

Ambea has entered into an agreement to acquire the care operations of Aleris

Ambea has entered into an agreement to acquire the care operations of Aleris in Norway, Sweden and Denmark ("Aleris Care") at a purchase price of SEK 2.6 billion on a debt free cash free basis (enterprise value) (the "Transaction"). Following the acquisition, Ambea will be the largest care provider in the Nordic region with operations in Sweden, Norway and Denmark[1]. The acquisition will create a stable platform for future organic growth and significant potential for synergies, purchasing coordination and exchange of experiences in the areas of business and quality development.

The Transaction is subject to regulatory approval by the relevant competition authorities and closing is expected to occur during the first quarter of 2019, however no later than in the second quarter of 2019.

Ambea intends to finance the Transaction with existing credit facilities and new, secured bank financing. Thus, the Transaction is not conditioned upon financing. In order to repay part of the bank financing and to lower Ambea's debt in line with the company's long term financial targets, Ambea intends to propose that a general meeting resolves on a share issue, with preferential rights to existing shareholders, in the amount of approximately SEK 1.2 billion in (the "Rights Issue"). The larger shareholders ACTR Holding AB and ACTOR SCA, controlled by KKR and Triton and representing approximately 50.1 per cent of the total number of shares and votes in Ambea, intend to vote in favour of the Rights Issue at a general meeting and to subscribe for their respective pro-rata shares in the Rights Issue. The Rights Issue is expected to be resolved and completed during the first half of 2019.

Today, Ambea is the second largest player in the private market for care services in Sweden and the seventh largest in Norway. Aleris Care is the leader in the private market for care services in Norway, the sixth largest private operator in Sweden and the largest private provider in the Denmark[2].

The annual sales for the new group for the period 1 July 2017 to 30 June 2018 amounted to approximately SEK 10,602 million, of which Ambea accounted for SEK 5,937 million and Aleris Care for SEK 4,665 million[3]. Adjusted EBITA[4] for the new group during the corresponding period amounted to approximately SEK 644 million, of which adjusted EBITA for Ambea accounted for SEK 498 million and Aleris Care for approximately SEK 146 million[5] (reported SEK 96 million). The operations have a combined total of approximately 13,100 full time employees and 7,690 beds and placements in own management. In addition, the Transaction will offer the opportunity for increased organic growth within own management, since the number of new beds contracted and/or under construction amounts to 1,796, of which Aleris Care accounts for 758 beds. The proportion of care services conducted under own management by Ambea will increase from the current figure of 67 per cent to 71 per cent and is expected to increase further moving forward as a result of a strong combined pipeline.

Fredrik Gren, President and CEO of Ambea:

"The acquisition increases our capacity for organic growth under own management. We will gain a broader growth platform with leading positions in three countries and a strengthened pipeline with new beds. Furthermore, we will create major opportunities for synergies, purchasing coordination and exchange of experiences in the areas of operational and quality development. This will outlay the foundation for higher quality and thus also higher profitability in our operations."

Lena Hofsberger, Chairman of the Board of Ambea:

"Through the acquisition of Aleris Care, Ambea will become the leader in the Nordic region and in several strategically important markets in the area of care provision. The companies complement each other and have corporate cultures that are well-matched. We can see significant opportunities for development and value growth for Ambea's shareholders moving forward. This will enable Ambea to continue its journey of growth and create a more efficient organisation."

Synergies, integration costs and operational improvements

The acquisition is expected to generate both direct cost synergies and opportunities for operational improvements. The expected direct cost synergies amount to SEK 90 million annually, of which half are expected to be realised in 2019 and the remainder in 2020. Identified operational improvements amount to SEK 30 million, which are expected to be achieved in 2020.

In addition to direct cost synergies and identified operational improvements, Ambea believes that further efficiency enhancements can be realised over the next two to three years.

Ambea's financial targets remain unchanged, but these will only be achieved after the integration and synergies have been fully implemented.

The Transaction is expected to give rise to transaction costs totalling SEK 35 million, which are expected to be reported in the fourth quarter of 2018 and integration costs totalling SEK 100 million, of which the majority are expected to be recognised in 2019.

The Transaction

Ambea has entered an agreement to acquire Aleris Care for a purchase price of SEK 2.6 billion on a debt free cash free basis, i.e. enterprise value. The purchase price corresponds to 14.0x adjusted EBITA before synergies, 9.4x adjusted EBITA after expected cost synergies and 8.5x adjusted EBITA after anticipated cost synergies and operational improvements, based on the last twelve months (October 2017 – September 2018). The final purchase price is expected to amount to approximately SEK 3 billion depending on Aleris Care's net cash in connection with closing.

The Transaction is subject to regulatory approval by the relevant competition authorities and closing is expected to occur during the first quarter of 2019, however no later than in the second quarter of 2019.

Financing and rights issue

The final purchase price of approximately SEK 3 billion[6] will be financed with existing credit facilities and new, secured bank financing from Danske Bank, DNB and Nordea. Thus, the Transaction is not conditioned upon financing.

In order to repay part of the financing and to lower Ambea's debt in line with the company's long term financial targets, Ambea intends to, in connection with the Transaction, carry out a share issue, with preferential rights to existing shareholders, in the amount of approximately SEK

1.2 billion. The larger shareholders ACTR Holding AB and ACTOR SCA, controlled by KKR and Triton and representing approximately 50.1 per cent of the total number of shares and votes in Ambea, intend to vote in favour of the Rights Issue at a general meeting and to subscribe for their respective pro-rata shares in the Rights Issue. The Rights Issue is expected to be resolved and completed during the first half of 2019.

General Meeting

The Rights Issue is contingent on the shareholders' approval and thus, Ambea intends to propose that the shareholders resolve on the Rights Issue at a general meeting. Further details will follow and a notice of the general meeting will be published separately and also made available at www.ambea.se.

Advisors

Nordea has acted as financial advisor, Vinge has acted as legal advisor and Alvarez and Marsal has acted as financial due diligence advisor to Ambea in connection with the Transaction.

Press and analyst conference

In light of Ambea's acquisition of Aleris Care, a press and analyst conference will be held on 16 October 2018 at 10:00 a.m. CET at Ambea's head office, Evenemangsgatan 21 in Solna, Sweden. It will also be possible to participate via telephone and webcast. The conference will be held in English. For more information, please refer to the separate press release.

[1] Based on annual reports 2017, adjusted for material acquisitions and divestments. Attendo adjusted for the divestment of the Finnish healthcare operations and acquisition of Mikeva.

[2] Excluding personal assistance.

[3] Adjusted for discontinued units, units being phased out and items affecting comparability.

[4] EBITA before depreciations on intangible assets, adjusted for items affecting the comparability with other periods' results.

[5] Adjusted for discontinued units, units being phased out and items affecting comparability.

[6] Including enterprise value of SEK 2.6 billion and net cash.

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Ambea, is present in care services, and has approximately 15,000 employees. We offer services in disabled care, individual and family care, and elderly care 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. The company was founded in 1996 and its head office is located in Solna, Sweden. Ambea is listed on Nasdaq Stockholm.