



# K I N N E V I K

## INTERIM REPORT 1 JANUARY - 30 SEPTEMBER 2016

NAV  
**SEK 74.5bn**

CHANGE IN NAV Q/Q  
**15%**

INVESTMENTS  
**SEK 742m**

NET INVESTMENTS  
**SEK 735m**

1 YEAR TSR  
**3%**

5 YEAR TSR  
**17%**

### PORTFOLIO COMPANIES' PERFORMANCE

- Zalando's preliminary numbers for the third quarter showed revenue growth of 16-18% with an EBIT margin of 1.0-3.0%
- Millicom's organic service revenues declined by 0.2% in the third quarter and the adjusted EBITDA margin amounted to 36%
- Tele2 grew its third quarter revenues by 3% and delivered an EBITDA margin of 22%
- MTG reported third quarter organic revenue growth of 7% and an EBIT margin before non-recurring items of 4%

### KINNEVIK INVESTMENT ACTIVITIES

- Total investments of SEK 742m in the third quarter, all into existing companies
- Global Fashion Group closed its EUR 330m funding round, with Kinnevik investing EUR 161m in total whereof EUR 61m in the third quarter
- Linio completed a EUR 50m funding round, with a Kinnevik participation of EUR 12m
- Home24 completed a EUR 20m funding round, with Kinnevik investing EUR 2.8m

### KINNEVIK FINANCIAL POSITION

- Net Asset Value of SEK 74.5bn (SEK 271 per share), up 15% or SEK 10.0bn in the quarter, driven by:
  - 15% or SEK 8.4bn increase in value of the listed investee companies, of which Zalando SEK 10.3bn
  - 16% or SEK 1.6bn increase in value of the unlisted investee companies, of which GFG SEK 1.5bn
- Net debt position of SEK 0.4bn at the end of the quarter

SEKm	30 Sep 2016	30 Jun 2016	31 Dec 2015	30 Sep 2015
Net Asset Value	74 507	64 550	83 517	82 105
Net Asset Value per share, SEK	270.82	234.63	301.10	296.01
Share price, SEK	218.20	198.50	262.00	238.80
Net cash / (net debt)	-419	354	7 558	34

SEKm	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	FY 2015
Net profit	9 954	-5 199	-1 377	-159	1 207
Net profit per share, SEK	36.06	-18.73	-4.99	-0.57	4.35
Change in fair value of financial assets	9 968	-5 137	-3 015	-2 985	-1 537
Dividends received	13	-	1 716	2 984	2 984
Investments	742	375	2 428	1 529	1 562
Divestments	7	-	464	665	8 298

Net Asset Value for Q2 and Q3 2016 is not adjusted for SEK 2.1bn in ordinary dividend paid and SEK 5.0bn distributed by way of the mandatory share redemption program in Q2 2016. Comparative figures for the corresponding periods 2015 are restated due to a change to Investment Entity accounting according to IFRS10, see further in Note 1.

## Chief executive's review

Kinnevik had a strong third quarter, with continued solid operational performance particularly in our e-commerce assets. Zalando's sustained sales growth and efficient cost management resulted in a significantly improved margin development. Despite continued macroeconomic headwinds, the Global Fashion Group (GFG) companies also continued to deliver strong performance both in terms of sales growth and progress on their path to profitability. Following the sale of Jabong to Flipkart, GFG now has significantly improved financial metrics and access to the capital it requires to build all of its operating businesses. Focus on data monetisation and cable footprint expansion continued to drive growth in Millicom and Tele2. During the quarter, we continued to selectively invest in a number of our existing e-commerce businesses such as Linio and Home24, and to progress on our portfolio rationalization work.

### KINNEVIK THIRD QUARTER RESULT

During the third quarter of 2016, Kinnevik's Net Asset Value (NAV) increased by 15% from SEK 64.6bn to SEK 74.5bn. This increase was mainly driven by improved performance and multiple expansion at both Zalando (up SEK 10.3bn) and the companies within GFG (up SEK 2.1bn including SEK 0.6bn in new funding). Our Communications investments were down 8% with Millicom down 13% and Tele2 up 1%. Overall, the value of our private companies increased by 16% mainly driven by the increase in the value of the GFG companies.

Our share price increased by 10% to SEK 218 ending the quarter at a 19% discount to our reported NAV. On 25 October, Kinnevik's NAV was SEK 77.7bn or SEK 282 per share, with the Kinnevik share trading at SEK 231 or an 18% discount.

### SOLID OPERATIONAL PERFORMANCE, TRANSFORMATION OF GFG, AND CONTINUED INNOVATION

According to preliminary third quarter figures, Zalando grew revenues by 16-18% to EUR 827-841m with an EBIT margin of 1-3%, delivering profitability levels well ahead of expectations. Zalando launched an exclusive partnership with Tommy Hilfiger, confirming its ability to deliver outstanding European reach to international fashion brands. In order to further improve delivery services across Europe, Zalando announced an expansion of its European logistics network, with the planned opening of further sites in France and Poland.

The GFG companies delivered a solid set of results in the first half of 2016, with continued growth and improving margins across all regions. Net revenues grew by 36.6% on a constant currency basis to EUR 456m and the EBIT margin improved by 19 percentage points to negative 14.8% for the first six months of 2016. In July, GFG sold its Indian business Jabong to Flipkart for USD 70m in cash. This transaction is a decisive step in GFG's strategy to refocus on core markets and further accelerate its path to profitability.

Millicom reported third quarter revenues of USD 1.6bn with organic service revenue down 0.2%. Rapid growth in mobile data and expansion of the cable footprint is gradually shifting the revenue mix towards high growth segments, as voice and SMS revenues weakened. The cost structure of the business is being improved by enhancing the operational efficiency and the adjusted EBITDA margin improved to 36.1%.

Tele2 net sales were up 3% to SEK 7.0bn in the third quarter, with an EBITDA margin of 22%. Group mobile end-user service revenues was up 6% driven by increased focus on data monetization stimulating net intake and sales of larger data buckets. On 7 October, Tele2 received clearance for its acquisition of TDC Sweden. The transaction is expected to close by the end of October, allowing Tele2 to become a stronger player in the strategically important Swedish B2B market.

MTG reported sales growth of 7% to SEK 4,126m in the third quarter with an operating margin of 4% driven by MTG's strong content offering boosting viewing levels, advertising market shares, subscriber pricing and intake. In October, MTG added gaming as a third vertical in its MTGx portfolio of digital entertainment companies by acquiring 35% of the online games developer and publisher InnoGames. The investment is in line with MTG's digital strategy to invest in relevant, complementary, and scalable digital content alongside its e-sports and multi-channel network businesses.

### INVESTMENT MANAGEMENT ACTIVITIES

Net investments in the quarter amounted to SEK 735m, with SEK 578m invested into GFG, SEK 115m into Linio and SEK 27m into Home24. With the additional capital raised, each one of these businesses is now well equipped to capture its respective opportunity.

Net investments for the first nine months amounted to SEK 2.0bn and we expect to stay within our net investment guidance of SEK 2-3bn for the year. In addition, we have committed to subscribe to our pro rata share of Tele2's SEK 3bn rights issue in connection with its acquisition of TDC Sweden, which is expected to be completed in the fourth quarter of 2016.

### FINANCIAL POSITION

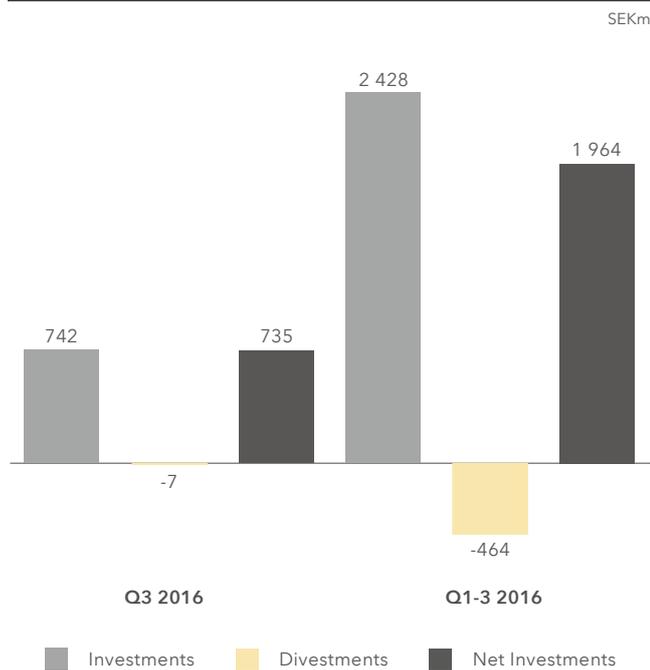
At the end of the quarter, our net debt position amounted to SEK 0.4bn. We are committed to our financial targets, and believe that the combination of our strong consumer brands and of our solid balance sheet will continue to support our strategy of value creation.

