

# Q3 report presentation

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Financial Summary, Fredrik Lagercrantz, CFO

Q&A



## Highlights third quarter 2019: Stable performance in Scandinavia and actions to turn-around Finland ongoing

- Overall stable development in Scandinavia
  - Stable performance in Own Care Homes
  - Continued positive development in Home Care
  - Continued challenging situation in Outsourcing
- Turn-around actions in Finland
  - New management team in place
  - Strengthened regional organization to improve operational control
  - Cost level in Finland stabilized on new level
  - Slight improvement in sales of new beds
  - Several actions to improve performance in Finland ongoing
- Long-term financing solution agreed with bank syndicate
- Initiatives to further strengthen customer satisfaction and quality of care ongoing



Attendo Fridhemsvägen, Ronneby (under construction)

## Group highlights

Net Sales, growth<sup>1</sup>

**6%**

EBITA-margin (reported)<sup>3</sup>

**8.7%**

Leverage (adj ND/adj EBITDA)

**3.3**

Quality Index

**81%**



Total Occupancy

**80%**

Total # of beds in own operation<sup>2</sup>

**16 470**

Opened beds in own operation<sup>2</sup>

**434**

New beds under construction<sup>2</sup>

**2 094**

1) Excluding currency effects

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

3) Excluding capital gain from sale of real-estate

## Turn-around programme in Finland

- Strengthened management team and organisation
  - Virpi Holmqvist started as new Business Areas Director of Attendo Finland on October 7
  - Henna Plit started as new Finance Director for Attendo Finland on October 14
  - Strengthened regional organisation – less units per regional manger
- Actions for increased occupancy
  - Very few new projects initiated. Sharply reduced number of openings after H1 2020
  - Termination of selected contracts
  - Recruitment and sales in focus, stronger support organisation
- Price negotiations
  - Price negotiations ongoing for 2020
- Quality programme and employee satisfaction
  - Ongoing action programme aimed at further strengthening quality, employee engagement and customer satisfaction
- Awaiting decision on proposed legalisation of staffing requirements

## Quality & employees in Q3

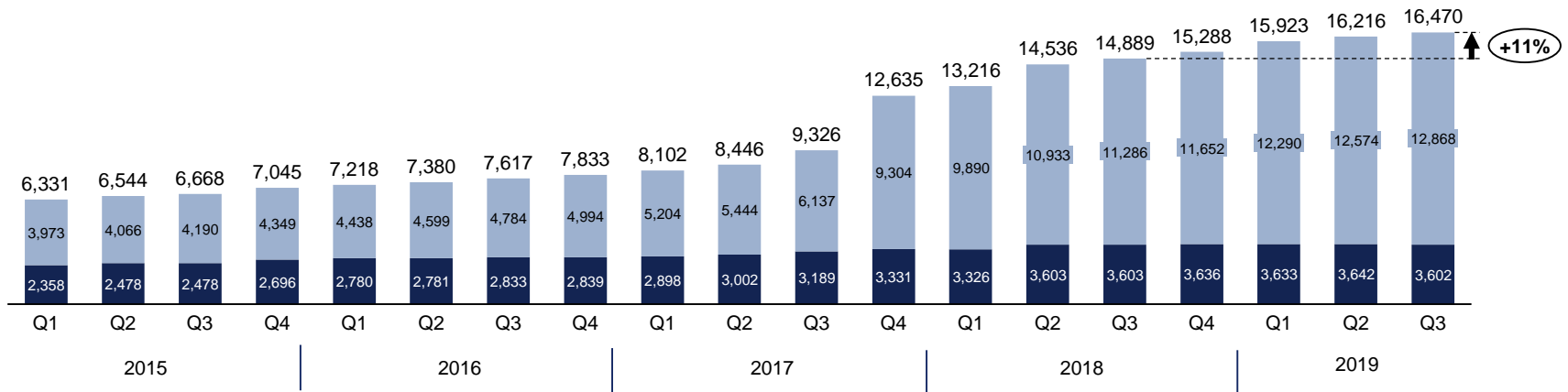


- Ambition to further strengthen Attendo's quality position
  - Roll out of Attendo's food 2.0 concept
  - Digital solutions for improved food handling
  - Focus on values-work and safe work environment
  - Investments in recruitment processes and resources
  
