Year-end report February 17, 2012

Meda AB (publ) – Year-end report 2011

- Group net sales reached SEK 12,856 million (11,571). At fixed currency rates, sales increased 18%.
- EBITDA rose to SEK 4,683 million (4,306), corresponding to a 36.4% margin (37.2).
- EBITDA, excluding non-recurring effects[1] and currency effects, was SEK 5,030 million (4,074), yielding a 36.8% margin (35.2).
- Operating profit amounted to SEK 2,644 million (2,529). Excluding non-recurring effects[1] and currency effects, operating profit reached SEK 2,928 million (2,297), corresponding to an increase of 27%.
- Profit after tax totaled SEK 1,608 million (1,428). Excluding non-recurring effects, profit after tax totaled SEK 1,508[2] million (1,240[3]).
- Earnings per share reached SEK 5.32 (4.72). Excluding non-recurring effects, earnings per share totaled SEK 4.99[2] (4.10[3]).
- Cash earnings per share rose to SEK 9.07 (8.15).
- Proposed dividend per share: SEK 2.25 (2.00).

[1]Excluding restructuring costs of SEK 39 million in Q4 2011 and SEK 197 million in Q4 2010 as well as non-recurring revenue of
[2]Excluding restructuring costs of SEK 39 million in Q4 2011, related tax effects, and a positive non-recurring effect on the year's tax expense of SEK 128 million that refers to utilization of a non-capitalized loss carry-forward in the German operations.
[3]Excluding non-recurring revenue of SEK 429 million in Q2 2010, restructuring costs of SEK 197 million in Q4 2010, and related tax effects.

Highlights

Outcome compared with forecast for full-year 2011

- In its interim report for Q3 2011, Meda published the following forecast for full-year 2011: *"The Meda Group expects to achieve sales of about SEK 12,700 million and an EBITDA of about SEK 4,700 million for full-year 2011."*
- The outcome comparable to the forecast was sales of SEK 12,856 million and an EBITDA of SEK 4,722 million (excluding restructuring costs).

Proposed dividend per share: SEK 2.25 (2.00)

- The board proposes a dividend per share of SEK 2.25 (2.00).
- The proposed dividend means 25 percent of free cash flow for the year will be distributed to shareholders.
- Yield would be about 3 percent (at the current share price).

CEO STATEMENT

The fiscal year 2011 for Meda was characterized by preparations for aggressive initiatives in the coming years. Our efforts to establish Meda on new growth markets, make acquisitions, in-licensing, out-licensing, and submit regulatory filings for Meda's new products have been thorough. We prioritized several areas in 2011:

• Preparations for NDAs and launch of new products in Meda's pipeline such as Dymista and Zyclara

• Ongoing initiatives in growth markets

• Additional resources and the supply of new products for the OTC area

Demand for pharmaceuticals in emerging markets is growing rapidly, and Meda holds a very interesting product portfolio for these markets. In 2011, we took major strides toward establishing our own marketing organizations in countries such as Australia, Mexico, China, South Africa, and additional markets in Eastern Europe and the Middle East. Expansion on other major growth markets such as Russia and Turkey continues.

We are pleased that Meda's pipeline continues to produce new products. This year, we expect amongst others registration approval in the US for Dymista, a product that we believe has great potential. The market in the US and Europe alone, and which Dymista targets, amounts to about SEK 25 billion. Dymista has shown good results in Phase-III studies such as faster, better efficacy than the market leading product, and new drug applications were submitted in the US and Europe in 2011.

In conjunction with Meda's acquisition of companies and product portfolios with OTC products in 2011, sales in this area grew to about 20 percent of total consolidated sales. We are awaiting launch of OTC products in several markets in which we expect for example SB12 and Nalox to have significant potential.

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The future

Year 2012 will be important as we enter the next stage of our business plan. This means - in addition to Meda's significant acquisition capacity - the international launch of new products in parallel with investments in new geographic markets. Market investments in the coming year will increase, and we expect to exceed the 2011 level by up to SEK 700 million. Even if we expect a strong organic sales growth already this year, the market investments will short term impact profitability. Our ambition is to maintain good profit margins with these unique forward-looking initiatives that are ahead of us. This means that Meda's ambition for an EBITDA margin in excess of 30% remains, and we expect to be close to that level in 2012.

Anders Lönner

Group President and CEO

SALES

For information on sales trends for major products, see the table on page 19. Definitions of geographic regions and product categories are on page 22.

January-December

Net sales for the period rose 11% to SEK 12,856 million (11,571). At fixed currency rates, sales increased 18%.

