Interim report
January – June 2017

New establishments lay the foundation for future organic growth

Second quarter April – June

- Net sales rose 7 per cent to SEK 1,442 million (1,352)
- Operating profit (EBIT) increased to SEK 90 million (54)
- EBITA increased 55 per cent to SEK 104 million (67), corresponding to a margin of 7.2 per cent (5.0)
- EBITA and adjusted EBITA were impacted positively in an amount of SEK 18 million attributable to a repayment of previously paid pension premiums
- Adjusted EBITA, excluding items affecting comparability totalling SEK -6 million (-29), increased 15 per cent to SEK 110 million (96). The adjusted EBITA margin was 7.6 per cent (7.1)
- Profit for the period amounted to SEK 20 million (13)
- Earnings per share before and after dilution totalled SEK 0.3 (0.2)
- Operating cash flow amounted to SEK 118 million (80)
- Free cash flow totalled SEK 80 million (58)
- 243 new signed/commenced beds/placements in the quarter adds up to a total of 844 at the end of the quarter

First six months January – June

- Net sales rose 12 per cent to SEK 2,864 million (2,548)
- Operating profit (EBIT) increased to SEK 162 million (107)
- EBITA rose 48 per cent to SEK 190 million (128), corresponding to a margin of 6.6 per cent (5.0)
- EBITA and adjusted EBITA were impacted positively in an amount of SEK 18 million attributable to a repayment of previously paid pension premiums
- Adjusted EBITA, excluding items affecting comparability totalling SEK -31 million (-38), increased 33 per cent to SEK 221 million (166). The adjusted EBITA margin was 7.7 per cent (6.5)
- Profit for the period amounted to SEK 54 million (35)
- Earnings per share before and after dilution totalled SEK 0.8 (0.5)
- Operating cash flow amounted to SEK 198 million (78)
- Free cash flow totalled SEK 104 million (41)

Significant events during the quarter

- At the end of May, Ambea acquired Resursteamet AB i Stockholm, thereby strengthening its position within LSS in Stockholm.
- On April 4, in connection with the listing on 31 March 2017, Ambea conducted a new share issue comprising 2,666,667 shares. The new issue contributed SEK 200 million to Ambea before transaction expenses and SEK 192 million after transaction expenses. The share capital increased by SEK 66,581.46, resulting in dilution of 3.9 per cent.
- On 5 April, the company secured a new multicurrency revolving credit facility amounting to SEK 2,500 million, which was used to finance the Group's earlier debt of SEK 2,202 million.

Consolidated key figures

SEK million	2017 apr–jun	2016 apr–jun	Change %	2017 jan–jun	2016 jan–jun	Change %	2016/2017 Rolling 12 months	2016 jan–dec	Change %
Net sales	1,442	1,352	7	2,864	2,548	12	5,649	5,334	6
EBITA	104	67	55	190	128	48	420	359	17
Operating margin, EBITA (%)	7.2%	5.0%		6.6%	5.0%		7.4%	6.7%	
Adjusted EBITA	110	96	15	221	166	33	527	474	11
Operating margin adjusted EBITA (%)	7.6%	7.1%		7.7%	6.5%		9.3%	8.9%	
Operating profit EBIT	90	54	67	162	107	51	356	301	18
Operating margin EBIT (%)	6.2%	4.0%		5.7%	4.2%		6.3%	5.6%	
Profit after tax	20	13	54	54	35	54	147	128	15
Earnings per share before and after dilution, SEK[1]	0.3	0.2	50	0.8	0.5	60	2.2	2.0	10
Operating cash flow	118	80	48	198	78	154	430	311	38
Free cash flow	80	58	38	104	41	154	281	218	29

For definitions of key figures, see Note 8.

[1] Converted due to changes in equity in 2017; see the section "Earnings per share"

Comments from Fredrik Gren, President and CEO

New establishments lay the foundation for future organic growth

During the second quarter, we experienced a favourable increase in net sales, mainly due to acquisitions and an increase in the number of units under own management. Operating profit (EBITA), which was somewhat weaker than our ambition, was positively impacted by repaid pension premiums. The future organic growth of our operations under own management was strengthened during the quarter through the addition of 243 new, signed and commenced beds/placements, giving Ambea a record-breaking pipeline of 844 beds/placements at the end of the quarter. Following the IPO on 31 March, we resumed our acquisition activity, which resulted in the acquisition of the LSS company Resursteamet as well as a minor acquisition in Norway after the end of the quarter.

Net sales for the quarter amounted to SEK 1,442 million (1,352) and adjusted EBITA, excluding items affecting comparability totalling SEK -6 million (-29), increased 15 per cent to SEK 110 million (96).

The growth in net sales of 7 per cent was driven by increased sales under own management, while the contract management operations declined compared with the year-earlier period. The share of total sales under own management amounted to 64 per cent (59) compared with the year-earlier period, an increase attributable to minor acquisitions and start-up units. Our staffing operations also continued to grow with improved profitability.

EBITA during the quarter was impacted positively in an amount of SEK 18 million related to repaid insurance premiums due to surplus funds in a collective agreement defined benefit pension plan. While acquisitions and start-up units made a positive contribution, the contract management operations, the temporary closure of assisted living living units pending permits and the effect of the Easter holiday had a negative impact.

We have now resumed our acquisition activity following the IPO on 31 March and welcomed Resursteamet to Ambea during the quarter. Resursteamet offers day-care activities in LSS and provided Nytida with 24 units and 895 placements. With 24 new daily activity units, which complement Nytida's LSS residential care, Nytida is now the leader in day-care activities in Stockholm County. After the end of the second quarter, we also completed the acquisition of Varphaugen in Norway, which focuses on children and youth.

During the quarter, the Swedish newspaper Dagens Samhälle published an article stating that an increasing number of nursing homes are being built by private providers (36 per cent compared with 26 per cent in 2016) and that the number of municipalities facing a placement shortage is on the rise. The need for residential care will continue to grow and some 40,000 nursing home placements will be required in the short term alone. The conclusion is that both municipal and private efforts will be required to solve this challenge currently facing society. Ambea is continuing to invest in housing in the areas of elderly care and LSS, and our pipeline during the quarter was strong. We added a total of 243 beds/placements[2], signed and under construction, bringing the pipeline at the end of the period to a total of 844 beds/placements. During the quarter, we also opened a treatment unit with 12 placements in Sweden as well as one unit in Norway.

Our focus is constantly on quality, and our commitment to improving the quality of life of our care recipients was acknowledged in the form of a number of awards and distinctions during the quarter. Two of our Vardaga employees were nominated for the prestigious Vårdförbundet Award, handed out by the Swedish Association of Health Professionals, in recognition of the results of their work methodology which enabled a significant reduction of the number of residential caretakers using anti-anxiety medication and a 50 per cent reduction in fall-related accidents. Vardaga was also acknowledged for its work on the "Den goda dagen" (The Good Day) programme, which focuses on creating the best care possible, including dining experiences, with two nominations at the 2017 White Guide Awards.

In conjunction with this report, we announced our plans to appoint a new business area head for Nytida. Over the past year, we have worked to successfully integrate Solhaga, but to deliver on Nytida's full profitability and growth potential, we have reached the conclusion that a new leadership is needed in the business area.

In conclusion, with a solid platform under own management, a strong pipeline and an ambitious acquisition agenda, I look forward to continuing to deliver on our strategy as the need for care – both for people with functional disabilities and elderly care – increases.

Fredrik Gren

[2] Beds refer to elderly, group and service housing, while Nytida customer placements refer to non-residential activities.

Group

Second quarter

Net sales

Net sales rose 7 per cent to SEK 1,442 million (1,352).

Net sales under own management amounted to SEK 920 million (799), up 15 per cent compared with the year-earlier period. This growth was attributable to both Sweden and Norway and was due to minor acquisitions and start-up units.

Net sales in Contract Management amounted to SEK 441 million (475). This decrease in sales compared with the year-earlier period was due to contract terminations, mainly in the LSS operations.

Net sales in Staffing rose 4 per cent to SEK 81 million (78).

Earnings

EBIT increased 66 per cent to SEK 90 million (54), corresponding to a margin of 6.2 per cent (4.0).

EBITA rose 55 per cent to SEK 104 million (67). The EBITA margin was 7.2 per cent (5.0).

Non-recurring costs of SEK 6 million (29), mainly related to the IPO, were charged against EBITA for the quarter. Adjusted EBITA increased 15 per cent to SEK 110 million (96). This increase was attributable to SEK 18 million related to a repayment of previously paid pension premiums due to surplus funds in a collective agreement defined benefit pension plan. The Easter holiday effect of SEK 11 million, the contract mix in Contract Management and the temporary closure of assisted living units pending permits from the Swedish Health and Social Care Inspectorate (IVO) had a negative impact on earnings compared with the year-earlier period.

The adjusted EBITA margin was 7.6 per cent (7.1)

Financial net

Net financial items in the quarter amounted to an expense of SEK -63 million (-37). The change was due to capitalised financing fees of SEK 49 million attributable to previously expensed financing agreements.

