

Q4 report presentation

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Financial Summary, Fredrik Lagercrantz, CFO

Q&A



Highlights fourth 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
 - Stabilized situation in outsourcing on a low level

- Turn-around actions ongoing, financial impact takes times
 - Cost level in Finland impacted by many openings and sharper staffing requirements

- Long-term financing solution agreed with bank syndicate finalized in Q4

- Initiatives to further strengthen customer satisfaction and quality of care ongoing



Attendo Bergsmansgatan, Sala, Sweden

Group highlights in Q4

Net Sales, growth¹

7%

EBITA-margin (reported)

4.6%

Leverage (adj ND/adj EBITDA)

3.6x

Quality Index

83%



Total Occupancy

80%

Total # of beds in own operation²

16,618

Opened beds in own operation²

479

New beds under construction²

1,980

1) Excluding currency effects

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

Turn-around program in Finland

- Further strengthened management team and organisation
 - 24 new area managers will decrease workload for the regional directors
 - Newly appointed team leaders will reduce workload for local managers and assist with local operational development
- Price negotiations
 - Price negotiations to large extent completed for 2020. The price increase for renegotiated framework agreements was an average of about 9 percent
 - The renegotiations cover only a portion of total revenues. In total, positive price effects are estimated at 3 percent during 2020 based on total sales in Attendo Finland
 - Attendo's prices in Finland are significantly lower than costs for operating nursing homes under local authorities' own operations
- Actions for increased occupancy
 - Very few new projects initiated.
 - Termination of selected contracts
 - Recruitment and sales in focus, stronger support organisation
- Quality program and employee satisfaction
 - Ongoing action programme aimed at further strengthening quality, employee engagement and customer satisfaction

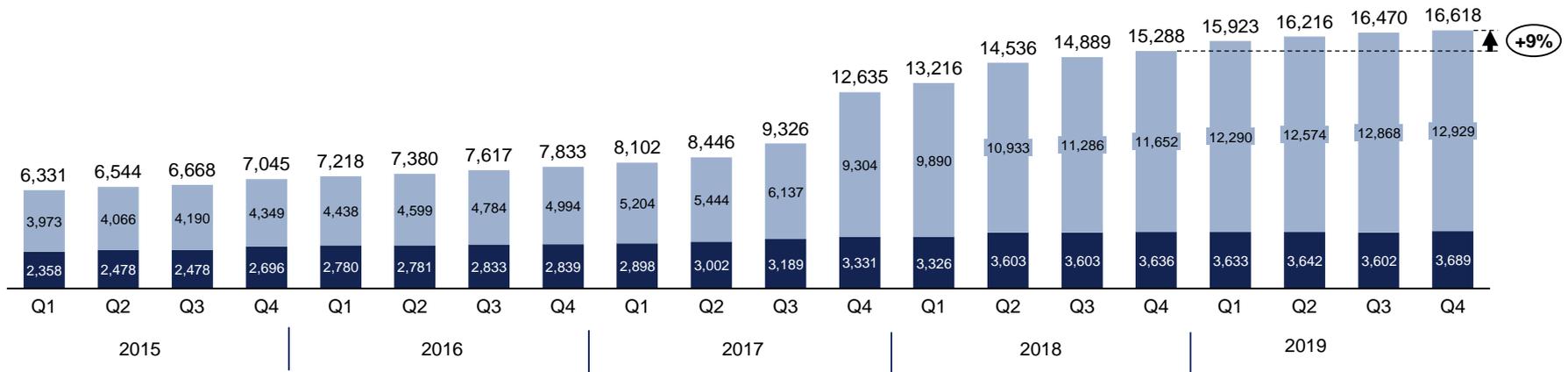
Quality & employees: Improved operative model with several ongoing initiatives

- The launch of mobile service planning at nursing homes in Sweden completed
- Strengthened central dementia competence team
- Improved food concept
- High focus on values work locally