Lorenzo Grabau  
Chief Executive Officer

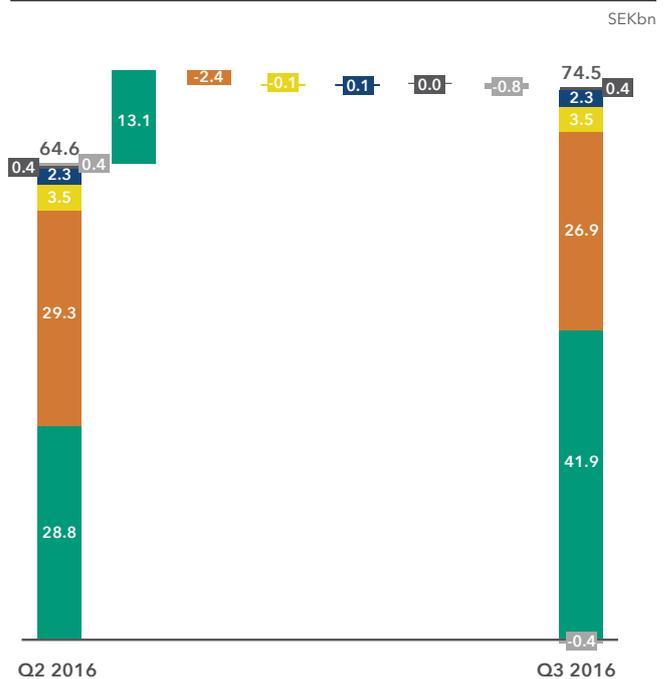
# Kinnevik in summary

Kinnevik is an industry focused investment company with an entrepreneurial spirit at its heart. Our purpose is to build the digital consumer businesses that provide more and better choice. We do this by working in partnership with talented founders and management teams to create, invest in and lead fast growing businesses in developed and emerging markets. We believe in delivering both shareholder and social value by building well governed companies that contribute positively to society. Kinnevik was founded in 1936 by the Stenbeck, Klingspor and von Horn families. Kinnevik's shares are listed on Nasdaq Stockholm's list for large cap companies under the ticker codes KINV A and KINV B.

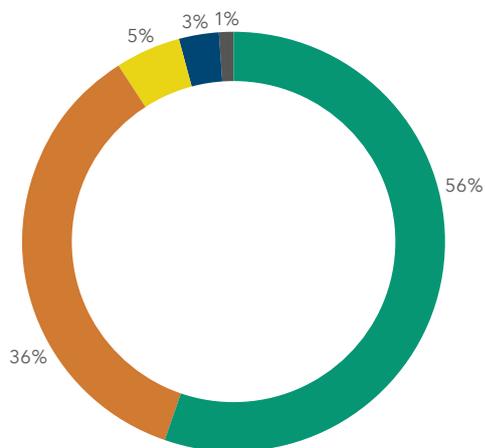
## INVESTMENT ACTIVITY



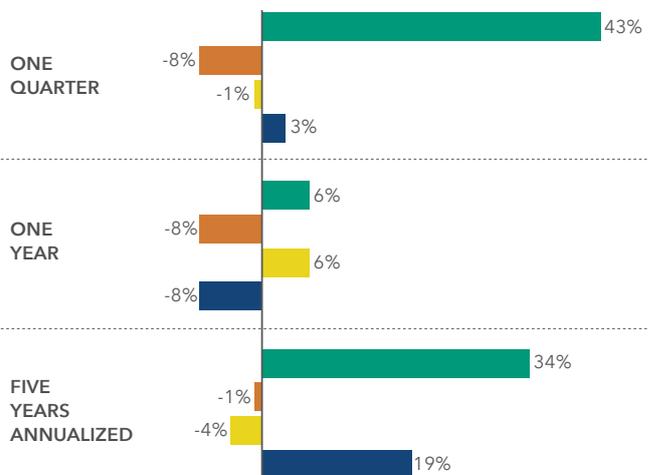
## PORTFOLIO DEVELOPMENT



## PORTFOLIO COMPOSITION



## PORTFOLIO RETURN RATES



One and five-year returns are annualized internal rates of return (IRR). The returns are based on fair values at the beginning and end of the respective period, includes cash and non-cash items and is calculated on a SEK gross basis.

- E-Commerce & Marketplaces
- Communication
- Entertainment
- Financial Services
- Other
- Net Cash/(Debt)

# Net Asset Value

SEKm	Fair value 2016 30 Sep	Fair value 2016 30 Jun	Fair value 2015 31 Dec	Fair value 2015 30 Sep	Total return 2016 <sup>1</sup>
Zalando	27 992	17 683	25 943	21 729	8%
Global Fashion Group	5 668	3 614	4 067	5 300	2%
Rocket Internet	4 019	3 593	5 627	5 845	-29%
Qliro Group	507	394	513	445	-1%
Home & Living E-Commerce <sup>2</sup>	582	565	1 250	1 347	-57%
Other E-Commerce <sup>2</sup>	1 338	1 147	1 028	1 446	126%
Avito	-	-	-	7 087	-
Quikr	1 544	1 527	1 519	1 511	2%
Other Marketplaces <sup>2</sup>	232	230	505	649	-55%
<b>Total E-Commerce &amp; Marketplaces</b>	<b>41 882</b>	<b>28 753</b>	<b>40 452</b>	<b>45 359</b>	<b>1%</b>
Millicom	16 856	19 410	18 479	19 788	-5%
Tele2	10 006	9 898	11 524	11 036	-7%
<b>Total Communication</b>	<b>26 862</b>	<b>29 308</b>	<b>30 003</b>	<b>30 824</b>	<b>-6%</b>
MTG	2 959	3 007	2 938	2 905	6%
Other	505	509	489	506	0%
<b>Total Entertainment</b>	<b>3 464</b>	<b>3 516</b>	<b>3 427</b>	<b>3 411</b>	<b>5%</b>
Bayport	1 132	1 120	1 278	1 456	-11%
Betterment	557	551	-	-	4%
Other <sup>2</sup>	626	589	501	502	27%
<b>Total Financial Services</b>	<b>2 315</b>	<b>2 260</b>	<b>1 779</b>	<b>1 958</b>	<b>0%</b>
<b>Other</b>	<b>403</b>	<b>359</b>	<b>298</b>	<b>518</b>	<b>-9%</b>
<b>Portfolio Value</b>	<b>74 926</b>	<b>64 196</b>	<b>75 959</b>	<b>82 071</b>	<b>-2%</b>
Net cash/debt	-419	354	7 558	34	
<i>whereof unpaid investments/divestments</i>	<i>-131</i>	<i>-62</i>	<i>-62</i>	<i>-367</i>	
<b>Total Net Asset Value</b>	<b>74 507</b>	<b>64 550</b>	<b>83 517</b>	<b>82 105</b>	
Net Asset Value per share, SEK	270.82	234.63	301.10	296.01	
Closing price, class B share, SEK	218.20	198.50	262.00	238.80	

<sup>1</sup> Includes investments, divestments and dividends.

<sup>2</sup> For split see page 13.

## E-Commerce & Marketplaces



Zalando is Europe's leading online fashion platform, offering clothing, shoes and accessories for women, men and children with more than 1,500 global and local brands as well as private labels. Zalando was founded in 2008, has an online presence in 15 European markets and is tailored to country-specific customer preferences.

- On 19 October, Zalando announced preliminary results for the third quarter, growing revenues to EUR 827-841m or by 16-18%
- Zalando expects an adjusted EBIT of EUR 8-25m in the third quarter, corresponding to a margin of 1.0-3.0%
- Zalando reiterated its full-year guidance of revenue growth at the upper end of the 20-25% growth corridor and increased adjusted EBIT margin guidance from 4.0-5.5% to 5.0-6.0%
- Zalando will publish its full financial results for the third quarter of 2016 on 10 November

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**32%**  
KINNEVIK STAKE

**SEK 28.0BN**  
FAIR VALUE

**18.8M**  
ACTIVE CUSTOMERS

Key data (EURm)	Jul-Sep		Jan-Sep	
	2016	2015	2016	2015
Revenue	827	713	2 540	2 090
% Growth	16%	42%	22%	35%
EBIT	8	-24	109	36
% Margin	1%	-3%	4%	2%

EBIT adjusted for share-based compensation. Numbers for the third quarter 2016 are preliminary, figures included in table represent bottom of preliminary range.



Global Fashion Group is the leading emerging markets fashion e-commerce company with operations across 24 markets with a 1.9 billion population, addressing a fashion market estimated to be worth EUR 300bn. The GFG companies, Lamoda, Dafiti, Namshi and Zalora including The Iconic, were founded in 2011 and 2012.

- GFG delivered strong operational performance during H1 2016 with a 36% yearly increase in active customers, totaling 9.4 million, NMV growth of 41% and revenue growth of 37%
- Adjusted EBITDA margin improved significantly during H1 2016 to -15%, versus -33% in H1 2015
- In August, GFG divested its Indian business Jabong to Flipkart for USD 70m in cash. For the 12 months ended 31 March 2016, Jabong represented 13% of GFG's net revenues and 22% of adjusted EBITDA loss

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**35%**  
KINNEVIK STAKE

**SEK 5.7BN**  
FAIR VALUE

**9.4M**  
ACTIVE CUSTOMERS

Key data (EURm)	Jan-Jun		Full year	
	2016	2015	2015	2014
Net revenue	456	361	930	628
% Growth	37%	-	69%	-
Gross profit	192	147	319	186
% Margin	42%	41%	34%	30%
EBITDA	-68	-121	-273	-238
% Margin	-15%	-33%	-29%	-38%

Half-year figures excludes Jabong. Figures for FY 2014 are based on simple aggregation and not a true consolidation. EBITDA adjusted for share-based compensation. Growth figures in constant currencies and pro forma divested operations.



Rocket Internet is a global internet platform that incubates and develops e-commerce and other consumer-oriented online companies. Founded in 2007, Rocket Internet now has a network of companies in 110 countries.

- Rocket Internet's larger portfolio companies showed continued strong growth with aggregated GMV of EUR 1.3bn and revenues of EUR 1.0bn in H1 2016, an annual increase of 38% and 32%, respectively
- For the same group of companies, aggregate adjusted EBITDA improved by EUR 84m, corresponding to a 15 percentage point improvement in adjusted EBITDA margin compared to H1 2015
- Home24 successfully closed a EUR 20m funding round, with Rocket Internet investing EUR 1.4m
- Rocket Internet's convertible buyback program was expanded to a maximum of additional EUR 85m until 30 September 2017

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**13%**  
KINNEVIK STAKE

**SEK 4.0BN**  
FAIR VALUE

**110**  
# OF COUNTRIES

## Qliro Group

Qliro Group is an e-commerce group in the Nordic region that includes the companies CDON, Nelly, Gymgrossisten, Lekmer and Qliro Financial Services. Established in 1999, the Group has expanded its product portfolio and is now a leading e-commerce player within consumer goods, lifestyle products and financial services.