Sales by geographic area

SEK million	Jan-Dec 2011	Jan-Dec 2010	INDEX	INDEX (FIXED EXCHANGE RATES)
Western Europe	8,052	7,826	103	108
USA	2,636	2,019	131	144
Emerging Markets	1,633	1,506	108	119
Other Sales	535	220	244	257
Total sales	12,856	11,571	111	118

Sales in **Western Europe** for the period were SEK 8,052 million (7,826), representing an 8 percent increase at fixed exchange rates. The financial crisis has this year negatively impacted sales in southern Europe; markets such as Spain, Italy and Portugal showed negative underlying growth compared with 2010. This could partially be compensated by positive underlying growth in France, the UK and the Netherlands for the whole of 2011.

USA sales amounted to SEK 2,636 million (2,019), representing a 44 percent increase at fixed exchange rates. The increase is entirely related to acquisitions, including royalties relating to the agreement with Valeant amounting to SEK 333 million. The underlying growth for the period was negative as a result of generic competition for Astelin and lower sales for Soma.

Sales in **Emerging Markets** amounted to SEK 1,633 million (1,506), representing a 19 percent increase at fixed exchange rates. The sales increase for full-year 2011 is a combination of acquisitions and good underlying growth, mainly in Turkey and Eastern Europe.

Other Sales amounted to SEK 535 million (220). Service revenues and milestones related to marketing and transfer of Elidel and Xerese to Valeant in North America amounted to SEK 275 million.

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Sales by product category

SEK million	Jan-Dec 2011	Jan-Dec 2010	INDEX	INDEX (FIXED EXCHANGE RATES)
Branded Generics	1,529	1,280	119	127
Specialty Products	8,117	8,034	101	108
OTC	2,499	1,867	134	141
Other Sales	711	390	182	191
Total sales	12,856	11,571	111	118

Sales in **Branded Generics** rose to SEK 1,529 million (1,280), representing a 27% increase at fixed exchange rates.

Specialty Products amounted to SEK 8,117 million (8,034), representing an 8% increase at fixed exchange rates. Underlying growth for the full year in this category was negative mainly as a result of lower sales for Astelin and Soma in the US and increased price competition for Zamadol and Minitran in Western Europe.

OTC sales amounted to SEK 2,499 million (1,867), representing a 41% increase at fixed exchange rates. The increase relates primarily to acquired products but also to positive underlying growth.

Other sales amounted to SEK 711 million (390), including service revenues and milestones related to the marketing and transfer of Elidel and Xerese to Valeant in North America amounting to SEK 275 million.

<u>October-December</u>

Net sales for Q4 rose 15% to SEK 3,456 million (3,010). At fixed currency rates, sales increased 17%.

Sales by geographic area

(SEK million)	Q4 2011	Q4 2010	INDEX	INDEX (FIXED EXCHANGE RATES)
Western Europe	2,078	1,897	110	110
USA	706	655	108	107
Emerging Markets	439	398	110	118
Other Sales	233	60	388	419
Total sales	3,456	3,010	115	117

Sales in **Western Europe** in Q4 were SEK 2,078 million (1,897), representing a 10% increase at fixed exchange rates. A strong quarter in the French market compensated for lower sales in Germany and the UK compared year-on-year

USA sales amounted to SEK 706 million (655), representing a 7% increase at fixed exchange rates. Royalties for Elidel and Xerese totaled SEK 172 million and compensated for lower underlying sales levels for Astelin and Felbatol as a result of competition from generics, and for Soma in Q4.

Sales in **Emerging Markets** amounted to SEK 439 million (398), representing an 18% increase at fixed exchange rates. Growth in Eastern Europe continued strongly in Q4, but declined in Turkey after a very strong fourth quarter in 2010.

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Other Sales amounted to SEK 233 million (60).Service revenues and milestones related to marketing and transfer of Elidel and Xerese to Valeant in North America amounted to SEK 185 million for the quarter. Transfer of the products is in principle now concluded and service revenues will be significantly lower in coming quarters.

Sales by product category

(SEK million)	Q4 2011	Q4 2010	INDEX	INDEX (FIXED EXCHANGE RATES)
Branded Generics	404	389	104	105
Specialty Products	2,128	2,033	105	107
OTC	645	489	132	133
Other Sales	279	99	282	284
Total sales	3,456	3,010	115	117

Sales in **Branded Generics** rose to SEK 404 million (389), representing a 5% increase at fixed exchange rates. Products in the US market were responsible for the greatest growth in this category.

