



Interim Report January–September 2018

“All key figures developed very satisfactorily. Q3 brought 20 percent growth in sales, while EBITA increased by 29 percent”

Mårten Andersson, CEO

Interim Report January–September 2018

Q3 July–September 2018

- Net sales increased by 20 percent to SEK 1,470 (1,224)
- EBITA increased by 29 percent to SEK 123m (96).
- Organic EBITA growth was 0 percent.
- Profit after tax increased by 41 percent to SEK 74m (53)
- Earnings per common share after deduction of preference share dividends increased by 60 percent to SEK 0.72 (0.45)

Period January–September 2018

- Net sales increased by 50 percent to SEK 4,252 (2,839)
- EBITA increased by 10 percent to SEK 259m (235).
- Organic EBITA growth was -1 percent.
- Profit after tax increased by 3 percent to SEK 153m (149)
- Earnings per common share after deduction of preference share dividends increased by 4 percent to SEK 1.28 (1.24)

Events after the reporting period

The Nomination Committee for the 2019 Annual General Meeting has been appointed during October, where the three largest shareholders are represented. The Committee consists of Carin Wahlén (chair), representing Patrik Wahlén, Karl Perlhagen representing himself and Jannis Kitsakis representing the Fourth Swedish National Pension Fund.

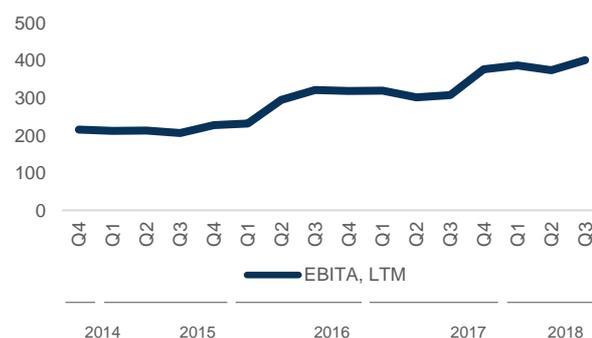
Key figures

SEK m	Jul–Sep 2018	Jul–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	LTM	Full year 2017
Net sales	1,470	1,224	4,252	2,839	5,770	4,356
EBITDA	152	119	343	293	508	459
EBITA	123	96	259	235	401	377
Organic EBITA growth, %	0	-15	-1	-14	-12	-18
EBIT	110	87	219	217	348	345
Profit after tax	74	53	153	149	245	241
Net debt/Adjusted EBITDA, x	2.1	1.2	2.1	1.2	2.1	1.2
Cash conversion, LTM, %	88	79	88	79	88	112
Earnings per common share, SEK	0.72	0.45	1.28	1.24	2.23	2.19
Equity per common share, SEK	20.57	18.02	20.57	18.02	20.57	19.11
Return on adjusted equity, LTM, %	11	9	11	9	11	12
No. of common shares outstanding	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571
No. of preference shares outstanding	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774

Net sales, SEK m



EBITA, SEK m



Growth in sales and earnings



“Behind the strong figures is positive development for all business areas.”

Mårten Andersson, CEO Volati

All key figures developed in the right direction and we showed strong growth in both sales and EBITA.

Net sales for Q3 increased by 20 percent to SEK 1,470m compared with the same quarter the previous year. EBITA increased by 29 percent during the quarter and amounted to over SEK 400m on a rolling twelve-month basis. It is also satisfying to report 60 percent growth in earnings per common share as we now start to obtain leverage from our strong balance sheet, enabling growth through acquisitions.

Good development in all business areas

Behind the strong figures is positive development for all business areas. The Trading business area showed growth in both sales and earnings during Q3. The Trading business area's operations are mainly concentrated on hardware, building and garden products. These are market segments that have had weather-related challenges during the year due to the cold start and the subsequent record-hot summer. I see it as testament to our strength that despite this, we have shown good results during the quarter.

The Consumer business area developed in line with our expectations and reported earnings growth in Q3. All underlying operations within the Industry business area have developed well in terms of sales and earnings. Continuing high efficiency and strong market positions in the operations are the main reasons for this. I would also like to welcome S:t Eriks into the Volati family. The company is consolidated in the Industry business area with effect from September and we

look forward to continuing to develop S:t Eriks together with management.

Exciting business development work is in progress in the Akademibokhandeln business area, with a focus on efficiency and profitability. Industry statistics from the Swedish Booksellers Association show that book sales (both physical and digital) increased by over six percent in the Swedish market during the first half of 2018. I am very pleased with the progress made by Akademibokhandeln in grasping the growing market's opportunities by being active in all channels and formats.

Well positioned for continuing value creation

We have a strong balance sheet and generate good cash flows, which means that we can act when the right acquisition opportunity presents itself. However, we can see that the market's price expectations are highly inflated, particularly for somewhat larger acquisition candidates.

With the business area organisation in place, we are well positioned for the continuing process of creating long-term value in our existing operations. This is achieved by continuing to develop the operations and making complementary acquisitions.

Mårten Andersson, CEO

This is Volati

Volati acquires well-managed companies with strong cash flows at reasonable valuations, and develops them with a focus on long-term value creation. Acquiring companies that have stable and sustainable cash flows from the outset creates a stable base for operations. These cash flows can then be used for further acquisitions. Through active long-term corporate development efforts, Volati creates favourable conditions for organic growth.

A strong operating cash flow in the business units...

SEK 513m

Operating cash flow 2017

...is used for further acquisitions of companies with strong cash flows...

42%

Average acquired EBITA growth, 2013–2017

...at reasonable valuations

5.9X

Average acquisition multiple (EV/EBITDA) since 2004

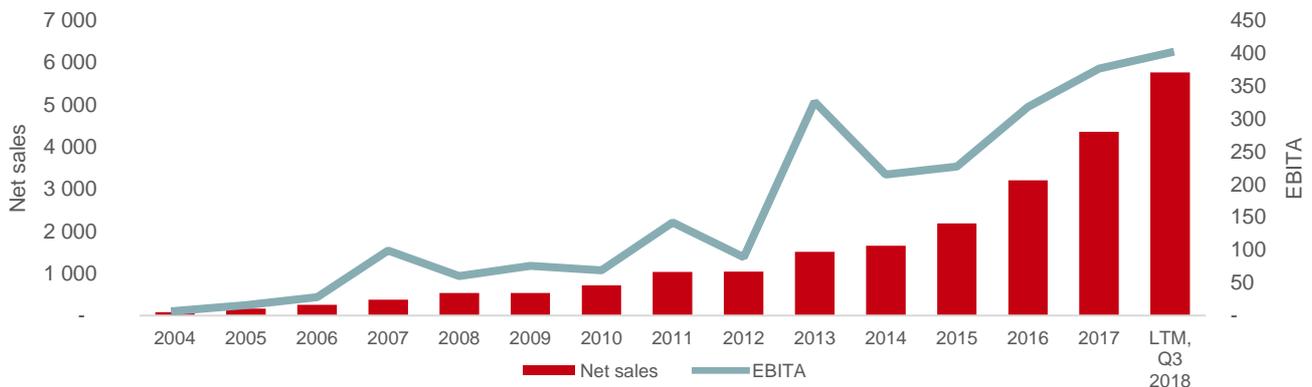
...and with a focus on long-term value creation.

8%

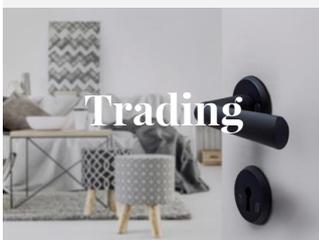
Average organic EBITA growth, 2013–2017

Net sales and EBITA trends

2004 – Q3 2018, SEK m



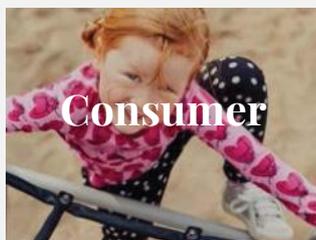
Since 2003, Volati has built an industrial group organised in four business areas: Trading, Consumer, Akademi-bokhandeln and Industry.



