Q1

Interim Report
January–March 2019

"Volati showed strong sales growth and good organic EBITA growth in the first quarter"

Mårten Andersson, CEO

Interim report January–March 2019

Q1 January–March 2019

- Net sales increased by 14 percent to SEK 1,544 (1,355) million
- EBITDA increased to SEK 136 (77) million, driven by the introduction of IFRS 16.
- EBITA amounted to SEK 37 (51) million
- Organic EBITA growth was 8 percent
- Profit after tax amounted to SEK -1 (18) million
- Earnings per ordinary share after deduction of preference share dividends amounted to SEK -0.21 (0.02)

Events after the reporting period

- Volati has acquired all shares in Stenentreprenader i Hessleholm AB and Mundus Maskin AB after the end of reporting period. The acquisitions are add-on acquisitions for Volati's Industry business area and the S:t Eriks and Tornum business units. The acquired companies had combined annual sales of SEK 125 million and an EBITDA of SEK 16 million in 2018.

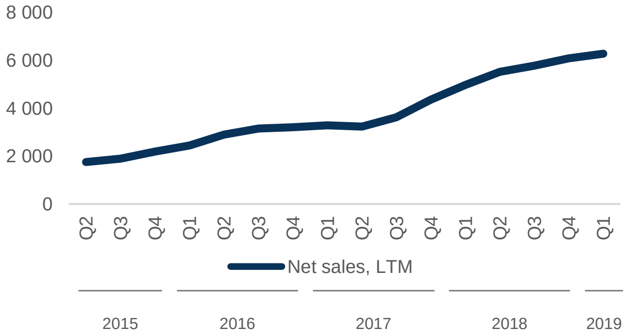
Key figures

The introduction of IFRS 16 Leases on 1 January 2019 affects some of the key figures presented below. As the comparative figures have not been restated, we have added extra columns to make the information more comparable for the reader, showing how the numbers would have looked like before the introduction of IFRS 16. Further information on the definition of alternative performance measures can be found in the note information later in the report.

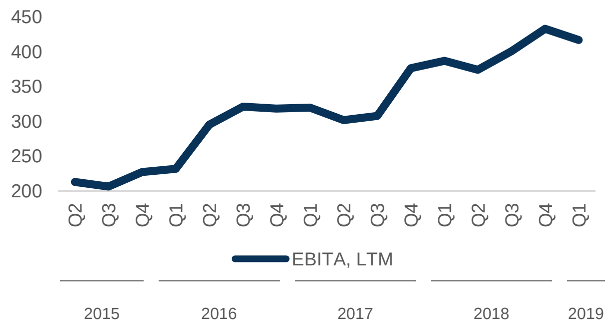
SEK million	Jan-Mar 2019	Jan-Mar 2019*)	Jan-Mar 2018	LTM	LTM*)	Full year 2018
Net sales	1,544	1,544	1,355	6,273	6,273	6,084
EBITDA	136	69	77	611	544	552
EBITA	37	35	51	420	417	433
Organic EBITA growth, %	8	8	9	-2	-2	0
EBIT	24	22	39	351	348	366
Profit after tax	-1	5	18	255	261	274
Net debt/Adjusted EBITDA, x	2.1	2.1	1.5	2.1	2.1	1.7
Cash conversion, LTM, %	73	73	94	73	73	86
Earnings per ordinary share, SEK	-0.21	-0.13	0.02	2.36	2.44	2.58
Equity per ordinary share, SEK	21.86	21.86	19.98	21.86	21.86	21.63
Return on adjusted equity, LTM, %	11	11	11	11	11	13
Ordinary shares outstanding	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571
Preference shares outstanding	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774

*To provide a more comparative picture, the column shows what the figures would have been before the introduction of IFRS 16.

Net sales, SEK million



EBITA, SEK million



A good start to the year

Volati showed strong sales growth and good organic EBITA growth in the first quarter. Just as in previous years, the quarter was affected by seasonal variations, which were accentuated by our recent acquisitions.

This is an interim report that is difficult to analyse. The effects of seasonality and acquisitions mean that we report 8 percent organic EBITA growth, while EBITA falls from SEK 51 to SEK 37 million. I will explain how these are interconnected, but let me first of all say that I believe we had a good start to the year. We showed strong sales growth in the first quarter, driven by acquisitions and positive development in several business areas.

The first quarter is traditionally the quarter with the lowest sales and earnings for Volati. Although our most recent acquisition S:t Eriks had a very good quarter, the seasonal variations were further intensified as S:t Eriks normally reports a negative Q1 operating profit. Calculation of organic EBITA growth also takes into account our ownership of S:t Eriks in the comparative period. This means that the company is contributing positively to organic growth.

EBITA amounted to SEK 37 (51) million. The decline is mainly related to the Industry business area. We have variations between quarters in our project sales of grain handling systems and in our business unit that rents out water damage restoration products. These variations are a normal part of our business and we note that project sales had a good order intake during the quarter and profit recognition will come later this year than in the previous year.

Strong development for Trading

The Trading business area showed very strong development, both in terms of sales and earnings, reporting its best ever Q1. The business area was highly successful in exploiting the good market conditions that continued in the quarter – particularly within builders' hardware, consumables and material for construction.

Challenges for Consumer

As we explained in the year-end report, changes to the inspection rules mean that the inspection interval has been extended from 12 to 14 months, which has had an adverse effect on the customer base for the entire vehicle inspection sector. The effects of the change have come earlier than we initially expected. At the same time, we believe that this may mean a faster return to a normal situation for us. Given the conditions, Besikta had a quarter that was in line with expectations and worked hard on efficiency and pricing.

We continue to keep close track on other units in the business area. We are making progress in the work to reverse the trend, but profitability remains below our expectations.

Akademibokhandeln continues positive trend

Akademibokhandeln continues to develop positively after the measures we initiated in the previous year. Q4 2018 saw a trend break that has now been followed by a first quarter in which both sales and earnings have improved. The customer offering is strong and there has been high demand from customers. At the same time, the measures taken to streamline operations and reduce costs have continued to produce the desired results.

Successful work on acquisitions

I see the development in Akademibokhandeln and S:t Eriks as testament to our ability not only to make major acquisitions, but, above all, to our capacity to integrate acquired companies and deliver on the investment hypotheses on which the acquisitions were based. Through our business area organisation, we work close to the business units, set a strategic direction together with the Board and management, and ensure that we have the right expertise in the management groups and that there is clear monitoring of agreed objectives and targets. Purely and simply, we work together towards the objective of generating long-term value growth.

Add-on acquisitions to existing business units are an important part of our strategy for long-term value growth creation. They both reinforce the existing business units' market positions and add further value through synergies. We have greater capacity to generate and evaluate potential add-on acquisitions than before, as this is largely managed by the business area organisation. We have a clear ambition to take advantage of this in the future. After the end of the quarter, we completed two add-on acquisitions within the Industry business area – Stenentreprenader and Mundus Maskin. The companies will be part S:t Eriks and Tornum and complement their operations very well.

Improved financing structure

During the quarter, we entered into a new loan agreement with Nordea for a revolving credit facility and an overdraft facility. We used part of the amount to finance Akademibokhandeln's early redemption of its outstanding bonds. This has given us an improved overall capital structure, strengthened our capacity for continued acquisitions and reduced our finance costs by about SEK 15 million per year. All our credit facilities are structured in such a way that they are not affected by the introduction of IFRS 16.

I am satisfied with the first quarter. We have laid the foundation for a good 2019 and I look forward to continuing to build Volati from a position of strength.