Specialty Products amounted to SEK 2,128 million (2,033), representing a 7% increase at fixed exchange rates. Underlying growth was somewhat negative for the period, being held back by lower sales of Astelin, Soma, and Felbatol in the US and of Zamadol, Marcoumar and Rantudil in Western Europe. Strong sales of other products including Tambocor, Astepro and Aldara partly compensated for this in the fourth quarter.

OTC sales amounted to SEK 645 million (489), representing a 33% increase at fixed exchange rates.

Other sales amounted to SEK 279 million (99), including service revenues and milestones related to the marketing and transfer of Elidel and Xerese to Valeant in North America amounting to SEK 185 million.

PROFIT

Operating profit

Operating profit for January-December rose to SEK 2,644 million (2,529). Excluding non-recurring effects, operating profit rose to SEK 2,683[4]million (2,297[5]).

EBITDA for the same period increased to SEK 4,683 million (4,306), yielding a 36.4% margin (37.2). EBITDA excluding non-recurring effects was SEK 4,722[4] million (4,074[5]), yielding a 36.7% margin (35.2).

Operating expenses for January-December amounted to SEK 5,555 million (5,315). Excluding currency effects and depreciation and amortization, the increase arose from acquired operations.

Operating profit for October-December reached SEK 658 million (328), corresponding to a 101% increase. Excluding non-recurring effects[6], the increase was 33%.

EBITDA for the same period increased to SEK 1,190 million (820), yielding a 34.4% margin (27.2). EBITDA excluding non-recurring effects[6] was SEK 1,229 million (1,017), yielding a 35.6% margin (33.8).

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[4]Excluding restructuring costs of SEK 39 million in Q4 2011.
[5]Excluding non-recurring revenue of SEK 429 million in Q2 2010, and restructuring costs of SEK 197 million in Q4 2010
[6] Excluding restructuring costs of SEK 39 million in Q4 2011 and SEK 197 million in Q4 2010.

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Selling expenses for Q4 amounted to SEK 722 million (758), including restructuring expenses of SEK 39 million for streamlining operations in Italy. The higher investment level compared with previous quarters during the year is mainly related to increased initiatives in OTC and in the US market. Medicine and business development expenses for Q4 amounted to SEK 654 million (626). Administrative expenses for Q4 decreased to SEK 177 million (201).

Financial items

The Group's net financial items for January-December amounted to SEK -604 million (-552). The average interest rate at 31 December 2011 was 3.4% (3.7).

Group profit after net financial items amounted to SEK 2,040 million (1,977) for fiscal 2011. Excluding non-recurring effects[7], profit after tax totaled SEK 2,079 million (1,745).

Group net financial items for Q4 were SEK -149 million (-134). Net financial items for last quarter amounted to SEK -178 million. The difference between the third quarter and fourth quarter is attributable to exchange rate differences and declining interest levels.

Profit after net financial items for Q4 totaled SEK 509 million (194).

Net profit and earnings per share

Net profit for January-December totaled SEK 1,608 million (1,428). Excluding non-recurring effects, net profit totaled SEK 1,508[8] million (1,240[9]).

Group tax expense for the same period amounted to SEK 432 million (549), equivalent to a tax rate of 21.2% (27.8). Tax expense for the year was positively affected by SEK 128 million due to a non-capitalized loss carry-forward in the German operation. Adjusted for the loss carry-forward, tax expense amounted to SEK 560 million, equivalent to a tax rate of 27.5%.

Earnings per share for January-December reached SEK 5.32 (4.72). Excluding non-recurring effects, earnings per share totaled SEK 4.99[8] (4.10[9]).

Net profit for Q4 amounted to SEK 510 million (179).

Group tax revenue for the same period was SEK 1 million (-15). Adjusted for the loss carry-forward mentioned previously, Group tax expense for the same period amounted to SEK -127 million (-15), equivalent to a tax rate of 24.9% (7.7). The low tax rate in Q4 2010 was affected by positive non-recurring effects, mainly due to restructuring costs in the US.

Profit per share for October-December was SEK 1.69 (0.59). Excluding non-recurring effects, earnings per share totaled SEK 1.36[8] (0.99[10]).

CASH FLOW

Cash flow from operating activities, before changes in working capital, for January-December increased to SEK 3,130 million (2,734). Cash flow from changes in working capital for the same period was SEK -272 million (-198). Inventory build-up for new products contributed to a negative cash flow from inventories of SEK -153 million. Receivables adversely affected cash flow by SEK -378 million. These were caused by receivables related to a new cooperation agreement with Valeant for Elidel and Xerese, as well as higher sales and generally longer credit

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[7] Excluding restructuring costs of SEK 39 million in Q4 2011 and SEK 197 million in Q4 2010 as well as non-recurring revenue of SEK 429 million in Q2 2010.
[8] Excluding restructuring costs of SEK 39 million in Q4 2011, related tax effects, and a positive non-recurring effect on the year's tax expense of SEK 128 million that refers to the use of a non-capitalized loss carry-forward in the German operation.
[9] Excluding non-recurring revenue of SEK 429 million in Q2 2010, restructuring costs of SEK 197 million in Q4 2010, and related tax effects.
[10] Excluding non-recurring revenue of SEK 197 million in Q4 2010 and related tax effects.

