Interim report January-March 2019

ambea

Increased earnings and positive trend – Focus on restructuring in Norway

First quarter January-March

- Net sales rose 72 per cent to SEK 2,516 million (1,467)
- Operating profit (EBIT) declined to SEK 62 million (86)
- EBITA fell 14 per cent to SEK 90 million (105), corresponding to a margin of 3.6 per cent (7.2)
- Adjusted EBITA, excluding items affecting comparability, rose 35 per cent to SEK 147 million (109). The adjusted EBITA margin was 5.8 per cent (7.4)
- During the quarter, items affecting comparability amounted to SEK -57 million (-4), attributable to restructuring and acquisition-related costs in connection with the acquisition of Aleris Omsorg
- Profit for the period totalled SEK 9 million (60)
- Earnings per share were SEK 0.13 (0.88) before and SEK 0.13 (0.87) after dilution
- Operating cash flow was SEK 214 million (120)
- Free cash flow totalled SEK 34 million (66).

Significant events during the quarter

- The acquisition of Aleris's care operations was completed on 21 January 2019 for a purchase price of approximately SEK 2,600 million on a debt-free, cash-free basis (enterprise valuation)
- In connection with the completed acquisition of Aleris's care operations, Ambea implemented changes in Group management. Daniel Warnholtz, CFO,was also appointed Deputy CEO, and Erik Sandøy and Miriam Toft became new members of Group management, with responsibility for the Norway business unit under the Stendi brand, and the new Denmark business area under the Altiden brand, respectively. After the end of the quarter, Ambea announced that Erik Sandøy would be leaving the company
- During the quarter, the integration of the acquired Aleris care operations proceeded as planned
- An action programme was introduced during the quarter to reduce overlapping capacity in closely related areas/specialisations in Nytida following the acquisition of Aleris. The programme comprises 178 beds and the annual cost savings are an estimated SEK 24 million, which will be gradually realised as of the second quarter. Items affecting comparability of SEK 27 million were charged to the quarter
- The rate of transition towards a higher proportion of permanent employees in Stendi intensified during the quarter, which led to higher costs and therefore lower earnings and a lower profit margin for the period. The legal process involving social security costs for temporary consultants continued, while Ambea is waiting for a tax audit report from the Norwegian Tax Administration in regard to the costs for temporary employees in the acquired Aleris care operations.

Consolidated key figures

SEK million	2019 Jan-Mar	2019 Jan-Mar[1] excl. IFRS 16	2018 Jan-Mar	Change[2] %	2018/2019 Rolling 12 months	2018 Jan-Dec	Change %
Net sales	2,516	2,516	1,467	72	7,125	6,076	17
EBITA	90	71	105	-14	493	508	-3
Operating margin, EBITA (%)	3.6	2.8	7.2		6.9	8.4	
Adjusted EBITA	147	128	109	35	584	547	7
Operating margin, adjusted EBITA (%)	5.8	5.1	7.4		8.2	9.0	
Operating profit/loss, EBIT	62	43	86	-28	405	429	-6
Operating margin, EBIT (%)	2.5	1.7	5.9		5.7	7.1	
Profit after tax	9	22	60	-85	245	295	-17
Earnings/loss per share before dilution, SEK	0.13	0.33	0.88	-85	3.62	4.37	-17
Earnings/loss per share after dilution, SEK	0.13	0.33	0.87	-85	3.61	4.37	-17
Operating cash flow	214	55	120	78	741	609	22
Free cash flow	34	-90	66	-48	473	506	-7

For definitions of key figures, see Note 9

[1] Alternative performance measures.
[2] Related to the change between Jan-Mar 2018 and Jan-Mar 2019 with account for IFRS 16.

Comments from Fredrik Gren, President and CEO

Increased earnings and positive trend Focus on restructuring in Norway

In the first quarter, high rates of occupancy and effective cost control in existing Ambea operations continued, while the integration of Aleris Omsorg started well. Our initial view of the potential in the acquisition of Aleris Omsorg was confirmed during the quarter, and the integration is going better than planned in both Sweden and Denmark. In Norway, a major operational restructuring project has commenced to introduce Ambea's processes into administration, governance and business operations, and to transition from temporary consultants to permanent employees.

In the first quarter, net sales amounted to SEK 2,516 million (1,467). Own Management accounted for 72 per cent (67). Adjusted EBITA rose 35 per cent year-on-year to SEK 147 million (109). Adjusted for the impacts of IFRS 16, adjusted EBITA rose 17 per cent to SEK 128 million.

During the quarter, net sales rose SEK 1,049 million, corresponding to 72 per cent, mainly attributable to the acquisition of Aleris Omsorg. Adjusted for the acquisition, net sales rose 4 per cent. In Own Management, net sales rose from SEK 986 million to SEK 1,803 million, positively impacted by the Aleris acquisition.

Adjusted EBITA rose 35 per cent to SEK 147 million, mainly attributable to high rates of occupancy in existing units, low start-up costs in new Own Management units and acquisitions. IFRS 16 had a positive impact of SEK 19 million on earnings. Vardaga continued to deliver a strong performance, driven by high rates of occupancy and effective cost control. The trend was also stable in Nytida, where additional improvement initiatives were introduced in services for children and young people. An action programme also commenced in Nytida to reduce overlapping activities due to the acquisition of Aleris. Altiden in Denmark showed a stable trend, where the focus during the quarter was on separation from former owners. Klara's profitability increased due to a continued positive trend for ambulatory care nursing teams, combined with effects from the previously completed adaptation of administrative costs.

During the quarter, we started a major restructuring programme in Stendi in Norway to address the negative earnings trend that commenced in Aleris Omsorg's operations in November due to more costly insourcing from staffing companies and poorly optimised schedules, as well as low rates of occupancy in start-up units. We are introducing Ambea's management model to secure quality and economic stability while we also increase the share of own employees at the same time. As a result, the synergistic effects in Norway have been delayed until the end of the year.

Otherwise, the integration is progressing as planned and previously announced synergies, of an estimated SEK 90 million per year, are expected to be completed in the second half-year. Similarly, our view of the possibility of a marginal increase in the medium term due to operational improvements was confirmed during the quarter.

In the first quarter, Ambea showed positive organic growth of 2 per cent, which is expected to be further strengthened in the coming quarters by successful new-starts and contract management gains.

During the quarter, Nytida opened two sheltered housing units with a total of 12 beds, and Vardaga opened Villa Ekeberg in Gothenburg with 72 beds. The acquisition of Aleris Omsorg has further strengthened our pipeline of pending new-starts and at the end of the quarter, the number of beds in the pipeline was 2,234, corresponding to 27 per cent of the total number of beds under own management.

During the quarter, Ambea secured management contracts corresponding to annual sales of SEK 162 million, while we lost contracts corresponding to annual sales of SEK 55 million, compared with the year-earlier quarter when net volume totalled SEK 7 million.

In the first quarter, Ambea's quality management was also recognised when Vardaga received a quality award for its nursing homes in Täby for the third consecutive year. Nytida received the "Top-class Care" award for the high quality of its units in Växjö.

The January Agreement (a four-party policy agreement in Sweden) has strengthened freedom of choice for care receivers and shifted the focus from mode of operation to high quality. The central role of freedom of choice in the Swedish welfare sector has been strengthened, which means that our efforts to deliver high-quality care and open more new units to support municipalities can also continue.

We can conclude that existing operations showed a strong and sustained trend during the quarter while the integration has started on a strong note.

Fredrik Gren

Group

First quarter

Net sales

Net sales rose 72 per cent to SEK 2,516 million (1,467). Organic sales growth was 2 per cent year-on-year

Net sales in Own Management amounted to SEK 1,803 million (986), up 83 per cent compared with the year-earlier period, due to the acquisition of Aleris Omsorg and start-up units.

Net sales in Contract Management amounted to SEK 634 million (403). The year-on-year increase in sales was due to the acquisition of Aleris Omsorg, but was offset by contracts terminated in 2018. Excluding the acquisition, sales in Contract Management declined SEK 35 million compared with the year-earlier period.

Net sales in staffing services rose 1 per cent to SEK 79 million (78).

Earnings

EBIT fell 28 per cent to SEK 62 million (86), corresponding to a margin of 2.5 per cent (5.9).

EBITA declined 14 per cent to SEK 90 million (105). The EBITA margin was 3.6 per cent (7.2). EBITA for the quarter was impacted by items affecting comparability of SEK -57 million (-4), attributable to restructuring and acquisition-related costs for the acquisition of Aleris Omsorg.

Adjusted EBITA for the quarter rose 35 per cent to SEK 147 million (109). Previously completed acquisitions and start-up units had a positive impact on earnings. The adjusted EBITA margin was 5.8 per cent (7.4). Excluding the effects of IFRS 16, the adjusted EBITA margin was 5.1 per cent.

Net financial items

During the quarter, net financial items amounted to SEK -50 million (-9). The change was due to the effects of IFRS 16 and increased interest expense associated with financing the acquisition of Aleris Omsorg.

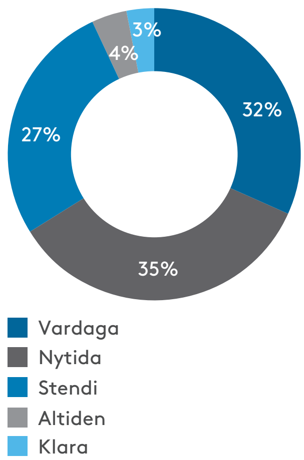
Income tax

Tax expense for the period was SEK 3 million (17), corresponding to a tax rate of 22 per cent (22).

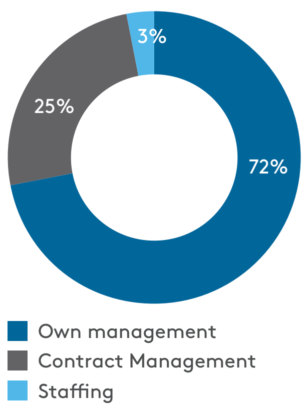
Profit for the period

Profit for the period was SEK 9 million (60), corresponding to earnings per share of SEK 0.13 (0.88) before dilution and SEK 0.13 (0.87) after dilution.

