

Press release, 26 July 2018

Attendo's second quarter report 2018: Record number of openings in own operations

In the second quarter of 2018, Attendo set a new record in opening of new beds in own operations. A total of 1,155 beds in 34 new nursing homes were opened, laying the foundation for future growth. The result was negatively affected by the large number of openings and one-off costs in individuals and family care. The underlying profitability was in line with the corresponding quarter in 2017.

CEO Pertti Karjalainen comments on the report

“Attendo opened more nursing homes during the second quarter of 2018 than ever before. The new homes are laying the foundation for organic growth and future value creation, but have negative impact on profits during the start-up phase. Attendo has opened about 2,900 beds in the past 12 months, more than double the number opened in the corresponding comparison period, and corresponding to approximately 20 percent of beds in operation.

There was strong growth in sales in the contract model *Own operations*, mainly through acquisitions, but also from openings of new nursing homes in the last few quarters. Attendo opened 34 homes in own operations during the second quarter, totaling 1,155 new own beds. In pace with increased market activity, the time required to fill new homes increases. Construction of 20 new homes in Finland and Sweden began. At the end of the second quarter, Attendo had 2,463 beds under construction, more than the same period in 2017, but fewer than at the end of the first quarter of 2018.

Net sales in *Outsourcing* were higher compared to the second quarter of 2017 as a consequence of somewhat higher sales in existing contracts and contractually agreed price adjustments. The outsourcing market is assessed as stable but challenging.

Operating profit in the second quarter was significantly below the comparison quarter 2017, due to the discontinuation of operations in individual and family care, which have been assessed as non-viable over the long term. The dynamics in this market have clearly been affected by lower demand in integration care, with changes in the supply and demand situation for the whole individual and family care market.

Underlying operating profit for the second quarter of 2018 was on par with the corresponding quarter in 2017. Costs related to the large number of openings had the main negative impact on profits. Profits were also negatively affected by lower contribution from individual and family care as well as from home care operations in Denmark. Acquisitions, profits generated by units that were in the start-up phase during the comparison period and calendar affects had positive impact on profits.

During the quarter Attendo agreed to divest the health care operations in Finland to the Finnish company Terveystalo. After the divestment, Attendo will become a dedicated social care provider in the Nordics, providing us even better opportunities to grow the core business within and outside the Nordic.

There is a great need for new nursing homes capacity well into the future. Attendo is clearly leading the industry in new establishments and the investments made today will generate value for local authorities, people who need care and our shareholders in upcoming years.”

Summary of the second quarter 2018*

- Net sales increased by 25 percent to SEK 2,743m (2,189). Adjusted for currency affects, net sales increased by 22 percent.
- Operating profit (EBITA) amounted to SEK 128m (186), corresponding to an operating margin of 4.7 percent (8.5).
- Operating profit (EBITA) for the second quarter was charged with costs of SEK 53m related to the closure of a number of units in individual and family care, mainly related to market changes.
- Operating profit (EBITA) adjusted for non-recurring items amounted to SEK 181m (186), corresponding to an operating margin of 6.6 percent (8.5).
- Profit for the period amounted to SEK 40m (111) corresponding to a profit margin of 1.5 percent (5.1) and diluted earnings per share of SEK 0.25 (0.69).
- Operating cash flow was SEK 267m (262) (refers to total operations).
- The number of opened own beds amounted to 1,155. The total number of beds in own operations amounted to 15,064 (9,550), an increase by 58 percent. The number of beds under construction in own operations was 2,463 across 57 homes.

** Attendo entered into a binding agreement concerning the sale of the health care operations in Finland. The operations are reported as “Operation for sale” during the quarter and are thus not included in the summary.*

Invitation till teleconference

Investors, analysts and journalists are invited to participate in a teleconference hosted by Attendo’s CEO Pertti Karjalainen and CFO Fredrik Lagercrantz. The presentation will be held in English.

To participate in the conference, please dial in on any number below at least ten minutes before the start of the call:

SE: +46 8 566 426 96
FI: +358 981 710 492
UK: +44 203 008 98 07

You can follow the presentation and the conference on:

<https://tv.streamfabriken.com/attendo-q2-2018>

The quarterly report and other information material will be made public on:

<https://www.attendo.com/investor-relations>

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This is information that Attendo AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.00 am CET on 26 July 2018.

Attendo - the leading care and healthcare company in the Nordics

Attendo is the leading private provider of publicly financed care and healthcare services in the Nordic region. The company was founded in 1985 and was first to provide outsourced care for older people in Sweden. In addition to care for older people, Attendo provides care for people with disabilities, individuals and families, and, in Finland, healthcare and dental care. Attendo has more than 24 000 employees and is locally anchored with over 700 operations in more than 200 municipalities in Sweden, Finland, Norway and Denmark. www.attendo.com