

Stable growth and increased profitability

Second quarter April–June

- Net sales rose 5 per cent to SEK 1,518 million (1,442)
- Operating profit (EBIT) rose 6 per cent to SEK 95 million (90)
- EBITA increased 10 per cent to SEK 114 million (104) corresponding to a margin of 7.5 per cent (7.2)
- EBITA and adjusted EBITA were impacted in the second quarter of 2017 in an amount of SEK 18 million attributable to a repayment of previously paid pension premiums
- Adjusted EBITA, excluding items affecting comparability, increased 2 per cent to SEK 114 million (112) The adjusted EBITA margin was 7.5 per cent (7.8)
- Items affecting comparability in the quarter amounted to SEK 0 million (-8).
- Net profit for the period was SEK 75 million (20)
- Earnings per share before and after dilution totalled SEK 1.11 (0.31)
- Operating cash flow amounted to SEK 245 million (118)
- Free cash flow totalled SEK 236 million (80)
- EBITA and adjusted EBITA were impacted in the previous year in an amount of SEK 18 million attributable to a repayment of previously paid pension premiums
- Adjusted EBITA, excluding items affecting comparability, amounted to SEK 222 million (222) The adjusted EBITA margin was 7.4 per cent (7.8)
- Items affecting comparability amounted to SEK -4 million (-32), related to previously divested personal assistance operations
- Net profit for the period was SEK 135 million (54)
- Earnings per share before and after dilution totalled SEK 1.99 (0.81)
- Operating cash flow amounted to SEK 355 million (198)
- Free cash flow totalled SEK 302 million (104)

Significant events during the quarter

- Ambea acquired Curation Holding AB (Stöd & Resurs)
- The company increased its revolving credit facility by SEK 500 million to a total of SEK 3,000 million
- The Annual General Meeting on 23 May adopted a warrant programme for Group management and a matching share plan for certain other managers

First six months January–June

- Net sales rose 4 per cent to SEK 2,985 million (2,864)
- Operating profit (EBIT) rose 12 per cent to SEK 181 million (162)
- EBITA increased 15 per cent to SEK 218 million (190) corresponding to a margin of 7.3 per cent (6.6)

Consolidated key figures

SEK million	2018 Apr–June	2017 Apr–June	Change %	2018 Jan–June	2017 Jan–June	Change %	2017/2018 Rolling 12 m	2017 Jan–Dec	Change %
Net sales	1,518	1,442	5	2,985	2,864	4	5,937	5,816	2
EBITA	114	104	10	218	190	15	488	461	6
Operating margin, EBITA (%)	7.5	7.2		7.3	6.6		8.2	7.9	
Adjusted EBITA	114	112	2	222	222	0	498	498	0
Operating margin, adjusted EBITA (%)	7.5	7.8		7.4	7.8		8.4	8.6	
Operating profit (EBIT)	95	90	6	181	162	12	421	402	5
Operating margin (EBIT) (%)	6.3	6.2		6.1	5.7		7.1	6.9	
Profit after tax	75	20	275	135	54	150	307	226	36
Earnings per share before dilution, SEK	1.11	0.31	258	1.99	0.81	146	4.54	3.37	35
Earnings per share after dilution, SEK	1.11	0.31	258	1.99	0.81	146	4.54	3.37	35
Operating cash flow	245	118	108	355	198	79	618	459	35
Free cash flow	236	80	195	302	104	190	531	332	60

For definitions of key figures, see Note 9

Comments from Fredrik Gren, President and CEO

Stable growth and increased profitability

Acquired units and start-ups continued contributing to strong growth of operations under own management in the second quarter and better underlying profitability. Efforts to increase the number of beds and placements in our pipeline were successful. We have secured several major tenders that will contribute to organic growth moving forward.

Net sales for the second quarter amounted to SEK 1,518 million (1,442). Own Management accounted for 68 per cent (63) of net sales. Adjusted EBITA was slightly higher year-on-year at SEK 114 million (112). Given that the second quarter of 2017 was positively impacted by repaid pension premiums of SEK 18 million, the underlying profitability performance was favourable.

Net sales in the quarter rose 5 per cent and were primarily driven by acquisitions and start-ups. The divestment of the personal assistance operations in 2017 had a negative impact on sales of 1.2 per cent and we also experienced lower volumes in Contract Management. Heimta continued to demonstrate healthy growth as a result of acquisitions and start-up units. The staffing operations reported sales in line with the previous year and subscription services continued to have a positive impact on sales growth.

Adjusted EBITA for the quarter was slightly higher year-on-year, due primarily to increased activities in Own Management. Occupancy rates were favourable within elderly care, LSS and HVB Adults, while operations within Children & Young People noted a weaker performance. Heimta's earnings continued to be hampered with start-up costs for the record number of start-up units that began operating around the turn of the year.

During the quarter, we opened Villa Botvid with 27 beds, which is an expansion of our existing Sandstugan nursing home in southern Stockholm. The start-up progressed as planned and we can see good opportunities to achieve a high and stable occupancy rate. Nytida opened three group homes within LSS with a total of 16 beds while Heimta opened one new unit during the quarter. In the second quarter, our pipeline grew by another 265 beds within elderly care and disability care, and amounted to 1,038 beds at the end of the quarter, equivalent to 18 per cent of the existing number of beds in Own Management.

Our previously announced adjustments to the administrative cost structure are proceeding as planned and redundancy costs amounted to about SEK 8 million during the quarter. The assessment is still that a limited positive earnings impact will be achieved in 2018, but that the full impact of about SEK 30 million will be achieved in 2019.

Our acquisition efforts are progressing and we have welcomed Stöd & Resurs, Tillväxthemma and Strukturrutan to the Ambea Group during the quarter. Stöd & Resurs complements and strengthens Nytida's current operations in residential care,



day-care activities and short-term accommodation for children and adults. Tillväxthemma provides support to socially vulnerable children and young adults, and Strukturrutan operates a nursing home.

Our focus on quality has again been acknowledged with several awards during the quarter. All of Vardaga's nursing homes in Täby have, for the second consecutive year, received the municipality's quality bonus and the Vardaga Agaten nursing home in Gothenburg received an award for its commitment to increased diversity and work integration.

In the quarter, parliament voted, as expected, to block the proposal to cap profits in line with the Reepalu inquiry. Support is strong for freedom of choice in social care and we will continue to focus on providing high-quality care and being an important partner in the municipalities' work to solve the welfare challenge.

Ambea's improved earnings in the second quarter was driven by a greater share of operations under own management, favourable occupancy rates and cost control in established units. Our pipeline for new units grew substantially during the quarter and is now at its highest level ever, at the same time as we were successful in the Contract Management market, which will form the foundation for future organic growth.

A handwritten signature in blue ink, appearing to read 'Fredrik Gren', written in a cursive style.

Fredrik Gren

Group

Second quarter

Net sales

Net sales rose 5 per cent to SEK 1,518 million (1,442).

Net sales in Own Management amounted to SEK 1,034 million (920) up 12 per cent compared with the year-earlier period, due to acquisitions and start-up units. The personal assistance operations, which were divested in November 2017, contributed SEK 17 million in the second quarter of the previous year, which had a negative impact on sales of 1.2 per cent.

Net sales in Contract Management amounted to SEK 401 million (441). This decrease in sales compared with the year-earlier period was due to contract terminations in 2017.

Net sales in staffing services increased 2 per cent to SEK 83 million (81).

Earnings

EBIT rose 6 per cent to SEK 95 million (90) corresponding to a margin of 6.3 per cent (6.2).

EBITA rose 10 per cent to SEK 114 million (104). The EBITA margin was 7.5 per cent (7.2). EBITA for the quarter was not impacted by items affecting comparability, while the second quarter of 2017 was charged with SEK -8 million. In the second quarter of 2017, a repayment of previously paid pension premiums was received which improved earnings for the comparative year by SEK 18 million.

The adjustment of central costs, which began in the second quarter and is expected to generate SEK 30 million in cost savings from 2019, is progressing as planned and SEK 8 million in redundancy costs was charged for the quarter. For the full year 2018, the earnings impact from the measures is expected to be marginal.

Adjusted EBITA for the quarter rose 2 per cent to SEK 114 million (112). The stable earnings trend is attributable to a greater share of operations under own management, favourable occupancy rates and cost control in established units. Easter had a positive impact of approximately SEK 5 million on earnings.

The adjusted EBITA margin was 7.5 per cent (7.8).

Net financial items

Net financial items for the quarter amounted to SEK -3 million (-63). The change was due mainly to capitalised financing fees of SEK 49 million, attributable to previously expensed financing agreements, that were charged to the second quarter of 2017. Improved terms in the new financing completed in the second quarter of 2017 and the new commercial papers programme established in December 2017 made positive contributions.

Income tax

Tax expense for the period was SEK 17 million (7) corresponding to a tax rate of 18 per cent (25).

Due to the Riksdag decision to cut corporation tax, deferred tax assets and tax liabilities have been recalculated in the annual accounts, which resulted in a positive impact of SEK 4 million. The recalculation consisted of SEK -1 million related to a reduction in tax assets for loss carryforwards and SEK 5 million related to a reduction in tax liabilities for customer relationships recognised in the balance sheet.

Net profit for the period

Net profit for the period amounted to SEK 75 million (20) corresponding to earnings per share of SEK 1.11 (0.31) before dilution and SEK 1.11 (0.31) after dilution.