Net sales by segment Jan – Mar 2019



Net sales by contract model Jan – Mar 2019



Distribution of net sales

Net sales by segment	2019 Jan-Mar	2018 Jan-Mar
Vardaga	32%	38%
Nytida	35%	49%
Stendi	27%	8%
Altiden	4%	–
Klara	3%	5%
Total	**100%**	**100%**

Net sales by contract model	2019 Jan-Mar	2018 Jan-Mar
Own Management	72%	67%
Contract Management	25%	28%
Staffing	3%	5%
Total	**100%**	**100%**

Distribution of net sales

SEK million	Own Management 2019 Jan-Mar	Own Management 2018 Jan-Mar	Own Management %	Contract Management 2019 Jan-Mar	Contract Management 2018 Jan-Mar	Contract Management %	Staffing 2019 Jan-Mar	Staffing 2018 Jan-Mar	Staffing %	Total 2019 Jan-Mar	Total 2018 Jan-Mar	Total %
Vardaga	457	270	69	339	281	21	–	–	–	796	551	45
Nytida	755	595	27	118	122	-3	–	–	–	873	717	22
Stendi	579	121	378	92	–	–	–	–	–	671	121	454
Altiden	12	–	–	85	–	–	–	–	–	97	–	–
Klara	–	–	–	–	–	–	79	78	1	79	78	1
Group	**1,803**	**986**	**83**	**634**	**403**	**57**	**79**	**78**	**1**	**2,516**	**1,467**	**72**

Own Management – total in operation, including acquisitions

SEK million	OB Units	OB Beds/Placements	Change[1] Units	Change[1] Beds/Placements	CB Units	CB Beds/Placements
Vardaga – beds	28	1,397	13	742	41	2,139
Vardaga – home-care customers	–	–	–	2,305	–	2,305
Nytida – beds	199	1,907	23	558	222	2,465
Nytida – placements	76	2,278	15	427	91	2,705
Stendi – beds	58	190	372	691	430	881
Stendi – home-care customers	–	–	–	18	–	18
Altiden – beds	–	–	2	30	2	30
Altiden – home-care customers	–	–	–	2,681	–	2,681
Total beds and placements	**361**	**5,772**	**425**	**2,448**	**786**	**8,220**
Total home-care customers	**–**	**–**	**–**	**5,004**	**–**	**5,004**

Own Management – pipeline

SEK million	OB	Quarterly change: Opened during the quarter	Quarterly change: New during the quarter[2]	CB
Vardaga	1,122	72	914	1,964
Nytida – beds	166[3]	12	15	169
Nytida – placements	21	–	–	21
Stendi	3	–	–	3
Altiden	–	–	77	77
Total	**1,312**	**84**	**1,006**	**2,234**

[1] With the exception of 84 beds opened in new units and one Nytida unit with 45 beds converted to Own Management, the entire change during the quarter comprised beds added by the acquisition of Aleris Omsorg.

[2] New refers to the total number of signed contracts, units under construction, and beds and placements added by the acquisition of Aleris Omsorg. For more information about expected opening dates, refer to Own Management – Pipeline under ambea.com/investor-relations/

[3] The opening balance was reduced by 6 beds due to an appealed building permit.

Contract Management – pipeline

SEK million	Allocation decisions during the quarter[1] Units	Beds	Annual revenue	Started-up/terminated during the quarter Annual revenue[2]
Won	9	242	162	143
Renewed confidence	–	–	–	59
Lost	5	103	55	57[3]
Handed back to municipal management	–	–	–	99

Cash flow

SEK million	2019 Jan-Mar	2018 Jan-Mar	2018/2019 Rolling 12 months	2018 Jan-Dec
Cash flow from operating activities before changes in working capital	159	77	548	465
Cash flow from changes in working capital	-106	-6	-27	74
From operating activities	**54**	**71**	**520**	**538**
Cash flow from investing activities (excluding acquisitions/divestments and investments in financial assets)	-20	-5	-47	-32
Free cash flow	**34**	**66**	**473**	**506**

Free cash flow for the quarter amounted to SEK 34 million (66). The year-on-year decline in free cash flow was largely due to calendar effects on tied-up working capital and increased investments in new units. The adoption of IFRS 16 had a positive impact on operating cash flow year-on-year. The acquisition of Aleris's care operations had a negative impact of SEK -40 million during the period.

Financial position

SEK million	31 March 2019	31 March 2019[4] excl. IFRS 16	31 March 2018	31 Dec 2018
Net interest-bearing debt	8,970	4,715	2,046	1,993
Equity/assets ratio (%)	19.7	28.4	45.4	46.7
Net debt/Rolling 12 months adjusted EBITDA	11.3	7.4	3.7	3.3

For definitions of key figures, see Note 9

At 31 March 2019, net debt amounted to SEK 8,970 million (2,046) or 11.3 times 12 months adjusted EBITDA. The increase in net debt was attributable to a bridge loan raised for the acquisition of Aleris's care operations and a lease liability recognised in accordance with IFRS 16.

At the balance-sheet date, equity amounted to SEK 2,721 million, compared with SEK 2,707 million at 31 December 2018.

[1] Allocation decisions during the quarter mean that Ambea has received decisions during the quarter about contracts that are to be handed back or started up. The period of time between allocation and handback/start-up varies. About 9-12 months for Vardaga, and 6-9 months for Nytida.

[2] Shows the contracts started up or handed back during the quarter and their annual revenue.

[3] Sales of SEK 2 million pertain to units from the acquisition of Aleris Omsorg for the period from the transfer date.

[4] Alternative performance measures.

Vardaga

At Vardaga's just over 100 residential care facilities across Sweden, we provide elderly care where every day is as meaningful as the next. Every one of our nursing homes, short-term accommodation units, home care and day services offers a high level of expertise and a safe environment. Our employees ensure quality of life and safety for every care receiver.

Quarter

Vardaga's net sales rose 45 per cent year-on-year to SEK 796 million (551).

Net sales in Own Management rose 69 per cent to SEK 457 million (270) due to the acquisition of Aleris Omsorg and to start-up units. During the quarter, start-ups of new Own Management units had a positive impact on sales due to high rates of occupancy and effective cost control, and continued to develop as planned.

Net sales in Contract Management amounted to SEK 339 million (281). The 21 per cent increase was due to a positive impact from the acquisition of Aleris Omsorg, reduced by lost contracts in existing operations. In the first quarter, Vardaga secured contracts corresponding to annual revenue of SEK 136 million, while contracts corresponding to annual revenue of SEK 29 million were lost. During the quarter, new contracts corresponding to annual revenue of SEK 96 million were started and contracts corresponding to annual revenue of SEK 75 million were handed back to the municipality.

EBITA rose 44 per cent to SEK 52 million (36). The acquisition of Aleris Omsorg and start-up Own Management units with high rates of occupancy had a positive impact on EBITA. The positive impact of calendar effects on earnings was limited compared with the preceding year.

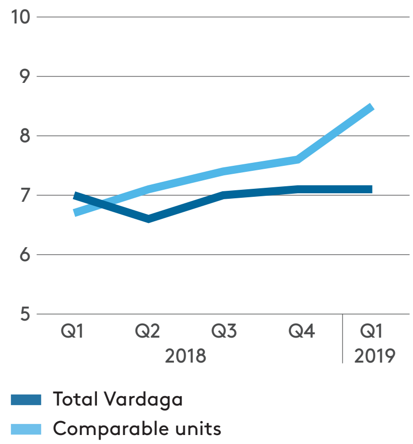
The EBITA margin was 6.5 per cent (6.5). Excluding the effects of IFRS 16, the margin declined 1.3 per cent, mainly attributable to the acquisition of Aleris Omsorg. The EBITA margin for comparable units were positively effected by increased share of own management and good occupancy.

Operations under own management account for

57%

of net sales

Vardaga's operating margin (EBITA), RTM %



SEK million	2019 Jan-Mar	2019 Jan-Mar[1] excl. IFRS 16	2018 Jan-Mar	Change[2] %	2018/2019 Rolling 12 months	2018 Full-year	Change %
Net sales	796	796	551	45	2,469	2,224	11
EBITA	52	41	36	44	175	159	10
Operating margin, EBITA (%)	6.5	5.2	6.5		7.1	7.1	
Operating margin, EBITA comparable units (%)	10.4	9.0	7.1		8.5	7.6	

[1] Alternative performance measures.

[2] Related to the change between Jan-Mar 2018 and Jan-Mar 2019 with account for IFRS 16.

Own Management – total in operation

	OB		Quarterly change[1]		CB	
	Units	Beds	Units	Beds	Units	Beds
Beds	28	1,397	13	742	41	2,139
Home-care customers	–	–	–	2,305	–	2,305

Own Management – pipeline

		Quarterly change		
	OB	Opened during the quarter	New during the quarter[2]	CB
Beds	1,122	72	914	1,964

Contract Management – pipeline

	Allocation decisions during the quarter[3]			Started-up/terminated during the quarter
	Units	Beds	Annual revenue	Annual revenue[4]
Won	4	214	136	96
Renewed confidence	–	–	–	50
Lost	1	71	29	57[5]
Handed back to municipal management	–	–	–	75

[1] With the exception of 72 beds opened in one new unit, the entire change during the quarter comprised beds added by the acquisition of Aleris Omsorg.

[2] New refers to the total number of signed contracts, units under construction, and beds added by the acquisition of Aleris Omsorg. For more information about expected opening dates, refer to Own Management – Pipeline under ambea.com/investor-relations/

[3] Allocation decisions during the quarter mean that Ambea has received decisions during the quarter about contracts that are to be handed back or started up. The period of time between allocation and handback/start-up varies. About 9-12 months for Vardaga, and 6-9 months for Nytida.

[4] Shows the contracts started up or handed back during the quarter and their annual revenue.

