



# Humana

Everyone is entitled to a good life.

Interim report Q2, April-June 2020

Rasmus Nerman, Ulf Bonnevier, 20 August 2020



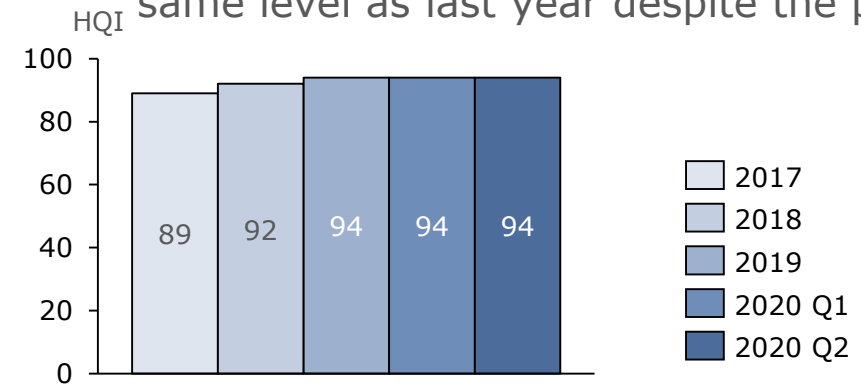
## A quarter with focus on minimising the effects of the pandemic

- Crisis organisation supporting all Nordic operations to handle the COVID-19 pandemic, ensuring a safe work environment and to prevent transmission
- Humana has stood well up to the pandemic
  - The transmission of the virus has been low in all business areas and countries
  - We have, all the time, secured access to personal protective equipment, PPE
- Financially the pandemic has had an effect on both revenues and costs but net effect is marginal
  - Revenues: fewer performed assistance hours and outpatient visits, lower occupancy in elderly care homes in and around Stockholm
  - Costs: higher sick leave, higher usage of PPE
  - The increased costs have been compensated to a great extent by state subsidies and internal measures. The effect on revenues remains



## Systematic quality work key during the pandemic

- Humana Quality Index stable at 94, despite high sickness absence due to COVID-19
  - Number of serious deviations reported at the same level as last year despite the pandemic



- Q2 internal control study indicates that Humana has had exceptional compliance (>95%) with basic hygiene routines, which is a key factor in combatting COVID-19
  - Average for municipalities 59%, regions 83%
- Education and training has been prioritised to an even greater extent



## Other operational highlights in Q2

- Signed new contract for an elderly care home under own management in Täby
- Ulf Bonnevier, CFO and Vice President, will leave Humana on 31 August
- Noora Jayasekara, Humana's Group finance director since 2018, appointed new CFO as from 1 September
- Main financial focus during the quarter has been on improving operational efficiency and thus profitability





## Financial highlights Q2

### Revenue and growth

- Operating revenue was SEK 1,980m (1,918), an increase by 3%
- The organic growth was 3.4% (2.5)

### Operating profit

- Operating profit was SEK 100m (45), an increase by 123%.
- Adjusted operating profit was SEK 83m (45)
- Operating margin was 5.1% (2.3)

### Cash flow & leverage

- Operating cash flow was SEK 221m (136)
- Net debt/EBITDA of 4.6x (7.1)

Operational highlights Q2 2020

## Strengthened results although challenging market remains

- The COVID-19 situation had a negative effect on demand with delayed and prolonged placement processes
- Weak market in children and adolescents segment continue
- Adult and LSS segments coping well with increased occupancy and successful ramp-ups during H1 2020
- The weak demand in some segments continues to be off-set by good operational efficiency resulting in a strong performance



**Individual  
& Family**



## Personal Assistance

Operational highlights Q2 2020

## Steady performance continues

- The market continues to decrease with 2% this year
- Overall a solid performance in an eventful quarter
- Growing organically despite the decreasing market and negative effect of cancelled hours as a result of the pandemic
- We continue to be positive to PA as we have an operating model that gives us a competitive edge

Operational highlights Q2 2020

## A challenging quarter due to COVID-19

- Focus on handling the COVID-19 situation where safety for clients and staff is priority
- Our strategy to handle the situation has been successful with limited spread
  - Currently no infection in our units
  - Following national investigation from regulatory authorities (IVO) Humana is the only larger provider that has no units that IVO will follow up on
- Focus on growth continues
  - Contract for a new OWM elderly care home in Täby with 90 flats signed. To open H2 2022
  - New tendered contract with 100 flats in Kalmar won







## Finland

Operational highlights Q2 2020

## Continued good development in challenging times

- COVID-19 situation impacting Finland with fewer open care visits and high sick leave
  - A few units closed during pandemic
- I&F segments performing well whereas profitability challenges in newly acquired operations remain
- Turnaround program continuing and moving in the right direction
- Ambition remains to continue margin expansion and propel organic growth

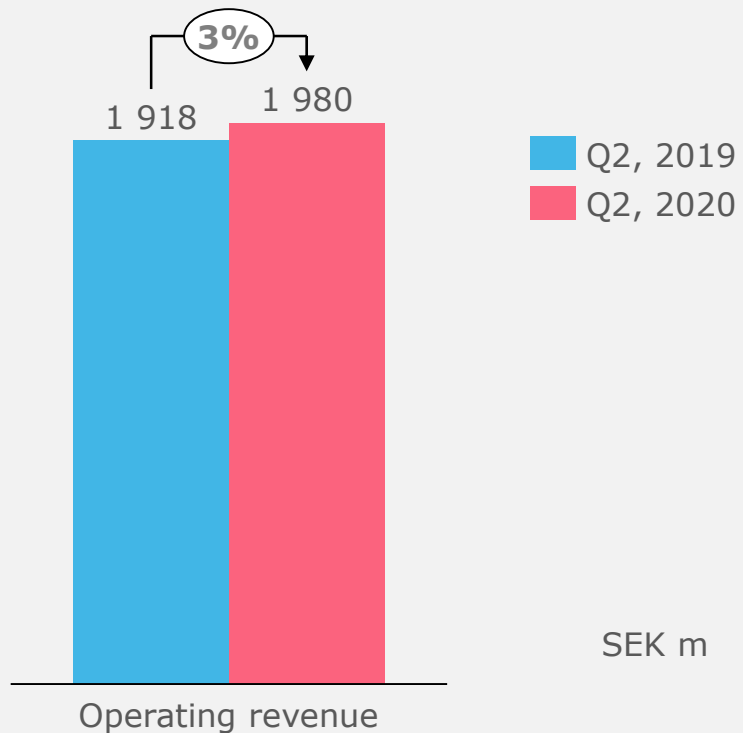
Operational highlights Q2 2020

## Strong development in Norway

- Strong momentum in Norway with personal assistance, BPA, and disabled care housing services, HOT, driving growth
- Impact from COVID-19 situation managed well
- Overall a very strong performance with strong organic growth and earnings improvement in local currency