Distribution of net sales

Apr – June	Vardaga			Nytida			Heimta			Klara			Group		
SEK million	2018	2017	Change %	2018	2017	Change %	2018	2017	Change %	2018	2017	Change %	2018	2017	Change %
Own Management	280	253	11	622	576	8	131	91	44	–	–	–	1,034	920	12
Contract Management	276	316	-13	125	125	–	–	–	–	–	–	–	401	441	-9
Staffing	–	–	–	–	–	–	–	–	–	83	81	2	83	81	2
Total	556	569	-2	747	701	7	131	91	44	83	81	2	1,518	1,442	5

Own Management – total in operation, including acquisitions

	Units	OB Beds/Placements	Quarterly change ¹		Units	CB Beds/Placements
			Units	Beds/Placements		
Vardaga	27	1,316	–	27	27	1,343
Nytida – beds	178	1,782	18	105	196	1,886
Nytida – placements	74	2,169	4	152	77	2,321
Heimta	57	187	2	2	59	189
Total	336	5,454	24	286	359	5,739

Own Management – pipeline

	OB	Quarterly change		CB
		Opened during the quarter	New during the quarter ²	
Vardaga	674 ³	27	233	880
Nytida – beds	74	16	30	88
Nytida – placements	65	–	–	65
Heimta	4	1	2	5
Total	817	44	265	1 038

Contract Management – pipeline

	Allocation decisions during the quarter ⁴			Start-up/terminated during the quarter
	Units	Beds	Annual revenue	Annual revenue ⁵
Won	6	174	107	21
Renewed confidence	6	185	113	–
Lost	4	140	75	4
Contracts retaken to be run under municipal auspices	–	–	–	30

¹ Nytida's changes include the acquired company Andecit (Arona Omsorger), which contributed three units – both beds and placements.

² New is the sum total of signed contracts and units under construction. For more information about expected openings, refer to Own Management – pipeline under ambea.se/investerare

³ OB was adjusted by 54 beds as the construction company is financially insolvent and, since the project is now being managed by an insolvency administrator, it is not clear if

construction can take place.

⁴ Allocation decisions during the quarter entail that Ambea received decisions during the quarter about contracts that have to be handed back or started up. The time from allocation to handback or start-up varies from a couple of months to a year. For Vardaga, it is nine to 12 months and for Nytida it is six to nine months.

⁵ Shows which contracts were started up or handed back during the quarter and their annual revenue.

Group

January–June

Net sales

Net sales rose 4 per cent to SEK 2,985 million (2,864).

Net sales in Own Management amounted to SEK 2,020 million (1,809) up 12 per cent compared with the year-earlier period, due to acquisitions and start-up units. The personal assistance operations, which were divested in November 2017, contributed SEK 36 million in net sales in the first half of the preceding year, corresponding to 2.0 per cent.

Net sales in Contract Management amounted to SEK 804 million (893). This decrease in sales compared with the year-earlier period was due to contract terminations in 2017.

Net sales in staffing services amounted to SEK 161 million (162).

Earnings

EBIT rose 12 per cent to SEK 181 million (162) corresponding to a margin of 6.1 per cent (5.7).

EBITA rose 15 per cent to SEK 218 million (190). The EBITA margin was 7.3 per cent (6.6). EBITA for the period was impacted by items affecting comparability of SEK -4 million (-32), attributable to the divestment of the personal assistance operations that was completed in the fourth quarter of 2017. In May 2017, a repayment was received of SEK 18 million pertaining to previously paid pension premiums, which had a positive impact on the period of comparison.

Adjusted EBITA for the period was in line with the preceding year at SEK 222 million (222). Acquired companies and start-up units had a positive impact on earnings. The development of Contract Management, weaker performance for the operations within Children & Young People and higher overhead costs had an adverse effect on earnings.

The adjusted EBITA margin was 7.4 per cent (7.8).

Net financial items

Net financial items for the period amounted to SEK -12 million (-91). The change was due to improved terms in the new financing completed in the second quarter of 2017 and the new commercial papers programme established in December 2017. In conjunction with the new financing arrangement in 2017, SEK 49 million was expensed in financing fees attributable to previous financing.

Income tax

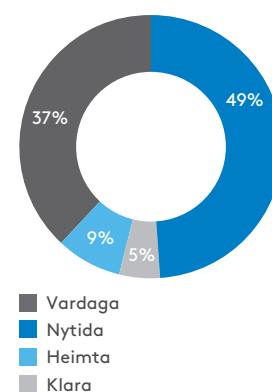
Tax expense for the period was SEK 34 million (18) corresponding to a tax rate of 20 per cent (25).

Due to the Riksdag decision to cut corporation tax, deferred tax assets and tax liabilities have been recalculated in the annual accounts, which resulted in a positive impact of SEK 4 million. The recalculation comprises SEK -1 million related to a reduction in tax assets for loss carryforwards and SEK 5 million related to a reduction in tax liabilities for customer relationships recognised in the balance sheet.

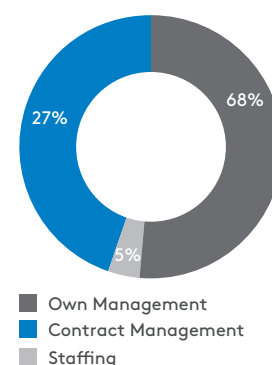
Net profit for the period

Net profit for the period amounted to SEK 135 million (54) corresponding to earnings per share of SEK 1.99 (0.81) before dilution and SEK 1.99 (0.81) after dilution.

Net sales by segment
Jan–Jun 2018



Net sales by contract model
Jan–Jun 2018



Distribution of net sales

Net sales by segment	2018 Jan–June	2017 Jan–June
Vardaga	37%	40%
Nytida	49%	48%
Heimta	9%	6%
Klara	5%	6%
Total	100%	100%

Net sales by contract model	2018 Jan–June	2017 Jan–June
Own Management	68%	63%
Contract Management	27%	31%
Staffing	5%	6%
Total	100%	100%

Distribution of net sales

Jan – jun	Vardaga			Nytida			Heimta			Klara			Group		
SEK million	2018	2017	Change %	2018	2017	Change %	2018	2017	Change %	2018	2017	Change %	2018	2017	Change %
Own Management	550	499	10	1,217	1,132	8	253	178	42	–	–	–	2,020	1,809	12
Contract Management	557	634	-12	247	259	-5	–	–	–	–	–	–	804	893	-10
Staffing	–	–	–	–	–	–	–	–	–	161	162	-1	161	162	-1
Total	1,107	1,133	-2	1,464	1,391	5	253	178	42	161	162	-1	2,985	2,864	4

Cash flow

SEK million	2018 Apr–June	2017 Apr–June	2018 Jan–June	2017 Jan–June	2017/2018 Rolling 12 m	2017 Jan–Dec
Cash flow from operating activities before changes in working capital	120	72	197	107	473	383
Cash flow from changes in working capital	127	15	121	10	70	-42
From operating activities	247	86	318	117	543	342
Cash flow from investing activities (excluding acquisitions and investments and divestments in financial assets)	-11	-7	-16	-14	-12	-10
Free cash flow	236	80	302	104	531	332

Free cash flow for the quarter amounted to SEK 236 million (80). The increase in free cash flow compared with the year-earlier period is mainly attributable to an improvement in tied-up working capital and better operating profit. A reduction in operating receivables contributed SEK 54 million (2) and increased operating liabilities contributed SEK 74 million (13).

Free cash flow for the first six months of the year totalled SEK 302 million (104). The increased free cash flow was mainly due to higher operating profit and improved cash flow from changes in working capital. A reduction in operating receivables contributed SEK 44 million (-1) and increased operating liabilities contributed SEK 77 million (12).

Financial position

SEK million	30 June 2018	30 June 2017	31 Dec 2017
Net interest-bearing debt	2,193	1,948	2,015
Equity/assets ratio (%)	43.5	40.4	44.5
Net debt/Rolling 12 months adjusted EBITDA	4.0	3.4	3.7

For definitions of key figures, see Note 9

At 30 June 2018, net debt amounted to SEK 2,193 million (1,948), or 4.0 times rolling 12 months adjusted EBITDA. The increase in net debt is attributable to the financing of acquisitions.

On the balance-sheet date, equity amounted to SEK 2,556 million, compared with SEK 2,480 million on 31 December 2017.

Vardaga

Vardaga offers individual-focused healthcare and care services in special residential nursing homes for the elderly. Vardaga is one of Sweden's largest private providers of elderly care services with approximately 75 nursing homes throughout Sweden, where 6,500 employees work with a focus on safeguarding the quality of life and security of every individual.

Quarter

Vardaga's net sales decreased 2 per cent year-on-year to SEK 556 million (569).

Net sales in Own Management amounted to SEK 280 million (253), an increase of 11 per cent attributable to higher occupancy in established units and to start-up units.

Net sales in Contract Management amounted to SEK 276 million (316). During the quarter, Vardaga secured contracts corresponding to an annual volume of SEK 96 million and lost contracts corresponding to an annual volume of SEK 71 million. During the quarter, municipalities retook one nursing home for closure with an annual sales volume of SEK 30 million.

EBITA decreased 21 per cent to SEK 33 million (42), primarily due to the receipt of SEK 18 million in repaid pension premiums in 2017. Excluding this repayment, Vardaga's earnings improved for the quarter, which is mainly attributable to the start-up of Own Management units with favourable occupancy rates and thereby lower start-up costs. Contract Management had a negative effect compared with the year-earlier period. Easter had a positive impact of approximately SEK 2 million on earnings.

The EBITA margin was 5.9 per cent (7.4).

January–June period

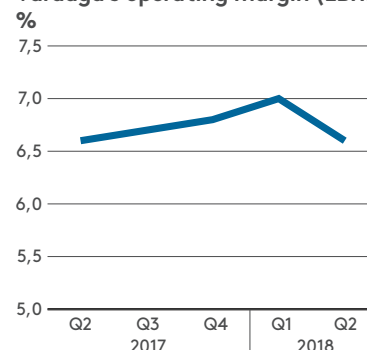
Vardaga's net sales decreased 2 per cent to SEK 1,107 million (1,133). Net sales in Own Management amounted to SEK 550 million (499), up 10 per cent primarily due to higher occupancy in start-up units. Net sales in Contract Management amounted to SEK 557 million (634). The Decline of 12 per cent was attributable to the fact that contracts won did not fully offset terminated contracts.

EBITA declined 9 per cent to SEK 68 million (75). Earnings for 2017 were impacted positively by repaid pension premiums amounting to approximately SEK 18 million. Start-up units and changes to the contract mix in Contract Management had a positive effect on earnings compared with the year-earlier period.

