Sensitivity compared to the used assumption in valuation
Commitment originally used in valuation	**972**	
Discount interest rate +0,5%	897	-75
Discount interest rate -0,5%	1,049	77
Expected salary increase +1%	1,041	69

Specification of plan assets per investment category	2015	%	2014	%	2013	%
Equities	212	*33.4*	170	*32.3*	134	*29.8*
Bonds	358	*56.5*	307	*58.3*	268	*59.6*
Other	64	*10.1*	50	*9.4*	48	*10.6*
Total	**634**	***100.0***	**527**	***100.0***	**450**	***100.0***

Note 6 Financial items

	2015	2014	2013
Interest income	19	22	31
Total	**19**	**22**	**31**
Interest expenses	-154	-270	-351
Total	**-154**	**-270**	**-351**

	2015	2014	2013
Dividends	2	2	1
Exchange rate differences	–	–	–
Total other financial income	**2**	**2**	**1**
Exchange rate differences	-13	-6	-11
Other financial expenses[1]	-81	-74	-50
Total other financial expenses	**-94**	**-80**	**-61**
Total other financial items	**-92**	**-78**	**-60**

[1] Other financial expenses in 2015 and 2014 includes write off of capitalized borrowing cost related to the debt amortization.

Note 7 Income tax

Tax expense for the year divided among current and deferred income tax	2015	2014	2013
Current income tax[1]	-70	-468	-116
Deferred income tax[1]	21	380	19
Income tax expenses	**-49**	**-88**	**-97**

[1] Effects from the French SLB-transaction significantly impacted both current -and deffered income tax in 2014.

Estimated tax on profit for the period in Sweden has been calculated at 22%. Tax for other countries has been calculated in accordance with the tax rates in use locally.

The primary differences between the statutory corporate tax in Sweden and the effective tax for the Group were:

Origin of reported tax costs	2015	%	2014	%	2013	%
Profit/loss before tax	244		81		152	
Tax calculated at Swedish tax rate of 22%	-54	*22*	-18	*22*	-34	*22*
Difference between tax rate in Sweden and abroad	-21	*9*	-48	*59*	-40	*26*
Adjustment of current tax from earlier periods	-1	*0*	4	*-5*	-1	*0*
Tax related to non-deductible items	-44	*18*	-83	*102*	-45	*30*
Non-taxable income	39	*-16*	50	*-62*	39	*-26*
Changed valuation of temporary differences[1]	28	*-11*	5	*-6*	-18	*12*
Other	4	*-2*	2	*-2*	2	*-1*
Reported tax expenses	**-49**	***20***	**-88**	***109***	**-97**	***64***

[1] Of which MSEK 28 (2014: 5; 2013: -18) relate to income tax losses not recognized in current and prior years.

In addition to the income tax expense for the year reported in the consolidated statement of comprehensive income, deferred income tax cost of MSEK 10 (2014: income 29; 2013: cost 34) were recognized in other comprehensive income for the year. A significant part of the deferred income tax recognized in other comprehensive income is attributable to revaluation of defined benefit plans.

Note 7: Income tax, cont.

Deferred income tax assets attributable to the following temporary differences and losses carried forward	2015	2014	2013	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2013
Fixed assets	132	163	171	-31	-8	-16
Long-term financial liabilities	102	103	124	-1	-21	8
Current assets	15	23	20	-8	3	0
Deductible differences, provisions	53	83	55	-30	28	-27
Losses carried forward	517	508	478	9	30	-21
Other deductible differences	17	20	16	-3	4	0
Deferred income tax assets, gross	**836**	**900**	**864**	**-64**	**36**	**-56**
Valuation allowance	-425	-457	-465	32	8	31
Deferred income tax assets, net	**411**	**443**	**399**	**-32**	**44**	**-25**

Deferred income tax liabilities attributable to the following temporary differences and losses carried forward	2015	2014	2013	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2013
Fixed assets[1]	554	591	912	-37	-321	-3
Deductible differences, provisions	1	3	9	-2	-6	0
Deferred income tax on untaxed reserves	2	3	4	-1	-1	-6
Other deductible differences	26	31	46	-5	-15	21
Other taxable differences	21	25	25	-4	0	-7
Deferred income tax liabilities	**604**	**653**	**996**	**-49**	**-343**	**5**

[1] Change in 2014 compared to current and year 2013 mainly relates to the French SLB-transaction.

Maturity structure for deferred tax assets related to losses carried forward	2015	2014	2013
Matures within one – five years	–	–	–
Matures in more than five years	11	6	–
No maturity date	506	502	478
Closing balance	**517**	**508**	**478**

Unreported deferred income tax assets	2015	2014	2013
Losses carried forward	418	440	450
Other temporary differences	7	17	15
Total	**425**	**457**	**465**

It has been deemed that unreported deferred income tax assets will not be utilized within the foreseeable future. Taxable temporary differences exist with regard to shares of subsidiaries. Because there is no plan in the foreseeable future to divest the companies, deferred income tax has not been reported for these differences.

Note 8 Impairment test of goodwill and brand name

The Group tests goodwill for impairment on at least an annual basis or otherwise when changes in events or situations indicate that the carrying amount cannot be recovered. Also an impairment test is carried out for the brand name value with an indefinite useful life.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Unit), that is, per country in a segment.

If an impairment test indicates that the carrying amount is too high, a recoverable amount is established for the asset, which is the higher of net realisable value and value in use. An impairment loss is calculated based on the difference between the carrying amount and the estimated recoverable amount.

When calculating the value in use, a number of key assumptions and assessments must be made to estimate future cash flows.

The annual impariment test of goodwill and brand name take place during fourth quarter in conjunction with the business plan process for next year.

Future cash flow forecasts are based on a 3-year business plan for the cash generating units 2016 to 2018 which has been cofirmed by the Group Management and presented to the Board of Directors. These plans include future income, expenses, operating margin development and change in operating capital, mainly investments. Cash flows beyond the forecasted period have been extrapolated with a growth rate of 2% per year.

The long-term growth rate of 2% for healthcare services in a mature pan-European market is at present regarded as being a reasonable estimate in view of the estimated future market growth.

Key assumptions

Key assumptions and assessments consist primarily of future income, expenses, market growth, investments and average discount rate.

Future income, expenses, market growth and investments are based on a 3-year business plan for each cash-generating unit.

The Group establishes the average discount rate, used to discount the furture cash flows, in accordance with a principle, whereby consideration is given to time values and specific risks related to each cash-generating unit, the average discount rate pre-tax has been in range of 6.6-7.6% (2014: 7.2-8.3; 2013: 8.6-9.5).

The tabels below shows the assumptions and estimates that have been used to the impairment testing by segment.

Average discount rate used pre tax in %	2015	2014	2013
Nordic	7.1-7.6	7.8-8.3	9.2-9.5
France	6.6	7.2	8.6
Germany	7.0	7.6	8.9

Long-term growth rate in %	2015	2014	2013
Nordic	2.0	2.0	2.5
France	2.0	2.0	2.5
Germany	2.0	2.0	2.5

The Group's goodwill and brand name is mainly attributable to the Capio acquisition made in 2006. There was no need to recognize an impairment loss on the closing date. Reasonable changes to assumptions applied in the impairment test did not change the conclusion of the test, for example a 1% increase in risk free interest rate or a decrease of 10% of net cash flow.

Note 9 Goodwill

	2015	2014	2013
Opening acquisition value	5,417	5,189	5,035
Acquisitions during the year	51	34	30
Divestments/reclassifications	-4	0	15
Translation differences	-133	194	109
Closing accumulated acquisition value	**5,331**	**5,417**	**5,189**
Opening impairment losses	-42	-42	-42
Impairment during the year	–	–	–
Divestments/reclassifications	–	–	–
Translation differences	–	–	–
Closing accumulated impairment	**-42**	**-42**	**-42**
Closing carrying amount, according to plan	**5,289**	**5,375**	**5,147**

Goodwill has been distributed among the segments.

Consolidated goodwill items	2015	2014	2013
Nordic	2,173	2,155	2,121
France	2,610	2,687	2,525
Germany	506	533	501
Total	**5,289**	**5,375**	**5,147**

Note 10 Other intangible assets

2015	Brand	Healthcare contracts	Other intangible assets[1]	Total
Opening acquisition value	1,180	862	370	2,412
Assets in acquired units	–	–	0	0
Acquisitions during the year	–	21	79	100
Divestments/ scrapped/reclassifications	–	–	-19	-19
Translation differences	-30	–	-15	-45
Closing accumulated acquisition values	**1,150**	**883**	**415**	**2,448**
Opening amortization	0	-586	-237	-823
Assets in acquired units	–	–	0	0
Amortization for the year	–	-45	-37	-82
Divestments/ scrapped/reclassifications	–	–	14	14
Translation differences	–	0	9	9
Closing accumulated amortization	**0**	**-631**	**-251**	**-882**
Closing carrying amount	**1,150**	**252**	**164**	**1,566**

[1] Other intangible assets primarily consist of capitalized software costs.

Of the net book value a total amount of MSEK 1,402 relate to intangible assets recognized as part of business combinations.

2014	Brand	Healthcare contracts	Other intangible assets[1]	Total
Opening acquisition value	1,134	825	322	2,281
Assets in acquired units	–	–	0	0
Acquisitions during the year	–	31	42	73
Divestments/ scrapped/reclassifications	–	6	-9	-3
Translation differences	46	–	15	61
Closing accumulated acquisition values	**1,180**	**862**	**370**	**2,412**
Opening amortization	0	-514	-201	-715
Assets in acquired units	–	–	0	0
Amortization for the year	–	-71	-33	-104
Divestments/ scrapped/reclassifications	–	-1	7	6
Translation differences	–	–	-10	-10
Closing accumulated amortization	**0**	**-586**	**-237**	**-823**
Closing carrying amount	**1,180**	**276**	**133**	**1,589**

[1] Other intangible assets primarily consist of capitalized software costs.

Of the net book value a total amount of MSEK 1,446 relate to intangible assets recognized as part of business combinations.

2013	Brand	Healthcare contracts	Other intangible assets[1]	Total
Opening acquisition value	1,108	825	331	2,264
Assets in acquired units	–	–	0	0
Acquisitions during the year	–	–	31	31
Divestments/ scrapped/reclassifications	–	–	-44	-44
Translation differences	26	–	4	30
Closing accumulated acquisition values	**1,134**	**825**	**322**	**2,281**
Opening amortization	0	-458	-170	-628
Assets in acquired units	–	–	0	0
Amortization for the year	–	-56	-29	-85
Divestments/ scrapped/reclassifications	–	–	2	2
Translation differences	–	–	-4	-4
Closing accumulated amortization	**0**	**-514**	**-201**	**-715**
Closing carrying amount	**1,134**	**311**	**121**	**1,566**

[1] Other intangible assets primarily consist of capitalized software costs.

Of the net book value a total amount of MSEK 1,445 relate to intangible assets recognized as part of business combinations.

Note 11 Equipment, tools, fixtures and fittings

	2015	2014	2013
Opening acquisition value	4,104	3,817	3,545
Assets in acquired/divested units	8	-73	9
Acquisitions during the year	389	310	319
Divestments/scrapped for the year	-241	-173	-145
Reclassifications	4	40	5
Translation differences	-139	183	84
Closing accumulated acquisition value	**4,125**	**4,104**	**3,817**
Opening depreciation	-3,054	-2,807	-2,577
Depreciation in acquired/divested units	-5	63	-4
Depreciation for the year	-291	-299	-289
Divestments/scrapped for the year	226	119	126
Reclassifications	0	8	0
Translation differences	100	-138	-63
Closing accumulated depreciation	**-3,024**	**-3,054**	**-2,807**
Opening impairment	-150	-110	-93
Impairment for the year	-14	-34	-13
Divestments/scrapped for the year	20	–	–
Reversal of impairment	6	–	–
Translation differences	5	-6	-4
Closing accumulated impairment	**-133**	**-150**	**-110**
Closing carrying amount	**968**	**900**	**900**

Of the closing residual value according to plan, MSEK 188 (2014: 138; 2013: 157) is attributable to financial leasing contracts.

Note 12 Buildings and land

Buildings	2015	2014	2013
Opening acquisition value	2,653	4,630	4,383
Assets in acquired/divested units	-18	-131	3
Acquisitions during the year	101	134	244
Divestments/scrapped for the year[1]	-204	-2,112	-98
Reclassifications	-7	-57	-30
Translation differences	-104	189	128
Closing accumulated acquisition value	**2,421**	**2,653**	**4,630**
Opening depreciation	-1,284	-1,622	-1,441
Depreciation in acquired/divested units	4	105	0
Depreciation for the year	-117	-155	-192
Divestments/scrapped for the year[1]	103	465	26
Reclassifications	0	4	22
Translation differences	53	-81	-37
Closing accumulated depreciation	**-1,241**	**-1,284**	**-1,622**
Opening impairment	-156	-93	-107
Impairment in acquired/divested units	0	10	0
Impairment for the year	-6	-73	0
Divestments/scrapped for the year[1]	3	3	0
Reversal of impairment	29	4	14
Reclassifications	0	0	0
Translation differences	5	-7	0
Closing accumulated impairment	**-125**	**-156**	**-93**
Closing carrying amount	**1,055**	**1,213**	**2,915**

Of the closing residual value according to plan, MSEK 349 (2014: 320; 2013: 1,160) is attributable to financial leasing contracts.

Land and land improvements	2015	2014	2013
Opening acquisition value	419	814	839
Assets in acquired/divested units	-6	-2	0
Acquisitions during the year	-4	0	2
Divestments/scrapped for the year[1]	-18	-429	-55
Reclassifications	2	-2	0
Translation differences	-16	38	28
Closing accumulated acquisition value	**377**	**419**	**814**
Opening depreciation	-4	-5	-5
Depreciation in acquired/divested units	–	–	–
Depreciation for the year	0	0	0
Divestments/scrapped for the year[1]	0	1	–
Reclassifications	–	–	–
Translation differences	0	0	0
Closing accumulated depreciation	**-4**	**-4**	**-5**
Opening impairment	-193	-180	-186
Impairment in acquired/divested units	0	0	0
Impairment for the year	0	0	0
Divestments/scrapped for the year[1]	0	-1	0
Reversal of impairment	19	0	12
Reclassifications	–	–	–
Translation differences	7	-12	-6
Closing accumulated impairment	**-167**	**-193**	**-180**
Closing carrying amount	**206**	**222**	**629**
Closing carrying amount buildings and land	**1,261**	**1,435**	**3,544**

[1] Divestments for the year 2014 mainly relates to the French SLB-transaction.

Note 13 Financial fixed assets

	2015	2014	2013
Long-term holdings in securities			
Opening acquisition value	35	33	32
Assets in acquired units	23	0	0
Sales for the year	-1	-1	—
Translation differences	-1	3	1
Closing carrying amount	**56**	**35**	**33**
Derivative instruments			
Opening acquisition value	0	0	0
Purchases during the year	2	–	–
Revaluations during the year	0	–	–
Closing acquisition value	**2**	**0**	**0**
Long-term receivables			
Opening acquisition value	135	101	72
Sales for the year	-1	-1	0
Lending during the year	41	37	6
Amortization during the year	-6	-5	-14
Revaluations during the year	0	-1	—
Reclassifications[1]	-38	—	36
Translation differences	-3	4	1
Closing carrying amount	**128**	**135**	**101**
Total financial fixed assets	**186**	**170**	**134**
Whereof interest-bearing	55	30	2
Whereof non-interest-bearing	131	140	132

[1] Reclassfication of endowment insurance in 2015.

Note 14 Accounts receivables and other receivables

	2015	2014	2013
Accounts receivables	662	680	677
Prepaid expenses and accrued income	799	800	656
Other receivables	195	253	254
Total	**1,656**	**1,733**	**1,587**

Provisions for doubtful accounts receivables relating to accounts receivable amounted to MSEK 79 (2014: 62; 2013: 63). Reported provisions are based on historical experience and individual assessments and were charged against earnings in the respective period. Management deems that the carrying amount of accounts receivables, prepaid expenses and accrued income, as well as other receivables, corresponds to the fair value. Management deems that there is no specific credit risk related to outstanding accounts receivables. Management bases this assessment on the fact that no individual customer accounts for a dominant share of outstanding accounts receivables. The average credit period normally amounts to 30–90 days.

Provision for doubtful accounts receivables	2015	2014	2013
Opening provision value	62	63	46
Provisions in acquired/sold units	4	–2	0
Provisions for anticipated losses	12	3	5
Actual losses	1	1	9
Recovered claims	-13	-6	-6
Other	0	1	-2
Reclassifications[1]	14	—	10
Translation differences	-1	2	1
Closing provision value	**79**	**62**	**63**

[1] Reclassification from accruals to provisions in Germany in 2015.

The year's costs for doubtful accounts receivables amounted to MSEK 17 (2014: 2; 2013: 8). Provisions for doubtful accounts receivables amounted to 11% (2014: 8; 2013: 9) of total accounts receivable at the closing date.

Maturity periods for accounts receivables

Accounts receivables overdue but not impaired	2015	2014	2013
Less than 30 days overdue	166	190	194
30–90 days overdue	64	48	48
91–120 days overdue	16	10	12
More than 120 days overdue	39	59	51
Total	**285**	**307**	**305**

There were no other overdue receivables not provided for as doubtful per December 31, 2015 (2014: 0; 2013: 0).

Note 15 Interest-bearing liabilities and provisions

The Group's external borrowing in MSEK and average interest (%) paid		2015	%	2014	%	2013	%
Commitments in financial leasing	EUR	474	*3.3*	471	*3.2*	945	*3.1*
	SEK	34	*2.5*	37	*3.5*	22	*3.7*
	NOK	92	*3.6*	96	*4.1*	98	*4.6*
Total		**600**	***3.3***	**604**	***3.4***	**1,065**	***3.3***
Bank loans	EUR	1,602	*3.1*	3,036	*4.6*	4,005	*6.1*
	SEK	848	*3.2*	321	*5.3*	435	*5.7*
Total		**2,450**	***3.1***	**3,357**	***4.7***	**4,440**	***6.0***
Other loans	EUR	54		70		106	
	SEK	7		3		2	
	NOK	–		–		–	
Total		**61**		**73**		**108**	
Total external borrowings		**3,111**		**4,034**		**5,613**	

In local currency, MLOC	2015	2014	2013
EUR	233	376	565
SEK	889	361	459
NOK	96	91	93

Long-term and current liabilities, interest-bearing	2015	2014	2013
Maturity periods			
1–2 years	63	38	72
2–3 years	53	2,935	58
3–4 years	68	569	4,237
4–5 years	2,567	52	457
Longer than 5 years	267	372	720
Total long-term liabilities	**3,018**	**3,966**	**5,544**
Current liabilities, interest-bearing	93	68	69
Total interest-bearing liabilities	**3,111**	**4,034**	**5,613**

Note 16 Financial instruments

Financial risk management

Capio's operations are exposed to various types of financial risks that may affect the net income and shareholders equity. This is mainly due to changes in exchange rates and interest rates, but also to refinancing and liquidity risk as well as counterparty risk. The Group's financial risks are managed in accordance with the Board's established treasury policy.

Financing and liquidity risk

Financing risk is the risk that costs become higher and that financing options may be limited when loans are renewed and that payment obligations cannot be fulfilled due to insufficient liquidity or difficulties in securing funding. To minimise the refinancing risks i.e. the risk of not having access to long term financing, the refinancing process should be initiated earlier than 12 months prior to expiration. Liquidity risk is minimised by having cash and unused credit facilities corresponding to minimum 5% of annual Group sales.