Trading

33%

of the Group's EBITA



Consumer

26%

of the Group's EBITA



Akademi-bokhandeln

13%

of the Group's EBITA



Industry

28%

of the Group's EBITA

The figures above refer to the 12-month period between October 2017 and September 2018. Acquired operations are included from the acquisition closing date and are calculated net of central costs.

Consolidated financial trend

Net sales

The Group's net sales for Q3 amounted to SEK 1,470m (1,224), an increase of 20 percent compared with the same period the previous year. The increase is mainly attributable to acquisitions completed during the current and the previous year.

Net sales for the first nine months improved to SEK 4,252m (2,839), an increase of 50 percent compared with the same period the previous year. The increase is mainly attributable to acquisitions.

Earnings

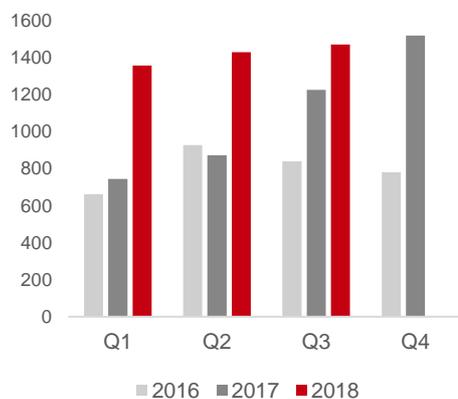
EBITA for Q3 amounted to SEK 123m (96), an increase of 29 percent. The increase is mainly attributable to acquisitions completed during the current and the previous year.

EBITA for the first nine months increased to SEK 259m (235).

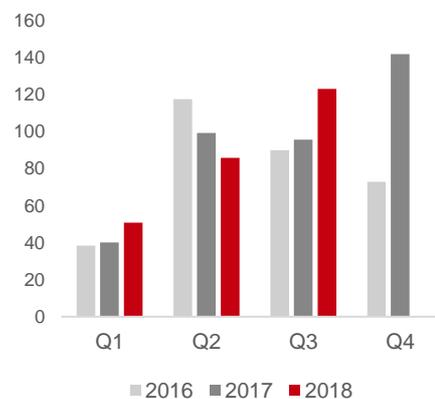
Profit after tax for Q3 increased to SEK 74m (53). Profit after tax attributable to owners of the Parent amounted to SEK 74m (52). Profit after tax attributable to non-controlling interests was SEK 1m (1). Earnings per common share after deduction of preference share dividends amounted to SEK 0.72 (0.45).

Profit after tax for the first nine months increased to SEK 153m (149). Tax expenses are affected by a positive one-time accounting effect of SEK 10m, as a result of the Group's deferred tax liability being remeasured to reflect the enacted Swedish tax rate reduction from 22 percent to 20.6 percent, and by an additional SEK 10m due to a remeasurement of acquired tax losses. Profit after tax attributable to owners of the Parent increased to SEK 151m (148). Profit after tax attributable to non-controlling interests was SEK 2m (1). Earnings per common share after deduction of preference share dividends amounted to SEK 1.28 (1.24).

Net sales, SEK m



EBITA, SEK m



Seasonal variations

Volati's business areas operate in several different sectors and markets, and the Group's seasonal variations are also affected by any acquisitions made during the financial year. Overall, the Group is affected by seasonal variations in terms of cash flow and earnings, with the fourth quarter generally having the strongest cash flow and earnings, and the first quarter the weakest. Volati's cash flow and earnings are also affected by the conditions in the business areas' respective markets. This means that Volati's operations, sales and earnings development is best monitored on a rolling twelve-month basis.

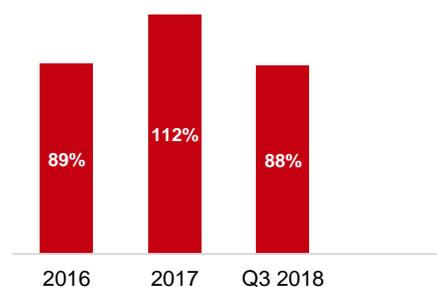
88%

Cash conversion
LTM Q3 2018

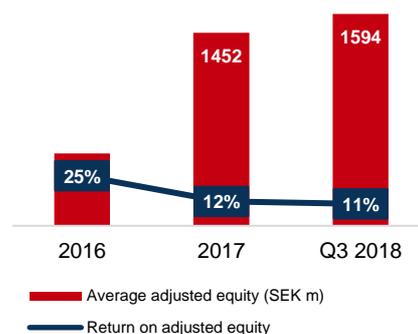
Cash flow

Cash flow from operating activities for Q3 amounted to SEK 134m (82). The change in cash flow is a normal seasonal variation for the Group, resulting from market conditions for the operations. Cash flow from operating activities for the last twelve months amounted to SEK 363m (475). The cash conversion rate for the last twelve months was 88 percent (112). Operating investments in non-current assets for the quarter amounted to SEK 14m (15) and were primarily related to business development investments in the form of IT systems and ongoing investments in machinery and equipment.

Cash conversion, %



Equity and return on adjusted equity



Equity

Total equity for the Group amounted to SEK 2,482m (2,365) at the end of the period. Equity attributable to owners of the Parent, adjusted for preference share capital, increased from SEK 1,524m at 31 December 2017 to SEK 1,647m at 30 September 2018. The equity ratio at 30 September 2018 was 42 percent, compared with 47 percent at the end of 2017. The average return on adjusted equity for the last twelve months was 11 percent (12).

11%

Return on adjusted
equity
LTM Q3 2018

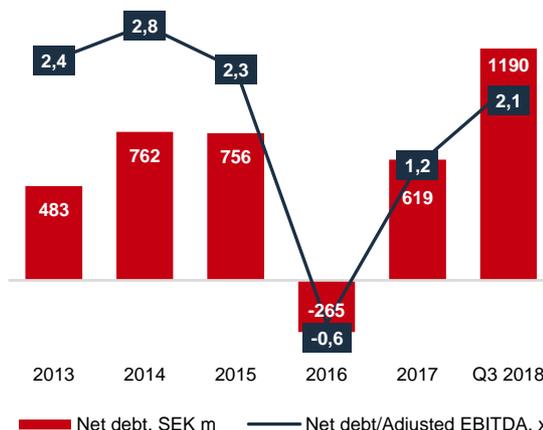
Net debt

The Group had net debt of SEK 1,190m at the end of Q3, compared with SEK 619m at 31 December 2017. The increase in net debt is due to acquisitions during the quarter. Total liabilities amounted to SEK 3,360m, compared with SEK 2,642m at 31 December 2017. Interest-bearing liabilities, including pension obligations, were SEK 1,363m at the end of Q3, compared with SEK 1,092m at 31 December 2017. At the end of Q3, the unutilised portion of the overdraft facility amounted to SEK 64m, the unutilised portion of the revolving credit facility was SEK 400m and cash & cash equivalents totalled SEK 141m.

2.1x

Net debt/
adjusted EBITDA
Q3 2018

Capital structure trend



Net debt

The Group had net debt of SEK 1,190m at the end of the quarter, with a net debt/adjusted EBITDA ratio of 2.1x.