The EBITA margin was 6.1 per cent (6.6).

Own Management
operations account for
50%
of net sales

Vardaga's operating margin (EBITA), RTM



SEK million	2018 Apr–June	2017 Apr–June	Change %	2018 Jan–June	2017 Jan–June	Change %	2017/2018 Rolling 12 m	2017 Full-year	Change %
Net sales	556	569	-2	1,107	1,133	-2	2,234	2,260	-1
EBITA	33	42	-21	68	75	-9	147	154	-5
Operating margin, EBITA (%)	5.9	7.4		6.1	6.6		6.6	6.8	

Own Management – total in operation

	OB		Quarterly change		CB	
	Units	Beds	Units	Beds	Units	Beds
Beds	27	1,316	–	27	27	1,343

Own Management – pipeline

	OB	Quarterly change		CB
		Opened during the quarter	New during the quarter ⁶	
Beds	674 ⁷	27	233	880

Contract Management – pipeline

	Allocation Decisions during the quarter ⁸			Start-up/terminated during the quarter Annual revenue ⁹
	Units	Beds	Annual revenue	
Won	3	150	96	–
Renewed confidence	3	150	88	–
Lost	3	134	71	–
Contracts retaken to be run under municipal auspices	–	–	–	30

⁶ New is the sum total of signed contracts and units under construction. For more information about expected openings, refer to Own Management – pipeline under www.ambea.se/investerare

⁷ OB was adjusted by 54 beds as the construction company is financially insolvent and, since the project is now being managed by an insolvency administrator, it is not clear if construction can take place.

⁸ Allocation decisions during the quarter entail that Ambea received decisions during the quarter about contracts that have to be handed back or started up. The time from allocation to handback or start-up varies. For Vardaga, it is nine to 12 months and for Nytida it is six to nine months.

⁹ Shows which contracts were started up or handed back during the quarter and their annual revenue.

Nytida

Nytida provides support and care to children, young people and adults for satisfying disability care and psychosocial problems throughout the clients' lives. Nytida offers residential care, day-care activities, and individual, family and school support at approximately 350 units throughout Sweden. Using tried-and-proved models and in-depth knowledge, our 7,000 employees work to strengthen the individual's ability to live an independent life.

Quarter

Net sales rose 7 per cent to SEK 747 million (701).

Net sales under Own Management amounted to SEK 622 million (576) an increase of 8 per cent. Growth was attributable to acquisitions and favourable occupancy within LSS and HVB Adults at the same time as the weaker performance for operations in Children & Young People had a negative impact. The personal assistance operations, which were divested in the previous year, contributed SEK 17 million in net sales in the second quarter of 2017, corresponding to 2.3 per cent.

Net sales in Contract Management amounted to SEK 125 million (125). During the quarter, Nytida secured contracts corresponding to an annual volume of SEK 11 million and lost contracts corresponding to an annual volume of SEK 4 million.

EBITA rose 19 per cent to SEK 80 million (67). Acquisitions, together with operations within LSS and HVB Adults, made a positive contribution in the quarter while the operations within Children & Young People displayed a weaker performance year-on-year. Easter had a positive impact of approximately SEK 3 million on earnings.

The EBITA margin was 10.7 per cent (9.6).

In May, Stöd & Resurs was acquired with operations in residential care, day-care activities and short-term accommodation for children and adults with neuropsychiatric disabilities. In June, Tillväxthemma was acquired with operations focused on residential care for socially vulnerable children and young adults.

January–June period

Net sales rose 5 per cent to SEK 1,464 million (1,391).

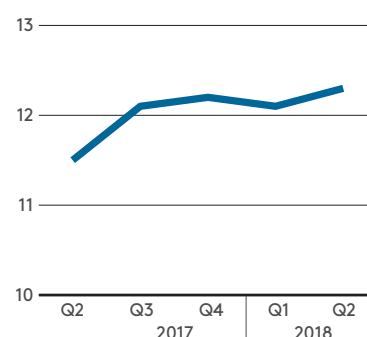
Net sales under Own Management amounted to SEK 1,217 million (1,132), an increase of 8 per cent, mainly due to acquisitions. Net sales in Contract Management amounted to SEK 247 million (259). The decline of 5 per cent was due to the fact that contracts won did not fully offset terminated contracts.

EBITA rose 8 per cent to SEK 156 million (144).

The EBITA margin was 10.7 per cent (10.4).



Nytida's operating margin (EBITA), RTM %



SEK million	2018 Apr–June	2017 Apr–June	Change %	2018 Jan–June	2017 Jan–June	Change %	2017/2018 Rolling 12 m	2017 Full-year	Change %
Net sales	747	701	7	1,464	1,391	5	2,938	2,864	3
EBITA	80	67	19	156	144	8	362	350	3
Operating margin, EBITA (%)	10.7	9.6		10.7	10.4		12.3	12.2	

Nytida

Own Management – total in operation

	OB		Quarterly change ¹⁰		CB	
	Units	Beds/Placements	Units	Beds/Placements	Units	Beds/Placements
Beds	178	1,782	18	105	196	1,886
Placements	74	2,169	4	152	78	2,321

Own Management – pipeline

	OB	Quarterly change		CB
		Opened during the quarter	New during the quarter ¹¹	
Beds	74	16	30	88
Placements	65	–	–	65

Contract Management – pipeline

	Allocation decisions during the quarter ¹²			Start-up/terminated during the quarter Annual revenue ¹³
	Units	Beds	Annual revenue	
Won	3	24	11	21
Renewed confidence	3	35	25	–
Lost	1	6	4	4
Contracts retaken to be run under municipal auspices	–	–	–	–

¹⁰ Changes include the acquired company Andecit (Arona Omsorger), which contributed three units – both beds and placements.

¹¹ New is the sum total of signed contracts and units under construction. For more information about expected openings, refer to Own Management – pipeline under www.ambea.se/investerare

¹² Allocation decisions during the quarter entail that Ambea received decisions during the quarter about contracts that have to be handed back or started up. The time from allocation to handback or start-up varies. For Vardaga, it is nine to 12 months and for Nytida it is six to nine months.

¹³ Shows which contracts were started up or handed back during the quarter and their annual revenue.

Heimta

Heimta consists of support and residential care services in the fields of disabled care and psychiatric care in Norway. The operations have about 450 employees and offer residential care, user-guided personal assistance, rehabilitation services, temporary relief for relatives and investigatory services in large parts of Norway.

Quarter

Net sales rose 44 per cent to SEK 131 million (91) due to acquisitions and higher occupancy in start-up units. Adjusted for currency effects (SEK -6 million), the increase was 37 per cent year-on-year. At the end of the second quarter of 2017, a number of contracts in Vitale were terminated, which had an adverse effect of SEK 10 million year-on-year in the quarter.

EBITA was SEK 6 million (8), representing a margin of 4.6 per cent (8.8). The SEK 2 million decline corresponds to -25 per cent, which adjusted for currency effects (SEK 0 million) amounts to -25 per cent year-on-year. Start-up costs due to new Own Management units were charged against profit in the quarter, while acquisitions had a positive impact.

January–June period

Net sales rose 42 per cent to SEK 253 million (178) due to acquisitions. Adjusted for currency effects (SEK -3 million), the increase was 40 per cent year-on-year. At the end of the second quarter of 2017, a number of contracts in Vitale were terminated, which had an adverse effect of SEK 25 million year-on-year for the period.

EBITA was SEK 9 million (11), representing a margin of 3.6 per cent (6.2). Adjusted for currency effects (SEK 0 million), EBITA was SEK 9 million. Start-up costs due to new Own Management units were charged against profit in the quarter, while acquisitions had a positive impact.

From March 2018, all operations are conducted under the Heimta brand.

SEK million	2018 Apr–June	2017 Apr–June	Change %	2018 Jan–June	2017 Jan–June	Change %	2017/2018 Rolling 12 m	2017 Full-year	Change %
Net sales	131	91	44	253	178	42	444	369	20
EBITA	6	8	-25	9	11	-18	17	19	-11
Operating margin, EBITA (%)	4.6	8.8		3.6	6.2		3.8	5.1	

Own Management – total in operation

	OB Units	OB Beds	Quarterly change Units	Quarterly change Beds	CB Units	CB Beds
Total in operation	57	187	2	2	59	189

Own Management – pipeline

	OB	Quarterly change Opened during the quarter	Quarterly change New during the quarter ¹⁴	CB
Beds	4	1	2	5

¹⁴ New is the sum total of signed contracts and units under construction. For more information about expected openings, refer to Own Management – pipeline under www.ambea.se/investerare

Klara

Klara is one of Sweden's leading providers of staffing services for healthcare and care services. Klara is an authorised staffing company and is ISO certified. Based on personal service and long-standing experience of the industry, Klara assists both public and private contracting authorities by providing superior staffing solutions. Klara mediates thousands of assignments every year and conducts operations throughout Sweden.

Quarter

Net sales rose 2 per cent to SEK 83 million (81). A weaker performance for Rent a Doctor/Rent a Nurse was partly offset by acquisitions, which contributed net sales of SEK 6 million for the quarter.

EBITA was SEK 4 million (3), representing a margin of 4.8 per cent (3.7). Acquisitions and a positive trend in Klara Team, which provides qualified on-call services on a subscription basis, made positive contributions. Rent a Doctor/Rent a Nurse operations made a negative contribution.

In early June, the Supreme Administrative Court presented a ruling with respect to VAT payments for staffing agencies and hiring of care professionals. For Klara, the new forthcoming guidelines from the Swedish Tax Agency will mean hiring care professionals for private health and care providers will be considered sales liable for VAT. We expect this rule change to have a limited impact on Klara's earnings and alternative delivery models are being evaluated.

January–June period

Net sales declined 1 per cent to SEK 161 million (162). A weaker performance for Rent a Doctor/Rent a Nurse was partly offset by acquisitions, which contributed net sales of SEK 13 million in the first half of 2018.

EBITA was SEK 7 million (4) representing a margin of 4.3 per cent (2.5). Acquisitions and a positive trend in Klara Team, which provides qualified on-call services on a subscription basis, made positive contributions. Rent a Doctor/Rent a Nurse operations made a negative contribution.