Income tax

The tax expense for the period amounted to SEK 7 million (4), corresponding to a tax rate of 25 per cent (25).

Net profit for the period

Net profit for the period amounted to SEK 20 million (13), corresponding to earnings per share before dilution of SEK 0.3 (0.2) and earnings per share after dilution of SEK 0.3 (0.2).

Distribution of net sales

SEK million	Vardaga 2017 apr–jun	Vardaga 2016 apr–jun	Vardaga Change %	Nytida 2017 apr–jun	Nytida 2016 apr–jun	Nytida Change %	Other: Norway and Staffing operations 2017 apr–jun	Other: Norway and Staffing operations 2016 apr–jun	Other: Norway and Staffing operations Change %	Unallocated items 2017 apr–jun	Unallocated items 2016 apr–jun	Group 2017 apr–jun	Group 2016 apr–jun	Group Change %
Own management	253	214	18	576	559	3	91	25	261	0	0	920	799	15
Contract Management	316	322	-2	125	154	-19	0	0	0	0	0	441	475	-7
Staffing	0	0	0	0	0	0	81	78	4	0	0	81	78	4
Total	**569**	**535**	**6**	**701**	**713**	**-2**	**172**	**103**	**66**	**0**	**0**	**1,442**	**1,352**	**7**

Own management – Beds[2]

SEK million	Opening balance Units	Opening balance Beds	Change second quarter Units	Change second quarter Beds	Closing balance Units	Closing balance Beds
Total in operation	239	3,072	1	1	240	3,073
Under construction	15	208	5	211	20	419
Signed, without building permits	9	387	1	7	10	394

Own management – Customer placements

SEK million	Opening balance Units	Opening balance Beds	Change second quarter Units	Change second quarter Beds	Closing balance Units	Closing balance Beds
Total in operation	49	1,135	1	12	74	2,042
Under construction	0	6	0	0	0	6[3]
Signed	0	0	1	25	1	25
Acquired units	0	0	24	895	0	0

Contract Management

SEK million	Change second quarter Units	Change second quarter Beds	Change second quarter Annual income
Won, not started	1	12	4
Renewed confidence	4	123	61
Lost, not yet terminated	0	0	0
Placements re-won from municipalities	8	47	39

[2] Beds refer to elderly, group and service housing, while Nytida customer placements refer to non-residential activities.
[3] 0 units with 6 placements attributable to an outpatient care facility where these placements are not currently being used.

January – June period

Net sales

Net sales rose 12 per cent to SEK 2,864 million (2,548). The Solhaga acquisition, which was consolidated in the middle of the first quarter of 2016, contributed an increase of SEK 148 million compared with the year-earlier period.

Net sales under own management amounted to SEK 1,809 million (1,435), up 26 per cent. This strong growth was attributable to the Solhaga acquisition, smaller acquired companies and start-up units under own management.

Net sales in Contract Management amounted to SEK 893 million (961). This decrease in sales was due to contract terminations in both elderly care and LSS operations.

Net sales in Staffing amounted to SEK 162 million (153).

Earnings

EBIT increased 51 per cent to SEK 162 million (107), corresponding to a margin of 5.7 per cent (4.2).

EBITA rose 48 per cent to SEK 190 million (128). The EBITA margin was 6.6 per cent (5.0).

EBITA for the first six months of the year was charged with items affecting comparability totalling SEK 31 million (38), mainly related to the IPO. Adjusted EBITA increased 33 per cent to SEK 221 million (166). This increase was attributable to repaid pension premiums, profit from the Solhaga group, smaller acquired units and start-up units under own management. Earnings were adversely impacted by a change in contract portfolio between the periods and by the leap year effect.

The adjusted EBITA margin was 7.7 per cent (6.5)

Financial net

Net financial items amounted to an expense of SEK -91 million (-61). The change was due to capitalised financing fees of SEK 49 million attributable to previously expensed financing agreements.

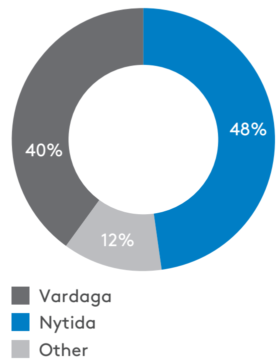
Income tax

The tax expense for the period amounted to SEK 18 million (12), corresponding to a tax rate of 25 per cent (25).

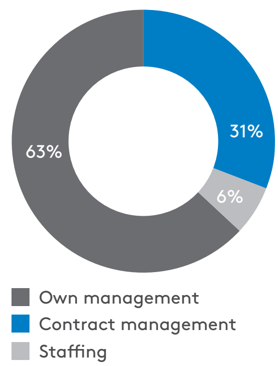
Net profit for the period

Net profit for the period amounted to SEK 54 million (35), corresponding to earnings per share before dilution of SEK 0.8 (0.5) and earnings per share after dilution of SEK 0.8 (0.5).

Net sales per segment jan–june 2017



Net Sales per contract model jan–june 2017



Distribution of net sales

Net sales per segment	2017 jan–jun	2016 jan–jun
Vardaga	40%	39%
Nytida	48%	53%
Other: Norway and Staffing Solutions	12%	8%
Total	**100%**	**100%**

Net sales per contract model	2017 jan–jun	2016 jan–jun
Own management	63%	56%
Contract Management	31%	38%
Staffing	6%	6%
Total	**100%**	**100%**

	Vardaga			Nytida			Other: Norway and Staffing Solutions			Unallocated items		Group		
SEK million	**2017 jan–jun**	**2016 jan–jun**	**Change %**	**2017 jan–jun**	**2016 jan–jun**	**Change %**	**2017 jan–jun**	**2016 jan–jun**	**Change %**	**2017 jan–jun**	**2016 jan–jun**	**2017 jan–jun**	**2016 jan–jun**	**Change %**
Own management	499	417	19	1,132	981	15	178	36	393	0	0	1,809	1,435	26
Contract Management	634	648	-2	259	313	-17	0	0	0	0	0	893	961	-7
Staffing	0	0	0	0	0	0	162	153	6	0	0	162	153	6
Total	**1,133**	**1,065**	**6**	**1,391**	**1,294**	**7**	**340**	**189**	**80**	**0**	**0**	**2,864**	**2,548**	**12**

Cash flow

SEK million	2017 apr–jun	2016 apr–jun	2017 jan–jun	2016 jan–jun	2016/2017 Rolling 12 months	2016 jan–dec
Cash flow from operating activities before changes in net working capital	72	53	107	113	312	318
Cash flow from changes in net working capital	15	18	11	-67	-30	-108
From operating activities	**86**	**70**	**117**	**46**	**282**	**210**
Cash flow from investing activities (excluding acquisitions and divestments)	-7	-12	-14	-5	0	8
Free cash flow	**80**	**58**	**104**	**41**	**281**	**218**

Free cash flow for the second quarter amounted to SEK 80 million (58). The increase compared with the corresponding quarter in the preceding year was mainly attributable to higher earnings. Cash flow from investing activities, excluding acquisitions and divestments, amounted to SEK -7 million (-12). Increased investments of SEK -20 million (-12) were offset by a payment received for the sale of properties totalling SEK 14 million.

Free cash flow for the first six months amounted to SEK 104 million (41). The increase compared with the year-earlier period was mainly due to higher operating profit. Cash flow from investing activities, excluding acquisitions and divestments, amounted to SEK -14 million (-5).

Financial position

SEK million	30 june 2017	30 june 2016	31 dec 2016
Net interest-bearing debt	1,948	1,952	2,003
Equity ratio	40.4%	38.7%	38.1%
Net debt/adjusted EBITDA	3.4	5.1	3.9

For definitions of key figures, see Note 8.

At 30 June 2017, net debt amounted to SEK 1,948 million (1,952) or 3.4 times rolling 12 months adjusted EBITDA.

Vardaga

Vardaga offers individual-focused healthcare and care services in special residential nursing homes for the elderly. Vardaga is one of Sweden's largest private providers of elderly care services with approximately 75 nursing homes throughout Sweden, where 7,000 employees work with a focus on safeguarding the quality of life and security of every individual.

Quarter

Vardaga's net sales increased 6 per cent to SEK 569 million (535).

Net sales under own management amounted to SEK 253 million (214), with the increase of 18 per cent primarily attributable to higher occupancy in newly opened units in the start-up phase. Net sales in Contract Management amounted to SEK 316 million (322). The decline of 2 per cent was due to the fact that contracts won did not fully offset terminated contracts.

EBITA rose 56 per cent to SEK 42 million (27). The increase compared with the year-earlier period was attributable to repaid pension premiums of approximately SEK 18 million. The calendar effect created by the Easter holiday and slightly lower occupancy at a small number of units in one region had a negative impact on earnings.

The EBITA margin was 7.4 per cent (5.0).

