

# Q1 2020 report presentation

May 6, 2020

**Q1 2020 Highlights, Martin Tiveus, CEO**

**Financial Summary, Fredrik Lagercrantz, CFO**

**Q&A**



## Update on corona – operative perspective

- Preventive actions
  - Visitor stop
  - Health control of employees
  - Testing of employees
  
- Care for infected clients
  - Testing
  - Isolation care
  - Cooperation with health care systems
  
- Access to protective equipment
  - Attendo has been able to safeguard equipment to comply with national recommendations since start of the pandemic
  - Attendo's ambition is to use protective masks in all care instances. This goes beyond national recommendations but deemed needed to raise protection level
  
- Access to staff
  - Use of health care educated personnel from other disciplines (dental care, physiotherapists)
  - Access to support staff from service industries, hotels etc



## Highlights first quarter 2020: Stable situation during first part of the quarter. Corona pandemic puts large pressure on organization

- Corona pandemic has large operational and financial impact
  - Limited financial impact in Q1 ~ SEK -20m
  - Additional cost of ~ SEK -100m in remaining part of 2020
  - Negative revenue effects expected
- Overall stable development in Scandinavia
  - Stable performance in own care homes
  - Continued positive development in home care
  - Stabilized / improved development in outsourcing
  - Higher number of openings in 2020
- Starting to see effects on turn-around program in Finland
  - Price impact from Q1 onwards
  - Cost impact from sharper staffing requirements
  - High opening pace until Q3

## Group highlights in Q1

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

**8%**

EBITA-margin (reported)

**5.8%**

Leverage (adj ND/adj EBITDA)