On 4 January, Ambea acquired Elevhälsan, which is specialised in staffing solutions for school health services in elementary and high schools.

From March 2018, all operations are conducted under the Klara brand.

SEK million	2018 Apr–June	2017 Apr–June	Change %	2018 Jan–June	2017 Jan–June	Change %	2017/2018 Rolling 12 m	2017 Full-year	Change %
Net sales	83	81	2	161	162	-1	321	322	0
EBITA	4	3	33	7	4	75	15	12	25
Operating margin, EBITA (%)	4.8	3.7		4.3	2.5		4.7	3.7	

Other events

Incentive programmes

The Annual General Meeting on 23 May 2018 resolved to introduce two new long-term incentive programmes: (i) a warrant programme for Group management and (ii) a matching share plan for certain employees in the Ambea Group.

In total, the warrant programme comprised 429,000 warrants, entitling holders to subscribe for the same number of new shares in Ambea. Participants were invited to acquire warrants at market price. Group management acquired a total of 311,000 warrants corresponding to a market value of approximately SEK 1.8 million and about 0.5 per cent of total number of shares in Ambea after full dilution.

The matching share plan offered to certain employees is conditional upon the participant investing in shares in Ambea AB (publ), meaning saving shares. The saving shares could consist of shares already owned. A total of 48,024 investment shares were allocated to the programme, which means up to 96,048 Ambea shares may be allotted within the framework of the programme in the event of full allotment, corresponding to 0.1 per cent of the total number of shares in Ambea after full dilution. The company's undertaking to allocate shares to participants in the share savings programme will be secured by means of share buybacks. Costs for the share savings programme are recognised in accordance with IFRS 2 – Share-based Payment.

Ambea's Board of Directors was authorised by the Annual General Meeting of 23 May 2018 to repurchase shares in the company on Nasdaq Stockholm to secure the transfers mentioned above.

More information on the programmes is provided in information from the Annual General Meeting on ambea.com/investor-relations/corporate-governance/shareholders-meeting/annual-general-meeting.

Related party transactions

No transactions took place during the quarter between Ambea and its related parties that had any material impact on the company's position and earnings. The nature of transactions and volume remained unchanged during the quarter compared with the year-earlier period.

Events after the end of the quarter

No significant events occurred after the end of the quarter.

Seasonal variations

Ambea's results of operations are affected by seasonal variations, weekends and public holidays.

Weekends and public holidays reduce Ambea's profitability due to higher personnel costs for inconvenient working hours. The first or second quarter is affected by Easter, depending on which quarter the Easter holiday occurs, while the first and fourth quarter are affected by Christmas and New Year holidays.

The company's personnel costs are affected in a similar manner, depending on when individual employees take their holiday. For example, the company is most profitable in the third quarter, as employees typically take their holidays during July and August and therefore receive holiday pay that is accrued continuously throughout the year. Costs during summer months are also generally lower due to a reduced schedule for central activities, such as mandatory training programmes and central initiatives, over this period.

Employees

The average number of full-time employees (FTE) during the interim period was 7,301 (7,296). This interim report uses an improved methodology in the calculation of the average number of employees in the interim period and for the comparative year, see Note 1.

Parent Company

The Parent Company's earnings pertain to Group-wide costs. During the quarter, the Parent Company's net sales amounted to SEK 6 million (6). Earnings for the quarter amounted to SEK 0 million (-18).

The main reason for the improved earnings was that the preceding year was charged with legal and consultancy fees connected to the IPO process.

Risks and uncertainties

Ambea's operations and development are impacted by demographic, economic and political factors, as well as by the general development in the market for care services. Changes in these factors may lead to a reduction in demand for Ambea's care services, which could have a negative impact on the company. Ambea works continuously on following up, analysing and taking actions to mitigate risks. Risk management is based on developed systems, division of responsibilities and procedures that are well secured in the organisation.

Demand for Ambea's care services is impacted to a great extent by legislation and political decisions, since municipalities are customers and the procuring party. Accordingly, Ambea's development depends on the orientation of the various municipalities in terms of the provision of healthcare and care services. Risks associated with freedom of choice can include Ambea being unable to perform the specific service at the set price, or that not enough care recipients choose the company's residential care units or locations. There is also a risk that during public procurement, the company will not have its existing contracts extended or will not win new contracts.

Restrictions in the possibility to provide private care services for profit and stricter rules and regulations as regards permits and supervision can lead to restrictions of Ambea's business model. Ambea is thus affected by, and must comply with, changes and interpretations of new and current legislation, ordinances, regulations and practices. Infringements or shortcomings in the fulfilment of these could result in the company being subject to fees, fines, penalties or other sanctions. Such factors can also lead to adaptation actions and costs.

The quality of our operations is Ambea's principal priority. In addition to rigorous and systematic internal follow-ups of quality, comprehensive follow-ups and quality checks are performed by authorities, and permits are required for conducting operations. Should the company be unable to fulfil the contractual requirements and quality standards, the company could become subject to penalties, damages, contractual penalties, or ultimately lose the customer contracts and/or permits which the company needs to conduct business. Since Ambea's operations are also dependent on permits, the loss of, or delays in receiving, permits could adversely affect Ambea's operations, earnings and financial position.

Ambea is also exposed to financial risks, whereby changes in the credit and capital market could affect Ambea's financial position.

Risks associated with the performance of care services are managed by the management of the various companies at different levels, taking into account the procedures and governance principles applied in the Group. Follow-up of the operations occurs in part in co-operation with contracting authorities and customers and in part in the form of internal quality checks. The design of contracts has a material impact on the risks associated with individual assignments. Financial risks are managed by the finance department.

The Board of Directors' assurance

The Board of Directors and President hereby provide their assurance that this interim report provides a true and fair overview of the operations, position and earnings of the Parent Company and the Group, and describes the material risks and uncertainties facing the Parent Company and the companies in the Group.

Stockholm, 20 August 2018

Lena Hofsberger
Chairman of the Board

Anders Borg

Lars Gatenbeck

Thomas Hofvenstam

Ingrid Jonasson Blank

Gunilla Rudebjer

Mikael Stöhr

Patricia Briceño
Employee representative

Haralampos Kalpakas
Employee representative

Magnus Sällström
Employee representative

Fredrik Gren
President and CEO

Presentation of second quarter of 2018

Ambea will hold a presentation for the financial market, including the possibility to participate in a teleconference, at 10:00 a.m. CEST on Tuesday 21 August 2018. The presentation will be held in English and will also be available as a webcast on www.ambea.se.

Call-up information

To make sure that the hook-up to the conference call works, please call a few minutes before the conference call starts to register.

Phone numbers:

Sweden: +46 8 5033 6574
United Kingdom: +44 330 336 9105
USA: +1 323 794 2094

Contact

Jacob Persson, Head of IR, telephone +46 708 64 07 52

Forthcoming report occasions

Q3 interim report 13 November 2018
Q4 interim report and year-end report for 2018 13 February 2019

Ambea, which is active in healthcare and care services, has approximately 15,000 employees. We offer services in disabled care, individual and family care, and care of the elderly with a focus on residential care and Own Management. We aim to be the quality leader in all that we do and our vision is to make the world a better place, one person at a time. Total revenue and adjusted EBITA for the 2017 financial year amounted to SEK 5,816 million and SEK 498 million, respectively. The company was founded in 1996, is headquartered in Solna and listed on Nasdaq Stockholm.

Consolidated income statement in summary

SEK million	2018 Apr–June	2017 Apr–June	2018 Jan–June	2017 Jan–June	2017/2018 Rolling 12 m	2017 Jan–Dec
OPERATING INCOME						
Net sales	1,518	1,442	2,985	2,864	5,937	5,816
Other operating income	17	17	27	28	82	83
Total operating income	1,535	1,459	3,012	2,892	6,019	5,899
OPERATING EXPENSES						
Consumables	-45	-45	-89	-91	-180	-182
Other external costs	-309	-278	-606	-570	-1,175	-1,139
Personnel costs	-1,052	-1,019	-2,066	-2,017	-4,082	-4,033
Depreciation, amortisation and impairment of tangible and intangible assets	-34	-26	-66	-51	-125	-110
Profit/loss from participations in Group companies	0	0	-4	0	-27	-23
Other operating expenses	0	0	0	-1	-9	-10
Operating expenses	-1,440	-1,369	-2,831	-2,730	-5,598	-5,497
OPERATING PROFIT	95	90	181	162	421	402
Financial income	1	1	2	2	7	7
Financial expenses	-4	-64	-14	-93	-43	-121
Net financial items	-3	-63	-12	-91	-36	-114
PROFIT AFTER NET FINANCIAL ITEMS	92	27	169	72	385	288
PROFIT BEFORE TAX	92	27	169	72	385	288
Tax on net profit for the period	-17	-7	-34	-18	-78	-62
NET PROFIT FOR THE PERIOD	75	20	135	54	307	226
Net profit for the period attributable to shareholders of the Parent Company	75	20	135	54	307	226
Earnings per share before dilution (SEK)	1.11	0.31	1.99	0.81	4.54	3.37
Earnings per share after dilution (SEK)	1.11	0.31	1.99	0.81	4.54	3.37

Consolidated statement of comprehensive income in summary

SEK million	2018 Apr–June	2017 Apr–June	2018 Jan–June	2017 Jan–June	2017/2018 Rolling 12 m	2017 Jan–Dec
NET PROFIT FOR THE PERIOD AFTER TAX	75	20	135	54	307	226
OTHER COMPREHENSIVE INCOME, ITEMS NOT TRANSFERABLE TO PROFIT OR LOSS						
Remeasurement of defined-benefit pension plans	–	0	–	–	–2	–2
Tax related to remeasurement of defined-benefit pension plans	–	0	–	–	0	0
Total items that are not transferable to profit or loss	–	0	–	–	–2	–2
OTHER COMPREHENSIVE INCOME, ITEMS TRANSFERABLE TO PROFIT OR LOSS						
Translation differences	9	–3	23	–2	13	–12
Hedging of net investments in foreign operations	–8	3	–21	3	–12	12
Tax related to net investments in foreign operations	2	–1	5	–1	3	–3
Other	0	0	0	1	–1	–
Total items transferable to profit or loss	3	0	7	1	3	–3
Total other comprehensive income	3	0	7	1	1	–5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	78	20	142	54	308	221
Comprehensive income for the period attributable to shareholders of the Parent Company	78	20	142	54	308	221

Earnings per share

Recalculation of average number of shares

Earnings per share have been recalculated retroactively because the company implemented a four-for-one share split, a share conversion and a bonus issue in the first quarter of 2017. For more information, see Note K12 in the company's 2017 Annual Report.