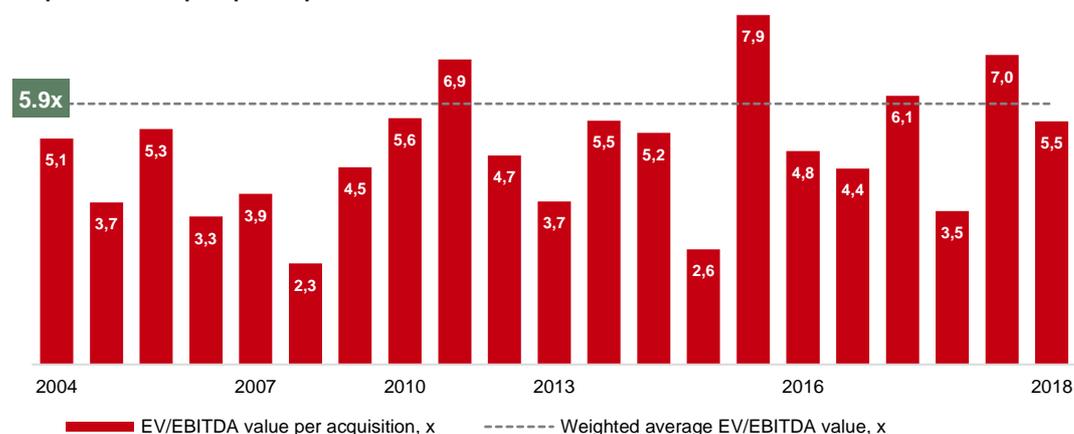
Acquisitions during and after the period

Acquisitions are a core element of Volati's strategy for creating long-term value growth, and the Company continuously evaluates both complementary acquisitions and acquisitions in entirely new business areas. It is Volati's assessment that there is a lower risk level for add-on acquisitions and acquisitions of business units than for acquisitions in new business areas, as in-depth industrial know-how and a recipient organisation are already in place in the acquiring company and business unit.

S:t Eriks

As already announced in the previous financial report, Volati signed an agreement on 17 July 2018 to acquire all shares in S:t Eriks Group AB, a leading manufacturer of concrete and natural stone products for infrastructure, paving, roofing and water & sewage systems. S:t Eriks is consolidated in the financial statements with effect from 1 September 2018 and is now a new business unit within the Industry business area. The company has 413 employees and is headquartered in Staffanstorp. For the full year 2017, net sales amounted to SEK 1,038m, with EBITDA of SEK 91m and EBITA of SEK 65m. The acquisition of S:t Eriks is expected to have a positive effect on Volati's results for 2018 and to contribute to an increase in return on equity.

Acquisition multiples per acquisition

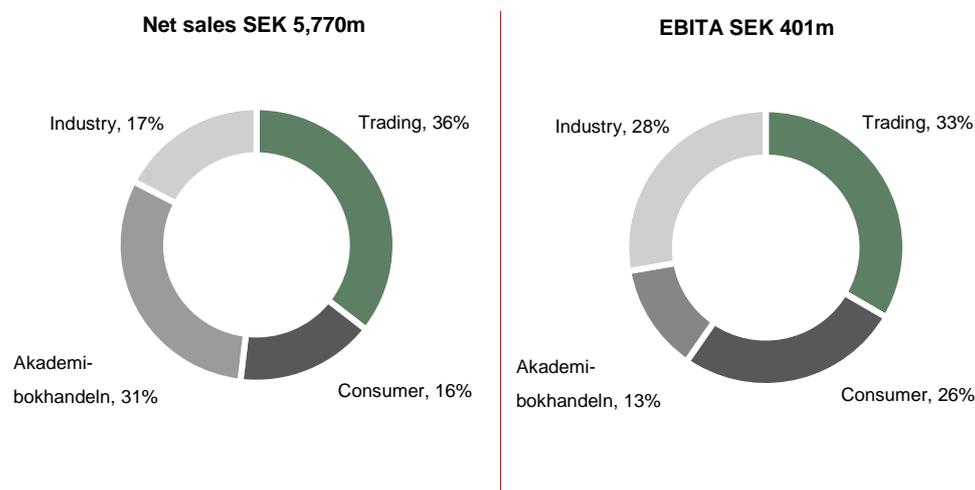


The weighted average acquisition multiple since Volati's establishment is 5.9x. (Enterprise value/EBITDA). The diagram above shows the acquisition multiples for each acquisition with an Enterprise value in excess of SEK 10m.

Volati's business areas

Volati's net sales and earnings by business area

The diagrams refer to the 12-month period between 1 October 2017 and 30 September 2018. Acquired operations are included from the acquisition closing date and are calculated net of central costs.



Trading

	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
Net sales, SEK m	524	394	1,598	1,162	2,051	1,615
Organic net sales growth, %	-2	-3	-4	-2	-3	-2
EBITDA, SEK m	59	45	140	106	169	136
EBITA, SEK m	54	42	126	99	153	125
EBITA margin, %	10	11	8	9	7	8
EBIT, SEK m	51	40	118	95	143	119
ROCE excl. goodwill, %	36	36	36	36	36	35

The Trading business area's operations are mainly concentrated on providing products in hardware and construction, home and garden, packaging, agriculture and forestry through retailers, retail chains, e-commerce channels and directly to customers. The business units in Trading have similar business models and customers, and are integrated through a number of functions and areas of cooperation such as logistics and IT systems, finance and other administrative functions. The customer base shared between the business units enables cross sales, cooperation between sales personnel and the opportunity to offer integrated customer solutions.

During the third quarter, Trading was positively affected by the acquisition of T-Emballage, completed at the end of 2017. Operations developed positively at the end of the quarter, however, development early on in the quarter was a little weaker due to the warm weather in Sweden during summer.

Consumer

	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
Net sales, SEK m	214	222	702	725	942	966
Organic net sales growth, %	-6	1	-4	2	-3	1
EBITDA, SEK m	35	33	111	124	154	167
EBITA, SEK m	27	25	86	99	120	134
EBITA margin, %	13	11	12	14	13	14
EBIT, SEK m	24	22	77	91	109	123
ROCE excl. goodwill, %	237	220	237	220	237	206

The Consumer business area's operations are focused on various B2C niches and are driven by strong local entrepreneurship. All of the businesses have large customer databases, which create opportunities to collaborate, and are included in central initiatives to develop operations. Such areas include digitalisation and e-commerce as well as tools to create deeper customer relationships and increased customer loyalty.

The Consumer business area showed positive profitability growth during Q3. Activities to increase operational efficiency are being carried out on a continuous basis and the long-term strategic focus for the operations that face challenges is proceeding according to plan.

Akademibokhandeln

	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017*	LTM	Jul-Dec 2017**
Net sales, SEK m	398	402	1,150	1,154	1,776	1,029
Organic net sales growth, %	-1	-	-	-	-	-
EBITDA, SEK m	19	22	-9	10	85	116
EBITA, SEK m	12	17	-30	-7	58	105
EBITA margin, %	3	4	-3	-1	3	10
EBIT, SEK m	6	12	-47	-24	33	93
ROCE excl. goodwill, %	79	-	79	-	79	-

* As Akademibokhandeln was acquired in July 2017, no restated comparative figures are available. In this column, the company's historical financial performance, to enable comparison with the outcome, has been stated as if the company had been owned since 1 January 2017.

** Financial performance since its acquisition by Volati in July 2017.

The Akademibokhandeln business area is the market-leading book retailer in Sweden with a strong offering in all product and delivery formats. With stores nationwide, and online sales under the Akademibokhandeln and Bokus brands, the company operates modern and profitable sales channels focused on consumers, companies and the public sector.

The Akademibokhandeln business area showed a decline in earnings for Q3, due to a higher cost level as a result of market-related investments. The investments in Akademibokhandeln are aimed at driving the shift towards increased e-commerce and exploiting the potential of the company's strong customer club of 1.8 million customers. The measures taken to increase efficiency and reduce costs, thereby improving the profitability of operations are proceeding according to plan.

Industry

	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
Net sales, SEK m	334	205	804	550	1,001	747
Organic net sales growth, %	8	-5	23	-12	24	-6
EBITDA, SEK m	53	37	137	86	156	106
EBITA, SEK m	44	31	114	66	127	79
EBITA margin, %	13	15	14	12	13	11
EBIT, SEK m	43	30	112	65	124	77
ROCE excl. goodwill, %	51	53	51	53	51	46

The Industry business area's operations are focused on B2B niches and are driven by strong local entrepreneurship in combination with cooperation in selected areas. The units cooperate and exchange experience in areas such as acquisitions, expansion into new markets and production efficiency.

During Q3, the Industry business area showed strong growth, driven by the acquisition of S:t Eriks and good development for existing operations, both in terms of sales and profitability. High operational efficiency and a continuation of favourable market conditions for the business area's operations were the main reasons for this.