[5] Sales of SEK 2 million pertain to units from the acquisition of Aleris Omsorg for the period from the transfer date.

Nytida

Nytida provides support and care for children, young people and adults with life-long disabilities and psychosocial problems. We provide residential care, day services, support for individuals and families, and schools in approximately 400 units across Sweden. Using proven models and in-depth knowledge, our 8,500 employees help to strengthen the ability of individuals to live an independent life.

Operations under own management account for

86%

of net sales

Quarter

Net sales rose 22 per cent to SEK 873 million (717).

Net sales in Own Management amounted to SEK 755 million (595), up 27 per cent. Growth was attributable to the acquisition of Aleris Omsorg and to start-up units.

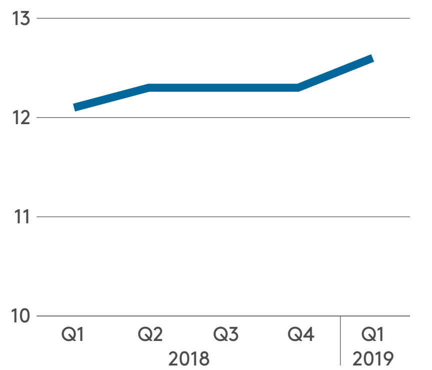
Net sales in Contract Management amounted to SEK 118 million (122). The decline in sales was due to contracts terminated in 2018. During the quarter, contracts corresponding to annual sales of SEK 24 million were terminated and handed back to the municipality, while the effect of new start-up contracts amounted to annual revenue of SEK 47 million. During the quarter, Nytida secured new contracts corresponding to an annual volume of SEK 27 million.

EBITA rose 34 per cent to SEK 103 million (77). The acquisition of Aleris Omsorg and established Own Management units had a positive impact on earnings. The positive impact of calendar effects on Nytida's earnings was limited compared with the preceding year. The development of LSS and IoF Adults contributed positively in the quarter. Terminated management contracts had a negative impact on earnings compared with the preceding year.

During the quarter, an action programme commenced to reduce overlapping activities due to the acquisition of Aleris. The programme comprises 178 beds, and items affecting comparability of SEK 27 million were charged to the quarter. The annual effect of the action programme is an estimated SEK 24 million. The impact on earnings is expected to be gradual, starting in the second quarter.

The EBITA margin was 11.8 per cent (10.7).

Nytida's operating margin (EBITA), RTM %



SEK million	2019 Jan-Mar	2019 Jan-Mar[1] excl. IFRS 16	2018 Jan-Mar	Change[2] %	2018/2019 Rolling 12 months	2018 Full-year	Change %
Net sales	873	873	717	22	3,138	2,982	5
EBITA	103	97	77	34	395	369	7
Operating margin, EBITA (%)	11.8	11.1	10.7		12.6	12.3	

[1] Alternative performance measures.

[2] Related to the change between Jan-Mar 2018 and Jan-Mar 2019 with account for IFRS 16.

Own Management – total in operation

	OB		Quarterly change[1]		CB	
	Units	Beds/ Placements	Units	Beds/ Placements	Units	Beds/ Placements
Beds	199	1,907	23	558	222	2,465
Placements	76	2,278	15	427	91	2,705

Own Management – pipeline

		Quarterly change		
	OB	Opened during the quarter	New during the quarter[2]	CB
Beds	166[3]	12	15	169
Placements	21	–	–	21

Contract Management – pipeline

	Allocation decisions during the quarter[4]			Started-up/terminated during the quarter
	Units	Beds	Annual revenue	Annual revenue[5]
Won	5	28	27	47
Renewed confidence	–	–	–	9
Lost	4	32	26	–
Handed back to municipal management	–	–	–	24

[1] With the exception of 12 beds opened in new units and one Nytida unit with 45 beds converted to Own Management, the entire change during the quarter comprised beds added by the acquisition of Aleris Omsorg.

[2] New refers to the total number of signed contracts, units under construction, and beds and placements added by the acquisition of Aleris Omsorg. For more information about expected opening dates, refer to Own Management – Pipeline under ambea.com/investor-relations/

[3] The opening balance was reduced by 6 beds due to an appealed building permit.

[4] Allocation decisions during the quarter mean that Ambea has received decisions during the quarter about contracts that are to be handed back or started up. The period of time between allocation and handback/start-up varies. About 9-12 months for Vardaga, and 6-9 months for Nytida.

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

Stendi

Stendi is the largest care provider in Norway and runs nationwide operations in support and residential care for adults, children and young people. Stendi also provides personal assistance, elderly care and home care services. Stendi has about 5,000 employees and more than 400 units across Norway.

Operations under own management account for

86%

of net sales

Quarter

Net sales rose 455 per cent to SEK 671 million (121). The increase was largely due to the acquisition of Aleris Omsorg. Newly started units with low occupancy were closed during the quarter. Currency effects in comparable existing units amounted to SEK 4 million year-on-year.

Net sales in Own Management amounted to SEK 579 million (121), up 378 per cent. Growth was attributable to the acquisition of Aleris Omsorg.

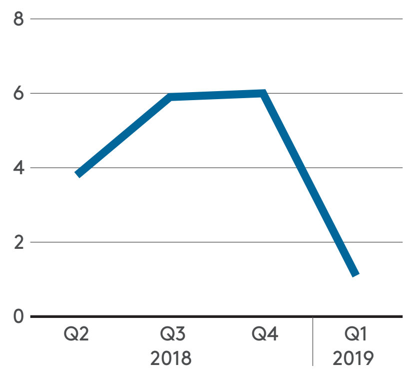
Net sales in Contract Management amounted to SEK 92 million (0), and the entire increase was attributable to the acquisition of Aleris's care operations. No new allocation decisions were announced during the quarter. No management contracts were started up or terminated during the quarter.

EBITA declined SEK 22 million to SEK -19 million (3). The development was largely due to a rapid replacement of temporary consultants with more costly insourcing from staffing companies and poorly optimised schedules for new permanent employees.

During the quarter, a major restructuring programme in Stendi in Norway was started to address the negative earnings trend that commenced in Aleris Omsorg's operations in November. Ambea's management model is introduced to secure quality and economic stability. During the quarter, vacant capacity related to acquired units was closed down, and the costs were charged to the transfer balance for Aleris's care operations. For more information, refer to Note 5. The annual effect of the programme is an estimated SEK 8 million with a gradual start in the second quarter. Currency effects in comparable existing units amounted to SEK 0.1 million year-on-year.

The EBITA margin was -2.8 per cent (2.5).

Stendi's operating margin (EBITA), RTM %



SEK million	2019 Jan-Mar	2019 Jan-Mar[1] excl. IFRS 16	2018 Jan-Mar	Change[2] %	2018/2019 Rolling 12 months	2018 Full-year	Change %
Net sales	671	671	121	455	1,098	548	100
EBITA	-19	-21	3	n/a	12	33	-64
Operating margin, EBITA (%)	-2.8	-3.1	2.5		1.1	6.0	

[1] Alternative performance measures.

[2] Related to the change between Jan-Mar 2018 and Jan-Mar 2019 with account for IFRS 16.

Own Management – total in operation

	OB		Quarterly change[1]		CB	
	Units	Beds/ Placements	Units	Beds/ Placements	Units	Beds/ Placements
Beds	58	190	372	691	430	881
Home-care customers	–	–	–	18	–	18

Own Management – pipeline

		Quarterly change		
	OB	Opened during the quarter	New during the quarter[2]	CB
Beds	3	–	–	3

Contract Management – pipeline

	Allocation decisions during the quarter[3]			Started-up/terminated during the quarter
	Units	Beds	Annual revenue	Annual revenue[4]
Won	–	–	–	–
Renewed confidence	–	–	–	–
Lost	–	–	–	–
Handed back to municipal management	–	–	–	–

[1] The entire change during the quarter comprised beds added by the acquisition of Aleris Omsorg.

[2] New refers to the total sum of signed contracts and units under construction. For more information about expected opening dates, refer to Own Management – Pipeline under ambea.com/investor-relations/

[3] Allocation decisions during the quarter mean that Ambea has received decisions during the quarter about contracts that are to be handed back or started up. The period of time between allocation and handback/start-up varies. About 9-12 months for Vardaga, and 6-9 months for Nytida.

[4] Shows the contracts started up or handed back during the quarter and their annual revenue.

Altiden

Altiden is the largest private care provider in Denmark, with operations comprising elderly care, home care, rehabilitation and disability care. All over Denmark, we provide skilled care services based on respect. Approximately 1,000 employees ensure quality of life and a safe environment with a focus on development.

Operations under own management account for

12%

of net sales

Quarter

Net sales amounted to SEK 97 million (0). All of Altiden's operations comprise units from the acquisition of Aleris Omsorg.

Net sales in Own Management amounted to SEK 12 million (0). During the quarter, the start-up of previously opened unit progressed as planned.

Net sales in Contract Management amounted to SEK 85 million (0). No new allocation decisions were announced during the quarter. No management contracts were started up or terminated during the quarter.

EBITA was SEK 1 million (0).

The EBITA margin was 1 per cent (0).

SEK million	2019 Jan-Mar	2019 Jan-Mar- [1]excl. IFRS 16	2018 Jan-Mar	Change[2] %	2018/2019 Rolling 12 months	2018 Full-year	Change %
Net sales	97	97	–	–	97	–	–
EBITA	1	1	–	–	1	–	–
Operating margin, EBITA (%)	1.0	1.0	–		1.0	–	

[1] Alternative performance measures.

[2] Related to the change between Jan-Mar 2018 and Jan-Mar 2019 with account for IFRS 16.

Own Management – total in operation

	OB		Quarterly change		CB	
	Units	Beds/ Placements	Units	Beds/ Placements	Units	Beds/ Placements
Beds	–	–	2	30	2	30
Home-care customers	–	–	–	2,681	–	2,681

Own Management – pipeline

		Quarterly change		
	OB	Opened during the quarter	New during the quarter[1]	CB
Beds	–	–	77	77

Contract Management – pipeline

	Allocation decisions during the quarter[2]			Started-up/terminated during the quarter
	Units	Beds	Annual revenue	Annual revenue[3]
Won	–	–	–	–
Renewed confidence	–	–	–	–
Lost	–	–	–	–
Handed back to municipal management	–	–	–	–

[1] The entire change during the quarter comprised beds added by the acquisition of Aleris Omsorg.