SEK million	2018 Apr–June	2017 Apr–June	2018 Jan–June	2017 Jan–June	2017/2018 Rolling 12 m	2017 Jan–Dec
Profit for the period attributable to shareholders of the Parent Company, SEK million	75	20	135	54	307	226
Earnings per share before dilution						
Average number of shares, thousands	67,617	67,529	67,617	66,246	67,617	66,937
Earnings per share before dilution, SEK	1.11	0.31	1.99	0.81	4.54	3.37
Earnings per share after dilution						
Average number of shares, thousands	67,635	67,546	67,634	66,255	67,634	66,950
Earnings per share after dilution, SEK	1.11	0.31	1.99	0.81	4.54	3.37

Consolidated balance sheet in summary

SEK million	30 June 2018	30 June 2017	31 Dec 2017
ASSETS			
Fixed assets			
Goodwill	4,069	3,620	3,774
Customer contracts and customer relations	488	439	466
Other intangible assets	18	14	19
Tangible assets	215	175	201
Non-current receivables from Group companies	–	–	0
Derivative instruments	0	–	0
Deferred tax assets	59	94	76
Non-current receivables	26	21	26
Total fixed assets	4,875	4,364	4,562
Current assets			
Inventories	0	0	0
Accounts receivable	623	569	624
Other receivables	71	43	94
Prepaid expenses and accrued income	161	174	157
Cash and cash equivalents	80	496	87
	935	1,282	962
Assets held for sale	70	79	43
Total current assets	1,005	1,361	1,005
TOTAL ASSETS	5,880	5,725	5,567

Consolidated balance sheet in summary – continuation

SEK million	30 June 2018	30 June 2017	31 Dec 2017
EQUITY AND LIABILITIES			
Equity			
Share capital	2	2	2
Other capital contributions	4,965	4,772	4,965
Reserves	7	1	0
Retained earnings, including profit for the year	-2,418	-2,459	-2,487
Total equity attributable to shareholders of the Parent Company	2,556	2,316	2,480
Non-controlling interests	–	–	–
Total equity	2,556	2,316	2,480
Non-current liabilities			
Non-current interest-bearing liabilities	616	2,154	710
Other non-interest-bearing liabilities	0	24	4
Pension provisions	6	6	6
Other provisions	0	13	0
Deferred tax liabilities	121	120	124
Total non-current liabilities	743	2,317	844
Current liabilities			
Current interest-bearing liabilities	42	290	43
Commercial papers	1,615	–	1,349
Accounts payable	183	124	194
Tax liabilities	61	27	73
Other non-interest-bearing liabilities	73	70	96
Accrued expenses and deferred income	607	581	488
Total current liabilities	2,581	1,093	2,243
TOTAL EQUITY AND LIABILITIES	5,880	5,725	5,567

Consolidated statement of changes in equity in summary

SEK million	2018 Jan–June	2017 Jan–June	2017 Jan–Dec
Opening balance	2,480	2,067	2,067
Total comprehensive income	142	54	221
Transactions with shareholders			
New share issue	–	200	200
Issue expenses	–	-8	-7
Warrants issued	2	2	2
Share buybacks	–	–	-5
Dividend	-68	–	–
Closing balance	2,556	2,316	2,480

Consolidated cash flow statement in summary

SEK million	2018 Apr–June	2017 Apr–June	2018 Jan–June	2017 Jan–June	2017/2018 Rolling 12 m	2017 Jan–Dec
OPERATING ACTIVITIES						
Profit before tax	92	27	169	72	385	288
Adjustment for non-cash items	34	54	71	74	142	145
	126	81	240	146	527	433
Tax paid	-6	-9	-43	-39	-54	-50
Cash flow from operating activities before changes in working capital	120	72	197	107	473	383
CASH FLOW FROM CHANGES IN WORKING CAPITAL						
Change in operating receivables	54	2	44	-1	13	-33
Change in operating liabilities	74	13	77	12	57	-8
Cash flow from operating activities	247	86	318	117	543	342
INVESTING ACTIVITIES						
Investment in intangible assets	-2	-1	-2	-2	-4	-4
Investment in tangible assets	-9	-20	-18	-28	-55	-66
Divestment of tangible assets	-	14	4	17	47	60
Free cash flow	236	80	302	104	531	332
Acquisition and disposal of shares and participations	-296	-177	-349	-194	-593	-438
Other financial assets	0	2	0	1	1	1
Cash flow from investing activities	-307	-182	-365	-207	-604	-447
Cash flow after investing activities	-60	-95	-47	-90	-61	-105
FINANCING ACTIVITIES						
New loans/Loans raised	-105	2,150	262	2,282	1,616	3,636
Repayment of loan liabilities	-8	-2,179	-28	-2,208	-1,777	-3,957
Change in revolving credit facility	244	-	-118	-	-118	-
New share issue	-	194	-	194	-	194
External funds provided	2	2	2	2	2	2
Share buybacks	-	-	-	-	-5	-5
Dividends paid	-68	-	-68	-	-68	-
Cash flow from financing activities	67	166	51	270	-349	-130
CASH FLOW DURING THE PERIOD	7	71	4	180	-410	-235
Cash and cash equivalents on the opening date	77	427	87	318	496	318
Exchange rate differences in cash and cash equivalents	-4	-2	-11	-1	-7	3
Cash and cash equivalents on the closing date	80	496	80	496	80	87

Parent Company income statement in summary

SEK million	2018 Apr–June	2017 Apr–June	2018 Jan–June	2017 Jan–June	2017/2018 Rolling 12 m	2017 Full-year
INCOME						
Net sales	6	6	11	12	24	25
	6	6	11	12	24	25
OPERATING EXPENSES						
Other external costs	-5	-11	-11	-35	-16	-40
Personnel costs	-6	-3	-11	-4	-19	-12
Amortisation of intangible assets	0	–	0	–	0	–
Operating expenses	-11	-14	-22	-39	-35	-52
OPERATING PROFIT	-5	-8	-11	-27	-12	-27
Financial items	5	-11	6	-11	-14	-31
PROFIT/LOSS AFTER FINANCIAL ITEMS	0	-18	-5	-37	-26	-58
Appropriations	–	–	–	–	57	57
PROFIT/LOSS BEFORE TAX	0	-18	-5	-37	31	-1
Tax on net profit for the period	–	–	–	–	–	–
NET PROFIT FOR THE PERIOD	0	-18	-5	-37	31	-1

Parent Company balance sheet in summary

SEK million	30 June 2018	30 June 2017	31 Dec 2017
ASSETS			
Intangible assets			
Software	1	–	0
Financial non-current assets			
Participations in Group companies	4,128	4,127	4,127
Total fixed assets	4,129	4,127	4,127
Current assets			
Receivables from Group companies	55	50	9
Other receivables	4	12	2
Tax assets	2	2	2
Prepaid expenses and accrued income	6	–	3
Cash and bank balances	9	59	9
Total current assets	76	123	25
TOTAL ASSETS	4,205	4,250	4,152
EQUITY AND LIABILITIES			
Share capital	2	2	2
Statutory reserve	0	–	0
Total restricted equity	2	2	2
Share premium reserve	200	198	199
Retained earnings	1,856	1,929	1,925
Loss for the period	–5	–37	–1
Total non-restricted equity	2,051	2,091	2,123
TOTAL EQUITY	2,053	2,093	2,125
Non-current liabilities			
Liabilities to credit institutions	522	2,140	659
Current liabilities			
Commercial papers	1,615	–	1,349
Accounts payable	5	4	9
Other liabilities	0	–	2
Accrued expenses	10	13	8
Total current liabilities	1,630	17	1,368
TOTAL EQUITY AND LIABILITIES	4,205	4,250	4,152

Key financial figures

SEK million	2018 Apr–June	2017 Apr–June	Change %	2018 Jan–June	2017 Jan–June	Change %	2017/2018 Rolling 12 m	2017 Jan–Dec	Change %
Net sales	1,518	1,442	5	2,985	2,864	4	5,937	5,816	2
Growth in net sales (%)	5	7		4	12		2	9	
EBITDA	129	116	11	247	213	16	546	512	7
Operating margin, EBITDA (%)	8.5	8.0		8.3	7.4		9.2	8.8	
Adjusted EBITDA	129	124	4	251	245	2	556	550	1
Operating margin, adjusted EBITDA (%)	8.5	8.6		8.4	8.6		9.4	9.5	
EBITA	114	104	10	218	190	15	488	461	6
Operating margin, EBITA (%)	7.5	7.2		7.3	6.6		8.2	7.9	
Adjusted EBITA	114	112	2	222	222	0	498	498	0
Operating margin, adjusted EBITA (%)	7.5	7.8		7.4	7.8		8.4	8.6	
Operating profit (EBIT)	95	90	6	181	162	12	421	402	5
Operating margin (EBIT) (%)	6.3	6.2		6.1	5.7		7.1	6.9	
Profit before tax	92	27	241	169	72	135	385	288	34
Profit after tax	75	20	275	135	54	150	307	226	36
Earnings per share before dilution, SEK	1.11	0.31	258	1.99	0.81	146	4.54	3.37	35
Earnings per share after dilution, SEK	1.11	0.31	258	1.99	0.81	146	4.54	3.37	35
Return on equity (%)	2.9	0.9		5.4	2.4		12.6	9.9	
Operating cash flow	245	118	108	355	198	79	618	459	35
Free cash flow	236	80	195	302	104	190	531	332	60
Cash conversion (%)	192.2	102.6		146.6	94.8		115.0	90.8	
							30 June 2018	30 June 2017	31 Dec 2017
Net debt/Rolling adjusted EBITDA (ratio)							4.0	3.4	3.7

Notes

Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act, as well as the Swedish Financial Reporting Board's RFR 1, Supplementary Accounting Rules for Groups, and RFR 2 Accounting for Legal Entities. The applied accounting policies comply with the accounting policies used when preparing the latest annual accounts.