January – June period

Vardaga's net sales increased 6 per cent to SEK 1,133 million (1,065). Net sales under own management amounted to SEK 499 million (417), with the increase of 20 per cent primarily attributable to higher occupancy in newly opened units in the start-up phase. Net sales in Contract Management amounted to SEK 634 million (648). The decline of 2 per cent was due to the fact that contracts won did not fully offset terminated contracts.

EBITA rose 63 per cent to SEK 75 million (46). Earnings were impacted positively by repaid pension premiums amounting to approximately MSEK 18. Start-up units and the contract mix in Contract Management had a positive effect on earnings compared with the year-earlier period.

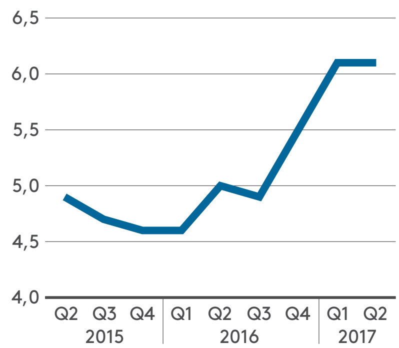
The EBITA margin was 6.6 per cent (4.3).

Own operations

44%

of Net sales

Vardaga operating margin (EBITA) RTM %



SEK million	2017 apr–jun	2016 apr–jun	Change %	2017 jan–jun	2016 jan–jun	Change %	2016/2017 Rolling 12 months	2016 jan–dec	Change %
Net sales	569	535	6	1,133	1,065	6	2,198	2,164	2
EBITA	42	27	57	75	46	64	133	120	11
Operating margin, EBITA (%)	7.4%	5.0%		6.6%	4.3%		6.1%	5.5%	

Own management – Beds

SEK million	Opening balance Units	Opening balance Beds	Change second quarter Units	Change second quarter Beds	Closing balance Units	Closing balance Beds
Total in operation	26	1,252	0	0	26	1,252
Under construction, building permits received	2	117	4	207	6	324
Signed, without building permits	7	375	-1	-9	6	366

Contract Management

SEK million	Change second quarter Units	Change second quarter Beds	Change second quarter Annual revenue
Won, not started	0	0	0
Renewed confidence	2	94	48
Lost, not yet terminated	0	0	0
Placements re-won from municipalities	0	0	0

Nytida

Nytida provides support and care to children, youth and adults to help meet the need for disability care and address psychosocial problems throughout the clients' lives. We offer residential care, day-care activities and individual, family and school support from approximately 400 units throughout Sweden. Using tried-and-tested models and in-depth knowledge, our 7,000 employees work to strengthen the individual's ability to live an independent life.

Own operations

82%

of Net sales

Quarter

Net sales declined 2 per cent to SEK 701 million (713).

Net sales under own management amounted to SEK 576 million (559), with the increase of 3 per cent primarily attributable to acquisitions. Sales were adversely impacted by the temporary closure of supported living units pending permits from IVO.

Net sales in Contract Management amounted to SEK 125 million (154). This decrease in sales was due to a number of major contracts being terminated in 2016.

EBITA declined 7 per cent to SEK 67 million (73). Acquired companies and a higher share of sales under own management contributed positively to earnings, but did not fully offset the negative change in the contract portfolio, the Easter holiday and the temporary closure of units compared with the year-earlier period. The negative earnings effect of the unit closures amounted to approximately SEK 5 million.

The EBITA margin amounted to 9.6 per cent (10.2).

During the quarter, Ambea acquired Resursteamet, which primarily provides LSS day-care activities for people with acquired or congenital cognitive disabilities. Following this acquisition, Nytida is now a clear market leader, with 36 units and 1,200 placements within day-care activities in Stockholm County.

After the end of the quarter, Ambea announced that a new business area head would be appointed for Nytida and that Patrik Attemark would thus be stepping down from his position in August. Agneta Lindgren, who previously served as business area head for Norway and prior to that worked for many years as the business area head of Nytida, will serve as acting business area head during the recruitment process.

January – June period

Net sales increased 7 per cent to SEK 1,391 million (1,294). The Solhaga acquisition, which was consolidated in the middle of the first quarter of 2016, accounted for a sales increase of SEK 127[4] million compared with the year-earlier period. The increase in sales attributable to smaller acquired companies and a higher share of units under own management did not fully offset the decrease in sales in Contract Management compared with the year-earlier period.

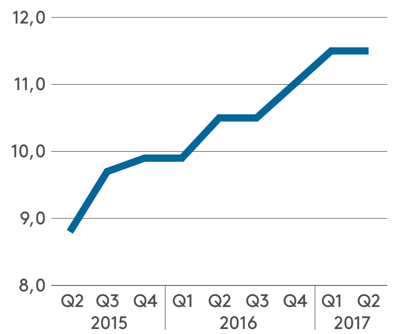
Net sales under own management amounted to SEK 1,132 million (981), with the increase of 15 per cent primarily attributable to the Solhaga acquisition. Excluding this acquisition, net sales declined compared with the year-earlier period due to the temporary closure of units pending permits from IVO.

Net sales in Contract Management amounted to SEK 259 million (313). This decrease in sales was due to a number of major contracts being terminated in 2016.

EBITA rose 16 per cent to SEK 144 million (124). The acquired Solhaga group and other acquisitions had a positive impact on earnings. Earnings were adversely impacted by the temporary closure of supported living units pending permits from IVO as well as the decrease in sales in Contract Management.

The EBITA margin was 10.4 per cent (9.6).

Nytida operating margin (EBITA) RTM %



[4] Excluding Heimta, which is part of Other: Norway and Staffing Solutions.

Nytida

SEK million	2017 apr–jun	2016 apr–jun	Change %	2017 jan–jun	2016 jan–jun	Change %	2016/2017 Rolling 12 months	2016 jan–dec	Change %
Net sales	701	713	-2	1,391	1,294	7	2,838	2,730	4
EBITA	67	73	-7	144	124	16	325	300	8
Operating margin, EBITA (%)	9.6%	10.2%		10.4%	9.6%		11.5%	11.0%	

Own management – Beds

SEK million	Opening balance Units	Opening balance Beds	Change second quarter Units	Change second quarter Beds	Closing balance Units	Closing balance Beds
Total in operation	172	1,708	0	0	172	1,708
Under construction	12	84	1	4	13	88
Signed, without building permits	2	12	2	16	4	28

Own management – Customer placements

SEK million	Opening balance Units	Opening balance Beds	Change second quarter Units	Change second quarter Beds	Closing balance Units	Closing balance Beds
Total in operation	49	1,135	1	12	74	2,042
Under construction	0	6	0	0	0	6
Signed	0	0	1	25	1	25
Acquired placements	0	0	24	895	0	0

Contract Management

SEK million	Change second quarter Units	Change second quarter Beds	Change second quarter Annual revenue
Won, not started	1	12	4
Renewed confidence	2	29	13
Lost, not yet terminated	0	0	0
Places re-won from municipalities	8	47	39

Other: Norway and Staffing solutions

In the business segment Other:

Ambea's staffing operations (Rent a Doctor/Rent a Nurse) are one of Sweden's leading suppliers of staffing services for healthcare and care services. As a licensed staffing services company with ISO certification and extensive industry experience, we assist both public and private contracting authorities by providing staffing solutions.

Ambea Norway consists of support and residential care services in the fields of disabled care and psychiatric care, provided through the companies Heimta, Vitalegruppen AS, TBO Helse and Varphaugen. The operations have about 500 employees and offer residential care, user-guided personal assistance, rehabilitation services, temporary relief for relatives and investigatory services in large parts of Norway.

Quarter

Net sales rose 67 per cent to SEK 172 million (103) due to acquisitions and favourable occupancy within the Norwegian operations. The Staffing Solutions operations displayed good sales during the quarter compared with the year-earlier period.

EBITA amounted to SEK 11 million (4). EBITA margin increased to 6.5 per cent (3.9) due to improved margins in both the Norwegian operations and the Staffing Solutions operations.

Ambea previously announced that, after its takeover of Vitalegruppen AS, a number of multiyear contract deviations had arisen in various municipalities and that one municipality, Bærum Municipality, would gradually terminate its contract with Vitale. This termination had an impact of approximately SEK 2 million on earnings during the quarter. The other municipalities have announced that they do not intend to terminate their contracts. During the period, Ambea won an important six-year framework agreement for residential care in Oslo Municipality, comprising 21 placements with an option to extend and expand the agreement.

In July, Ambea completed another minor acquisition in Norway, Varphaugen Ungdomshjem, active within care for children and youth.

January – June period

Net sales increased 80 per cent to SEK 340 million (189), mainly due to new units under own management and minor acquisitions in Norway. The Staffing Solutions operations also displayed favourable net sales growth during the first half of the year compared with the year-earlier period, with a strong performance in its Rent a Nurse, social worker and Care Team services.

EBITA amounted to SEK 14 million (6), corresponding to a margin of 4.3 per cent (3.02). The higher margin was attributable to Norway, where start-ups displayed a positive performance. Staffing reported stable margins compared with the year-earlier period.