- The third quarter saw improvements in gross margins driven by Qliro Financial Services' continued earnings improvement and Nelly's successful efforts in improving its assortment strategy and continued focus on private label. The increased focus on profitability weighed on revenue growth during the quarter
- A strategic review across all segments has been initiated, focused on the operational structure to evaluate synergies, optimise scalability, and highlight the potential of Qliro Financial Services. The review is expected to be concluded by year-end
- Marcus Lindqvist assumed the role of CEO of Qliro Group as of 1 August 2016

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**29%**  
KINNEVIK STAKE

**SEK 507M**  
FAIR VALUE

**3.8M**  
ACTIVE CUSTOMERS

Key data (SEKm)	Jul-Sep		Jan-Sep	
	2016	2015	2016	2015
Net Sales	917	930	2 945	2 943
% Growth	-1%	-3%	0%	2%
Gross profit	163	138	501	463
% Margin	18%	15%	17%	16%
EBITDA	-13	-19	-30	-34
% Margin	-1%	-2%	-1%	-1%

Excluding items affecting comparability and discontinued operations.



Home24 is an online store for furniture and home accessories in seven core markets in Europe and in Brazil. The broad range of around 100,000 products from over 800 manufacturers includes furniture, lamps, home accessories and garden equipment.

- Active customers increased by 10% on a yearly basis and totalled 1.0 million at the end of the second quarter 2016. GMV increased by 3% and amounted to EUR 57m in the second quarter
- Revenues increased by 3% in the second quarter to EUR 60m and the adjusted EBITDA margin amounted to -21%, an improvement of 9 percentage points
- Home24 raised EUR 20m from existing shareholders to strengthen its balance sheet and further invest in efficiency improvements on its path to profitability
- The integration of Fashion For Home is largely completed and the assortment integrated into the Home24 platform
- The company launched a new brand concept, including a reworked internet presence and a print catalogue to provide its customers with a better, more inspiring shopping experience

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**17%**  
KINNEVIK STAKE

**SEK 124M**  
FAIR VALUE

**1.0M**  
ACTIVE CUSTOMERS



Westwing is an international Home & Living e-commerce company offering a curated selection of home décor, interior design and furniture products. Westwing covers 14 markets across Europe, Brazil and Russia.

- Active customers increased by 4% on a yearly basis and totalled 0.9 million at the end of the second quarter 2016. GMV increased by 12% and amounted to EUR 63m in the second quarter
- Revenues increased by 8% in the second quarter to EUR 61m and the adjusted EBITDA margin amounted to EUR -6%, an improvement of 22 percentage points
- The profitability improvement was driven by the successful roll-out of proprietary tools that improve processes and efficiency across multiple areas including warehouse, logistics and customer care
- The company made significant improvements in their product offering, adding several high profile international Home & Living brands to its supplier base

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**17%**  
KINNEVIK STAKE

**SEK 429M**  
FAIR VALUE

**0.9M**  
ACTIVE CUSTOMERS

Key data (EURm)	Apr-Jun		Jan-Jun	
	2016	2015	2016	2015
Net revenue	60	58	124	118
% Growth	3%	75%	5%	99%
Gross profit	22	22	49	43
% Margin	36%	38%	40%	37%
EBITDA	-13	-17	-25	-37
% Margin	-21%	-30%	-21%	-32%

EBITDA adjusted for share-based compensation.

Key data (EURm)	Apr-Jun		Jan-Jun	
	2016	2015	2016	2015
Revenue	61	57	118	109
% Growth	8%	41%	8%	48%
Gross profit	25	24	50	45
% Margin	41%	42%	43%	41%
EBITDA	-4	-16	-10	-35
% Margin	-6%	-28%	-8%	-32%

EBITDA adjusted for share-based compensation.



Launched in 2012, Linio is an online shopping and selling destination in Spanish speaking Latin America with a presence in Argentina, Chile, Colombia, Mexico, Peru and Venezuela.

- In September, Linio raised EUR 50m of new funding, whereof Kinnevik committed to invest EUR 12m. The funding round is implemented in several tranches and post implementation of all tranches, Kinnevik's ownership stake in Linio will have increased to 27%<sup>1</sup>
- Linio's marketplace is growing at a fast pace and now offers more than six million products from over 27,000 sellers

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**27%**  
KINNEVIK STAKE

**SEK 359M**  
FAIR VALUE



Konga, founded in 2012, is one of the largest general merchandise marketplaces in Nigeria and ranks as one of the top 15 websites in the country.

- Active customers per end of August increased by 5% compared to last year, as Konga focused on improving operational efficiency
- The shift to a marketplace model is progressing successfully, with a substantial growth in marketplace GMV versus previous year
- Konga is progressing well on its path to profitability and reached break-even before overhead costs for the first time in September 2016

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**34%**  
KINNEVIK STAKE

**SEK 133M**  
FAIR VALUE



Quikr is India's number one online classifieds platform. Launched in 2008, today the company serves approximately 20 million unique monthly visitors.

- Quikr's platform generated 9.1 million responses in September 2016. Responses per listing increased by 110% compared to the same period last year
- The company had a strong third quarter for cash collections, continuing a trend of revenue growth across its five vertical categories
- The company made a number of bolt-on acquisitions during the quarter that enhance its strategic positioning and product offering - these include platforms offering jobs, vehicle maintenance services and on-demand beauty services

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**18%**  
KINNEVIK STAKE

**SEK 1.5BN**  
FAIR VALUE

**9.1M**  
SEPTEMBER RESPONSES



Saltside launched in 2011 and operates the top online horizontal classifieds platform in four frontier markets - Bangladesh, Sri Lanka, Ghana and Nigeria.

- Saltside's regional platforms generated 3.1 million responses in September, an increase of 24% compared to the same month last year
- The company delivered strong revenue growth in August, supported by the introduction of listing fees in Sri Lanka and consistent growth of membership packages sold to SMEs
- Network effects are allowing the local portals to continue to refine marketing efficiency and conversion

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**61%**  
KINNEVIK STAKE

**SEK 197M**  
FAIR VALUE

**3.1M**  
SEPTEMBER RESPONSES

<sup>1</sup> Not adjusted for management participations

## Communication



Millicom is an international telecommunications and media company dedicated to emerging markets in Latin America and Africa since 1990. Millicom is actively working on providing innovative and customer-centric digital lifestyle services.

- Organic service revenue declined by 0.2% in the third quarter, reflecting continued macroeconomic headwinds and a fall in voice and SMS revenues which offset the continued growth in mobile data and cable revenues
- Efficiency initiatives across the group in areas such as marketing and external services costs resulted in an adjusted EBITDA margin improvement of 2 percentage points
- Millicom continues to reconfigure its revenue mix towards mobile data and cable, and total cable footprint has passed 7.9 million homes

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**38%**  
KINNEVIK STAKE

**SEK 16.9BN**  
FAIR VALUE

**57.7M**  
MOBILE SUBSCRIBERS

# TELE2

Founded in 1986, Tele2 is one of Europe's leading telecommunications operators offering mobile communication services, fixed broadband and telephony, data network services and content services in 9 countries.

- Third quarter mobile end-user service revenue grew by 6% for the group and by 15% in the Netherlands, driven by continued strong focus on data monetisation
- With increased demand for data, Sweden continued to leverage on its dual brand strategy and delivered record mobile end-user service revenue
- The stable EBITDA margin was supported by strong development in Sweden, Baltics and Kazakhstan, which offset continued investments in the Netherlands
- In October, Tele2 received clearance on its acquisition of TDC Sweden by the European Commission

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**30%**  
KINNEVIK STAKE

**SEK 10.0BN**  
FAIR VALUE

**15.4M**  
MOBILE SUBSCRIBERS

Key data (USDm)	Jul-Sep		Jan-Sep	
	2016	2015	2016	2015
Revenue	1 555	1 600	4 655	4 936
% Growth	-2%	-7%	-6%	-
EBITDA	562	547	1 659	1 679
% Margin	36%	34%	36%	34%
EBIT	227	241	680	709
% Margin	15%	15%	15%	14%
Net profit/loss	24	12	111	-133

EBITDA is adjusted for restructuring and integration costs and other one-off items.

Key data (SEKm)	Jul-Sep		Jan-Sep	
	2016	2015	2016	2015
Revenue	6 961	6 791	20 075	19 913
% Growth	3%	3%	1%	4%
EBITDA	1 562	1 599	3 875	4 420
% Margin	22%	24%	19%	22%
EBIT	739	908	1 545	2 288
% Margin	11%	13%	8%	11%
Net profit/loss	-2 266	397	-1 987	1 223

Figures refer to continuing operations excludes one-off items.

## Entertainment



MTG is an international digital entertainment group. Its operations began in 1986, spans six continents and include TV channels and online platforms, content production and distribution businesses, radio stations, multi-channel networks, eSports and online gaming.

