Capio

PRESS RELEASE October 17, 2017

Updated Full Year 2017 Guidance and preliminary quarterly results for Capio Group

- **Full year 2017 Group EBITDA result to increase by 5-7% compared to 2016 (previous guidance "For the full year 2017 our expectation is to reach a Group EBITDA growth exceeding 10%.")**
- **The French Q4 2017 EBITA margin to exceed Q4 2016 (unchanged guidance)**
- **The Group EBITDA result for Q3 2017 was MSEK 168 (200), corresponding to a margin of 4.9% (6.3)**

Preliminary Quarterly Results

During July – September (Q3) 2017, net sales amounted to MSEK 3,455 (3,168) corresponding to a total sales growth of 9.1% (3.7) and an organic sales growth of 2.2% (2.6). During the same period, EBITDA was MSEK 168 (200), corresponding to a margin of 4.9% (6.3). EBITA during the period amounted to MSEK 53 (94), corresponding to a margin of 1.5% (3.0). Q3 is the seasonally weakest quarter for the Group, especially impacting the French and German segments.

The Nordic segment continued the strong development from previous quarters, however with a slow development in a few regions within primary care in Sweden. In France, the weak private market development during the first half of 2017 continued during the quarter and the ongoing resource adjustments have not yet impacted the results.

In total, the full year EBITDA forecast expectation was negatively impacted by approximately MSEK 35 from the French segment and approximately MSEK 15 from the Nordic segment during Q3.

In **France**, three hospitals have generated most of the negative impact of MSEK 35. These hospitals have been late adjusting production resources and productivity to the lower price level and weak market. Another three hospitals are under some pressure, but are gradually improving. The remaining 16 hospitals perform in total at the expected level.

The previously reported staff reduction program corresponding to gross 132 full-time employees is under implementation. The full year impact 2018 is calculated to approximately MEUR 6. The Q4 2017 impact of the reduction program is calculated to approximately MEUR 2.

The French development during Q4 2017 is supported by a more favorable calendar effect compared to last year with more full productive working days than in the same quarter 2016.

In **primary care in Sweden,** the deviation is centered on the Stockholm activities. In the Stockholm county, primary care is under change from a per visit remuneration model to a model gradually changing to capitation based remuneration (i.e. a larger portion – but not all of the payment –is fixed per listed patient and year). A combination of insufficient reduction of staff to fit the new model and falling productivity in terms of seeing patients, have caused both a slight decline in sales and higher than planned staff costs.

A full interim report for the period January-September 2017 will be published as planned on October 27, at 08.00 CET, followed by a telephone conference at 09.30 CET. Please refer to www.capio.com for more information.

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