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periods in some growth markets. Debts had a positive effect on cash flow of SEK 259 million. The effect is attributable to a general increase in accounts payable, an increase in deferred income from the June agreement with Valeant, and longer payment terms on average. Accordingly, cash flow from operating activities amounted to SEK 2,858 million (2,536) for the year.

Cash flow from investing activities amounted to SEK -5,669 million (-2,852) for January-December. Two OTC products were acquired early this year for the US market. Antula, Elidel, and all rights to Xerese in North America were acquired in Q2. In Q3, European licensing rights were acquired for Nalox; Nordic licensing rights for Treo were acquired in Q4.

Cash flow from financing activities was SEK 2,844 million (365) for January-December.

Cash earnings per share for January-September were SEK 9.07 (8.15).

Cash flow from operating activities before changes in working capital for Q4 amounted to SEK 741 million (703).

Tied-up capital increased in Q4 by SEK 97 million. Cash flow from liabilities reached SEK -161 million for Q4. as a result of lower accrued customer discounts and a reduction in deferred income. Receivables declined somewhat in Q4 as a result of shorter payment times in several markets in southern and Eastern Europe. Reduced inventory levels contributed with SEK 58 million in positive cash flow. Accordingly, cash flow from operating activities amounted to SEK 644 million (661) in Q4.

Cash flow from investing activities amounted to SEK -802 million (-2,711) and cash flow from financing activities was SEK 94 million (1,825) in Q4.

Cash earnings per share reached SEK 1.94 (2.12) in Q4.

FINANCING

Equity stood at SEK 14,971 million on 31 December compared to SEK 13,925 million at the year's start, corresponding to SEK 49.5 (46.1) per share. The equity/assets ratio was 38.7% compared to 41.5% at the start of the year.

Net debt for the Group totaled SEK 17,361 million on December 31, compared to SEK 13,524 million at the year’s start.

PARENT COMPANY

Net sales for January-December reached SEK 4,649 million (3,549), of which intra-Group sales represented SEK 2,898 million (2,753).

Profit before appropriations and tax reached SEK 1,978 million (808).

Net financial items amounted to SEK 1,424 million (222).

Cash and cash equivalents amounted to SEK 0 compared to SEK 0 at year-end 2010.

Investments in intellectual property rights amounted to SEK 283 million (2,005) in January-December. Investments in property, plant, and equipment totaled SEK 0 million (0).

Non-current financial assets stood at SEK 24,510 million, compared to SEK 19,433 million at year-end 2010.

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AGREEMENTS AND KEY EVENTS

- **MEDA ACQUIRES TREO**

Meda has agreed to acquire three well-established OTC drugs in the Nordic region from McNeil AB/Cilag GmbH International, member of Johnson & Johnson Consumer Companies. The largest drug is Treo. Annual sales for the three products total about SEK 210 million. Meda has acquired all rights to the drugs for a purchase price of EUR 82 million.

- **ASTEPRO GRANTED PATENT IN US**

The US Patent and Trademark Office issued a patent related to Astepro (azelastine), a nasal spray by Meda. The patent will be included in the FDA's approved drug products list (the Orange Book). The patent for Astepro is valid until 2028.

- **MEDA SIGNS A COLLABORATION AGREEMENT WITH OMEGA PHARMA FOR SB12**

Meda signed a 5-year collaboration agreement with Omega Pharma for SB12 in France, Italy, Belgium and Greece. Omega Pharma, a Belgian company, is a market leader for OTC drugs in these countries.

- **MEDA ANNOUNCES PDUFA TIMELINE FOR DYMISTA**

The US Food and Drug Administration notified Meda that the Prescription Drug User Free Act (PDUFA) date for Dymista will be in early May 2012.

- **NEW DRUG APPLICATION FOR DYMISTA FILED IN EUROPE**

A new drug application for Dymista, a new formulation of azelastine hydrochloride and fluticasone propionate, was submitted in Europe. The application is based on a decentralized process with Germany as the reference country. Dymista is a nasal spray for treating moderate to severe allergic rhinitis and rhinoconjunctivitis. Efficacy and safety were documented in several studies with more than 4,000 patients, including a long-term study of more than 600 patients.