- MTG's third quarter revenue growth of 7% was the highest organic growth in five years, reflecting a stronger content offering boosting viewing levels, advertising market shares, subscriber pricing, and intake. The largest segment, Nordic Entertainment, increased revenues by 11% in the quarter
- The slight decrease in EBIT margin was a result of investments in content, expansion of MTGx, adverse currency effects and disposals of profitable businesses
- The acquisition of 35% of online gaming company InnoGames adds a third vertical to MTGx's portfolio of digital entertainment companies, and showcases MTG's transformation into a leading digital entertainment company

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**20%**  
KINNEVIK STAKE

**SEK 3.0BN**  
FAIR VALUE

**1.0M**  
PREMIUM SUBSCRIBERS IN THE NORDICS

Key data (SEKm)	Jul-Sep		Jan-Sep	
	2016	2015	2016	2015
Revenue	4 126	3 819	12 280	11 674
% Growth	7%	3%	4%	1%
EBIT	162	240	793	835
% Margin	4%	6%	7%	7%
Net profit/loss	93	-365	541	158

Excludes discontinued operations. EBIT is excluding non-recurring items.

## Financial Services



Bayport provides unsecured credit and other financial services to the formally employed mass market in Africa and Latin America since 2001.

- Active customers totalled 577,000 at the end of the third quarter, a yearly increase of 3%
- Bayport added several new products to its portfolio during the quarter, including car title-backed loans and fixed deposit accounts in Ghana
- The company continued to enhance its digital retail offering and grew the My Money customer base, surpassing 110,000 digital customers in Q3 2016

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**24%**  
KINNEVIK STAKE

**SEK 1.1BN**  
FAIR VALUE

**577 000**  
CUSTOMERS



Milvik offers, under the brand name BIMA, affordable and uniquely designed life and health insurance products via mobile phones since 2010. BIMA is active in Africa, Asia, Latin America and the Caribbean.

- At the end of the quarter, BIMA had 4.9 million active users across 15 countries, representing a yearly increase of 13% excluding discontinued products
- BIMA continues to focus on cross and up-sell of existing customer base which has resulted in several markets now being profitable or on a clear path towards profitability

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**39%**  
KINNEVIK STAKE

**SEK 426M**  
FAIR VALUE

**4.9M**  
ACTIVE USERS



Betterment is the largest independent automated investing service company in the United States. Betterment's vertically integrated platform provides fully automated, personalized advice and access to a low-cost, globally diversified investment portfolio.

- Assets under management amounted to USD 6.0bn by the end of the third quarter 2016, an increase of 126% compared to the same time last year. Number of customers totalled 197,000, an increase of 85% during the same period
- In the quarter, Betterment announced a partnership with Uber to provide their drivers with the tools to invest for retirement via Betterment for Business
- Betterment continued to launch products to further improve its customer proposition, including Tax-Coordinated Portfolios™ and further enhanced functionality to create a frictionless user experience

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**9%**  
KINNEVIK STAKE

**SEK 557M**  
FAIR VALUE

**197 000**  
CUSTOMERS

# Financial review

## DIVIDEND AND CAPITAL STRUCTURE

As at 30 September 2016, Kinnevik was in a SEK 0.4bn net debt position.

During 2016, Kinnevik has received cash dividends from Millicom, Tele2 and MTG of SEK 1.7bn in aggregate, and paid out an ordinary cash dividend of SEK 2.1bn to its shareholders. During 2016, Kinnevik has also executed a SEK 5.0bn mandatory share redemption program, and a SEK 500m share buyback program.

## FINANCIAL TARGETS

Based on the current portfolio composition, Kinnevik aims for an annual **total shareholder return** of 13% over the cycle.

Given the nature of Kinnevik's new investments, the goal is to have low or no **leverage** in the parent company.

Kinnevik aims to pay an annual **dividend** growing in line with dividends received from our investee companies and the cash flow generated from our investment activities.

Kinnevik will make **share buybacks** when our shares trade at a significant discount to their intrinsic value, as perceived by Kinnevik, and the company has significant net cash (taking into consideration its dividend expectations, net investment plan and operating cost).

## INVESTMENT ACTIVITY

Investee company (SEKm)	Jul-Sep 2016	Jan-Sep 2016
Betterment	-	538
Global Fashion Group	578	1 503
Home24	27	27
Babylon	-	118
Linio	115	115
Westwing	-	52
Other	22	75
<b>Investments</b>	<b>742</b>	<b>2 428</b>
Lazada	-	415
Other	7	49
<b>Divestments</b>	<b>7</b>	<b>464</b>
<b>Net investments</b>	<b>735</b>	<b>1 964</b>

For 2016, Kinnevik expects net investments to amount to SEK 2-3bn. In addition, Kinnevik has committed to subscribe to its pro rata share of Tele2's SEK 3bn rights issue, approximately SEK 900m, to be completed in the fourth quarter of 2016.

## KINNEVIK'S ORGANISATION

On 3 October 2016, Mattias Andersson joined Kinnevik as General Counsel, replacing Tobias Hultén who will leave Kinnevik at the end of October 2016.

## VALUATION OF UNLISTED ASSETS

Investment (SEKm)	Kinnevik ownership	Net invested amount	Fair value 30 Sep 2016	Change in fair value and dividends received		Valuation method
				July-Sep 2016	Jan-Sep 2016	
Global Fashion Group <sup>1,2,3</sup>	35%	5 658	5 668	1 476	98	Revenue multiple
<i>Home &amp; Living</i>						
Home24 <sup>2</sup>	17%	833	124	1	-704	Revenue multiple
Westwing <sup>2</sup>	17%	419	429	14	-16	Revenue multiple
Other	Mixed	109	29	-32	-40	Mixed
<i>Other E-Commerce</i>						
Lazada	4%	87	666	7	561	Latest transaction
Linio <sup>2</sup>	27%	306	359	32	109	Revenue multiple
Konga	34%	222	133	19	17	Revenue multiple
Other <sup>1</sup>	Mixed	700	180	5	-58	Mixed
<i>Marketplaces</i>						
Quikr	18%	879	1 544	17	25	DCF
Saltside	61%	195	197	2	2	Latest transaction <sup>4</sup>
Other	Mixed	534	35	-	-291	Mixed
<b>Total E-Commerce &amp; Marketplaces</b>		<b>9 941</b>	<b>9 364</b>	<b>1 541</b>	<b>-297</b>	
Metro	100%	1 036	368	-2	5	DCF
Other	Mixed	128	137	-2	-16	Mixed
<b>Total Entertainment</b>		<b>1 164</b>	<b>505</b>	<b>-4</b>	<b>-11</b>	
Bayport	24%	467	1 132	12	-146	Latest transaction
Betterment	9%	538	557	6	19	Latest transaction
Milvik/BIMA	39%	213	426	19	75	DCF
Other	Mixed	69	172	30	59	Mixed
<b>Total Financial Services</b>		<b>1 287</b>	<b>2 287</b>	<b>67</b>	<b>7</b>	
Babylon	13%	118	107	-2	-11	Latest transaction
Other	Mixed	487	67	-9	-8	Mixed
<b>Total Other</b>		<b>605</b>	<b>174</b>	<b>-11</b>	<b>-19</b>	
<b>Total Unlisted Assets</b>		<b>12 997</b>	<b>12 330</b>	<b>1 593</b>	<b>-320</b>	

<sup>1</sup> Net invested amounts include SEK 1.0bn in share distributions received from Rocket Internet.

<sup>2</sup> Ownership not adjusted for employee stock option plans and employee equity at subsidiary level.

<sup>3</sup> Includes investments and change in fair value of shareholder loan.

<sup>4</sup> Equivalent to invested amount in the company's respective share classes.

## FAIR VALUES AS AT 30 SEPTEMBER 2016

At the end of September, the fair value of Kinnevik's unlisted assets amounted to a total of SEK 12,330m, to be compared with an accumulated invested amount (net after dividends received) of SEK 12,997m. Change in fair value and dividends received amounted to SEK 1,593m in the third quarter, as specified in the table on the previous page.

As a consequence of Kinnevik's investee companies adopting different financing structures, the value of Kinnevik's shareholding in an investee company may be higher or lower than implied by Kinnevik's percentage ownership stake.

## GLOBAL FASHION GROUP

The valuation of Kinnevik's shareholding in Global Fashion Group (GFG) has been based on a average multiple of 1.5x the companies' latest publicly available 12 months' net revenues and net cash position as at 30 June 2016, adjusted for the funding round closing in July 2016 as well as the sale of GFG's Indian business Jabong for USD 70m. The average multiple used in the valuation corresponds to a 38% discount to GFG's listed and profitable developed market peers. The fair value of Kinnevik's aggregate shareholding in GFG implies a EUR 1.8bn valuation for 100% of the company's equity.

On 26 April, Kinnevik committed to invest up to EUR 200m in a minimum EUR 300m internal capital increase in GFG by way of a joint underwriting with Rocket Internet. Due to strong interest, the financing round's final size amounted to EUR 330m, and Kinnevik's final participation was scaled back to EUR 161m. EUR 50m of Kinnevik's committed amount was made available through a shareholder loan during the first quarter of 2016, with another EUR 50m disbursed during the second quarter. During the third quarter these shareholder loans were converted into equity and the final EUR 61m was invested. After completion of the capital increase Kinnevik now holds 35% of the issued share capital in GFG.

## E-COMMERCE

Revenue multiple valuations have been applied for Kinnevik's shareholdings in the e-commerce companies listed in the table on the right-hand side. The valuations have in all cases been based on the respective company's latest publicly available 12 months' net revenues and net cash positions as at 30 June 2016.

The peer group's average revenue multiple within the Home & Living category has been discounted downwards to 0.8x for Home24 and to 1.0x for Westwing when assessing the fair values of Kinnevik's shareholding.

The valuation of Kinnevik's shareholding in Lazada has been based on the valuation implied by Kinnevik's partial divestment which was completed during the second quarter. The valuation implies an equity value of USD 2.0bn.