Head Office

Head Office comprises the central costs in the Parent Company Volati AB and associated operations including the acquisition costs or other non-operational items arising in the Group. EBITA for Q3 was SEK -14m (-19).

Other information

Share capital

Volati has two classes of shares, common shares and preference shares, which are listed on Nasdaq Stockholm under the tickers VOLO and VOLO PREF. The number of shareholders at the end of Q3 was 6,675.

The number of common shares outstanding was 80,406,571 and the number of preference shares outstanding was 1,603,774 at the end of Q3. Share capital amounted to SEK 10m at 30 September 2018. In addition, Volati has issued 4,174,570 warrants to a former senior executive, which carry entitlement to subscription for 834,914 common shares.

Nomination Committee

The Nomination Committee for the 2019 Annual General Meeting has been appointed during October and the three largest shareholders are represented. The Committee consists of Carin Wahlén (chair), representing Patrik Wahlén, Karl Perlhagen representing himself and Jannis Kitsakis representing the Fourth Swedish National Pension Fund.

Related-party transactions

The acquisition of S:t Eriks resulted in a new contractual relationship whereby a Volati Board member has a related-party position. In view of this, the Board member has not participated in the preparation of this contractual agreement.

No other significant related-party transactions have occurred in addition to what is stated in the Annual Report for 2017 or previous interim reports for this year. All related-party transactions have been conducted at market conditions.

Events after the end of the reporting period

No significant events other than the appointment of the Nomination Committee have occurred after the end of the reporting period.

Financial calendar

- | | |
|--------------------------------|------------------|
| • 2018 Year-end Report | 21 February 2019 |
| • Interim Report, Jan-Mar 2019 | 24 April 2019 |
| • 2019 Annual General Meeting | 25 April 2019 |
| • Interim Report, Jan-Jun 2019 | 16 August 2019 |
| • Interim Report, Jan-Sep 2019 | 24 October 2019 |
| • 2019 Year-end Report | 20 February 2020 |

Declaration by the Board of Directors

The Board of Directors and the CEO hereby certify that this interim report provides a fair overview of the Parent Company's and the Group's operations, financial position and performance and describes material risks and uncertainties faced by the Parent Company and Group companies.

Volati AB (publ)
The Board of Directors and CEO
Stockholm, 6 November 2018

Patrik Wahlén
Chairman of the Board

Karl Perlhagen
Board Member

Björn Garat
Board Member

Christina Tillman
Board Member

Louise Nicolin
Board Member

Anna-Karin Celsing
Board Member

Magnus Sundström
Board Member

Mårten Andersson
CEO

This interim report has been reviewed by the Company's auditors. See the Auditors' Review Report on page 30.

This information is information that Volati AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation (MAR). The information was submitted for publication, through the agency of the contact persons set out below, at 7.45 a.m. (CEST) on 6 November 2018.

Conference call

CEO Mårten Andersson and CFO Mattias Björk will present the interim report in a conference call on 6 November at 9.00. The presentation will be conducted in Swedish.
Phone number to access the conference call: +46 (0)8-566 426 65.
For a webcast of the conference call, go to www.volati.se.

For more information, please contact:

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Financial targets

Volati's overall objective is to generate long-term value growth by building an industrial group of profitable companies with solid cash flows and the capacity for continuous development. Volati has established the following financial targets, which should be evaluated as a whole.

1 Earnings growth

Adjusted EBITA of SEK 700m by the end of 2019. Average annual organic EBITA growth of 5 percent.

At the end of Q3, adjusted EBITA for the last twelve months was SEK 439m. Organic EBITA growth has averaged 8 percent annually between 2013 and 2017.



2 Cash conversion

Annual cash conversion of at least 85 percent.

At the end of Q3, cash conversion for the last twelve months was 88 percent. Average cash conversion between 2013 and 2017 was 89 percent.



3 Capital structure

Long-term target: Net debt/Adjusted EBITDA ratio (LTM) of less than 3.0x.

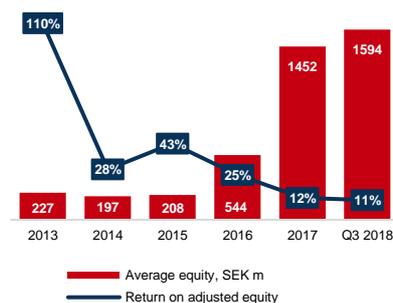
At the end of Q3, net debt/adjusted EBITDA was 2.1x.



4 Return on adjusted equity

Long-term target: Return on adjusted equity (calculated as average equity over the last four quarters) of at least 20 percent.

At the end of Q3, the return on adjusted equity was 11 percent.



5 Dividend policy

To distribute a dividend of 10–30 percent of net earnings attributable to the Parent Company's shareholders, after taking into consideration future acquisition potential, development potential in existing companies, the financial position and other material factors.

The dividend for 2017 amounted to SEK 0.50 per common share, which corresponds to 17 percent of net profit attributable to the Parent Company's shareholders for the 2017 financial year. Dividends on preference shares are issued at an annual amount of SEK 40.00 per preference share, through quarterly payments of SEK 10.00.

Dividend 2017
SEK 0.50
 per share

Financial Statements

Consolidated income statement

SEK m	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
Operating revenue						
Net sales	1,470	1,224	4,252	2,839	5,770	4,356
Operating expenses						
Raw materials and supplies	-830	-651	-2,378	-1,404	-3,202	-2,228
Other external costs	-202	-203	-631	-470	-844	-684
Personnel expenses	-292	-253	-909	-669	-1,223	-983
Other operating income	6	3	14	5	17	7
Other operating expenses	0	-2	-7	-7	-8	-9
EBITDA	152	119	343	293	508	459
Depreciation/amortisation	-29	-23	-83	-58	-107	-82
EBITA	123	96	259	235	401	377
Acquisition-related amortisation	-13	-9	-36	-18	-49	-31
Goodwill impairment	-	-	-4	-	-4	-
EBIT	110	87	219	217	348	345
Finance income and costs						
Finance income	3	1	15	6	17	8
Finance costs	-17	-16	-59	-29	-80	-49
Profit before tax	96	72	175	195	285	305
Tax	-22	-19	-22	-46	-40	-63
Net profit	74	53	153	149	245	241
Attributable to:						
Owners of the Parent	74	52	151	148	243	240
Non-controlling interests	1	1	2	1	2	1
Earnings per common share, SEK						
Earnings per common share, SEK	0.72	0.45	1.28	1.24	2.23	2.19
Diluted earnings per common share, SEK	0.72	0.45	1.28	1.23	2.22	2.17
No. of common shares						
No. of common shares	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571
No. of common shares after full dilution	81,241,485	81,241,485	81,241,485	81,241,485	81,241,485	81,241,485
Average no. of common shares						
Average no. of common shares	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571
Average no. of common shares after dilution	80,594,347	80,834,047	80,594,347	80,834,047	80,594,347	80,838,878
No. of preference shares						
No. of preference shares	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774
Preference share dividend, SEK	10.00	10.00	30.00	30.00	40.00	40.00

Consolidated statement of comprehensive income

SEK m	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
Net profit	74	53	153	149	245	241
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Remeasurement of net pension obligations	0	0	0	0	0	0
Deferred tax on remeasured net pension obligations	0	0	0	0	0	0
Total	0	0	0	0	0	0
Items that may be reclassified subsequently to profit or loss						
Translation differences for the period	-7	7	42	-15	38	-19
Total	-7	7	42	-15	38	-19
Total comprehensive income for the period	67	60	195	134	283	222
Total comprehensive income attributable to:						
Owners of the Parent	66	59	193	133	280	221
Non-controlling interests	1	1	2	1	2	1