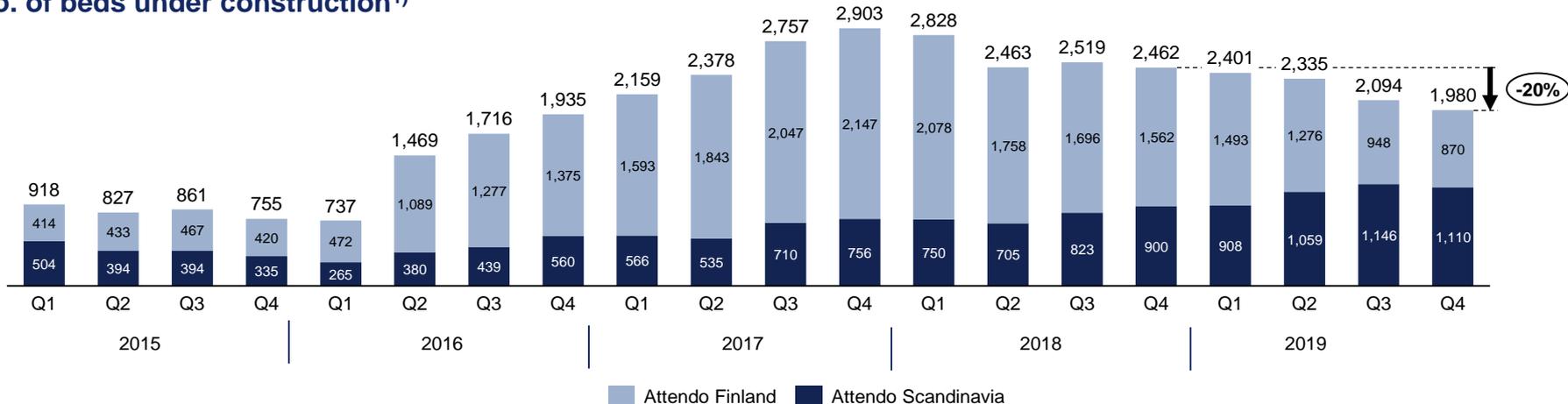


Beds in operation and under construction: Beds under construction in decline in Finland