Financing of the Group primarily takes place via bank loans, but also through financial and operating leasing. The Group's main financing source is a 5-year credit facilities agreement signed with five banks in conjunction with the Group's listing on the Nasdaq Stockholm in June, 2015. The MEUR 500 credit facilities agreement consist of a term loan facility of MEUR 265 and a revolving credit facility of MEUR 235, which is due in full in June 2020. The previous bank agreement from year 2006 was repaid and all pledge assets was released.

Utilized amount under the credit facilities agreement was MSEK 2,477 (2014: 3,418; 2013: 4,547) as of December 31, 2015 and MSEK 2,097 (2014: 1,366; 2013: 1,355) was unutilized of the revolver facility. The Group has as part of the credit agreement undertaken to maintain certain financial covenants and by year-end 2015 all financial covenants were met with good headroom.

Granted unutilized overdraft credit facilities amounting to MSEK 522 (2014: 428; 2013: 403) on December 31, 2015 of which MSEK 0 (2014: 0; 2013: 28) was utilized.

Exchange rate risk

Exchange rate movements affect the Group's earnings and equity in various ways either as transaction exposure or translation exposure. Transaction exposure arise on commercial flows in foreign currency. Business operations normally only involve income and expenses in local currency which means that commercial currency flows are very limited. Currency effects from transaction exposure on operating income therefore amount to small sums. During the financial year currency effects amounted to net expense of MSEK 13 (expenses: 2014: 6; 2013: 11).

In translating the earnings and net assests of foreign subsidiaries into SEK a currency exposure arises that may affect consolidated earnings and equity. Changes in exchange rates between EUR/SEK are the primary reason for translation differences in consolidated equity. To limit currency exposure, the currency mix in the Group's interest-bearing gross debt is matched with the currency mix in the Group's cash flow and thereby creating a natural hedge for servicing the debt. The currency exposure arising from the translation of subsidiaries' income statement into SEK effect the Group's result and this effect is not hedge.

Interest rate risk

The Group's income derives primarily from contracts with prices that are normally adjusted annually and usually track each country's inflation and economic trends. Ongoing operations are normally financed using variable or short interest periods. Use of longer interest periods are determined case by case based on prevailing conditions in order to minimize interest risks.

In order to reduce interest rate exposure and achieve the desired fixed-interest term in the debt portfolio, interest rate derivatives are used, primarily in the form of interest rate cap (option) or interest rate swaps. Capio has limited the interest rate exposure by 13% of the senior debt until December 2019.

Interest rate derivates contracts with a nominal value of MSEK 365 (2014: 972; 2013: 914) and a estimated fair value of MSEK 2 (2014: -5; 2013: -3) on the closing date. The estimated fair value is reported as level 2 and was based on current market listings. The change in fair value of existing interest rate cap (option) are recognized in the income statement. The interest rate swaps that matured in 2015 met the criteria for hedge accounting and therefore changes in fair values were reported as other comprehensive income.

Credit and counterparty risk

Credit risks may arise if a counterparty does not fulfil its obligations according to signed agreements. The risk that a counterparty will not fulfill its obligations according to financial contracts is limited through the selection of credit-worthy counterparties and by limiting the commitment per counterparty. The Group's cash and cash equivalents are placed in bank accounts or deposited with reputable banks with limited credit risk.

Financial instruments

The fair values of Capio Group's interest-bearing financial assets and liabilities are summarized in the table below:

	2015		2014		2013	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets						
Cash and cash equivalents	118	118	561	561	207	207
Financial fixed assets, interest-bearing	55	55	30	30	2	2
Short-term investments and interest-bearing receivables	2	2	22	22	2	2
Interest rate derivatives	2	2	–	–	–	–
Financial liabilities						
Commitments in financial leasing	600	615	604	620	1,065	1,106
Bank loans	2,450	2,477	3,357	3,418	4,440	4,547
Other loans	61	61	73	73	108	108
Interest rate derivatives	–	–	5	5	3	3

Accounts receivable and accounts payable trade are excluded from the list as the fair value represent the booked value. Additional information of accounts receivables, see Note 14.

The difference between the book value and the fair value regarding commitments in financial leasing and bank loans relate to capitlized borrowing costs.

Note 16: Financial instruments, cont.

Bank loans have variable interest rates and thus expose the Group to cash flow risks in interest payments. The Group's portfolio of interest rate derivatives had a nominal value of MSEK 365 (2014: 970; 2013: 914) at December 31, 2015.

The fair value of the interest rate derivatives MSEK 2 (2014: -5; 2013: -3) 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 when applied to the projected balances for the period from the reporting date to the contracted expiry dates, level 2.

The fair values of the Group's interest rate derivatives, which consist of interest rate cap (option) as of 31 December 2015, are summarized below:

Derivative 2015	Currency	Hedged value	Hedged value in MSEK	Fair value
Interest rate cap (option)	MEUR	40	365	2
Total				**2**
Whereof recognized under other comprehensive income				–
Whereof recognized at fair value in the profit/loss for the period				0

Derivative 2014	Currency	Hedged value	Hedged value in MSEK	Fair value
Interest swaps	MEUR	102	970	-5
Total				**-5**
Whereof recognized under other comprehensive income				-5
Whereof recognized at fair value in the profit/loss for the period				—

Derivative 2013	Currency	Hedged value	Hedged value in MSEK	Fair value
Interest swaps	MEUR	102	914	-3
Total				**-3**
Whereof recognized under other comprehensive income				–3
Whereof recognized at fair value in the profit/loss for the period				—

	Maturity period						
December 31, 2015 Derivative maturity periods	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
Interest rate cap (option)	–	–	–	365	–	–	365

	Maturity period						
December 31, 2014 Derivative maturity periods	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
Interest swaps	952	—	—	—	—	18	970

	Maturity period						
December 31, 2013 Derivative maturity periods	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
Interest swaps	—	895	—	—	—	19	914

Sensitivity analysis of interest rate risks

Changes in market interest rates affect the Group's interest income and expenses. The summary below shows the effect of a change in market interest rates in the consolidated statement of comprehensive income.

	Per cent	2015	2014	2013
Market interest rate	(+/-) 1	29	27	44

Sensitivity analysis for exchange rate risk

Changes in exchange rates impact the Group's finances and financial position. The summary below shows the effect that exchange rate fluctuations have on the Group's consolidated statement of comprehensive income and shareholders' equity in the Group.

The most important currency is EUR for which a change of +10% has the following effect:

	2015	2014	2013
Consolidated statement of comprehensive income – net profit/loss	14	8	18
Shareholders' equity	303	301	277

Interest income and interest expense from financial instruments

The table below shows interest income and interest expense related to all financial assets and financial liabilities.

	2015	2014	2013
Interest income from financial assets	3	2	17
Interest expense from financial liabilities	-129	-240	-325
Total	**-126**	**-238**	**-308**

The reason why expenses differ from the reported net interest in net financial items is mainly because interest income and expenses attributable to pensions are excluded.

Net gains/losses for financial instruments reported in the statement of comprehensive income

The table below shows gains and losses attributable to:

Net gains/losses	2015	2014	2013
Exchange rate differences	-13	-6	-11
Derivatives for which hedge accounting is not applied	0	—	—
Total	**-13**	**-6**	**-11**

Note 16: Financial instruments, cont.

Inefficiency in hedge accounting

The table below shows the net gains and losses for the loans and interest swaps reported at fair value:

Net gain/loss Hedge accounting at fair value	2015	2014	2013
Financial liabilities (hedged item)	–	2	-59
Interest-related derivatives (hedging instruments)	–	-2	59
Total (ineffectiveness)	**–**	**0**	**0**

Maturity structure of financial liabilities	2015	2014	2013
<1 month	–	—	—
1–3 months	23	17	10
3–12 months	70	51	59
Total 0–12 months	**93**	**68**	**69**
1–2 years	63	38	72
2–3 years	53	2,935	58
3–4 years	68	569	4,237
4–5 years	2,567	52	457
Longer than 5 years	267	372	720
Total	**3,018**	**3,966**	**5,544**

The maturity structure consist exclusively of interest-bearing liabilities.

Categorization of financial assets and liabilities

	2015				2014				2013			
Assets	**Derivative identified as hedging instrument**	**Loans and receiv-ables**	**Other financial assets**	**Total**	**Derivative identified as hedging instrument**	**Loans and receiv-ables**	**Other financial assets**	**Total**	**Derivative identified as hedging instrument**	**Loans and receiv-ables**	**Other financial assets**	**Total**
Financial fixed assets, interest-bearing		55		**55**		30		**30**		2		**2**
Financial fixed assets, non-interest-bearing			131	**131**			140	**140**			132	**132**
Accounts receivables – trade		662		**662**		680		**680**		677		**677**
Short-term investments and interest-bearing receivables		2		**2**		22		**22**		2		**2**
Cash and cash equivalents		118		**118**		561		**561**		207		**207**
Total	**–**	**837**	**131**	**968**	**–**	**1,293**	**140**	**1,433**	**–**	**888**	**132**	**1,020**

	2015			2014			2013		
Liabilities	**Derivative identified as hedging instrument**	**Other financial liabilities**	**Total**	**Derivative identified as hedging instrument**	**Other financial liabilities**	**Total**	**Derivative identified as hedging instrument**	**Other financial liabilities**	**Total**
Long-term liabilities, interest-bearing		3,018	**3,018**		3,966	**3,966**		5,544	**5,544**
Long-term liabilities, non-interest-bearing		20	**20**	2	18	**20**	3	20	**23**
Current liabilities, interest-bearing		93	**93**		68	**68**		69	**69**
Advance payments from customers		68	**68**		56	**56**		68	**68**
Accounts payable – trade		672	**672**		625	**625**		551	**551**
Other current liabilities	0	–	**0**	3	–	**3**	7	–	**7**
Total	**0**	**3,871**	**3,871**	**5**	**4,733**	**4,738**	**10**	**6,252**	**6,262**

Note 17 Other non-interest-bearing items

	2015	2014	2013
Prepaid expenses and accrued income			
Prepaid rent	124	156	82
Accrued income	583	564	488
Other	92	80	86
Total	**799**	**800**	**656**
Non-interest-bearing provisions			
Deferred tax liability	604	653	996
Provision for supplementary purchase payments	12	22	16
Other	82	150	155
Total	**698**	**825**	**1,167**
Long-term liabilities, interest-free			
Maturity periods:			
1–2 years	2	3	3
2–3 years	2	2	2
3–4 years	1	2	2
4–5 years	1	1	2
More than 5 years	14	10	11
Total	**20**	**18**	**20**
Fair value of financial instruments	0	2	3
Total	**20**	**20**	**23**
Accrued expenses and prepaid income			
Holiday pay liabilities	291	284	266
Other personnel-related expenses	471	472	385
Interest and financial expenses	32	37	28
Prepaid income	78	85	133
Other accrued expenses	483	622	513
Total	**1,355**	**1,500**	**1,325**

Note 18 Provisions

Non-interest-bearing provisions (excl. deferred tax liability)	**2015**	**2014**	**2013**
Opening provision value	172	171	166
Provisions in acquired units	—	—	0
Reversal of provisions	-12	-30	-13
Utilized funds	-38	-20	-41
Provisions for the year	11	45	11
Reclassifications[1]	-36	1	45
Translation differences	-3	5	3
Closing provision value	**94**	**172**	**171**

[1] Reclassification of endowment insurance in 2015.

Note 19 Pledged assets

For own debts and provisions	**2015**	**2014**	**2013**
Shares in subsidiaries[1]	124	10,273	10,527
Cash and cash equivalents	10	17	17
Chattel mortgages	—	—	48
Property mortgages	1,217	1,270	1,170
Endowment insurance	38	38	39
Total	**1,389**	**11,598**	**11,801**

[1] The main part of the pledged shares in 2014 and 2013 relates to the previous credit facilities agreement repaid in July, 2015 in conjunction when Capio was listed on the Nasdaq Stockholm.

Note 20 Contingent liabilities

	2015	2014	2013
Guarantee commitments	4	7	3
Total	**4**	**7**	**3**

Note 21 Shares in subsidiaries

For information regarding subsidiaries, see Note 11 in the Parent Company notes.

Note 22 Audit fees

The following fees were paid to auditing firms for conducting audits and other review measures in accordance with prevailing legislation and for advisory services and other assistance related to observations from the auditing measures conducted. Fees were also paid for independent advisory services conducted by elected auditors and other auditing firms within the areas of taxation, financial services and other consulting services. Auditors are elected at the Annual General Meeting for a period of four years.

Fees to elected auditors	**2015**	**2014**	**2013**
Fees for audit conducted by elected auditors Ernst & Young	13	13	11
Fees for audit in addition to the audit assignment performed by Ernst & Young	1	5	1
Fees for audit-related services performed by Ernst & Young	–	16	–
Fees for tax-related services performed by elected auditors Ernst & Young	1	2	2
Fees for audit conducted by elected auditors, other auditing firms	1	1	1
Fees for other consulting services performed by Ernst & Young	3	4	2
Total	**19**	**41**	**17**

Audit

Auditing services primarily relate to auditing of the Group companies' accounts, review of interim reports, IT systems and other review measures in accordance with prevailing regulations performed by elected auditors to provide an auditor's report for the Group's annual report. The annual audit is subject to approval by the Finance and Audit Committee. The Finance and Audit Committee monitors the auditor's work continuously during the financial year and has the authority to approve any changes in the terms of the annual audit.

Audit-related services

Audit-related services refer to services that are performed in close connection to the review of the consolidated accounts and include due diligence assignments, assistance in interpretation and application of new accounting policies and assistance in reporting requirements relating to internal controls.

Tax-related services

Tax services refer to services related to compliance with rules for tax reporting and other advisory services related to taxation.

Note 23 Rents and leasing fees

Operational leasing

The Group's operational leasing contracts primarily comprise rented premises in which business is conducted, technical medical equipment, computers and other equipment. Leasing contracts are reported until such time as they can be terminated.

Leasing fees attributable to	2015	2014	2013
Properties	668	568	493
Other fixed assets	90	91	60
Total	**758**	**659**	**553**
Whereof variable fees	322	204	89

Future minimum operational leasing fees at 31 December 2015 that cannot be prematurely terminated and which have terms longer than one year due for payment in:

2016	764
2017	689
2018	621
2019	561
Year 2020 and later	2,772
Total	**5,407**

Financial leasing

The Group's financial leasing contracts relate to premises in which business is conducted, as well as technical medical equipment. None of these contracts are sub-leased.

Leasing fees attributable to	2015	2014	2013
Properties	46	72	87
Other fixed assets	63	54	78
Total	**109**	**126**	**165**
Whereof variable fees	90	126	148

Carrying amounts for financial leasing at closing date amounted to:

	2015	2014	2013
Accumulated acquisition value	953	932	1,835
Accumulated depreciation/impairment	-406	-459	-505
Closing carrying amount	**547**	**473**	**1,330**

Depreciation and impairment for the year amounted to MSEK 75 (2014: 91; 2013: 110).

Future minimum financial leasing fees at December 31, 2015 that cannot be prematurely terminated and which have terms longer than one year due for payment in:

	Actual payment	Estimated present value of payments
2016	103	85
2017	96	79
2018	86	71
2019	74	60
Year 2020 and later	259	211
Total	**618**	**506**

The actual interest rate is determined on the contract date for all leasing periods. The average interest terms in the contracts varies between 1,4% and 7,4%. For more information regarding interest rates, see Note 15.

	2015	2014	2013
Total minimum future leasing fees	618	602	1,148
Interest expense	-112	-89	-185
Present value of minimum future leasing fees	**506**	**513**	**963**

All leasing contracts are based on commercial terms. Certain contracts contain extension options with varying time periods.

Note 24 Company acquisitions and divestments

Acquisitions during 2015

During the period from January to December 2015, some acquisitions were completed of which none was significant.

	Purchase price	Share of voting rights, %	Share of equity, %
Acquisitions	25	100	100
Total	**25**		

All acquired companies are reported in the consolidated accounts in accordance with the purchase method, meaning that the purchase price is allocated to acquired assets and liabilities based on each item's fair value. Fair values are established based on the estimated value in use through future discounted cash flows. Future cash flows are based on management assessment of the special character of each asset and liability.

Acquisitions during 2015
Clinique du Parisis (France) in March 2015
Volvat Medicinske Senter Nord og Midt-Norge AS (Norway) in November 2015

Financial effect

The contribution made by the acquired operations to the Group's revenues and profit after tax was as follows:

	Net sales	Result after tax
Acquisitions	71	-9
Total	**71**	**-9**

If the acquisitions in 2015 had taken place as per January 1, 2015 the full year net sales pro forma effect would have been MSEK 176.

Purchase price, goodwill and effect on cash flow

Purchase price	Acquisitions
Cash amount	25
Additional acquisition price	–
Total purchase price	**25**
Less fair value of acquired net assets	26
Goodwill	**51**

A liability for an additional acquisition price of MSEK 12, which relates to acquisitions made during 2014, remains in balance sheet as of December 2015.

Cash flow effect related to implemented acquisitions amounted to

	Acquisitions
Purchase price	25
Outstanding purchase price – paid	9
Less acquired cash and cash equivalents	3
Cash flow effect of acquisitions	**37**
Translation differences	–
Total	**37**

Acquired assets and assumed liabilities

Acquired net assets and goodwill related to completed acquisitions amounted to:

	Total fair value
Brand, healthcare contracts, leases and other intangible fixed assets	21
Buildings and land	–
Equipment, tools, fixtures and fittings	3
Accounts receivable and other current assets	18
Cash and cash equivalents	-3
Total acquired assets	**39**
Provisions	6
Long-term liabilities	28
Current liabilities	31
Total assumed liabilities	**65**
Acquired net assets	**-26**
Goodwill	51
Total purchase price	**25**
Outstanding purchase price – paid	9
Less acquired cash and cash equivalents	3
Cash flow effect	**37**

Acquired goodwill is attributable to the underlying profitability of the acquired operations. All significant fair values were based on valuations with consideration taken to the special character of each asset and liabilities.

Pledged assets and contingent liabilities in acquired operations	Acquisitions
Pledged assets	–
Contingent liabilities	–

Divestment during 2015

Capio Deutsche Klinik Bad Kötzting GmbH (Germany) in June, 2015

Divested assets and liabilities

Net assets related to divested operations within remaining operations amounted to the following:

Divestment	Divestment
Buildings and land[1]	20
Other fixed assets	3
Current assets	10
Current liabilities	-9
Divested net assets	**24**
Capital gain/loss from divested units	0
Less cash and cash equivalents in divested companies	3
Translation differences	0
Cash flow effect	**27**

[1] Including divested goodwill.

Note 24: Company acquisitions and divestments, cont.

Acquisitions during 2014

During the period from January to December 2014, some acquisitions were completed of which none was significant.

	Purchase price	Share of voting rights, %	Share of equity, %
Acquisitions	82	100	100
Total	**82**		

All acquired companies are reported in the consolidated accounts in accordance with the purchase method, meaning that the purchase price is allocated to acquired assets and liabilities based on each item's fair value. Fair values are established based on the estimated value in use through future disconnted cash flows. Future cash flows are based on managements assessment of the special character of each asset and liability.

Acquisitions during 2014
Capio Familjeläkarna Falkenberg AB (Sweden)
Capio Hjärthuset i Varberg AB (Sweden)
SCI Chambord (France)
Clinique Jean le Bon (France)

Financial effect

The contribution made by the acquired operations to the Group's revenues and profit after tax was as follows:

	Net sales	Result after tax
Acquisitions	88	4
Total	**88**	**4**

No pro forma figures prior to acquisition have been readily available.