Key figures²⁾

SEK m	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
Net sales, SEK m	1,470	1,224	4,252	2,839	5,770	4,356
Net sales growth, %	20	46	50	17	59	36
Organic net sales growth, %	-2	-3	2	-4	3	-2
EBITDA, SEK m	152	119	343	293	508	459
Adjusted EBITDA, SEK m	156	128	571	499	571	511
EBITA, SEK m	123	96	259	235	401	377
EBITA margin, %	8	8	6	8	7	9
EBITA growth, %	29	6	10	-4	30	18
Adjusted EBITA, LTM, SEK m	122	105	439	407	439	415
EBITA excl. central costs and items affecting comparability, SEK m	137	114	296	281	458	443
Organic EBITA growth, %	0	-15	-1	-14	-12	-18
EBIT, SEK m	110	87	219	217	348	345
Profit after tax	74	53	153	149	245	241
Basic earnings per common share, SEK	0.72	0.45	1.28	1.24	2.23	2.19
Diluted earnings per common share, SEK ¹⁾	0.72	0.45	1.28	1.23	2.22	2.17
Equity per common share, SEK	20.57	18.02	20.57	18.02	20.57	19.11
Return on equity, %	10	9	10	9	10	11
Return on adjusted equity, %	11	9	11	9	11	12
Equity ratio, %	42	53	42	53	42	47
Cash conversion, LTM, %	88	79	88	79	88	112
Adjusted cash conversion, LTM, %	88	84	88	84	88	116
Operating cash flow, SEK m	152	97	93	162	445	513
Adjusted operating cash flow, SEK m	152	98	93	181	446	534
Net debt/EBITDA, x	2.1	1.2	2.1	1.2	2.1	1.2
No. of employees	2,143	1,676	2,143	1,676	2,143	1,871
No. of common shares outstanding	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571
No. of common shares outstanding after dilution	81,241,485	81,241,485	81,241,485	81,241,485	81,241,485	81,241,485
Average no. of common shares outstanding	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571
Average no. of common shares outstanding after dilution	80,594,347	80,834,047	80,594,347	80,834,047	80,594,347	80,838,878
No. of preference shares outstanding	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774

1) When calculating earnings per common share, preference share dividends during the period of SEK 16.0m per quarter are deducted.

2) All performance measures, apart from net sales and earnings per share, are non-IFRS performance measures – see also the alternative performance measures section below.

Quarterly overview

SEK m	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Operating revenue										
Net sales	1,470	1,428	1,355	1,517	1,224	872	744	780	839	927
Operating expenses										
Raw materials and supplies	-830	-784	-764	-824	-651	-409	-344	-351	-415	-451
Other external costs	-202	-216	-212	-214	-203	-130	-137	-132	-129	-135
Personnel expenses	-292	-312	-304	-314	-253	-214	-202	-201	-189	-208
Other operating income	6	1	7	3	3	1	1	-2	2	3
Other operating expenses	0	-2	-5	-2	-2	-2	-4	-4	-2	0
EBITDA	152	114	77	166	119	117	57	90	107	135
Depreciation/amortisation	-29	-28	-26	-24	-23	-18	-17	-17	-17	-17
EBITA	123	86	51	142	96	99	40	73	90	117
Acquisition-related amortisation	-13	-12	-12	-13	-9	-5	-5	-4	-5	-4
Goodwill impairment	-	-4	-	-	-	-	-	-	-	-
EBIT	110	70	39	129	87	94	36	68	85	113
Finance income and costs										
Finance income	3	10	3	2	1	2	3	3	5	7
Finance costs	-17	-24	-18	-20	-16	-7	-6	-17	-18	-17
Profit before tax	96	55	24	110	72	90	33	55	72	103
Tax	-22	5	-6	-18	-19	-21	-5	-10	-21	-16
Net profit	74	61	18	93	53	68	28	45	51	86
Attributable to:										
Owners of the Parent	74	60	18	92	52	68	28	45	49	85
Non-controlling interests	1	1	0	0	1	1	0	1	2	2
Net sales, SEK m										
Trading	524	607	468	453	394	428	339	372	405	419
Industry	334	257	213	197	205	190	155	163	214	255
Akademibokhandeln	398	315	436	627	402	-	-	-	-	-
Consumer	214	249	238	241	222	253	249	244	219	253
Internal eliminations	0	0	0	0	0	0	0	0	0	0
Total net sales	1,470	1,428	1,355	1,517	1,224	871	744	780	839	927
EBITDA, SEK m										
Trading	59	58	23	29	45	45	16	25	40	51
Industry	53	45	38	19	37	30	19	32	54	54
Akademibokhandeln	19	-27	-1	94	22	-	-	-	-	-
Consumer	35	50	26	43	33	55	36	53	34	50
Items affecting comparability	-	-	0	-7	1	1	-3	-11	-12	-7
Central costs	-14	-12	-10	-13	-19	-14	-11	-9	-10	-13
Total EBITDA	152	114	77	166	119	117	57	90	107	135
EBITA, SEK m										
Trading	54	53	19	26	42	43	14	23	37	48
Industry	44	38	32	13	31	24	12	25	48	48
Akademibokhandeln	12	-34	-7	88	17	-	-	-	-	-
Consumer	27	41	17	35	25	46	28	45	27	42
Items affecting comparability	-	-	-	-7	1	1	-3	-11	-12	-7
Central costs	-14	-12	-10	-13	-19	-15	-11	-9	-10	-13
Total EBITA	123	86	51	142	96	99	40	73	90	117

Condensed consolidated statement of financial position

SEK m	30 Sep 2018	30 Sep 2017	31 Dec 2017
ASSETS			
Non-current assets			
Intangible assets	3,200	2,693	2,934
Property, plant & equipment	397	205	241
Financial assets	7	8	10
Deferred tax assets	97	59	59
Total non-current assets	3,702	2,965	3,243
Current assets			
Inventories	877	597	610
Trade receivables	755	435	455
Tax assets	111	88	58
Other current receivables	51	41	48
Derivatives	0	-	0
Prepayments and accrued income	204	129	154
Cash & cash equivalents	141	76	438
Total current assets	2,141	1,366	1,763
Total assets	5,843	4,331	5,006
EQUITY AND LIABILITIES			
Equity			
Share capital	10	10	10
Other paid-in capital	1,995	1,995	1,995
Other reserves	57	20	16
Retained earnings, incl. profit for the period	413	239	331
Non-controlling interests	8	13	13
Total equity	2,482	2,277	2,365
Liabilities			
Non-current interest-bearing liabilities	975	582	984
Non-current non-interest-bearing liabilities	230	89	98
Pension obligations	2	2	2
Guarantee commitments	11	6	6
Deferred tax	308	216	268
Total non-current liabilities	1,526	896	1,358
Current interest-bearing liabilities	386	111	106
Advances from customers	85	72	65
Trade payables	650	439	607
Tax liabilities	113	109	75
Derivatives	0	0	0
Accruals and deferred income	383	250	265
Other current liabilities	217	178	167
Total current liabilities	1,834	1,159	1,284
Total liabilities	3,360	2,054	2,642
Total equity and liabilities	5,843	4,331	5,006

Condensed consolidated cash flow statement

SEK m	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
Operating activities						
Profit before tax	96	72	175	195	285	305
Adjustment for non-cash items	51	39	144	94	196	146
Interest paid	-8	-9	-26	-11	-36	-21
Interest received	1	0	2	1	2	1
Income tax paid	-19	-12	-72	-44	-90	-62
Cash flow from operating activities before changes in working capital	120	90	223	234	358	369
Cash flow from changes in working capital						
Change in inventories	-34	-17	-42	-60	0	-18
Change in operating receivables	9	-20	-163	-115	-80	-32
Change in operating liabilities	38	30	3	74	85	156
Cash flow from changes in working capital	13	-7	-201	-101	5	106
Cash flow from operating activities	134	82	22	133	363	475
Investing activities						
Investments in property, plant & equipment and intangible assets	-14	-15	-49	-34	-72	-57
Sale of property, plant & equipment and intangible assets	0	1	1	4	3	6
Investments in Group companies	-419	-263	-426	-263	-716	-553
Divestments of Group companies	-	1	-	1	-	1
Divestments of financial assets	-	-	0	-	0	-
Cash flow from investing activities	-432	-276	-473	-292	-785	-603
Financing activities						
Dividend on preference shares	-16	-16	-48	-48	-64	-64
Dividend on ordinary shares	-	-	-41	-41	-41	-41
New share issue	-	-1	-	-1	-	-1
Redemption of pension liability	-	-	-	-	-24	-24
Change in borrowings	182	-45	237	-42	610	330
Cash flow from financing activities	166	-62	149	-132	481	200
Cash flow for the period	-132	-256	-303	-291	59	71
Cash & cash equivalents at beginning of period	275	332	438	371	76	371
Exchange differences	-1	0	6	-4	6	-4
Cash & cash equivalents at end of period	141	76	141	76	141	438