SEK million	2017 apr–jun	2016 apr–jun	Change %	2017 jan–jun	2016 jan–jun	Change %	2016/2017 Rolling 12 months	2016 jan–dec	Change %
Net sales	172	103	67	340	189	80	523	439	19
EBITA	11	4	212	14	6	155	17	15	8
Operating margin, EBITA (%)	6.5%	3.5%		4.3%	3.0%		3.2%	3.5%	

Own management – Beds

SEK million	Opening balance Units	Opening balance Beds	Change second quarter Units	Change second quarter Beds	Closing balance Units	Closing balance Beds
Total in operation	41	112	1	1	42	113
Under construction, building permits received	1	7	0	0	1	7
Signed, without building permits	0	0	0	0	0	0

Other events

Market listing

Ambea AB (publ) was listed on Nasdaq Stockholm on 31 March 2017. The offering comprised 26,565,495 shares, including 2,666,667 shares that were issued and offered by the company and 23,898,828 existing shares offered by ACTR Holding AB, which is controlled by Actor SCA, a partnership between funds advised by Triton and KKR (jointly designated the "Principal Owners"). The Ambea share is traded on the Nasdaq Mid Cap list under the ticker "AMBEA".

Costs of SEK 7 million attributable to the market listing were charged against profit for the quarter.

Incentive programme

The extraordinary general meeting held on 16 March 2017 resolved to introduce two long-term incentive programmes: (i) a warrant programme targeted at Group management and members of the extended management and (ii) a share savings programme targeted at certain other managers in the Ambea Group. The programmes are described in the interim report for the first quarter and more information is available on page 165 of the prospectus on ambea.se

Financing – new credit facility

The company's new credit facility amounts to SEK 2,500 million and is a multicurrency revolving credit facility. The new financing has been used to finance the Group's previous debt within the Group, consisting of loans, accrued interest and fees amounting to SEK 2,202 million.

The credit facility has a three-year maturity profile, with an option to extend by one year at a time, plus a maximum of two additional years, upon approval. The credit facility is a revolving facility, which means that repaid amounts may be reborrowed so that the credit facility can be used for ongoing financing of the Group's operations during the term of the credit facility, within the scope of the credit framework.

The agreement contains customary guarantees and obligations in addition to terms and conditions relating to net debt in relation to adjusted EBITDA.

Shares and share capital

Following a resolution by the extraordinary general meeting on 16 March 2017, and in conjunction with the IPO on 31 March, a new issue of 2,666,667 was implemented. The new issue contributed SEK 200 million before transaction expenses to Ambea. The new issue was registered on 4 April 2017 and increased the share capital by SEK 66,581.46, resulting in dilution of 3.9 per cent. On the balance sheet date, equity amounted to SEK 2,316 million, compared with SEK 2,067 million on 31 December 2016.

Related party transactions

No transactions took place during the quarter between Ambea and its related parties that had a material impact on the company's position and earnings. The nature of the transactions and volume was unchanged during the quarter compared with the year-earlier period.

Events after the end of the quarter

On 17 August, Ambea announced that a new business area head would be appointed for Nytida and that the current business area head, Patrik Attemark, would thus be stepping down from his position in August. Agneta Lindgren has been appointed as acting business area head during the recruitment process.

Seasonality

Ambea's results of operations are affected by seasonal variations, weekends and public holidays.

Weekends and public holidays decrease Ambea's profitability due to higher personnel costs based on inconvenient working hours. The first or second quarter is affected by Easter, depending on which quarter the Easter holiday occurs in, while the first and fourth quarters are affected by the Christmas and New Year's holidays.

The Company's personnel costs are affected in a similar manner depending on when individual employees take their holiday. For example, the company is most profitable in the third quarter as employees typically take holiday leave during the months of July and August and therefore receive holiday pay that is accrued continuously throughout the year. Costs during summer months are also generally lower due to a reduced schedule of central activities, such as mandatory training programmes and central initiatives, over this period.

Employees

The average number of employees (FTEs) during the quarter was 8,280 (7,770), with the increase mainly attributable to acquisitions.

Parent company

The Parent Company's result refers to the Board of Directors and owner-related costs. The Parent Company's net sales amounted to SEK 6 M (0). The result for the quarter amounted to a loss of SEK 18 million (loss: 1). The weaker profit was due mainly to costs related to preparations for the IPO and higher central personnel costs.

Risks and uncertainties

Ambea's operations and development are impacted by demographic, economic and political factors, as well as by the general development in the market for care services. Changes in these factors could result in reduced demand for Ambea's care services, which could adversely affect the company. Ambea works continuously on following up, analysing and taking actions to mitigate risks. Risk management is based on developed systems, division of responsibilities and procedures that are well anchored in the organisation.

Demand for Ambea's care services is impacted to a great extent by legislation and political decisions, with a municipality as customer and as the procuring party. Accordingly, Ambea's development depends on the orientation of the various municipalities in terms of the provision of healthcare and care services. Risks associated with freedom of choice can include Ambea being be unable to perform the specific service at the set price, or that not enough care recipients choose the company's residences or locations. There is also a risk that during public procurement, the company will not have its existing contracts extended or will not win new contracts.

Restrictions in the possibility to provide private care services for profit and stricter rules and regulations as regards permits and supervision can lead to restrictions of Ambea's business model. Ambea is thus affected by, and must comply with, changes and interpretations of new and current legislation, ordinances, regulations and practices. Infringements or shortcomings in the fulfilment of these could result in the company being subject to fees, fines, penalties or other sanctions. Such factors can also lead to adaptation actions and costs.

The quality of our operations is Ambea's principal priority. In addition to rigorous and systematic internal follow-ups of quality, comprehensive follow-ups and quality checks are performed by authorities, and permits are required for conducting operations. Should the Company not be able to fulfil the contractual requirements and quality standards, the company could become subject to penalties, damages, contractual penalties, or ultimately lose the customer contracts and/or permits which the company needs to conduct business. Since Ambea's operations are also dependent on permits, the loss of, or delays in receiving, permits could adversely affect Ambea's operations, earnings and financial position.

Ambea is also exposed to financial risks, whereby changes in the credit and capital market could affect Ambea's financial position.

Risks associated with the performance of care services are managed by the management of the various companies at different levels, taking into account the procedures and governance principles applied in the Group. Follow-up of the operations occurs in part in cooperation with contracting authorities and customers and in part in the form of internal quality checks. The design of contracts has a material impact on the risks associated with individual assignments. Financial risks are managed by the finance department.

Other information

This report is such information that Ambea AB (publ) is obliged to publish pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. This information was submitted for publication, through the agency of the contact person set out below, on 17 August 2017.

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, 16 August 2017

Lena Andersson Hofsberger
Chairman of the Board

Daniel Björklund

Anders Borg

Thomas Hofvenstam

Ingrid Jonasson Blank

Hans Fredrik Årstad

Gunilla Rudebjer

Patricia Briceño
Employee representative

Haralampos Kalpakas
Employee representative

Magnus Sällström
Employee representative

Fredrik Gren
President and CEO

Presentation of second quarter of 2017

Ambea will hold a presentation for the financial market, including the possibility to participate in a teleconference, at 10:00 a.m. CET on Wednesday, 17 August 2017. The presentation will be held in English and will also be available as a webcast on www.ambea.se.

Call-up information

To make sure that the hook-up to the conference call works, please call a few minutes before the conference call starts to register by stating the code *Ambea*.

Phone numbers:

Sweden:	+46 (0)8 5065 3936
United Kingdom:	+44 (0)20 3427 1906
USA:	+1 212 444 0896

Contact

Louise Tjeder, IR and Strategy Manager, telephone +46 (0)73 143 17 68

Forthcoming report occasions

Q3 interim report	17 November
Q4 interim report and year-end report for 2017	21 February

Ambea, is present in care services, and has approximately 14,000 employees. We offer services in disabled care, individual and family care, and elderly care with a focus on residential care and own management. 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. At the end of the second quarter of 2017, Ambea had approximately 6,200 beds and 2,000 school and daily operation placements at around 500 units in Sweden and Norway. Total revenue and adjusted EBITA for the 2016 financial year amounted to SEK 5,409 million and SEK 456 million, respectively. The company was founded in 1996, is headquartered in Solna and is listed on Nasdaq Stockholm.