Purchase price, goodwill and effect on cash flow

Purchase price	Acquisitions
Cash amount	70
Additional acquisition price	12
Total purchase price	**82**
Less fair value of acquired net assets	-48
Goodwill	**34**

During 2014 a reversal has been made of a liability related to an acquistion made in 2011 amounting to MSEK 7 (2013: 3; 2012: 54). This has been included in restructuring and other non-recurring items, see Note 3.

Cash flow effect related to implemented acquisitions amounted to

	Acquisitions
Purchase price	70
Outstanding purchase price – paid	–
Less acquired cash and cash equivalents	-17
Cash flow effect of acquisitions	**53**
Translation differences	–
Total	**53**

Acquired assets and assumed liabilities

Acquired net assets and goodwill related to completed acquisitions amounted to:

	Total fair value
Brand, healthcare contracts, leases and other intangible fixed assets	31
Buildings and land	25
Equipment, tools, fixtures and fittings	4
Accounts receivable and other current assets	7
Cash and cash equivalents	17
Total acquired assets	**84**
Provisions	4
Long-term liabilities	7
Current liabilities	25
Total assumed liabilities	**36**
Acquired net assets	**48**
Goodwill	34
Total purchase price	**82**
Outstanding purchase price - paid	-12
Less acquired cash and cash equivalents	-17
Cash flow effect	**53**

Acquired goodwill is attributable to the underlying profitability of the acquired operations. All significant fair values were based on valuations with consideration taken to the special character of each asset and liabilities.

Pledged assets and contingent liabilities in acquired operations	Acquisitions
Pledged assets	–
Contingent liabilities	–

Divestment during 2014

Capio Nightingale Ltd (UK)

Divested assets and liabilities

Net assets related to divested operations within remaining operations amounted to the following:

Divestment	Divestment
Buildings and land	34
Other fixed assets	12
Current assets	27
Current liabilities	-7
Divested net assets	**66**
Capital gain/loss from divested units	77
Less cash and cash equivalents in divested companies	-6
Received purchase payments from previous periods[1]	4
Translation differences	-32
Cash flow effect	**109**

[1] Refers to divestment made in prior years.

Note 24: Company acquisitions and divestments, cont.

Acquisitions during 2013

During the period from January to December 2013, some acquisitions were completed of which none was significant.

	Purchase price	Share of voting rights, %	Share of equity, %
Acquisitions	46	100	100
Total	**46**		

All acquired companies are reported in the consolidated accounts in accordance with the purchase method, meaning that the purchase price is allocated to acquired assets and liabilities based on each item's fair value. Fair values are established based the estimated value in use through future discounted cash flows. Future cash flows are based on managements assessment of the special character of each asset and liability.

Acquisitions during 2013
Capio Geriatrik Nacka AB (Sweden)
Ulriksdal Sykehus AS (Norway)

Financial effect

The contribution made by the acquired operations to the Group's revenues and profit after tax was as follows:

	Net sales	Result after tax
Acquisitions	75	-1
Total	**75**	**-1**

No pro forma figures prior to acquisition have been readily available.

Purchase price, goodwill and effect on cash flow

Purchase price	Acquisitions
Cash amount	46
Additional acquisition price	—
Total purchase price	**46**
Less fair value of acquired net assets	-16
Goodwill	**30**

During 2013 a reversal has been made of a liability related to an acquistion made in 2011 amounting to MSEK 3 (2012: 54; 2011: 0). This has been included in restructuring and other non-recurring items, see Note 3.

Cash flow effect related to implemented acquisitions amounted to

	Acquisitions
Purchase price	46
Outstanding purchase price – paid	7
Less acquired cash and cash equivalents	-11
Cash flow effect of acquisitions	**42**
Translation differences	–
Total	**42**

Acquired assets and assumed liabilities

Acquired net assets and goodwill related to completed acquisitions amounted to:

	Total fair value
Brands, healthcare contracts, leases and other intangible fixed assets	5
Equipment, tools, fixture and fittings	9
Deferred tax assets	6
Accounts receivable and other current assets	17
Cash and cash equivalents	11
Total acquired assets	**48**
Long-term liabilities	12
Current liabilities	20
Total assumed liabilities	**32**
Acquired net assets	**16**
Goodwill	30
Total purchase price	**46**
Outstanding purchase price – paid	7
Less acquired cash and cash equivalents	-11
Cash flow effect	**42**

Acquired goodwill is attributable to the underlying profitability of the acquired operations. All significant fair values were based on valuations with consideration taken to the special character of each asset and liabilities.

Pledged assets and contingent liabilities in acquired operations	Acquisitions
Pledged assets	–
Contingent liabilities	–

Divestments during 2013

MB Cardio (France)
MB Nephro (France)

Divested assets and liabilities

Net assets related to divested operations within remaining operations amounted to the following:

Divestments	Divestments
Intangible fixed assets	25
Other fixed assets	44
Current assets	33
Long-term liabilities and provisions	-3
Current liabilities	-33
Divested net assets	**66**
Capital gain/loss from divested units	120
Less cash and cash equivalents in divested companies	–
Outstanding purchase payments at closing date	–
Received purchase payments[1]	4
Cash flow effect	**190**

[1] Refers to divestment made in prior years.

Note 25 Share capital

Share capital	2015	2014	2013
141,159,661 (2014: 386,401; 2013: 386,401) shares	72	39	39
Issued and paid			
Opening value	39	39	38
New share issue	8	–	1
Stock dividend issue	25	–	–
Closing value capital	**72**	**39**	**39**

There are 141,159,661 (2014: 119,968; 2013: 119,968) common shares and 0 (2014: 266,433; 2013: 266,433) preferential shares, making a total of 141,159,661 (2014: 386,401; 2013: 386,401) shares. At an Extraordinary General Meeting in 2015 decision of a conversion of all outstanding preferential shares to ordinary shares were taken. After the conversion, preferential shares amount to 0. See Parent Company change in shareholders' equity, page 124, for more information.

Neither the Parent Company nor any group company has holdings of own shares.

Dividends are proposed by the Board of Directors in accordance with the rules in the Swedish Companies Act and approved by the Annual General Meeting. The Board of Directors propose to the Annual General Meeting a dividend of SEK 0.50 per share to be paid for the financial year 2015.

Note 26 Earnings per share

Profit/loss for the period	2015	2014	2013
Profit/loss for the period attributable to Parent Company shareholders net of income tax	194	-5	53
Adjusted profit/loss for the period attributable to Parent Company shareholders net of income tax[1]	326	288	138

Reconciliation of reported and adjusted profit/loss	2015	2014	2013
Profit/loss for the period attributable to Parent Company shareholders net of income tax	**194**	**-5**	**53**
Amortization on surplus values	75	106	91
Restructuring and other non-recurring items and acquisition related costs	46	132	-15
Write-off of capitalized borrowing costs	50	21	–
Income tax related to adjustments	-39	34	9
Adjusted profit/loss for the period attributable to Parent Company shareholders net of income tax	**326**	**288**	**138**

Number of shares	2015	2014	2013
Average number of outstanding shares before dilution	133,448,885	125,695,743	125,695,743
Average number of outstanding shares after dilution	**133,448,885**	**125,695,743**	**125,695,743**

Earnings per share (SEK)	2015	2014	2013
Earnings per share (before and after dilution)[2]	1.45	-0.04	0.43
Adjusted earnings per share (before and after dilution)[1, 2]	2.44	2.29	1.10

[1] Adjusted for amortization on group surplus values, restructuring and other non-recurring items and acquisition related costs, net of income tax.
[2] Refer to definitions on page 131.

Note 27 Currency effects

The Group's sales and purchases are almost exclusively denominated in local currency. This means that currency effects on operating income of subsidiaries amount to minor effects. During the financial year, currency effects amounted to net cost of MSEK 13 (2014: cost 6; 2013: cost 11), for the Group.

Accumulated translation differences on the opening date that were recognized in consolidated equity amounted to 338 MSEK (2014: 180; 2013: 73). At year-end, these differences amounted to MSEK 234 (2014: 338; 2013: 180). The Group strives to hedge net assets in foreign currency through the corresponding weighting of borrowing and thus match the cash flows in each currency.

Changes in exchange rates between EUR and SEK are the primary reason for translation differences in comprehensive income.

The consolidated statement of comprehensive income is also affected by translation of earnings in subsidiaries. This effect is not hedged.

Note 28 Investment commitments

	2015	2014	2013
Commitments for future investments in fixed assets	100	146	234
Total	**100**	**146**	**234**

The Group's investement commitments in 2015 and prior years are mainly related to expansion and maintenance projects in Germany

Note 29 Parent Company

Capio AB (publ) is a limited liability company according to Swedish law. The company provides healthcare services through its subsidiaries. The company has its headquarter in Gothenburg, Sweden where the address is:

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

Note 30 Information on related parties

Capio AB (publ), the parent company of the Capio Group, was until the fourth quarter 2015 majority owned by Ygeia Equity AB, which is a limited liability company in Sweden. Ygeia Equity AB is controlled by Apax Europe, Nordic Capital and Apax France and as of September 30, 2015 Ygeia Equity AB held 58.9% of the votes and shares in Capio. During the fourth quarter 2015, Ygeia Equity AB's holding in Capio was transferred to companies controlled directly by Apax Europe, Nordic Capital and Apax France, proportionate to each party's holding prior to the transfer. Post the transactions companies controlled by Apax Europe held 26.5% of the votes and shares in Capio, companies controlled by Nordic Capital held 25.9% and companies controlled by Apax France held 6.5%, in total 58.9%, which were the same holdings as before the transactions. The holdings remained the same as of December 31, 2015.

Transactions between Group companies and business areas are based on market terms. All internal transactions are eliminated in the consolidated accounts. Related parties include Group subsidiaries, associated companies, Board members and Group Management. Subsidiaries and associated companies are reported in Note 11 for the Parent Company.

Apart from salaries, other compensation and the transactions described above, no other transactions took place between members of the Board of Directors and Group companies during the period from January to December 2015. No Board member or Group Management had any direct or indirect participation in any business transactions with the company that was unusual with respect to its terms. See Note 4 for more information about Compensation to Board of Directors and Group Management.

Compensation to Board members amounted to MSEK 4 (2014: 4; 2013: 2) including social security charges of MSEK 1 (2014: 1; 2013: 0). Renumeration to Group Managment amounted to MSEK 51 (2014: 51; 2013: 50) in salaries including social security charges of MSEK 12 (2014: 12; 2013: 11) and MSEK 10 (2014: 9; 2013: 10) in pensions including MSEK 2 (2014: 2; 2013: 2) of special employer's contribution. Group Management consisted of 11 members (2014: 11; 2013: 11) and the number of Board members was 8 (2014: 11; 2013: 11).

Unilabs Group has been considered a related party as the Group and Unilabs Group share the same majority owner. Net sales to and purchased services from Unilabs Group amounted net to MSEK -128 in 2015 (MSEK -102 in 2014). The closing net balance of payables and receivables as of December 31, 2015 was MSEK -19 (MSEK -13 as of December, 2014). All transactions with Unilabs Group take place on commercial terms at market prices.

Note 31 Inventories

	2015	2014	2013
Raw materials	190	185	160
Finished goods	16	14	17
Other	9	11	10
Total	**215**	**210**	**187**

Obsolescence is assessed based on age and the turnover rate for each item. Changes in provisions for obsolescence during the period as a whole had an effect of MSEK 0 (2014: 0; 2013: 0) on earnings. Reductions for obsolescence amounted to MSEK 0 (2014: 0; 2013: 0). Previous impairment losses were reversed in an amount of MSEK 0 (2014: 0; 2013: 0). Inventories corresponding to MSEK 0 (2014: 0; 2013: 0) are expected to be sold after 12 months.

Note 32 Government grants

Government grants amounting to MSEK 66 (2014: 61; 2013: 92) were granted during the period. Government grants related to comprehensive income amounted to MSEK 3 (2014: 4; 2013: 55) in the period and government grants related to assets amounted to MSEK 63 (2014: 57; 2013: 37). Government grants related to assets are mainly related to Germany where the acute hospitals receive yearly subsidies from the government to finance fixed assets. No subsidies were paid back in 2015.

Note 33 Pro forma consolidated statement of comprehensive income 2014

The pro forma financial information for year 2014 has been prepared for illustrative purposes, as these events have materially affected the Group's financial results and reduced the Group's net debt position, and as Capio expects these transactions to impact the Group's business, financial condition and results of operations going forward. Pro forma adjustments have been made to the Group's consolidated statement of comprehensive income for the period January - December 2014, in order to reflect the impacts of the completed sale and leaseback transaction (SLB) in Capio France, the divestment of Capio UK as well as the impact of the handover of a contract business in Capio Nordic to another healthcare provider (refer to administrative report for further information). The Group has not prepared pro forma financial information for its consolidated balance sheet, as the effects of the above mentioned transactions are visible in the balance sheet as of December 31, 2014.

The following pro forma consolidated statement of comprehensive income gives effect to the divestments of properties in Capio France, the divestment of Capio UK and the handover of a contract business in Capio Nordic to another healthcare provider, as if they had been completed on January 1, 2014.

MSEK	Reported Group	Pro forma adjustment Nordic[1]	Pro forma adjustment France[2]	Pro forma adjustment UK[3]	Total pro forma adjustments	Group pro forma adjusted Dec 2014
Net sales	13,200	-160	–	-80	-240	12,960
Direct costs	-10,944	122	-63	53	112	-10,832
Gross result	**2,256**	**-38**	**-63**	**-27**	**-128**	**2,128**
Administrative expenses	-1,611	14	-3	16	27	-1,584
Operating result (EBITA)	**645**	**-24**	**-66**	**-11**	**-101**	**544**
Amortization on surplus values	-106	–	11	–	11	-95
Restructuring and other non-recurring items and acquisition related costs	-132	–	-177	-76	-253	-385
Operating result (EBIT)	**407**	**-24**	**-232**	**-87**	**-343**	**64**
Net interest	-248	–	46	–	46	-202
Other financial items	-78	–	24	–	24	-54
Profit/loss after financial items	**81**	**-24**	**-162**	**-87**	**-273**	**-192**
Income taxes	-88	–	111	–	111	23
Profit/loss for the period	**-7**	**-24**	**-51**	**-87**	**-162**	**-169**
Operating result (EBITDA)	**1,102**	**-25**	**-92**	**-13**	**-130**	**972**

1 Adjustment are related to the handover of a contract business in Capio Nordic to another healthcare provider.

2 The direct costs adjustments for the French SLB-transaction in comprise of MSEK 90 in additional rent and MSEK 27 in reduced depreciation.
The adjustments on administrative expense relate to the reversal of capitalized capital gains from previous French property transactions.
The financial items (interest expenses) in France arise from the reduced debt levels following the use of transaction proceeds to prepay the Group's syndicated loan facilities, calculated with the same applicable margins as the relevant periods, but adjusted for the lower debt levels on affected loans. Effects from capitalized borrowing costs and interest hedges have also been applied (other financial items).
The adjustment in restructuring and other non-recurring items relates to a capital gain of MSEK 177 related to the divestment of seven French hospital properties.

3 Adjustment for divestment of UK include capital gains of MSEK 77 related to the divestment of UK.

Note 34 Long-term financial development

MSEK	2007	2008	2009	2010	2011	2012	2013	2014	2015	CAGR, %[1]
Net sales	7,301	8,459	10,128	9,730	9,855	10,417	12,420	13,200	13,486	
Organic sales growth, %	*3.4*	*4.1*	*9.0*	*3.8*	*4.5*	*2.5*	*2.3*	*4.0*	*2.9*	*8.0*
Operating result (EBITA)	266	367	511	565	543	545	608	645	592	
Margin, %	*3.6*	*4.3*	*5.0*	*5.8*	*5.5*	*5.2*	*4.9*	*4.9*	*4.4*	*10.5*
Operating result (EBITDA)	580	722	906	940	962	988	1,084	1,102	1,001	
Margin, %	*7.9*	*8.5*	*8.9*	*9.7*	*9.8*	*9.5*	*8.7*	*8.3*	*7.4*	*7.1*

[1] Compound annual growth rate.

Presented figures for the periods 2011-2015 are the reported financial figures from the audited financial statements of the Capio AB (publ) Group. Presented historical figures for periods 2007-2010 have been based on audited consolidated financial statements of Ygeia TopHolding AB Group and have been adjusted for significant structural changes (divestment of the Spanish business in 2010, divestment of the Unilabs business in 2009 and the Diagnostics business in 2008).

The figures in the long-term financial development table have not been adjusted for the structural changes made in 2014, i.e. the figures have not been adjusted for the French SLB transaction, the divestment of the UK business and the handover of a contract business in Capio Nordic. These structural changes impacted reported figures with:

a) The French SLB transaction impacted reported operating result (EBITA) with MSEK -42 and EBITDA with MSEK -71 in 2014. Full year impact of the French SLB transaction on operating result (EBITA) is MSEK -98 and EBITDA MSEK -153.

b) Capio UK was included in the Group's accounts through June 30, 2014 and contributed to the Group in 2014 with net sales of MSEK 80 (2013: 120), an operating result (EBITDA) of MSEK 13 (2013: 10) and an operating result (EBITA) of MSEK 11 (2013: 8).

c) Due to a procurement decision prior to Capio's acquisition of Carema Healthcare a contract business was handed over to another healthcare provider as from December 1, 2014. In 2014 the contract contributed to the Group with net sales of MSEK 160 (2013: 171), an operating result (EBITDA) of MSEK 25 (2013: 28) and an operating result (EBITA) of MSEK 24 (2013: 28). This contract business was not included in the Group prior to 2013.

Note 35 Segment report

Segment 2015

Capio organizes its business in three operational segments: Capio Nordic (Sweden and Norway), Capio France and Capio Germany. The segments provide 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 the Business overview on page 24. 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 relate to the Parent Company and a number of holding companies. Within segment Nordic a customer relationship based on one contract stands for a total net sales of MSEK 1,648 (2014: 1,529; 2013: 1,458), which is equivalent to more than 10% of the Group's net sale.

MSEK	Nordic	France	Germany	Other	Eliminations	Total
Net sales	7,243	5,098	1,145			13,486
Direct costs	-6,129	-4,282	-919			-11,330
Gross result	**1,114**	**816**	**226**	**–**	**–**	**2,156**
Administrative expenses	-798	-530	-152	-84		-1,564
Operating result (EBITA)	**316**	**286**	**74**	**-84**	**–**	**592**
Amortization on surplus values	-48	-13	-14	–		-75
Restructuring and other non-recurring items	-12	5	8	-43		-42
Acquisition related costs	–	-3	–	-1		-4
Operating result (EBIT)	**256**	**275**	**68**	**-128**	**–**	**471**
Financial net						-227
Profit/loss after financial items						**244**
Income taxes						-49
Profit/loss for the period						**195**
Operating result (EBITDA)	**458**	**529**	**94**	**-80**	**–**	**1,001**
Investments in operating assets	**-140**	**-246**	**-40**	**-6**	**–**	**-432**
Total assets	**4,640**	**6,157**	**1,313**	**2,886**	**-3,246**	**11,750**
Total liabilities and provisions	**2,430**	**3,461**	**981**	**3,123**	**-3,246**	**6,749**
Equity						**5,001**
Total liabilities, provisions and shareholders' equity						**11,750**

Segment 2014

MSEK	Nordic	France	Germany	Other[1]	Eliminations	Total
Net sales	7,128	4,869	1,123	80		13,200
Direct costs	-6,029	-3,939	-924	-52		-10,944
Gross result	**1,099**	**930**	**199**	**28**	**–**	**2,256**
Administrative expenses	-813	-550	-144	-104		-1,611
Operating result (EBITA)	**286**	**380**	**55**	**-76**	**–**	**645**
Amortization on surplus values	-75	-17	-14	–		-106
Restructuring and other non-recurring items	-127	93	-87	-7		-128
Acquisition related costs	-1	-3	0	0		-4
Operating result (EBIT)	**83**	**453**	**-46**	**-83**	**–**	**407**
Financial net						-326
Profit/loss after financial items						**81**
Income taxes						-88
Profit/loss for the period						**-7**
Operating result (EBITDA)	**436**	**658**	**78**	**-70**	**–**	**1,102**
Investments in operating assets	**-141**	**-253**	**-27**	**-12**	**–**	**-433**
Total assets	**4,731**	**7,236**	**1,446**	**2,216**	**-3,107**	**12,522**
Total liabilities and provisions	**2,472**	**4,527**	**1,135**	**3,315**	**-3,107**	**8,342**
Equity						**4,180**
Total liabilities, provisions and shareholders' equity						**12,522**

[1] Other in this context relate to the Parent Company and a number of holding companies and Capio UK up until the divestment during 2014 (consolidated through June 30, 2014).