IFRS 9 Financial Instruments, which entered into force on 1 January 2018, has no impact on Ambea's accounting.

IFRS 15 Revenue from Contracts with Customers entered into force on 1 January 2018 and replaces previous IFRSs related to revenue recognition. IFRS 15 is based on revenue being recognised once control of the good or service is transferred to the customer and entails new methods of determining how revenue is recognised.

The new standard will not result in a material difference in relation to the former standard. An accrual effect was identified relating to educational allowances, and as of 2018 these will not be recognised during school summer holidays. IFRS 15 contains expanded disclosure requirements in respect of revenue, see Note 4, page 27.

New and amended IFRS standards not yet applied

IFRS 16 Leases will become effective on 1 January 2019. The new standard is expected to have a material effect on the income statement and balance sheet (but not the cash flow). Work is ongoing on detailed monetary calculations of the effect of IFRS 16 and the choice of transitional methods is being assessed. The information provided for operating leases in the 2016 Annual Report gives an indication of the nature and scope of the leases that currently exist. The company estimates that the new standard will increase the net debt/rolling adjusted EBITDA ratio by approximately 1.7 to 2.0.

Changes in segment reporting

The interim report for January–June of 2017 recognised the reversal of fees and depreciation on leasing of cars under unallocated items while these will be recognised under each segment in 2018. To improve comparability between years, the preceding year was restated and expenses were allocated to each segment based on the segment's share of costs in 2018. The adjustment influences Other external costs and Depreciation and impairment of tangible assets.

Change in the calculation of the average number of employees (FTE)

This interim report uses an improved methodology in the calculation of the average number of employees. To facilitate comparability with previous periods, this figure has been restated using the same methodology.

Note 2 Key judgements and estimates

For information on key estimates and judgments in the interim report, reference is made to Note K33 in the company's 2017 Annual Report.

Note 3 Segment information

During the period, the Norwegian operations changed name to Heimta and staffing operations changed name to Klara.

In 2017, Heimta and Klara were reported together in the segment Other: Norway and Staffing Solutions. As of 2018, they are reported separately.

Vardaga Consists of elderly care

Nytida Consists of care for people with functional disabilities

Heimta Mainly comprises psychiatric support in residential care and outpatient care and residential care for people with life-long disabilities in Norway.

Klara Consists of staffing solutions and hiring of doctors, nurses and other care professionals.

Segments

April–June	Vardaga		Nytida		Heimta		Klara		Unallocated items ¹⁵		Group adjustments		Group	
SEK million	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
OPERATING INCOME														
Net sales	556	569	747	701	131	91	83	81	–	–	–	–	1,518	1,442
Other operating income	7	8	5	5	2	–	9	9	3	3	–9	–9	17	17
Internal transactions	–	–	–	–	–	–	–9	–9	–	–	9	9	–	–
Total income from external customers	563	577	752	706	133	91	83	81	3	4	–	–	1,535	1,459
OPERATING EXPENSES														
Consumables	–21	–24	–21	–20	–3	–1	–	–	–	–1	–	–	–45	–45
Other external costs*	–115	–108	–155	–128	–47	–42	–27	–27	36	27	–	–	–309	–278
Personnel costs	–390	–400	–488	–486	–76	–39	–51	–52	–48	–43	–	–	–1,052	–1,019
Profit/loss from participations in Group companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other operating expenses	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Depreciation and impairment of tangible assets*	–4	–4	–8	–4	–1	–1	–	–	–1	–4	–	–	–15	–12
EBITA	33	42	80	67	6	8	4	3	–10	–17	–	–	114	104
<i>EBITA margin, %</i>	<i>5.9</i>	<i>7.4</i>	<i>10.7</i>	<i>9.6</i>	<i>4.6</i>	<i>8.8</i>	<i>4.8</i>	<i>3.7</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>7.5</i>	<i>7.2</i>
Items affecting comparability	–	–	–	–	–	–	–	–	–	8	–	–	–	8
Adjusted EBITA	33	42	80	67	6	8	4	3	–10	–11	–	–	114	112
<i>Adjusted EBITA margin %</i>	<i>5.9</i>	<i>7.4</i>	<i>10.7</i>	<i>9.6</i>	<i>4.6</i>	<i>8.8</i>	<i>4.8</i>	<i>3.7</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>7.5</i>	<i>7.8</i>
Amortisation of intangible fixed assets and customer contracts											–	–	–19	–14
Operating profit (EBIT)											–	–	95	90
Financial income											–	–	1	1
Financial expenses											–	–	–4	–64
Net financial items											–	–	–3	–63
Profit after net financial items											–	–	92	27
Profit before tax											–	–	92	27
Tax on net profit for the period											–	–	–17	–7
NET PROFIT FOR THE PERIOD											–	–	75	20
ASSETS	1,372	1,384	3,640	3,290	546	272	181	188	141	591	–	–	5,880	5,725

¹⁵ The column “Unallocated items” consists of centrally approved costs for general central administration, restructuring measures, acquisitions and costs for the IPO.

* Reversal of costs and depreciation on leasing of cars were adjusted for the comparative year and are recognised in this report under each segment instead of under unallocated items. See “Changes in segment reporting” under accounting policies for more information.

Segments

January–June	Vardaga		Nytida		Heimta		Klara		Unallocated items ¹⁶		Group adjustments		Group	
SEK million	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
OPERATING INCOME														
Net sales	1,107	1,133	1,464	1,391	253	178	161	162	–	–	–	–	2,985	2,864
Other operating income	11	14	7	7	3	–	17	16	6	7	-17	-16	27	28
Internal transactions	–	–	–	–	–	–	-17	-16	–	–	17	16	–	–
Total income from external customers	1,118	1,147	1,471	1,398	256	178	161	162	6	7	–	–	3,012	2,892
OPERATING EXPENSES														
Consumables	-43	-46	-41	-40	-5	-2	–	–	-1	-2	–	–	-89	-91
Other external costs*	-226	-214	-303	-255	-93	-86	-52	-55	69	40	–	–	-606	-570
Personnel costs	-772	-804	-955	-950	-147	-78	-101	-104	-90	-81	–	–	-2,066	-2,017
Profit/loss from participations in Group companies	–	–	–	–	–	–	–	–	-4	–	–	–	-4	–
Other operating expenses	–	–	–	–	–	–	–	–	–	-1	–	–	–	-1
Depreciation, amortisation and impairment of tangible assets*	-8	-7	-16	-8	-2	-1	–	–	-3	-7	–	–	-29	-24
EBITA	68	75	156	144	9	11	7	4	-23	-44	–	–	218	190
<i>EBITA margin, %</i>	<i>6.1</i>	<i>6.6</i>	<i>10.7</i>	<i>10.4</i>	<i>3.6</i>	<i>6.2</i>	<i>4.3</i>	<i>2.5</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>7.3</i>	<i>6.6</i>
Items affecting comparability	–	–	–	–	–	–	–	–	4	32	–	–	4	32
Adjusted EBITA	68	75	156	144	9	11	7	4	-19	-12	–	–	222	222
<i>Adjusted EBITA margin %</i>	<i>6.1</i>	<i>6.6</i>	<i>10.7</i>	<i>10.4</i>	<i>3.6</i>	<i>6.2</i>	<i>4.3</i>	<i>2.5</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>7.4</i>	<i>7.8</i>
Amortisation of intangible fixed assets and customer contracts											–	–	-37	-28
Operating profit (EBIT)											–	–	181	162
Financial income											–	–	2	2
Financial expenses											–	–	-14	-93
Net financial items											–	–	-12	-91
Profit after net financial items											–	–	169	72
Profit before tax											–	–	169	72
Tax on net profit for the period											–	–	-34	-18
NET PROFIT FOR THE PERIOD											–	–	135	54
ASSETS	1,372	1,384	3,640	3,290	546	272	181	188	141	591	–	–	5,880	5,725

¹⁶ The column "Unallocated items" consists of centrally approved costs for general central administration, restructuring measures, acquisitions and costs for the IPO.

* Reversal of costs and depreciation on leasing of cars were adjusted for the comparative year and are recognised in this report under each segment instead of under unallocated items. See "Changes in segment reporting" under accounting policies for more information.

Note 4 Income

Jan–June SEK million	Vardaga		Nytida		Heimta		Klara		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Own Management	550	499	1,217	1,132	253	178	–	–	2,020	1,809
Contract Management	557	634	247	259	–	–	–	–	804	893
Staffing	–	–	–	–	–	–	161	162	161	162
Total	1,107	1,133	1,464	1,391	253	178	161	162	2,985	2,864

Note 5 Acquisitions

Ambea concluded the following acquisitions during interim period:

- Curation Holding AB
- PR Vård AB
- Arona Omsorger
- Strukturrutan AB
- TillVäxthemen AB

Curation Holding AB

On 7 May, Ambea's Nytida business area acquired Curation Holding AB (Stöd & Resurs). The acquisition complements and strengthens Nytida's current operations in residential care, day-care activities and short-term accommodation for children and adults with neuropsychiatric disabilities. Stöd & Resurs's operations comprise a total of 16 units under own management with 67 beds and 140 placements in Stockholm and Västra Götaland.

The consideration at the acquisition date, which was financed in cash, amounted to SEK 302 million. The acquisition gave rise to goodwill of SEK 242 million. The goodwill relates mainly to synergy effects from reduced central costs. The goodwill is not expected to be tax deductible.

