



# Fourth quarter 2018 – Presentation

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# Financial summary of Q4<sup>1</sup>: High organic growth but low margin and additional non-recurring items

- Net sales of SEK 2,818m (2,457), growth increased by 12% adjusted for currency effects
- Operating profit (EBITA) adjusted for non-recurring items of SEK 158m (188) and corresponding EBITA margin amounted to 5.6% (7.7)
- Provisions of SEK 60m in Q4 related to closure of units and expected loss making operations
- Operating cash flow<sup>2</sup> of SEK 155m (252)
- Attendo opened 396 own nursing home beds. By end of Q4 Attendo had 15,684 own beds in operation
- The divestment of Attendo's health care operations in Finland was finalized in Q4
- Attendo is estimating profit growth during coming years, but the possibilities to increase margins from existing underlying level is expected limited 2019 and 2020.



Attendo Tynnered, Gothenburg (under construction)

# Business highlights: Good growth in own operations

## Highlights by contract model

### Own operations: (82% of sales)

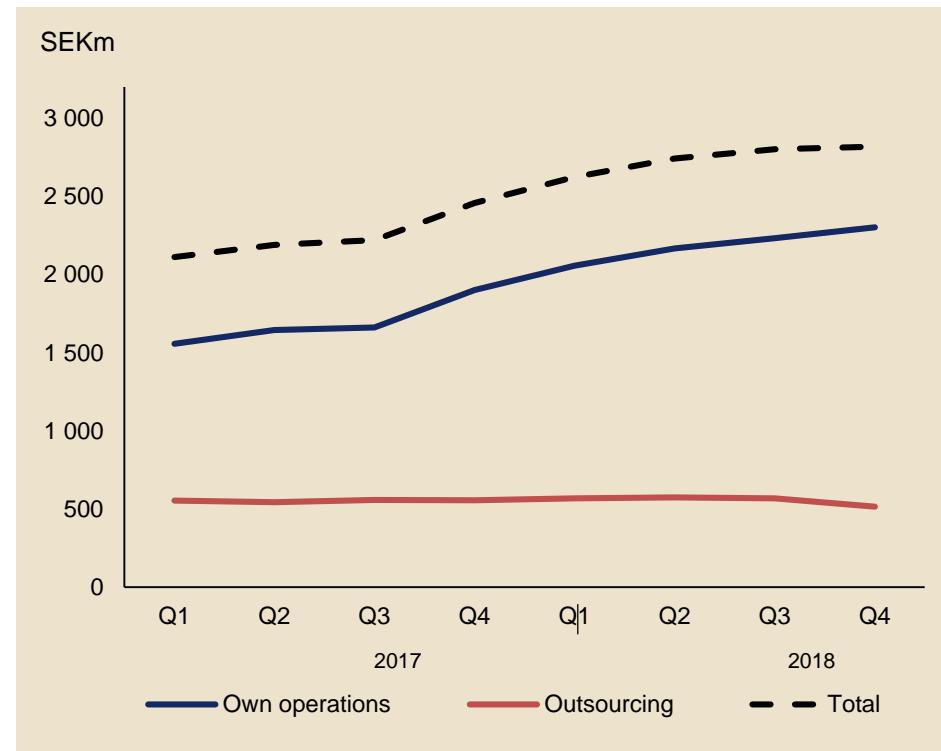
- Growth in net sales in Q4, +21% due to acquisitions and new nursing homes
- 396 new beds opened in Q4, higher than Q3 but lower than current opening pace
- In 2018 FY Attendo opened 76 nursing homes with in total 2,409 beds
- Construction of 10 new units started in Q4 with 379 beds
- Slightly lower number of beds under construction: 2,462

### Outsourcing operations: (18% of sales)

- Net sales decreased by 7% compared to Q4 2017, mainly due to some large ended contracts
- Negative profit impact for outsourcing in 2019
- Attendo lost contract volumes in Q4 of net SEK -50m
- 2018 FY won and lost contract volumes in balance

## Net sales by contract model

SEKm	Q4 2018	Q4 2017	Chg (%)
Own operations	2,302	1,901	21
Outsourcing	516	556	-7



# Own operations: Continued high opening pace

No. of opened beds in own operation<sup>1)</sup>, rolling 12 months



1) Own nursing homes (CoP) and own care homes (care for people with disabilities, social psychiatry)

# Own operations: Beds under construction on high level but lower vs. peak in end 2017

No. of beds in own operation<sup>1)</sup>



No. of beds in own operation under construction<sup>2)</sup>



1) Own nursing homes (CoP) and own care homes (care for people with disabilities, social psychiatry and individuals and families)

2) Own nursing homes (CoP) and own care homes (care for people with disabilities and social psychiatry)

## Market highlights: Debate about care for older people in Finland

### Finland

- Intense debate in Finland related to care for older people with focus on private providers
- Attendo got one unit temporarily suspended by regional authorities, Attendo Pelimanni
- Relevant measures have been taken
- Attendo has lower incident rate vs. care sector average