Note 35: Segment report, cont.

Segment report 2013

MSEK	Nordic	France	Germany	Other[1]	Eliminations	Total
Net sales	6,716	4,552	1,031	121		12,420
Direct costs	-5,703	-3,636	-844	-84		-10,268
Gross result	**1,013**	**916**	**187**	**37**	**–**	**2,152**
Administrative expenses	-752	-549	-135	-117		-1,554
Other operating income	–	10	–	–		10
Operating result (EBITA)	**261**	**377**	**52**	**-80**	**–**	**608**
Amortization on surplus values	-62	-15	-14	0		-91
Restructuring and non-recurring items	-87	170	-31	-32	–	20
Acquisition related costs	-5	0	0	0		-5
Operating result (EBIT)	**107**	**532**	**7**	**-112**	**–**	**532**
Financial net						-380
Profit/loss after financial items						**152**
Income taxes						-97
Profit/loss for the period						**55**
Operating result (EBITDA)	**397**	**689**	**74**	**-76**	**–**	**1,084**
Investments in operating assets	**-136**	**-303**	**-21**	**-38**	**–**	**-498**
Total assets	**4,896**	**7,984**	**1,443**	**1,752**	**-2,350**	**13,725**
Total liabilities and provisions	**2,530**	**5,559**	**1,081**	**2,791**	**-2,350**	**9,610**
Equity						**4,115**
Total liabilities, provisions and shareholders' equity						**13,725**

[1] Other in this context relate to the Parent Company and a number of holding companies and Capio UK up until the divestment during 2014 (consolidated through June 30, 2014).

Note 36 Events after the balance sheet date

Convertible debenture loan to employees

The Board of Directors has decided that a proposal will be made to the Annual General Meeting to issue a convertible debenture loan during 2016 as a long term incentive program in which employees in the Capio Group will have the possibility to participate.

The tentative conditions of the convertible debenture loan are a duration of 5 years and a maximum total value of MSEK 200, which will give an approximate dilution of 2.5% at a share price of SEK 50 and with a 20% conversion premium. The terms and conditions will be determined and made public in due time before the Annual General Meeting.

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 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 has been in place since the first quarter 2015, thus Capio is better prepared 2016. Capio France is now speeding up these programs within its 22 hospitals and specialist clinics to start compensating for the 2016 tariff decrease.

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.

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 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.

Capio France takes next step in the Médipôle Lyon Villeurbanne project

Capio France has agreed to acquire the hospital Clinique du Grand Large in Lyon, France, with annual sales of MEUR 10 and 7,000 patients, from Mutualité Française, with effect from April 1, 2016. The hospital is specialized in surgical activities. Effective the same date, Capio France has agreed to divest the rehabilitation activities in the specialist clinic Capio Centre Bayard in Lyon, with annual sales of MEUR 7 and 2,100 patients, to Mutualité.The transactions are not expected to have any significant impact on the results or the financial position of Capio France in 2016.

Parent Company income statement

MSEK	Notes	2015	2014	2013
Net sales	4	11	2	-
Gross result		**11**	**2**	**0**
Administrative expenses	1, 2, 4	-53	-25	-3
Operating profit/loss		**-42**	**-23**	**-3**
Result from financial fixed assets	3	187	-	-
Profit/loss after financial items		**145**	**-23**	**-3**
Current income tax	5	9	-	-
Profit/loss for the period		**154**	**-23**	**-3**

Parent Company statement of comprehensive income

MSEK	Notes	2015	2014	2013
Profit/loss for the period		**154**	**-23**	**-3**
Other comprehensive income that will be reclassified into profit/loss		-	-	-
Total comprehensive income for the period, net of income tax		**154**	**-23**	**-3**

Parent Company statement of balance sheet

MSEK	Notes	2015	2014	2013
Shares in Group companies	6, 11	3,991	3,898	3,898
Deferred income tax assets	5	18	-	-
Financial fixed assets		**4,009**	**3,898**	**3,898**
Total fixed assets		**4,009**	**3,898**	**3,898**
Other receivables from Group companies	7	776	1	-
Other receivables		1	3	-
Prepaid expenses and accrued income		1	-	-
Cash and cash equivalents		0	17	12
Total current assets		**778**	**21**	**12**
Total assets		**4,787**	**3,919**	**3,910**
Restricted equity				
Share capital		72	39	39
Total restricted equity		**72**	**39**	**39**
Non-restricted equity				
Premium reserve		4,373	3,687	3,687
Retained earnings		166	189	183
Profit/loss for the period		154	-23	-3
Total non-restricted equity		**4,693**	**3,853**	**3,867**
Total shareholder's equity		**4,765**	**3,892**	**3,906**
Short-term liabilities to group companies	8	4	-	-
Accounts payable - trade		2	15	-
Other current liabilities		1	1	-
Accrued expenses and prepaid income		15	11	4
Total current liabilities		**22**	**27**	**4**
Total liabilities, provisions and shareholders' equity		**4,787**	**3,919**	**3,910**
Pledged assets	9	**-**	**3,898**	**3,898**
Contingent liabilities	10	**-**	**-**	**274**

Parent Company statement of cash flow

MSEK	2015	2014	2013
Operating profit/loss	-42	-23	-3
Cash flow from operating activities before changes in working capital	**-42**	**-23**	**-3**
Change in current receivables	0	-4	-
Change in current liabilities	-5	23	0
Change in net working capital	**-5**	**19**	**0**
Cash flow from operating activities	**-47**	**-4**	**-3**
Cash flow from investment activities	**0**	**0**	**0**
Change in loans	-699	-	-
New share issue	710	-	-
Capital contribution	-93	9	-
Dividends received	112	-	-
Cash flow from financing activities	**30**	**9**	**0**
Currency differences in cash and cash equivalents	0	0	0
Change in cash and cash equivalents	**-17**	**5**	**-3**
Opening balance, cash and cash equivalents	**17**	**12**	**15**
Closing balance, cash and cash equivalents	**0**	**17**	**12**

Parent Company change in shareholders' equity

MSEK	Share capital	Premium reserve	Retained earnings	Profit/loss for the period	Shareholders' equity
Opening balance at January 1, 2013	**38**	**3,516**	**185**	**-2**	**3,737**
Profit/loss from previous periods			-2	2	0
Other comprehensive income from previous periods				-	-
Profit/loss for the period				-3	-3
Other comprehensive income				-	-
New share issue	1	171			172
Closing balance at December 31, 2013	**39**	**3,687**	**183**	**-3**	**3,906**

MSEK	Share capital	Premium reserve	Retained earnings	Profit/loss for the period	Shareholders' equity
Opening balance at January 1, 2014	**39**	**3,687**	**183**	**-3**	**3,906**
Profit/loss from previous periods			-3	3	0
Other comprehensive income from previous periods				-	-
Profit/loss for the period				-23	-23
Other comprehensive income				-	-
Capital contribution			9		9
Closing balance at December 31, 2014	**39**	**3,687**	**189**	**-23**	**3,892**

MSEK	Share capital	Premium reserve	Retained earnings	Profit/loss for the period	Shareholders' equity
Opening balance at January 1, 2015	**39**	**3,687**	**189**	**-23**	**3,892**
Profit/loss from previous periods			-23	23	0
Other comprehensive income from previous periods				-	-
Profit/loss for the period				154	154
Other comprehensive income				-	-
Stock dividend issue	25	-25			-
New share issue	8	742			750
Transaction cost for new share issue		-40			-40
Tax effect on items recorded directly in equity		9			9
Closing balance at December 31, 2015	**72**	**4,373**	**166**	**154**	**4,765**

The Parent Company's shareholders' equity comprises:		**2015**	**2014**	**2013**
Common shares	Quota value: 0.51 SEK	141,159,661	-	-
Common shares	Quota value: 102 SEK	-	119,968	119,968
Preferential shares of series P1	Quota value: 102 SEK	-	217,355	217,355
Preferential shares of series P2	Quota value: 102 SEK	-	31,897	31,897
Preferential shares of series P3	Quota value: 102 SEK	-	17,181	17,181
Share capital; total number of shares		**141,159,661**	**386,401**	**386,401**

By decision at an Extraordinary General Meeting the company's shares were divided 200:1 by means of a share split, resulting in a total of 76,893,799 new shares.
An Extraordinary General Meeting held on June 16, 2015 resolved on a conversion of all outstanding preferential shares into common shares on a 1:1 basis and a directed stock dividend issue of shares. As a result of the directed stock dividend issue, the number of shares increased by 48,415,543. It was also resolved to issue new shares in the amount of approximately MSEK 750. The new shares issue led to the number of shares increased by totally 15,463,918 new shares.

Accounting principles

General information

All amounts are stated in millions of Swedish kronor (MSEK).

The Parent Company prepared its annual report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and the statements of the Swedish Financial Accounting Standards Council's Emerging Issues Task Force. The rules in RFR 2 mean that the Parent Company in the annual report for the legal entity must apply all IFRS/IAS rules and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act and with consideration taken to the relationship between accounting and taxation.

There are recommendations regarding the exceptions to IFRS/IAS that may be made. These regulations are described in the accounting policies for the consolidated accounts.

The Parent Company uses the same accounting principles as in the consolidated accounts for the Group with the following exceptions:

Shares in subsidiaries

Shares in subsidiaries are valued at acquisition cost including external costs directly related to the acquisition. The shares are valued at the lowest of historical acquisition cost and fair value.

Translation of foreign currency

Transactions in foreign currencies are restated to the functional currency according to the applicable exchange rate on the transaction date. Foreign exchange gains and losses resulting from payment of transactions and restatement of liquid assets and liabilities in foreign curriencies on the balance sheet date, are taken over the income statement.

Notes

Note 1 Salaries, other compensation and social costs

Salaries and other compensation	2015	2014	2013
Board and Chief Executive Officer	8	4	2
Other employees	2	–	–
Total	**10**	**4**	**2**

Social security costs	2015	2014	2013
Pension costs for Chief Executive Officer	1	–	–
Pension costs for other employees	0	–	–
Social security expenses	3	1	0
Total	**4**	**1**	**0**

Average number of employees	2015	2014	2013
Women	–	–	–
Men	3	1	–
Total	**3**	**1**	**0**

Upon termination by the company, the Chief Executive Officer receives unchanged employment benefits for up to twelve months.

Gender balance in the Board and Group Management	2015	2014	2013
Distribution between men and women in the Board:			
Women	2	2	1
Men	6	9	10
Total	**8**	**11**	**11**
Distribution between men and women in Group Management			
Women	3	3	3
Men	8	8	8
Total	**11**	**11**	**11**

Note 2 Audit fees

	2015	2014	2013
Fees for audit conducted by elected auditors Ernst & Young[1]	1	–	–
Fees for audit in addition to the audit assignment performed by Ernst & Young	–	–	–
Fees for audit-related services performed by Ernst & Young	–	–	–
Fees for tax-related services performed by elected auditors Ernst & Young	–	–	–
Fees for other consulting services performed by Ernst & Young	2	–	–
Total fees to elected auditors	**3**	**0**	**0**

[1] Fees for audit conducted by elected auditors Ernst & Young has in previous years been paid by another Group company.

Note 3 Result from financial fixed assets

	2015	2014	2013
Received dividend from group companies	112	–	–
Received group contribution	75	–	–
Total	**187**	**0**	**0**

Note 4 Intercompany sales and purchases

Of this year's income MSEK 11 (2014: 2; 2013: 0) relate to sales to other group companies. Of this year's expenses MSEK 0 (2014: 0; 2013: 0) relate to purchases from other group companies.

Note 5 Income tax

Income tax for the year divided among current and deferred tax	2015	2014	2013
Current income tax	–	–	–
Deferred income tax	9	–	–
Income tax	**9**	**–**	**–**

Estimated tax on profit for the year in Sweden has been calculated at 22%.

Origin of reported income tax	2015	%	2014	%	2013	%
Profit/loss before tax	145		-23		-3	
Tax calculated at Swedish tax rate of 22%	-32	*22*	5	*22*	1	*22*
Tax related to non-deductible items	0	*0*	0	*0*	0	*0*
Tax related to non-taxable income	25	*-17*	0	*0*	0	*0*
Changed valuation of temporary differences	16	*-11*	0	*0*	0	*0*
Tax losses not recognized	0	*0*	-5	*-22*	-1	*-22*
Reported income tax	**9**	***-6***	**0**	***0***	**0**	***0***

The total tax losses amounted to MSEK 249 (2014: 242; 2013: 219) of which deferred tax assets of MSEK 18 (2014: 0; 2013: 0) are recognized.

Note 6 Financial fixed assets

Shares in group companies	2015	2014	2013
Opening acquisition value	3,898	3,898	3,898
Shareholders' contribution	93	–	–
Closing accumulated acquisition value	**3,991**	**3,898**	**3,898**

Note 7 Other receivables from group companies

Receivables from group companies	2015	2014	2013
Interest-bearing current receivables	699	–	–
Accounts receivables	2	1	–
Other receivables	75	–	–
Total	**776**	**1**	**–**

Note 8 Short-term liabilities to group companies

Liabilities to group companies	2015	2014	2013
Current liabilities	4	–	–
Total	**4**	**–**	**–**

Note 9 Pledged assets

	2015	2014	2013
Shares in subsidiaries for subsidiaries' liabilities to credit institutions[1]	–	3,898	3,898
Total	**–**	**3,898**	**3,898**

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

Note 10 Contingent liabilities

	2015	2014	2013
Contingent liabilities[1]	–	–	274
Total	**–**	–	**274**

[1] Of which MSEK – (2014: –; 2013: 274) relate to lease guarantees on behalf of subsidiaries.

Note 11 Shares in subsidiaries

The following specification of shares in subsidiaries contains certain simplifications, such as when the ownership is divided among several owners.

Shares in subsidiaries	Corporate reg.no.	Share of equity	Share of voting rights	Number of shares	Reg. office	Book value
SWEDEN						
Capio Group Services AB	556518-9692	100.00%	100.00%	101,898,196	Gothenburg	3 991
Capio Lundby Sjukhus AB	556737-9432	100.00%	100.00%	1,000	Stockholm	
Capio Närsjukvård AB	556422-0860	100.00%	100.00%	35,000	Gothenburg	
Hälsoval Bergaliden AB	556832-9113	100.00%	100.00%	500	Gothenburg	
Göingekliniken AB	556831-0329	100.00%	100.00%	500	Gothenburg	
Hantverksdoktorn AB	556715-1021	100.00%	100.00%	2,400	Gothenburg	
Capio Vårdcentraler AB	556051-1577	100.00%	100.00%	70,000	Gothenburg	
Capio Specialistkliniker AB	556769-5209	100.00%	100.00%	100,000	Gothenburg	
Capio Medocular Holding AB	556761-3921	100.00%	100.00%	1,580,873	Gothenburg	
Capio Medocular AB	556259-9430	100.00%	100.00%	2,000	Uppsala	
Capio Ätstörningscentrum AB	556572-6121	100.00%	100.00%	10,000	Varberg	
Capio Specialistcenter AB	556797-4414	100.00%	100.00%	1,000	Stockholm	
Capio Gyn AB	556836-7725	100.00%	100.00%	1,000	Stockholm	
Capio Centrum för Titthålskirurgi AB	556735-9764	100.00%	100.00%	1,000	Stockholm	
Capio Movement AB	556592-0864	100.00%	100.00%	1,002	Halmstad	
Capio Shared Services AB	556062-5237	100.00%	100.00%	18,519	Gothenburg	
Capio Psykiatri AB	556750-6125	100.00%	100.00%	100,000	Gothenburg	
Capio Support AB	556824-8735	100.00%	100.00%	500	Gothenburg	
Capio fastighet Vesslan 34 i Örebro AB	556864-2184	100.00%	100.00%	500	Örebro	
Capio Lager 3 AB	556870-2434	100.00%	100.00%	500	Gothenburg	
Capio Lager 4 AB	556899-4361	100.00%	100.00%	500	Gothenburg	
Capio Sjukvård AB	556527-3751	100.00%	100.00%	351,000	Gothenburg	
Capio Primärvård AB	556570-3468	100.00%	100.00%	10,000	Gothenburg	
Capio Vårdcentral Gävle AB	556591-8355	95.20%	95.20%	952	Gothenburg	
Capio Specialistvård AB	556284-9819	100.00%	100.00%	4,375	Stockholm	
Capio Specialistvård Skåne AB	556585-4709	100.00%	100.00%	1,961	Gothenburg	
Capio Ortopediska Huset AB	556403-5110	100.00%	100.00%	2,400	Stockholm	
Capio Psykiatri Syd-Väst AB	556469-6572	100.00%	100.00%	3,000	Stockholm	
Capio Hjärnhälsan AB	556760-8673	100.00%	100.00%	1,000,000	Stockholm	
Capio Närvård AB	556543-2878	100.00%	100.00%	10,000	Gothenburg	
Capio Läkargruppen AB	556492-0410	91,00%	91,00%	27,300	Örebro	
Capio Artro Clinic AB	556566-9552	100.00%	100.00%	1,000	Stockholm	
Capio St Görans Sjukhus AB	556479-1456	99.97%	99.97%	2,999	Stockholm	
Capio St Görans Radiologi AB	556868-2537	100.00%	100.00%	50,000	Stockholm	
Capio Geriatrik AB	556543-9899	100.00%	100.00%	1,000	Stockholm	
Capio Geriatrik Nacka AB	556594-4443	100.00%	100.00%	10,260	Nacka	
Capio Familjeläkarna Falkenberg AB	556685-3726	100.00%	100.00%	1,000	Gothenburg	
Capio Hjärthuset i Varberg AB	556643-7413	100.00%	100.00%	1,000	Gothenburg	
NORWAY						
Capio Norge Holding AS	993 839 140	100.00%	100.00%	10,110	Oslo	
Volvat Medisinske Senter AS	953 164 701	100.00%	100.00%	260,000	Oslo	
Mensendieck Klinikken Fysioterapi AS	879 158 982	100.00%	100.00%	102,345	Oslo	
Capio Anoreksi Senter AS	980 524 493	100.00%	100.00%	1,500	Fredrikstad	
Volvat Medisinske Senter Nord og Midt-Norge AS	816 085 292	100.00%	100.00%	1,000	Oslo	
FRANCE						
Capio Sante SA	66 272 069 700 082	100.00%	100.00%	4,473,000	Lyon	
Capio Sud EURL	49 356 305 000 019	100.00%	100.00%	1,000	Lyon	
MSC Dreux SA	58 295 006 900 010	100.00%	100.00%	720	Lyon	
CAPIO LA CROIX DU SUD	53 880 113 500 012	100.00%	100.00%	13,918,870	Lyon	
Capio Immobilier SAS	49 346 678 300 013	100.00%	100.00%	37,000	Lyon	
SCI Parc du Midi Toul	38 754 117 000 031	100.00%	100.00%	5,037	Lyon	
Chambord	38 807 281 100 010	100.00%	100.00%	7,070	Lyon	
SCI Croix d'Alliez	39 800 472 100 021	99.94%	99.94%	545,912	Lyon	
SCI Godefroy	39 524 025 200 027	100.00%	100.00%	45,200	Lyon	
SCI Haguenau	37 810 105 900 038	100.00%	100.00%	210,000	Lyon	
Immo St Pierre SAS	63 282 062 700 040	100.00%	100.00%	2,700	Lyon	
SCI St V. La Compassion	38 053 862 900 037	100.00%	100.00%	335,000	Lyon	
SCI Poly d'Orange	37 926 636 400 023	100.00%	100.00%	100,000	Lyon	

Note 11: Shares in subsidiaries, cont.