Consolidated statement of changes in equity

SEK m	Share capital	Other paid-in capital	Other reserves	Retained earnings incl. net profit	Non-controlling interests	Total equity
Closing balance, 31 Dec 2017	10	1,995	16	331	13	2,365
IFRS 9 transition effect, net of tax ¹⁾	-	-	-	0	0	0
Opening balance, 1 Jan 2018	10	1,995	16	331	13	2,364
Net profit	-	-	-	151	2	153
Other comprehensive income	-	-	41	-	1	42
Comprehensive income for the period	-	-	41	151	2	195
Dividend	-	-	-	-105	0	-105
Remeasurement of NCI	-	-	-	33	-	33
Other owner transactions ²⁾	-	-	-	3	-8	-5
Closing balance, 30 Sep 2018	10	1,995	57	413	8	2,482

1) The net effect on equity after the transition to IFRS 9 was approx. SEK 0.5m.

2) See also Note 5.

Notes to consolidated financial statements

Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies are consistent with those applied by the Group in the 2017 annual report. The Parent Company's interim report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. Some figures in this report have been rounded, which means that certain tables do not always add up exactly. This applies where figures are stated in thousands, millions or billions. Pages 1-13 of this report are an integral part of the interim report.

New accounting policies for 2018 and 2019

IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments are effective from 1 January 2018. It can be confirmed that IFRS 15 does not have any impact on the consolidated financial statements other than the new standard's enhanced disclosure requirements. Volati has applied the transition to IFRS 9 prospectively and can confirm that the new standard has not had any material impact on the consolidated financial statements.

IFRS 16 Leases is effective from 1 January 2019 and requires assets and liabilities attributable to all leases, with some exceptions, to be recognised in the balance sheet. Implementation of the new lease standard (IFRS 16 Leases) will result in the majority of the Group's leases being reported in the balance sheet, as a distinction between operating and finance leases is no longer made. The Company will not use early adoption. Volati AB's covenants are calculated in accordance with existing accounting policies, and are therefore unaffected by IFRS 16. See also pages 100-101 of Volati's 2017 Annual Report for an indicative effect on the Group's financial position.

Note 2 Risks and uncertainties

A detailed description of the Group's material risks and uncertainties can be found in the 2017 Annual Report.

Note 3 Segment reporting

At the end of Q3, Volati consisted of four business areas: Trading, Industry, Akademibokhandeln and Consumer.

Net sales, SEK m	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
Trading	524	394	1,598	1,162	2,051	1,615
Industry	334	205	804	550	1,001	747
Akademibokhandeln	398	402	1,150	402	1,776	1,029
Consumer	214	222	702	725	942	966
Internal eliminations	0	-	-1	0	-1	0
Total net sales	1,470	1,224	4,252	2,839	5,770	4,356

Sales between segments are not disclosed as they are considered immaterial.

EBITDA, SEK m	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
Trading	59	45	140	106	169	136
Industry	53	37	137	86	156	106
Akademibokhandeln	19	22	-9	22	85	116
Consumer	35	33	111	124	154	167
Items affecting comparability	-	1	-	-2	-7	-9
Central costs	-14	-19	-36	-44	-49	-57
Total EBITDA	152	119	343	293	508	459

EBITA, SEK m	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
Trading	54	42	126	99	153	125
Industry	44	31	114	66	127	79
Akademibokhandeln	12	17	-30	17	58	105
Consumer	27	25	86	99	120	134
Items affecting comparability	-	1	-	-2	-7	-9
Central costs	-14	-19	-36	-45	-49	-58
Total EBITA	123	96	259	235	401	377
Acquisition-related amortisation	-13	-9	-36	-18	-49	-31
Goodwill impairment	-	-	-4	-	-4	-
Net financial items	-14	-15	-44	-22	-62	-40
Profit before tax	96	72	175	195	285	305

EBIT, SEK m	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
Trading	51	40	118	95	143	119
Industry	43	30	112	65	124	77
Akademibokhandeln	6	12	-47	12	33	93
Consumer	24	22	77	91	109	123
Goodwill impairment	-	-	-4	-	-4	-
Items affecting comparability	-	1	-	-2	-7	-9
Central costs	-14	-19	-37	-45	-50	-58
Total EBIT	110	87	219	217	348	345

Note 4 Acquisitions and divestments of companies and operations

During Q2, four percent of the shares in Volati 1 Holding AB were transferred to Ettiketttoprintcom AB's CEO for a consideration of SEK 750 thousand. During Q2, a small holding company was acquired for a purchase price of SEK 6.8m. The acquisition affected Q3 EBITA by SEK -0.4m in transaction costs and net profit by SEK 9.7m. The positive contribution to net profit was due to this being a bargain purchase as a result of historical losses.

During Q3, five percent of the shares in Kellfri Holding AB were repurchased from the former CEO of Kellfri AB for a purchase price of SEK 4.6m. The total effect on the Group's equity including non-controlling interests amounted to SEK -4.9m.

S:t Eriks

As already announced in the previous financial report, Volati signed an agreement on 17 July 2018 to acquire all shares in S:t Eriks Group AB, a leading manufacturer of concrete and natural stone products for infrastructure, paving, roofing and water & sewage systems. S:t Eriks is a new business unit in the Industry business area, and has been consolidated in the Volati Group since 31 August. S:t Eriks is expected to contribute positively to Volati's cash flow and earnings per share for 2018.

The impact of the acquisition of S:t Eriks on the Volati Group's balance sheet is set out below. As the fair value calculation of assets and liabilities was not fully completed at the reporting date, this is based on a preliminary acquisition analysis.

Impact of S:t Eriks on the balance sheet (SEK m)	30 Sep 2018
Intangible assets	112
Property, plant and equipment	174
Deferred tax asset	10
Inventories	221
Trade receivables	145
Other receivables	41
Cash & cash equivalents	29
Deferred tax liability	-51
Other provisions	-5
Non-current interest-bearing liabilities	-16
Current interest-bearing liabilities	-437
Current liabilities	-207
Total	16
Goodwill	160
Acquisition value	176

Impact of S:t Eriks on the Groups cash & cash equivalents (SEK m)	
Purchase consideration for shares	-176
Deferred additional consideration	35
Deferred fixed consideration	129
Repaid liabilities at the acquisition date	-435
Cash & cash equivalents in the acquired company at the acquisition date	29
Effect on the Group's cash & cash equivalents	-418

The deferred fixed consideration will be settled in December 2018. The deferred additional consideration is contingent on the future profitability of S:t Eriks and is payable if certain profitability criteria are met, in which case the amount will be settled no later than July 2020.

The acquisition's impact on the balance sheet (SEK m)	Net sales		EBITDA		EBITA		EBIT	
	Jul-Sep 2018	Jan-Sep 2018						
S:t Eriks	106	106	14	14	12	12	11	11
The Volati Group	106	106	14	14	12	12	11	11

S:t Eriks' contribution to the Group's income statement was as follows: sales for the quarter and the first nine months SEK 106m, EBITDA for the quarter and the first nine months SEK 14m, EBITA for the quarter and the first nine months SEK 12m and operating profit for the quarter and the first nine months SEK 11m. In addition, acquisition-related transaction costs had a negative effect of SEK 2m on the Group's earnings. If S:t Eriks had been consolidated with effect from 1 January 2018, contribution to the Group's income statement excluding transaction costs would have been as follows: sales for the period January-September 2018 SEK 795m, EBITDA for January-September 2018 SEK 44m, EBITA for January-September 2018 SEK 24m and operating profit for January-September 2018 SEK 18m. Goodwill of SEK 160m arising from the transactions is underpinned by several factors, which are largely attributable to the acquired companies' market shares.