Consolidated income statement in summary

SEK million	2017 apr–jun	2016 apr–jun	2017 jan–jun	2016 jan–jun	2016/2017 Rolling 12 months	2016 jan–dec
OPERATING INCOME						
Net sales	1,442	1,352	2,864	2,548	5,649	5,334
Other operating income	17	14	28	23	81	75
Total operating income	**1,459**	**1,366**	**2,892**	**2,571**	**5,730**	**5,409**
OPERATING EXPENSES						
Consumables	-45	-45	-91	-87	-180	-176
Other external costs	-278	-251	-570	-446	-1,133	-1,008
Personnel costs	-1,019	-991	-2,017	-1,887	-3,947	-3,817
Depreciation, amortisation and impairment of tangible and intangible assets	-26	-24	-51	-43	-110	-102
Profit or loss from participations in Group companies	0	-1	0	-1	0	-1
Other operating expenses	0	0	-1	-1	-4	-4
Operating expenses	**-1,369**	**-1,312**	**-2,730**	**-2,464**	**-5,374**	**-5,107**
OPERATING PROFIT	**90**	**54**	**162**	**107**	**356**	**301**
Financial income	1	1	2	1	7	6
Financial expenses	-64	-38	-93	-62	-167	-135
Net financial income and expenses	**-63**	**-37**	**-91**	**-61**	**-160**	**-130**
PROFIT BEFORE TAX	**27**	**17**	**72**	**46**	**197**	**171**
Tax on profit for the period	-7	-4	-18	-12	-50	-44
PROFIT FOR THE PERIOD	**20**	**13**	**54**	**35**	**147**	**128**
Profit for the period attributable to:						
Shareholders of the Parent Company	20	13	54	34	147	128
Non-controlling interests	0	0	0	0	0	0
	20	**13**	**54**	**35**	**147**	**128**
Earnings per share before dilution (SEK)	0.3	0.2	0.8	0.5	2.2	2.0
Earnings per share after dilution (SEK)	0.3	0.2	0.8	0.5	2.2	2.0

Consolidated statement of comprehensive income in summary

SEK million	2017 apr–jun	2016 apr–jun	2017 jan–jun	2016 jan–jun	2016/2017 Rolling 12 months	2016 jan–dec
PROFIT FOR THE PERIOD AFTER TAX	**20**	**13**	**54**	**35**	**147**	**128**
OTHER COMPREHENSIVE INCOME, ITEMS THAT CANNOT BE TRANSFERRED TO PROFIT OR LOSS						
Remeasurement of defined benefit pension plans	0	0	–	–	-2	-2
Tax related to remeasurement of defined benefit pension plans	0	0	–	–	0	0
Total items that are not transferable to profit or loss	**0**	**0**	**–**	**–**	**-2**	**-2**
OTHER COMPREHENSIVE INCOME, ITEMS TRANSFERABLE TO PROFIT OR LOSS						
Translation differences	-3	0	-2	–	-2	1
Hedging of net investments in foreign operations	3	0	3	–	6	3
Tax related to net investments in foreign operations	-1	0	-1	–	-2	-1
Other	0	-2	1	-2	4	1
Total items transferable to profit or loss	0	-2	1	-2	6	4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**20**	**10**	**54**	**32**	**152**	**130**
Comprehensive income for the period attributable to:						
Shareholders of the Parent Company	20	10	54	32	152	130
Non-controlling interests	–	0	–	0	–	0
	20	**10**	**54**	**32**	**152**	**130**

Earnings per share

Recalculation of average number of shares

Earnings per share have been recalculated retroactively because the company implemented a four-for-one share split, a share conversion and a bonus issue during the first quarter of 2017. For more information, see section "Shares and share capital". The average number of shares in earlier periods has been recalculated to reflect the split, the conversion and the bonus issue. Due to the share conversion, all preference shares were converted to common shares and the debt to former holders of preference shares was paid off in connection with the bonus issue implemented on 31 March 2017.

SEK million	2017 apr–jun	2016 apr–jun	2017 jan–jun	2016 jan–jun	2016/2017 Rolling 12 months	2016 jan–dec
Profit for the period attributable to the Parent Company's shareholders, SEK million	20	13	54	35	147	128
Earnings per share before dilution						
Average number of shares, thousands	67,529	64,945	66,246	64,896	65,593	64,923
Earnings per share before dilution, SEK	0.3	0.2	0.8	0.5	2.2	2.0
Earnings per share after dilution						
Average number of shares, thousands	67,546	64,945	66,255	64,896	65,597	64,923
Earnings per share after dilution, SEK	0.3	0.2	0.8	0.5	2.2	2.0

Consolidated balance sheet in summary

SEK million	30 june 2017	30 june 2016	31 dec 2016
ASSETS			
Fixed assets			
Goodwill	3,620	3,311	3,517
Customer contracts and customer relations	439	432	435
Other intangible assets	14	16	14
Tangible fixed assets	175	166	168
Non-current receivables from Group companies	–	1	1
Derivative instruments	–	1	1
Deferred tax assets	94	107	94
Non-current receivables	21	41	21
Total fixed assets	**4,364**	**4,075**	**4,252**
Current assets			
Accounts receivable	569	506	583
Current receivables from Group companies	–	6	7
Other receivables	43	59	32
Accrued income and prepaid expenses	174	128	145
Cash and cash equivalents	496	261	318
	1,282	**960**	**1,085**
Assets held for sale	79	60	82
Total current assets	**1,361**	**1,020**	**1,167**
TOTAL ASSETS	**5,725**	**5,095**	**5,418**

Consolidated balance sheet in summary – continuation

SEK million	30 june 2017	30 june 2016	31 dec 2016
EQUITY AND LIABILITIES			
Equity			
Share capital	2	1	1
Other capital contributions	4,772	4,766	4,772
Reserves	1	4	3
Retained earnings including profit/loss for the period	-2,459	-2,799	-2,709
Equity attributable to the Parent Company's shareholders	**2,316**	**1,971**	**2,067**
Non-controlling interests	–	1	–
Total equity	**2,316**	**1,972**	**2,067**
Non-current liabilities			
Non-current interest-bearing liabilities	2,154	2,198	2,162
Other non-interest-bearing liabilities	24	13	72
Pension provisions	6	19	6
Other provisions	13	1	24
Deferred tax liabilities	120	113	109
Total non-current liabilities	**2,317**	**2,344**	**2,373**
Current liabilities			
Current interest-bearing liabilities	290	15	159
Accounts payable	124	102	166
Current liabilities to Group companies	–	–	–
Current tax liabilities	27	15	54
Other non-interest-bearing liabilities	70	95	80
Accrued expenses and deferred income	581	551	519
Total current liabilities	**1,093**	**779**	**978**
TOTAL EQUITY AND LIABILITIES	**5,725**	**5,095**	**5,418**

Consolidated statement of changes in equity in summary

SEK million	2017 jan–jun	2016 jan–jun	2016 jan–dec
Opening balance	**2,067**	**1,933**	**1,933**
TOTAL COMPREHENSIVE INCOME	**54**	**32**	**130**
Transactions with shareholders			
Acquisitions from non-controlling interests	–	–	-2
New share issue	**200**	**6**	**6**
Issue expenses	**-8**		
Warrants issued	**2**	**–**	**–**
Closing balance	**2,316**	**1,971**	**2,067**

Consolidated cash flow statement in summar

SEK million	2017 apr–jun	2016 apr–jun	2017 jan–jun	2016 jan–jun	2016/2017 Rolling 12 months	2016 jan–dec
OPERATING ACTIVITIES						
Profit before tax	27	17	72	46	197	171
Adjustment for non-cash items	54	37	74	69	145	141
	81	54	146	116	342	312
Tax paid	-9	-1	-39	-2	-30	6
Cash flow from operating activities before changes in working capital	**72**	**53**	**107**	**113**	**312**	**318**
CASH FLOW FROM CHANGES IN WORKING CAPITAL						
Change in inventories	–	–	–	–	–	–
Change in operating receivables	2	-52	-1	-99	-22	-120
Change operating liabilities	13	70	12	32	-8	12
Cash flow from operating activities	**86**	**70**	**117**	**46**	**282**	**210**
INVESTING ACTIVITIES						
Investment and disposal in intangible assets and property, plant and equipment	-7	-12	-14	-5	0	8
Free cash flow	**80**	**58**	**104**	**41**	**281**	**218**
Acquisition and disposal of shares and participations	-177	–	-194	-866	-389	-1,061
Other financial assets	2	–	1	–	1	–
Cash flow from investing activities	**-182**	**-12**	**-207**	**-872**	**-387**	**-1,052**
Cash flow after investing activities	**-95**	**58**	**-90**	**-827**	**-105**	**-842**
FINANCING ACTIVITIES						
New loans raised	2,150	–	2,282	1,262	2,375	1,355
Repayment of loan liabilities	-2,179	-4	-2,208	-364	-2,231	-387
New share issue	196	1	196	1	196	1
Cash flow from financing activities	**166**	**-3**	**270**	**899**	**340**	**969**
CASH FLOW DURING THE PERIOD	**71**	**54**	**180**	**72**	**235**	**127**
Cash and cash equivalents on the opening date	427	208	318	189	261	189
Exchange rate differences in cash and cash equivalents	-2	-1	-1	–	–	2
Cash and cash equivalents on the closing date	**496**	**261**	**496**	**261**	**496**	**318**