Kinnevik's other general e-commerce investee companies, Linio and Konga, are continuing their shift from a purely inventory based business model into a marketplace model, where third party products are sold on the companies' platforms. Revenues from this model generally consist of the fees charged third party merchants. To reflect the ongoing shift in

business model in the method of valuing Kinnevik's shareholding in each company, the average trading multiples of two different peer groups have been applied in proportion to the revenue contribution of each business model. The weighted average multiple applied on the respective company's latest publicly available 12 months' net revenue is 1.9x for Linio and 2.5x for Konga (0.7x and 1.2x, respectively, in relation to net merchandise value during the same period).

Company	30 Sep * 2016	30 June * 2016	Adjusted multiple **
GFG	1.5	1.1	Yes
Home24	0.8	0.7	Yes
Westwing	1.0	1.0	Yes
Linio	1.9	1.4	Yes
Konga	2.5	1.8	No

\* Multiple of latest publicly available 12 months historical net revenues.

\*\* Multiple has been adjusted as per 30 September 2016 to reflect differences in factors such as profitability and growth rate. See Note 4 for further details.

## MARKETPLACES

The valuation of Kinnevik's shares in Quikr has primarily been based on a discounted cash flow analysis, which supports the value implied by the transactions made in secondary Quikr shares with various preferential rights in July 2015 at a valuation of USD 900m (USD 1,003m adjusted for subsequent equity issuances). The transactions involved approximately 6% of the company's diluted share capital at that point in time.

The valuation finds further support in recent equity issuances at valuations well in excess of the valuation forming the basis for Kinnevik's assessed fair value.

## FINANCIAL SERVICES

The valuation of Kinnevik's shares in Bayport has as in the previous quarter been based on the value implied by cash transactions made in secondary Bayport shares in February 2016 at a valuation of USD 547m. The size of the transactions, approximately 5% of the company's diluted share capital at that point in time, is considered sufficiently large to be applied to Kinnevik's entire shareholding in Bayport.

For Kinnevik's shares in Milvik/BIMA, the valuation as at 30 September 2016 has been based on a discounted cash flow analysis. The valuation implies an equity value of USD 128m.

Kinnevik's shares in Betterment have been valued in line with the valuation applied in the USD 100m funding round announced in the first quarter of 2016, corresponding to a fully diluted equity value of USD 700m.

**FAIR VALUES AND IMPLIED VALUES FROM LATEST TRANSACTIONS AS AT 30 SEPTEMBER 2016**

Investment (SEKm)	Valuation in latest transaction	Implied value Kinnevik's stake	Fair value Kinnevik's stake	Difference	Nature of latest transaction
Global Fashion Group	9 935	3 228	5 668	-2 440	New share issue
Home24	4 047	686	124	562	New share issue
Westwing	4 848	821	429	392	New share issue
Lazada	17 135	666	666	-	Sale of shares
Linio	1 439	359	359	-	New share issue
Quikr	13 145	2 362	1 544	818	New share issue
Saltside	971	591	197	394	New share issue
Bayport	4 682	1 132	1 132	-	Sale of shares
Betterment	5 929	557	557	-	New share issue
BIMA	1 184	476	426	50	New share issue
Iroko	573	105	105	-	New share issue
Other E-Commerce & Marketplaces	-	1 312	377	935	Various
Other Financial Services	-	174	172	2	Various
Other Entertainment	-	403	400	3	Various
Other	-	174	174	-	Various
<b>Total</b>		<b>13 046</b>	<b>12 330</b>	<b>716</b>	

In a number of Kinnevik's unlisted investee companies, shares have been issued or transacted at price levels that diverge from Kinnevik's recognized assessed fair values.

Newly issued shares may have preferential rights such as higher preference over an investee company's assets in the event of a liquidation or sale than Kinnevik's shares have; may represent a small share of an investee company's share capital; and may be directed solely to existing shareholders. Transactions in secondary shares may also represent a small share of an investee company's share capital or otherwise not be reflective of the value of an investee company as a whole. Therefore, Kinnevik does not necessarily consider these price levels as the most relevant base in assessing the fair values in Kinnevik's accounts.

As specified in the table above, the total difference between Kinnevik's pro rata share of the valuations implied by the latest transactions and the fair values in Kinnevik's accounts amounted to SEK 716m applied to Kinnevik's shareholdings as at 30 September 2016, whereof Kinnevik's E-Commerce & Marketplaces portfolio represented SEK 661m. Excluding Global Fashion Group, the aggregate difference amounted to SEK 3.2bn.

For further information about valuation principles and assumptions, please see Note 4.

**TOTAL SHAREHOLDER RETURN**


Past 30 years



Past 10 years



Past 5 years



Past 12 months

Total shareholder return is calculated on the basis of shareholders reinvesting all cash dividends, dividends in kind and mandatory share redemption proceeds into the Kinnevik share.

# Condensed Consolidated Income Statement

SEK m	Note	2016 1 Jul- 30 Sep	Restated 2015 1 Jul- 30 Sep	2016 1 Jan- 30 Sep	Restated 2015 1 Jan- 30 Sep	Restated 2015 Full year
Change in fair value of financial assets	4	9 968	-5 137	-3 015	-2 985	-1 537
Dividends received	5	13	-	1 716	2 984	2 984
Administration costs		-50	-50	-154	-145	-245
Other operating income		27	1	41	10	21
Other operating expenses		0	0	-1	-1	1
<b>Operating profit/loss</b>		<b>9 958</b>	<b>-5 186</b>	<b>-1 413</b>	<b>-137</b>	<b>1 224</b>
Financial net		-4	-12	36	-21	-14
<b>Profit/loss after financial net</b>		<b>9 954</b>	<b>-5 198</b>	<b>-1 377</b>	<b>-158</b>	<b>1 210</b>
Tax		0	-1	0	-1	-3
<b>Net profit/loss for the period</b>		<b>9 954</b>	<b>-5 199</b>	<b>-1 377</b>	<b>-159</b>	<b>1 207</b>
Net profit/loss per share before dilution		36.08	-18.74	-4.99	-0.57	4.35
Net profit/loss per share after dilution		36.06	-18.73	-4.99	-0.57	4.35
<b>Other comprehensive income</b>						
Cash flow hedging, gains/losses during the period		0	3	0	-2	2
<b>Total Other comprehensive income for the period</b>		<b>0</b>	<b>3</b>	<b>0</b>	<b>-2</b>	<b>2</b>
<b>Total Comprehensive income for the period</b>		<b>9 954</b>	<b>-5 196</b>	<b>-1 377</b>	<b>-161</b>	<b>1 209</b>
Outstanding shares at the end of the period		275 115 735	277 390 870	275 115 735	277 390 870	277 402 722
Average number of shares before dilution		275 115 735	277 390 870	275 683 841	277 375 383	277 380 851
Average number of shares after dilution		275 374 033	277 512 437	275 898 659	277 502 596	277 516 889

## CONSOLIDATED EARNINGS FOR THE THIRD QUARTER

The change in fair value of financial assets amounted to a profit of SEK 9,968m (loss of 5,137) for the third quarter of which a profit of SEK 8,388m (loss of 7,700) was related to listed holdings and a profit of SEK 1,580m (profit of 2,563) was related to unlisted holdings. See note 4 for further details.

## CONSOLIDATED EARNINGS FOR THE FIRST NINE MONTHS OF THE YEAR

The change in fair value of financial assets including dividends received amounted to a loss of SEK 1,299m (loss of 1) for the first nine months of the year of which a loss of SEK 978m (loss of 3,844) was related to listed holdings and a loss of SEK 321m (profit of 3,843) was related to unlisted holdings. See note 4 for further details.

# Condensed Consolidated Cash Flow Statement

SEK m	Note	2016 1 Jul- 30 Sep	Restated 2015 1 Jul- 30 Sep	2016 1 Jan- 30 Sep	Restated 2015 1 Jan- 30 Sep	Restated 2015 Full year
Dividends received	5	13	0	1 716	2 984	2 984
Cash flow from operations		-52	-43	-170	-130	-180
<b>Cash flow from operations before interest net and income taxes</b>		<b>-39</b>	<b>-43</b>	<b>1 546</b>	<b>2 854</b>	<b>2 804</b>
Interest, received		12	2	54	8	12
Interest, paid		-10	-9	-30	-30	-41
<b>Cash flow from operations</b>		<b>-37</b>	<b>-50</b>	<b>1 570</b>	<b>2 832</b>	<b>2 775</b>
Investments in financial assets		-673	-519	-2 359	-1 251	-1 590
Sale of shares and other securities		7	0	464	763	8 259
Other		0	-7	0	-10	-10
<b>Cash flow from investing activities</b>		<b>-666</b>	<b>-526</b>	<b>-1 895</b>	<b>-498</b>	<b>6 659</b>
Change in interest bearing loans		-14	-13	-14	-49	67
Repurchase of shares		-	-	-500	-	-
Dividend paid to equity holders of the Parent company		-	-	-7 084	-2 011	-2 011
<b>Cash flow from financing activities</b>		<b>-14</b>	<b>-13</b>	<b>-7 598</b>	<b>-2 060</b>	<b>-1 944</b>
<b>Cash flow for the period</b>		<b>-717</b>	<b>-589</b>	<b>-7 923</b>	<b>274</b>	<b>7 490</b>
<b>Cash and short term investments, opening balance</b>		<b>1 674</b>	<b>2 253</b>	<b>8 880</b>	<b>1 390</b>	<b>1 390</b>
<b>Cash and short term investments, closing balance</b>		<b>957</b>	<b>1 664</b>	<b>957</b>	<b>1 664</b>	<b>8 880</b>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>						
Investments in financial assets	4	-742	-375	-2 428	-1 529	-1 562
Current period investments, not yet paid		69	197	69	367	62
Prior period investments, paid in current period		-	-341	-	-89	-90
<b>Cash flow from investments in financial assets</b>		<b>-673</b>	<b>-519</b>	<b>-2 359</b>	<b>-1 251</b>	<b>-1 590</b>