Mårten Andersson, President and CEO

This is Volati

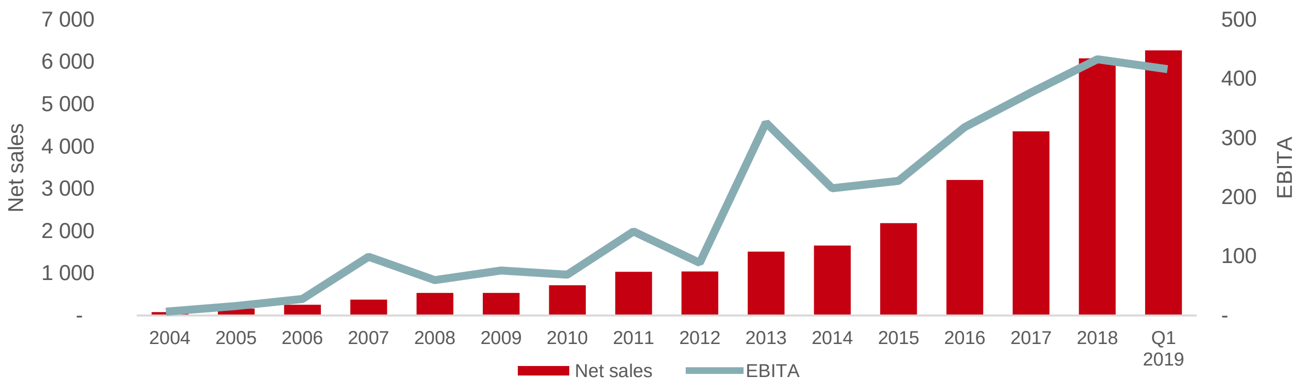
Volati acquires well-managed companies with strong cash flows at reasonable valuations, and develops them with a focus on long-term value creation. Acquiring companies that have stable and sustainable cash flows from the outset creates a stable base for operations. These cash are then used for further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

Strategy for long-term value creation

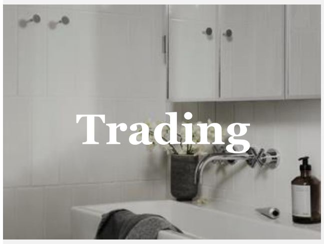
A strong operating cash flow in the business units…	…is used for further acquisitions of companies with strong cash flows…	…at reasonable valuations	…and with a focus on long-term value creation.
SEK 475 million	**36%**	**5.9x**	**7%**
Operating cash flow 2018	Average acquired EBITA growth, 2013-2018	Average acquisition multiple (EV/EBITDA) since 2004	Average organic EBITA growth, 2013-2018

Net sales and EBITA trends

2004 – Q 1 2019, SEK million

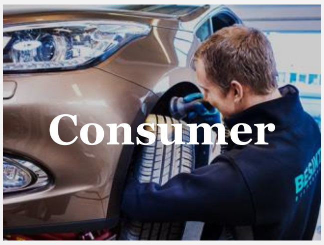


Since 2003, Volati has built an industrial group organised in four business areas: Trading, Consumer, Akademibokhandeln and Industry.



36%

of the Group's EBITA



20%

of the Group's EBITA

17%

of the Group's EBITA

27%

of the Group's EBITA

The figures above refer to the twelve-month period between April 2018 and March 2019 and show the business areas' share of EBITA without the effects of IFRS 16, as the business areas are monitored excluding IFRS 16. Acquired operations are included from the acquisition closing date and are calculated net of central costs.

Consolidated financial trend

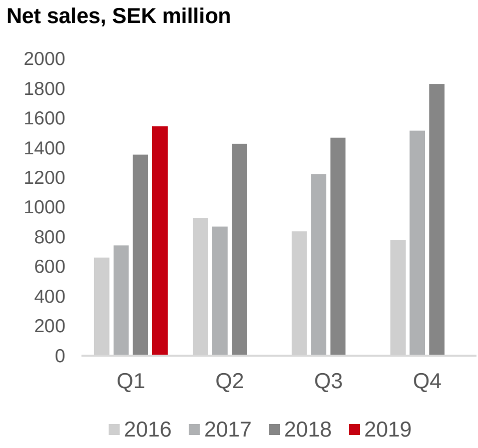
Net sales

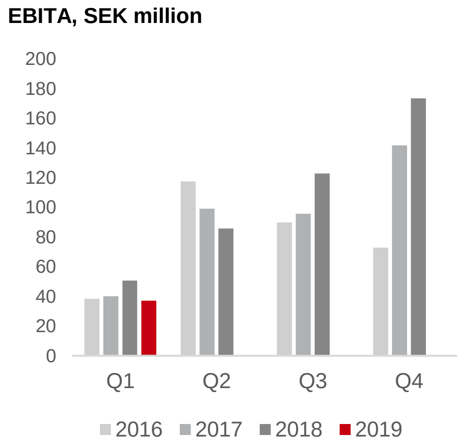
The Group's net sales for Q1 amounted to SEK 1,544 (1,355) million, an increase of 14 percent compared with the same period the previous year. The increase is mainly due to acquisitions completed during the previous year.

Earnings

During Q1, EBITDA increased from SEK 77 million to SEK 136 million, mainly due to the effect of the introduction of IFRS 16 Leases with SEK 67 million. EBITA amounted to SEK 37 (51) million. Organic EBITA growth for Q1 was 8 percent. Q1 is generally the weakest quarter and the seasonal pattern is further compounded by the acquisition of S:t Eriks, which normally reports a negative Q1 operating profit due to seasonal effects.

Profit after tax for Q1 declined to SEK -1 (18) million, with IFRS 16 having a negative effect of SEK 7 million on the quarter. Profit after tax attributable to owners of the Parent amounted to SEK -1 (18) million. Profit after tax attributable to non-controlling interests was SEK 0 (0) million. Earnings per ordinary share after deduction of preference share dividends amounted to SEK -0.21 (0.02).





Seasonal variations

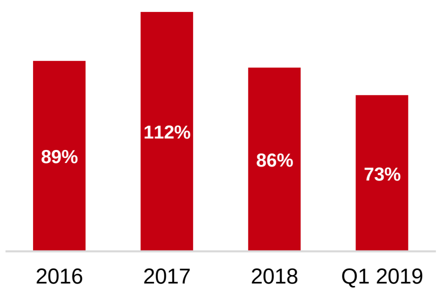
Volati operates in several different sectors and markets, and the Group's seasonal variations are also affected by any acquisitions made during the financial year. Overall, the Group is affected by seasonal variations, with the fourth quarter generally having the strongest cash flow and earnings, and the first quarter the weakest. The season pattern is further accentuated by the acquisition of S:t Eriks, which normally reports a negative operating profit during the first quarter due to seasonal effects. 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 an LTM basis.

73%
Cash conversion
Q1 2019

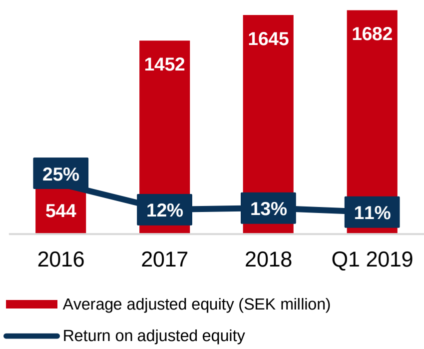
Cash flow

Cash flow from operating activities for Q1 amounted to SEK -158 (-125) million. The change in cash flow is a normal seasonality effect for the Group as a result of the operations' market conditions, with the first quarter generally being the weakest in terms of outflow. Cash flow from operating activities for the last twelve months amounted to SEK 415 (448) million. The cash conversion rate for the last twelve months was 73 (86) percent. The change in cash conversion compared with the previous year is a consequence of negative seasonal variations during the first quarter which are further accentuated by the acquisition of S:t Eriks. Investments in non-current assets for the quarter amounted to SEK 20 (15) million 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



11%
Return on adjusted equity
LTM, Q1 2019

Equity

Total equity for the Group amounted to SEK 2,586 (2,567) million at the end of the period. Equity attributable to holders of the Parent's ordinary shares, adjusted for preference share capital, increased from SEK 1,731 million at 31 December 2018 to SEK 1,750 million at 31 March 2019. The equity ratio at 31 March 2019 was 41 percent, compared with 46 percent at the end of 2018. The return on adjusted equity for the last twelve months was 11 (13) percent.

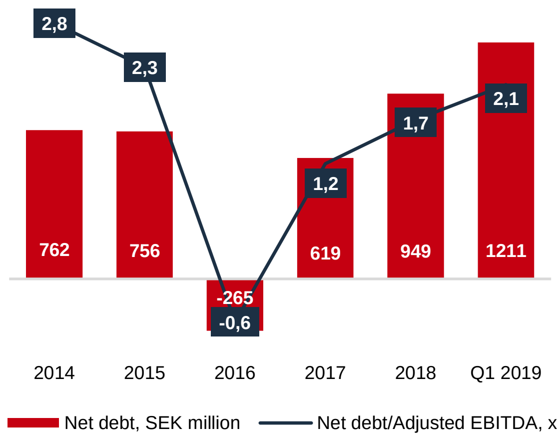
2.1x
Net debt/
adjusted EBITDA
Q1 2019

Net debt

The Group had net debt of SEK 2,025 million at the end of Q1, compared with SEK 949 million at 31 December 2018. The increase in net debt is due to the introduction of IFRS 16 and the acquisition of S:t Eriks, which took place in Q3 2018. Net debt excluding IFRS 16 amounted to SEK 1,211 million. The alternative performance measure net debt/adjusted EBITDA shows the ratio excluding IFRS 16. For a definition see further note 7 later in the report.