- In Finland, Attendo's nurse Nurse Pia Jabalak was awarded the Nurse of the Year Award
  
- The National Board of Health's user survey in Sweden was released
  - Several of Attendos units had improved performance, where of 4 units awarded 100 points

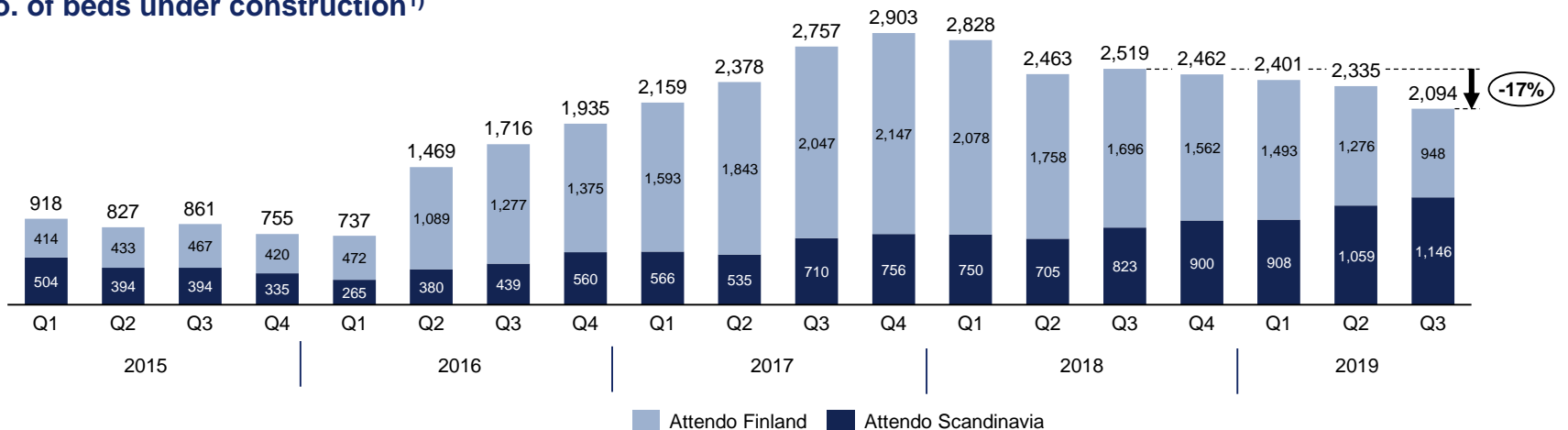


# Beds in operation and under construction: Beds under construction in decline in Finland

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