# Condensed Consolidated Balance Sheet

SEK m	Note	2016 30 Sep	Restated 2015 30 Sep	Restated 2015 31 Dec
<b>ASSETS</b>				
<b>Fixed assets</b>				
Financial assets accounted at fair value through profit and loss	4	74 910	82 071	75 960
Tangible fixed assets		65	65	66
Other fixed assets		5	0	3
<b>Total fixed assets</b>		<b>74 980</b>	<b>82 136</b>	<b>76 029</b>
Other current assets		29	11	18
Short term investments		672	1 242	8 321
Cash and cash equivalents		285	422	559
<b>TOTAL ASSETS</b>		<b>75 966</b>	<b>83 811</b>	<b>84 927</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Shareholders' equity attributable to equityholders of the Parent Company		74 507	82 097	83 464
Interest bearing liabilities, long term		1 245	1 262	1 259
Interest bearing liabilities, short term		0	1	1
Non interest bearing liabilities		214	451	203
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>75 966</b>	<b>83 811</b>	<b>84 927</b>

## Key Ratios

Ratio	Note	2016 30 Sep	Restated 2015 30 Sep	Restated 2015 31 Dec
Debt/equity ratio		0.02	0.02	0.02
Equity ratio		98%	98%	98%
Net cash/(Net debt) for the Group	6	-419	34	7 568

# Condensed Report of Changes in Equity for the Group

Attributable to the Parent Company's shareholders

SEK m	Share capital	Other contributed capital	Hedging reserve	Translation reserve	Retained earnings including net result for the year	Total	Non-controlling interest	Total shareholders' equity
<b>Closing balance 31 December 2014</b>	28	8 840	-36	-1	75 345	84 176	30	84 206
Effect of changes in accounting principles				1	97	98	-30	68
<b>Opening Equity 1 January 2015</b>	28	8 840	-36	0	75 442	84 274	0	84 274
Other comprehensive income			2			2	0	2
Profit for the year					1 207	1 207		1 207
<b>Total comprehensive income for the year</b>	0	0	2	0	1 207	1 209	0	1 209
<b>Other changes in shareholders' equity</b>								
Effect of employee share saving programme					-8	-8		-8
Cash dividend					-2 011	-2 011		-2 011
<b>Closing balance 31 December 2015</b>	28	8 840	-34	0	74 630	83 464	0	83 464
Other comprehensive income					0	0		0
Profit for the year					-1 377	-1 377		-1 377
<b>Total comprehensive income for the period</b>	0	0	0	0	-1 377	-1 377	0	-1 377
<b>Other changes in shareholders' equity</b>								
Effect of employee share saving programme					5	5		5
Redemption program and cash dividend					-7 084	-7 084		-7 084
Share buy-backs	-1				-500	-501		-501
<b>Closing balance 30 September 2016</b>	27	8 840	-34	0	65 674	74 507	0	74 507

# Notes for the Group (SEKm)

## NOTE 1 ACCOUNTING PRINCIPLES

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The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. This report was prepared in accordance with the Annual Accounts Act and IAS 34, Interim Financial Reporting. Information in accordance with IAS 34, Interim Financial Reporting is provided in the notes as well as on other places in the interim report.

### CHANGED ACCOUNTING POLICIES 2016

To make the financial statements for Kinnevik better reflect the activities of the group, Kinnevik has, after an assessment, decided to apply Investment Entity accounting according to IFRS 10. This means that the operating subsidiaries; Metro, Saltside, G3 and Vireo, are valued at fair value through profit and loss instead of being consolidated from 1 January 2016. Comparative numbers for 2015 have been recalculated according to the new policy. The effect of the changes in the accounting principles are presented in the "Statement of Changes in Equity" and in Note 7 "Restatement of Financial Statements in respect of application of IFRS 10, Investment entities" in the interim report for the first quarter 2016.

In all other aspects, the accounting principles and calculation methods applied in this report are the same as those described in the 2015 Annual Report.

### Classification as an Investment Entity

Kinnevik believes that the Company meets the criteria to qualify as an investment entity and the following key considerations were observed in conjunction with the assessment:

- Kinnevik receives capital from its shareholders in order to invest in portfolio companies that Kinnevik subsequently assists in developing in an effort to generate a return in the form of both a direct yield and value appreciation on the investment. Investments are made both in listed and unlisted companies.
- Moreover, Kinnevik continually monitors and evaluates its investments in portfolio companies on the basis of fair value.
- Kinnevik currently focuses on investments in a number of different sectors. The company does not have an explicit time horizon as regards the scheduling of a divestment; instead, the investment strategy is assessed on a continual basis and the focus changes over time.

## NOTE 2 RISK MANAGEMENT

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The Group's management of financial risks is centralized within Kinnevik's finance function and is conducted on the basis of a policy established by the Board of Directors. The Group's operational risks are primarily evaluated and managed within the particular business area and then reported to the Kinnevik Board.

The Group has established a model for risk management, the aims of which are to identify, control and reduce risks. The identified risks and how they are managed are reported to the Kinnevik Board on a regular basis.

Kinnevik is exposed to financial risks mainly in respect of changes in the value of the stock portfolio, changes in market interest rates, exchange rate risks, liquidity and refinancing risks and counterparty risks. Kinnevik is also exposed to political and other market and funding related risks since a number of the companies Kinnevik has invested in are early stage businesses and may have a substantial part of their operations in emerging markets such as Latin America, Sub-Saharan Africa, Russia and Eastern Europe.

For a more detailed description of the Company's risks and risk management, refer to the Board of Directors' report and Note 24 of the 2015 Annual Report.

## NOTE 3 RELATED PARTY TRANSACTIONS

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Related party transactions for the period are of the same character as the transactions described in the 2015 Annual Report.

#### NOTE 4 FINANCIAL ASSETS ACCOUNTED AT FAIR VALUE THROUGH PROFIT AND LOSS

Kinnevik's unlisted holdings are valued using IFRS 13 and the International Private Equity and Venture Capital Valuation Guidelines, whereby a collective assessment is made to establish the valuation method that is most suitable for each individual holding. Firstly, it is considered whether any recent transactions have been made at arm's length in the companies. For new share issues, consideration is taken to if the newly issued shares have preferential rights, such as senior liquidation preference to the company's assets than earlier issued shares. For companies where no or few recent arm's length transactions have been performed, a valuation is conducted either by applying relevant multiples to the company's historical and forecast key figures, such as sales, profit, equity, or by discounting future expected cash flows. When performing a valuation based on multiples, consideration is given to potential adjustments due to, for example, difference in size, historic growth, profitability and geographic market between the current company and the group of comparable companies.

The valuation process for Kinnevik's unlisted holdings is run by the financial department and based on financial information reported from each holding. The correctness of the financial information received is ensured through continuous contacts with management of each holding, monthly reviews of the accounts, as well as internal audits performed by auditors engaged by Kinnevik. Prior to decisions being made about the valuation method to be applied for each holding, and the most suitable peers with which to compare the holding, the financial department obtains information and views from the investment team, as well as external sources of information. Information and opinions on applicable methods and groups of comparable companies are also obtained periodically from well-renowned, valuation companies in the market. The results from the valuation is discussed firstly with the CEO, following which a draft is sent to the Audit Committee, who each quarter analyze and discuss the outcome before it is approved at a meeting attended by the company's external auditors.

Below is a summary of the valuation methods applied in the accounts as per 30 September 2016:

Company	Valuation method	Valuation assumptions
Global Fashion Group	The valuation is based on the average sales multiple of a group of comparable companies (Zalando, Asos and Yoox Net-a-Porter Group), adjusted with a 38% discount on an aggregated level to adjust for emerging market exposure and path to profitability. The valuation considers preferential rights in case of a liquidation or sale of the company.	12 months historical sales (ending 30 June 2016) Multiple: 1.5x
Home24	The valuation is based on the average sales multiple of a group of comparable companies (including Ocado Group, Wayfair and AO World), adjusted with a 30% discount on an aggregated level to adjust for growth and path to profitability. The valuation considers preferential rights in case of a liquidation or sale of the company.	12 months historical sales (ending 30 June 2016) Multiple: 0.8x
Westwing	The valuation is based on the average sales multiple of a group of comparable companies (including Ocado Group, Wayfair and AO World). The average sales multiple of the peer group has been reduced by 10% due to factors such as lower profitability and company size. The valuation considers preferential rights in case of a liquidation or sale of the company.	12 months historical sales (ending 30 June 2016) Multiple: 1.0x
Lazada	The valuation is based on the sale of 4% of Kinnevik's stake in the company. The valuation implies an equity value of USD 2.0bn.	
Linio	The valuation is based on the average sales multiple of a group of comparable companies. Linio generates revenue from two business models, inventory and marketplace. Accordingly, two different peer groups are used in the valuation and the multiple weighted based on sales. The peer group for the inventory model includes Amazon, Qliro Group, JD.com and AO World. The peer group for the marketplace model includes MercadoLibre, eBay and Alibaba. This has then been adjusted by a 30% discount to adjust for factors such as path to profitability and emerging market exposure. The valuation considers preferential rights in case of a liquidation or sale of the company.	12 months historical sales (ending 30 June 2016) Multiple: 1.9x
Konga	The valuation is based on the average sales multiple of a group of comparable companies. Konga generates revenue from two business models, inventory and marketplace. Accordingly, two different peer groups are used in the valuation and the multiple weighted based on sales. The peer group for the inventory model includes Amazon, Qliro Group, JD.com and AO World. The peer group for the marketplace model includes MercadoLibre, eBay and Alibaba. The valuation considers preferential rights in case of a liquidation or sale of the company.	12 months historical sales (ending 30 June 2016) Multiple: 2.5x
Quikr	The valuation is primarily based on a discounted cash flow analysis, which supports the value implied by the transactions made in secondary Quikr shares with various preferential rights in July 2015 at a valuation of USD 900m (USD 1,003m adjusted for subsequent equity issuances).	
Bayport	The valuation is based on the latest transaction at arm's length; secondary share transactions in February 2016. The transaction valued all shares in Bayport at USD 547m.	
Milvik/BIMA	The valuation is based on discounted cash flows valuing BIMA at USD 128m.	
Betterment	The valuation is based on the latest funding round where Kinnevik invested USD 65m. The transaction valued all shares in Betterment at USD 700m on a fully diluted basis.	