Total liabilities amounted to SEK 3,782 million, compared with SEK 3,005 million at 31 December 2018, with the introduction of IFRS 16 being responsible for most of the increase. Interest-bearing liabilities, including pension obligations, were SEK 2,121 million at the end of Q1, compared with SEK 1,217 million at 31 December 2018. At the end of Q1, the unutilised portion of the overdraft facility amounted to SEK 89 million, the unutilised portion of the revolving credit facility was SEK 200 million and cash & cash equivalents totalled SEK 80 million.

Capital structure trend



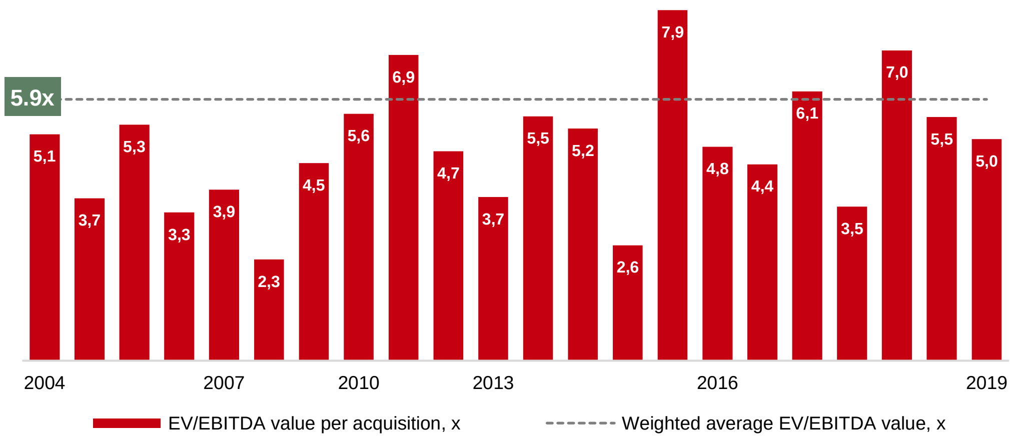
Net debt
The Group had net debt (excl. IFRS 16) of SEK 1,211 million at the end of the quarter, with a net debt/adjusted EBITDA ratio of 2.1x.

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. No acquisitions were made during Q1 2019. After the end of the quarter, Volati acquired all shares in Stenentreprenader i Hessleholm AB and Mundus Maskin AB on 11 April 2019. The acquisitions are add-on acquisitions for Volati's Industry business area and the S:t Eriks and Tornum business units. The acquired companies had combined annual sales of SEK 125 million and an EBITDA of SEK 16 million in 2018. Stenentreprenader is one of the major natural stone contractors in Sweden. The company specialises in delivery and assembly of natural stone for façades, floors and window sills. Customers are mainly medium-sized and large construction contractors. The projects primarily consist of public buildings. Stenentreprenader, headquartered in Hässleholm, had net sales of SEK 104 million and an EBITDA of SEK 14 million for 2018. Mundus delivers and installs handling systems for grain and other raw materials for the agriculture and industry sectors in Sweden. Mundus, which has its head office in Ystad, had net sales of SEK 21 million and an EBITDA of SEK 2 million for 2018.

The acquisition price on a cash-free and debt-free basis for both companies amounts to SEK 74 million, which corresponds to an EV/EBITDA multiple of 5.0x 2018 earnings for Stenentreprenader and 1.5x for Mundus. The acquisitions have been financed through Volati's existing credit facility. The acquisitions were conducted with immediate access to the shares, and the companies are therefore consolidated with effect from April. The acquisitions are expected to have a positive effect on Volati's results for 2019 and contribute to an increased return on equity.

Acquisition multiples for completed acquisitions

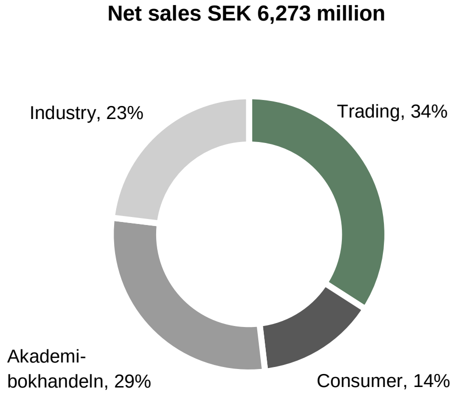


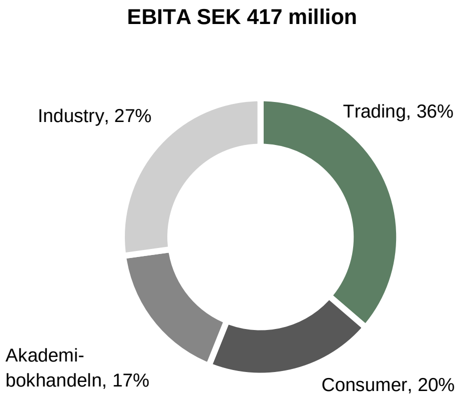
The weighted average acquisition multiple since Volati's establishment is 5.9x. (Enterprise value/EBITDA). The diagram above shows the acquisition multiples for each acquisition with an Enterprise value in excess of SEK 10 million.

Volati’s business areas

Volati’s net sales and earnings by business area

The diagrams refer to the twelve-month period from 1 April 2018 to 31 March 2019 and show the business areas' share of EBITA without the effects of IFRS 16 as the business areas are monitored excluding IFRS 16. Acquired operations are included from the acquisition closing date and are calculated net of central costs.





Trading

	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
Net sales, SEK million	496	468	2,135	2,107
Organic net sales growth, %	5	-5	1	-3
EBITDA, SEK million	33	23	185	176
EBITA, SEK million	28	19	167	158
EBITA margin, %	6	4	8	7
EBIT, SEK million	26	16	157	147
ROCE excl. goodwill, %	38	34	38	37

The Trading business area’s operations are mainly concentrated on providing products in builders hardware, consumables and material for construction, home and garden, packaging, and agriculture and forestry through dealers, 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.

Trading had a strong first quarter in terms of both sales and earnings. The business area was highly successful in exploiting the good market conditions that continued in the quarter, particularly within builder’s hardware, consumables and material for construction.

Consumer

	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
Net sales, SEK million	222	238	908	923
Organic net sales growth, %	-7	-5	-5	-5
EBITDA, SEK million	12	26	124	138
EBITA, SEK million	4	17	91	104
EBITA margin, %	2	7	10	11
EBIT, SEK million	1	14	80	93
ROCE excl. goodwill, %	217	202	217	233

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 first quarter has continued to be challenging for the Consumer business area. As we explained in the year-end report, changes to the inspection rules mean that the inspection interval has been extended, which has had an adverse effect on the customer base for the entire vehicle inspection sector. The effects of the change have come earlier than we initially expected. In view of the conditions, Besikta had a quarter that was in line with expectations and we worked hard on efficiency and pricing. We continue to keep close track on other units in the business area. We are making progress in the work to reverse the trend, but profitability remains below our expectations.

Akademibokhandeln

	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
Net sales, SEK million	453	436	1,800	1,784
Organic net sales growth, %	4	-	-	-
EBITDA, SEK million	5	-1	107	100
EBITA, SEK million	-2	-7	77	72
EBITA margin, %	0	-2	4	4
EBIT, SEK million	-8	-13	53	48
ROCE excl. goodwill, %	101	201	101	92

The Akademibokhandeln business area is the leading bookstore chain 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.

Akademibokhandeln continues to develop positively after the measures we initiated in the previous year. Q4 2018 saw a trend break that has now been followed by a first quarter in which both sales and earnings have improved. The customer offering is strong and there has been high demand from customers. At the same time, the measures taken to streamline operations and reduce costs have continued to produce the desired results.