[2] New refers to signed contracts and units under construction that have been added by the acquisition of Aleris Omsorg. For more information about expected opening dates, refer to Own Management – Pipeline under ambea.com/investor-relations/

[3] Allocation decisions during the quarter mean that Ambea has received decisions during the quarter about contracts that are to be handed back or started up. The period of time between allocation and handback/start-up varies. About 9-12 months for Vardaga, and 6-9 months for Nytida.

[3] Shows the contracts started up or handed back during the quarter and their annual revenue.

Klara

Klara is one of Sweden's leading providers of staffing services for social care. We are an authorised staffing company and are ISO certified. With personal service and long experience in the industry, Klara provides the best staffing solutions for both public and private clients. We mediate thousands of assignments every year and conduct operations throughout Sweden.

Quarter

Net sales rose 1 per cent to SEK 79 million (78). Two thirds of the sales stems from customers in the public sector. The increase was due to a positive trend for temporary doctors and Klara Team, which offers qualified on-call services on a subscription basis.

EBITA was SEK 5 million (2), representing a margin of 6.3 per cent (2.6). The performance of Klara Team and effects of the previously completed adaptation of administrative costs had a positive impact.

In June 2018, the Supreme Administrative Court issued a decision regarding VAT liability for staffing agencies supplying temporary care staff. For Klara, these new guidelines from the Swedish Tax Agency entail that the supply of temporary care staff to municipalities, counties and private social care companies will be subject to VAT from 1 July 2019. Ambea assesses that this regulatory change will lead to a need for new business models and probably result in lower sales, but also have a limited effect on Klara's earnings. Some of the administrative cost-savings programme implemented in 2018 specifically addressed the need to adapt the cost mass in the staffing operations.

SEK million	2019 Jan-Mar	2019 Jan-Mar- [1]excl. IFRS 16	2018 Jan-Mar	Change[2] %	2018/2019 Rolling 12 months	2018 Full-year	Change %
Net sales	79	79	78	1	322	321	0
EBITA	5	5	2	150	18	16	13
Operating margin, EBITA (%)	6.3	6.3	2.6		5.6	5.0	

[1] Alternative performance measures.

[2] Related to the change between Jan-Mar 2018 and Jan-Mar 2019 with account for IFRS 16.

Other events

During the quarter, Ambea, through the acquisition of Aleris's care operations, became party to an ongoing legal process in Norway regarding social security costs for temporary employees. Ambea's exposure due to this process is limited to NOK 30 million, which has been reserved as a provision in the combined balance sheet after the acquisition.

Ambea is working actively to increase the proportion of permanent employees in the Norwegian operations.

The Norwegian Tax Administration had previously initiated an audit of Aleris's reporting of tax for temporary employees. The audit continued during the quarter and Ambea is waiting for feedback on the Tax Administration's assessment.

In the acquired operations in Norway, irregularities were revealed in relation to one provider. There is an ongoing investigation regarding the contractual agreement with the provider. Ambea's economic damage is estimated to be limited. No care takers or customers has suffered any economic damage.

Related-party transactions

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

Events after the end of the quarter

On 15 April, the Board decided on an issue of new shares to shareholders with pre-emptive rights totalling approximately SEK 1,200 million, conditional upon the AGM's approval on 16 May. The purpose is to repay some of the financing used to acquire Aleris's care operations and the issue will be carried out with the support of the company's major shareholders.

On 29 April, Ambea announced that Erik Sandøy, Business Unit Manager of Stendi (previously Aleris Omsorg), would be leaving the company. Ingvild Kristiansen, Head of Care Services in Stendi, will assume the position of Interim Business Unit Manager during the recruitment process.

Seasonal variations

Ambea's operating profit is 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 falls, 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 when employees take out their holidays. 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 the summer months are also generally lower due to a reduced schedule for central activities, such as mandatory training programmes and central initiatives, during this period.

Employees

During the quarter, the average number of full-time employees (FTEs) was 12,473 (7,057), and the increase was mainly due to acquisitions. This report uses an improved methodology to calculate the average number of employees during the year and for the comparative year, see Note 1.

Parent Company

The Parent Company's earnings pertain to Group-wide costs. During the quarter, Parent Company net sales amounted to SEK 6 million (6). Loss for the period was SEK -29 million (-5)

The weaker earnings were mainly attributable to increased interest expense due to the acquisition of Aleris's care operations.

Risks and uncertainties

Ambea is exposed to a variety of risks and attaches great importance to continuously analysing, minimising and managing these risks. The risk assessment is also central to the annual strategy process, where risks in relation to the company's ability to achieve its strategic ambitions are specifically evaluated. Ambea has identified the following risks: policy risk, market risk, permitting risk, operational risk, financial risk, occupancy risk, staffing risk, lease-related risk, acquisition risk and risk associated with rent setting. For a description of these risks and how they are managed, refer to pages 45-47 of the 2018 Annual Report.

Other information

The company's auditors have not reviewed this report.

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, 7 May 2019

Lena Hofsberger
Chair of the Board

Anders Borg	**Lars Gatenbeck**	**Thomas Hofvenstam**
Ingrid Jonasson Blank	**Gunilla Rudebjer**	**Mikael Stöhr**
Patricia Briceño *Employee representative*	**Charalampos Kalpakas** *Employee representative*	**Magnus Sällström** *Employee representative*

Fredrik Gren
President and CEO

Presentation of the first quarter of 2019

Ambea will hold a presentation for the financial market, with the possibility to participate by teleconference, at 10:00 a.m. CET on Wednesday, 8 May 2019. The presentation will be held in English, and be available as a webcast at www.ambea.se.

Call-up information

To make sure that the hook-up to the conference call works, please call at least five minutes before the conference call starts to register.

Phone numbers:

Sweden:	+46 (0)8 506 921 80
UK:	+44 (0)20 71 92 80 00
US:	+1 63 15 10 74 95

Contact

Jacob Persson, Head of Investor Relations, telephone +46 (0)708 64 07 52

Forthcoming report occasions

Q2 interim report	20 August
Q3 interim report	8 November

Ambea is the leading private care company in Sweden, Norway and Denmark, with about 900 units and approximately 26,000 employees. Within our group of companies, we provide residential facilities, support, education and social care staffing. 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. The company was founded in 1996, is headquartered in Solna and listed on Nasdaq Stockholm. ambea.se

Consolidated income statement in summary

SEK million	2019 Jan-Mar	2018 Jan-Mar	2018/2019 Rolling 12 months	2018 Jan-Dec
OPERATING INCOME				
Net sales	2,516	1,467	7,125	6,076
Other operating income	17	10	76	70
Total operating income	**2,533**	**1,477**	**7,201**	**6,146**
OPERATING EXPENSES				
Consumables	-92	-44	-232	-184
Other external costs	-375	-297	-1,328	-1,251
Personnel costs	-1,809	-1,014	-4,937	-4,142
Depreciation, amortisation and impairment of tangible and intangible assets	-195	-32	-298	-135
Profit/loss from participations in Group companies	–	-4	–	-4
Other operating expenses	0	0	-1	-1
Operating expenses	**-2,471**	**-1,391**	**-6,796**	**-5,717**
OPERATING PROFIT	**62**	**86**	**405**	**429**
Financial income	11	1	12	2
Financial expenses	-61	-10	-91	-40
Net financial items	**-50**	**-9**	**-79**	**-38**
PROFIT AFTER NET FINANCIAL ITEMS	**12**	**77**	**326**	**391**
PROFIT BEFORE TAX	**12**	**77**	**326**	**391**
Tax on profit for the period	-3	-17	-81	-96
PROFIT FOR THE PERIOD	**9**	**60**	**245**	**295**
Profit for the period attributable to shareholders of the Parent Company	9	60	245	295
Earnings/loss per share before dilution, SEK	0.13	0.88	3.62	4.37
Earnings/loss per share after dilution, SEK	0.13	0.87	3.61	4.37

Consolidated statement of comprehensive income in summary

SEK million	2019 Jan-Mar	2018 Jan-Mar	2018/2019 Rolling 12 months	2018 Jan-Dec
PROFIT FOR THE PERIOD AFTER TAX	**9**	**60**	**245**	**295**
OTHER COMPREHENSIVE INCOME, ITEMS NOT TRANSFERABLE TO PROFIT OR LOSS				
Remeasurement of defined-benefit pension plans	–	–	–	–
Tax related to remeasurement of defined-benefit pension plans	–	–	–	–
Total items not transferable to profit or loss	**–**	**–**	**–**	**–**
OTHER COMPREHENSIVE INCOME, ITEMS TRANSFERABLE TO PROFIT OR LOSS				
Translation differences	15	14	6	5
Hedging of net investments in foreign operations	-11	-13	-3	-5
Cash flow hedges	0	–	0	–
Cost of hedging	-1	–	-1	–
Tax	2	3	–	1
Total items transferable to profit or loss	5	4	2	1
Total other comprehensive income	**5**	**4**	**2**	**1**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**14**	**64**	**247**	**296**
Comprehensive income for the period attributable to shareholders of the Parent Company	14	64	247	296

Earnings per share

SEK million	2019 Jan-Mar	2018 Jan-Mar	2018/2019 Rolling 12 months	2018 Jan-Dec
Profit for the period attributable to shareholders of the Parent Company, SEK million	9	60	245	295
Earnings per share before dilution				
Average number of shares, thousands	67,504	67,617	67,536	67,549
Earnings/loss per share before dilution, SEK	0.13	0.88	3.62	4.37
Earnings per share after dilution				
Average number of shares, thousands	67,666	69,137	67,676	67,582
Earnings/loss per share after dilution, SEK	0.13	0.87	3.61	4.37

Consolidated balance sheet in summary

SEK million	31 March 2019	31 March 2018	31 Dec 2018
ASSETS			
Fixed assets			
Goodwill	6,544	3,817	4,058
Customer contracts and customer relationships	668	452	446
Other intangible assets	23	17	22
Right-of-use assets	4,321	–	–
Tangible assets	221	212	211
Derivative instruments	3	–	0
Deferred tax assets	66	68	35
Non-current receivables	33	27	27
Total fixed assets	**11,879**	**4,593**	**4,799**
Current assets			
Inventories	0	0	0
Accounts receivable	1,145	646	622
Other receivables	98	66	68
Prepaid expenses and accrued income	294	178	167
Cash and cash equivalents	297	77	62
Total current assets excluding assets held for sale	**1,834**	**967**	**919**
Assets held for sale	87	50	74
Total current assets	**1,921**	**1,016**	**993**
TOTAL ASSETS	**13,800**	**5,609**	**5,792**

[1] In the previous period, right-of use assets relating to leased cars were recognised as tangible assets.