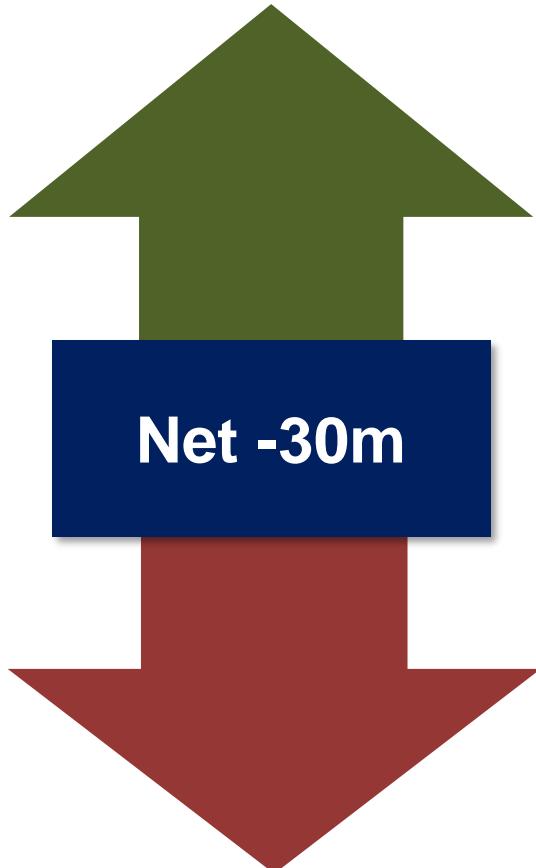
### Sweden

- Solid demand for own operations solutions
- Market for outsourcing contract higher vs last year and sequentially
- New majorities in many local authorities post-election. May result in new opportunities

# P&L: Higher organic growth but low margin. Capital gain from divestment

SEKm	Q4 2018	Q4 2017	Change (%)
<b>Net sales</b>	<b>2,818</b>	<b>2,457</b>	<b>15</b>
<i>Organic</i>	4.5	-0.7	-
<i>Acquired</i>	7.2	15.8	-
<i>Currency</i>	3.0	0.0	-
<b>Operating profit (EBITA)</b>	<b>98</b>	<b>188</b>	<b>-48</b>
<i>Operating margin (EBITA), %</i>	3.5	7.7	-
<b>EBIT</b>	<b>62</b>	<b>158</b>	<b>-61</b>
Financial net	-38	-23	-
Income tax	-6	-37	-
<b>Profit from remaining operations</b>	<b>18</b>	<b>98</b>	<b>-82</b>
Profit from divested operations	605	37	
<b>Diluted earnings per share, SEK</b>	<b>0.11</b>	<b>0.61</b>	<b>-82</b>

# EBITA change<sup>1</sup>: Lower EBITA but improved balance between units in start-up and units in ramp-up phase



## Q4 2018 vs. Q4 2017:

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- + Improved occupancy in units that were under start-up during Q4 2017
- + Improvement in home care
- + Acquisitions
  
- Own units under start-up/openings
- Project and facility related costs
- Lower contribution from outsourcing
- Calendar effects

<sup>1)</sup> Excluding items affecting comparability

# Cash flow\*: Divestment decreases net debt significantly

SEKm	Q4 2018	Q4 2017
<b>Operating profit (EBITA)</b>	<b>137</b>	<b>240</b>
Change in working capital, paid tax and non cash items	83	62
<b>Cash flow after changes in working capital</b>	<b>220</b>	<b>302</b>
Net investments in tangible and intangible assets	-65	-50
<b>Operating cash flow</b>	<b>155</b>	<b>252</b>
Interest received/paid	-38	-31
<b>Free cash flow</b>	<b>117</b>	<b>221</b>
Net change in assets and liabilities held for sale	15	-134
Net of acquisitions/divestments	2,010	-1,000
Cash flow from financing	9	1,077
<b>Total cash flow</b>	<b>2,151</b>	<b>164</b>
<b>Net debt</b>	<b>2,496</b>	<b>4,813</b>
Net debt/EBITDA	2.7	3.9

\* All figures presented including cash flow from divested Finnish health care operations. Net debt/EBITDA 2018 does not include the divested Finnish health care operation.

# New GAAP - IFRS 16 to be applied from 2019

Summary Balance sheet recalculated according to IFRS 16

SEKm	Dec 31, 2018 Reported	IFRS 16 adjustment	Dec 31, 2018 Recalculated
<b>Total Assets</b>	<b>13,762</b>	<b>7,460</b>	<b>21,222</b>
Equity	6,211	-410	5,801
Liabilities	7,551	7,870	15,421
<b>Total equity and liabilities</b>	<b>13,762</b>	<b>7,460</b>	<b>21,222</b>

Summary Income Statement recalculated according to IFRS 16

SEKm	Jan-Dec, 2018 Reported	IFRS 16 adjustment	Jan-Dec, 2018 Recalculated
Total revenue	11,011	-	11,011
EBITDA	918	1,081	1,999
<b>EBITA</b>	<b>711</b>	<b>297</b>	<b>1,008</b>
Net financial items	-146	-394	-540
Income tax	-102	20	-82
<b>Profit for the period</b>	<b>321</b>	<b>-77</b>	<b>244</b>

# Quality & employees: Stable results in key quality parameters, focus on empowerment and meals

Examples from fourth quarter 2018



- Attendo's operations scored an average of 84% in the quality thermometer in 2018, a slight improvement vs 2017.
- Stable results in Attendo's employee survey about job satisfaction.
- The annual meeting in Sweden for residents in disabled care was held in Q4.
- Attendo opened an assisted living care home in Enköping, Sweden.
- A meal improvement program was launched in Scandinavia

## FY 2018: A year heavily impacted by the many openings

- Net sales of SEK 11.0bn (9.0), growth excl. fx of 19%
- Operating profit excl. non-recurring items (EBITA) of SEK 844m (890)
- Operating margin excl. non-recurring items (EBITA) of 7.7% (9.9)
- Operating profit of SEK 711m (890)
- Operating cash flow<sup>1</sup> of SEK 709m (763)
- Proposed dividend of SEK 0.60 per share
- High opening pace
- Restructuring of individual and family care
- Stable performance on key quality parameters

1) Including divested Finnish health care operations

Attendo   
*Care your way*