Industry

	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
Net sales, SEK million	373	213	1,431	1,271
Organic net sales growth, %	0	-36	15	20
EBITDA, SEK million	27	38	171	183
EBITA, SEK million	13	32	125	144
EBITA margin, %	3	15	9	11
EBIT, SEK million	11	32	120	140
ROCE excl. goodwill, %	29	58	29	43

The Industry business area's operations are focused on Business-to-Business 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.

The first quarter shows an increase in sales for Industry driven by the acquisition of S:t Eriks. However, the seasonal variation has been further accentuated as S:t Eriks, which reported a very good quarter, typically has negative operating profit during the first quarter. We also have variations between quarters in the part of our business with project sales of grain handling systems and in the part that rents out water damage restoration products. These variations are a normal part of our business and we note that project sales had a good order intake during the quarter and that profit recognition will come later this year than in the previous year.

Head Office

Head Office comprises the central costs in the Parent Company Volati AB and associated operations including the acquisition costs arising in the Group. EBITA for Q1, excluding IFRS 16, was SEK -14 (-10) million.

Other information

Share capital

Volati has two classes of shares, ordinary 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 Q1 was 6,278.

The number of ordinary shares outstanding was 80,406,571 and the number of preference shares was 1,603,774 at the end of the year. Share capital amounted to SEK 10 million at 31 March 2019. In addition, Volati has issued 4,174,570 warrants to a former senior executive, which carry entitlement to subscription for 834,914 ordinary shares.

Nomination committee's proposals

Volati's nomination committee has submitted its proposals to the Company's Annual General Meeting, to be held on 25 April 2019. The nomination committee proposes the re-election of Patrik Wahlén as Chairman of the Board and the re-election of Karl Perlhagen, Patrik Wahlén, Björn Garat, Louise Nicolin, Christina Tillman, Anna-Karin Celsing and Magnus Sundström as Board members. The committee's proposals can be found in their entirety on Volati's website.

2019 Annual General Meeting

Volati AB's 2019 Annual General Meeting will be held at 17.00 on 25 April 2019 at Finlandshuset, Snickarbacken 4, Stockholm. Admission is at 16.30. Meeting-related documents with information on the Board's proposal can be found on the Company's website www.volati.se.

Dividend

In view of Volati's strong financial position and the good cash flows in 2018, the Board proposes to increase the dividend to ordinary shareholders to SEK 1.00 (0.50) per ordinary share, corresponding to a total of SEK 80 million, and to pay a dividend to preference shareholders, as laid down in the Articles of Association, of SEK 40 per preference share, to be paid quarterly, corresponding to a total of SEK 64 million (SEK 16 million of which relates to the preference dividend on 5 May 2019 adopted by the 2018 AGM; this dividend is considered to be within the framework of the annual report for the 2018 financial year and has therefore already been deducted from the amount at the disposal of the AGM).

Related-party transactions

No significant related-party transactions have occurred in addition to what is stated in the Annual Report for 2018. All related-party transactions have been conducted at market conditions.

Events after the end of the reporting period

After the end of the reporting period, Volati acquired all shares in Stenentreprenader i Hessleholm AB and Mundus Maskin AB on 11 April 2019. The acquisitions are add-on acquisitions for Volati's Industry business area and the S:t Eriks and Tornum business units. The acquired companies had combined annual sales of SEK 125 million and an EBITDA of SEK 16 million in 2018.

Financial calendar

- 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

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)
Board of Directors and CEO
Stockholm, 24 April 2019

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 not been reviewed by the Company's auditors.

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 24 April 2019.

Conference call
CEO Mårten Andersson and CFO Mattias Björk will present the interim report in a conference call on 24 April at 9.00. The presentation will be conducted in Swedish.
Phone number to access the conference call: +46 (0)8-505 583 59.
For a webcast of the conference call, go to www.volati.se.

For more information, please contact:
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Mattias Björk, CFO, +46 (0)70-610 80 89, mattias.bjork@volati.se

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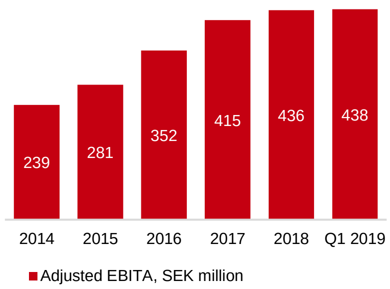
Financial targets

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

Note that the introduction of IFRS 16 Leases has affected the calculation of the targets (definitions in note 7 in the report).

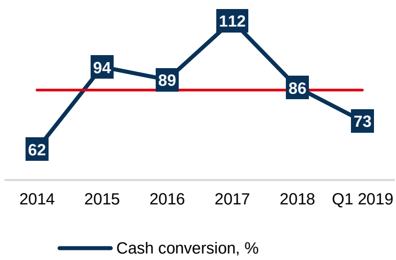
1 Earnings growth

Adjusted EBITA of SEK 700 million by the end of 2019. Average annual organic EBITA growth of 5 percent.
At the end of Q1, adjusted EBITA for the last twelve months was SEK 438 million. Annual organic EBITA growth has averaged 7 percent between 2013 and 2018. Organic EBITA growth varies over the years and amounted to 8 percent in Q1 2019.



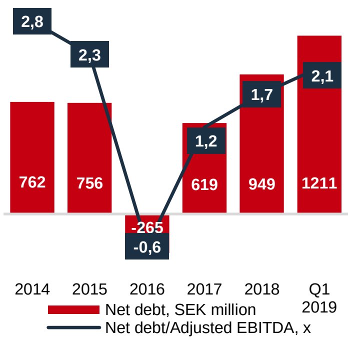
2 Cash conversion

Annual cash conversion of at least 85 percent.
At the end of Q1, cash conversion for the last twelve months was 73 percent.



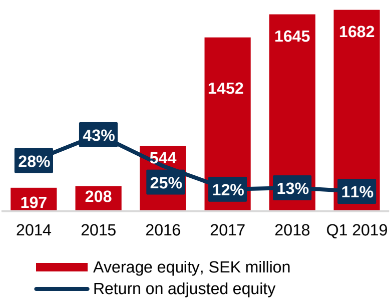
3 Capital structure

The long-term target is a net debt/adjusted EBITDA ratio (LTM) of less than 3.0x.
At the end of Q1, the 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 Q1, 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 Board proposes a dividend of SEK 1.00 per ordinary share for 2018, which corresponds to 30 percent of net profit attributable to the Parent Company's shareholders for the 2018 financial year. Dividends on preference shares are issued at an annual amount of SEK 40.00 per preference share, in quarterly payments of SEK 10.00.

Proposed dividend for 2018

1.00

SEK per share

Financial Statements

Consolidated income statement

SEK million	Jan-Mar 2019	Jan-Mar 2019*)	Jan-Mar 2018	LTM	LTM*)	Full year 2018
Operating income						
Net sales	1,544	1,544	1,355	6,273	6,273	6,084
Operating expenses						
Raw materials and supplies	-856	-858	-764	-3,467	-3,468	-3,375
Other external costs	-185	-250	-212	-826	-891	-853
Personnel expenses	-376	-376	-304	-1,389	-1,389	-1,318
Other operating income	11	11	7	22	22	18
Other operating expenses	-3	-3	-5	-2	-2	-4
EBITDA	**136**	**69**	**77**	**611**	**544**	**552**
Depreciation/amortisation	-98	-34	-26	-192	-127	-119
EBITA	**37**	**35**	**51**	**420**	**417**	**433**
Acquisition-related amortisation	-13	-13	-12	-51	-51	-49
Goodwill impairment	-	-	-	-18	-18	-18
Operating profit/EBIT	**24**	**22**	**39**	**351**	**348**	**366**
Finance income and costs						
Finance income	5	5	3	31	31	29
Finance costs	-29	-18	-18	-90	-79	-80
Profit before tax	**0**	**9**	**24**	**292**	**300**	**316**
Tax	-1	-3	-6	-37	-39	-42
Net profit	**-1**	**6**	**18**	**255**	**261**	**274**
Attributable to:						
Owners of the Parent	-1	6	18	254	260	272
Non-controlling interests	0	0	0	1	2	2
Earnings per ordinary share, SEK	-0.21	-0.13	0.02	2.36	2.44	2.58
Diluted earnings per ordinary share, SEK	-0.21	-0.13	0.02	2.35	2.43	2.58
No. of ordinary shares	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571
Average no. of ordinary shares	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571
Average no. of ordinary shares after dilution	80,645,815	80,645,815	80,617,346	80,645,815	80,645,815	80,469,822
Number 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	10.00	40.00	40.00	40.00

*To provide a more comparative picture, the column shows what the figures would have been before the introduction of IFRS 16.