**3.9x**

Quality Index

**83%**



Total Occupancy

**80%**

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

**17,260**

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

**648**

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

**1,423**

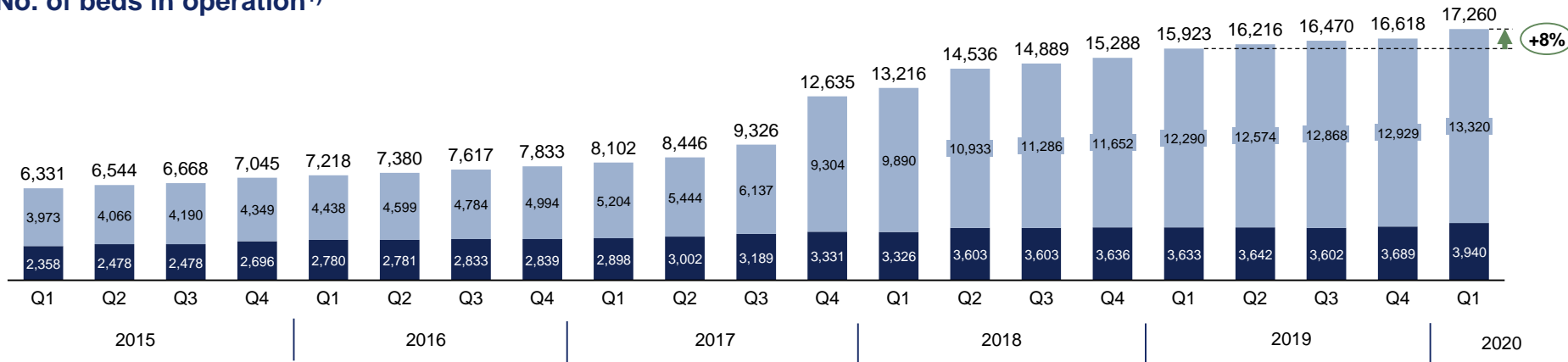
1) Excluding currency effects

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

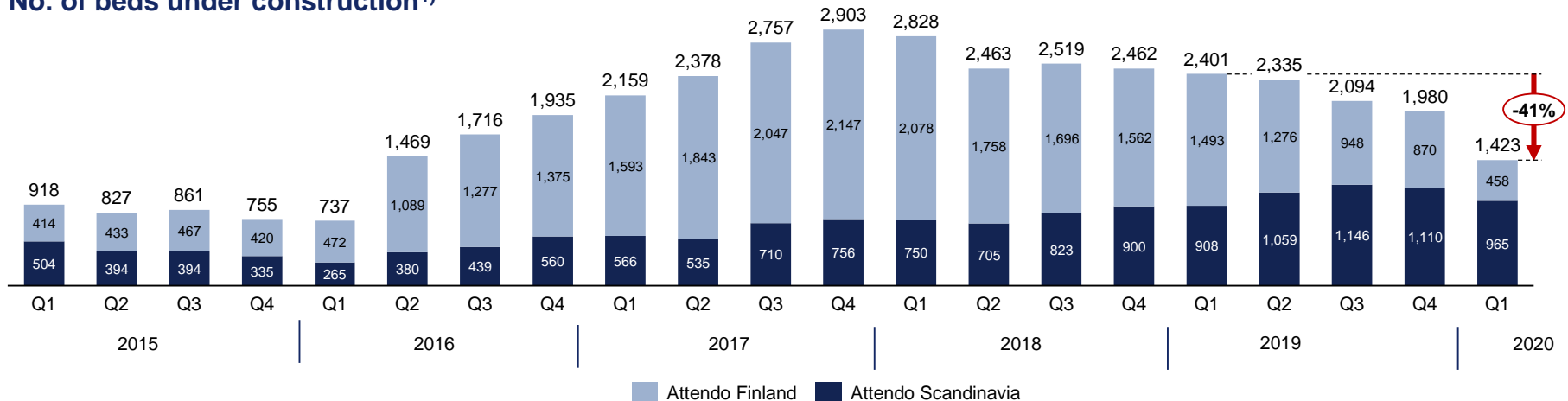
# Beds in operation and under construction:

## Beds under construction in sharp decline in Finland

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



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

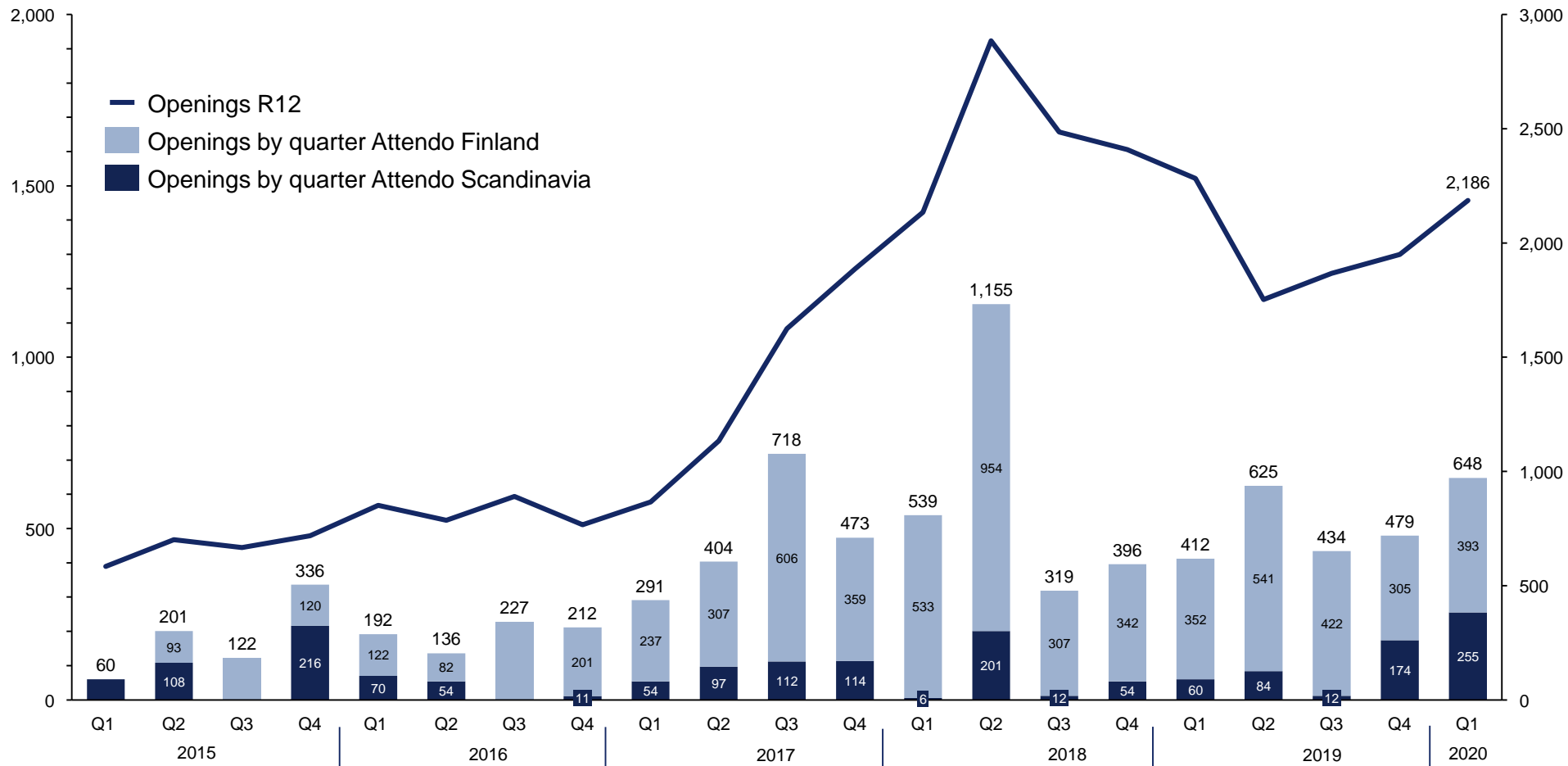


1) Own nursing homes (care for older people, CoP) and own care homes (care for people with disabilities, social psychiatry)

# Own operations growth pace:

Continued high opening pace, will decrease in Finland after Q2

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



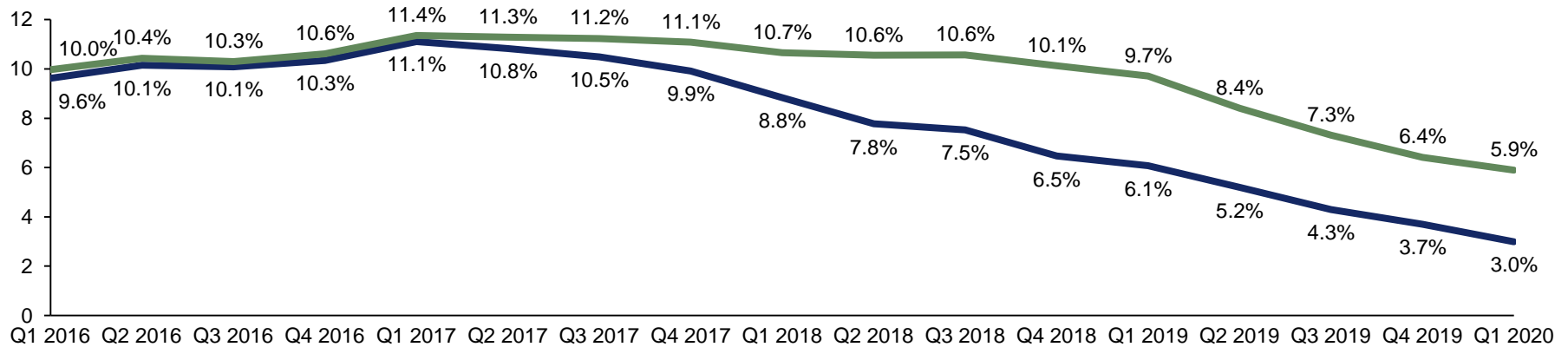
1) Own nursing homes (care for older people, CoP) and own care homes (care for people with disabilities, social psychiatry)