Consolidated balance sheet in summary – continuation

SEK million	31 March 2019	31 March 2018	31 Dec 2018
EQUITY AND LIABILITIES			
Equity			
Share capital	2	2	2
Other capital contributions	4,965	4,965	4,965
Reserves	8	4	1
Retained earnings including profit for the year	-2,254	-2,427	-2,261
Total equity attributable to shareholders of the Parent Company	**2,721**	**2,544**	**2,707**
Non-controlling interests	–	–	–
Total equity	**2,721**	**2,544**	**2,707**
Non-current liabilities			
Non-current interest-bearing liabilities	2,193	367	614
Lease liabilities	3,665	–	–
Other non-interest-bearing liabilities	0	0	0
Pension provisions	33	6	4
Other provisions	69	0	0
Deferred tax liabilities	159	119	114
Total non-current liabilities	**6,119**	**492**	**732**
Current liabilities			
Current interest-bearing liabilities	1,200	41	37
Commercial papers	1,537	1,715	1,404
Lease liabilities[2]	672	–	–
Accounts payable	260	150	198
Tax liabilities	56	49	93
Other non-interest-bearing liabilities	145	71	74
Accrued expenses and deferred income	1,089	547	547
Total current liabilities	**4,960**	**2,573**	**2,353**
TOTAL EQUITY AND LIABILITIES	**13,800**	**5,609**	**5,792**

Consolidated statement of changes in equity in summary

SEK million	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Opening balance	**2,707**	**2,480**	**2,480**
Total comprehensive income	14	64	296
Transactions with shareholders			
Warrants issued	–	–	3
Share buybacks	–	–	-4
Dividend	–	–	-68
Closing balance	**2,721**	**2,544**	**2,707**

[1] In the previous period, lease liabilities relating to leased cars were recognised as non-current interest-bearing liabilities.
[2] In the previous period, lease liabilities relating to leased cars were recognised as current interest-bearing liabilities.

Consolidated cash flow statement in summary

SEK million	2019 Jan-Mar	2018 Jan-Mar	2018/2019 Rolling 12 months	2018 Jan-Dec
OPERATING ACTIVITIES				
Profit before tax	12	77	326	391
Adjustment for non-cash items	215	37	312	134
Cash flow from operating activities before working capital and tax	**226**	**114**	**637**	**525**
Tax paid	-67	-37	-90	-60
Cash flow from operating activities before changes in working capital	**159**	**77**	**548**	**465**
CASH FLOW FROM CHANGES IN WORKING CAPITAL				
Change in operating receivables	-69	-10	-24	36
Change in operating liabilities	-37	3	-2	37
Cash flow from operating activities	**54**	**71**	**520**	**538**
INVESTING ACTIVITIES				
Investment in intangible assets	-4	0	-5	-1
Investment in tangible assets	-27	-9	-56	-38
Divestment of tangible assets	11	4	14	7
Free cash flow	**34**	**66**	**473**	**506**
Acquisition and disposal of shares and participations	-2,592	-53	-2,907	-368
Other financial assets	-6	0	-6	0
Cash flow from investing activities	**-2,619**	**-58**	**-2,960**	**-400**
Cash flow after investing activities	**-2,565**	**13**	**-2,440**	**139**
FINANCING ACTIVITIES				
New loans/Loans raised	4,936	367	4,919	1,399
Repayment of loan liabilities	-1,105	-20	-1,440	-1,405
Repayment of lease liability	-135	–	-135	–
Change in revolving credit facility	-891	-363	-618	-89
New share issue	–	–	3	1
Premiums for warrants	–	–	–	2
Share buybacks	–	–	-4	-4
Dividends paid	–	–	-68	-68
Cash flow from financing activities	**2,805**	**-16**	**2,657**	**-164**
CASH FLOW DURING THE PERIOD	**240**	**-3**	**218**	**-25**
Cash and cash equivalents on the opening date	62	87	77	87
Exchange rate differences in cash and cash equivalents	-4	-7	3	0
Cash and cash equivalents on the closing date	**297**	**77**	**297**	**62**

Parent Company income statement in summary

SEK million	2019 Jan-Mar	2018 Jan-Mar	2018/2019 Rolling 12 months	2018 Jan–Dec
INCOME				
Net sales	6	6	29	29
Total income	**6**	**6**	**29**	**29**
OPERATING EXPENSES				
Other external costs	-6	-7	-21	-22
Personnel costs	-5	-5	-24	-25
Amortisation of intangible assets	0	0	0	0
Operating expenses	**-11**	**-12**	**-45**	**-47**
OPERATING PROFIT	**-5**	**-6**	**-16**	**-18**
Financial items	-24	1	-24	2
LOSS AFTER FINANCIAL ITEMS	**-29**	**-5**	**-40**	**-16**
Appropriations	–	–	15	15
PROFIT BEFORE TAX	**-29**	**-5**	**-25**	**-1**
Tax on profit for the period	–	–	–	–
PROFIT FOR THE PERIOD	**-29**	**-5**	**-25**	**-1**

Parent Company balance sheet in summary

SEK million	31 March 2019	31 March 2018	31 Dec 2018
ASSETS			
Intangible assets			
Software	1	0	1
Financial assets			
Participations in Group companies	7,210	4,128	4,129
Other financial assets	–	–	32
Derivative assets	4	–	–
Total fixed assets	**7,215**	**4,128**	**4,162**
Current assets			
Receivables from Group companies	24	11	23
Other receivables	17	4	16
Tax assets	2	2	2
Prepaid expenses and accrued income	9	4	4
Cash and bank balances	0	8	0
Total current assets	**51**	**29**	**45**
TOTAL ASSETS	**7,267**	**4,157**	**4,207**
EQUITY AND LIABILITIES			
Share capital	2	2	2
Statutory reserve	0	0	0
Total restricted equity	**2**	**2**	**2**
Share premium reserve	201	199	200
Retained earnings	1,851	1,924	1,852
Loss for the period	-29	-5	-1
Total non-restricted equity	**2,022**	**2,118**	**2,051**
TOTAL EQUITY	**2,024**	**2,120**	**2,053**
Non-current liabilities			
Liabilities to credit institutions	2,493	306	713
Current liabilities			
Commercial papers	2,737	1,715	1,404
Accounts payable	1	6	7
Other liabilities	0	1	2
Accrued expenses and deferred income	11	9	28
Total current liabilities	**2,751**	**1,731**	**1,441**
TOTAL EQUITY AND LIABILITIES	**7,267**	**4,157**	**4,207**

Key financial figures

SEK million	2019 Jan-Mar	2019 Jan-Mar excl. IFRS 16	2018 Jan-Mar	Change %	2018/2019 Rolling 12 months	2018 Jan-Dec	Change %
Net sales	2,516	2,516	1,467	72	7,125	6,076	17
Growth in net sales (%)	72	72	3		17	4	
EBITDA	256	98	118	117	703	564	24
Operating margin, EBITDA (%)	10.2	3.9	8.0		9.9	9.3	
Items affecting comparability	57	57	4		92	39	
Adjusted EBITDA	314	154	122	157	795	603	22
Operating margin, adjusted EBITDA (%)	12.5	6.1	8.3		11.2	9.9	
EBITA	90	71	105	-14	492	508	-3
Operating margin, EBITA (%)	3.6	2.8	7.2		6.9	8.4	
Adjusted EBITA	147	128	109	35	584	547	7
Operating margin, adjusted EBITA (%)	5.8	5.1	7.4		8.2	9.0	
Operating profit, EBIT	62	43	86	-34	405	429	-7
Operating margin, EBIT (%)	2.5	1.7	5.9		5.7	7.1	
Profit/loss before tax	12	29	77	-91	326	391	-18
Profit after tax	9	22	60	-93	245	295	-18
Earnings/loss per share before dilution, SEK	0.13	0.33	0.88	-92	3.62	4.37	-18
Earnings/loss per share after dilution, SEK	0.13	0.33	0.87	-92	3.61	4.37	-19
Return on equity (%)	0.3	0.9	2.4		9.3	11.4	
Operating cash flow	214	55	120	78	741	609	22
Free cash flow	34	-90	66	-48	473	506	-7
Cash conversion (%)	68,2	35,4	98.4		93,2	108	

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 accounting policies applied are consistent with those used in the preparation of the most recent annual report, except for hedge accounting. Hedge accounting accordring to IFRS 9 has been applied for the hedging agreements entered into in March 2019, which are described on page 30. Since January 1 2019, hedging of net investments in foreign operations is reported according to IFRS 9. Existing hedging according to IAS 39 still fulfils the criteria for continued reporting according to IFRS 9, with no effects incurred due to the transition.

New or revised IFRS standards

IFRS 16 Leases took effect on 1 January 2019 and supersedes the previous IFRS related to lease accounting. For a more detailed description of accounting policies, refer to Note G1 in the 2018 Annual Report.

Selection of method and exceptions

Ambea has chosen to apply the simplified transitional approach, which requires a restatement on the transition date by adjusting the opening balance at 1 January 2019. Ambea has also elected to apply the transition relief that excludes short-term leases and leases of low-value.