Consolidated statement of comprehensive income

SEK million	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
Net profit	**-1**	**18**	**255**	**274**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of net pension obligations	-	-	-	-
Deferred tax on remeasured net pension obligations	-	-	-	-
Total	**-**	**-**	**-**	**-**
Items that may be reclassified subsequently to profit or loss				
Translation differences for the period	20	32	6	19
Total	**20**	**32**	**6**	**19**
Total comprehensive income for the period	**19**	**50**	**261**	**293**
Total comprehensive income for the period attributable to:				
Owners of the Parent	19	49	260	290
Non-controlling interests	0	1	1	2

Consolidated statement of financial position

SEK million	31 Mar 2019	31 Mar 2018	31 Dec 2018
ASSETS			
Non-current assets			
Intangible assets	3,127	2,950	3,126
Property, plant and equipment	324	238	404
Right-of-use assets	926	-	-
Financial assets	9	10	8
Deferred tax assets	67	63	59
Total non-current assets	4,453	3,261	3,597
Current assets			
Inventories	937	598	895
Trade receivables	652	547	558
Current tax receivable	67	89	27
Other current receivables	55	37	67
Derivatives	0	0	0
Prepayments and accrued income	124	148	186
Cash and cash equivalents	80	192	241
Total current assets	1,915	1,611	1,975
Total assets	**6,368**	**4,872**	**5,571**
EQUITY AND LIABILITIES			
Equity			
Share capital	10	10	10
Other paid-in capital	1,995	1,995	1,995
Other reserves	54	47	34
Retained earnings, including net profit	520	365	520
Equity attributable to owners of the Parent	2,578	2,418	2,560
Non-controlling interests	7	14	7
Total equity	**2,586**	**2,432**	**2,567**
Liabilities			
Non-current interest-bearing liabilities	621	968	974
Non-current lease liabilities	649	-	-
Non-current non-interest-bearing liabilities	89	78	89
Pension obligations	2	2	2
Warranties and other provisions	5	4	10
Deferred tax	288	271	287
Total non-current liabilities	1,655	1,323	1,361
Current interest-bearing liabilities	611	34	241
Current lease liabilities	237	-	-
Advances from customers	93	82	73
Trade payables	593	485	706
Current tax liabilities	71	81	61
Derivatives	0	1	0
Accruals and deferred income	356	283	379
Other current liabilities	166	151	184
Total current liabilities	2,128	1,117	1,644
Total liabilities	**3,782**	**2,441**	**3,005**
Total equity and liabilities	**6,368**	**4,872**	**5,571**

Condensed consolidated cash flow statement

SEK million	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
Operating activities				
Profit before tax	0	24	292	316
Adjustment for non-cash items	120	40	284	204
Interest paid	-21	-6	-55	-39
Interest received	0	0	2	2
Income tax paid	-48	-33	-68	-53
Cash flow from operating activities before changes in working capital	**51**	**25**	**455**	**430**
Cash flow from changes in working capital				
Change in inventories	-40	16	-117	-62
Change in operating receivables	-71	-68	33	37
Change in operating liabilities	-98	-98	44	43
Cash flow from changes in working capital	-209	-150	-40	18
Cash flow from operating activities	**-158**	**-125**	**415**	**448**
Investing activities				
Investments in property, plant & equipment and intangible assets	-20	-15	-88	-83
Sale of property, plant & equipment and intangible assets	0	1	2	2
Investments in Group companies	-	-	-545	-545
Divestments of Group companies	-	-	1	1
Investments in financial assets	-2	-	-6	-4
Divestments of financial assets	-	-	0	0
Cash flow from investing activities	-21	-14	-635	-629
Financing activities				
Dividend on preference shares	-16	-16	-64	-64
Dividend on ordinary shares	-	-	-41	-41
Repayment of lease liabilities	-64	-6	-84	-26
Repayment of loans	-306	-90	-282	-67
Proceeds from borrowings	400	-	579	179
Cash flow from financing activities	14	-112	108	-18
Cash flow for the period	-165	-251	-113	-199
Cash and cash equivalents at beginning of period	241	438	192	438
Exchange differences	3	5	1	2
Cash and cash equivalents at end of period	80	192	80	241

Consolidated statement of changes in equity

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings including net profit	Non-controlling interests	Total equity
Closing balance, 31 Dec 2017	10	1,995	16	331	13	2,365
Transition effect IFRS 9 and IFRS 15, net of tax	-	-	-	-3	0	-3
Opening balance, 1 Jan 2018	10	1,995	16	328	13	2,362
Net profit	-	-		18	0	18
Other comprehensive income	-	-	32	-	0	32
Comprehensive income for the period	-	-	32	18	1	50
Remeasurement of non-controlling interests	-	-	-	20	-	20
Closing balance, 31 Mar 2018	10	1,995	47	365	14	2,432

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings including net profit	Non-controlling interests	Total equity
Opening balance, 1 Jan 2019	10	1,995	34	520	7	2,567
Net profit	-	-		-1	0	-1
Other comprehensive income	-	-	20	-	0	20
Comprehensive income for the period	-	-	20	-1	0	19
Dividend	-	-	-	-	-	-
Remeasurement of non-controlling interests	-	-	-	0	0	0
Closing balance, 31 Mar 2019	10	1,995	54	520	7	2,586

Key figures[2)]

SEK million	Jan-Mar 2019	Jan-Mar 2019[*)]	Jan-Mar 2018	LTM	LTM[*)]	Full year 2018
Net sales, SEK million	1,544	1,544	1,355	6,273	6,273	6,084
Net sales growth, %	14	14	82	26	26	36
Organic net sales growth, %	2	2	3	2	2	1
EBITDA, SEK million	136	69	77	611	544	552
Adjusted EBITDA, SEK million	577	577	517	577	577	573
EBITA, SEK million	37	35	51	420	417	433
EBITA margin, %	2	2	4	7	7	7
EBITA growth, %	-26	-32	27	8	8	18
Adjusted EBITA, LTM, SEK million	438	438	418	438	438	436
EBITA excl. central costs and items affecting comparability, SEK million	43	43	61	460	460	478
Organic EBITA growth, %	8	8	9	-2	-2	0
EBIT, SEK million	24	22	39	351	348	366
Profit after tax	-1	5	18	255	261	274
Basic earnings per ordinary share, SEK[1)]	-0.21	-0.13	0.02	2.36	2.44	2.58
Diluted earnings per ordinary share, SEK[1)]	-0.21	-0.13	0.02	2.35	2.43	2.58
Equity per ordinary share, SEK	21.86	21.86	19.98	21.86	21.86	21.63
Return on equity, %	10	10	10	10	10	11
Return on adjusted equity, %	11	11	11	11	11	13
Equity ratio, %	41	41	50	41	41	46
Cash conversion, LTM, %	73	73	94	73	73	86
Adjusted cash conversion, LTM, %	73	73	95	73	73	86
Operating cash flow, SEK million	-166	-166	-88	397	397	475
Adjusted operating cash flow, SEK million	-166	-166	-88	397	397	475
Net debt/EBITDA, x	2.10	2.1	1.5	2.1	2.1	1.7
No. of employees	2,122	2,122	1,737	2,122	2,122	1,871
Ordinary shares outstanding	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571
Average no. of ordinary shares outstanding	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571
Average no. of ordinary shares outstanding after dilution	80,645,815	80,645,815	80,617,346	80,645,815	80,645,815	80,469,822
Preference shares outstanding	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774

1) To provide a more comparative picture, the column shows what the figures would have been before the introduction of IFRS 16.

2) When calculating earnings per ordinary share, the preference share dividend of SEK 16 million per quarter is deducted for the period.