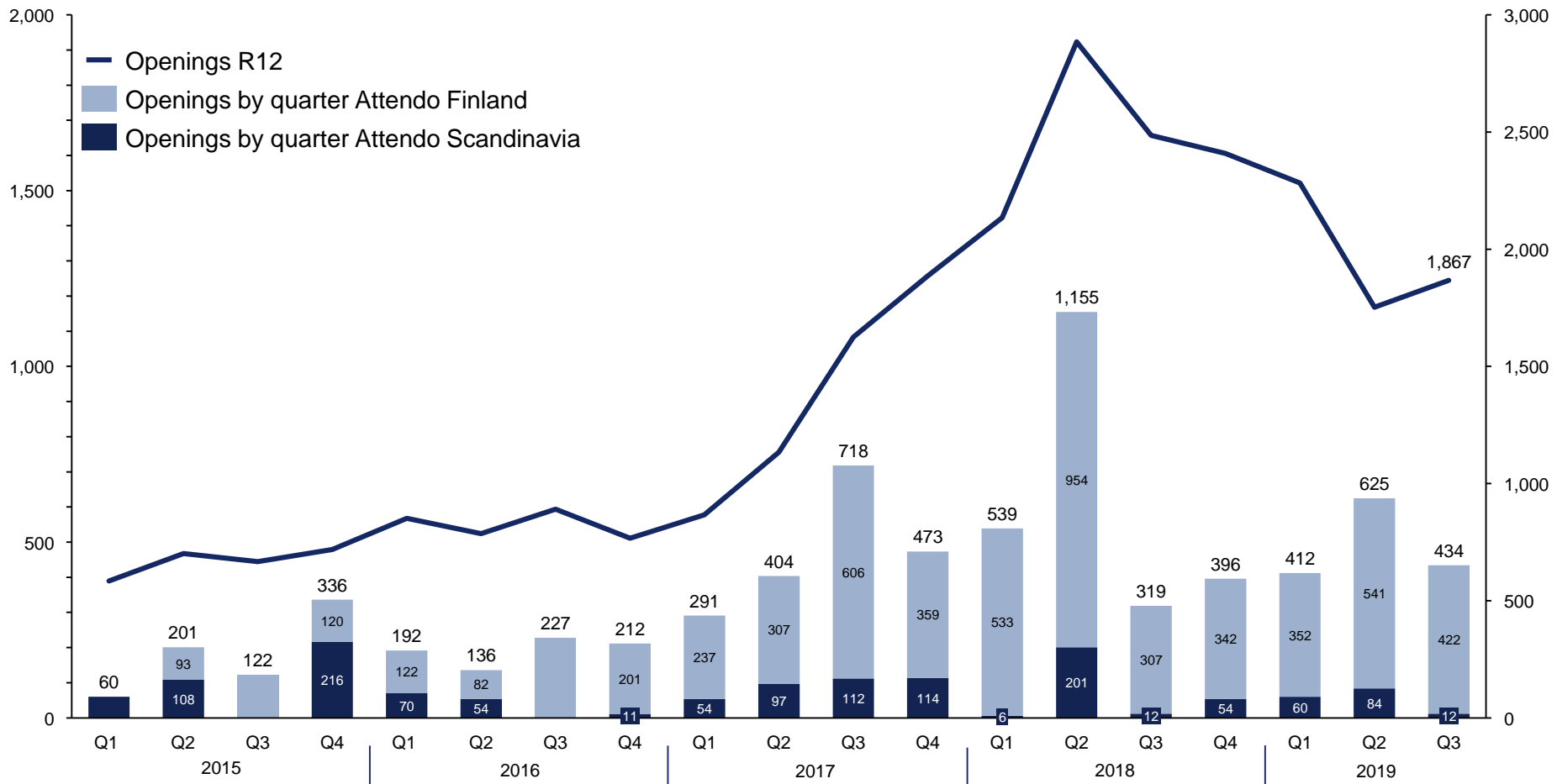
No. of beds under construction<sup>1)</sup>



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

# Own operations growth pace: Continued high opening pace

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

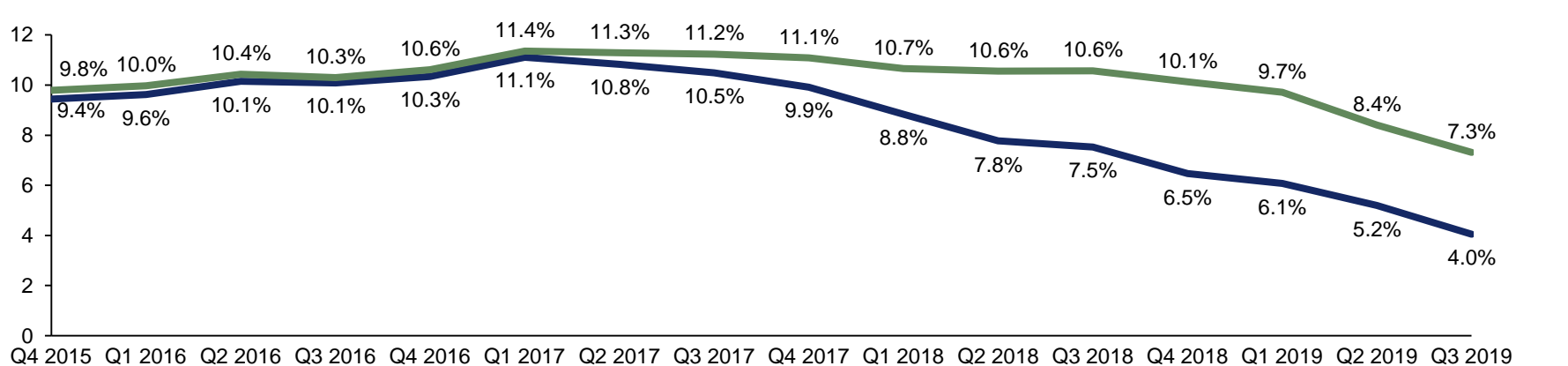


1) Own nursing homes (care for older people, CoP) and own care homes (care for people with disabilities, social psychiatry)