Discounting

For contracts with terms of up to 3 years, the marginal lending rate is 1.75 per cent. For contracts with terms of 3 years or more, Ambea has assumed a risk-free interest rate corresponding to STIBOR and the equivalent for Norway, and added a margin of 1.75 per cent.

Transition effects, IFRS 16

Given that the transition to IFRS 16 will have a material impact on the financial statements, Ambea has elected to recognise a reconciliation between its commitments for operating leases at the end of 2018 and its lease liability at the start of 2019.

In Note G1 in the 2018 Annual Report and in this interim report, selected key figures are presented without the effects of IFRS 16. For definitions, refer to Note 9, and for reconciliation with IFRS financial statements, refer to Note 8.

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

As of the interim report for the second quarter of 2018, an

Reconciliation of operating lease capitalisation

MSEK	Group
Obligations for operating leases excl. extension options at 1 January 2019	3,730
Extension options	142
Liabilities for finance leases at 1 January 2019	39
Discounting with the Group's weighted average marginal lending rate	-671
Short-term rents	-36
Right-of use assets recognised at 1 January 2019	**3,204**

Note 2 Key judgements and estimates

For information about key judgements and estimates in this interim report, refer to Note G32 in the company's 2018 Annual Report.

Note 3 Segment information

Due to the acquisition of Aleris's care operations, a segment comprising the Danish operations has been added. The name of the Norwegian operations has now been changed from Heimta to Stendi, and also includes the operations acquired from Aleris.

Vardaga Comprises elderly care in Sweden.

Nytida Comprises care for people with functional disabilities in Sweden.

Stendi Comprises support for children and young people, personal assistance, residential care, elderly care and home care in Norway.

Altiden Comprises elderly care, home care, social care and disability care in Denmark.

Klara Comprises staffing solutions, such as the supply of temporary doctors, nurses and other care workers, in Sweden.

Segments

Jan-Mar 2019 SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated items[1]	Group adjustments	Group
OPERATING INCOME								
Net sales	796	873	671	97	79	–	–	2,516
Other operating income	3	3	6	–	10	4	-10	17
Internal transactions	–	–	–	–	-10	–	10	–
Total income from external customers	**800**	**876**	**677**	**97**	**79**	**4**	**–**	**2,533**
EBITA	**52**	**103**	**-19**	**1**	**5**	**-51**	**–**	**90**
EBITA margin, %	*6.5*	*11.8*	*-2.8*	*1*	*6.3*	*–*	*–*	*3.6*
Items affecting comparability	–	–	–	–	–	57	–	57
Adjusted EBITA	**52**	**103**	**-19**	**1**	**5**	**6**	**–**	**147**
Adjusted EBITA margin, %	*6.5*	*11.8*	*-2.8*	*1*	*6.3*	*–*	*–*	*5.8*
Amortisation of intangible assets								-28
Operating profit (EBIT)								**62**
Net financial items								-50
Profit after net financial items								12
Profit before tax								**12**
Tax on profit for the period								-3
PROFIT FOR THE PERIOD								**9**
ASSETS	**4,738**	**6,230**	**2,034**	**183**	**181**	**434**	**–**	**13,800**

Jan-Mar 2018 SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated items[1]	Group adjustments	Group
OPERATING INCOME								
Net sales	551	717	121	–	78	0	0	1,467
Other operating income	4	2	2	–	0	2	0	10
Internal transactions	0	0	0	–	8	0	-8	–
Total income from external customers	**555**	**719**	**123**	**–**	**86**	**3**	**-8**	**1,477**
EBITA	**36**	**77**	**3**	**–**	**2**	**-13**	**0**	**105**
EBITA margin, %	*6.5*	*10.7*	*2.5*	*–*	*2.6*	*–*	*–*	*7.2*
Items affecting comparability	–	–	–	–	–	4	–	4
Adjusted EBITA	**36**	**77**	**3**	**–**	**2**	**-9**	**0**	**109**
Adjusted EBITA margin, %	*6.5*	*10.7*	*2.5*	*–*	*2.6*			*7.4*
Amortisation of intangible assets								-19
Operating profit (EBIT)								**86**
Net financial items								-9
Profit after net financial items								77
Profit before tax								**77**
Tax on profit for the period								-17
PROFIT FOR THE PERIOD								**60**
ASSETS	**1,389**	**3,350**	**530**	**–**	**197**	**143**	**–**	**5,609**

[1] The "Unallocated items" column consists of centrally approved costs for general central administration, restructures and acquisitions and for IPO costs.

Note 4 Income

Jan–Mar	Vardaga		Nytida		Stendi		Altiden		Klara		Group	
SEK million	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Own Management	457	270	755	595	579	121	12	–	–	–	1,803	986
Contract Management	339	281	118	122	92	–	85	–	–	–	634	403
Staffing	–	–	–	–	–	–	–	–	79	78	79	78
Total	**796**	**551**	**873**	**717**	**671**	**121**	**97**	**–**	**79**	**78**	**2,516**	**1,467**

Note 5 Preliminary effects of the acquisition of Aleris's care operations

On 16 October 2018, it was announced that Ambea had agreed to acquire Aleris Omsorg. Aleris Omsorg conducts care operations in Sweden, Norway and Denmark. Ambea acquired 100 per cent of the shares in the Parent Company, Aleris Care AB, on 21 January 2019, following approval from the relevant competition authorities, for a purchase price of approximately SEK 2,600 million on a debt-free, cash-free basis at the transfer date. The acquisition makes Ambea the largest care services provider in Scandinavia. The acquisition of Aleris Omsorg is creating a stable platform for future organic growth and significant potential for both direct cost synergies and operational improvements. In addition to direct cost synergies of SEK 90 million and identified operational improvements of SEK 30 million, Ambea expects that additional efficiencies can be realised over the next two to three years.

The acquisition was recognised using the acquisition method, and Aleris's Care Operations have been included in the financial statements for the Ambea Group since 21 January 2019.

Acquired receivables mainly comprise accounts receivable. As these are expected to be paid, in all material respects, the fair value is consistent with the carrying amount. Aleris's customers are predominantly municipalities, whereby credit risk is deemed low.

In the acquisition calculation, the provisions entry was adjusted, since additional provision requirements were identified in aquired enitites. Provision regarding the dispute in Norway related to consultants amount to SEK 32 million and provisions related to the restructuering programme described in the report amount to SEK 17 million.

Acquired lease liabilities have been measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired lease was new at the acquisition date. Calculations have been made using the same methodology and assumptions as when the effects of IFRS 16 were calculated for Ambea, and are presented in Note G6 in the 2018 Annual Report. At the acquisition date, right-of-use assets have been measured at the same amount as lease liabilities.

Goodwill arising is primarily attributable to a stronger market position and expected synergies. 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 are expected to amount to SEK 30 million annually, and estimated to be realised in 2020. Integration costs related to the acquisition are an estimated SEK 100 million, most of which are expected to be recognised in 2019.

Since the acquisition date, Aleris Omsorg has contributed SEK 986 million to net sales and SEK 0 million to profit before tax. If the acquisition had taken place on 1 January 2019, Aleris Omsorg would have contributed SEK 1,261 million to net sales and SEK -3 million to profit before tax.

Closing balance has not been finalized when the interim report for the first quarter was issued. Any adjustments in the closing balance will affect the size of reported goodwill.

Net assets of Aleris's care operations at the acquisition date

SEK million	Fair value recognised in the Group
Tangible assets	100
Intangible assets[1]	246
Financial assets	32
Right-of-use assets	1,268
Accounts receivable and other receivables	605
Cash and cash equivalents	455
Non-current interest-bearing liabilities	2
Deferred tax liability	54
Pension provisions	26
Other provisions	55
Lease liabilities	1,268
Accounts payable and other liabilities	725
Net identifiable assets and liabilities	**578**
Group goodwill	2,469
Total consideration	**3,047**
Cash (acquired)	455
Net cash outflow	**2,592**
Change in the Group's goodwill	
Opening balance, 1 January 2019	4,058
Acquisition of Aleris Omsorg	2,469
Translation difference	17
Closing cumulative cost	**6,544**

[1] The acquisition analysis is preliminary. The measurement of intangible assets and their related amortisation period had not ended when the financial statements were published for the first quarter of 2019. The value of intangible assets may therefore be adjusted in a future period, with a corresponding adjustment of goodwill.

Note 6 Fair value of financial instruments in the fair value hierarchy

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes Eligible treasury bills, Bonds and Other interest-bearing securities. Remeasurement is recognised under Financial items.

Level 2 – 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 current assets or Other current liabilities.

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

Ambea has credit/loans denominated in both SEK and NOK and is thereby exposed to interest-rate risk. According to the company's financial policy, at least 50 per cent of the interest-rate risk should be hedged. To reduce the company's interest-rate risk, the company purchased an interest-rate swap and an interest rate cap in March 2019, both with maturities of three years. In total, 54 per cent of the company's interest-rate risk is hedged through interest-rate derivatives.

Derivatives are classified as Level 2 assets in the fair value hierarchy. The change in fair value of the interest rate cap is recognised in other comprehensive income and SEK -1 million was charged against other comprehensive income for the quarter. At 31 March 2019, the value of the derivative was SEK 3 million. Ambea uses the standard report of issuing banks for the market valuation of purchased interest-rate caps. The measurement is based on the bank's standard pricing model and method. The measurement is based on the bank's average price.

Contingent considerations are classified within Level 3 of the fair value hierarchy. Material unobservable inputs mainly comprise predicted sales.