3) 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 million	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Operating income										
Net sales	1,544	1,831	1,470	1,428	1,355	1,517	1,224	872	744	780
Operating expenses										
Raw materials and supplies	-856	-997	-830	-784	-764	-824	-651	-409	-344	-351
Other external costs	-185	-223	-202	-216	-212	-214	-203	-130	-137	-132
Personnel expenses	-376	-409	-292	-312	-304	-314	-253	-214	-202	-201
Other operating income	11	4	6	1	7	3	3	1	1	-2
Other operating expenses	-3	3	0	-2	-5	-2	-2	-2	-4	-4
EBITDA	**136**	**210**	**152**	**114**	**77**	**166**	**119**	**117**	**57**	**90**
Depreciation/amortisation	-98	-36	-29	-28	-26	-24	-23	-18	-17	-17
EBITA	**37**	**173**	**123**	**86**	**51**	**142**	**96**	**99**	**40**	**73**
Acquisition-related amortisation	-13	-13	-13	-12	-12	-13	-9	-5	-5	-4
Goodwill impairment	-	-14	-	-4	-	-	-	-	-	-
Operating profit/EBIT	**24**	**147**	**110**	**70**	**39**	**129**	**87**	**94**	**36**	**68**
Finance income and costs										
Finance income	5	14	3	10	3	2	1	2	3	3
Finance costs	-29	-20	-17	-24	-18	-20	-16	-7	-6	-17
Profit before tax	**0**	**141**	**96**	**55**	**24**	**110**	**72**	**90**	**33**	**55**
Tax	-1	-19	-22	5	-6	-18	-19	-21	-5	-10
Net profit	**-1**	**121**	**74**	**61**	**18**	**93**	**53**	**68**	**28**	**45**
Attributable to:										
Owners of the Parent	-1	121	74	60	18	92	52	68	28	45
Non-controlling interests	0	0	1	1	0	0	1	1	0	1

Net sales, SEK million	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Trading	496	509	524	607	468	453	394	428	339	372
Industry	373	467	334	257	213	197	205	190	155	163
Akademibokhandeln	453	634	398	315	436	627	402	-	-	-
Consumer	222	222	214	249	238	241	222	253	249	244
Internal eliminations	0	-1	0	0	0	0	0	0	0	0
Total net sales	**1,544**	**1,831**	**1,470**	**1,428**	**1,355**	**1,517**	**1,224**	**871**	**744**	**780**
EBITDA, SEK million										
Trading	33	36	59	58	23	29	45	45	16	25
Industry	27	46	53	45	38	19	37	30	19	32
Akademibokhandeln	5	109	19	-27	-1	94	22	-	-	-
Consumer	12	27	35	50	26	43	33	55	36	53
Items affecting comparability	5	12	-	-	0	-7	1	1	-3	-11
Central costs	-13	-20	-14	-12	-10	-13	-19	-14	-11	-9
Total excl. IFRS 16	**69**									
IFRS 16 effect	67									
Total EBITDA	**136**	**210**	**152**	**114**	**77**	**166**	**119**	**117**	**57**	**90**
EBITA, SEK million										
Trading	28	32	54	53	19	26	42	43	14	23
Industry	13	30	44	38	32	13	31	24	12	25
Akademibokhandeln	-2	101	12	-34	-7	88	17	-	-	-
Consumer	4	19	27	41	17	35	25	46	28	45
Items affecting comparability	5	12	-	-	-	-7	1	1	-3	-11
Central costs	-14	-20	-14	-12	-10	-13	-19	-15	-11	-9
Total excl. IFRS 16	**35**									
IFRS 16 effect	3									
Total EBITA	**37**	**173**	**123**	**86**	**51**	**142**	**96**	**99**	**40**	**73**

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 2018 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 1-12 of this report are an integral part of the interim report.

New accounting policies for 2019

IFRS 16 Leases is effective from 1 January 2019 and requires assets and liabilities attributable to leases, with some exceptions, to be recognised in the balance sheet. Implementation of the new lease standard has resulted 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. IFRS 16 provides a choice of introduction method: the full retrospective approach, whereby all leases are remeasured from their inception date, or the modified retrospective approach, whereby historical obligations are not remeasured from their inception date but are assumed to have been entered into on 1 January 2019. Volati has chosen the modified retrospective approach, mainly applying the practical expedients concerning short-term leases and low-value leases, see also note 2.

With effect from 1 January 2019, NCI's share of profit attributable to put options is shown as profit attributable to non-controlling interests.

New balance sheet presentation

With effect from 1 January 2019, we have moved the previous finance leases from the 'property, plant and equipment' line to the 'right-of-use assets' line so that they are classified in the same place as operating leases under IFRS 16. We have also reclassified the 2018 balance sheet for finance leases.

Key assumptions

Key assumptions about the future are described in note 25 of the 2018 annual report. The introduction of IFRS 16 means that important new assumptions involving judgements have arisen. Within the Volati Group, the assessment of the extension options regarding right-of-use assets has been taken into account, have been taken into account if exercise of such options is reasonably certain. Use of the discount rate on leases also represents judgement in terms of what asset it refers to, the financial risk and length in years for the underlying market interest rate. An incorrect assessment of the above factors can result in right-of-use assets and lease liabilities being over- or undervalued.

Note 2 Transition to IFRS 16

To calculate the effect of IFRS 16, the length of the right-of-use asset has been based on the remaining lease terms, although extension options have been taken into account if exercise of such an option is reasonably certain. In addition, the calculation has been based on the leases that existed at the end of the 2018 financial year. For all contracts where the interest rate implicit in the lease could not be determined from the obligation, the discount rate used for the value of the obligation has been adjusted according to the type of leased asset it refers to, the geographical location of the asset and the estimated financial risk associated with the lessee. The discount rate used for obligations varies between 2 and 20 percent depending on these different assumptions.

The effects on assets, liabilities and equity that arose on transition on 1 January 2019 are shown below

SEK million	31 Dec 2018	Reclassification due to IFRS 16	Restatement, IFRS 16	Restated Balance sheet items 1 Jan 2019
ASSETS				
Non-current assets				
Intangible assets	3,126			3,126
Property, plant and equipment	404	-76		328
Right-of-use assets	-	76	901	977
Financial assets	8			8
Deferred tax assets	59			59
Total non-current assets	3,597		901	4,498
Current assets				
Inventories	895			895
Trade receivables	558			558
Tax receivable	27			27
Other current receivables	67			67
Derivatives	0			0
Prepayments and accrued income	186		-59	127
Cash and cash equivalents	241			241
Total current assets	1,975		-59	1,916
Total assets	**5,571**		**842**	**6,413**
EQUITY AND LIABILITIES				
Equity				
Share capital	10			10
Other paid-in capital	1,995			1,995
Other reserves	34			34
Retained earnings, including net profit	520			520
Equity attributable to owners of the Parent	2,560			2,560
Non-controlling interests	7			7
Total equity	**2,567**			**2,567**
Liabilities				
Non-current interest-bearing liabilities	974	-49		925
Non-current lease liabilities	-	49	648	697
Non-current non-interest-bearing liabilities	89			89
Pension obligations	2			2
Warranties and other provisions	10			10
Deferred tax	287			287
Total non-current liabilities	1,361		648	2,008
Current interest-bearing liabilities	241	-26		215
Current lease liabilities	-	26	208	235
Advances from customers	73			73
Trade payables	706			706
Tax liabilities	61			61
Derivatives	0			0
Accruals and deferred income	379		-14	364
Other current liabilities	184			184
Total current liabilities	1,644		194	1,838
Total liabilities	**3,005**		**842**	**3,846**
Total equity and liabilities	**5,571**		**842**	**6,413**

The introduction of IFRS 16 has had a positive effect of SEK 67 million on EBITDA for Q1 2019 and a negative effect of SEK 2 million on EBITA. The introduction of IFRS 16 has resulted in depreciation for the period increasing by SEK 65 million and interest expenses by SEK 11 million. Profit after tax has been negatively affected by SEK 7 million in the first quarter. Interest-bearing liabilities have increased by SEK 814 million at 31 March 2019 as a result of the transition to IFRS 16. Cash flow from operating activities has been positively affected by SEK 58 million, while cash flow from financing activities has been negatively affected by the corresponding amount. Volati AB's financial commitments under bank loan agreements are based on the accounting policies that existed at the inception of the loans, which is why the associated covenants are not affected by the introduction of IFRS 16. Net debt/adjusted EBITDA at 31 March 2019 was 2.1x.

Note 3 Risks and uncertainties

A detailed description of the Group's material risks and uncertainties can be found in the 2018 Annual Report.

Note 4 Segment reporting

At the end of Q4, Volati consisted of four business areas: Trading, Industry, Akademibokhandeln and Consumer.

Net sales, SEK million	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
Trading	496	468	2,135	2,107
Industry	373	213	1,431	1,271
Akademibokhandeln	453	436	1,800	1,784
Consumer	222	238	908	923
Internal eliminations	0	0	-2	-1
Total net sales	**1,544**	**1,355**	**6,273**	**6,084**

Sales between segments are not disclosed as they are immaterial.