# Mature units: margin and net sales development

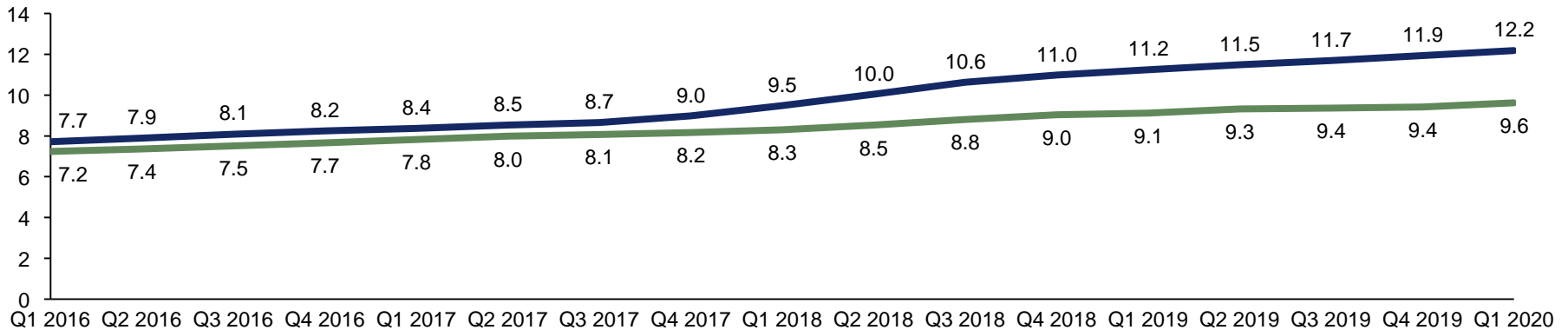
Sharpened staffing regulations in Finland pressures margins

■ Group reported  
■ Mature\*

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 2016

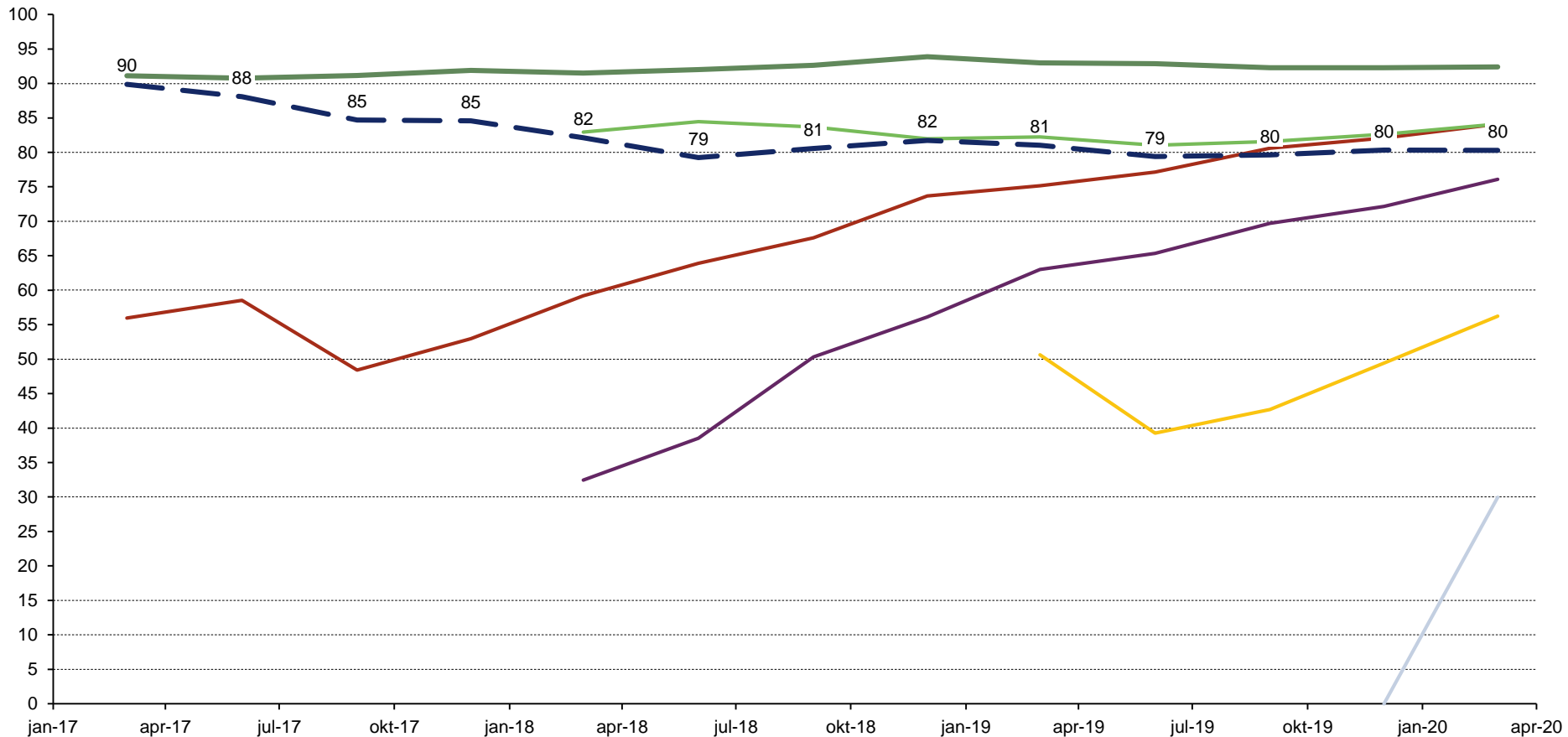
\* Mature defined as group financials excluding Mikeva units, start-up units\*\* and one-offs. All overhead costs part of mature financials.