Parent company income statement in summary

SEK million	2017 apr–jun	2016 apr–jun	2017 jan–jun	2016 jan–jun	2016/2017 Rolling 12 months	2016 jan–dec
REVENUE						
Net sales	6	–	12	–	12	–
	6	**–**	**12**	**–**	**12**	**–**
OPERATING EXPENSES						
Other external costs	-11	-1	-35	-3	-68	-35
Personnel costs	-3	0	-4	0	-4	0
Operating expenses	**-14**	**-1**	**-39**	**-3**	**-71**	**-36**
OPERATING LOSS	**-8**	**-1**	**-27**	**-3**	**-59**	**-36**
Financial items	**-11**	**–**	**-11**	**–**	**-11**	**–**
LOSS AFTER FINANCIAL ITEMS	**-18**	**-1**	**-37**	**-3**	**-70**	**-36**
Appropriations	–	–	–	–	36	36
PROFIT/LOSS BEFORE TAX	**-18**	**-1**	**-37**	**-3**	**-34**	**0**
Tax on profit for the period	–	–	–	–	–	–
PROFIT/LOSS FOR THE PERIOD	**-18**	**-1**	**-37**	**-3**	**-34**	**0**

Parent company balance sheet in summary

SEK million	30 june 2017	30 june 2016	31 dec 2016
ASSETS			
Financial non-current assets			
Participations in Group companies	4,127	1,935	1,935
Total fixed assets	**4,127**	**1,935**	**1,935**
Current assets			
Receivables from Group companies	50	–	2
Tax assets	2	–	–
Other receivables	12	0	0
Cash and bank balances	59	3	0
Total current assets	**123**	**4**	**3**
TOTAL ASSETS	**4,250**	**1,939**	**1,938**
EQUITY AND LIABILITIES			
Share capital	2	1	1
Statutory reserve	–	–	–
Total restricted equity	**2**	**1**	**1**
Share premium reserve	198	6	6
Retained earnings	1,929	1,929	1,929
Profit/loss for the period	-37	-3	–
Total non-restricted equity	**2,091**	**1,932**	**1,935**
TOTAL EQUITY	**2,093**	**1,933**	**1,936**
Non-current liabilities			
Liabilities to credit institutions	2,140	–	–
Accounts payable	**4**	**–**	**–**
Liabilities to Group companies	–	4	–
Other liabilities	–	–	0
Accrued expenses	13	2	1
Total current liabilities	**17**	**6**	**2**
TOTAL EQUITY AND LIABILITIES	**4,250**	**1,939**	**1,938**

Key financial figures

SEK million	2017 apr–jun	2016 apr–jun	Change %	2017 jan–jun	2016 jan–jun	Change %	2016/2017 Rolling 12 months	2016 jan–dec	Change %
Net sales	1,442	1,352	7	2,864	2,548	12	5,649	5,334	6
Growth in net sales (%)	7%	26%		12%	19%		6%	23%	
EBITDA	116	78	49	213	150	42	466	403	16
Operating margin EBITDA (%)	8.0%	5.8%		7.4%	5.9%		8.2%	7.6%	
Adjusted EBITDA	122	107	14	244	188	30	573	518	11
Operating margin, Adjusted EBITDA (%)	8.5%	7.9%		8.5%	7.4%		10.1%	9.7%	
EBITA	104	67	55	190	128	48	420	359	17
Operating margin, EBITA (%)	7.2%	5.0%		6.6%	5.0%		7.4%	6.7%	
Adjusted EBITA	110	96	15	221	166	33	527	474	11
Operating margin, Adjusted EBITA (%)	7.6%	7.1%		7.7%	6.5%		9.3%	8.9%	
Operating profit EBIT	90	54	67	162	107	51	356	301	18
Operating margin, EBIT (%)	6.2%	4.0%		5.7%	4.2%		6.3%	5.6%	
Profit before tax	27	17	58	72	46	55	197	171	15
Profit after tax	20	13	54	54	35	54	147	128	15
Earnings per share, SEK	0.3	0.2	53	0.8	0.5	53	2.2	2.0	14
Return on equity (%)	0.9%	0.6%		2.4%	1.8%		7.3%	6.4%	
Operating cash flow	118	80	48	198	78	154	430	311	38
Free cash flow	80	58	38	104	41	154	281	218	29
Cash conversion	103%	110%		95%	61%		94%	81%	

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 applied accounting policies comply with the accounting policies used when preparing the latest annual accounts.

New and amended IFRS standards not yet applied

A number of new and revised IFRS standards are not yet effective and have not been applied in advance in the preparation of these financial statements. Listed below are the IFRSs that may have an impact on the consolidated financial statements.

IFRS 9 Financial Instruments encompasses accounting of financial instruments and liabilities. Ambea's accounts receivable generally relate to customers with good payment capacity, which is taken into account in the provision for expected credit losses. The option to apply hedge accounting is facilitated in general under IFRS 9, which may affect accounting of financial statements. The classification of financial instruments under IFRS 9 is not expected to affect accounting. IFRS 9 is effective from 1 January 2018.

IFRS 15 Revenue from Contracts with Customers introduces new ways of determining how revenue is recognised. Ambea is in the process of assessing the effects of this new standard, but has thus far concluded, based on an analysis of a selection of standard contracts from its different areas of operations, that the new standard will not have a material impact on its financial statements. Ambea is not planning to adopt IFRS 15 early.

IFRS 16 Leases is effective from 1 January 2019. The new standard is expected to have a material impact om the income statement and balance sheet (but not on cash flow). Monetary calculations of the effect of IFRS 16 and the choice of transitional methods have not yet been carried out. The information provided on operating leases concerning operating leases in the 2016 Annual Report gives an indication of the nature and extent of the leases that exist at present. No decision has been made as to whether IFRS 16 will be adopted early as of 2018 or from 2019.

Note 2 Key estimates and judgments

For information on key estimates and judgments in the interim report, reference is made to Note K35 in the company's 2016 Annual Report.

Note 3 Segment information

Norwegian operations and staffing operations together constitute small proportion of the Group's operations that falls below the quantitative thresholds according to IFRS 8 p 13 requiring separate reporting. They are therefore merged under a miscellaneous segment named Other: Norway and Staffing Solutions as of 2016. In previous years, staffing operations were reported as a separate segment.

Vardaga Consists of elderly care.

Nytida Consists of care for people with functional disabilities.

Other: Norway and staffing solutions
Consists of staffing solutions and hiring of doctors, nurses and other care professionals, as well as the Norwegian operations. The Norwegian operations mainly comprise psychiatric support in residential care and outpatient care and accommodation for people with life-long disabilities.

Segment

April – June	Vardaga		Nytida		Other: Norway and staffing solutions		Unallocated items[5]		Consolidation adjustments		Group	
SEK million	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
OPERATING INCOME												
Net sales	569	535	701	713	172	103	0	0	–	0	1,442	1,352
Other operating income	8	5	5	4	9	6	3	4	-9	-6	17	14
Internal transactions	–	–	–	–	-9	-6	–	0	9	6	–	0
Total income from external customers	**577**	**541**	**706**	**717**	**172**	**104**	**4**	**5**	**–**	**0**	**1,459**	**1,366**
OPERATING EXPENSES												
Consumables	-24	-23	-20	-22	-1	0	-1	0	–	–	-45	-45
Other external costs	-108	-94	-128	-134	-68	-34	27	11	–	–	-278	-251
Personnel costs	-400	-393	-486	-485	-91	-65	-43	-48	–	–	-1,019	-991
Other operating expenses	–	0	–	0	0	–	–	0	–	–	–	–
Depreciation and impairment of tangible assets	-4	-4	-4	-3	-1	0	-4	-4	–	–	-12	-11
EBITA	**42**	**27**	**67**	**73**	**11**	**4**	**-17**	**-36**	**–**	**–**	**104**	**67**
EBITA margin %	*7.4%*	*5.0%*	*9.6%*	*10.2%*	*6.5%*	*3.9%*	–	–	–	–	*7.2%*	*5.0%*
Items affecting comparability	–	–	-1	1	–	–	8	28	–	–	6	29
Adjusted EBITA	**42**	**27**	**66**	**74**	**11**	**4**	**-9**	**-8**	**–**	**–**	**110**	**96**
Adjusted EBITA margin %	*7.4%*	*5.0%*	*9.5%*	*10.4%*	*6.5%*	*3.9%*	–	–	–	–	*7.6%*	*7.1%*
Amortisation of intangible fixed assets and customer contracts									0	–	-14	-13
Operating profit/loss (EBIT)									**–**	**–**	**90**	**54**
Financial income									–	–	1	1
Financial expenses									–	–	-64	-38
Net financial income and expenses									–	–	-63	-37
Profit before tax									**–**	**–**	**27**	**17**
Tax on profit for the period									–	–	-7	-4
PROFIT FOR THE PERIOD									**–**	**0**	**20**	**13**
ASSETS	**1,384**	**1,375**	**3,290**	**3,083**	**460**	**257**	**591**	**380**	**–**	**–**	**5,725**	**5,095**

[5] The column "Unallocated items" consists of centrally approved costs for general central administration, restructuring measures, acquisitions and costs for the IPO.