Norway



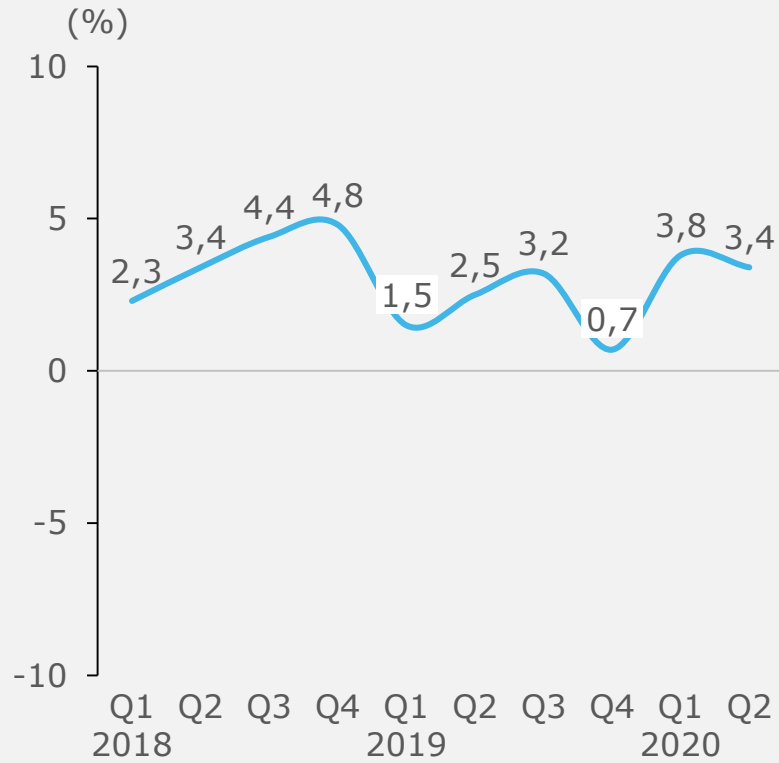
Financial summary Q2 2020

## Operating revenue

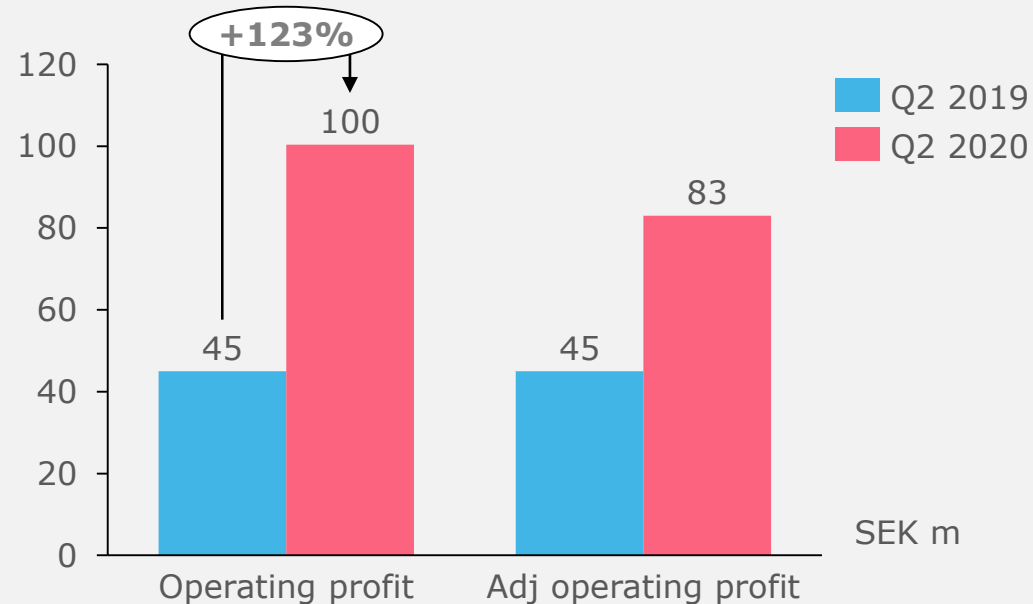
- The revenue grew with 3% in the quarter
  - Acquired operations contributed SEK 16m
  - Capital gain from sale of real estate increased revenue by SEK 17m
  - Currency effects reduced revenues
  - Organic growth 3.4%
- The pandemic affected revenue negatively, mostly through fewer performed hours in personal assistance and lower occupancy
- Operations under own management accounted for 94% of total revenues