No. of beds in operation¹⁾



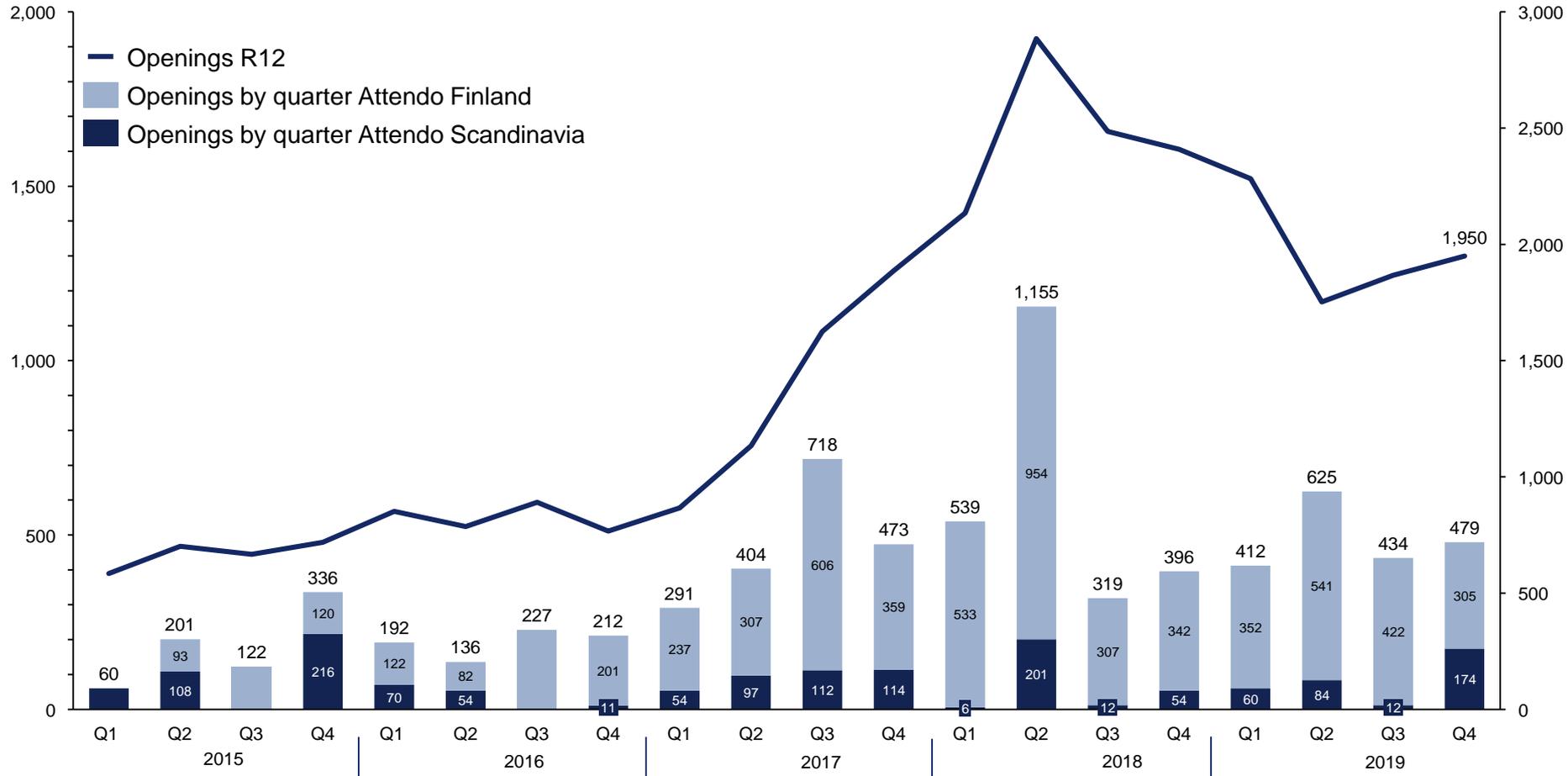
No. of beds under construction¹⁾



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 operation¹⁾, by quarter and rolling 12 months



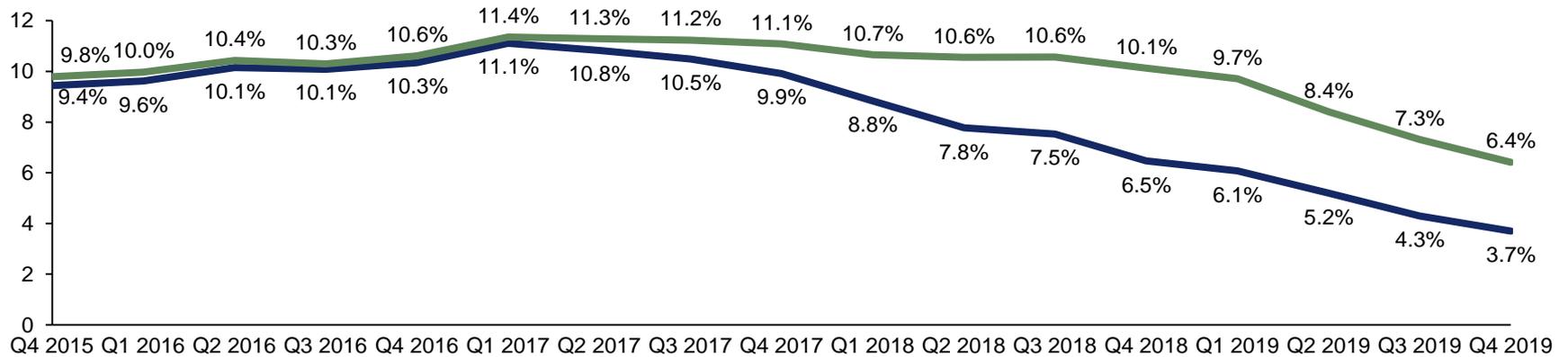
1) Own nursing homes (care for older people, CoP) and own care homes (care for people with disabilities, social psychiatry)