Shares in subsidiaries	Corporate reg.no.	Share of equity	Share of voting rights	Number of shares	Reg. office	Book value
SCI SIB	34 855 462 700 011	100.00%	100.00%	60	Lyon	
SCI Lafourcade	78 225 406 400 028	98.62%	98.62%	43,634	Lyon	
Capio Orange Immo	52 871 737 400 011	100.00%	100.00%	1,000	Lyon	
SCI Parc St Jean	52 983 085 300 014	100.00%	100.00%	1,000	Lyon	
SCI Ezambu	53 356 761 600 016	100.00%	100.00%	1,000	Lyon	
GIE Capio Gestion	33 492 417 200 078	100.00%	100.00%	4,300	Lyon	
Clinique des Cèdres SAS	49 346 639 500 024	100.00%	100.00%	11,202,033	Toulouse	
Atlantique Immobilière SAS	31 453 833 100 039	100.00%	100.00%	10,852	La Rochelle	
Clinique de l'Atlantique SAS	53 880 115 000 029	100.00%	100.00%	3,577,518	La Rochelle	
Capio Cliniques SAS	49 346 683 300 016	100.00%	100.00%	3,434,782	Lyon	
St. V. Besançon SAS, St. Vincent St. V. Besançon SAS, St. Pierre	31 945 006 000 011 31 945 006 000 060	100.00%	100.00%	1,087	Besancon	
Clinique Jean Le Bon SA	98 722 029 000 017	99.49%	99.49%	12,530	Dax	
Mail SAS	61 178 034 700 013	100.00%	100.00%	2,500	La Rochelle	
Claude Bernard SAS	32 292 941 500 014	100.00%	100.00%	2,678	Pontoise	
Clinique d'Orange SAS	37 868 686 900 041	100.00%	100.00%	10,000	Avignon	
Fontvert Avignon Nord SAS	4 934 664 780 001	100.00%	100.00%	4,619,510	Avignon	
Rempart Investissement SAS	39 114 371 600 010	100.00%	100.00%	846,618	Lyon	
Ste Odile SAS	32 728 689 400 024	100.00%	100.00%	4,100	Strasbourg	
Clinique du Tonkin SA	33 462 909 400 015	99.65%	99.65%	19,735	Lyon	
IMPL	33 156 456 700 013	100.00%	100.00%	14,000	Lyon	
Capio Centre Bayard SAS	49 776 289 800 011	100.00%	100.00%	37,000	Lyon	
Beaujolais SAS	3 051 110 230 001	100.00%	100.00%	24,147	Villefranche-Tarare	
GCS Capio Rhone Alpes	50 791 797 900 019	100.00%	100.00%	200	Lyon	
Beaupuy SAS	62 080 085 400 015	100.00%	100.00%	4,000	Toulouse	
Clinique Domont SA	4 187 533 800 017	100.00%	100.00%	126,667	Pontoise	
Clinique Aguiléra SAS	7 822 718 940 019	100.00%	100.00%	9,100	Bayonne	
Scanner Aguiléra SAS	523 894 350	51,00%	51,00%	100	Bayonne	
GCS Centre de Cardiologie du Pays Basque	80 540 907 500 019	75,00%	75,00%	100	Bayonne	
Clinique Belharra SAS	49 346 215 400 029	97.48%	97.48%	37,549,584	Bayonne	
Capio Rhônes-Alpes SA	44 949 627 200 013	99.99%	99.99%	296,765	Lyon	
Sauvegarde Immobilière SA	96 950 466 100 014	99.16%	99.16%	19,751	Lyon	
Clinique Sauvegarde SAS	50 967 400 800 024	100.00%	100.00%	2,253,526	Lyon	
Saint Louis Holding SA	95 750 137 200 016	99.94%	99.94%	2,285,327	Lyon	
CLIM (imagerie) SA	33 414 986 100 034	99.50%	99.50%	775,000	Lyon	
Lakco SAS	41 338 712 700 025	100.00%	100.00%	87,006	Lyon	
Capio 3	81 820 729 200 017	100.00%	100.00%	1	Lyon	
SNC Capio Médipôle Lyon Villeurbanne	81 534 871 900 015	100.00%	100.00%	1,000	Lyon	
Clinique du Parisis	52 355 990 400 025	100.00%	100.00%	20,000	Pontoise	
GERMANY						
Capio Deutsche Klinik GmbH	HRB 5266	100.00%	100.00%	4	AG Fulda	
Capio Deutsche Klinik Dannenberg GmbH	HRB 120861	100.00%	100.00%	1	AG Lüneburg	
Capio MVZ Dannenberg GmbH	HRB 120856	100.00%	100.00%	1	AG Lüneburg	
Capio Deutsche Klinik Otterndorf GmbH	HRB 110868	100.00%	100.00%	1	AG Tostedt	
Krankenhaus Land Hadeln Service GmbH	HRB 110859	100.00%	100.00%	1	AG Tostedt	
ATZ am KH Land Hadeln GmbH	HRB 203850	100.00%	100.00%	25,000	AG Tostedt	
MVZ Cuxhaven Rohdestrasse GmbH	HRB 201489	100.00%	100.00%	1	AG Tostedt	
Capio Deutsche Klinik Weißenburg GmbH	HRB 210046	100.00%	100.00%	1	AG Jena	
Capio Deutsche Klinik Bad Bertrich GmbH	HRB 4928	100.00%	100.00%	1	AG Koblenz	
DV Venenliga Management GmbH	HRB 7080	100.00%	100.00%	1	AG Koblenz	
Capio MVZ Venenzentrum Bad Bertrich GmbH	HRB 20498	60,00%	60,00%	3	AG Koblenz	
Capio Deutsche Klinik Laufen GmbH	HRB 9846	100.00%	100.00%	2	AG Traunstein	
Capio Deutsche Klinik Hilden GmbH	HRB 56999	100.00%	100.00%	1	AD Düsseldorf	
MVZ Klinik im Park GmbH	HRB 64091	100.00%	100.00%	25,000	AG Düsseldorf	
GiB - Gesellschaft für Investitionen und den Betrieb von Kliniken GmbH	HRB 57202	94,00%	94,00%	2	AG Düsseldorf	

Note 11: Shares in subsidiaries, cont.

Shares in subsidiaries	Corporate reg.no.	Share of equity	Share of voting rights	Number of shares	Reg. office	Book value
Capio Deutsche Klinik Aschaffenburg GmbH	HRB 10414	100.00%	100.00%	2	AG Aschaffenburg	
Capio MVZ Aschaffenburg GmbH	HRB 11970	100.00%	100.00%	25,000	AG Aschaffenburg	
Capio Grünewaldklinik GmbH	HRB 10414	100.00%	100.00%	25,000	AG Aschaffenburg	
KIP Orthopädiehandel GmbH	HRB 59799	100.00%	100.00%	3	AG Düsseldorf	
Capio MVZ Bad Brückenau Bahnhofstrasse GmbH	HRB 5891	100.00%	100.00%	1	AG Schweinfurt	
Gefäßklinik Dr. Berg GmbH Blaustein	HRB 2627	90,00%	90,00%	2	AG Ulm	
HKU GmbH Privatklinik für Dermatologie Venerologie und Allergologie	HRB 4677	100.00%	100.00%	1	AG Ulm	
Capio Deutsche Klinik Büdingen GmbH	HRB 3658	100.00%	100.00%	2	AG Friedberg	
Mathilden-Hospital zu Büdingen Service GmbH	HRB 3730	100.00%	100.00%	1	AG Friedberg	
Capio Mathilden-Hospital zu Büdingen Wohnen GmbH	HRB 3754	100.00%	100.00%	1	AG Friedberg	
Capio MVZ am Mathilden-Hospital zu Büdingen GmbH	HRB 6539	100.00%	100.00%	1	AG Friedberg	
RZM Küchenservice GmbH	HRB 7088	40,00%	40,00%	2	AG Koblenz	
UNITED KINGDOM						
Capio UK Ltd	06275667	100.00%	100.00%	1	London	
DENMARK						
Capio Holding Danmark A/S	31 622 816	100.00%	100.00%	500	Helsingör	
Capio Specialistklinikker A/S	31 768 845	100.00%	100.00%	500	Helsingör	
Closing carrying amount						**3,991**

Capio AB (publ)

Gothenburg, March 18, 2016

Anders Narvinger Chairman	Thomas Berglund Chief Executive Officer	Gunnar Németh Vice Chairman
Neal Dignum	Fredrik Näslund	Gun Nilsson
Håkan Winberg	Kevin Thompson Employee representative	Julia Turner Employee representative

Our auditor's report was submitted on March 18, 2016
Ernst & Young AB

Staffan Landén
Authorised Public Accountant

Auditor's report

Translation from the swedish original

To the annual meeting of the shareholders of Capio AB (publ), corporate identity number 556706-4448

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts Capio AB (publ) for the financial year 2015-01-01-2015-12-31. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 74–129.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Capio AB (publ) for the year the financial year 2015-01-01-2015-12-31.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Gothenburg, March 18, 2016

Ernst & Young AB

Staffan Landén
Authorized Public Accountant

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.

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.

Total sales growth, adjusted for exchange rate, % Increase in net sales for the period as a percentage of the previous year's net sales calculating previous year's net sales using current period exchange rates to compare net sales between the periods at comparable exchange rates.

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 (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 26 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 26 for calculations of adjusted earnings per share (before and after dilution).

Net customer receivables Accounts receivables and accrued production less bad debt provision and advances from customers.

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

Return on capital employed 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 operating result (EBITDA).

Net capital expenditures Investments in fixed assets, net of divestments of fixed assets, for the period.

Net investments Investments in fixed assets, net of divestments of fixed assets, depreciations and impairments, 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 flow related to operating result (EBITA).

Corporate Governance Report

Chairman's word

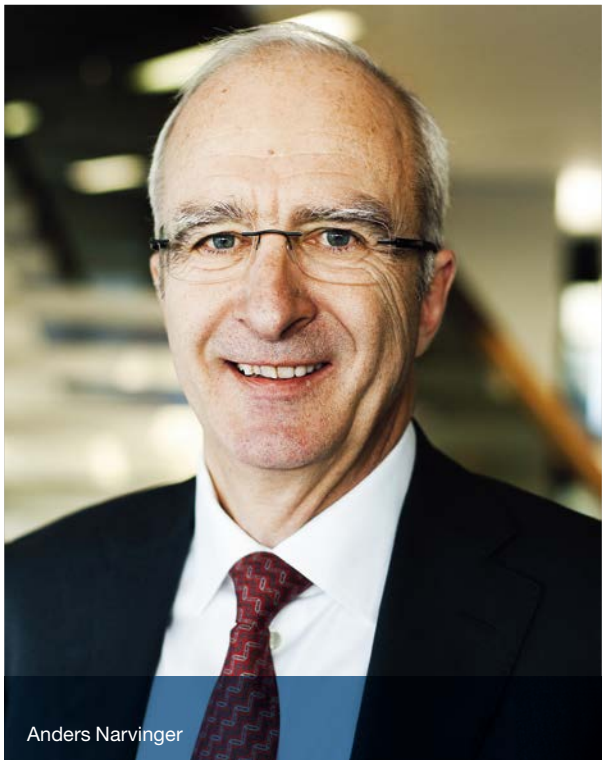
2015 has been an important year for Capio with a number of significant events. Capio was listed on Nasdaq Stockholm on June 30 following an Initial Public Offering. Four experienced cornerstone investors committed to acquire, and were allocated shares in the offering, supporting a long term perspective on Capio's future development. The listing of Capio has strengthened the public profile of the Group and its operations, benefitting our patients, employees and the public through increased transparency of both financial and medical information. The listing has also given Capio access to additional financing possibilities through the stock market.

Focus for the Board during the year has been the development and implementation of Capio's strategy which is based on Modern Medicine and Modern Management in order to drive further quality and productivity development in the healthcare sector. The Board of Directors of Capio strives to provide a sound corporate governance structure that supports the CEO and the Group Management in executing the strategy that ultimately benefit the patients, the employees, the public and the shareholders. Being a decentralized organization where business decisions are taken close to the patients, a strong and clear governance structure is even more important.

During the year, the Board of Directors has also devoted significant attention to the development of the governance structure in order to be in compliance with the requirements of a listed company. Steering documents like Group policies and the working procedures for the Board and it's committees have been updated and the agendas for the Board meetings and Finance and Audit Committee meetings have been formalized.

Capio has the prerequisites to continue being a driving force in developing high quality healthcare services.

Anders Narvinger
Chairman of the Board of Directors


Anders Narvinger

The Swedish corporate governance code

Capio complies with Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code (the Code) as well as other applicable laws and regulations such as the Swedish Companies Act and the Swedish Annual Accounts Act. Capio has applied the Code from the first day of trading. This Corporate Governance Report has been reviewed by Capio's auditors in accordance with the Swedish Companies Act and a report from the auditors is presented on page 139.

Capio complies with the Code principle "comply or explain" and has two deviations to explain for 2015:

Code rule 7.6: The Board of Directors is to ensure that the company's six- or nine-month report is reviewed by the statutory auditor.
Comment: In 2015, Capio's three-month report and full year report have been reviewed by the statutory auditor. This is deemed sufficient considering the extensive amount of work performed by the auditors as part of the listing process.

Code rule 9.8: Fixed salary during a period of notice and severance pay are together not to exceed an amount equivalent to the individual's fixed salary for two years.

Comment: One of Capio's Group Management members 2015 has the right to severance payment amounting to three monthly gross salaries per year of service since 1 June 1992. The monthly gross salary is calculated as the gross salary (including bonus payments) received for the last financial year prior to the event triggering the severance payment divided by 12. This contract agreement was in place when Capio acquired the business for which the individual is responsible for.

Governance and organizational structure

Capio is a decentralized and empowered organization which allows important decisions to be made as close to patients as possible. This enables us to meet the unique requirements and conditions of the respective healthcare units in the best possible way. We strive for a culture of continuous quality improvements where line managers and staff take the initiative and the responsibility. In order to succeed in this, a solid governance structure with clear goals, authorities and responsibilities is a prerequisite. Another requirement is a clear and transparent reporting structure which mirrors the line organization. Local managers should have access to quality and financial reports concerning their respective areas of responsibility in line with Capio's financial model.

Capio's organizational structure

Capio's organization is built from the bottom up and is organized around patient needs. This creates a culture of continuous improvement, for the benefit of our patients.

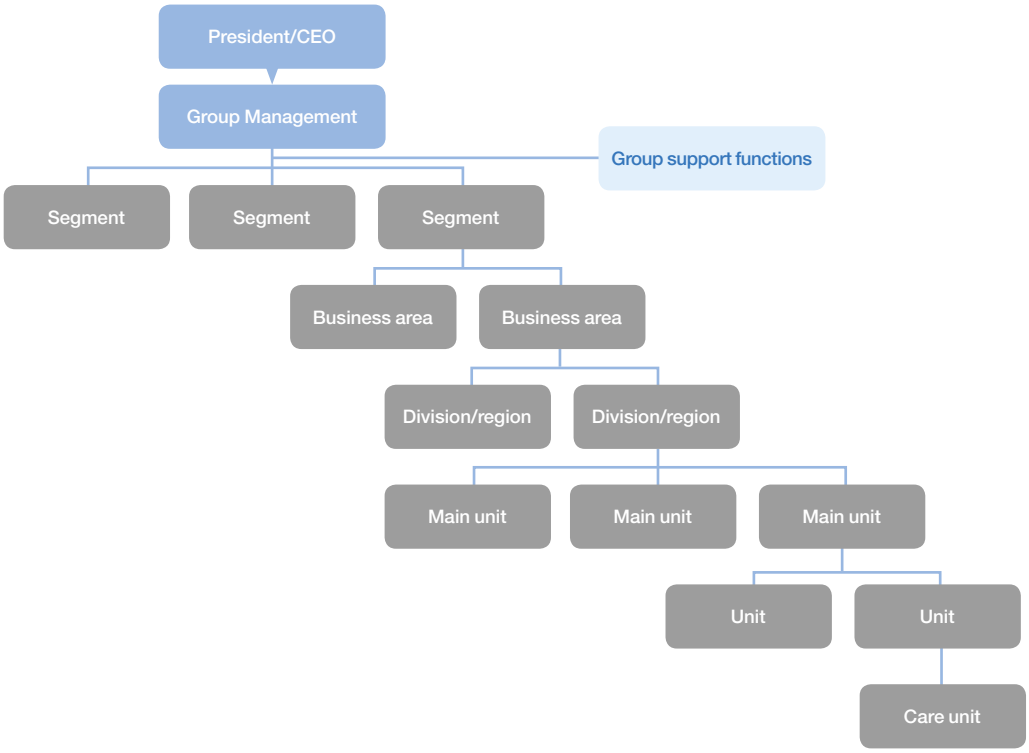
Our organizational structure is based on the care units where our patients are treated, for example operating theatres, wards, primary care units and specialist clinics. In total we have a little more than 600 care units at Capio. Most of these are part of a unit consisting of two or more care units, which in turn form part of a main unit, often a hospital. For small units, the organizational levels care unit and unit could be the same.

Each care unit is headed by a manager who has clear authority, resources and responsibility for achieving the objectives that have been set. This allows us to utilize the knowledge of our local managers in the best possible way, while giving our staff the opportunity to grow and see how their own knowledge and initiative can make a difference.

All main units form part of a business area. The Capio Group consists of 7 business areas which are geographically driven except in Sweden where the operations are divided into several business areas driven by the kind of operations performed. Capio's operations are divided into three operational segments; Capio Nordic (Sweden and Norway), Capio France and Capio Germany. The segments are based on the Group's management structure and geography. The organization is structured to facilitate the provision of healthcare on the most relevant care level for each patient.

There are 8 Group support functions; Treasury and Insurance, Corporate Finance, Group Reporting and Control, Investor Relations, Group Communication & Public Affairs, IT Projects, Management Support and Chief Medical Officer (CMO), providing support to the CEO and Group Management as well as supporting the operations and developing standards through policies, directives and guidelines.

Capio's organizational structure



Clear goals, authorities and responsibilities

The Capio model has a key role in the Group. The Group Management, which is appointed by the CEO, holds the overall responsibility for the operations of the Group through its segments and business areas in line with the strategy and long-term objectives adopted by the Board of Directors based on the Capio model. The Group CFO's responsibilities include the Group's financial and operational reporting, business management support, risk management, auditing, internal control over financial reporting, financing, and support in connection with mergers, acquisitions and potential divestments. Capio's CMO holds the ultimate responsibility to the Group CEO for all medical governance.