# Organic growth

- Organic growth was 3.4% (2.5) in the quarter



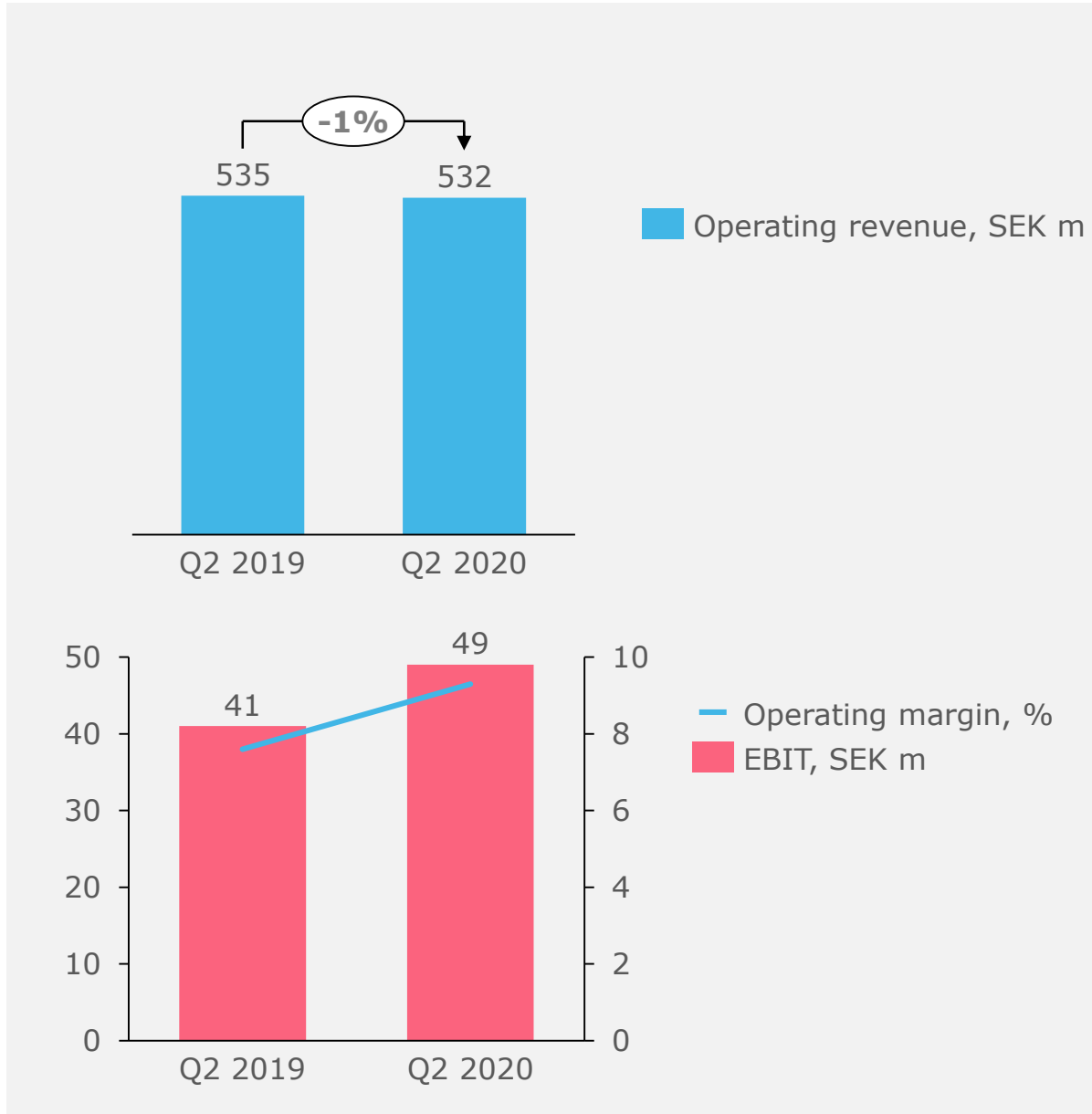
— Group organic growth, %



## Financial summary Q2 2020

# Profitability

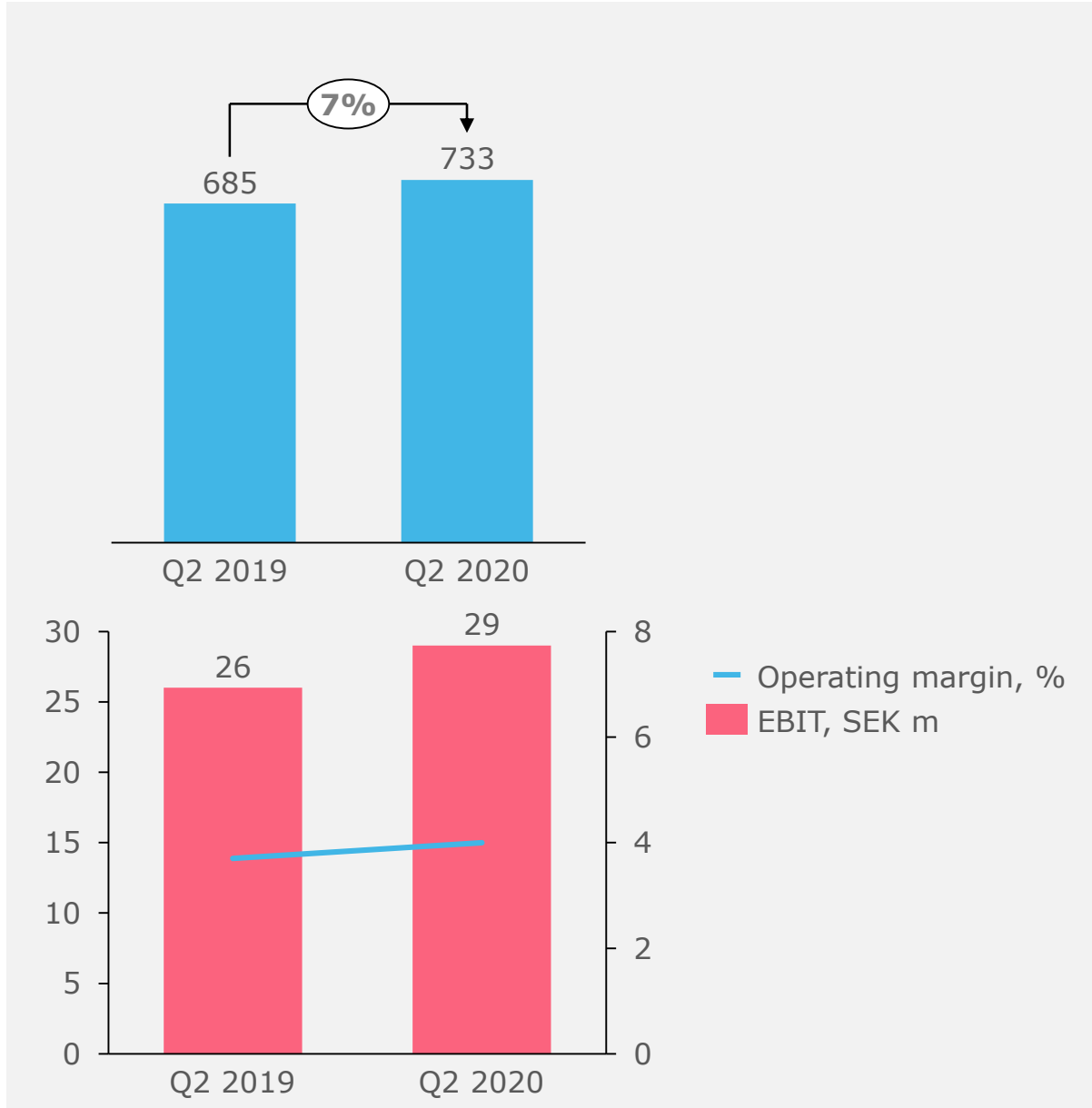
- Operating profit margin was 5.1% (2.3)
- Operating profit adjusted for SEK 17m of capital gain from sale of real estate. Adjusted operating margin was 4.2% (2.3)
- The pandemic has affected the Group profit-wise from several aspects:
  - Lower occupancy and fewer performed assistance hours
  - Increased sickness absences
  - Increased use of PPE
- The increased costs were compensated for by lower social security costs and state subsidies for sickness absences
- The negative effects of the pandemic are mostly related to occupancy
- The effect of IFRS 16 amounted to SEK 9m (10)