Note 5 Alternative performance measures

The new guidelines from the European Securities and Markets Authority (ESMA) on alternative performance measures came into force with effect from the 2016 financial year. Volati is therefore publishing an explanation of how these performance measures should be used, together with definitions and comparisons between the alternative performance measures (APMs) and reporting in line with IFRS.

The financial reports published by Volati include the APMs, which supplement the metrics defined or specified in the applicable rules for financial reporting, such as revenue, profit or loss and earnings per share. APMs are specified when they, in their context, provide clearer or more in-depth data than those metrics defined in the applicable rules for financial reporting. The basis for APMs is that they are used by management to assess financial performance and can thus be considered to give analysts and other stakeholders valuable information.

Volati regularly uses APMs as a complement to the key metrics that comprise generally accepted accounting policies. The APMs derive from Volati's consolidated accounts and do not comprise measures of financial performance or liquidity in accordance with IFRS and, accordingly, should not be considered as alternatives to net income, operating profit or other key metrics that are derived pursuant to IFRS or as an alternative to cash flow as a measure of consolidated liquidity. The alternative performance measures are unchanged from those in the 2017 annual report.

Alternative performance measures

The following table sets out definitions for Volati's key figures. The calculation of APMs is presented separately below. The key figures are unchanged from those in the 2017 annual report.

Non-IFRS APMs and key metrics	Description	Reason for use
Organic net sales growth	Calculated as net sales for the period, adjusted for total acquired and divested net sales and currency effects, compared with net sales for the same period the previous year, as if the relevant business units had been owned in the comparative period.	This metric is used by management to monitor the underlying net sales growth in existing operations.
Adjusted net sales	Calculated as net sales for the last 12 months at the reporting date for the companies included in the Group at the reporting date, as if they had been owned for the last 12 months.	Together with adjusted EBITA, adjusted net sales and adjusted EBITDA provide management and investors with a view of the size of the operations included in the Group at the reporting date.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.	Together with EBITA, EBITDA provides a view of the profit generated by operating activities.
Adjusted EBITDA	Calculated as EBITDA for the last 12 months for the companies included in the Group at the reporting date, as if they had been owned for the last 12 months, and adjusted for transaction-related costs, restructuring costs, remeasurement of additional consideration, capital gains/losses on the sale of operations and other income and expenses considered to be non-recurring.	Together with adjusted net sales and adjusted EBITA, adjusted EBITDA provides management and investors with a view of the size of the operations included in the Group at the reporting date.
EBITA	Earnings before interest, taxes and amortisation.	Together with EBITDA, EBITA provides a view of the profit generated by operating activities.
Adjusted EBITA	Calculated as adjusted EBITDA less acquisition-related amortisation for the last 12 months at the reporting date for the companies included in the Group at the reporting date, as if they had been owned for the last 12 months.	Together with adjusted net sales and adjusted EBITDA, adjusted EBITA provides management and investors with a view of the size of the operations included in the Group at the reporting date.
EBITA excl. items affecting comparability	Calculated as EBITA, adjusted for remeasurement of additional consideration, capital gains/losses on the sale of operations and properties, and other income considered to be non-recurring.	Used by management to monitor the underlying earnings growth for the Group.
EBITA excl. central costs and items affecting comparability	Calculated as EBITA, adjusted for central costs, remeasurement of additional consideration, capital gains/losses on the sale of operations and properties, and other income and expenses considered to be non-recurring.	Used by management to monitor the underlying earnings growth for the operations in the Group.
Organic EBITA growth	Calculated as EBITA excluding central costs and items affecting comparability for the period, adjusted for total acquired and divested EBITA and currency effects, compared with EBITA excluding central costs and items affecting comparability for the same period the previous year, as if the relevant business units had been owned in the comparative period.	Used by management to monitor the underlying earnings growth for existing operations.

Non-IFRS APMs and key metrics	Description	Reason for use
Return on equity	Net profit (including share attributable to non-controlling interests) divided by average equity (including share attributable to non-controlling interests).	Shows the return generated on the total capital invested in the Company by all shareholders.
Return on adjusted equity	Net profit (including share attributable to non-controlling interests) less the preference share dividend divided by average equity for the last four quarters (including share attributable to non-controlling interests) less the preference share capital.	Shows the return generated on the common share capital invested in the Company by owners of common shares.
Return on capital employed (ROCE)	EBITA excluding items affecting comparability for the last 12 months divided by average capital employed for the last 12 months.	Shows the return on capital employed generated by each business area and the Group without taking into consideration acquisition-related intangible assets with indefinite useful lives.
Return on capital employed including goodwill (ROCE incl. GW)	EBITA excluding items affecting comparability for the last 12 months divided by average capital employed including goodwill and other intangible assets with indefinite useful lives for the last 12 months.	Shows the return on capital employed generated by each business area and the Group.
Equity ratio	Equity (including share attributable to non-controlling interests) as a percentage of total assets.	The metric can be used to assess financial risk.
Cash conversion	Calculated as operating cash flow for the last twelve months divided by EBITDA.	Cash conversion is used by management to monitor how efficiently the Company is managing working capital and ongoing investments.
Adjusted cash conversion	Calculated as adjusted operating cash flow for the last twelve months divided by EBITDA.	Adjusted cash conversion is used by management to monitor how efficiently the Company is managing working capital and normalised ongoing investments.
Operating cash flow	Calculated as EBITDA less the difference between investments in/divestments of property, plant & equipment and intangible assets, after adjustment for cash flow from changes in working capital.	Operating cash flow is used by management to monitor cash flow generated by operating activities.
Adjusted operating cash flow	Calculated as operating cash flow excluding material investments of a non-recurring nature.	Adjusted operating cash flow is used by management to monitor normalised cash flow generated by operating activities.
Net debt/Adjusted EBITDA	Net debt at the end of the period in relation to adjusted EBITDA for the period.	The metric can be used to assess financial risk.

Calculations of alternative performance measures are presented separately below.

	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
Calculation of organic net sales growth						
Net sales	1,470	1,224	4,252	2,839	5,770	4,356
Acquired/divested net sales	-260	-409	-1,334	-487	-2,053	-1,211
Currency effects	-11	0	-29	-20	0	-14
Comparative figure for previous year	1,199	815	2,890	2,332	3,716	3,132
Organic net sales growth, %	-2	-3	2	-4	3	-2
EBITA excl. central costs and items affecting comparability						
EBITA	123	96	259	235	401	377
Adjustment for items affecting comparability	-	-1	-	2	7	9
EBITA excl. items affecting comparability	123	95	259	236	408	385
Adjustment for central costs	14	19	36	45	49	58
EBITA excl. central costs and items affecting comparability	137	114	296	281	458	443
Adjusted net sales						
Net sales, LTM	5,770	3,618	5,770	3,618	5,770	4,356
Acquired companies	992	1,401	992	1,401	992	1,291
Adjusted net sales	6,761	5,020	6,761	5,020	6,761	5,647
Adjusted EBITA and EBITDA						
EBITDA, LTM	152	119	508	383	508	459
Acquired companies	3	0	52	104	52	42
Restructuring costs	-	-	-	0	-	-
Transaction costs	1	9	3	13	3	14
Listing costs, common share	-	-	0	6	0	0
One-time payments	-	-	7	-13	7	-5
Additional consideration remeasurement	-	0	0	6	-	1
Adjusted EBITDA	156	128	571	499	571	511
Depreciation/amortisation	-29	-23	-107	-76	-107	-82
Depreciation/amortisation, acquired companies	-4	-	-25	-16	-25	-14
Adjusted EBITA	122	105	439	407	439	415
Calculation of organic EBITA growth						
EBITA	123	96	259	235	401	377
Adjustment for items affecting comparability	-	-1	-	2	7	9
Adjustment for central costs	14	19	36	45	49	58
EBITA excl. central costs and items affecting comparability	137	114	296	281	458	443
Total acquired/divested EBITA	-23	-23	-17	-22	-129	-120
Currency effects	0	0	-1	-1	-	-1
Comparative figure for previous year	115	92	278	258	329	323
Organic EBITA growth, %	0	-15	-1	-14	-12	-18