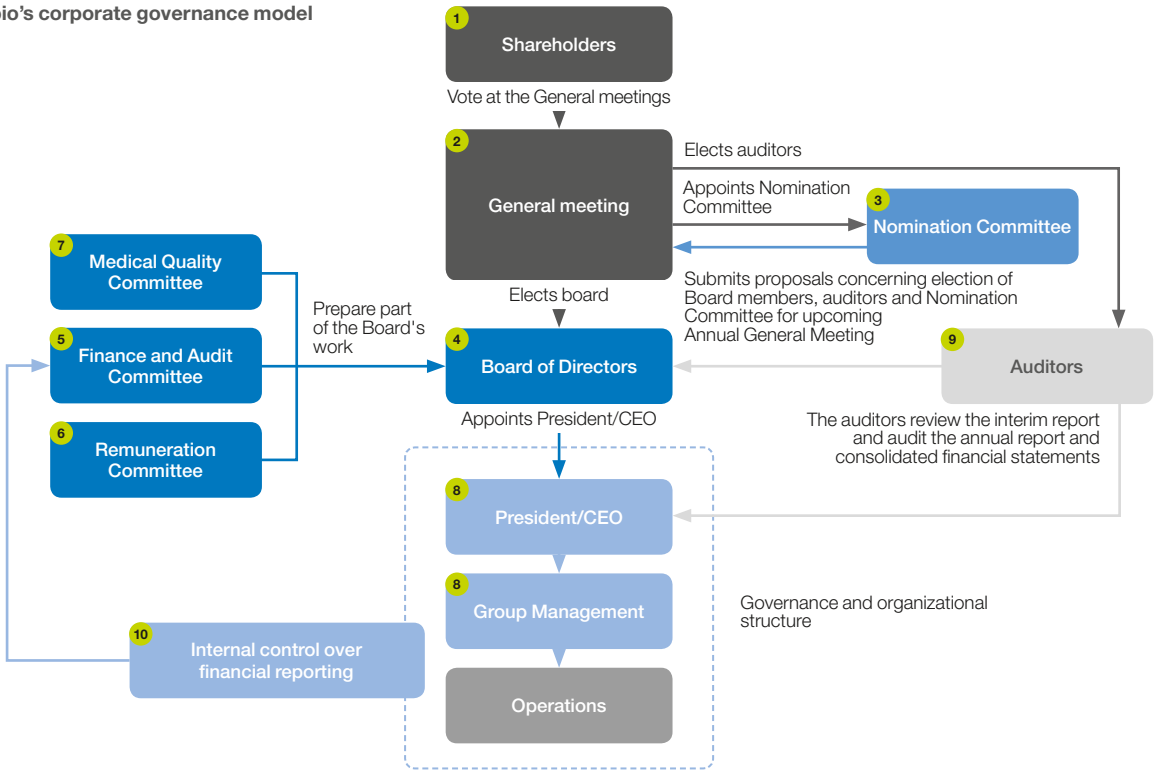
The business area managers are responsible for running the activities of the respective business areas in line with the guidelines and instructions laid down by the CEO and Group Management, as well as applicable laws and regulations. They are also responsible for oversight of medical quality and efficiency. The business area managers, of whom the majority has a medical background, report directly to the CEO.

The managers of the Group's main units are responsible for business operations in line with the guidelines set by the Group Management via the business area managers, as well as applicable laws and regulations. Day-to-day operations are managed with the help of clear and measurable delegation of areas of responsibility, which are followed up on the basis of quality performance indicators (QPIs) as well as key performance indicators (KPIs), income statements, balance sheets and cash flow statements in line with Capio's financial model.

The local management together with business area managers and the Group Management are important elements of the Group's corporate governance. The finance functions also play an important governance role, with the ambition of mirroring the operations and supporting the management with accurate, relevant and timely financial and operational reporting and follow-up.

For more information regarding the Capio model and Capio's financial model, refer to page 6 of the annual report.

Capio's corporate governance model



1. Shares and shareholders

As of December 31, 2015 Capio had 4,725 shareholders according to the share register which is kept by Euroclear Sweden AB. The number of shares is equivalent to the number of votes. The 10 largest shareholders held a combined holding of 86.2% of the share capital in Capio and the largest shareholder was Apax Europe VI Fund Group[1] through companies, which held 26.5% of the shares and votes. The second largest shareholder was Nordic Capital Fund VI[2] through companies, which held 25.9% of the shares and votes.

For more detailed information about the shareholders, see page 144 of Capio's annual report.

Dividend policy

Under the dividend policy adopted by the Board of Directors, Capio targets annual dividends that reflect a yearly payout ratio of approximately 30% of the Group's profit for the period over time, allowing for a meaningful reinvestment in the business.

2. General meeting

General

The general meeting is Capio's supreme decision-making body through which shareholders exercise their voting rights. Capio's Articles of Association contain no limitation on the number of votes that each shareholder may exercise at a shareholder's meeting.

The general meeting has the right to decide in all matters not inconsistent with Swedish law. The general meeting held within six months after the end of the fiscal year adopting the income statement and the balance sheet is called the Annual General Meeting. Capio's Annual General Meeting is held in Gothenburg, Sweden, every calendar year before the end of June. Date and place of Capio's Annual General Meeting is announced no later than the date for publication of the interim report for the third quarter each year.

Notice to convene a general meeting is posted on Capio's website and in Swedish Official Gazette. Announcement that the notice has been sent is published in the national newspaper Svenska Dagbladet. All shareholders who are directly recorded in the share register five weekdays (Saturdays included) prior to the general meeting and who have notified Capio of their intention to participate in the general meeting not later than the date indicated in the notice of the general meeting, are entitled to attend the general meeting and vote for the number of shares they hold.

Annual General Meeting 2015

Capio's Annual General Meeting 2015 was held on March 10, 2015. The following key decisions were taken:

- The Annual General Meeting resolved to adopt the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet included in the annual report for the financial year 2014
- The Annual General Meeting resolved that the Board of Directors shall consist of eight ordinary members and one deputy member
- The Board of Directors was elected
- Ernst & Young AB was re-elected auditor of the company for the period until the next Annual General Meeting. It was noted that Staffan Landén would be the auditor in charge

Extraordinary General Meetings 2015

An Extraordinary General Meeting was held in Capio on June 16, 2015 in connection with the listing.

The following key decisions were taken:

- The Extraordinary General Meeting resolved that the Board of Directors shall consist of six ordinary members and no deputy member
- The Board of Directors was elected
- The Extraordinary General Meeting resolved to adopt guidelines for remuneration of Group Management
- The Extraordinary General Meeting resolved to adopt instructions for the Nomination Committee

3. Nomination Committee

Duties

The Nomination Committee shall propose the following to the Annual General Meeting: chairman at the general meeting, Board of Directors, chairman of the Board of Directors, auditor, remuneration to the Board of Directors (divided between the chairman and the other directors as well as remuneration for committee work), remuneration to the auditor and proposal regarding new instructions for appointing the Nomination Committee and its work.

Composition

According to the instructions to the Nomination Committee in respect of the Annual General Meeting 2016, resolved by the Extraordinary General Meeting on June 16 2015, Capio's Nomination Committee should compose of six members of which one representative of Nordic Capital Fund VI, one representative of Apax Europe VI Fund Group, one representative of each one of the three largest directly registered shareholders in terms of votes with Euroclear Sweden AB as of August 31, 2015 disregarding Nordic Capital Fund VI and Apax Europe VI Fund Group and any shareholder which is directly or indirectly owned by Nordic Capital Fund VI or Apax Europe VI Fund Group, and the chairman of the Board of Directors.The composition of the Nomination Committee shall be published no later than six months before the Annual General Meeting.

The Nomination Committee in respect of the Annual General Meeting 2016 was appointed in accordance with the instruction resolved by the Extraordinary General Meeting 2015 and consists of:

- Anders Narvinger (chairman of the Board)
- Robert Furuhjelm, representative of Nordic Capital Fund VI
- Steven Dyson, representative of Apax Europe VI Fund Group
- Per Hesselmark, representative of R12 Kapital
- Per Collén, representative of Fjärde AP-fonden
- Bo Lundgren, representative of Swedbank Robur fonder

All shareholders have the opportunity to contact the Nomination Committee with proposals for Board members. Please refer to Capio's webpage (www.capio.com) for contact information.

[1] Apax Europe VI-A, L.P., Apax Europe VI-1, L.P. and Apax Capio Syndication Partners (Guernsey) L.P.

[2] Nordic Capital Fund VI is comprised of (1) Nordic Capital VI Limited, acting as general partner of Nordic Capital VI Alpha, L.P. and Nordic Capital VI Beta, L.P.; (2) NC VI Limited; and (3) Nordic Industries Limited.

4. Board of Directors

Duties

The Board of Directors is ultimately responsible for Capio's organization and the management of the company's operations. The Board is responsible for the Group's long-term development and strategy, for regularly controlling and evaluating the Group's operations and financial situation and for the other duties set forth in the Swedish Companies Act, the Code and the formal work plan for the Board.

Composition

According to Capio's Articles of Association, the Board of Directors elected by the general meeting shall consist of not less than five members and not more than ten members.

During the period January 1, 2015 to June 16, 2015, Capio's Board consisted of eight members and one deputy member elected by the Annual General Meeting. In addition, the Board had two members and two deputy members appointed by employee organizations. The annual general meeting 2015 reelected Anders Narvinger, Gunnar Németh, Robert Andreen, Neal Dignum, Fredrik Näslund, Gun Nilsson, Bertrand Pivin and Håkan Winberg as Board members, and Anders Narvinger as chairman of the Board.

During the period June 16, 2015 to December 31, 2015 Capio's Board consisted of six members. In addition, the Board had two members and two deputy members appointed by employee organizations. The Extraordinary General Meeting on June 16, 2015 elected Anders Narvinger, Gunnar Németh, Neal Dignum, Fredrik Näslund, Gun Nilsson and Håkan Winberg as Board members. Anders Narvinger was elected chairman of the Board.

For additional details on each member of the Board of Directors, refer to page 142 of the annual report.

Board independence

The current composition of the Board of Capio is assessed to meet the independence requirements set out in the Code. The assessment of each Board member's independence is presented in the table below.

The independence requirements mainly imply that only one person from the company's management may be a Board member, a majority of the elected members of the Board should be independent of the company and its management and that at least two of the elected members who are independent of the company and company management also must be independent in relation to major shareholders.

Rules of procedures

Every year at the inaugural Board meeting following the election at the Annual General Meeting, Capio's Board of Directors adopts work procedures that stipulate how the work should be divided between the Board, its committees and the CEO. It also contains matters to be addressed at regular meetings of the Board and duties incumbent on the chairman.

The Board should convene atleast six times per year in addition to the inaugural Board meeting. The Board chairman organizes and manages the work of the Board. Apart from the responsibilities of the chairman, there is no particular division of tasks or responsibilities between the Board members. The CEO is not part of the Board, but attends all Board meetings and is responsible, together with the chairman, that the Board is provided adequate information prior to each meeting.

In addition to the regular meeting frequency, the Board convenes on events of great importance that cannot be referred to the next regular Board meeting.

The Board's work in 2015

In 2015, the Board of Directors in Capio held 7 regular meetings, 5 extraordinary meetings and one inaugural meeting. The attendance of Board members at these meetings is presented in the table below. Information regarding Board remuneration is presented in note 4 of the annual report.

The Board met with the external auditors without the presence of management at one occasion during 2015.

The Board of Directors of Capio aims to perform an evaluation of its work during the first half of 2016 which is within a year from the listing on Nasdaq Stockholm.

The Board's composition, independence and attendance at meetings January 1, 2015–December 31, 2015

Name	Board member since	Independent of Capio and Capio's Group Management	Independent of principal shareholders	Attendance Board meetings	Attendance FAC meetings	Attendance Remuneration Committee meetings	Attendance Medical Quality Committee meetings
Anders Narvinger	2011	Yes	Yes	13/13	–	4/4	2/2
Fredrik Näslund	2006	Yes	No	13/13	5/5	4/4	–
Gunnar Németh	2011	No	Yes	12/13	–	–	2/2
Neal Dignum	2013	Yes	No	13/13	5/5	3/4	–
Håkan Winberg	2013	No	Yes	13/13	5/5	–	–
Gun Nilsson	2014	Yes	Yes	13/13	5/5	–	–
Robert Andreen[3]	2006	Yes	No	5/7	–	–	–
Bertrand Pivin[4]	2011	Yes	No	2/7	–	–	–
Michael Phillips[5]	2010	Yes	No	2/2	–	–	–
Kevin Thompson, employee representative, ordinary member	2010	No	Yes	12/13	–	–	–
Julia Turner, employee representative, ordinary member	2012	No	Yes	12/13	–	–	–
Bengt Sparrelid, employee representative, deputy member	2010	No	Yes	12/13	–	–	–
Alexandra Ekengren, employee representative, deputy member	2014	No	Yes	10/13	–	–	–

[3] Resigned from the Board on June 16, 2015
[4] Resigned from the Board on June 16, 2015
[5] Resigned from the Board on March 10, 2015

Important Board decisions 2015:

- Listing of Capio on Nasdaq Stockholm
- Refinancing of the Group
- Approval of updated Group policies
- Construction project related to Capio Clinique de Domont (France)
- Construction project related to Capio Clinique Croix du Sud (France)
- Acquisition of Clinique du Parisis (France)
- Acquisition of Teres Stokkan and Teres Tromsø (Norway)

The Board's committees

In accordance with the Rules of Procedure for the Board of Directors, the Board of Capio has established a Finance and Audit Committee, a Remuneration Committee and a Medical Quality Committee. The committee members are appointed by the Board of Directors at the inaugural Board meeting for a term of one year.

The Finance and Audit Committee and the Medical Quality Committee prepare issues within each committee's responsibility and present recommendations for approval by the Board of Directors. The same authority rules apply for the Remuneration Committee with the exception of matters related to remuneration for other senior managers than the CEO. These questions are prepared and resolved by the Remuneration Committee.

The committees keep minutes of their meetings and the minutes are made available to the Board. Furthermore, the chairman of each committee accounts for the committee work at the Board meetings.

5. Finance and Audit Committee (FAC)

Duties

The overall task of the Finance and Audit Committee is to ensure fulfillment of the Board of Directors' supervisory duty in relation to internal control over financial reporting, audit, risk management, accounting and financial reporting.

The Finance and Audit Committee reviews procedures and routines for the aforementioned areas and also prepares the Board of Directors' report on internal control. In addition, the Finance and Audit Committee monitors the impartiality and independence of the auditor, evaluates the audit work including the external auditor's additional supervisory duties in relation to the Group's self-assessment process, to verify the internal control over financial reporting.

The Finance and Audit Committee also assists Capio's Nomination Committee in preparing nominations for auditors and recommendations for audit fees.

The Finance and Audit Committee should hold at least four meetings per year and the meetings should be held in conjunction with ordinary Board meetings.

During 2015, the Finance and Audit Committee held a total of five meetings. The attendance of Board members at committee meetings is presented in the table on page 136.

Composition

The following Board members were appointed members of Capio's Finance and Audit Committee at the inaugural Board meeting following the Annual General Meeting 2015:

- Gun Nilsson (chairman)
- Neal Dignum
- Fredrik Näslund
- Håkan Winberg

The current composition of the members of Capio's Finance and Audit Committee is assessed to meet the requirements of the Swedish Companies Act. Please refer to page 136 for the assessment of the independence of the Board. All members of the Finance and Audit Committee are highly familiar with accounting matters and the accounting standards that apply for an international Group such as Capio.

6. Remuneration Committee

Duties

The task of the Remuneration Committee is to prepare matters concerning remuneration and employment terms for Capio's CEO which is then resolved by the Board of Directors. The task is also to prepare and resolve matters concerning remuneration and employment terms for Group Management members who report directly to the CEO.

The work of the Remuneration Committee also includes proposing guidelines for, among other things, the relationship between fixed and variable compensation and the relationship between performance and compensation, the principal conditions for bonuses and incentive schemes, conditions for non-monetary benefits, pensions, termination and severance pay. Furthermore, the Remuneration Committee monitors and evaluates the outcome of variable compensation schemes and Capio's compliance with remuneration guidelines adopted by the general meeting.

The Remuneration Committee should hold at least two meetings per year.

During 2015, the Remuneration Committee held a total of four meetings. The attendance of Board members at committee meetings is presented in the table on page 136.

Composition

The following Board members were appointed members of Capio's Remuneration Committee at the inaugural Board meeting following the Annual General Meeting 2015:

- Anders Narvinger (chairman)
- Neal Dignum
- Fredrik Näslund

The current composition of the members of Capio's Remuneration Committee is assessed to meet the requirements stated in the Code. Please refer to page 136 for the assessment of the independence of the Board.

7. Medical Quality Committee

Duties

The duties and responsibilities of the Medical Quality Committee are to monitor medical risk, quality and compliance within the Group, as well as to develop and review appropriate policies and reporting within the medical compliance area.

The Medical Quality Committee should hold at least two meetings per year.

During 2015, the Medical Quality Committee held a total of two meetings. The attendance of Board members at committee meetings is presented in the table on page 136.

Composition

The following Board members were appointed members of Capio's Medical Quality Committee at the inaugural Board meeting following the Annual General Meeting 2015:

- Gunnar Németh (chairman)
- Anders Narvinger

8. Group Management

General

During the period January 1, 2015 to September 30, 2015, Capio's Group Management consisted of 11 members and from October 1 to December 31 of 10 members, including the CEO. In addition to the CEO, Capio's Group Management consisted of Group central functions (CFO, Senior Vice President Group Communication & Public Affairs, CMO) and business area managers.

From March 18 2016, Capio's Group Management consists of the CEO, the CFO, the Senior Vice President Group Communication & Public Affairs, the CMO, the French business area manager and the Deputy CMO.

For a detailed presentation of Capio's Group Management, see page 140 in the annual report.

The CEO is appointed by and receives instructions from the Board of Directors. The CEO, in turn, appoints other members of Group Management and is responsible for the ongoing management of the Group in accordance with the Board's guidelines and instructions.

Group Management holds regular meetings under the direction of the CEO to discuss, decide and execute on important operational and financial issues.

Remuneration to Group Management

The Board of Directors proposes to the Annual General Meeting guidelines for remuneration of Group Management including CEO. Matters of remuneration for the CEO is then prepared by the Remuneration Committee and resolved by the Board of Directors. The remuneration for Group Management members who report directly to the CEO is prepared and resolved by the Remuneration Committee.

The guidelines applied for remuneration and other terms of employment for Group Management pursuant to the resolution by the Extraordinary General Meeting held on June 16, 2015 are referred to in note 4 in the annual report.

9. Auditors

The annual general meeting 2015 re-elected Ernst & Young as the Group's audit firm for a period until the end of the 2016 annual general meeting. Auditor in charge is Staffan Landén. For a detailed presentation of Staffan Landén, see page 143 in the annual report. For information about the remuneration of the auditors, see note 22 in the annual report.

The external audit is conducted in accordance with the Swedish Companies Act, generally accepted auditing standards in Sweden and International Standards on Auditing.

10. Internal control over financial reporting

Introduction

The Board's responsibility for internal control is regulated by the Swedish Companies Act and the Swedish Corporate Governance Code. Capio's internal control structure is inspired by the COSO framework. The purpose of this report is to provide shareholders and other interested parties with a description of how internal control is organized at Capio with regard to financial reporting.