\*\* Start-up units defined as units started last 12 months up until 2019. From 2019, units started 2018, 2019 and 2020 defined as start-up units.

# Occupancy development: vintage breakdown

Stable in mature, steadily improving in 2017-19 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 primarily from more beds occupied

Lower profit due to higher costs and high number of openings in Finland

SEKm	Q1 2020	Q1 2019	Change (%)
<b>Net sales</b>	<b>3,128</b>	<b>2,878</b>	<b>9</b>
<i>Organic, %</i>	5.9	1.8	-
<i>Acquired, %</i>	1.7	5.4	-
<i>Currency, %</i>	1.1	2.5	-
<b>Operating profit (EBITA)</b>	<b>182</b>	<b>258</b>	<b>-29</b>
<i>Operating margin (EBITA), %</i>	<b>5.8</b>	<b>9.0</b>	-
<b>EBIT</b>	<b>150</b>	<b>222</b>	<b>-32</b>
Financial net	-146	-135	-
Income tax	-1	-21	-
<b>Net profit</b>	<b>3</b>	<b>66</b>	<b>-95</b>
Diluted earnings per share, SEK	0.02	0.41	-

# Attendo Scandinavia Q1 2020

## OVERALL STABLE PERFORMANCE

### Net sales

- More sold beds in new own care homes, price adjustments and acquisitions increased net sales

### Profits

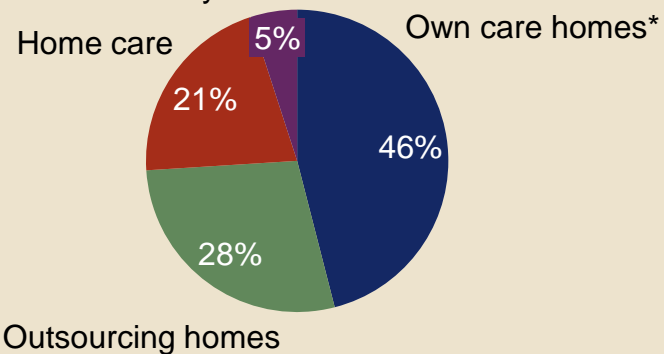
- Underlying profit slightly higher vs Q1 2019
- Increased contribution from own care homes started 2017, 2018
- Improved profits in Home care and outsourcing
- Corona impact SEK -15m