	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
Basic earnings per common share						
Net profit attributable to owners of the Parent	74	52	151	148	243	240
Deduction for preference share dividend	16	16	48	48	64	64
Net profit attributable to owners of the Parent, adjusted for preference share dividend	58	36	103	100	179	176
Average no. of common shares	80,406,571	80,406,571	80,406,571	80,406 571	80,406,571	80,406,571
Earnings per common share, SEK	0.72	0.45	1.28	1.24	2.23	2.19
Diluted earnings per common share						
Net profit attributable to owners of the Parent, adjusted for preference share dividend	58	36	103	100	179	176
Average no. of common shares after dilution	80,594,347	80,834,047	80,594,347	80,834 047	80,594,347	80,838,878
Diluted earnings per common share, SEK	0.72	0.45	1.28	1.23	2.22	2.17
Equity per common share						
Equity at end of period including non-controlling interests	2,482	2,277	2,482	2,277	2,482	2,365
Preference share capital	828	828	828	828	828	828
Equity at end of period including non-controlling interests, adjusted for preference share capital	1,654	1,449	1,654	1,449	1,654	1,537
No. of common shares outstanding at end of period	80,406,571	80,406,571	80,406,571	80,406 571	80,406,571	80,406,571
Equity per common share, SEK	20.57	18.02	20.57	18.02	20.57	19.11
Calculation of return on equity						
(A) Net profit, LTM, including non-controlling interests	245	193	245	193	245	241
Adjustment for preference share dividends, including dividends accrued but not yet paid	-64	-64	-64	-64	-64	-64
(B) Net profit, adjusted	181	129	181	129	181	177
(C) Average total equity	2,422	2,254	2,422	2,254	2,422	2,281
(D) Average adjusted equity	1,594	1,426	1,594	1,426	1,594	1,452
(A/C) Return on total equity, %	10	9	10	9	10	11
(B/D) Return on adjusted equity, %	11	9	11	9	11	12
Calculation of equity ratio						
Equity including non-controlling interests	2,482	2,277	2,482	2,277	2,482	2,365
Total assets	5,843	4,331	5,843	4,331	5,843	5,006
Equity ratio, %	42	53	42	53	42	47

Calculation of operating cash flow and cash conversion, %	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
(A) EBITDA	152	119	343	293	508	459
Change in working capital	13	-7	-201	-101	5	106
Net investments in property, plant & equipment and intangible assets	-13	-14	-48	-31	-69	-52
(B) Operating cash flow	152	97	93	162	445	513
Adjustment for net investments relating to Besikta Bilprovning's IT system	-	0	-	2	1	2
Adjustment for issue costs	-	-	-	18	-	18
(C) Adjusted operating cash flow	152	98	93	181	446	534
(B/A) Cash conversion, %	100	82	27	55	88	112
(C/A) Adjusted cash conversion, %	100	82	27	62	88	116

Calculation of Net debt/Adjusted EBITDA, x

Net debt

Cash & cash equivalents	-141	-76	-141	-76	-141	-438
Unrealised derivative contract assets	0	-	0	-	0	0
Pension obligations	2	2	2	2	2	2
Non-current interest-bearing liabilities	975	582	975	582	975	984
Current interest-bearing liabilities	386	111	386	111	386	106
Unrealised derivative contract liabilities	0	0	0	0	0	0
Accrued interest expense	6	-	6	-	6	2
Pension assets	-2	-2	-2	-2	-2	-2
Adjustment for nominal value of bond liability	-12	-	-12	-	-12	-12
Adjustment for shareholder loans	-23	-22	-23	-22	-23	-23
Net debt	1,190	596	1,190	596	1,190	619
Adjusted EBITDA	571	499	571	499	571	511
Net debt/Adjusted EBITDA, x	2.1	1.2	2.1	1.2	2.1	1.2

ROCE %, at 30 September 2018	Trading	Industry	Akademi-bokhandeln	Consumer	Central costs	Volati Group
1) EBITA, LTM	153	127	58	120	-49	408
<i>Capital employed at 30 September 2018</i>						
Intangible assets	948	527	865	859		3,200
Adjustment for goodwill, patent/technology, brands	-943	-511	-799	-793		-3,047
Property, plant & equipment	55	253	41	32		397
Inventories	354	309	183	30		877
Trade receivables	380	309	23	43		755
Other current receivables	1	21	27	1		51
Prepayments and accrued income	30	99	53	20		204
Adjustment for non-working-capital-related current receivables						-1
Advances from customers	0	-67	0	-18		-85
Trade payables	-246	-181	-178	-44		-650
Accruals and deferred income	-84	-159	-72	-54		-383
Other current liabilities	-47	-38	-37	-33		-217
Adjustment for non-working-capital-related current liabilities						19
Adjusted for preference share dividend						48
Adjusted for accrued non-recurring costs						1

Capital employed at 30 September 2018	448	563	105	44		1,171
Adjustment for average capital employed, LTM	-28	-314	-32	7	0	-372
2) Average capital employed, LTM	419	249	74	51		799
ROCE 1)/2), %	36	51	79	237		51
3) Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives	1,257	533	733	818		3,316
ROCE incl. goodwill 1)/3), %	12	24	8	15		12
ROCE %, at 30 September 2017	Trading	Industry	Akademi- bokhandeln	Consumer	Central costs	Volati Group
1) EBITA, LTM	122	91	17	144	-54	320
Capital employed at 30 September 2017						
Intangible assets	685	551	878	864		2,693
Adjustment for goodwill, patent/technology, brands	-683	-528	-805	-788		-2,518
Property, plant & equipment	47	74	26	40		205
Inventories	278	97	187	35		597
Trade receivables	253	115	22	45		435
Other current receivables	2	11	25	2		41
Prepayments and accrued income	26	36	49	16		129
Adjustment for non-working-capital-related current receivables						-1
Advances from customers	0	-52	-1	-19		-72
Trade payables	-145	-62	-184	-41		-439
Accruals and deferred income	-67	-40	-75	-57		-250
Other current liabilities	-36	-11	-37	-38		-178
Adjustment for non-working-capital-related current liabilities						10
Adjusted for preference share dividend						48
Capital employed at 30 September 2017	359	192	86	59		701
Adjustment for average capital employed, LTM	-18	-21	-13	7	0	-99
2) Average capital employed, LTM	341	171	73	65		602
ROCE 1)/2), %	36	53	23	220		53
3) Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives	980	393	777	826		2,407
ROCE incl. goodwill 1)/3), %	12	23	2	17		13

Parent Company Volati AB (publ)

The Parent Company Volati AB acts as a holding company and the members of Volati's management are employed within the Parent Company.

Parent Company condensed income statement

SEK m	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	LTM	Full year 2017
Net sales	3	3	9	8	12	11
Operating expenses	-14	-14	-40	-40	-58	-58
Operating profit	-11	-11	-31	-32	-46	-47
Profit/loss from financial investments	38	30	598	70	630	102
Profit after financial items	27	20	567	39	584	55
Net profit	21	15	551	29	632	110

Parent Company condensed statement of financial position

SEK m	30 Sep 2018	31 Dec 2017
Non-current assets	1,557	282
Current assets	3,952	4,209
Total assets	5,509	4,491
Equity	3,298	2,851
Untaxed reserves	61	61
Pension obligations	0	-
Non-current liabilities	594	593
Current liabilities	1,555	986
Total equity and liabilities	5,509	4,491

Review report

To the Board of Directors of Volati AB, corporate identity number 556555-4317

Introduction

We have reviewed the condensed interim report for Volati AB as at September 30, 2018 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, 6 November 2018

Ernst & Young AB

Rickard Andersson
Authorised Public Accountant