Financial summary Q2 2020

## Individual & Family

- Organic growth of -0.7% (-3.6)
- Lower demand in the market segment children and adolescents. Increased occupancy in the adult segment has compensated
- COVID-19 had a negative effect on demand
- Operating profit increased by 22% in the quarter compared to last year
- Operating margin at 9.3% (7.6)
- The increased profit is explained by the somewhat more stable occupancy rate and efficiency improvements

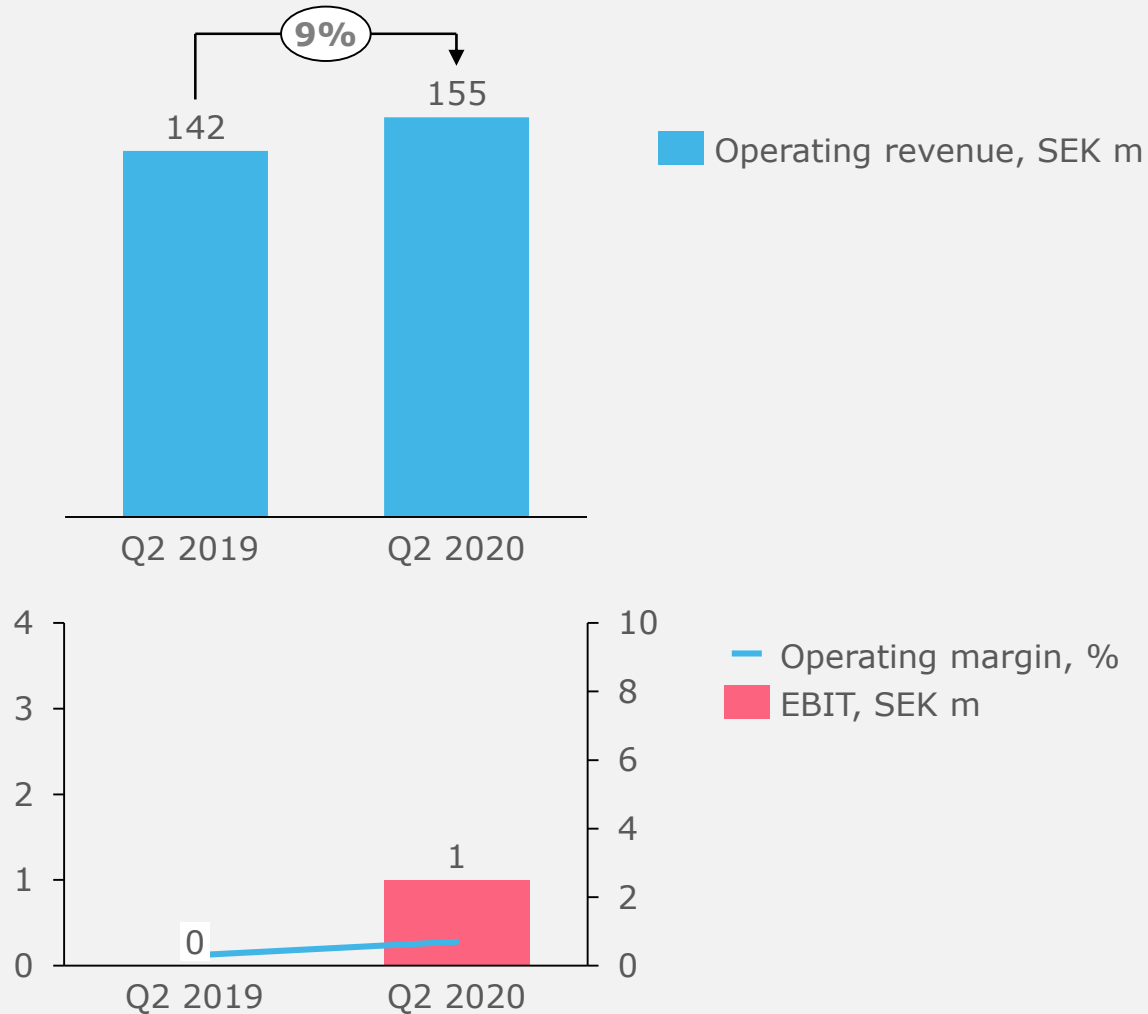


Financial summary Q2 2020

## Personal Assistance

- The increased revenues are explained by:
  - More performed assistance hours, despite of a somewhat negative effect by the pandemic
  - A higher attendance allowance
  - Acquisitions
- Organic growth of 5.4% (-0.1)
- Operating profit for the quarter increased 15%
- The operating margin was 4.0% (3.7) for the quarter

## Elderly Care

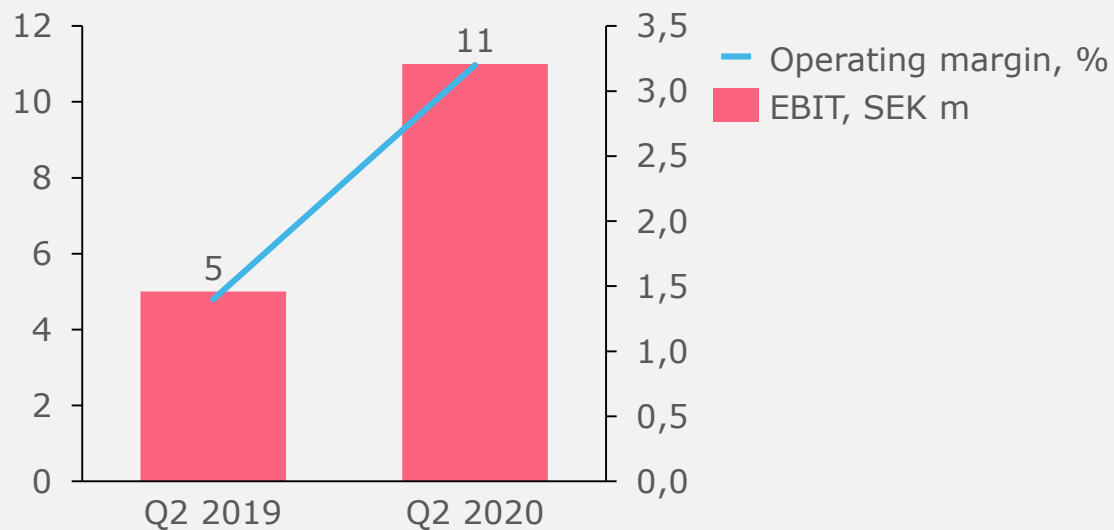
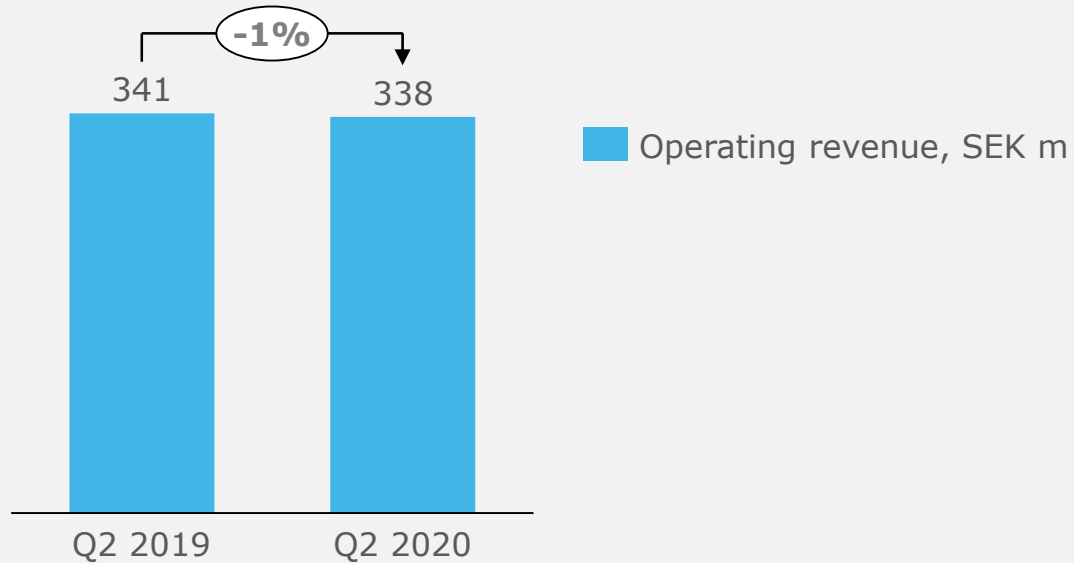