### Other

- Net won outsourcing contracts of SEK 29m in Q1

### Net sales per service offering, Q1 2020

Individual and family care



	Q1 2020		Chg (%)
	2020	2019	
<b>SEKm</b>			
Net sales	1,594	1,537	4
Operating profit (EBITA)	165	161	2
<i>Operating margin (EBITA), %</i>	10.4	10.5	-
Adjusted EBITA	125	121	3
<i>Adjusted EBITA margin, %</i>	7.8	7.9	-

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

# Attendo Finland Q1 2020

## FIRST IMPACT OF TURN-AROUND PROGRAM

### Net sales

- Growth due to sales in new own homes started 2019 and 2020, as well as price increases

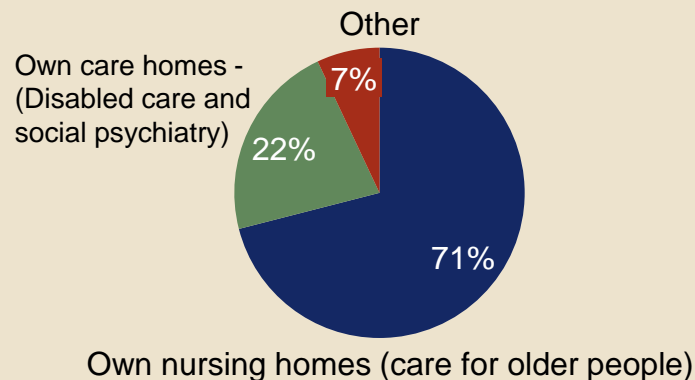
### Profits

- Positive price effect from renegotiations of frame work agreements
- Higher cost from sharper staffing requirements and action program
- More empty beds due to many openings
- Corona impact SEK -5m

### Other

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

## Net sales per service offering, Q1 2020



SEKm	Q1 2020		Chg
	2020	2019	(%)
Net sales	1,534	1,341	14
Operating profit (EBITA)	36	116	-69
<i>Operating margin (EBITA), %</i>	2.3	8.6	-
Adjusted EBITA	-22	58	-
<i>Adjusted EBITA margin, %</i>	-1.4	4.3	-

## Cash flow: Higher free cash flow due to positive change in working capital

SEKm	Q1 2020	Q1 2019
<b>Operating profit (EBITA)</b>	<b>182</b>	<b>258</b>
Change in working capital, paid tax, non cash items and depreciation	524	118
<b>Cash flow after changes in working capital</b>	<b>706</b>	<b>376</b>
Net investments in tangible and intangible assets	-114	-63
<b>Operating cash flow</b>	<b>592</b>	<b>313</b>
Interest received/paid	-15	-33
Interest costs and amortization IFRS 16	-351	-312
<b>Free cash flow</b>	<b>226</b>	<b>-32</b>
Net change in assets and liabilities held for sale	47	59
Net of acquisitions/divestments	-59	-153
Change in financing	-7	-2024
<b>Total cash flow</b>	<b>207</b>	<b>-2,150</b>
Net debt	13,162	10,737
Net debt/EBITDA	6.9x	5.3x
Adjusted net debt	2,270	2,630
Adjusted net debt / adjusted EBITDA	3.9x	3.0x

## Financial impact of corona pandemic going forward

- Estimated additional cost impact, net ~SEK -100m in 2020
  - Cost for protective equipment
  - Personnel costs due to sick leave
  - Main part in Q2
  - Significantly lower cost impact in Q3 and Q4 expected
  - State support in Finland from May 2020
- Impact on occupancy / sales
  - General concerns about the corona situation impacts willingness to take on care services
  - Increased mortality in certain regions
  - Based on numbers in April, negative sales impact per month of ~SEK -20m
- In the long term, we do not believe that the corona pandemic should have any significant impact on either Attendo or the underlying demand for our services

Attendo 

*Care your way*