Control environment

A fundamental part of Capio´s framework for internal control over financial reporting is the overall control environment. The basis of Capio's control environment is the company culture which is reflected in everything we do. The company culture is based on the Capio model, our way of working in order to create value for the benefit of patients and society, and the ethics and values stated in Capio's Code of Conduct. Extensive management programs on this theme are conducted within the Group. For example, 90 Swedish managers and persons in key roles took Capio's internal management program with focus on Capio's strategy and the Capio model in 2015.

An important part of Capio's control environment is the Group policies and guidelines. The Board of Directors has delegated the ongoing work regarding the internal control over financial reporting within the Group to the CEO and the CFO. The CEO and the CFO have determined detailed policies and guidelines regarding how the financial reporting within the Group should be organized and controlled. Important Group policies that apply to internal control over financial reporting, including authorization rules is Capio Financial Policies and Guidelines (FPG) and Capio Accounting and Reporting Manual (CARMA).

Risk assessment

Risks relating to the financial reporting are evaluated and monitored by the Board through the Finance and Audit Committee. The Group performs regular risk assessments to identify key risks. Identified risk areas are summarized in Capio's Financial Policies and Guidelines together with relevant routines on how the risk is to be controlled. Risks are managed and followed up in line with the control environment that the Group has established. Local risks related to the financial reporting are identified in the course of the normal business and in connection with the external audit.

During 2015, Capio has initiated work in order to formalize the risk-assessment process across the different levels of the organization. The process will be finalized and implemented during 2016.

Control activities

Control activities performed at Capio include decision and authorization rules, an appropriate assignment of responsibilities, manual and automated controls and verifications and reconciliations. In addition to process level controls, a number of Group-wide control activates are performed. The monthly financial and operational reporting, including follow-up of the Group, represents an important point of control, which also aims at securing that the financial reporting gives a true and fair view of the Group's financial position and development. The structured budget and forecasting processes are also examples of Group-wide control activities. Furthermore, the monthly reporting process with analysis and comparison to budget is an integrated part of the Capio model including QPIs, KPIs and financial results.

Information and communication

Group policies and guidelines related to the financial reporting are updated regularly, and communicated to relevant employees via appropriate channels within the Group. Furthermore, financial managers and controllers for each business area have regular meetings with relevant positions within the Group functions. In connection to these meetings, the fundamental control environment is reviewed and discussed as well as any other issues related to the internal control.

Furthermore, Capio has a communication policy governing both internal and external communication.

Monitoring

Monitoring of internal control over financial reporting is carried out at different levels of the organization. Key functions include the Board of Directors, the Finance and Audit Committee, Group Management, Group finance functions as well as business area and local management together with local finance functions. The Board of Directors, through the Finance and Audit Committee, is involved in the planning of Group-wide monitoring activities on a yearly basis as part of the internal control plan of the year. Process level controls consist of both formal and informal routines and monitoring is performed locally by managers and process owners.

The overall control environment and implemented control activities for financial reporting are evaluated on a regular basis in terms of a self-assessment process. The self-assessment process is coordinated by the Group support function Group Reporting and Control and carried out by management and finance teams at business area and main unit level. Areas evaluated are compliance with Group policies and guidelines with special emphasis on the Financial Policies and Guidelines and are selected in cooperation with the Finance and Audit Committee based on the risk assessment. The results of the self-assessment are compiled and presented to the Board of Directors, the Finance and Audit Committee as well as the Group Management. Reported results are verified by the Group's external auditor through interviews and sample testing on a selected number of entities. Group Reporting and Control also verify reported results as an important part of the self-assessment process.

Other Group-wide monitoring activities include a thorough review and follow-up of the monthly financial and operational reporting. Reviews are performed at different levels of the organization, from main unit level to Group level. The Board of Directors receive monthly financial reports from the CFO and the CEO regarding the Group's earnings and financial position and are involved in the review of all quarterly financial statements, quarterly reports and the Group's annual report before publication.

The Board involvement in the planning of the Group-wide monitoring activities and the established reporting procedures mentioned above, enables for the Board of Directors to verify that Capio has formalized routines to ensure that approved principles for financial reporting and internal control are applied, and that Capio's financial reports are produced in accordance with legislation, applicable accounting standards and other requirements for listed companies.

The Board of Directors of Capio has chosen not to establish a separate internal audit function. Based on Capio's current structure and decentralized organization, it is deemed most efficient that Group level internal control activities are coordinated by CFO and Group Reporting and Control in close collaboration with the Finance and Audit Committee. The need for an internal audit function is regularly assessed by the Finance and Audit Committee.

Gothenburg March 18, 2016
Capio AB (publ)
Board of Directors

Auditor's report on the Corporate Governance Statement

To the annual meeting of the shareholders of Capio AB (publ), corporate identity number 556706-4448

It is the board of directors who is responsible for the corporate governance statement for the year 2015 on pages 132–139 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Gothenburg March 18, 2016
Ernst & Young AB

Staffan Landén
Authorized Public Accountant

Group Management 2016


THOMAS BERGLUND


HENRIK BREHMER


SVENERIC SVENSSON


OLOF BENGTSSON


PHILIPPE DURAND


FRANÇOIS DEMESMAY

Thomas Berglund

CEO since 2011

Born: 1952.
Member of Group Management since: 2007.
Education: BSc in Economics and Business Administration.
Professional experience: President and CEO at Securitas Group. Formerly consultant with Swedish Management Group and adviser to the Swedish government administration.
Other appointments: Vice Chairman ISS A/S.
Holding: 1,207,643 shares.

Olof Bengtsson

CFO since 2013

Born: 1961.
Member of Group Management since: 2010.
Education: BSc in Finance and Business Administration.
Professional experience: Responsible for Group Treasury, Corporate Finance and Group Insurance in the Securitas Group. Positions in treasury and corporate finance, with the STORA Group and with the Atlas Copco Group.
Other appointments: –
Holding: 82,791 shares.

Henrik Brehmer

Senior Vice President Group Communication & Public Affairs since 2012

Born: 1964.
Member of Group Management since: 2012.
Education: BSc in Personnel Administration and Business Administration and lieutenants degree from Military Academy.
Professional experience: Senior Vice President Corporate Communications in Swedish Match AB. Senior Vice President Investor Relations and Group Communication Securitas AB in the UK. Communications Director in Ericsson AB in Sweden and the UK. Officer in the Swedish Armed Forces.
Other appointments: Board member of Vårdföretagarnas sjukvårdsavdelning.
Holding: 60,000 shares.

Philippe Durand

Business Area Manager Capio France since 2013

Born: 1969.
Member of Group Management since: 2013.
Education: Graduate EM Lyon Business School.
Professional experience: Deputy General Manager and Regional Manager Capio France and CFO Capio France. Financial controller at Infogrames. Auditor and Advisor at Arthur Andersen.
Other appointments: –
Holding: 139,982 shares.

Sveneric Svensson

Chief Medical Officer (CMO) since 2013

Born: 1953.
Member of Group Management since: 2007.
Education: MD, PhD and specialist in Cardiothoracic Surgery.
Professional experience: Head of Capio Sweden, Business Area Manager Capio France. Performance Management Director and Medical Director, Capio AB. Head of Medicine Capio Sjukvård Norden. Formerly Head of Department of Thoracic and Cardiovascular Surgery, Sahlgrenska University Hospital, Gothenburg, Sweden.
Other appointments: –
Holding: 68,364 shares.

François Demesmay

Deputy Chief Medical Officer (CMO) since 2016

Born: 1965.
Member of Group Management since: 2016.
Education: MD.
Professional experience: Regional manager and Chief Medical Officer Capio France, operation manager TMT Télémédecine, Chief medical officer LVL Medical, regional manager Emerysy, private hospital manager, doctor Centre Hospitalier Saint Ylie Jura.
Other appointments: –
Holding: 17,252 shares.

Business area and regional managers

Segment Capio Nordic

Sweden

Susanne Wellander[1]
Business area manger, Capio Proximity Care

Peter Holm[1]
Business area manager, Capio Specialist Clinics

Lotta Olmarken Ingler[1]
Business area manager, Capio Psychiatry

Britta Wallgren[1]
Business area manager, Capio St Göran's Hospital

Norway

Per Helge Fagermoen
Business area manager, Capio Norway

Segment Capio France

Catherine Viatge
Deputy business area manager, Capio France

Frédéric Pecqueux
Regional manager, Île de France

Nicolas Bobet
Regional manager, Aquitaine

Véronique Dahan
Regional manager, Toulouse

Sofien Khachremi
Regional manager, Provence Alpes Côte d'Azur

Pierre-Yves Guiavarch
Regional manager, Lyon

Valérie Fakhoury
Regional manager, East

Olivier Le Borgne
Regional manager, La Rochelle

Segment Capio Germany

Martin Reitz[1]
Business area manager, Capio Germany

[1] Part of Capio Group Management during 2015.

Board of Directors

Anders Narvinger

Board member and chairman of the Board of Directors since 2011

Chairman of the Remuneration Committee and member of the Medical Quality Committee.
Born: 1948.
Education: MSc in Engineering from Institute of Technology, Lund, BSc in Business and Economics from University of Uppsala.
Professional experience: Positions at ABB, including President and CEO of ABB Sweden and CEO of The Association of Swedish Engineering Industries.
Other appointments: Chairman of the board of Alfa Laval AB, Coor Service Management Group AB and ÅF AB. Deputy Chairman for ICC Sweden. Board member of JM AB and Pernod Ricard SA.
Holding: 33,975 shares.

Gunnar Németh

Board member and vice chairman of the Board of Directors since 2011

Chairman of the Medical Quality Committee.
Born: 1952.
Education: MD and specialist in Orthopedic Surgery and Algology. PhD and Professor of Orthopedic Surgery. MBA from Frankfurt School of Finance & Management.
Professional experience: COO and CMO of Capio Group, CEO of Capio AB and Capio St Göran's Hospital. Formerly Professor and Head of Department, Orthopedics, Karolinska University Hospital, Stockholm. Advisor at county and national level in health and medical care issues.
Other appointments: Chairman of the board of Swedish Hospital Partners AB, Ortoma AB, UroClinic AB, Scandinavian Robotic Surgery Group AB and the Corporate Advisory Board of Frankfurt School of Finance and Management. Board member of Research Sweden Foundation, EnCare AB, CareLigo AB and G Németh Associates AB.
Holding: 327,620 shares.

Gun Nilsson

Member of the Board of Directors since 2014

Chairman of the Finance and Audit Committee since 2015.
Born: 1955.
Education: BSc in Economics.
Professional experience: CFO of IP-Only Group, Sanitec Oyj and Nobia Group, CEO of Gambro Holding AB, Managing Director of Indap Sweden AB and Deputy CEO and Executive Vice President of Duni AB.
Other appointments: Board member of Hexagon Aktiebolag, Dometic Group AB and Bonnier Holding AB. Deputy board member of Art Photo Foundation and Vinpröjsarn AB.
Holding: 10,000 shares.

Fredrik Näslund

Member of the Board of Directors since 2006

Member of the Finance and Audit Committee and member of the Remuneration Committee.
Born: 1971.
Education: MSc in Engineering Physics, MSc in Business Administration.
Professional experience: Partner at NC Advisory AB (advisor to the Nordic Capital funds), Vice President Corporate Finance, Capio (Bure Healthcare).
Other appointments: Chairman of the board of Näslund & Nordin Aktiebolag. Board member of Unilabs Holding AB, Handicare Group AB, Cidron Ollopa Investment B.V. (Holding company of Sunrise Medical), Bambora Top Holding AB, Itiviti AB, Vizrt Group Holding AS, Cidron Ross TopCo AB, Eyre Invest Svenska AB, Naslerto AB and SRN Holding AB. Deputy board member of Näslund Arkitektur & Fastighet AB.
Holding: –

Håkan Winberg

Member of the Board of Directors since 2013

Member of the Finance and Audit Committee
Born: 1956.
Education: BSc in Economics and Business administration.
Professional experience: CFO and Executive Vice President Capio Group, Director of Accounting and Finance, CFO and Executive Vice President at Securitas Group, Controller at Investment AB Skrinet and auditor at PwC.
Other appointments: Member of the Council for the Swedish Chamber of Commerce UK and consultant via CFO Metrics Ltd.
Holding: 1,207,435 shares.

Neal Dignum

Member of the Board of Directors since 2013

Member of the Finance and Audit Committee and member of the Remuneration Committee.
Born: 1985.
Education: MBA from The Wharton School, University of Pennsylvania; BA in Economics from Middlebury College.
Professional experience: Senior associate at Apax Partners since 2013. Previously worked at Advent International and Morgan Stanley.
Other appointments: –
Holding: –

Employee representatives

Kevin Thompson

Member of the Board of Directors (employee representative) since 2010

Born: 1958.
Education: Assistant nurse training and trade union training.
Professional experience: In the health-care sector since 1978. Extensive trade union work since 1991.
Other appointments: –
Holding: –

Julia Turner

Member of the Board of Directors (employee representative) since 2012

Born: 1956.
Education: Registered nurse.
Professional experience: In the health-care sector since 1981.
Other appointments: –
Holding: –

Deputy board members

Alexandra Ekengren

Deputy Board member (employee representative) since 2014

Born: 1972.
Education: Registered nurse.
Professional experience: In the health-care sector since 2008. Previously worked as an accounts assistant in various companies prior to nursing education.
Other appointments: –
Holding: –

Bengt Sparrelid

Deputy Board member (employee representative) since 2010

Born: 1954.
Education: MD, specialist in cardiology and internal medicine.
Professional experience: In the health-care sector since 1985.
Other appointments: Board member of PRO DIE Aktiebolag.
Holding: –

Auditor

Ernst & Young AB

Staffan Landén
Authorized Public Accountant,

Born: 1963.
Auditor for Capio AB (publ) since 2009. Extensive experience in auditing exchange-listed and internationally active companies. Among other assignments, he is auditor for Vattenfall AB, Papyrus AB, AcadeMedia AB, Nederman Holding AB and Viking Supply Ships AB. Staffan Landén is also stock exchange auditor for Nasdaq in Stockholm.

The share

Short name: CAPIO
ISIN code: SE0007185681

Since June 30, 2015, the Capio share has been listed on Nasdaq Stockholm and is traded on the Mid Cap list. From the IPO date until the end of 2015 the share rose by 19%.

Listing on Nasdaq Stockholm

On June 30, 2015, the Capio share was listed on Nasdaq Stockholm at an opening price of SEK 48.50 per share. On the first day of trading this was equivalent to a market value of approximately MSEK 6,846 for all shares issued by Capio. Including the overallotment option, which was exercised in full, the offering comprised a total of 52,934,872 Capio shares, equivalent to 37.5% of the total number of shares. The shares in the offering were sold by Ygeia Equity AB [1], a company controlled by Nordic Capital Fund VI ("Nordic Capital"), Apax Europe VI fund (advised by Apax Partners LLP) ("Apax Partners") and Apax France Fond VII (managed by Apax Partners S.A., "Apax France"). Four anchor investors: R12 Kapital AB (the af Jochnick family), the Fourth Swedish National Pension Fund, Swedbank Robur Fonder AB and Handelsbanken Fonder AB committed to acquire, and were allocated, shares in the offering equivalent to 6.2%, 5.5%, 5.5% and 2.9%, respectively, of the Capio shares.

Share price development and turnover

On December 31, 2015 the closing price was SEK 57.50 per share, which was an increase by 19% from the price in the offering. In the same period, OMX Stockholm's PI index was flat. The lowest price paid during the period from June 30 to December 31 was SEK 48.00 SEK on October 12 and the highest price paid was SEK 64.25 on July 31. At the end of 2015, Capio's market cap was SEK 8,117 million, based on the closing price. From the IPO date up to the end of 2015, a total of 24.5 million Capio shares were traded, equivalent to a value of MSEK 1,286. The average number of shares traded per day was 188,287 shares.

Development of share capital

As of December 31, 2015, the company's share capital amounted to MSEK 72,0 distributed on 141,159,661 shares, which are all ordinary shares with an equal share of capital and votes. Each share has a quota value of SEK 0.5. At annual general meetings, each share has one vote and each shareholder is entitled to vote for the full number of Capio shares held, without any limitation of votes.

In conjunction with the IPO, a new share issue of 15,463,918 shares was made. The gross proceeds were MSEK 750 and the new share issue contributed to the cash flow in 2015 with MSEK 669 net of transaction costs.

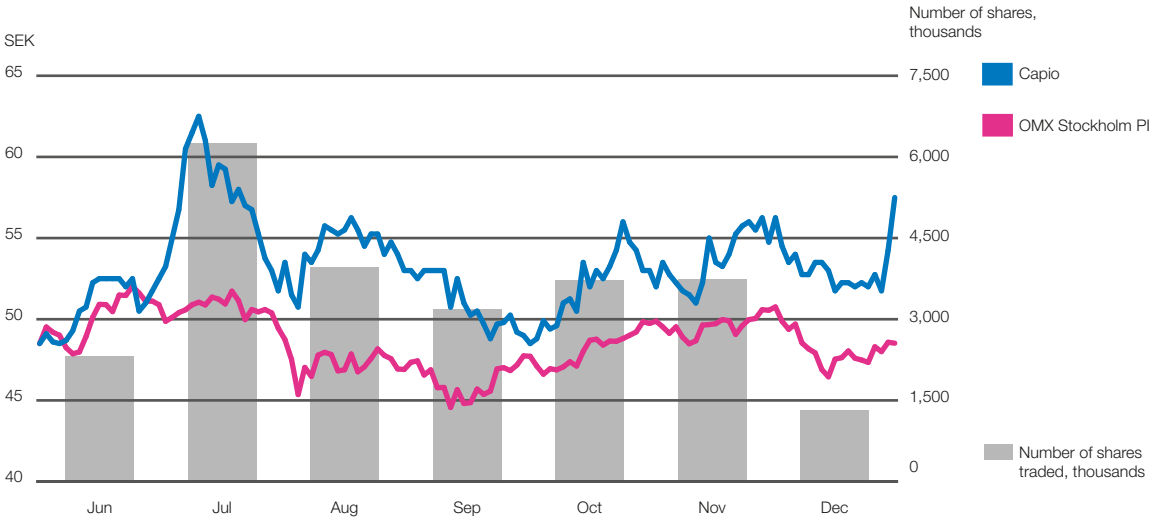
Ownership structure

Capio's shares are cleared via the electronic securities system operated by Euroclear Sweden AB. At year-end, Capio had 4,725 shareholders. The ten largest known shareholders accounted for 86% of the capital and votes. The foreign ownership was 68% at the end of 2015 (source: Holdings).

During the period from the IPO date up to the end of the year, all of the four anchor investors in Capio: R12 Kapital AB, the Fourth Swedish National Pension Fund, Swedbank Robur Fonder AB and Handelsbanken Fonder AB increased their Capio holdings and at year-end held 7.2%, 6.3%, 7.2% and 4.1%, respectively. On 30 September 2015, R12 Kapital AB exercised its right to acquire an additional 1% of the shares in Capio from Ygeia Equity AB [1]. The right to acquire additional shares is described in the prospectus issued in connection with Capio's IPO.

The Board of Directors has decided that a proposal will be made to the annual general meeting to issue a convertible debenture loan during 2016 as a long-term incentive program to the employees. The tentative conditions are a duration of five years and a maximum total value of MSEK 200, which will give an approximate dilution of 2.5% at a share price of SEK 50 and with a 20% conversion premium.

Share price development June 30, 2015* to December 31, 2015



* IPO date June 30, 2015.

Source: SIX Financial Information

[1] During the fourth quarter 2015 Ygeia Equity's holding in Capio was transferred to companies controlled directly by Apax Europe, Nordic Capital and Apax France, proportionate to each party's holding prior to the transfer. The companies' total holding in Capio was the same before and after the transactions.