Consolidated assets and liabilities measured at fair value

SEK million	31 March 2019	31 March 2018	31 Dec 2018
Interest-rate derivatives	3	0	0
Contingent consideration	–	-4	–

Note 7 Pledged assets and contingent liabilities

SEK million	31 March 2019	31 March 2018	31 Dec 2018
Leased assets	84	85	80
Chattel mortgages	10	13	10
Real estate mortgages	9	23	9
Factoring	2	2	2
Total pledged assets	**105**	**123**	**101**

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	2019 Jan-Mar	2018 Jan-Mar	2018/2019 Rolling 12 months	2018 Jan-Dec
Growth/Acquired growth				
Growth in net sales (%)	72	3	17	4
Of which acquired growth (%)	70	8	22	5
Of which exchange rate effect (%)	0	0	0	0
Of which organic growth (%)	2	-5	-5	-1
Operating margin (EBIT)				
Net sales	2,516	1,467	7,125	6,076
Operating profit (EBIT)	62	86	405	429
Operating margin, EBIT (%)	**2.5**	**5.9**	**5.7**	**7.1**
EBITA and adjusted EBITA				
Operating profit (EBIT)	62	86	405	429
Amortisation and impairment of intangible assets	28	19	88	79
EBITA	**90**	**105**	**492**	**508**
Items affecting comparability	57	4	92	39
Adjusted EBITA	**147**	**109**	**584**	**547**
Net sales	2,516	1,467	7,125	6,076
EBITA margin (%)	3.6	7.2	6.9	8.4
Adjusted EBITA margin (%)	5.8	7.4	8.2	9.0
EBITDA and adjusted EBITDA				
Operating profit (EBIT)	62	86	405	429
Depreciation, amortisation and impairment of tangible and intangible assets	195	32	298	135
EBITDA	**257**	**118**	**703**	**564**
Items affecting comparability	57	4	92	39
Adjusted EBITDA	**314**	**122**	**795**	**603**
Net sales	2,516	1,467	7,125	6,076
EBITDA margin	10.2	8.0	9.9	9.3
Adjusted EBITDA margin	12.5	8.3	11.2	9.9
EBITDA and adjusted EBITDA excluding IFRS 16				
Operating profit (EBIT)	62	n/a	405	n/a
Depreciation, amortisation and impairment of tangible and intangible assets	195	n/a	298	n/a
Additional: Rental expenses	**-159**	n/a	**-159**	n/a
Net effect of IFRS 16 on EBITDA	**-159**	n/a	**-159**	n/a
EBITDA excluding effects of IFRS 16	**98**	n/a	**544**	n/a
Items affecting comparability	57	n/a	92	n/a
Adjusted EBITDA excluding IFRS 16	**154**	n/a	**636**	n/a

Note 8 Reconciliation with IFRS financial statements – continuation

SEK million	2019 Jan-Mar	2018 Jan-Mar	2018/2019 Rolling 12 months	2018 Jan-Dec
Operating cash flow				
Adjusted EBITDA	314	122	795	603
Adjustment for non-cash items	17	4	8	-5
Cash flow from investing activities excl. acquisitions and divestments of subsidiaries	-20	-5	-47	-32
Adjustment for cash flow from investing activities related to increased capacity/growth	9	5	13	9
Changes in working capital	-105	-6	-28	73
Operating cash flow	**214**	**120**	**741**	**648**
Cash conversion (%)				
Operating cash flow	214	120	741	**648**
Adjusted EBITDA	314	122	795	603
Cash conversion (%)	**68.2**	**98.4**	**93.2**	**107.5**
Items affecting comparability				
Reversal of restructuring and acquisition-related costs	**57**	**–**	**92**	**35**
– of which costs included in the line item of other external costs	36	–	70	34
– of which costs included in the line item of personnel costs	20	–	21	1
Reversal of income and costs for discontinuation of entire segments	**–**	**4**	**–**	**4**
Personal assistance				
– of which, income	–	–	–	–
– of which costs included in the line item of other external costs	–	–	–	–
– of which costs included in the line item of personnel costs	–	–	–	–
– of which, profit or loss from participations in Group companies	–	4	–	4
Items affecting comparability	**57**	**4**	**92**	**39**

Debt/equity ratio **SEK million**	31 March 2019	31 March 2018	31 Dec 2018
Non-current interest-bearing liabilities	5,858	367	614
Current interest-bearing liabilities	3,409	1,756	1,441
Total interest-bearing liabilities	**9,267**	**2,123**	**2,055**
Total equity	2,721	2,544	2,707
Debt/equity ratio	**3.4**	**0.8**	**0.8**

Note 8 Reconciliation with IFRS financial statements – continuation

Net debt, net debt/Adjusted EBITDA, RTM SEK million	31 March 2019	31 March 2018	31 Dec 2018
Non-current interest-bearing liabilities	5,858	367	614
Current interest-bearing liabilities	3,409	1,756	1,441
Less: cash and cash equivalents	-297	-77	-62
Net debt	**8,970**	**2,046**	**1,993**
Adjusted EBITDA, RTM	795	551	637
Net debt/Adjusted EBITDA, RTM	**11.3**	**3.7**	**3.3**

Equity/assets ratio SEK million	31 March 2019	31 March 2018	31 Dec 2018
Total equity	2,721	2,544	2,707
Total assets	13,800	5,609	5,762
Equity/assets ratio (%)	**19.7**	**45.4**	**46.7**

Return on equity SEK million	2019 Jan-Mar	2018 Jan-Mar	2018/2019 Rolling 12 months	2018 Jan-Dec
Opening equity attributable to shareholders of the Parent Company	2,707	2,480	2,544	2,480
Closing equity attributable to shareholders of the Parent Company	2,721	2,544	2,721	2,707
Average equity attributable to shareholders of the Parent Company	**2,714**	**2,512**	**2,633**	**2,594**
Profit after tax	9	60	245	295
Return on equity (%)	**0.3**	**2.4**	**9.3**	**11.4**

Profit before and after tax excluding effects of IFRS 16 SEK million	2019 Jan-Mar
Profit before tax	12
Net effects of IFRS 16 on EBIT	-19
Less: IFRS 16 effect included in the line item of Financial expenses	36
Net effects of IFRS 16 on profit before tax	17
Profit before tax excluding effects of IFRS 16	**29**
Tax on profit for the period	-3
Less: Effects of IFRS 16 on Deferred tax	-4
Profit after tax excluding effects of IFRS 16	**22**
Earnings per share before dilution, excluding effects of IFRS 16	
Number of shares (000s)	67,504
Earnings per share before dilution, excluding effects of IFRS 16	0.33
Earnings per share after dilution, excluding effects of IFRS 16	
Number of shares (000s)	67,666
Earnings per share before dilution, excluding effects of IFRS 16	0.33

Note 8 Reconciliation with IFRS financial statements – continuation

	2019 Jan-Mar
Operating cash flow excluding IFRS 16	
Operating cash flow	**214**
Less: Effect of IFRS on EBITDA	-159
Operating cash flow excluding IFRS 16	**55**
Net sales	2,516
EBITDA margin excluding effects of IFRS 16	3.9
Adjusted EBITDA margin excluding effects of IFRS 16	6.1

EBIT excluding effects of IFRS 16 **SEK million**	2019 Jan-Mar
Operating profit (EBIT) excluding effects of IFRS 16	
Operating profit (EBIT)	62
Less: Effects of IFRS 16 included in the line item of depreciation, amortisation and impairment of tangible and intangible assets	140
Additional: Rental expenses	-159
Net effects of IFRS 16 on EBIT	**-19**
EBIT excluding effects of IFRS 16	**43**
EBITA and adjusted EBITA excluding effects of IFRS 16	
Operating profit (EBIT)	62
Amortisation and impairment of intangible assets	28
Less: Effects of IFRS 16 included in the line item of depreciation, amortisation and impairment of tangible and intangible assets	140
Additional: Rental expenses	-159
Net effects of IFRS 16 on EBITA	**-19**
EBIT excluding effects of IFRS 16	**71**
Items affecting comparability	**57**
Adjusted EBITA excluding effects of IFRS 16	**128**
Net sales	2,516
EBITA margin excluding effects of IFRS 16 (%)	2.8
Adjusted EBITA margin excluding effects of IFRS 16 (%)	5.1

Cash conversion excluding IFRS 16 **SEK million**	2019 Jan-Mar
Operating cash flow excluding effects of IFRS 16	55
Adjusted EBITDA excluding effects of IFRS 16	154
Cash conversion (%) excluding IFRS 16	35.4

Note 8 Reconciliation with IFRS financial statements – continuation

Free cash flow excluding effects of IFRS 16 SEK million	2019 Jan-Mar
Free cash flow	**34**
Less: Effect of IFRS on EBITDA	-159
Change in prepaid rents recognised as an item of operating receivables	-1
Additional: Interest payments	36
Free cash flow excluding effects of IFRS 16	**-90**

Return on equity, excluding effects of IFRS 16 SEK million	2019 Jan-Mar
Opening equity attributable to shareholders of the Parent Company	2,707
Closing equity attributable to shareholders of the Parent Company	2,721
Net effects of IFRS 16 on profit after tax	13
Profit after tax excluding effects of IFRS 16	22
Closing equity attributable to shareholders of the Parent Company, excluding effects of IFRS 16	2,734
Closing equity attributable to shareholders of the Parent Company, excluding effects of IFRS 16	2,721
Return on equity, excluding effects of IFRS 16 (%)	**0.8**

Net debt, Net debt/Adjusted EBITDA, RTM excluding effects of IFRS 16 SEK million	2019 31 March
Non-current interest-bearing liabilities	5,858
Less: non-current lease liabilities pertaining to properties recognised on the Lease liability line	-3,629
Current interest-bearing liabilities	3,409
Less: current lease liabilities pertaining to properties recognised on the Lease liability line	-626
Less: cash and cash equivalents	-297
Net debt excluding effects of IFRS 16	**4,715**
Adjusted EBITDA, RTM, adjusted for IFRS 16	636
Net debt/Adjusted EBITDA, RTM, excluding effects of IFRS 16	**7.4**

Equity/assets ratio excluding effects of IFRS 16 SEK million	2019 Jan-Mar
Total equity	2,721
Total assets	13,800
Less: right-of-use assets attributable to property	-4,240
Less: Effects of IFRS 16 on deferred tax are recognised on the Deferred tax assets line	-3
Less: Effects of IFRS 16 on prepaid rents are recognised on the Prepaid expenses and accrued income line	1
Total assets excluding effects of IFRS 16	**9,558**
Equity/assets ratio (%)	**28.4**

Note 9 Definitions and purpose

The definition of operating cash flow has been changed. As of the interim report for the first quarter of 2019, calculations have been based on Adjusted EBITDA, and cash flows related to increased capacity/growth have been excluded to create better visibility of the underlying cash flows for the growing proportion of Own Management, and for better comparability of the cash conversion rate. The comparative figures have been restated. The definition of Organic growth has been changed to exklude exchange rate effects in comparable units. The comparative figures have been restated. In 2019, alternative performance measures are presented where the effects of IFRS 16 are eliminated to facilitate analysis with the comparative year.