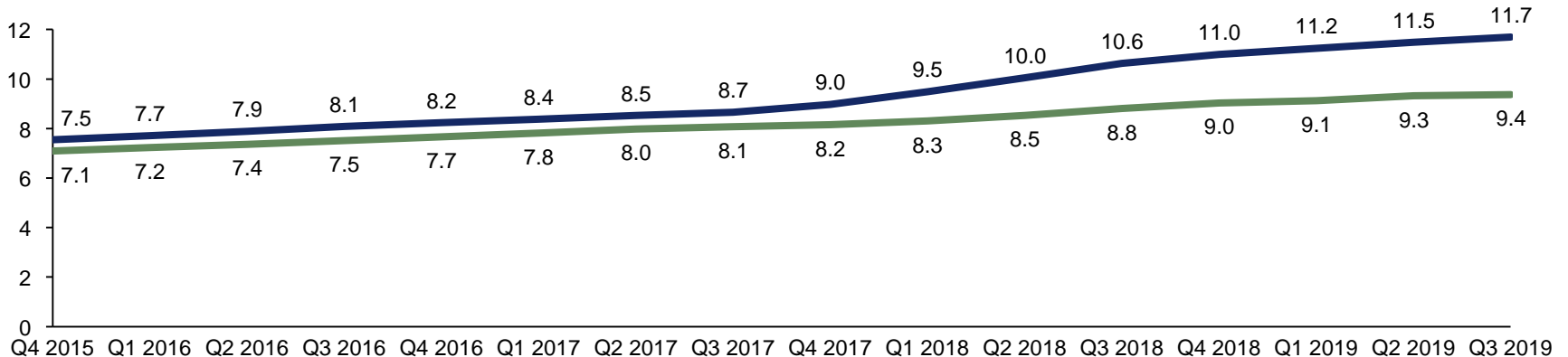
# Mature units: margin and net sales development

Sharpened staffing regulations in Finland pressures margins

R12 adjusted EBITA margin development %



R12 Net sales SEK Billion



Note: Figures according to IAS 17. Finnish healthcare operations excluded in historical financials, based on estimates for 2015 and 2016

\* Mature defined as group financials excluding Mikeva units, start-up units\*\* and one-offs. All overhead costs part of mature financials.