- **NOMINATION COMMITTEE APPOINTED**

A nomination committee was appointed in accordance with policies adopted at the 2011 annual general meeting. Members of the nomination committee are:

Karl-Magnus Sjölin, committee chair, Stena Sessan Rederi AB
Bert Åke Eriksson, Meda's board chairman, Stena Sessan Rederi AB
Evert Carlsson, Swedbank Robur Funds
Bengt Belfrage, Nordea's Funds
Marcus Lüttgen, Alecta Pension Insurance

DIVIDEND

The board proposes to the annual general meeting a dividend per share of SEK 2.25 (2.00), equal to SEK 680 million (604).

THE ANNUAL GENERAL MEETING AND ANNUAL REPORT

The annual general meeting will be held at 5 p.m. on May 9, 2012 in the Meda headquarters at Pipers väg 2A in Solna. The Swedish annual report will be published no later than 18 April and will be available on the company's website (www.meda.se).

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RISKS AND UNCERTAINTIES

The Meda Group's business is exposed to financial risks. Meda's 2010 annual report describes the company's management of these risks on pp. 86-88. Several other factors, not fully under Meda's control, affect the Group's operations. Factors judged particularly significant to Meda's future growth are: competitors and pricing, actions by authorities, partnerships, market assessments, results of clinical trials, key individuals and recruitment, product liability, patents, and trademarks. The 2010 annual report describes these types of risks (pp. 132-134).

ACCOUNTING POLICIES

Group

Meda complies with the EU-approved IFRS standards and their interpretations (IFRIC). This interim report was prepared as per International Accounting Standard (IAS) 34 Interim Financial Reporting. The Group uses the same accounting policies as applied in the 2010 annual report. Further information about Group reporting and valuation principles is detailed in Note 1 on pp. 82-85 of the 2010 annual report.

Parent company

The parent company applies RFR 2 Accounting for Legal Entities.

REPORTS IN 2012

Interim report January-March	Wednesday, May 9, 2012
Interim report January-June	Friday, August 3, 2012
Interim report January-September	Friday, November 9, 2012

The board and CEO affirm that this year-end report provides a true, fair summary of the parent company's and Group's operations, position, and earnings, and describes significant risks and uncertainties faced by the parent and Group companies.

Stockholm, 17 February 2012

Bert-Åke Eriksson *Board chairman*	Maria Carell *Board member*	Peter Claesson *Board member*
Peter von Ehrenheim *Board member*	Marianne Hamilton *Board member*	Tuve Johannesson *Board member*
Anders Lönner *CEO*	Anders Waldenström *Board member*	

For more information, contact

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The company's auditors did not review this year-end report.

FORWARD-LOOKING STATEMENTS

This report is not an offer to sell or a solicitation to buy shares in Meda. This report contains certain forward-looking statements with respect to certain future events and Meda's potential financial performance. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts and may sometimes include words such as "may", "will", "seek", "anticipate", "expect", "estimate", "intend", "plan", "forecast", "believe", or other words of similar meaning. These forward-looking statements reflect the current expectations on future events of the management at the time such statements are made, but are made subject to a number of risks and uncertainties. In the event such risks or uncertainties materialize, Meda's results could be materially affected. The risks and uncertainties include, but are not limited to, risks associated with the inherent uncertainty of pharmaceutical research and product development, manufacturing and commercialization, the impact of competitive products, patents, legal challenges, government regulation and approval, Meda's ability to secure new products for commercialization and/or development, and other risks and uncertainties detailed from time to time in Meda AB's interim or annual reports, prospectuses, or press releases. Listeners and readers are cautioned that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. Meda does not intend or undertake to update any such forward-looking statements.

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Consolidated condensed income statement

SEK million	January-December 2011	2010	Change	October-December 2011	2010	Change
Net sales	12,856	11,571	11%	3,456	3,010	15%
Cost of sales	-4,657	-4,156		-1,245	-1,097	
Gross profit	**8,199**	**7,415**	**11%**	**2,211**	**1,913**	**16%**
Other income		429				
Selling expenses	-2,449	-2,436		-722	-758	
Medicine and business development expenses[1)]	-2,468	-2,222		-654	-626	
Administrative expenses	-638	-657		-177	-201	
Operating profit (EBIT)	**2,644**	**2,529**		**658**	**328**	
Net financial items	-604	-552		-149	-134	
Profit for the period after net financial items (EBT)	**2,040**	**1,977**		**509**	**194**	
Tax	-432	-549		1	-15	
Net profit	**1,608**	**1,428**		**510**	**179**	
Profit/loss attributable to:						
Parent company shareholders	1,616	1,444		513	184	
Non-controlling interests	-8	-16		-3	-5	
Net profit	**1,608**	**1,428**		**510**	**179**	
[1)]Of which amortization of product rights	-1,913	-1,660		-500	-458	
EBITDA	**4,683**	**4,306**		**1,190**	**820**	
Amortization, product rights	-1,913	-1,660		-500	-458	
Depreciation and amortization, other	-126	-117		-32	-34	
Operating profit (EBIT)	**2,644**	**2,529**		**658**	**328**	
EBITDA (excluding non-recurring effects)	**4,722**	**4,074**	**16%**	**1,229**	**1,017**	**21%**