EBITDA, SEK million	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
Trading	33	23	185	176
Industry	27	38	171	183
Akademibokhandeln	5	-1	107	100
Consumer	12	26	124	138
Items affecting comparability	5	0	17	12
Central costs	-13	-10	-59	-56
Total EBITDA excl. IFRS 16	69	77	544	552
IFRS 16 effect	67	0	67	0
Total EBITDA	**136**	**77**	**611**	**552**

EBITA, SEK million	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
Trading	28	19	167	158
Industry	13	32	125	144
Akademibokhandeln	-2	-7	77	72
Consumer	4	17	91	104
Items affecting comparability	5	-	17	12
Central costs	-14	-10	-60	-57
Total EBITA excl. IFRS 16	35	51	417	433
IFRS 16 effect	3	-	3	-
Total EBITA	37	51	420	433
Acquisition-related amortisation	-13	-12	-51	-49
Goodwill impairment	-	-	-18	-18
Net financial items	-24	-16	-59	-50
Profit before tax	**0**	**24**	**292**	**316**

EBIT, SEK million	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
Trading	26	16	157	147
Industry	11	32	120	140
Akademibokhandeln	-8	-13	53	48
Consumer	1	14	80	93
Goodwill impairment	-	-	-18	-18
Items affecting comparability	5	-	17	12
Central costs	-14	-10	-61	-57
Total EBIT excl. IFRS 16	22	39	348	366
IFRS 16 effect	3	-	3	-
Total EBIT	**24**	**39**	**351**	**366**

Note 5 Acquisitions and divestments of companies and operations

No acquisitions were made during Q1 2019.

After the end of the reporting period, Volati acquired all shares in Stenentreprenader i Hessleholm AB and Mundus Maskin AB on 11 April 2019. The acquisitions are add-on acquisitions for Volati’s Industry business area and the S:t Eriks and Tornum business units. The acquisitions have been conducted with immediate access to the shares, and the companies are therefore consolidated with effect from 1 April. The acquisitions are expected to have a positive effect on Volati’s results for 2019 and contribute to an increase in return on equity. The acquisition analysis for the acquisitions will be presented in the interim report for the second quarter of 2019.

Note 6 Financial Instruments

Financial instruments: carrying amounts and fair values by measurement category

	31 Mar 2019 IFRS 9 category[1]	31 Mar 2019 Carrying amount	31 Mar 2019 Fair value	31 Dec 2018 IFRS 9 category[1]	31 Dec 2018 Carrying amount	31 Dec 2018 Fair value
Financial assets						
Other shares and interests	2	6	6	2	5	5
Other non-current financial assets	1.2	2	2	1.2	2	2
Derivatives held for trading	2	0	0	2	0	0
Trade receivables	1	652	652	1	558	558
Cash and cash equivalents	1	80	80	1	241	241
Financial liabilities						
Bonds	4	600	612	4	893	911
Loans from credit institutions	4	502	502	4	102	102
Derivatives held for trading	5	0	0	5	0	0
Trade payables	4	593	593	4	706	706
Additional consideration	5	29	29	5	29	29
Put options	6	71	71	6	71	71
Other current liabilities	4	16	16	4	32	32

1) applicable IFRS 9 categories

1= Financial assets at amortised cost

2=Financial assets at fair value through profit or loss

3= Financial assets at fair value through OCI

4= Financial liabilities at amortised cost

5= Financial liabilities at fair value through profit or loss

6= Financial liabilities at fair value through equity

For a description of what is included in the various items and the measurement method, see note 21 of the 2018 annual report.

Financial instruments measured at fair value

	31 Mar 2019 Carrying amount	31 Mar 2019 Quoted prices Level 1	31 Mar 2019 Observable inputs Level 2	31 Mar 2019 Unobservable inputs Level 3	31 Dec 2018 Carrying amount	31 Dec 2018 Quoted prices Level 1	31 Dec 2018 Observable inputs Level 2	31 Dec 2018 Unobservable inputs Level 3
Financial assets								
Derivatives	0	0	-	-	0	0	-	-
Financial liabilities								
Derivatives	0	0	-	-	0	0	-	-
Put options	71	-	-	71	71	-	-	71
Additional consideration [1]	29	-	-	29	29	-	-	29

1) Additional consideration is often contingent on the financial performance of the acquired business over a specific period and is measured on the basis of management's best estimate. Discounting to present value is applied for large amounts or long durations.

Note 7 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. As a result of the new standard IFRS 16 Leases that came into effect on 1 January 2019, Volati has changed the definition of some of the alternative key ratios compared with previous years and also in the 2018 annual report, see the definition below.

Alternative performance measures

The following table sets out definitions for Volati's key figures. The calculation of APMs is presented separately below.

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 unit had been owned for the same length of time in the comparative period as the length of time it has been legally consolidated in the current period.	This metric is used by management to monitor the underlying, non-acquired and non-currency-affected, 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.	EBITDA is used together with EBITA to clarify earnings before the effects of depreciation and amortisation, and earnings before amortisation of acquisition-related intangible assets, in order to provide a view of the profit generated by operating activities.
Adjusted EBITDA*)	Calculated as EBITDA, excl. IFRS 16 adjustments, 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, as it does not include items not directly attributable to day-to-day operations.
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, excl. IFRS 16 adjustments, 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, excl. IFRS 16, 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, excl. IFRS 16, 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, excl. IFRS 16, 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 unit had been owned for the same length of time in the comparative period as the length of time it has been legally consolidated in the current period.	Used by management to monitor the underlying earnings growth for existing operations.

*) Updated compared with the 2018 annual report, mainly regarding the exclusion of IFRS 16 effects.

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 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 ordinary share capital invested in the Company by owners of ordinary shares.
Return on capital employed (ROCE excl. GW) *)	EBITA, excl. IFRS 16, excluding items affecting comparability for the last 12 months divided by average capital employed, excl. IFRS 16, 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, excl. IFRS 16, excluding items affecting comparability for the last 12 months divided by average capital employed, excl. IFRS 16, 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 excluding IFRS 16.	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 excluding IFRS 16 adjustments.	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, excl. IFRS 16, less the difference between investments in/divestments of property, plant & equipment and intangible assets, after adjustment for cash flow from changes in working capital, excl. IFRS 16.	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, excl. IFRS 16 adjustments, at the end of the period in relation to adjusted EBITDA for the period.	The metric can be used to assess financial risk.

*) Updated compared with the 2018 annual report, mainly regarding the exclusion of IFRS 16 effects.

Calculations of alternative performance measures are presented separately below.

	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
Calculation of organic net sales growth				
Net sales	1,544	1,355	6,273	6,084
Acquired/divested net sales	-158	-583	-1,201	-1,636
Currency effects	-8	-2	-	-41
Comparative figure for previous year	1,379	769	5,073	4,407
Organic net sales growth, %	**2**	**3**	**2**	**1**
EBITA excl. central costs and items affecting comparability				
EBITA	37	51	420	433
Reversal of IFRS 16 effect	-3	-	-3	-
Adjustment for items affecting comparability	-5	-	-17	-12
EBITA excl. items affecting comparability	30	51	400	421
Adjustment for central costs	14	10	60	57
EBITA excl. central costs and items affecting comparability	**43**	**61**	**460**	**478**
Adjusted net sales				
Net sales, LTM	6,273	4,967	6,273	6,084
Acquired companies	532	702	532	690
Adjusted net sales	**6,805**	**5,669**	**6,805**	**6,773**
Adjusted EBITA and EBITDA				
EBITDA, LTM	611	478	611	552
Reversal of IFRS 16 effect	-67	-	-67	-
Acquired companies	46	31	46	30
Transaction costs	4	14	4	3
Listing costs, ordinary share	-	0	-	-
One-time payments	-3	-5	-3	2
Additional consideration remeasurement	-14	-1	-14	-14
Adjusted EBITDA	**577**	**517**	**577**	**573**
Depreciation/amortisation	-192	-91	-192	-119
Reversal of IFRS 16 effect	64	-	64	-
Depreciation/amortisation, acquired companies	-12	-8	-12	-18
Adjusted EBITA	**438**	**418**	**438**	**436**
Calculation of organic EBITA growth				
EBITA	37	51	420	433
Reversal of IFRS 16 effect	-3	-	-3	-
Adjustment for items affecting comparability	-5	-	-17	-12
Adjustment for central costs	14	10	60	57
EBITA excl. central costs and items affecting comparability	**43**	**61**	**460**	**478**
Total acquired/divested EBITA	23	-2	-21	-34
Currency effects	0	0	-	-1
Comparative figure for previous year	66	59	439	443
Organic EBITA growth, %	**8**	**9**	**-2**	**0**