The acquisition was consolidated in Ambea's accounts as of 7 May 2018 and has contributed SEK 20 million in net sales and SEK 2 million in EBITA during the year. If the acquisition had taken place on 1 January 2018, management estimates that Stöd & Resurs's net sales would have amounted to approximately SEK 132 million and EBITA to about SEK 42 million.

The acquisition analysis is preliminary since intangible assets are currently being measured. The acquisition analysis is expected to be finalised in the third quarter of 2018.

Other acquisitions

The transferred consideration for the acquisitions consisted of cash and amounted to SEK 40 million. The acquisitions gave rise to goodwill of SEK 27 million in the form of a difference between the consideration transferred and the fair value of the acquired net assets. The goodwill relates mainly to synergy effects in the form of cooperation gains within administration. The goodwill is not expected to be tax deductible. In the period up to 30 June 2018, the acquired companies contributed SEK 19 million to consolidated net sales and SEK 2 million to consolidated EBITA. If the acquisitions had taken place on 1 January 2018, Ambea estimates that the companies' net sales would have amounted to SEK 30 million and EBITA to SEK 4 million.

Brief disclosures concerning the acquisitions are provided here:

PR Vård AB

On 2 January, Ambea's Klara business area acquired PR Vård AB (Elevhälsan). The business area is specialised in staffing solutions for school health services in elementary and high schools. The company conducts operations throughout Sweden, with a strong position in Stockholm, Uppsala and Östergötland. In 2016, sales were about SEK 22 million. The acquisition was consolidated in Ambea's accounts as of 2 January 2018.

Arona Omsorger

On 28 February, Ambea's Nytida business area acquired Arona Omsorger, which consists of two legal entities, Trollglim och Vittergull AB and R.A.L. Fastighetsförvaltning AB. Arona Omsorger comprises a group home with a total of seven beds and day-care activities for 12 people focusing on animal care and operations are based around Trosa and Vagnhärad in Sweden. In 2016, sales amounted to about SEK 12 million. The acquisition was consolidated in Ambea's accounts as of 28 February 2018.

Strukturrutan AB

On 4 April, Ambea's Vardaga business area acquired Strukturrutan AB. The company runs the Myran nursing home in Östersund on behalf of the municipality. In 2017, sales amounted to about SEK 10 million. The acquisition was consolidated in Ambea's accounts as of 4 April 2018.

TillVäxthemen AB

On 1 June, Ambea's Nytida business area acquired TillVäxthemen AB. TillVäxthemen's operations focus on socially vulnerable children and young adults, have 13 beds and are based in Gävleborg County. In 2016/2017, sales amounted to about SEK 12 million. The acquisition was consolidated in Ambea's accounts as of 1 June 2018.

Net assets of acquired companies on the date of acquisition

SEK million	Curation Holding AB	Other acquisitions	Fair value recognised in the Group
Tangible assets	13	12	29
Intangible assets	1	–	53
Accounts receivable and other receivables	21	6	27
Cash and cash equivalents	14	14	28
Non-current interest-bearing liabilities	-5	-4	-9
Deferred tax liability	0	0	-13
Accounts payable and other liabilities	-22	-11	-33
Net identifiable assets and liabilities	22	17	82
Group goodwill	242	27	269
Total consideration			350
Cash (acquired)			-28
Net cash outflow			323
Earn-out paid in respect of previous years' acquisitions			26
Total acquisitions			349

Note 6 Fair value of financial instruments in the measurement hierarchy

Ambea applies the following hierarchy for measurement of financial instruments at fair value:

Level 1 – Listed prices (unadjusted) on active markets for identical assets or liabilities. This level includes eligible treasury bills, bonds and other interest-bearing securities. Re-measurement is recognised in Financial items.

Level 2 – Other observable data for assets or liabilities other than quoted prices included in Level 1, either directly (i.e. as price quotations) or indirectly (i.e. derived from price quotations). This level includes derivative instruments that are recognised under Other net current assets or Other current liabilities.

Level 3 – Data for assets or liabilities that are not based on observable market data.

Derivative instruments are measured in accordance with level 2 of the measurement hierarchy. Ambea has hedged 61 per cent of its interest-rate exposure in financing by purchasing interest-rate caps. The interest-rate caps are recognised at fair value and the impact on profit/loss is recognised in net financial items. The hedges were entered into in February 2016 and expire in January 2019. The change in fair value applying to the interest-rate caps is recognised in profit or loss and SEK 0 million was charged against net financial items for the quarter. The value of the derivatives amounted to SEK 0 million as per 30 June 2018. Ambea uses the standard report of issuing banks for the market valuation of purchased interest-rate caps. The valuation is based on the bank's standard pricing model and method. The valuation is based on the bank's average price.

Contingent considerations are measured in accordance with level 3 of the measurement hierarchy. Material non-observable input data consists primarily of forecast sales.

Consolidated assets and liabilities measured at fair value

SEK million	30 June 2018	30 June 2017	31 Dec 2017
Interest rate derivatives	0	0	0
Contingent consideration	–	-25	-29

The change in contingent consideration of SEK 29 million in relation to 31 December 2017 consists of settlement related to TBO (SEK 25 million) and adjustment of Varp-haugen (SEK 4 million), both of which were acquired in 2017.

Note 7 Pledged assets and contingent liabilities

SEK million	30 June 2018	30 June 2017	31 Dec 2017
Leased assets	86	67	74
Chattel mortgages	13	15	13
Real estate mortgages	23	13	23
Factoring	2	2	2
Total pledged assets	124	98	112

Contingent liabilities

The Group is sometimes involved in lawsuits and legal proceedings that are related to day-to-day business activities. The claims relate to, but are not limited to, the Group's business practices, personnel matters and tax issues. With respect to matters that do not require any provisions, the Group, based on information that is currently available, is of the opinion that these will not result in any significantly negative effects on the Group's financial results.

Note 8 Reconciliation with IFRS financial statements

SEK million	2018 Apr–June	2017 Apr–June	2018 Jan–June	2017 Jan–June	2017/2018 Rolling 12 m	2017 Jan–Dec
Growth/Acquired growth						
Growth in net sales (%)	5	7	4	12	2	9
Of which, acquired growth (%)	8	6	8	11	8	10
Of which, organic growth (%)	-3	1	-4	1	-6	0
Operating margin (EBIT)						
Net sales	1,518	1,442	2,985	2,864	5,937	5,816
Operating profit (EBIT)	95	90	181	162	421	402
Operating margin (EBIT) (%)	6.3	6.2	6.1	5.7	7.1	6.9
EBITA and adjusted EBITA						
Operating profit (EBIT)	95	90	181	162	421	402
Amortisation and impairment of intangible assets	19	14	37	28	68	59
EBITA	114	104	218	190	488	461
Items affecting comparability	-	8	4	32	10	38
Adjusted EBITA	114	112	222	222	498	498
Net sales	1,518	1,442	2,985	2,864	5,937	5,816
EBITA margin (%)	7.5	7.2	7.3	6.6	8.2	7.9
Adjusted EBITA margin (%)	7.5	7.8	7.4	7.8	8.4	8.6
EBITDA and adjusted EBITDA						
Operating profit (EBIT)	95	90	181	162	421	402
Depreciation, amortisation and impairment of tangible and intangible assets	34	26	66	51	125	110
EBITDA	129	116	247	213	546	512
Items affecting comparability	-	8	4	32	10	38
Adjusted EBITDA	129	124	251	245	556	550
Net sales	1,518	1,442	2,985	2,864	5,937	5,816
EBITDA margin %	8.5	8.0	8.3	7.4	9.2	8.8
Adjusted EBITDA margin, %	8.5	8.6	8.4	8.6	9.4	9.5

Note 8 Reconciliation with IFRS financial statements – continuation

SEK million	2018 Apr–June	2017 Apr–June	2018 Jan–June	2017 Jan–June	2017/2018 Rolling 12 m	2017 Jan–Dec
Items affecting comparability						
Reversal of received damages Heimta	–	–	–	–	-17	-17
– of which, compensation included in other operating income	–	–	–	–	-17	-17
Reversal of restructuring and acquisition-related costs	–	0	–	1	–	1
– of which, costs included in the profit/loss row other external costs	–	0	–	1	–	1
– of which, costs included in the profit/loss row personnel costs	–	0	–	0	–	0
Reversal of income and costs for discontinuation of an entire segment	–	1	4	-1	27	22
EKB						
– of which, income	–	–	–	0	0	0
– of which, costs included in the profit/loss row other external costs	–	-1	–	-3	–	-3
– of which, costs included in the profit/loss row personnel costs	–	0	–	0	–	0
– of which, costs included in the profit/loss row depreciation, amortisation and impairment of tangible and intangible assets	–	0	–	0	–	0
– of which, costs included in the profit/loss row other operating expenses	–	–	–	0	–	0
	–	-1	–	-3	0	-3
Personal assistance						
– of which, income	–	-18	–	-37	-29	-66
– of which, costs included in the profit/loss row other external costs	–	1	–	3	2	5
– of which, costs included in the profit/loss row personnel costs	–	19	–	36	27	63
– of which, profit or loss from participations in Group companies	–	–	4	–	27	23
	–	2	4	2	27	25
Reversal of costs attributable to IPO	–	7	–	32	0	32
– of which, costs included in the profit/loss row other external costs	–	7	–	32	-3	32
– of which, costs included in the profit/loss row personnel costs	–	0	–	0	2	0
– of which, costs included in the profit/loss row depreciation, amortisation and impairment of tangible and intangible assets	–	0	–	0	0	0
Items affecting comparability	–	8	4	32	10	38
Operating cash flow						
EBITDA	129	116	247	213	546	512
Adjustment for non-cash items	-1	-6	3	-12	14	-2
Cash flow from investing activities excl. acquisition and divestments of subsidiaries	-11	-7	-16	-14	-12	-10
Operating cash flow before changes in working capital	117	103	234	187	548	500
Change in working capital	128	15	121	11	70	-41
Operating cash flow after changes in working capital	245	118	355	198	618	459