For the companies in the table above that are valued based on multiples (i.e. Global Fashion Group, Home24, Westwing, Linio and Konga), an increase in the multiple by 10% would have increased estimated fair value by SEK 330m. Similarly, a decrease in the multiple by 10% would have decreased estimated fair value by SEK 432m.

When establishing the fair value of other financial instruments, methods that in every individual case are assumed to provide the best estimation of fair value have been used. For assets and liabilities maturing within one year, a nominal value adjusted for interest payments and premiums is assumed to provide a good approximation to fair value.

Information is provided in this note per class of financial instruments that are valued at fair value in the balance sheet, distributed in the levels stated below:

Level 1: Fair value established based on listed prices in an active market for the same instrument.

Level 2: Fair value established based on valuation techniques with observable market data, either directly (as a price) or indirectly (derived from a price) and not included in Level 1.

Level 3: Fair value established using valuation techniques, with significant input from data that is not observable in the market.

Change in fair value of financial assets	2016 1 Jul- 30 Sep	Restated 2015 1 Jul- 30 Sep	2016 1 Jan- 30 Sep	Restated 2015 1 Jan- 30 Sep	Restated 2015 Full year
Black Earth Farming	40	-27	5	-	57
Millicom	-2 554	-3 348	-1 623	-2 251	-3 560
MTG	-49	-95	20	-454	-420
Qliro Group	113	-77	-6	-292	-224
Rocket Internet	426	-2 125	-1 608	-4 775	-4 993
Seamless	-5	-	1	-14	-13
Tele2	108	-2 026	-1 517	-1 830	-1 342
Transcom	-	-	-	89	89
Zalando	10 309	-2	2 048	2 699	6 914
<b>Total Listed assets</b>	<b>8 388</b>	<b>-7 700</b>	<b>-2 681</b>	<b>-6 828</b>	<b>-3 492</b>
Avito	-	4 185	-	4 789	4 859
Babylon	-2	-	-11	-	-
Bayport	12	16	-146	424	246
Betterment	6	-	19	-	-
Global Fashion Group	1 476	-1 288	98	-1 463	-2 696
Home24	1	8	-704	-26	-44
Konga	19	4	17	117	-189
Lazada	7	7	561	-24	-36
Linio <sup>1</sup>	32	-59	-23	-81	-89
Milvik/BIMA	19	2	75	14	16
Quikr	17	19	25	569	577
Westwing	14	-118	-16	-91	-178
Other <sup>1</sup>	-21	-213	-228	-385	-511
<b>Total Unlisted assets</b>	<b>1 580</b>	<b>2 563</b>	<b>-334</b>	<b>3 843</b>	<b>1 955</b>
<b>Total</b>	<b>9 968</b>	<b>-5 137</b>	<b>-3 015</b>	<b>-2 985</b>	<b>-1 537</b>

<sup>1</sup> Comparable periods have been adjusted for the swap between Linio and Africa E-commerce Holding.

30 September 2016  
 (listed companies)

Book value of Financial assets	Class A shares	Class B shares	Capital/Votes (%)	2016 30 Sep	Restated 2015 30 Sep	Restated 2015 31 Dec
Black Earth Farming	51 811 828	-	24.6/24.6	213	151	209
Millicom	37 835 438	-	37.7/37.7	16 856	19 788	18 479
MTG	4 461 691	9 042 165	20.3/48.0	2 959	2 905	2 938
Qliro Group	42 613 642	-	28.5/28.5	507	445	513
Rocket Internet	21 716 964	-	13.2/13.2	4 019	5 845	5 627
Seamless	3 526 334	-	6.0/6.0	28	33	35
Tele2	18 430 192	117 065 945	30.3/47.9	10 006	11 036	11 524
Zalando	78 427 800	-	31.7/31.7	27 992	21 729	25 943
<b>Total Listed assets</b>				<b>62 580</b>	<b>61 932</b>	<b>65 268</b>
Avito			-/-	-	7 087	-
Babylon			12.8/12.8	107	-	-
Bayport			24.2/24.2	1 132	1 456	1 278
Betterment			9.4/9.4	557	-	-
Global Fashion Group			35.4/35.4	5 668	5 300	4 067
Home24			17.0/17.0	124	819	801
Konga			34.0/34.0	133	409	103
Lazada			3.6/3.6	666	532	520
Linio <sup>1</sup>			27.0/27.0	359	126	135
Milvik/BIMA			38.9/38.9	426	349	351
Quikr			18.0/18.0	1 544	1 511	1 519
Saltside			60.8/60.8	197	195	195
Westwing			16.5/16.5	429	474	387
Other <sup>1</sup>			-/-	988	1 881	1 336
<b>Total Unlisted assets</b>				<b>12 330</b>	<b>20 139</b>	<b>10 692</b>
<b>Total</b>				<b>74 910</b>	<b>82 071</b>	<b>75 960</b>

<sup>1</sup> Comparable periods have been adjusted for the swap of shares in Linio and Africa E-Commerce Holding with Rocket Internet.

Investments in financial assets	2016 1 Jul- 30 Sep	Restated 2015 1 Jul- 30 Sep	2016 1 Jan- 30 Sep	Restated 2015 1 Jan- 30 Sep	Restated 2015 Full year
	-	-	-	-	-
<b>Total Listed assets</b>	-	-	-	-	-
Babylon	-	-	118	-	-
Betterment	-	-	538	-	-
Global Fashion Group	578	173	1 503	555	555
Home24	27	2	27	12	12
Iroko	-	-	17	15	15
Konga	13	-	13	-	-
Linio <sup>1</sup>	115	24	115	24	41
Metro	-	-	-	35	35
Milvik/BIMA	-	-	-	129	129
Quikr	-	171	-	517	517
Saltside	-	-	-	41	41
Westwing	-	-	58	186	186
Other	9	5	39	15	31
<b>Total Unlisted assets</b>	<b>742</b>	<b>375</b>	<b>2 428</b>	<b>1 529</b>	<b>1 562</b>
<b>Total</b>	<b>742</b>	<b>375</b>	<b>2 428</b>	<b>1 529</b>	<b>1 562</b>

<sup>1</sup> Comparable periods have been adjusted for the swap between Linio and Africa E-commerce Holding.

Changes in unlisted assets (level 3)	2016 1 Jul- 30 Sep	Restated 2015 1 Jul- 30 Sep	2016 1 Jan- 30 Sep	Restated 2015 1 Jan- 30 Sep	Restated 2015 Full year
Opening balance	10 008	17 201	10 692	14 853	14 853
Investments	742	375	2 428	1 529	1 562
Disposals / Exit proceeds	-	-	-457	-86	-7 678
Change in fair value	1 580	2 563	-334	3 843	1 955
Exchange gain / loss and other	-	-	-	-	-
<b>Closing balance</b>	<b>12 330</b>	<b>20 139</b>	<b>12 330</b>	<b>20 139</b>	<b>10 692</b>

## NOTE 5 DIVIDENDS RECEIVED

	2016 1 Jul- 30 Sep	Restated 2015 1 Jul- 30 Sep	2016 1 Jan- 30 Sep	Restated 2015 1 Jan- 30 Sep	Restated 2015 Full year
Millicom	-	-	823	823	823
Tele2	-	-	725	2 012	2 012
MTG	-	-	155	149	149
Other	13	-	13	-	-
<b>Total dividends received</b>	<b>13</b>	<b>-</b>	<b>1 716</b>	<b>2 984</b>	<b>2 984</b>
Of which cash dividends	13	-	1 716	2 984	2 984
Of which ordinary cash dividends	13	-	1 716	1 629	1 629

## NOTE 6 INTEREST BEARING ASSETS AND LIABILITIES

Kinnevik's total interest bearing assets amounted to SEK 997m as at 30 September 2016. The short term deposits of SEK 672m were mainly split between Swedish money market funds with high credit quality with no restrictions on accessibility. The total amount of interest bearing liabilities was SEK 1,301m and the debt for unpaid investments was SEK 131m. The Group was in a net debt position of SEK 419m as at 30 September 2016 (SEK 7,558m as at 31 December 2015). Including net outstanding loans to investee companies, the corresponding figure was SEK 435m (SEK 7,568m as at 31 December 2015).

Kinnevik's total credit facilities (including issued bonds) amounted to SEK 7,330m as at 30 September 2016 whereof SEK 6,000m related to revolving credit facilities and SEK 1,200m related to bonds. The total amount of outstanding loans was SEK 1,200m.

The Group's available liquidity, including short term investments and available unutilized credit facilities, totaled SEK 7,127m as at 30 September 2016 (SEK 14,810m as at 31 December 2015).