Key ratios related to earnings

Operating margin, %	20.6%	21.9%		19.0%	10.9%	
Profit margin, %	15.9%	17.1%		14.7%	6.4%	
EBITDA, %	36.4%	37.2%		34.4%	27.2,%	
EBITDA (excluding non-recurring effects)	36.7%	35.2%		35.6%	33.8%	
Return on capital employed, rolling 12 months, %	8.8%	9.3%				
Return on equity, rolling 12 months, %	11.1%	10.4%				

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Group statement of comprehensive income

SEK million	January–December		October–December	
	2011	2010	2011	2010
Net profit	**1,608**	**1,428**	**510**	**179**
Translation difference	4	-1,628	-537	-302
Net investment hedge, after tax	31	671	293	188
Cash flow hedges, after tax	-11	92	0	31
Other comprehensive income for the period, net of tax	**24**	**-865**	**-244**	**-83**
Total comprehensive income	**1,632**	**563**	**266**	**96**
Profit/loss attributable to:				
Parent company shareholders	1,640	579	269	-101
Non-controlling interests	-8	-16	-3	-5
Total comprehensive income	**1,632**	**563**	**266**	**96**

Share data

	January–December		October–December	
	2011	2010	2011	2010
Earnings per share				
Basic earnings per share, SEK	5.32	4.72	1.69	0.59
Diluted earnings per share, SEK	5.32	4.72	1.69	0.59
Average number of shares				
Basic (thousands)	302,243	302,243	302,243	302,243
Diluted (thousands)	302,243	302,243	302,243	302,243
Number of shares on closing day				
Basic (thousands)	302,243	302,243	302,243	302,243
Diluted (thousands)	302,243	302,243	302,243	302,243

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Consolidated condensed balance sheet

SEK million	31 December 2011	31 December 2010
ASSETS		
Non-current assets		
- Property, plant, and equipment	811	788
- Intangible [1)]	32,306	28,214
- Other non-current assets	592	624
Non-current assets	**33,709**	**29,626**
Current assets		
- Inventories	1,780	1,520
- Current receivables	3,089	2,305
- Cash and cash equivalents	140	111
Current assets	5,009	3,936
Total assets	**38,718**	**33,562**
EQUITY AND LIABILITIES		
Equity	**14,971**	**13,925**
Non-current liabilities		
- Borrowings	14,913	7,632
- Pension obligations	786	790
- Deferred tax liabilities	2,735	2,607
- Other liabilities, non-interest-bearing	280	316
Non-current liabilities	**18,714**	**11,345**
Current liabilities		
- Borrowings	1,802	5,226
- Short-term, non-interest-bearing	3,231	3,066
Current liabilities	5,033	8,292
Total equity and liabilities	**38,718**	**33,562**
1) Of which goodwill	**14,361**	**13,235**

Key ratios affecting balance sheet

Net debt	17,361	13,524
Net debt/equity ratio, times	1.2	1.0
Equity/assets ratio, %	38.7	41.5
Equity per share, SEK (at end of period)	49.5	46.1

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Group condensed cash flow statement

SEK million	January–December		October–December	
	2011	2010	2011	2010
Cash flow from operating activities				
Profit after financial items	2,040	1,977	509	194
Adjustments for items not included in cash flow	2,028	1,367	523	483
Net change in pensions	-3	0	-1	19
Net change in other provisions	-243	70	-109	200
Income taxes paid	-692	-680	-181	-193
Cash flow from operating activities before change in working capital	**3,130**	**2,734**	**741**	**703**
Cash flow from change in working capital				
Inventories	-153	-15	58	-11
Receivables	-378	17	6	-178
Liabilities	259	-200	-161	147
Cash flow from operating activities	**2,858**	**2,536**	**644**	**661**
Cash flow from investing activities	-5,669	-2,852	-802	-2,711
Cash flow from financing activities	2,844	365	94	1,825
Cash flow for the period	**33**	**49**	**-64**	**-225**
Cash and cash equivalents at period's start	111	76	207	342
Exchange-rate difference for cash and cash equivalents	-4	-14	-3	-6
Cash and cash equivalents at period's end	**140**	**111**	**140**	**111**
Key ratios related to cash flow				
Free cash flow, SEK million	2,742	2,465	587	640
Cash earnings per share, SEK	9.07	8.15	1.94	2.12