Mature units: margin and net sales development

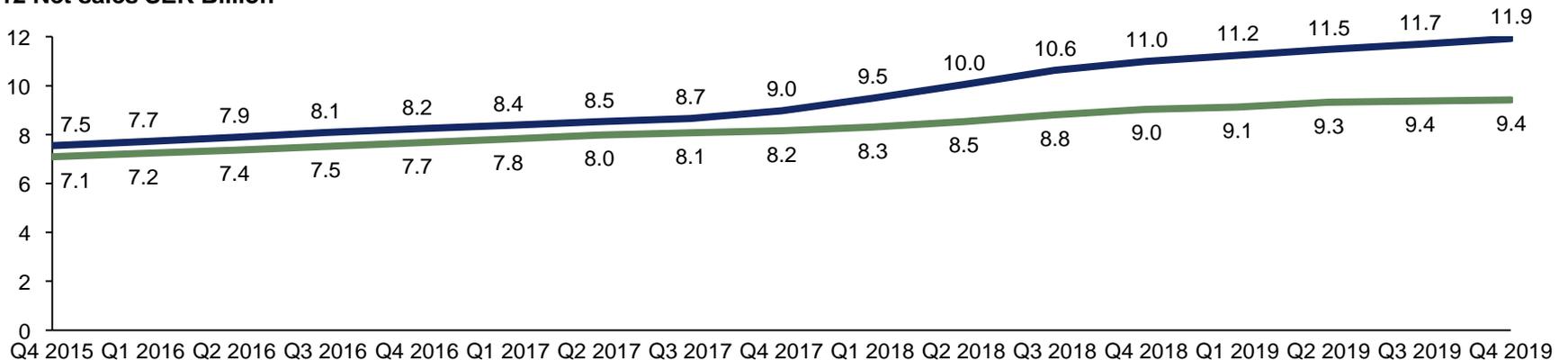
Sharpened staffing regulations in Finland pressures margins