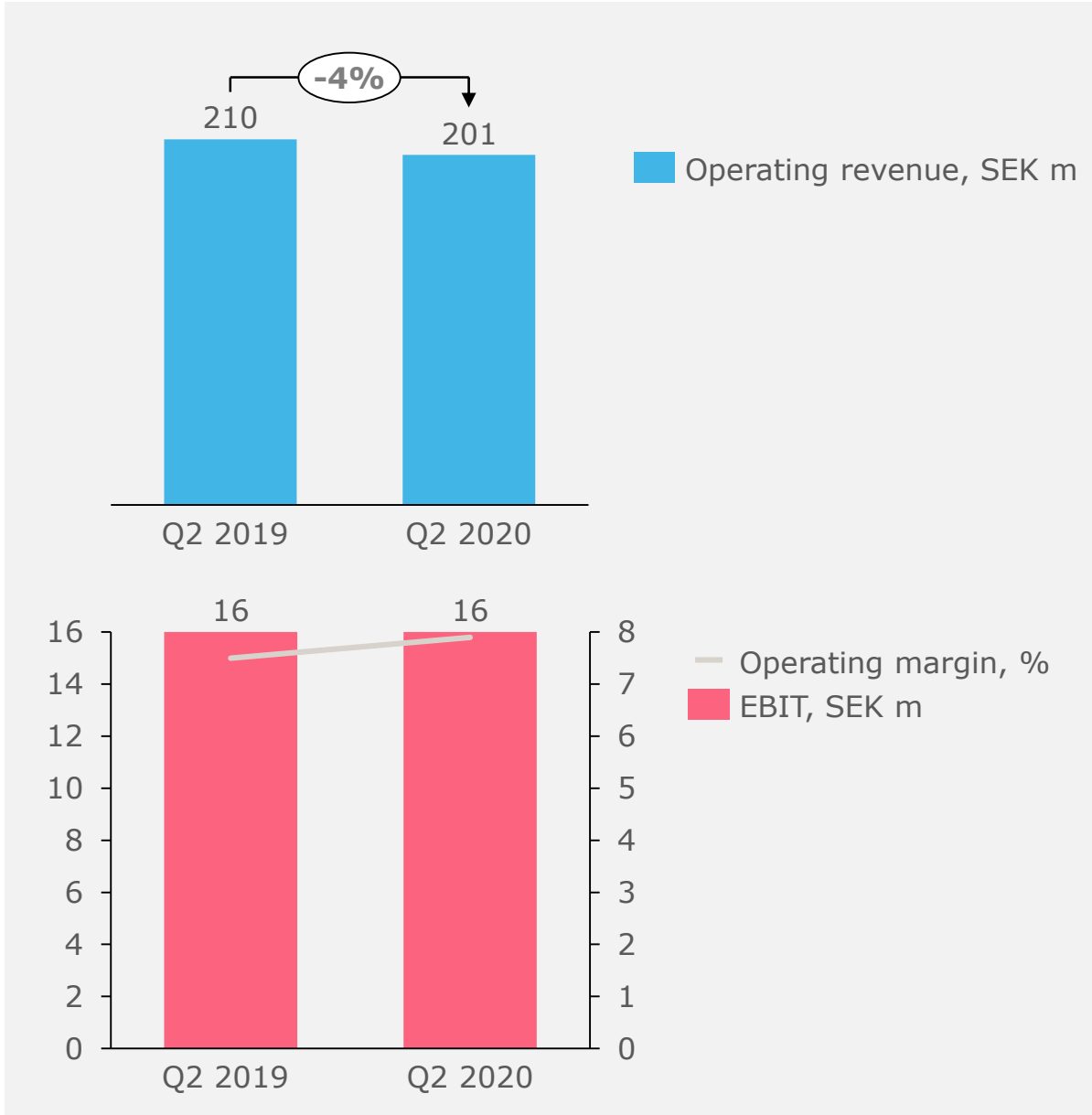
- The revenue increase of 9% is organic
- The revenue increase is due to the new elderly care homes under own management in Staffanstorp and in Kungsängen, opened in 2019
- The pandemic weakened occupancy rates in Stockholm and the surrounding areas
- Operating profit was 1 (0)
- Operating margin was 0.7% (0.3)
- Start-up costs for the unit in Kungsängen amounted to SEK 3m
- The pandemic had a negative effect on profit due to higher costs, only partly compensated for through state subsidies



## Finland

- Organic growth at 0.0% (10.1). Openings of units had a positive effect but leaving unprofitable outsourcing contracts decreased volume
- The operating margin was 3.2% (1.4)
- The increased profit is due to improvements in profitability, mainly in the acquired operation Coronaria Hoiva. Efforts to increase efficiency and profitability continue