Consolidated statement of changes in equity

SEK million	31 December	31 December
	2011	2010
Opening balance, equity	**13,925**	**13,664**
Dividend	-604	-302
Change in minority share, net	10	-16
Total comprehensive income	1,640	579
Closing balance, equity	**14,971**	**13,925**

Information on geographic markets

SEK million	January–December		October–December	
	2011	2010	2011	2010

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External net sales				
Northern Europe	1,887	1,595	548	418
Central and eastern Europe	3,689	3,624	950	906
Western Europe	3,496	3,527	857	821
USA	2,585	2,014	687	653
Export markets	664	591	181	152
Undistributed	535	220	233	60
	12,856	**11,571**	**3,456**	**3,010**

EBITDA				
Northern Europe	508	607	121	152
Central and eastern Europe	1,437	1,473	320	343
Western Europe	1,403	1,525	321	350
USA	1,435	668	374	124
Export markets	205	192	38	38
Undistributed	-305	-159	16	-187
	4,683	**4,306**	**1,190**	**820**

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Acquisition of Antula

Meda announced its acquisition of Antula, a Nordic OTC company, on February 21, 2011. The acquisition gives Meda clear opportunities for growth, partly through Meda's and Antula's existing products, and partly through Antula's pipeline of new products. Through the integration with Meda, several of the products will have potential to become internationally strong brands.

The purchase consideration was SEK 1,800 million on a debt-free basis. Direct costs attributable to the acquisition total about SEK 0.5 million.

Preliminary data on acquired net assets and goodwill follows. Final acquisition values will be established when the final evaluation of assets, working capital, and contingent liabilities is completed.

Preliminary acquisition calculation:

	SEK million
Acquisition value	1,617
Fair value of acquired net assets	-506
Goodwill	**1,111**

Goodwill is attributable to additional future product and market opportunities related to the strategic platform for OTC products that was acquired.

The acquisition included these assets and liabilities:

SEK million	Fair value
Product rights	911
Other non-current assets	8
Deferred tax assets	3
Inventories	36
Trade receivables	91
Other receivables	17
Cash and cash equivalents	12
Deferred tax liabilities	-224
Accounts payable	-74
Other liabilities	-145
Borrowings	-129
Acquired net assets	506
Goodwill	1,111
Total purchase price	**1,617**
Cash and cash equivalents in acquired entities	-12
Change in Group cash and cash equivalents at acquisition	**1,605**

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Condensed income statement for the parent company

SEK million	January–December 2011	2010
Net sales	4,649	3,549
Cost of sales	-2,561	-1,725
Gross profit	**2,088**	**1,824**
Other operating income	73	122
Selling expenses	-296	-364
Medicine and business development expenses	-1,156	-824
Administrative expenses	-155	-172
Operating profit (EBIT)	**554**	**586**
Net financial items	1,424	222
Profit for the period after net financial items (EBT)	**1,978**	**808**
Appropriations and tax	-481	-649
Net profit	1,497	159

Condensed balance sheet for the parent company

SEK million	31 December 2011	31 December 2010
ASSETS		
Non-current assets		
- Intangible	7,624	8,379
- Property, plant, and equipment	1	1
- Financial	24,510	19,433
Total non-current assets	**32,135**	**27,813**
Current assets		
- Inventories	441	292
- Current receivables	1,664	1,180
- Cash and bank balances	0	0
Total current assets	2,105	1,472
Total assets	**34,240**	**29,285**
EQUITY AND LIABILITIES		
Restricted equity	3,477	3,477
Non-restricted equity	9,041	8,160
Total equity	**12,518**	**11,637**
Untaxed reserves	2,055	2,026
Provisions	59	101
Non-current liabilities	16,501	7,615
Current liabilities	3,107	7,906
Total equity and liabilities	**34,240**	**29,285**