■ 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 2015 and 2016

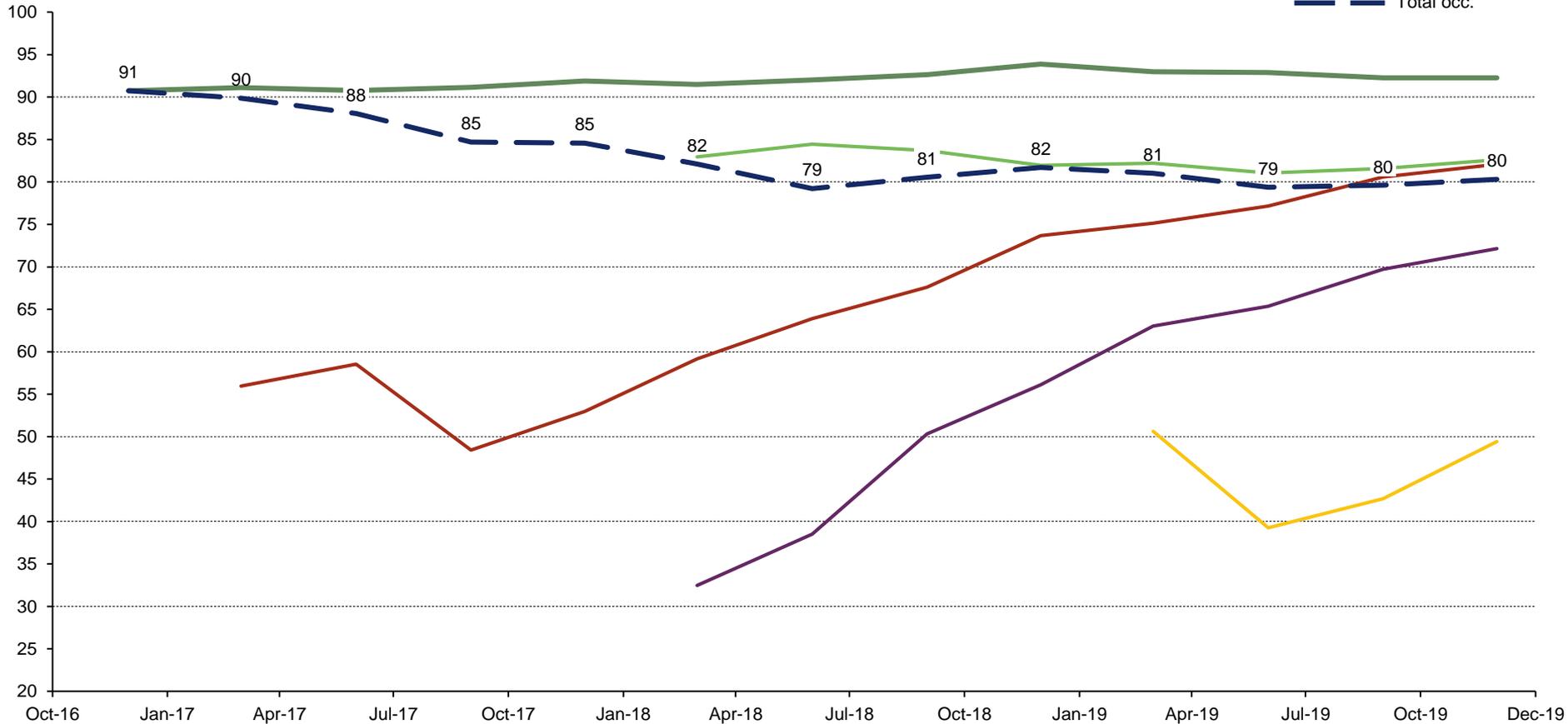
* Mature defined as group financials excluding Mikeva units, start-up units** and one-offs. All overhead costs part of mature financials.

** 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 homes¹



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

P&L: Growth from more beds occupied and M&A

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

SEKm	Q4 2019	Q4 2018	Change (%)
Net sales	3,054	2,818	8
<i>Organic, %</i>	3.6	4.5	-
<i>Acquired, %</i>	3.2	7.2	-
<i>Currency, %</i>	1.6	3.0	-
Operating profit (EBITA)	139	176	-21
<i>Operating margin (EBITA), %</i>	4.6	6.2	-
EBIT	104	140	-26
Financial net	-156	-144	-
Income tax	12	0	-
Profit from remaining operations	-40	-4	-
Profit from divested operations	-	605	-
Diluted earnings per share, SEK	-0.25	-0.02	-

Attendo Scandinavia Q4 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

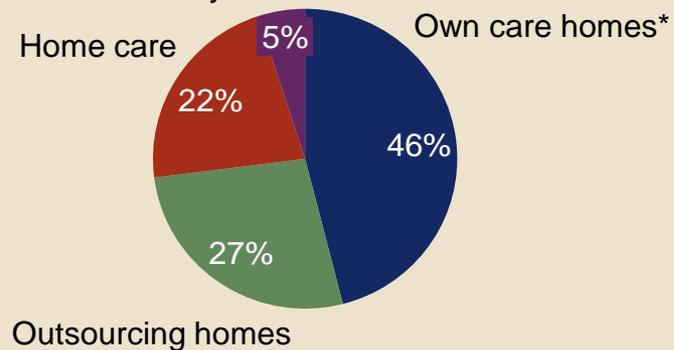
- Underlying profit slightly higher vs Q4 2018
 - Provision of SEK 60m in Q4 2018
- Improved profits in Home care
- Balance between contribution from own care homes started 2017 and start-up losses in units started 2018 and 2019
- Profits impacted positively from items of temporary nature
- Termination of loss making contract in Denmark