January–June	Vardaga		Nytida		Other: Norway and staffing solutions		Unallocated items		Consolidation adjustments		Group	
SEK million	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
OPERATING INCOME												
Net sales	1,133	1,065	1,391	1,294	340	189	0	0	–	–	2,864	2,548
Other operating income	14	10	7	8	16	11	7	5	-16	-11	28	23
Internal transactions	–	–	–	–	-16	-11	–	–	16	11	–	0
Total income from external customers	**1,147**	**1,075**	**1,398**	**1,302**	**340**	**189**	**7**	**5**	**–**	**–**	**2,892**	**2,571**
OPERATING EXPENSES												
Consumables	-46	-45	-40	-41	-2	0	-2	-1	–	–	-91	-87
Other external costs	-214	-188	-255	-241	-141	-64	40	46	–	–	-570	-446
Personnel costs	-804	-789	-950	-889	-182	-119	-81	-89	–	–	-2,017	-1,887
Profit/loss from participations in Group companies	–	–	–	-1	–	0	–	–	–	–	–	-1
Other operating expenses	0	0	0	0	0	–	–	0	–	–	–	–
Depreciation and impairment of tangible assets	-7	-7	-8	-6	-1	0	-7	-8	0	0	-24	-21
EBITA	**75**	**46**	**144**	**124**	**14**	**6**	**-44**	**-48**	**–**	**–**	**190**	**128**
EBITA margin %	*6.6%*	*4.3%*	*10.4%*	*9.6%*	*4.3%*	*3.0%*	–	–	*0.0%*	*0.0%*	*6.6%*	*5.0%*
Items affecting comparability	–	–	-3	4	–	–	34	34	–	–	31	38
Adjusted EBITA	**75**	**46**	**141**	**128**	**14**	**6**	**-10**	**-13**	**–**	**–**	**221**	**166**
Adjusted EBITA margin %	6.6%	4.3%	10.2%	9.9%	4.3%	3.2%	–	–	0.0%	0.0%	7.7%	6.5%
Amortisation of intangible fixed assets and customer contracts									0	–	-28	-21
Operating profit/loss (EBIT)									**–**	**–**	**162**	**107**
Financial income									–	–	2	1
Financial expenses									–	–	-93	-62
Net financial income and expenses									–	–	-91	-61
Profit/loss before tax									**–**	**0**	**72**	**46**
Tax on profit for the period									–	–	-18	-12
PROFIT/LOSS FOR THE PERIOD									**–**	**0**	**54**	**35**
ASSETS	**1,384**	**1,375**	**3,290**	**3,083**	**460**	**257**	**591**	**380**	**–**	**–**	**5,725**	**5,095**

Note 4 Acquisitions

Ambea concluded the following acquisitions during the quarter:

- Resursteamet i Stockholm AB
- HVB Partner i Norr AB

Resursteamet i Stockholm AB

On 31 May, Ambea's Nytida business area acquired Resursteamet i Stockholm AB, a Stockholm-based company primarily operating day-care activities for people with acquired or congenital cognitive disabilities. Together, Nytida and Resursteamet are now the clear market leader, with 36 units and 1,200 placements within day-care activities in Stockholm County. Following the acquisition, Nytida's leading position in residential care has been supplemented with Resursteamet's market-leading position in day-care activities, creating a stronger and broader LSS offering.

The purchase price on the acquisition date, which was financed in cash, amounted to SEK 194 million, including an acquired net debt of SEK 6 million. The acquisition gave rise to goodwill of SEK 153 million. The goodwill relates mainly to synergy effects from reduced central costs. The goodwill is not expected to be tax deductible.

The acquisition was consolidated in Ambea's accounts as of 31 May 2017 and has contributed SEK 15 million in net sales and SEK 2 million in EBITA during the year. If the acquisition had taken place on 1 January 2017, management estimates that Resursteamet's net sales would have amounted to SEK 93 million and EBITA to SEK 10 million.

The acquisition analysis is preliminary and is expected to be finalised in 2017.

HVB Partner i Norr AB

On 29 May, Ambea 100 per cent of the shares in HVB Partner i Norr AB. The company's registered office is located in Härnösand, Sweden, and the acquisition includes a property and permit for round-the-clock care, offering residential care for children and youth with social issues in Norråsen in Gävleborg County. No operations were being conducted as of the acquisition date and the company's net sales for 2015/2016 amounted to SEK 0.1 million.

The purchase price on the acquisition date, which was financed in cash, amounted to SEK 2 million.

The acquisition gave rise to goodwill of SEK 1 million.

The acquisition analysis is preliminary and will be finalised in 2017.

Net assets of acquired companies at the time of acquisition

SEK million	Resursteamet i Stockholm AB 2016	HVB Partner i Norr AB 2016	Fair value recognised in the Group 2016
Tangible fixed assets	4	3	7
Intangible assets	8	–	30
Financial assets	–	–	0
Inventories	–	–	0
Accounts receivable and other receivables	22	0	22
Cash and cash equivalents	19	0	19
Non-current interest-bearing liabilities	-9	–	-9
Deferred tax liability	-5	–	-10
Provisions	0	–	0
Accounts payable and other liabilities	-15	-2	-17
Net identifiable assets and liabilities	**24**	**1**	**42**
Group goodwill			154
Total consideration transferred			**196**
Shares acquired through a non-cash issue			–
Cash (acquired)			-19
Acquisitions of non-controlling interests			–
Estimated contingent consideration			–
Net cash outflow			**177**
Paid contingent consideration in respect of previous years' acquisitions			18
Total acquisitions			**195**

Note 5 Fair value for financial instruments in the measurement hierarchy

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

Level 1 – Listed prices (unadjusted) on 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 – Other 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 net current assets or Other current liabilities.

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

Derivative instruments are measured in accordance with level 2 of the measurement hierarchy. Ambea has hedged 63 per cent of its interest-rate exposure in financing by purchasing interest-rate caps. The interest-rate caps are recognised at fair value and the impact on profit/loss is recognised in net financial items. The hedges were entered into in February 2016 and expire in January 2019. The change in fair value applying to the interest-rate caps is recognised in profit or loss and SEK -0.6 million was charged against net financial items for the quarter. The value of the derivatives amounted to SEK 0 million as per 30 June 2017. Ambea uses the standard report of issuing banks for the market valuation of purchased interest-rate caps. The valuation is based on the bank's standard pricing model and method. The valuation is based on the bank's average price.

Contingent considerations are measured in accordance with level 3 of the measurement hierarchy. SEK 25 million is booked as a non-current liability for contingent consideration for TBO-Helse AS. For TBO-Helse AS, the full contingent consideration is payable if EBITDA for 2017 exceeds NOK 5 million. The change compared with the preceding quarter is attributable to Vitale, where it has been deemed that no purchase consideration will be paid. The acquisition analysis has been changed to reflect this changed assessment.

Material non-observable input data consists primarily of forecast sales.

Consolidated assets and liabilities measured at fair value

SEK million	30 june 2017	30 june 2016	31 dec 2016
Interest rate derivatives	0	–	1
Contingent consideration	-25	-15	-87

Note 6 Pledged assets and contingent liabilities

SEK million	30 june 2017	30 june 2016	31 dec 2016
Pledged shares	–	1,919	2,332
Leased assets	67	45	66
Chattel mortgages	15	7	37
Real estate mortgages	13	–	13
Factoring	2	–	2
Total pledged assets	**98**	**1,971**	**2,450**

The company has secured new financing (Refer to the section “Financing – new credit facility”), which took effect during the quarter. The new agreement does not include a pledge of collateral in the form of shares, which accounts for the most significant change in pledged assets compared with the period of comparison.

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 effect on the Group’s financial results

Note 7 Reconciliation to IFRS financial statements

SEK million	2017 apr–jun	2016 apr–jun	2017 jan–jun	2016 jan–jun	2016/2017 Rolling 12 months	2016 jan–dec
Growth/Acquired growth						
Net sales growth	7%	26%	12%	19%	6%	23%
Of which, acquired growth	6%	31%	11%	24%	16%	26%
Of which, organic growth	1%	-5%	1%	-6%	-10%	-3%
Operating margin (EBIT)						
Net sales	1,442	1,352	2,864	2,548	5,649	5,334
Operating profit (EBIT)	90	54	162	107	356	301
Operating margin (EBIT)	**6.2%**	**4.0%**	**5.7%**	**4.2%**	**6.3%**	**5.6%**
EBITA and adjusted EBITA						
Operating profit (EBIT)	90	54	162	107	356	301
Amortisation and impairment of intangible assets	14	13	28	21	64	58
EBITA	**104**	**67**	**190**	**128**	**420**	**359**
Items affecting comparability	6	29	31	38	107	115
Adjusted EBITA	**110**	**96**	**221**	**166**	**527**	**474**
Net sales	1,442	1,352	2,864	2,548	5,649	5,334
EBITA margin	**7.2%**	**5.0%**	**6.6%**	**5.0%**	**7.4%**	**6.7%**
Adjusted EBITA margin	**7.6%**	**7.1%**	**7.7%**	**6.5%**	**9.3%**	**8.9%**
EBITDA and adjusted EBITDA						
Operating profit (EBIT)	90	54	162	107	356	301
Depreciation, amortisation and impairment of tangible and intangible assets	26	24	51	43	110	102
EBITDA	**116**	**78**	**213**	**150**	**466**	**403**
Items affecting comparability	6	29	31	38	107	115
Adjusted EBITDA	**122**	**107**	**244**	**188**	**573**	**518**
Net sales	1,442	1,352	2,864	2,548	5,649	5,334
EBITDA margin	**8.0%**	**5.8%**	**7.4%**	**5.9%**	**8.2%**	**7.6%**
Adjusted EBITDA margin	**8.5%**	**7.9%**	**8.5%**	**7.4%**	**10.1%**	**9.7%**