Key financial figures	Definition and calculation	Purpose
Growth (%)	Growth consists of the increase in sales in relation to the comparative period. 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 net sales growth from acquisitions/the comparative period's net sales	This key figure is used to follow up the proportion of the company's sales increase that was generated through acquisitions
Exchange rate effect on growth (%)	The period's net sales growth from exchange rate effect/the comparative period's net sales	This key figure is used to follow up the proportion of the company's sales increase that was generated through change in exchange rates
Organic growth (%)	The period's increase in net sales excluding acquisitions, divestments and exchange rate effect/Net sales in the comparative period	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 tax Total operating income – Operating expenses	The key figure used to monitor the company's profit generated by operating activities. This 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	This key figure is used to follow up the company's profit generated by operating activities. The key figure enables comparisons of profitability between companies/industries
Items affecting comparability	Items related to events in the company's operations that impact comparability with profit during other periods. Include: - Transaction costs attributable to major acquisitions - Major re-organisations	The key figure 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 + Items affecting comparability	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 key figure enables comparisons of profitability between companies/industries

Key financial figures	Definition and calculation	Purpose
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 key 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 such events in the company's operations that affect comparisons with profit from other periods EBITA + **Items affecting comparability**	This key figure is 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 key figure enables comparisons of profitability between companies/industries
Operating cash flow	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 Adjusted EBITDA + Changes in working capital + Cash flow from investing activities excl. acquisitions and divestments of subsidiaries + adjustments for cash flow from investing activities related to increased capacity/growth	This key figure shows the cash flow from the company's operations, excluding business combinations, company divestments, financing, 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	Total cash flow from operating activities and cash flow from investing activities excluding acquisitions and divestments of operations Cash flow from operating activities + Cash flow from investing activities excluding acquisitions and sales of subsidiaries	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 (%)	Cash conversion as a percentage is defined as operating cash flow divided by adjusted EBITDA Operating cash flow/Adjusted EBITDA	The key figure used as an efficiency measure of the proportion of a company's profit that is converted to cash
Net debt	The Group's interest-bearing liabilities excluding pension provisions adjusted for cash and cash equivalents Interest-bearing liabilities – cash and cash equivalents	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/Adjusted EBITDA, RTM	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. Net debt/Adjusted EBITDA, RTM	The key figure used to monitor the level of the company's indebtedness to ensure that financial covenants are met
Return on equity (%)	Return on equity shows the company's return on the capital provided by its owners Profit for the period/Equity (average equity at the beginning and end of the period)	This key figure is used to show the returns generated on the capital that shareholders have invested in the company

Key financial figures	Definition and calculation	Purpose
Adjusted EBITA excluding effects of IFRS 16	Operating profit before amortisation and impairment of intangible assets adjusted for items from such events in the company's operations that affect comparisons with profit from other periods, adjusted for the effects of IFRS 16 Adjusted EBITA + net effects of IFRS 16 on EBITA	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
EBITDA excluding effects of IFRS 16	Operating profit before depreciation, amortisation and impairment of intangible and tangible assets, adjusted for the effects of IFRS 16	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Adjusted EBITDA excluding effects of IFRS 16	Operating profit before amortisation and impairment of intangible assets adjusted for items from such events in the company's operations that affect comparisons with profit from other periods, adjusted for the effects of IFRS 16 Adjusted EBITA + net effects of IFRS 16 on EBITA	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Operating cash flow excluding effects of IFRS 16	Total cash flow, adjusted for the effects of IFRS 16, from operating activities excluding tax, net financial items and items affecting comparability and cash flow from investing activities excluding acquisitions and disposal of units Adjusted EBITDA + Changes in working capital + Cash flow from investing activities excl. acquisitions and divestments of subsidiaries + adjustments for cash flow from investing activities related to increased capacity/growth	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Cash Conversion (%) excluding effects of IFRS 16	Cash conversion as a percentage is defined as operating cash flow divided by Adjusted EBITDA, adjusted for the effects of IFRS 16 Operating cash flow excluding the effects of IFRS 16/Adjusted EBITDA excluding the effects of IFRS 16	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Free cash flow excluding effects of IFRS 16	Total cash flow from operating activities and cash flow from investing activities excluding acquisitions and divestments of operations, adjusted for the effects of IFRS 16 Free cash flow – net effects of IFRS 16 on EBITDA – Change in operating receivables/liabilities attributable to IFRS 16 + interest payments attributable to IFRS 16	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Net debt excluding effects of IFRS 16	The Group's interest-bearing liabilities excluding pension provisions adjusted for cash and cash equivalents Net debt – lease liabilities related to properties	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements

Key financial figures	Definition and calculation	Purpose
Net debt/Adjusted EBITDA, RTM excluding effects of IFRS 16	Net debt/Adjusted EBITDA excluding the effects of IFRS 16 is a measure of the debt/equity ratio defined as the closing balance for net debt, adjusted for the effects of IFRS, in relation to rolling adjusted EBITDA, adjusted for the effects of IFRS 16 Net debt excluding the effects of IFRS 16/ Adjusted EBITA excluding the effects of IFRS 16 RTM	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Profit before tax excluding effects of IFRS 16	Profit before tax, adjusted for the effects of IFRS 16 Profit before tax + net effects of IFRS 16 on profit before tax	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Profit after tax excluding effects of IFRS 16	Profit after tax, adjusted for the effects of IFRS 16 Profit before tax excluding the effects of IFRS 16 + effects of IFRS 16 on deferred tax	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Earnings per share before dilution, excluding effects of IFRS 16	Earnings per share before dilution, excluding the effects of IFRS 16 on profit for the year Profit after tax excluding the effects of IFRS 16/Average number of shares before dilution	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Earnings per share after dilution, excluding effects of IFRS 16	Earnings per share before dilution, excluding the effects of IFRS 16 on profit for the year and equity Profit after tax excluding the effects of IFRS 16/Average number of shares after dilution	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Return on equity, excluding effects of IFRS 16	Profit after tax excluding the effects of IFRS 16/Average equity attributable to shareholders of the Parent Company, excluding the effects of IFRS 16	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Equity/assets ratio (%)	The equity/assets ratio is used to show the proportion of assets that is financed by equity Equity/Total assets	This key figure shows the percentage of total assets financed with equity and enables an analysis of the company's long-term financial strength and ability to withstand losses
Comparable units	Comparable units include units operated by Ambea for at least 13 months	This key figure shows the EBITA margin on units in a stable state to be compared to the total EBITA margin which also includes greenfield units

Quality management in the fourth quarter of 2019

Business managers and new service assistants celebrating their graduation in Gothenburg.

Summary

- Ambea's monitoring tool for assuring the quality of its operations, the Quality and HR Flash, is sent out to all operations in Nytida and Vardaga every month. Compared with the fourth quarter of 2018, the index score rose from 6.1 to 6.4 in the first quarter of 2019. The score also rose from 7.2 to 7.3 in Vardaga.
- The quarter was characterised by preparations and commencement of the integration of Aleris's former care operations with Ambea's quality management system. Managers and employees received information about our quality management, training courses in the quality assurance system commenced and a separate quality page for former employees of Aleris was created on the intranet.
- In Gothenburg, ten service assistants in Vardaga graduated. The role of service assistant enables newly arrived residents to become care workers following a training course and language studies. They help to raise the quality of care by providing nursing assistants with valuable support, allowing them to devote more time to nursing.
- Altiden received appreciation from politicians and unions for the successful initiative reducing sick leave from 5 to 3 per cent.

Awards and distinctions

- **Top-class Care:** Nytida's units in Ingelstad and Öster-Teleborg in Växjö once again received the municipality's Top-class Care award for their high-quality care. This was the the third consecutive year that Nytida's group homes and day services in Ingelstad received the award.
- **Vardaga's 100 Club:** Vardaga's 100 Club includes the nursing homes with a total of 100 per cent care receiver satisfaction and 100 per cent overall satisfaction in the National Board of Health and Welfare's 2018 Care Receiver Survey. The acquisition of Aleris Omsorg has added three new members to the 100 Club: Villa Riksten in Tullinge, Villa Båthöjden in Saltsjöbaden and Kanalgården in Vreta Kloster. The existing members are Bäckagården in Ängelholm, Gabriels gård in Sollentuna, Höstfibblan in Täby and Söndagsgården in Farsta.

The quarter in figures (Swe)

- The proportion of serious non-compliances in Q1, degree 4, remained unchanged compared with the preceding quarter.
- Three Lex Sarah complaints were submitted in the first quarter, two for Vardaga and one for Nytida. IVO has issued its decision for one of the complaints for Vardaga and the case is now closed without any action required. Three Lex Sarah complaints were submitted preceding quarter.
- Individual complaints investigated by the IVO: Two individual complaints for Vardaga. The IVO has decided not to take any further action regarding one of the complaints and the case was closed following IVO's inspection. Nine complaints for Nytida, for which the IVO has not yet issued any decisions. Two complaints were submitted in preceding quarter.
- IVO inspections: The Swedish Health and Social Care Inspectorate (IVO) carried out 12 inspections of Nytida's units, with seven decisions have been issued, five without criticism and two with criticism. Two inspections of Vardaga were carried out and decisions have not yet been issued.