Other

- Net lost outsourcing contracts of SEK 44m in Q4. For FY 19 the net balance of win and losses was slightly positive

Net sales per service offering, Q4 2019

Individual and family care



SEKm	Q4 2019		Chg
	2019	2018	(%)
Net sales	1,596	1,563	2
Operating profit (EBITA)	172	97	77
<i>Operating margin (EBITA), %</i>	10.8	6.2	-
Adjusted EBITA	125	62	98
<i>Adjusted EBITA margin, %</i>	7.8	4.0	-

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

Attendo Finland Q4 2019

TURN-AROUND PROGRAM ONGOING

Net sales

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

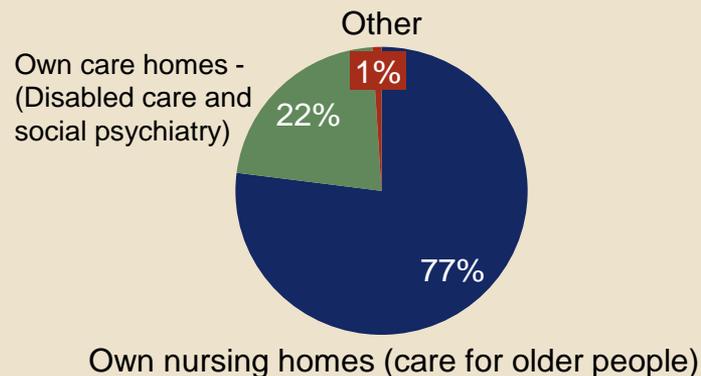
Profits

- Higher cost from sharper staffing requirements and action program
- More empty beds due to many openings and problems to recruit personnel to new units
- Higher staffing costs during holiday period
- Focus on sales and price negotiations

Other

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

Net sales per service offering, Q4 2019



SEKm	Q4 2019		Chg (%)
	2019	2018	
Net sales	1,458	1,255	16
Operating profit (EBITA)	-20	97	-
<i>Operating margin (EBITA), %</i>	-1.4	7.7	-
Adjusted EBITA	-76	54	-
<i>Adjusted EBITA margin, %</i>	-5.2	4.3	-

Cash flow: Higher free cash flow in spite of lower profit

SEKm	Q4 2019	Q4 2018*
Operating profit (EBITA)	139	215
Change in working capital, paid tax, non cash items and depreciation	467	296
Cash flow after changes in working capital	606	511
Net investments in tangible and intangible assets	-109	-65
Operating cash flow	497	446
Interest received/paid	-23	-38
Interest costs and amortization IFRS 16	-333	-291
Free cash flow	141	117
Net change in assets and liabilities held for sale	-52	15
Net of acquisitions/divestments	-39	2,010
Change in financing	-262	9
Total cash flow	-212	2,151
Net debt	11,831	10,366
Net debt/EBITDA	6.1x	5.2x
Adjusted net debt	2,360	2,496
Adjusted net debt / adjusted EBITDA	3.6x	2.7x

* Comparable quarter is including divested Finnish health care operations.

FY 2019: A year heavily impacted by situation in Finland

- Net sales of SEK 11.9 bn (11.0), growth of 8.6%
- Operating profit (EBITA) amounted to SEK 812m (1,008), margin of 6.8% (9.2)
- The year was marked by the situation in Finland - higher costs from shaper requirements and many opening of new units
- Stable development in Attendo Scandinavia
- Turn-around program ongoing with financial impact mainly from H2 2020
- Proposing no dividend for 2019 due to the weak financial performance, current net debt/EBITDA ratio and the company's recent renegotiation of loans
- Several initiatives to improve the operative model



Attendo 

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