Capio

PRESS RELEASE October 11, 2018

Capio publishes preliminary quarterly results for the period July-September 2018

In light of the ongoing public takeover offer from Ramsay Générale de Santé, Capio announces preliminary quarterly results for the period July-September 2018 ahead of the preannounced date for the publication of the interim report on October 30, 2018.

Preliminary quarterly results for the Capio Group:

- Continued strong development in the Nordics while France is improving in a weak market and Germany under restructuring according to plan
- Investments in digitalization of healthcare impacted the Nordic segment by MSEK -12 (-2) in the quarter
- Net sales MSEK 3,816 (3,455). Organic sales growth 2.1% (2.2) and total sales growth 10.4% (9.1)
- EBITDA[1] MSEK 189 (168) and margin 5.0% (4.9). EBITDA increased by 13%
- EBITA[1] MSEK 66 (53) and margin 1.7% (1.5%). EBITA increased by 25%

During July - September (Q3) 2018 net sales in the Group amounted to MSEK 3,816 (3,455), which corresponds to a total sales growth of 10.4% (9.1) and an organic sales growth of 2.1% (2.2). EBITDA increased by 13% to MSEK 189 (168), corresponding to a margin of 5.0% (4.9). EBITA increased by 25% to MSEK 66 (53), corresponding to a margin of 1.7% (1.5). Q3 is the seasonally weakest quarter for the Group, especially impacting the French and German segments.

In the **Nordic segment** the strong development in line with historical trends continues. All Swedish Business Areas are contributing to the development. The investments in the digitalization of healthcare continued and the result impact in Capio Go and Capio Proximity Care of the new digital services was MSEK -12 (-2) in Q3. The acquisition of Legevisitten was completed on September 3, 2018 and the acquisition contributes positively to the result in the quarter. Net sales in the Nordic segment in the quarter amounted to MSEK 2,213 (2,007). Total sales growth was 10.3% (16.6) and organic sales growth was 2.6% (4.3). EBITDA was MSEK 172 (153), which is an increase of 12% and EBITA was MSEK 127 (107) which is an increase of 19%. Adjusted for the result effect from the investment in digitalization of healthcare, the increase in EBITDA was 19% and the increase in EBITA was 28%.

The **French segment** had net sales of MSEK 1,331 (1,188) in the quarter, which corresponds to an organic sales growth of 2.9% (-0.8), partly impacted by two extra working days during the quarter compared with the same period in 2017. EBITDA was MSEK 47 (29), which is an increase of 62% and EBITA was MSEK -20 (-31), which was a 36% improvement. In general the French market has been characterized by low volumes in the quarter. The two new hospitals, La Croix du Sud in Toulouse and Medipole in Lyon, will open at the end of October and at the end of December respectively.

In the **German segment** net sales were MSEK 272 (260) in the quarter, which corresponds to an organic growth of -4.8% (2.4). EBITDA was MSEK -10 (6) and EBITA was MSEK -19 (-2) in the quarter. In the General Hospitals action plans are implemented and new medical teams are now in place in most hospitals to improve the focus on Modern Medicine and reducing AVLOS. The Specialized Hospitals are adjusting to the price reduction impacting parts of the business as well as the shift from in- to outpatients.

The Operating cash flow in the quarter was MSEK -162 (-73). The third quarter is normally the weakest quarter from a cash flow perspective as production is lower in the vacation period and seasonal effects are impacting working capital negatively. Net cash flow was MSEK -623 (-143) and is mainly explained by the cash out flow from the acquisitions of MSEK -362 (0) and paid non-recurring items of MSEK -39 (-7).

[1] EBITDA/EBITA: before amortizations of group surplus values, restructuring and other non-recurring items and acquisition related costs.

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As per September 30, 2018, Operating Capital Employed amounted to MSEK 1,300 (1,008 as of December 31, 2017) which corresponds to 8.0% (6.6) of sales. Capital Employed was MSEK 10,408 (9,447 as of December 31, 2017) and Return on Capital Employed was 6.2% (7.0). Net debt amounted to MSEK 4,529 (3,691 as of December 31, 2017) which corresponds to a financial leverage of 4.0x (3.3). If adjusted for the full year effect of acquisitions the leverage is 3.8x (3.2). The increase in leverage is mainly related to acquisitions and the weak Swedish krona.

In Q4 2018 Capio will report costs in relation to the now cancelled sale of the French operations to Vivalto including the cost coverage-fee of up to MEUR 5.0, and non-recurring cost, advisory and legal fees for the Ramsay GdS public cash offer.

A full interim report for the period January-September 2018 will be published as planned on October 30th.

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