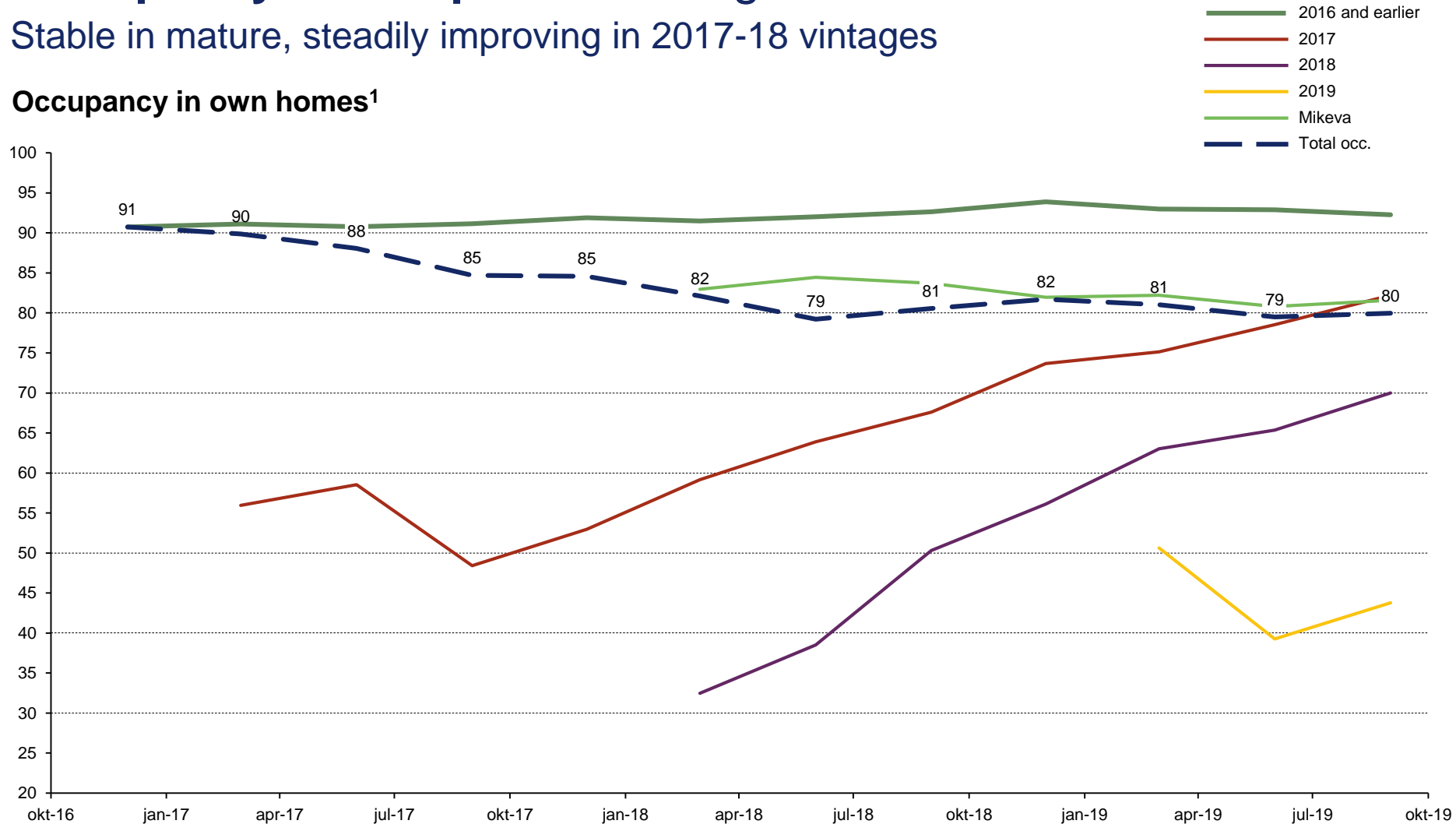
\*\* Start-up units defined as units started last 12 months up until 2019. From 2019, units started current and prior year defined as start-up units



# Occupancy development: vintage breakdown

Stable in mature, steadily improving in 2017-18 vintages

## Occupancy in own homes<sup>1</sup>



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

## P&L: Growth from M&A and own operations

Lower profit due to higher costs and more empty beds in Finland

SEKm	Q3 2019	Q3 2018	Change (%)
<b>Net sales</b>	<b>3,013</b>	<b>2,802</b>	<b>8</b>
<i>Organic, %</i>	1.6	4.1	-
<i>Acquired, %</i>	4.6	17.3	-
<i>Currency, %</i>	1.3	4.8	-
<b>Operating profit (EBITA)</b>	<b>294</b>	<b>375</b>	<b>-22</b>
<i>Operating margin (EBITA), %</i>	9.8	13.4	-
<b>EBIT</b>	<b>260</b>	<b>338</b>	<b>-23</b>
Financial net	-137	-141	-
Income tax	-29	-48	-
<b>Profit from remaining operations</b>	<b>94</b>	<b>149</b>	<b>-37</b>
Profit from divested operations	-	38	
<b>Diluted earnings per share, SEK</b>	<b>0.58</b>	<b>0.93</b>	<b>-38</b>

# Attendo Scandinavia Q3 2019

## OVERALL STABLE PERFORMANCE

### Net sales

- Acquisitions and more sold beds in own care homes increased net sales
- Lost net sales from ended outsourcing contracts, ended units in individual and family as well as home care