Note 8 Reconciliation with IFRS financial statements – continuation

SEK million	2018 Apr–June	2017 Apr–June	2018 Jan–June	2017 Jan–June	2017/2018 Rolling 12 m	2017 Jan–Dec
Cash conversion (%)						
Operating cash flow after changes in working capital	245	118	355	198	618	459
Adjustment for cash flow from investing activities related to increased capacity/growth	3	0	7	4	10	7
Operating cash flow excluding cash flow from investments in increased capacity/growth	248	119	362	202	628	465
EBITDA	129	116	247	213	546	512
Cash conversion (%)	192.2	102.6	146.6	94.8	115.0	90.8

SEK million	30 June 2018	30 June 2017	31 Dec 2017
Net debt, Net debt/Adjusted EBITDA, RTM			
Non-current interest-bearing liabilities	616	2,154	710
Current interest-bearing liabilities	1,657	290	1,392
Less cash and cash equivalents	-80	-496	-87
Net debt	2,193	1,948	2,015
Rolling adjusted EBITDA	556	573	550
Net debt/Rolling adjusted EBITDA (ratio)	4.0	3.4	3.7
Debt/equity ratio			
Non-current interest-bearing liabilities	616	2,154	710
Current interest-bearing liabilities	1,657	290	1,392
Total interest-bearing liabilities	2,273	2,444	2,102
Total equity	2,556	2,316	2,480
Debt/equity ratio	0.9	1.1	0.8
Equity/assets ratio			
Total equity	2,556	2,316	2,480
Total assets	5,880	5,725	5,567
Equity/assets ratio (%)	43.5	40.4	44.5

Return on equity	2018 Apr–June	2017 Apr–June	2018 Jan–June	2017 Jan–June	2017/2018 Rolling 12 m	2017 Jan–Dec
SEK million						
Opening equity attributable to shareholders of the Parent Company	2,544	2,101	2,480	2,067	2,316	2,067
Closing equity attributable to shareholders of the Parent Company	2,556	2,316	2,556	2,316	2,556	2,480
Average equity attributable to shareholders of the Parent Company	2,550	2,209	2,514	2,192	2,436	2,274
Profit after tax	75	20	135	54	307	226
Return on equity (%)	2.9	0.9	5.4	2.4	12.6	9.9

Note 9 Definitions and purpose

Key financial figures	Definition & calculation	Purpose
Growth (%)	Growth consists of the increase in sales in relation to the period of comparison. The period's increase in net sales/Net sales in the period of comparison	This key figure is used to follow up the company's sales increase
Acquired growth (%)	The period's increase in net sales from acquisitions/Net sales in the period of comparison	This key figure is used to follow up the proportion of the company's sales increase that was generated through acquisitions
Organic growth (%)	The period's increase in net sales excluding acquisitions/Net sales in the period of comparison	This key figure is used when analysing underlying sales growth driven by comparable units between different periods
Operating profit (EBIT)	Profit for the period before financial items and taxes Total operating income – Operating expenses.	The key figure used to monitor the company's profit generated by operating activities. The key figure enables comparisons of profitability between companies/industries
EBITA	Operating profit before amortisation and impairment of intangible assets Operating profit (EBIT) + Amortisation and impairment of intangible assets	The key figure used to follow up the company's profit generated by operating activities. The figure enables comparisons of profitability between companies/industries
Adjustments	Items related to events in the company's operations that impact comparability with profit during other periods. Includes: - Transaction expenses attributable to major acquisitions - Major reorganisations - Costs for preparing the company for a future IPO	The key figure Adjustments of items affecting comparability is used to achieve a fair comparison of the underlying development of business operations
Adjusted EBITA	Operating profit before amortisation and impairment of intangible assets adjusted for items from events in the company's operations that affect comparisons with profit during other periods EBITA + Adjustments	The key figure is used to follow up the company's profit generated by operating activities in order to obtain a fair comparison of the underlying development of business operations. The figure enables comparisons of profitability between companies/industries
EBITDA	Operating profit before depreciation, amortisation and impairment of intangible and tangible assets Operating profit (EBIT) + Depreciation, amortisation and impairment of intangible and tangible assets	The key figure used to follow up the company's profit generated by operating activities. The figure enables comparisons of profitability between companies/industries
Adjusted EBITDA	Operating profit before depreciation/amortisation and impairment of intangible and tangible assets adjusted for items from events in the company's operations that affect comparisons with profit during other periods EBITDA + Adjustments	The key figure used to follow up the company's profit generated by operating activities with a fair comparison of the underlying development of the business operations. The figure enables comparisons of profitability between companies/industries
Operating margin (%)	Operating profit as a percentage of net sales. Operating profit (EBIT)/Net sales	The key figure is used to follow up the percentage of net sales from operations that remains to cover interest payments and tax and to generate a profit after the company's costs have been paid

Key financial figures	Definition & calculation	Purpose
Operating cash flow	<p>Total cash flow from operating activities excluding tax, net financial items and items affecting comparability, as well as cash flow from investing activities excluding acquisitions and divestments of operations</p> <p>Adjusted EBITDA + Changes in working capital + Cash flow from investing activities excl. acquisitions and divestments of subsidiaries</p>	The key figure shows cash flow from the company's operations, excluding company acquisitions, company divestments, funding, tax and items affecting comparability and is used to follow up whether the company is able to generate a sufficiently positive cash flow to maintain and expand its operations
Free cash flow	<p>Total cash flow from operating activities and cash flow from investing activities excluding acquisitions and divestments of operations</p> <p>Cash flow from operating activities + Cash flow from investing activities excluding acquisition and sales of subsidiaries</p>	This key figure shows cash flow from operating activities including cash flow from investing activities excluding acquisitions and divestments of operations and is used because it is a relevant measure for investors to be able to understand the Group's cash flow from operating activities
Cash conversion (%)	<p>Cash conversion as a percentage is defined as operating cash flow divided by EBITDA</p> <p>Operating cash flow/EBITDA</p>	The key figure used as an efficiency measure of the proportion of a company's profit that is converted to cash
Net debt	<p>The Group's interest-bearing liabilities excluding pension provisions adjusted for cash and cash equivalents</p> <p>Interest-bearing liabilities – cash and cash equivalents</p>	This key figure is a measure of the company's debt/equity ratio and is used by the company to assess its capacity to meet its financial commitments
Net debt/Rolling adjusted EBITDA	<p>Net debt/Adjusted EBITDA is a measure of the debt/equity ratio defined as the closing balance for net debt in relation to rolling adjusted EBITDA.</p> <p>Net debt/Rolling adjusted EBITDA</p>	The key figure used to monitor the level of the company's indebtedness to ensure that financial covenants are met
Debt/equity ratio	<p>The debt/equity ratio shows a company's financial capacity</p> <p>Interest-bearing liabilities/Equity</p>	The key figure is used to monitor the proportion of equity and debt that is used to finance various parts of a company's operations
Equity/assets ratio (%)	<p>The equity/assets ratio is used to show the proportion of assets that is financed by equity</p> <p>Equity/Balance sheet total</p>	This key figure shows the percentage of the balance sheet total has been financed with equity and enables an analysis of the company's long-term financial strength and ability to withstand losses
Return on equity (%)	<p>The return on equity shows the company's return on the capital provided by the owners</p> <p>Profit for the period/Equity (average equity at the beginning and end of the period)</p>	The key figure used to show the returns generated on the capital that shareholders have invested in the company

Quality management in the second quarter of 2018

Summary

- Ambea's follow-up index for quality monitoring of operations, the Quality and HR Flash, is sent each month to all operations in Nytida and Vardaga. The index has improved compared with the first quarter. Vardaga rose from 6.9 to 7.2 and Nytida from 5.7 to 6.3, rolling over six months.
- Mobile documentation in SafeDoc in an app for mobile phones and tablets is being introduced in Nytida and Vardaga. This includes documentation about individuals and signing for pharmaceutical provided in the app. Experiences have been positive.
- Intensive work adapting to the new Data Protection Regulation/GDPR has taken place. Procedures were reviewed and modified, managers and employees received training and a data protection representative was appointed.
- The ViSam model is a structured clinical assessment providing nurses with a practical tool to help in choosing the current level of healthcare and a communication tool to secure information for the next carer. ViSam was introduced throughout Vardaga and all nurses were trained in the model.
- New and more appropriate websites for Lära and Nytida's day-care activities were launched. Lära's website was redesigned to make it easier to find and book courses online. Nytida's website is part of a larger venture to develop the day-care activities.



At Vendelsögården, staff are successfully working with mobile documentation in SafeDoc.

- In May, occupational therapist Elena Danielsson, at Nytida Alviksstrandsskolan, took part in the world congress for occupational therapists, WFOT 2018, in Cape Town. At the congress she presented a study conducted at the school using CO-OP (a metacognitive, targetted, individualised training method) at a school-specific rehabilitation unit for children with acquired brain damage.

Awards and distinctions

- Vardaga's four nursing homes in Täby – Broby gård, Furan, Höstfibblan and Silverpark – have received the municipality's annual quality bonus for the second consecutive year.
- Vardaga Agaten in Gothenburg received a distinction from Cuben utbildning for its commitment to increase diversity and work integration.
- Vardaga Hornskroken in Södermalm, Stockholm, received the City of Stockholm's award for best laid table at nursing homes in competition with 14 other nursing homes in Södermalm.
- Food served at Vardaga Silverpark in Täby now has the KRAV certificate level 1 (at least 25 per cent KRAV-labelled food) in the category Restaurants & Catering.



Quarter in figures

- Equal proportion of serious non-compliances in the second quarter, degree 4, compared with the previous quarter – 0.02 per cent.
- One Lex Maria report for Nytida and one Lex Maria report for Vardaga, which is the same as the previous quarter.
- Two reports for an individual complaint in Nytida and two in Vardaga.
- The Swedish Health and Social Care Inspectorate (IVO) completed 12 supervisions/inspections of Nytida's operations for children and young people where five decisions have to-date been announced, all of which without criticism. For Vardaga, two inspections were conducted and decisions received for both, one with criticism and one without.