	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018	Excl IFRS 16 Jan-Mar 2019	Excl IFRS 16 LTM 2019
Basic earnings per ordinary share						
Net profit attributable to owners of the Parent	-1	18	254	272	6	260
Deduction for preference share dividend	16	16	64	64	16	64
Net profit attributable to owners of the Parent, adjusted for preference share dividend	-17	1	189	208	-10	196
Average no. of ordinary shares	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571	80,406,571
Earnings per ordinary share, SEK	**-0.21**	**0.02**	**2.36**	**2.58**	**-0.13**	**2.44**
Diluted earnings per ordinary share						
Net profit attributable to owners of the Parent, adjusted for preference share dividend	-17	1	189	208	-10	196
Average no. of ordinary shares after dilution	80,645,815	80,617,346	80,645,815	80,469,822	80,645,815	80,645,815
Diluted earnings per ordinary share, SEK	**-0.21**	**0.02**	**2.35**	**2.58**	**-0.13**	**2.43**

	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
Equity per ordinary share				
Equity at end of period including non-controlling interests	2,586	2,434	2,586	2,567
Preference share capital	828	828	828	828
Equity at end of period including non-controlling interests, adjusted for preference share capital	1,758	1,606	1,758	1,739
No. of ordinary shares outstanding at end of period	80,406,571	80,406,571	80,406,571	80,406,571
Equity per ordinary share, SEK	**21.86**	**19.98**	**21.86**	**21.63**
Calculation of return on equity				
(A) Net profit, LTM, including non-controlling interests	255	232	255	274
Adjustment for preference share dividends, including dividends accrued but not yet paid	-64	-64	-64	-64
(B) Net profit, adjusted	191	167	191	210
(C) Average total equity	2,511	2,323	2,511	2,473
(D) Average adjusted equity	1,682	1,495	1,682	1,645
(A/C) Return on total equity, %	**10**	**10**	**10**	**11**
(B/D) Return on adjusted equity, %	**11**	**11**	**11**	**13**
Calculation of equity ratio				
Equity including non-controlling interests	2,586	2,434	2,586	2,567
Total assets	6,368	4,871	6,368	5,571
Equity ratio, %	**41**	**50**	**41**	**46**

Calculation of operating cash flow and cash conversion, %	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
(A) EBITDA excl. IFRS 16 effect	69	77	544	552
(B) adjustment for non-cash items	-5	-	-19	-14
Change in working capital	-209	-150	-40	18
Reversal of IFRS 16 effect on working capital	-2		-2	
Net investments in property, plant & equipment and intangible assets	-19	-14	-86	-81
(C) Operating cash flow	-166	-88	397	475
Adjustment for net investments relating to Besikta Bilprovning's IT system	-	-	-	-
(D) Adjusted operating cash flow	-166	-88	397	475
(C/A) Cash conversion, %	**-240**	**-114**	**73**	**86**
(D/A) Adjusted cash conversion, %	**-240**	**-114**	**73**	**86**

Calculation of Net debt/Adjusted EBITDA, x	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
Net debt				
Cash and cash equivalents	-80	-192	-80	-241
Unrealised derivative contract assets	0	0	0	0
Pension obligations	2	2	2	2
Non-current interest-bearing liabilities	668	968	668	974
Current interest-bearing liabilities	637	34	637	241
Unrealised derivative contract liabilities	0	1	0	0
Accrued interest expenses	6	8	6	7
Pension assets	-2	-2	-2	-2
Adjustment for nominal value of bond liability	5	-10	5	-6
Adjustment for shareholder loans	-25	-23	-25	-25
Net debt	**1,211**	**786**	**1,211**	**949**
Adjusted EBITDA	577	517	577	573
Net debt/Adjusted EBITDA, x	**2.1**	**1.5**	**2.1**	**1.7**

ROCE %, at 31 March 2019	Trading	Industry	Akademi-bokhandeln	Consumer	Central costs	Volati Group
1) EBITA, LTM	167	125	77	91	-60	400
Capital employed at 31 March 2019						
Intangible assets	942	770	852	848		3,127
Adjustment for goodwill, patent/technology, brands	-937	-752	-789	-786		-29 79
Property, plant and equipment	31	219	34	25		324
Financial right-of-use assets	21	45	3	4		73
Inventories	370	382	156	29		937
Trade receivables	349	238	24	42		652
Other current receivables	4	22	23	3		55
Prepayments and accrued income excl. IFRS 16	31	74	51	24		184
Adjustment for non-working-capital-related current receivables						-2
Advances from customers	-3	-76	-1	-13		-93
Trade payables	-216	-178	-157	-40		-593
Accruals and deferred income	-77	-127	-81	-61		-356
Other current liabilities	-45	-29	-32	-31		-166

ROCE %, at 31 March 2019	Trading	Industry	Akademi-bokhandeln	Consumer	Central costs	Volati Group
Adjustment for non-working-capital-related current liabilities						17
Adjusted for preference share dividend						16
Capital employed at 31 March 2019	**471**	**588**	**82**	**42**		**1,197**
Adjustment for average capital employed, LTM	-27	-153	-6	0		-190
2) Average capital employed, LTM	**444**	**435**	**76**	**42**		**1,007**
ROCE excl. GW 1)/2), %	**38**	**29**	**101**	**217**		**40**
3) Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives	**1,297**	**731**	**727**	**816**		**3,650**
ROCE incl. goodwill 1)/3), %	**13**	**17**	**11**	**11**		**11**

ROCE %, at 31 December 2018	Trading	Industry	Akademi-bokhandeln	Consumer	Central costs	Volati Group
1) EBITA excl. IFRS 16 effect, LTM	297	256	151	192	-103	792
Capital employed at 31 December 2018						
Intangible assets	936	772	859	844		3,126
Adjustment for goodwill, patent/technology, brands	-932	-753	-794	-779		-2,972
Property, plant and equipment	54	263	40	31		328
Inventories	346	324	196	29		895
Trade receivables	292	201	30	36		558
Other current receivables	10	26	28	2		67
Prepayments and accrued income	38	74	50	23		186
Adjustment for non-working-capital-related current receivables						0
Advances from customers	-2	-60	0	-11		-73
Trade payables	-220	-169	-260	-54		-706
Accruals and deferred income	-83	-136	-94	-54		-379
Other current liabilities	-32	-28	-52	-27		-184
Adjustment for non-working-capital-related current liabilities						18
Adjusted for preference share dividend						32
Capital employed at 31 December 2018	**407**	**513**	**3**	**40**		**896**
Adjustment for average capital employed, LTM	25	-177	75	5		-72
2) Average capital employed, LTM	**432**	**336**	**78**	**45**		**824**
ROCE excl. GW 1)/2), %	**69**	**76**	**193**	**428**		**96**
3) Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives	**1,284**	**669**	**728**	**817**		**3,493**
ROCE incl. goodwill 1)/3), %	**23**	**38**	**21**	**23**		**23**

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. The figures below for 2019 are shown including IFRS 16 effects.

Parent Company condensed income statement

SEK million	Jan-Mar 2019	Jan-Mar 2018	LTM	Full year 2018
Net sales	4	3	16	14
Operating expenses	-14	-12	-50	-48
Operating profit/loss[1)]	-9	-9	-34	-34
Profit/loss from financial investments	35	27	640	632
Profit after financial items	26	18	606	598
Appropriations	-	-	-101	-101
Tax for the period	-6	-4	0	-2
Net profit	**20**	**14**	**503**	**497**

1) Operating profit includes bank charges.

Parent Company condensed statement of financial position

SEK million	31 Mar 2019	31 Dec 2018
Non-current assets	1,595	1,594
Current assets	4,673	4,072
Total assets	**6,268**	**5,666**
Equity	3,460	3,244
Untaxed reserves	54	54
Pension obligations	1	1
Non-current liabilities	595	740
Current liabilities	2,159	1,628
Total equity and liabilities	**6,268**	**5,666**