	2016 30 Sep	Restated 2015 30 Sep	Restated 2015 31 Dec
<b>Interest bearing assets</b>			
Loans to investee companies	39	99	10
Short term investments	672	1 242	8 321
Cash and cash equivalents	285	422	559
<b>Total interest bearing assets</b>	<b>997</b>	<b>1 764</b>	<b>8 890</b>
<b>Interest bearing long term liabilities</b>			
Debt to investee companies	55	0	-
Liabilities to credit institutions	25	37	34
Capital markets issues	1 200	1 200	1 200
Accrued borrowing cost	-13	-10	-8
Other interest bearing liabilities	33	35	33
	<b>1 301</b>	<b>1 262</b>	<b>1 259</b>
<b>Interest bearing short term liabilities</b>			
Liabilities to credit institutions	0	1	1
	<b>0</b>	<b>1</b>	<b>1</b>
<b>Total interest bearing liabilities</b>	<b>1 301</b>	<b>1 263</b>	<b>1 260</b>
Net interest bearing liabilities (-) / assets (+)	-304	501	7 630
Debt, unpaid investments/divestments	-131	-367	-62
<b>Net cash/(Net debt) for the Group, including net loans to investee companies</b>	<b>-435</b>	<b>134</b>	<b>7 568</b>

The outstanding loans carry an interest rate of Stibor or similar base rate with an average margin of 1.7%. All bank loans have variable interest rates (up to 3 months) while financing from the capital markets vary between 1 to 12 months for the loans under the commercial paper program and 5 years fixed for the outstanding bond (as per date of issue).

As at 30 September 2016, the average remaining tenor was 2.8 years for all credit facilities including the bond. As at 30 September 2016, Kinnevik had not provided any security for any of its outstanding loans.

# Condensed Parent Company Income Statement

SEK m	2016 1 Jul- 30 Sep	Restated 2015 1 Jul- 30 Sep	2016 1 Jan- 30 Sep	Restated 2015 1 Jan- 30 Sep	2015 Full year
Administration costs	-47	-42	-135	-134	-229
Other operating income and costs	3	0	5	5	7
<b>Operating loss</b>	<b>-44</b>	<b>-42</b>	<b>-130</b>	<b>-129</b>	<b>-222</b>
Dividends received, external	-	-	786	1 973	1 973
Result from subsidiaries	10	0	-839	13 092	8 605
Financial net	-7	-11	-29	-35	-41
<b>Profit/loss after financial items</b>	<b>-41</b>	<b>-53</b>	<b>-212</b>	<b>14 901</b>	<b>10 315</b>
Group contribution	-	-	-	-	31
<b>Profit/loss before taxes</b>	<b>-41</b>	<b>-53</b>	<b>-212</b>	<b>14 901</b>	<b>10 346</b>
Taxes	0	0	0	0	0
<b>Net profit/loss for the period</b>	<b>-41</b>	<b>-53</b>	<b>-212</b>	<b>14 901</b>	<b>10 346</b>
<b>Total comprehensive income for the period</b>	<b>-41</b>	<b>-53</b>	<b>-212</b>	<b>14 901</b>	<b>10 346</b>

# Condensed Parent Company Balance Sheet

SEK m	2016 30 Sep	2015 30 Sep	2015 31 Dec
<b>ASSETS</b>			
Tangible fixed assets	4	4	4
Financial fixed assets	51 775	57 440	54 278
Short term receivables	20	20	83
Short term investments	672	1 245	8 337
Cash and cash equivalents	274	310	345
<b>TOTAL ASSETS</b>	<b>52 744</b>	<b>59 019</b>	<b>63 047</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Equity	44 721	57 070	52 513
Provisions	28	29	28
Long term interest bearing liabilities	7 928	1 846	10 370
Short term liabilities	67	74	136
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>52 744</b>	<b>59 019</b>	<b>63 047</b>

The Parent Company's liquidity, including short-term investments and unutilized credit facilities, totalled SEK 7,076m (7,485) at 30 September 2016. The Parent Company's interest bearing external liabilities amounted to SEK 1,225m (1,215) on the same dates. Investments in tangible fixed assets amounted to SEK 0m (0) during the period.

Distribution by class of shares on 30 September 2016 was as follows:

	Number of shares	Number of votes	Par value (SEK 000s)
Outstanding Class A shares, 10 votes each	41 157 144	411 571 440	4 116
Outstanding Class B shares, 1 vote each	233 958 591	233 958 591	23 396
Class B shares in own custody	350 903	350 903	35
<b>Registered number of shares</b>	<b>275 466 638</b>	<b>645 880 934</b>	<b>27 547</b>

The total number of votes for outstanding shares in the Company amounted at 30 September 2016 to 645,880,934 excluding 350,903 class B treasury shares. During the second quarter 14,565 Class B shares were delivered to participants in the long term incentive program 2013. A share repurchase program was executed between 15 February and 23 March 2016. The number of shares bought back amounted to 2,301,552 Class B shares.

The AGM on 23 May 2016 resolved (i) on a reduction of the share capital by way of cancellation of the 2,301,552 class B shares repurchased under Kinnevik's share repurchase program, (ii) to authorize the Board to resolve on a new issue of class C shares to ensure delivery of shares to participants in Kinnevik's long-term incentive plan 2016, and (iii) to offer holders of class A shares to reclassify their Class A shares into Class B shares. This offer was effected during 22 June to 4 July and shareholders of 1,212,168 Class A shares choose to reclassify their Class A shares to Class B shares.

The reclassification of shares from Class A to Class B and the cancellation of the repurchased shares was executed and registered in July 2016.

The Board has authorization to repurchase up to a maximum of 10% of all shares in the Company over 12 months, ending at the AGM of 2017.

There are no convertibles or warrants in issue.

## DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

Kinnevik presents some performance measures in the interim report that are not defined by IFRS. Kinnevik believes that these performance measures adds valuable information to the company's investors and the company's management since they enable assessment of the Kinnevik's and its portfolio companies performance and position. Since all companies do not calculate their performance measures in the same manner, these are not always comparable with similar measures used by other companies. Such performance measures shall therefore not be used in replacement of measures defined by IFRS.

Alternative performance measures in Kinnevik's interim report include:

<b>Net asset value, NAV</b>	Net value of all assets in the balance sheet, equal to the shareholders' equity
<b>Debt/equity ratio</b>	Interest-bearing liabilities including interest-bearing provisions divided by shareholders' equity
<b>Equity ratio</b>	Shareholders' equity including non-controlling interest as percentage of total assets
<b>Net cash/(net debt)</b>	Interest bearing receivables (excluding net outstanding receivables relating to portfolio companies), short-term investments and cash and cash equivalents less interest-bearing liabilities including interest-bearing provisions and unpaid investments/divestments
<b>Investments</b>	All investments in listed and unlisted financial assets, including loans to portfolio companies
<b>Net investments</b>	The net of all investments and divestments in listed and unlisted financial assets
<b>Total shareholder return, TSR</b>	Annualized total return of the Kinnevik B share on the basis of shareholders reinvesting all cash dividends, dividends in kind, and mandatory share redemption proceeds into the Kinnevik B share, before tax, on each respective ex-dividend date. The value of Kinnevik B shares held at the end of the measurement period is divided by the price of the Kinnevik B share at the beginning of the period, and the resulting total return is then recalculated as an annual rate
<b>Internal rate of return, IRR</b>	The annual rate of return calculated in quarterly intervals on a SEK basis that renders a zero net present value of (i) fair values at the beginning and end of the respective measurement period, (ii) investments and divestments, and (iii) cash dividends and dividends in kind
<b>Gross Merchandise Value, GMV</b>	Total value of all sale transactions during the period, including taxes but excluding shipping costs
<b>Unique Monthly Visitors, UMV</b>	Number of unique monthly visitors of a classifieds platform
<b>Active customers</b>	Number of customers having made at least one order within the last 12 months

## KINNEVIK ANNUAL GENERAL MEETING 2017

The Annual General Meeting will be held on 8 May 2017 in Stockholm. Shareholders wishing to have matters considered at the Annual General Meeting should submit their proposals in writing to [agm@kinnevik.com](mailto:agm@kinnevik.com) or to The Company Secretary, Kinnevik AB, Box 2094, SE-103 13 Stockholm, Sweden, at least seven weeks before the Annual General Meeting, in order that the proposal may be included in the notice to the meeting. Further details on how and when to register will be published in advance of the Meeting.

## NOMINATION COMMITTEE AHEAD OF THE 2017 ANNUAL GENERAL MEETING

In accordance with the resolution of the 2016 Annual General Meeting in Kinnevik, Cristina Stenbeck has convened a Nomination Committee comprising representatives of Kinnevik's largest shareholders in terms of voting interest. The Nomination Committee comprises Cristina Stenbeck representing Verdere S.à r.l., Wilhelm Klingspor representing the Klingspor family, Edvard von Horn representing the von Horn family, James Anderson representing Baillie Gifford, and Ramsay Brufer representing Alecta.

Information about the work of the Nomination Committee can be found on Kinnevik's corporate website at [www.kinnevik.com](http://www.kinnevik.com).

Shareholders wishing to submit proposals to the Nomination Committee can do so in writing to [agm@kinnevik.com](mailto:agm@kinnevik.com) or to the Nomination Committee, Kinnevik AB, P.O. Box 2094, SE-103 13 Stockholm, Sweden.

## FINANCIAL REPORTS

The year-end release for 2016 will be published on 10 February 2017.

Stockholm 26 October 2016

Lorenzo Grabau  
Chief Executive Officer

This Interim Report has not been subject to specific review by the Company's auditors.

This information is information that Kinnevik AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 08.00 CET on 26 October 2016.

For further information, visit [www.kinnevik.com](http://www.kinnevik.com) or contact:

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Kinnevik is an entrepreneurial investment group focused on building digital consumer businesses. We work in partnership with talented founders and managers to create, invest in and lead fast growing digital businesses both in developed and developing countries. Kinnevik was founded in 1936 by the Stenbeck, Klingspor and von Horn families. Kinnevik's shares are listed on Nasdaq Stockholm's list for large cap companies under the ticker codes KINV A and KINV B.