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SALES

Sales trends for major products

	JANUARY–DECEMBER				OCTOBER-DECEMBER			
(SEK million)	2011	2010	INDEX	INDEX (LC)*	2011	2010	INDEX	INDEX (LC)*
TAMBOCOR	768	790	97	102	198	186	106	108
BETADINE	759	807	94	99	176	193	91	92
ASTEPRO	442	454	97	108	138	133	104	107
ALDARA	412	427	96	102	109	106	103	104
MINITRAN	363	442	82	87	101	99	102	104
SOMA	301	398	76	84	83	124	67	67
FELBATOL	271	198	137	152	25	63	40	29
ASTELIN	266	704	38	41	32	92	35	42
ZAMADOL	247	311	79	84	58	71	82	81
MESTINON	245	247	99	106	63	58	109	112
THIOCTACID	243	174	140	155	67	43	156	164
RANTUDIL	227	293	77	89	50	88	57	65
FORMATRIS	223	225	99	105	59	64	92	94
MARCOUMAR	202	222	91	95	48	60	80	79
SOLCO	198	200	99	105	68	58	117	121
NOVOPULMON	181	187	97	105	44	49	90	92
MUSE	163	66	247	269	43	31	139	143
CALCIUM	148	150	99	102	40	41	98	101
ETOFENAMATE	134	154	87	100	26	43	60	69
ALLERGOSPASMIN	131	129	102	107	44	32	138	139

* Index in local currency (fixed exchange rates)

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INCOME STATEMENT – FIXED EXCHANGE RATES

The following table shows a condensed income statement, excluding non-recurring effects and related tax effects, in which income statement items for 2011 are translated to exchange rates for 2010. Non-recurring effects include restructuring costs of SEK 39 million in Q4 2011, a positive non-recurring tax effect of SEK 128 million in Q4 2011 related to the utilization of a non-capitalized loss carry-forward in the German operation, non-recurring revenue of SEK 429 million in Q2 2010 and restructuring costs of SEK 197 million in Q4 2010.

FIXED EXCHANGE RATES

	January-December			**October-December**		
	2011	**2010**	***Index***	**2011**	**2010**	***Index***
Net sales	**13,682**	**11,571**	***118***	**3,509**	**3,010**	***117***
Gross profit	**8,734**	**7,415**	***118***	**2,240**	**1,913**	***117***
Gross margin, %	*64%*	*64%*		*64%*	*64%*	
Operating expenses	-5,806	-5,118		-1,534	-1,388	
EBIT	**2,928**	**2,297**	***127***	**706**	**525**	***134***
EBIT margin, %	*21%*	*20%*		*20%*	*17%*	
Depreciation and amortization	-2,102	-1,777		-528	-492	
EBITDA	**5,030**	**4,074**	***123***	**1,234**	**1,017**	***121***
EBITDA margin, %	*37%*	*35%*		*35%*	*34%*	
Net financial items	-632	-552		-154	-134	
EBT	**2,296**	**1,745**	***132***	**552**	**391**	***141***
Tax	-630	-505		-137	-91	
Tax, %	*-27%*	*-29%*[9]		*-25%*	*-23%*	
Net profit	**1,666**	**1,240**	***134***	**415**	**300**	***138***

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DEFINITIONS

Return on equity

Net profit/loss as a percentage of average equity.

Return on capital employed

Operating profit/loss as a percentage of average capital employed.

Gross margin

Gross profit/loss as a percentage of net sales. Gross profit/loss equals net sales less cost of sales.

EBITDA

Earnings before interest, taxes, depreciation, and amortization.

EBITDA margin

Earnings before interest, taxes, depreciation, and amortization as a percentage of net sales.

Free cash flow

Cash flow from operating activities less maintenance investments in property, plant, and equipment.

Cash earnings per share

Free cash flow divided by the average number of shares after dilution.

Net debt

Net of interest-bearing liabilities and interest-bearing provisions less cash and cash equivalents, including current investments and interest-bearing non-current financial assets.

Net debt/equity ratio

Net debt divided by equity.

Earnings per share

Net profit/loss per share.

Operating margin

Operating profit/loss as a percentage of net sales.

Equity/assets ratio

Equity as a percentage of the balance sheet total.

Capital employed

The balance sheet total less cash and cash equivalents, tax provisions, and non-interest-bearing liabilities.

Profit margin

Profit after net financial items as a percentage of net sales.

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DEFINITIONS RELATED TO SALES COMMENTS

Sales by geographic area

Western Europe – Western Europe, excluding the Baltics, Poland, Czech Republic, Slovakia, and Hungary

USA – includes Canada

Emerging markets – Eastern Europe, including the Baltics, Poland, Czech Republic, Slovakia, and Hungary, along with Turkey, the Middle East, Mexico, and other non-European markets

Other Sales – Revenue from contract manufacturing, services, and other income

Sales by product category

Branded Generics – Non-patented prescription pharmaceuticals with brand names

Specialty Products - Original prescription pharmaceuticals and specialty products

OTC – Over-the-counter products

Other Sales – Revenue from med-tech products and income not related to products

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