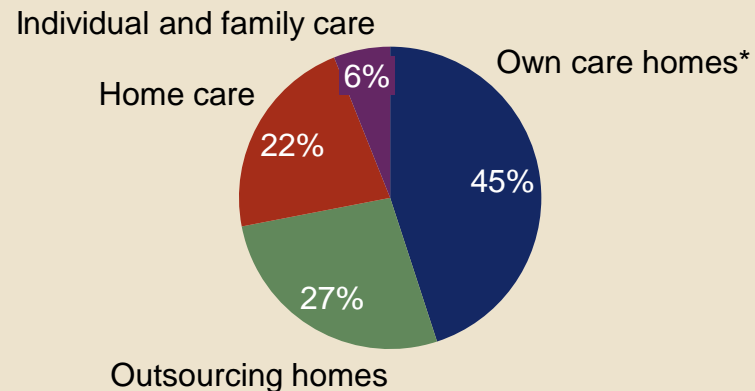
### Profits

- Slightly lower underlying profit vs 2018
  - Capital gain from real estate of SEK 31m in Q3
- Improved profits in Home care
- Outsourcing continued challenging
- Balance between contribution from own care homes started 2017 and start-up losses in units started 2018 and 2019
- Termination of loss making units

### Other

- Positive win rate: net won contracts of SEK 45m

### Net sales per service offering, Q3 2019



SEKm	Q3 2019		Chg
	2019	2018	(%)
Net sales	1,584	1,601	-1
Operating profit (EBITA)	252	228	11
<i>Operating margin (EBITA), %</i>	15.9	14.2	-
Adjusted EBITA	210	192	9
<i>Adjusted EBITA margin, %</i>	13.3	12.0	-

\*care homes for older people, people with disabilities and social psychiatry

# Attendo Finland Q3 2019

## TURN-AROUND PROGRAM INITIATED

### Net sales

- Growth due to sales in new own homes started 2018 and 2019 as well as acquisitions

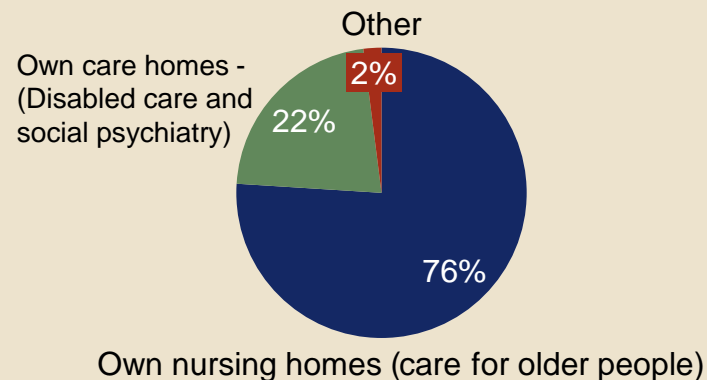
### Profits

- Higher cost from staffing requirements and action program
- More empty beds due to many openings and problems to recruit personnel to new units
- Focus on sales and price negotiations
- Slight improvement in net sold beds

### Other

- High number of openings until H2 2020 due to past commitments. Lower number of beds under construction.

### Net sales per service offering, Q3 2019



SEKm	Q3 2019		Chg
	2019	2018	(%)
Net sales	1,429	1,201	19
Operating profit (EBITA)	60	162	-63
Operating margin (EBITA), %	4.2	13.5	-
Adjusted EBITA	11	120	-91
Adjusted EBITA margin, %	0.8	10.0	-

## Cash flow: Lower free cash flow mainly due to lower profit

SEKm	Q3 2019	Q3 2018*
<b>Operating profit (EBITA)</b>	<b>294</b>	<b>428</b>
Change in working capital, paid tax, non cash items and depreciation	93	88
<b>Cash flow after changes in working capital</b>	<b>387</b>	<b>516</b>
Net investments in tangible and intangible assets	13	-44
<b>Operating cash flow</b>	<b>400</b>	<b>472</b>
Interest received/paid	-26	-33
Interest costs and amortization IFRS 16	-323	-286
<b>Free cash flow</b>	<b>51</b>	<b>-79</b>
Net change in assets and liabilities held for sale	242	-59
Net of acquisitions/divestments	-13	-19
Change in debt	-287	-91
<b>Total cash flow</b>	<b>-7</b>	<b>-4</b>
Net debt	11,277	12,611
Net debt/EBITDA	5.8x	6.2x
Adjusted net debt	2,375	4,901
Adjusted net debt / adjusted EBITDA	3.3x	3.8x

\* Comparable quarter is including divested Finnish health care operations.

Attendo 

*Care your way*