Dividend

Under the dividend policy adopted by Capio's Board of Directors in 2014, Capio intends to target annual dividends that over time reflect a payout ratio of approximately 30% of the Group's earnings after tax per year, allowing for a meaningful reinvestment in the business. Decisions relating to dividends take into account Capio's future revenue, financial position, capital requirements, business opportunities, and the situation for the Group in general.

For the 2015 financial year, Capio's Board of Directors proposes dividend of SEK 0.50 per share. This proposal is equivalent to approximately 36% of earnings after tax and a dividend yield of approximately 0.9% based on the share price at the end of the year. No dividend was distributed to shareholders in the previous financial year.

Analyses

At year-end 2015, the following analysts covered Capio:

- Carnegie
- Deutsche Bank
- JP Morgan
- SEB Enskilda

For an updated list of analysts that cover Capio and its development, see www.capio.com.

Insiders

Capio is subject to an obligation to notify persons registered as insiders to the Swedish Financial Supervisory Authority (Finansinspektionen). A list of persons registered as insiders in Capio AB (publ) can be found on the Swedish Financial Supervisory Authority's website: www.insynsok.fi.se.

Communication with shareholders

Capio welcomes the increased transparency as a consequence of the Group's IPO and the dialog with shareholders and other stakeholder groups is important to the Group. Besides the annual general meeting communication between Capio and the share market takes place via telephone conferences on the publication of reports, attendance of meetings arranged by the Swedish Shareholders' Association and seminars, and investor visits and roadshows at which Capio representatives meet existing and potential investors. Capio held its first capital market day on March 15, 2016 at Capio St Göran's Hospital in Stockholm. The program included further information on Capio's strategy and business model. Updated information on Capio's investor activities is available in the Group's financial calendar on www.capio.com.

Financial calendar

May 11, 2016, Interim report January – March 2016
May 11, 2016, Annual general meeting 2016 (Gothenburg)
July 22, 2016, Interim report January – June 2016
November 3, 2016, Interim report January – September 2016
February 10, 2017, Full-year report January – December 2016

For information on Capio's annual general meeting on May 11, 2016 at 16.00 (CET) at Stenhammarsalen, the Gothenburg Concert Hall (Göteborg) see www.capio.com.

Shareholders

The ten largest known shareholders in Capio AB (publ) as of December 31, 2015 were:

Shareholders	Number of shares	Share of votes, %	Share of votes, %
Apax Europe through companies*	37,437,688	26.5	26.5
Nordic Capital through companies*	36,605,644	25.9	25.9
Swedbank Robur Fonder	10,226,703	7.2	7.2
R12 Kapital SPVI AB	10,174,483	7.2	7.2
Apax France through companies	9,153,545	6.5	6.5
The Fourth Swedish National Fund	8,828,477	6.3	6.3
Handelsbanken fonder	5,824,249	4.1	4.1
Thomas Berglund (incl. capital insurance)	1,207,643	0.9	0.9
Håkan Winberg	1,207,435	0.9	0.9
SEB-Stiftelsen	1,000,000	0.7	0.7
Sum of the ten largest known shareholders	**121,665,867**	**86.2**	**86.2**
Other	19,493,794	13.8	13.8
Total	**141,159,661**	**100.0**	**100.0**

* Apax Europe VI Fund Group and Nordic Capital Fund VI.

Source: Euroclear, Holdings

Ownership structure as at December 31, 2015

Holding	Number of shareholders	Number of shares	Share of capital, %	Share of votes, %
1–1,000	3,891	996,235	0.7	0.7
1,001–5,000	570	1,340,582	1.0	1.0
5,001–10,000	99	771,288	0.6	0.6
10,001–20,000	58	894,924	0.6	0.6
20,001–	107	137,156,632	97.2	97.2
Total	4,725	141,159,661	100.0	100.0

Source: Euroclear

Key figures

	2015
Earnings per share, SEK[1]	1.45
Adjusted earnings per share, SEK[1]	2.44
Proposed dividend per share, SEK	0.50
P/E ratio	24
Share price as of 31 December, SEK	57.50

[1] Earnings per share and adjusted earnings per share before and after dilution, refer to note 26 for calculations.

History

1994–2015
More than 20 years with Capio

2015
- Capio acquires Capio Clinique du Parisis which strenghens the local star network in the Paris region
- The new modern hospital Capio Clinique Belharra opens in Bayonne
- Capio acquires two clinics in Norway giving a national presence and healthcare offering in each of Norway's health regions
- Capio is listed on Nasdaq Stockholm on June 30

2014
- Capio acquires two primary care centres in Falkenberg and a heart clinic in Varberg, Sweden
- Volvat opens a new medical centre in central Oslo, Norway

2013
- Capio Movement is awarded a contract for rheumatology within Region Halland, Sweden
- Capio expands its operations within geriatrics, advanced home care and palliative care at Nacka local hospital in Stockholm, Sweden
- Capio signs a new agreement for Nacka geriatrics in Stockholm, Sweden

2012
- Capio acquires Ulriksdal Hospital in Bergen, Norway
- Capio acquires Carema Healthcare in Sweden, increasing the number of primary care units in Sweden to more than 70, and specialist healthcare activities by approximately 25%
- Capio acquires Blausteinklinik, a specialist vein surgery clinic in southern Germany
- Capio wins the contract to run Capio St Göran's emergency hospital in Stockholm up to and including 2021, with the possibility of extension by four years
- Capio makes supplementary acquisitions of primary care units in Sweden

2011
- Capio wins the contract to run Lundby Local Hospital, Gothenburg, Sweden, for a further six years
- Capio acquires the Aguiléra hospital in Biarritz, France
- Capio acquires the specialist orthopaedic Domont hospital in France
- Capio strengthens specialist care in Sweden with the day surgery clinic Capio Arena Clinic, as well as acquisitions within surgery, CFTK (Centre for Laparoscopic Surgery), and gynaecology, the Capio Kista Specialist Centre, in Stockholm, and the acquisition of the specialist orthopaedic centre Movement Medical in Halmstad
- Capio acquires two primary care units in Sweden and expands with an outpatient clinic in Germany

2010
- Capio wins contracts for addiction disorder care in Stockholm, Capio Maria, and psychiatric outpatient care in Östergötland, Capio Psychiatry, in Sweden

2009
- Capio incorporates the acquisition of Kvalita Närsjukvård with primary care units in Stockholm and Örebro, Sweden

2008
- Capio acquires primary care units in Stockholm and commences primary healthcare activities in Sweden

2007
- Capio acquires Vena Fachkliniken with specialist vein surgery clinics in Germany

2006
- Capio gains new owners and is acquired by funds advised by Apax Worldwide, Nordic Capital and Apax France. Capio is delisted from the Stockholm Stock Exchange
- Capio acquires the German healthcare group Deutsche Klinik GmbH, including five hospitals
- Capio acquires nine clinics in France with focus on surgery, medicine and obstetrics

2003
- Capio acquires the largest private hospital in France, Clinique des Cèdres, in Toulouse

2002
- Capio enters the French healthcare market by acquiring the second-largest private healthcare company with 16 clinics

2000
- Capio is listed on the Stockholm Stock Exchange

1999
- Capio acquires and begins to run St Göran's Hospital in Stockholm
- Capio enters the British market and acquires the Florence Nightingale Hospital in London, the UK

1997
- Capio enters the Norwegian market through the acquisition of the private Volvat Group
- Capio acquires Svenska Cityklinikerna primary care units creating a good foundation for healthcare services in southern Sweden

1994
- Capio acquires Lundby Hospital, Gothenburg
- Capio is established as the business area Bure Healthcare within Bure Equity AB, in Sweden

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(the Group)
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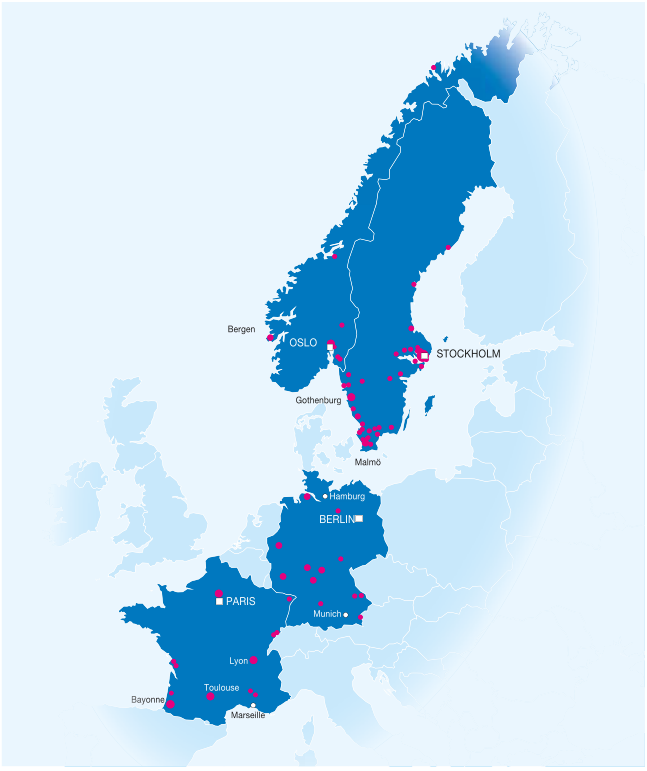

Capio Sweden

Capio St Göran's Hospital
SE-112 81 Stockholm
Visiting address:
S:t Göransplan 1
Sweden

Tel: +46 8 5870 10 00
www.capiostgoran.se

Care unit	Location
Capio St Göran's Hospital	Stockholm

Capio Specialist Clinics
Box 8173
SE-104 20 Stockholm
Visiting address:
S:t Eriksgatan 44
Sweden

Tel: +46 8 737 87 80
www.capio.se

Care unit	Location
Capio Advanced Home Healthcare Dalen	Stockholm
Capio Advanced Home Healthcare Nacka	Stockholm
Capio Artro Clinic	Stockholm
Capio Artro Clinic Rehab Bosön	Stockholm
Capio Artro Clinic Rehab Globen	Stockholm
Capio Geriatrics Dalen	Stockholm
Capio Geriatrics Nacka	Stockholm
Capio Gynaecology Globen	Stockholm
Capio Lundby Local Hospital	Gothenburg
Capio Läkargruppen	Örebro
Capio Medocular (satellite)	Falun
Capio Medocular	Gothenburg
Capio Medocular	Jönköping
Capio Medocular	Lidingö
Capio Medocular	Lund
Capio Medocular	Malmö
Capio Medocular	Stockholm
Capio Medocular (satellite)	Västerås
Capio Medocular (satellite)	Sundsvall
Capio Medocular	Uppsala
Capio Medocular (satellite)	Örebro
Capio Movement	Halmstad
Capio Movement	Varberg
Capio Ortopediska Huset	Stockholm
Capio Palliative Care Dalen	Stockholm
Capio Palliative Care Nacka	Stockholm
Capio Rehab Dalen	Stockholm
Capio Rehab Saltsjöbaden	Stockholm
Capio CFTK	Stockholm
Capio Ear Nose Throat Globen	Stockholm

Capio Psychiatry

S:t Göransgatan 66
SE-112 33 Stockholm
Sweden

Tel: +46 8 737 87 80
www.capio.se

Care unit	Location
Capio Eating Disorder Centre	Malmö
Capio Eating Disorder Centre	Stockholm (Sollentuna, Jakobsberg)
Capio Eating Disorder Centre	Varberg
Capio Maria	Stockholm
Capio Maria	Helsingborg
Capio Maria	Landskrona
Capio Psychiatry	Haninge
Capio Psychiatry	Linköping
Capio Psychiatry	Lysekil

Care unit	Location
Capio Psychiatry	Munkedal/Sotenäs
Capio Psychiatry	Nacka
Capio Psychiatry	Norrköping
Capio Psychiatry	Nynäshamn
Capio Psychiatry	Tyresö
Capio Psychiatry	Värmdö
Capio Psychiatry Young Adults	Haninge
Capio TILMA	Halmstad
Capio TILMA	Varberg

Capio Proximity Care

Box 1064
SE-405 22 Göteborg
Visiting address:
Lilla Bommen 5
Sweden

Tel: +46 31 732 40 00
www.capio.se

Care unit	Location
Capio City Clinic Båstad	Båstad
Capio Primary Care Centre Enköping	Enköping
Capio Specialist Centre Eslöv	Eslöv
Capio General Practitioners Falkenberg	Falkenberg
Capio Primary Care Centre Grästorp	Grästorp
Capio Health Centre Bomhus	Gävle
Capio Health Centre Brynäs	Gävle
Capio Health Centre Gävle	Gävle
Capio Health Centre Wasahuset	Gävle
Capio Rehab Gävle	Gävle
Capio Primary Care Centre Amhult	Gothenburg
Capio Primary Care Centre Axess	Gothenburg
Capio Primary Care Centre Hovås/Billdal	Gothenburg
Capio Primary Care Centre Gårda	Gothenburg
Capio Primary Care Centre Lundby	Gothenburg
Capio Primary Care Centre Sävedalen	Gothenburg
Capio City Clinic Halmstad	Halmstad
Capio City Clinic Helsingborg Mariastaden	Helsingborg
Capio City Clinic Helsingborg Olympia	Helsingborg
Capio City Clinic Helsingborg Söder	Helsingborg
Capio Göingekliniken Hässleholm	Hässleholm
Capio Primary Care Centre Viksjö	Järfälla
Capio City Clinic Klippan	Klippan
Capio City Clinic Kristianstad	Kristianstad
Capio General Practitioners Kungsbacka	Kungsbacka
Capio General Practitioners Vallda	Kungsbacka
Capio City Clinic Landskrona	Landskrona
Capio Stadshusdoktorn Lidingö	Lidingö
Capio Primary Care Centre Lidingö	Lidingö
Capio Primary Care Centre Berga	Linköping
Capio City Clinic Lund Clemenstorget	Lund
Capio City Clinic Lund S:t Laurentiigatan	Lund
Capio City Clinic Bunkeflo-Hyllie	Malmö
Capio City Clinic Limhamn	Malmö
Capio City Clinic Malmö Centrum	Malmö
Capio City Clinic Malmö Singelgatan	Malmö
Capio City Clinic Malmö Stortorget	Malmö
Capio City Clinic Malmö Västra Hamnen	Malmö
Capio Primary Care Centre Mölndal	Mölndal

Care unit	Location
Capio Primary Care Centre Orust	Orust
Capio City Clinic Ronneby	Ronneby
Capio Primary Care Centre Simrishamn	Simrishamn
Capio Primary Care Centre Solna	Solna
Capio Children's Healthcare Centre Bagarmossen/Hammarbyhöjden	Stockholm
Capio Children's Healthcare Centre Eken Södermalm	Stockholm
Capio Children's Healthcare Centre Farsta	Stockholm
Capio General Practice Serafen	Stockholm
Capio Primary Care Centre Bro	Stockholm
Capio Primary Care Centre Farsta	Stockholm
Capio Primary Care Centre Gubbängen	Stockholm
Capio Primary Care Centre Gullmarsplan	Stockholm
Capio Primary Care Centre Hagsätra	Stockholm
Capio Primary Care Centre Högdalen	Stockholm
Capio Primary Care Centre Ringen	Stockholm
Capio Primary Care Centre Rågsved	Stockholm
Capio Primary Care Centre Skogås	Stockholm
Capio Primary Care Centre Slussen	Stockholm
Capio Primary Care Centre Södermalm	Stockholm
Capio Primary Care Centre Vårberg	Stockholm
Capio Primary Care Centre Årsta	Stockholm
Capio Primary Care Centre Östermalm	Stockholm
Capio Primary Care Centre Lina Hage	Södertälje
Capio Primary Care Centre Wasa	Södertälje
Capio Health Centre Dragonen	Umeå
Capio Primary Care Centre Väsby	Upplands Väsby
Capio Primary Care Centre Liljeforstorg	Uppsala
Capio Primary Care Centre Sävja	Uppsala
Capio Heart Clinic Varberg	Varberg
Capio Primary Care Centre Vallby	Västerås
Capio Primary Care Centre Västerås City	Västerås
Capio Primary Care Centre Hovshaga	Växjö
Capio City Clinic Ängelholm	Ängelholm
Capio Primary Care Centre Haga	Örebro
Capio Primary Care Centre Lekeberg	Örebro
Capio City Clinic Broby	Östra Göinge

Capio Norway

Volvat Medisinske Senter
Postboks 5280 Majorstuen
N-0303 Oslo
Visiting address:
Borgenveien 2A
Norway

Tel: +47 22 9575 00
Fax: +47 22 9576 41
www.capio.no

Care unit	Location
Volvat Medical Centre	Oslo
Volvat Medical Centre Nationaltheatret	Oslo
Volvat Medical Centre	Bergen
Volvat Ulriksdal	Bergen
Volvat Medical Centre	Fredrikstad
Volvat Medical Centre	Hamar
Volvat Medical Centre	Trondheim
Volvat Medical Centre	Tromsø
Capio Anorexia Centre	Fredrikstad
Mensendieck Clinic	Oslo

Capio France

Capio Santé
113 Boulevard Stalingrad
F-69100 Villeurbanne
France

Tel: +33 4 37 47 16 50
Fax: +33 4 37 47 16 51
www.capio.fr

Care unit	Location
Capio Clinique Belharra	Bayonne
GCS Centre de Cardiologie du Pays Basque	Bayonne
Capio Clinique Jean le Bon	Dax
Capio Clinique Aguiléra	Biarritz
Capio Clinique du Mail	La Rochelle
Capio Clinique de l'Atlantique	Puilboreau
Capio Clinique Sainte Odile	Haguenau
Capio Clinique Saint Pierre	Pontarlier
Capio Clinique Saint Vincent	Besançon
Capio Clinique Claude Bernard	Ermont
Capio Clinique de Domont	Domont
Capio Clinique du Parisis	Cormeilles en Parisis
Capio Clinique de Beaupuy	Beaupuy
Capio Clinique des Cèdres	Cornebarrieu
Capio Clinique Saint Jean Languedoc	Toulouse
Capio Polyclinique du Parc	Toulouse
Capio Clinique Fontvert Avignon Nord	Sorgues
Capio Clinique d'Orange	Orange
Capio Centre Bayard	Villeurbanne
Capio Clinique de la Sauvegarde	Lyon
Capio Clinique du Tonkin	Villeurbanne
Capio Polyclinique du Beaujolais	Arnas/Villefranche-sur-Saône

Capio Germany

Capio Deutsche Klinik
Flemingstraße 20–22
D-36041 Fulda
Germany

Tel: +49 661 242 92 0
Fax: +49 661 242 92 299
www.de.capio.com

Care unit	Location
Capio Franz von Prümmer Klinik	Bad Brückenau
Capio MVZ Bad Brückenau	Bad Brückenau
Capio Elbe-Jeetzel-Klinik	Dannenberg
Capio MVZ Dannenberg	Dannenberg
Capio Krankenhaus Land Hadeln	Otterndorf
MVZ Cuxhaven Rohdestrasse	Cuxhaven
Capio Klinik an der Weißenburg	Uhlstädt-Kirchhasel
Capio Mathilden-Hospital	Büdingen
Capio MVZ am Mathilden-Hospital	Büdingen
Capio Hofgartenklinik	Aschaffenburg
Capio MVZ Aschaffenburg	Aschaffenburg
Capio Mosel-Eifel-Klinik	Bad Bertrich
Capio MVZ Venenzentrum Bad Bertrich	Bad Bertrich
Capio Klinik im Park	Hilden
MVZ Klinik im Park	Hilden
Capio Schlossklinik Abtsee	Laufen
Capio Blausteinklinik	Blaustein

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