SEK million	2017 apr–jun	2016 apr–jun	2017 jan–jun	2016 jan–jun	2016/2017 Rolling 12 months	2016 jan–dec
Items affecting comparability						
Reversal of restructuring and acquisition-related costs	**0**	**28**	**1**	**34**	**34**	**67**
- of which, costs included in the profit/loss row external costs	*0*	*20*	*1*	*20*	*35*	*54*
- of which, costs included in the profit/loss row personnel costs	*0*	*8*	*0*	*14*	*-1*	*13*
Reversal of income and costs for discontinuation of operations	**-1**	**1**	**-3**	**4**	**10**	**17**
- of which, income	*–*	*-2*	*0*	*-3*	*-4*	*-7*
- of which, costs included in the profit/loss row external costs	*-1*	*1*	*-3*	*3*	*11*	*17*
- of which, costs included in the profit/loss row personnel costs	*0*	*2*	*0*	*4*	*3*	*7*
- of which, costs included in the profit/loss row depreciation, amortisation and impairment of tangible and intangible assets	*0*	*–*	*0*	*–*	*0*	*–*
- of which, costs included in the profit/loss row other operating expenses	*–*	*–*	*0*	*–*	*0*	*–*
Reversal of costs attributable to IPO	**7**	**–**	**32**	**–**	**63**	**31**
- of which, costs included in the profit/loss row external costs	*7*	*–*	*32*	*–*	*61*	*29*
- of which, costs included in the profit/loss row personnel costs	*0*	*–*	*0*	*–*	*2*	*2*
- of which, costs included in the profit/loss row depreciation, amortisation and impairment of tangible and intangible assets	*0*	*–*	*0*	*–*	*0*	*–*
Items affecting comparability	**6**	**29**	**31**	**38**	**107**	**115**
Operating cash flow						
EBITDA	116	78	213	150	466	403
Adjustment for non-cash items	-6	-4	-12	0	-6	8
Cash flow from investing activities excluding acquisition and sales of subsidiaries	-7	-12	-14	-5	–	8
Operating cash flow before changes in net working capital	**103**	**62**	**187**	**145**	**460**	**419**
Change in working capital	15	18	11	-67	-30	-108
Operating cash flow after changes in net working capital	**118**	**80**	**198**	**78**	**430**	**311**
Cash conversion						
Operating cash flow after changes in net working capital	**118**	**80**	**198**	**78**	**430**	**311**
Adjustment for cash flow from investing activities related to increased capacity/growth	0	6	4	13	6	16
Operating cash flow excluding cash flow from investing activities related to increased capacity/growth	**119**	**86**	**202**	**92**	**436**	**326**
EBITDA	116	78	213	150	466	403
Cash conversion (%)	**103%**	**110%**	**95%**	**61%**	**94%**	**81%**

SEK million	30 june 2017	30 june 2016	31 dec 2016
Net debt, Net debt/adjusted EBITDA RTM			
Non-current interest-bearing liabilities	2,154	2,198	2,162
Current interest-bearing liabilities	290	15	159
Less cash and cash equivalents	-496	-261	-318
Net debt	**1,948**	**1,952**	**2,003**
Adjusted EBITDA RTM	573	384	518
Net debt/Adjusted EBITDA RTM (times)	**3.4**	**5.1**	**3.9**
Debt/equity ratio			
Non-current interest-bearing liabilities	2,154	2,198	2,162
Current interest-bearing liabilities	290	15	159
Total interest-bearing liabilities	**2,444**	**2,213**	**2,321**
Total equity	2,316	1,972	2,067
Debt/equity ratio	**1.1**	**1.1**	**1.1**
Equity/assets ratio			
Total equity	2,316	1,972	2,067
Total assets	5,725	5,095	5,418
Equity/assets ratio (%)	**40.4%**	**38.7%**	**38.1%**

SEK million	2017 apr–jun	2016 apr–jun	2017 jan–jun	2016 jan–jun	2016/2017 Rolling 12 months	2016 jan–dec
Return on equity						
Opening equity attributable to the Parent Company's shareholders	2,101	1,951	2,067	1,932	1,971	1,932
Closing equity attributable to the Parent Company's shareholders	2,316	1,971	2,316	1,971	2,067	2,067
Average equity attributable to the Parent Company's shareholders	**2,209**	**1,961**	**2,192**	**1,952**	**2,019**	**2,000**
Profit after tax	**20**	**13**	**54**	**35**	**147**	**128**
Return on equity (%)	0.9%	0.6%	2.4%	1.8%	7.3%	6.4%

Note 8 Definitions and purpose

Key financial figures	Definition and calculation	Purpose
Growth (%)	Growth consists of the increase in sales in relation to the period of comparison 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 increase in net sales from acquisitions/Net sales in the period of comparison	This key figure is used to follow up the proportion of the company's sales increase that was generated through acquisitions
Organic growth (%)	The period's increase in net sales excluding acquisitions/Net sales in the period of comparison	This key figure is used when analysing underlying sales growth driven by comparable units between different periods
Operating profit/loss (EBIT)	Profit for the period before financial items and taxes Total operating income – Operating expenses	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
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
Adjustments	Items related to events in the company's operations that impact comparability with profit during other periods. Includes: - Transaction costs attributable to major acquisitions - Major re-organisations - Costs for preparing the company for a future stock-exchange listing	The key figure Adjustments 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 + Adjustment	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
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 is 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 events in the company's operations that affect comparisons with profit during other periods EBITDA + Adjustments	The 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 margin (%)	Operating profit as a percentage of net sales Operating profit (EBIT)/Net sales	The key figure is used to follow up the percentage of net sales from operations that remains to cover interest payments and tax and to generate a profit after the company's costs have been paid

Key financial figures	Definition and calculation	Purpose
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	This key figure shows cash flow from the company's operations, excluding company acquisitions, company divestments, funding, tax and items affecting comparability and is used to follow up whether the company is able to generate a sufficiently positive cash flow to be able 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 acquisition 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 measurement 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 adjusted for cash flow from investing activities related to increased capacity/growth divided by EBITDA Operating cash flow adjusted for cash flow from investing activities related to increased capacity/EBITDA	This key figure is used as an efficiency measurement showing he 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 measurement of the company's debt/equity ratio and is used by the company to assess opportunities to meet its financial undertakings
Net debt/Adjusted EBITDA	Net debt/Adjusted EBITDA is a measurement of the debt/equity ratio that is defined as the closing balance for net debt in relation to adjusted EBITDA. Net debt/adjusted EBITDA	This key figure is used to monitor the level of the company's indebtedness to ensure that financial terms are met.
Debt/equity ratio	The debt/equity ratio shows a company's financial capacity Interest-bearing liabilities/Shareholders'' equity	The key figure is used to monitor the proportion of equity and debt that is used to finance various parts of a company's operations
Equity/assets ratio (%)	The equity ratio is used to show the proportion of assets that is financed by equity Shareholders'' equity/Balance sheet total	This key figure shows the proportion of the balance sheet total that is financed by equity and it enables an analysis of the company's long-term financial strength and ability to withstand losses
Return on equity (%)	The return on equity shows the company's return on the capital provided by the owners Profit for the period/Equity (average equity at the beginning and end of the period)	This key figure is used to show the return that is generated on the capital invested by the shareholders in the company

Summary report on quality in the second quarter of 2017

- New focus on integration project for new arrivals to Sweden – 100 new placements for language and care training created in Nytida and Vardaga.
- Four additional Vardaga residential care units certified by Demensakademin.
- Vardaga employees nominated for Vårdförbundet Awards and two White Guide Awards for Residential Care Chef of the Year and Chef of the Year.
- Vardaga has attracted media attention for its use of VR technology in elderly care, which is used at several of our nursing homes in Skåne.
- The number of deviations and serious deviations declined compared with the preceding quarter.
- Two Lex Sarah reports in Vardaga.
- Two Lex Maria reports in Nytida.
- Six individual complaints/reports of care deficiencies reported to IVO: three concerning Nytida and three concerning Vardaga.
- IVO completed 17 supervisions/inspections: two at Vardaga and 15 at Nytida.

More information:
ambea.com/quality-sustainability