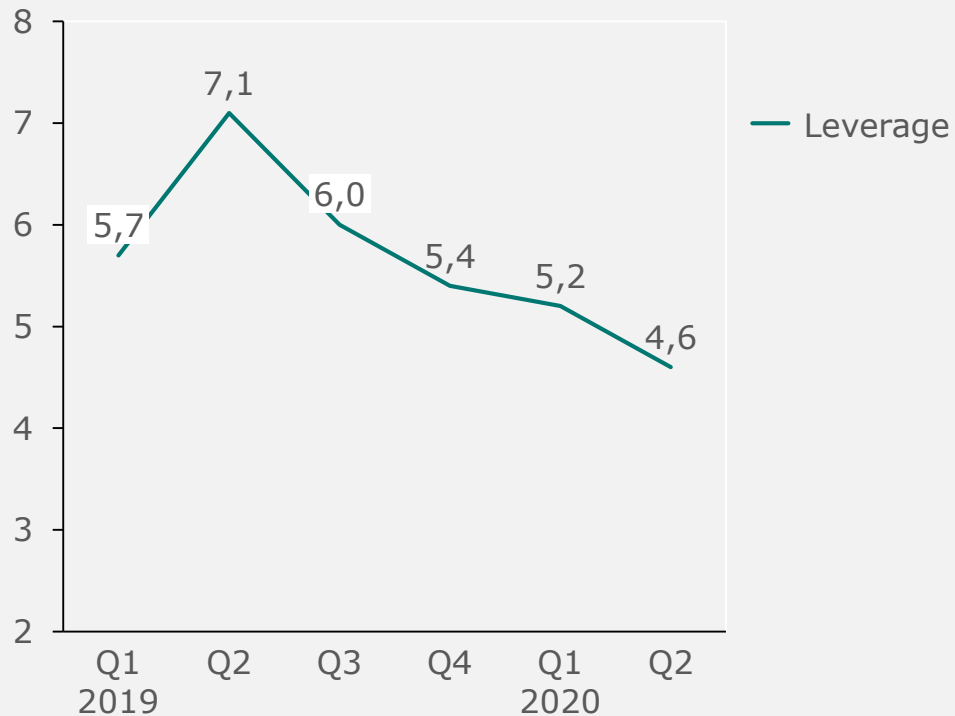


## Financial summary Q2 2020

### Norway

- Revenues decreased by 4%, entirely due to currency effects (the weakened Norwegian krona). In local currency revenues increased from 189 MNOK to 207 MNOK
- Organic growth at 9.5% (6.2). The organic growth is due to openings of units, more customers and increasingly fewer effects from previously closed units
- Operating profit unchanged. In local currency the profit increased
- Operating margin was 7.9% (7.5). The increase is above all due to higher efficiency in the operation

Net debt/EBITDA



Financial summary Q2 2020

## Financial position

- Net debt decreased SEK 291m to SEK 3,591m (3,882) versus Q2 prior year, driven by cash flow and sale of properties
- Leverage continued to move in the right direction

## Cash flow

- The improvement comes from:
  - Higher profit
  - Lower investments
  - Reduced working capital
  - Sale of properties

	Q2 2020	Q2 2019
<b>Cash flow from operating activities before changes in working capital</b>	<b>193</b>	<b>130</b>
Changes in working capital	61	66
<b>Cash flow from operating activities</b>	<b>254</b>	<b>195</b>
Financial items, net	-46	-37
Income tax paid	-26	-17
<b>Cash flow from operating activities, net</b>	<b>181</b>	<b>141</b>
Acquisitions of subsidiaries, net cash impact	-8	-715
Sale of properties	90	0
Investments	-34	-59
<b>Cash flow from investing activities</b>	<b>48</b>	<b>-773</b>
<b>Cash flow from financing activities</b>	<b>-44</b>	<b>697</b>
<b>Cash flow for the period</b>	<b>185</b>	<b>66</b>



# Thank you!

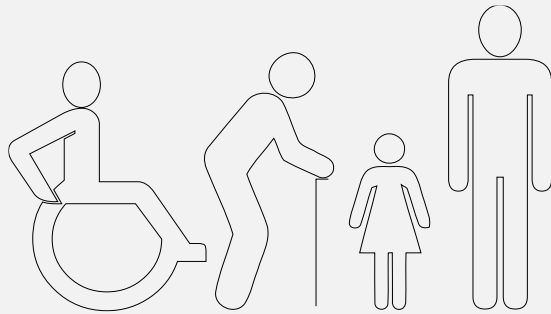
## Financial calendar

Interim report Jul-Sep 2020	6 Nov 2020
Interim report Oct-Dec 2020	11 Feb 2021

# Appendix

# Humana at a glance




## Critical actor in the Nordic welfare



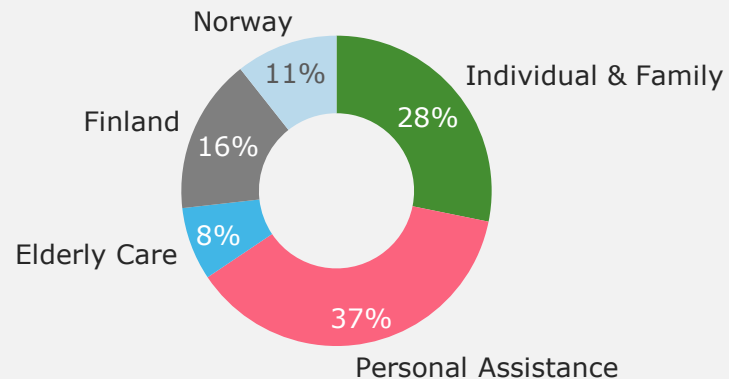
**9,000**  
Customers

**15,000**  
Employees

## Market leading positions in the Nordics

-  **1** Individual & Family
-  **1** Personal Assistance
-  Elderly Care

## Operations and revenue split

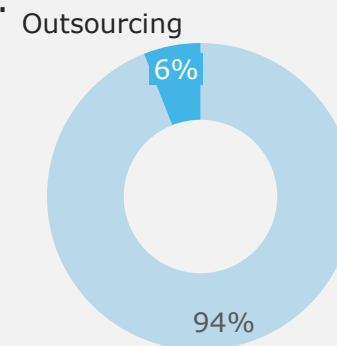


**7,467**  
Revenues  
SEK m, 2019

**369**  
EBIT  
SEK m, 2019

## Clear focus on full responsibility

Split of revenues:



Full responsibility and customer choice

# Consolidated income statement

	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jul-Jun	Jan-Dec
SEK m	2020	2019	2020	2019	2019/20	2019
Net revenue	1 962	1 918	3 894	3 626	7 715	7 446
Other revenue	18	0	24	0	44	21
<b>Operating revenue</b>	<b>1 980</b>	<b>1 918</b>	<b>3 918</b>	<b>3 626</b>	<b>7 759</b>	<b>7 467</b>
Other external costs	-244	-253	-484	-469	-972	-958
Personnel costs	-1 543	-1 511	-3 054	-2 855	-5 982	-5 784
Depreciation	-93	-84	-182	-152	-357	-327
Other operating costs	0	-26	-1	-28	-1	-28
<b>Operating costs</b>	<b>-1 880</b>	<b>-1 873</b>	<b>-3 720</b>	<b>-3 504</b>	<b>-7 313</b>	<b>-7 097</b>
<b>Operating profit</b>	<b>100</b>	<b>45</b>	<b>198</b>	<b>122</b>	<b>446</b>	<b>369</b>
Financial revenue	0	18	4	24	106	125
Financial costs	-37	-58	-75	-85	-235	-246
<b>Profit before tax</b>	<b>64</b>	<b>5,0</b>	<b>128</b>	<b>60,9</b>	<b>316</b>	<b>249</b>
Income tax	-14	-7	-25	-19	-67	-61
<b>Net profit for the period</b>	<b>50</b>	<b>-2</b>	<b>103</b>	<b>42</b>	<b>249</b>	<b>187</b>
<b>Of which, attributable to:</b>						
Owners of the Parent Company	50	-2	103	42	250	188
Non-controlling interests	0	0	0	0	-1	-1
<b>Net profit for the period</b>	<b>50</b>	<b>-2</b>	<b>103</b>	<b>42</b>	<b>250</b>	<b>187</b>
Earnings per share, SEK, before dilution	0,94	-0,04	1,94	0,79	4,70	3,54
Earnings per share, SEK, after dilution	0,94	-0,04	1,94	0,79	4,70	3,54
Average number of share, thousands	53 140	53 140	53 140	53 140	53 140	53 140



# Consolidated balance sheet

SEK m	30 Jun 2020	30 Jun 2019	31 Dec 2019	SEK m	Note	30 Jun 2020	30 Jun 2019	31 Dec 2019
<b>Assets</b>				<b>Equity and liabilities</b>				
<b>Non-current assets</b>				<b>Equity</b>				
Goodwill	3 853	3 914	3 897	Share capital		1	1	1
Other intangible assets	5	16	5	Additional paid-in capital		1 096	1 095	1 096
Property, plant and equipment	309	360	377	Reserves		14	51	29
Right-of-use assets	2 125	1 945	2 089	Retained earnings		1 259	1 011	1 158
Financial assets:	38	14	33	<b>Equity attributable to owners of the parent company</b>		<b>2 370</b>	<b>2 158</b>	<b>2 284</b>
<b>Total non-current assets</b>	<b>6 329</b>	<b>6 250</b>	<b>6 401</b>	<b>Equity attributable to non controlling interest</b>		<b>0</b>	<b>18</b>	<b>22</b>
<b>Current assets</b>				<b>Total equity</b>		<b>2 370</b>	<b>2 176</b>	<b>2 305</b>
Trade receivables and other receivables	862	962	834	<b>Non-current liabilities</b>				
Other current receivables	247	172	160	Lease liability, long term		1 958	1 699	1 902
Cash and cash equivalents	954	489	836	Other Interest-bearing liabilities		1 723	1 795	1 769
Assets held for sale	-	286	-	Deferred tax liabilities		71	77	71
<b>Total current assets</b>	<b>2 063</b>	<b>1 908</b>	<b>1 830</b>	<b>Total non-current liabilities</b>		<b>3 753</b>	<b>3 571</b>	<b>3 741</b>
<b>TOTAL ASSETS</b>	<b>8 393</b>	<b>8 158</b>	<b>8 231</b>	<b>Current liabilities</b>				
				Lease liability, short term		264	260	270
				Other interest-bearing liabilities		599	617	607
				Trade payables		137	137	129
				Other current liabilities		1 270	1 398	1 178
				<b>Total current liabilities</b>		<b>2 270</b>	<b>2 411</b>	<b>2 185</b>
				<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8 393</b>	<b>8 158</b>	<b>8 231</b>

# Consolidated cash flow statement

SEK m	Note	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/20	Jan-Dec 2019
<b>Profit before tax</b>		<b>64</b>	<b>5</b>	<b>128</b>	<b>61</b>	<b>316</b>	<b>249</b>
<b>Adjustment for:</b>							
Depreciation		93	84	182	152	357	327
Financial items, net		36	40	70	61	130	121
Other non-cash items		0	1	0	0	0	0
<b>Cash flow from operating activities before changes in working capital</b>		<b>193</b>	<b>130</b>	<b>380</b>	<b>274</b>	<b>803</b>	<b>697</b>
Changes in working capital		61	66	23	15	134	126
<b>Cash flow from operating activities</b>		<b>254</b>	<b>195</b>	<b>403</b>	<b>289</b>	<b>937</b>	<b>823</b>
Financial items, net		-46	-37	-78	-52	-146	-120
Income tax paid		-26	-17	-49	-34	-87	-71
<b>Cash flow from operating activities, net</b>		<b>181</b>	<b>141</b>	<b>276</b>	<b>204</b>	<b>704</b>	<b>631</b>
Acquisition of subsidiaries, net cash impact		-8	-715	-8	-715	224	-483
Sales of Real estate		90	0	110	0	498	388
Investments in other non-current assets, net		-34	-59	-86	-120	-193	-228
<b>Cash flow from investing activities</b>		<b>48</b>	<b>-773</b>	<b>16</b>	<b>-835</b>	<b>528</b>	<b>-323</b>
Proceeds from new borrowings		24	795	24	795	24	795
Repayment of borrowings		0	0	-50	-51	-493	-494
Amortization of leasing debt		-68	-61	-138	-111	-278	-250
Dividend		0	-37	0	-37	0	-37
<b>Cash flow from financing activities</b>		<b>-44</b>	<b>697</b>	<b>-165</b>	<b>597</b>	<b>-747</b>	<b>14</b>
<b>Cash flow for the period</b>		<b>185</b>	<b>66</b>	<b>127</b>	<b>-35</b>	<b>485</b>	<b>322</b>
<b>Cash and cash equivalents at start of period</b>		<b>789</b>	<b>420</b>	<b>836</b>	<b>514</b>	<b>489</b>	<b>514</b>
Exchange rate difference in cash/cash equivalents		-20	3	-9	10	-19	0
<b>Cash and cash equivalents at end of period</b>		<b>954</b>	<b>489</b>	<b>954</b>	<b>489</b>	<b>954</b>	<b>836</b>

# Key ratios

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/20	Jan-Dec 2019
Operating revenue	1 980	1 918	3 918	3 626	7 759	7 467
EBIT, %	5,1%	2,3%	5,1%	3,4%	5,7%	4,9%
Interest-bearing net debt, SEK m	3 591	3 882	3 591	3 882	3 591	3 712
Return on capital employed, %	1,4%	0,7%	2,9%	1,9%	6,5%	5,4%
Equity/assets ratio, %	28,2%	26,7%	28,2%	26,7%	28,2%	28,0%
Operating cash flow, SEK m	221	136	317	169	743	595
Interest-bearing net debt/Adjusted EBITDA 12 months, times	4,6x	7,1x	4,6x	7,1x	4,6x	5,4x
Average number full-time employees Individual & Family	2 090	2 225	2 087	2 237	2 050	2 026
Average number full-time employees Personal Assistance	5 046	5 063	4 966	5 048	5 001	4 909
Average number full-time employees Elderly Care	868	934	844	887	849	847
Average number full-time employees Finland	1 740	1 838	1 711	1 339	1 724	1 538
Average number full-time employees Norway	833	785	708	790	758	799
Average number full-time employees Central func. incl Dk	58	55	57	54	57	56
Total average number full-time employees	10 634	10 901	10 374	10 354	10 440	10 175
Number of full-time employees on the closing date	10 823	11 238	10 823	11 238	10 823	10 093
Average number of customers Individual & Family	1 757	1 883	1 759	1 863	1 777	1 829
Average number of customers Personal Assistance	1 882	1 854	1 884	1 854	1 884	1 869
Average number of customers Elderly Care	812	796	807	789	804	794
Average number of customers Finland	3 871	3 961	4 068	3 255	4 035	3 628
Average number of customers Norway	316	298	314	304	305	300
Average number of customers Denmark	67	85	68	86	73	83
Total average number of customers	8 705	8 877	8 900	8 151	8 878	8 503
Average number of ordinary shares on the closing date, 000s	53 140	53 140	53 140	53 140	53 140	53 140
Equity per ordinary share, SEK	45	41	45	41	45	43
Earnings per share, SEK, after dilution	0,94	-0,04	1,94	0,79	4,70	3,54

# Segments financials

## Operating revenue by business area

SEK m	Apr-Jun			Jan-Jun		Jul-Jun			Jan-Dec	%
	2020	2019	%	2020	2019	%	2019/20	2019		
Individual & Family	532	535	-1%	1 051	1 047	0%	2 098	2 095	0%	
Personal Assistance	733	685	7%	1 452	1 369	6%	2 867	2 783	3%	
Elderly Care	155	142	9%	301	276	9%	589	564	4%	
Finland	338	341	-1%	688	520	32%	1 372	1 204	14%	
Norway	201	210	-4%	395	404	-2%	785	794	-1%	
Other 2)	22	5	310%	32	10	210%	47	26	83%	
<b>Total operating revenue</b>	<b>1 980</b>	<b>1 918</b>	<b>3%</b>	<b>3 918</b>	<b>3 626</b>	<b>8%</b>	<b>7 759</b>	<b>7 467</b>	<b>4%</b>	

## Organic growth by business area 1)

%	Apr-Jun		Jan-Jun		Jul-Jun		Jan-Dec
	2020	2019	2020	2019	2019/20	2019	
Individual & Family	-0,7%	-3,6%	0,3%	-5,3%	-1,1%	-4,0%	
Personal Assistance	5,4%	-0,1%	4,2%	0,7%	2,3%	0,9%	
Elderly Care	9,0%	30,7%	9,0%	27,4%	14,0%	23,3%	
Finland	0,0%	10,1%	9,1%	8,7%	12,9%	9,6%	
Norway	9,5%	6,2%	7,0%	7,8%	10,8%	4,2%	
<b>Total organic growth</b>	<b>3,4%</b>	<b>2,5%</b>	<b>4,2%</b>	<b>2,0%</b>	<b>4,2%</b>	<b>2,0%</b>	

## Operating profit per business area

SEK m	Apr-Jun			Jan-Jun		Jul-Jun			Jan-Dec	%
	2020	2019	%	2020	2019	%	2019/20	2019		
Individual & Family	49	41	22%	83	69	20%	182	168	8%	
Personal Assistance	29	26	15%	70	65	8%	159	154	3%	
Elderly Care	1	0	212%	1	4	-84%	9	13	-27%	
Finland	11	5	128%	27	20	36%	56	49	15%	
Norway	16	16	0%	29	25	17%	63	59	7%	
Other 2) 3)	-7	-42	n/a	-11	-61	n/a	-23	-72	n/a	
<b>Total operating profit</b>	<b>100</b>	<b>45</b>	<b>123%</b>	<b>198</b>	<b>122</b>	<b>63%</b>	<b>446</b>	<b>369</b>	<b>21%</b>	

## Operating profit margins by business area

%	Apr-Jun		Jan-Jun		Jul-Jun		Jan-Dec
	2020	2019	2020	2019	2019/20	2019	
Individual & Family	9,3%	7,6%	7,9%	6,6%	8,7%	8,0%	
Personal Assistance	4,0%	3,7%	4,8%	4,7%	5,5%	5,5%	
Elderly Care	0,7%	0,3%	0,2%	1,5%	1,6%	2,3%	
Finland	3,2%	1,4%	4,0%	3,9%	4,1%	4,0%	
Norway	7,9%	7,5%	7,3%	6,1%	8,0%	7,4%	
<b>Total operating profit margin</b>	<b>5,1%</b>	<b>2,3%</b>	<b>5,1%</b>	<b>3,4%</b>	<b>5,7%</b>	<b>4,9%</b>	

Central costs, SEK m	Q2 2020	Q2 2019	Jan-Jun 2020	Jan-Jun 2019
<b>Underlying central costs</b>	<b>33</b>	<b>27</b>	<b>60</b>	<b>50</b>
Acquisition related costs	0	26	0	28
Effects of IFRS 16	-9	-10	-25	-17
Sales of Real estate	-17	-	-23	-
<b>Central overhead costs</b>	<b>7</b>	<b>42</b>	<b>11</b>	<b>61</b>

Financial summary Q2 2020

## Central costs

- Higher non-recurring central costs related to transactions
- Capital gain from sale of real estate



## Financial targets

- **Profitability**  
An operating margin of 7% over the medium term.
- **Revenue growth**  
Annual organic revenue growth of 5% over the medium term. Bolt-on acquisitions may generate additional annual growth of 2-3 %.
- **Capital structure**  
Interest-bearing net debt not exceeding 4.5 times EBITDA, i.e. operating profit before depreciation, amortisation and impairment (see Note 9b, Financial definitions and intent). Debt may temporarily exceed the target level, for example in connection with acquisitions.

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