



Humana

Everyone is entitled to a good life.

Interim report Q3, July-September 2019

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Financial highlights Q3

Revenue and growth

- Operating revenue increased 15% to SEK 1,928m (1,677)
- The organic growth was 3.2% (4.4)

Operating profit

- Operating profit increased by 17% to SEK 176m (151). Excluding the effects of IFRS 16 operating profit increased 9% to SEK 164m (151)
- Operating margin in line with last year, 9.1% (9.0), but decreased to 8.5% (9.0) when excluding the effects of IFRS 16

Cash flow & leverage

- Operating cash flow was SEK 206m (35). Excluding the IFRS 16 effects cash flow was SEK 121m (35).
- Net debt/EBITDA of 6.0x (3.2). Excluding the IFRS 16 effects the ratio was 4.1 (3.2)



Operational highlights Q3

- Continued focus on organic growth
- Two new contracts for elderly housing units under own management, in Norrtälje and Ängelholm, both units to open in 2021
- Sale of 37 commercial properties in Finland, Sweden and Norway. The value of the property portfolio, which was transferred through a sale and leaseback transaction, amounts to SEK 468m
- Humana Quality Index stable at 94 in the third quarter (92 in 2018)
- Humana again nominated for the 2019 AllBright Award (winner 2017 and 2018)

Operational highlights Q3 2019 – Individual & Family

Solid performance driven by higher efficiency

- The operating margin increased to 13.7 % (13.3), mainly explained by improved efficiency and better adaptation to meet the current demand
- Occupancy decreased slightly during the quarter, primarily in segments concerning children and adolescents
- Under the new leadership the business area is now implementing changes aiming to reduce volatility and improve performance over time



**Individual &
Family**



Operational highlights Q3 2019 - Personal Assistance

Healthy growth and stable margins

- The steady performance continues with high customer satisfaction and increased market share
- Margin remains stable. Investments in quality and efficiency paying off
- Challenges in the market remain as the number of individuals whom Försäkringskassan considers eligible for assistance continues to decrease
 - Definition of *Basic needs* widened from 1 November (now including respiratory aid etc)
- Remuneration will increase by 1.5 % (304,30 SEK) in 2020 according to Government's budget proposal

Operational highlights Q3 2019 - Elderly Care

Two new OwM contracts and higher customer satisfaction

- Good market demand with high occupancy in all units under own management
- In September Humana's fifth own-management unit was opened in Kungsängen
- Two new agreements on new housing units under own management, in Norrtälje and in Ängelholm, with 60 apartments each. To open in 2021
- The National Board of Health and Welfare's national survey shows an increase in the number of satisfied customers in Humana's elderly housing: 88 % in 2019 (87). The national average for all elderly housing in Sweden was 81 %





Finland

Operational highlights Q3 2019 - Elderly Care

Integration work progresses and good organic growth

- Good organic growth in I&F segments in Finland (Arjessa)
- Progress in improving Coronaria Hoiva
 - Structured improvement program continuing as planned to realise full potential
- The work on integration proceeds and ambition is to fully integrate Coronaria Hoiva by Q419
- Implementation of Humana brand
- Political climate in Finland still sensitive but the debate has calmed down.
 - Inspection authorities very active

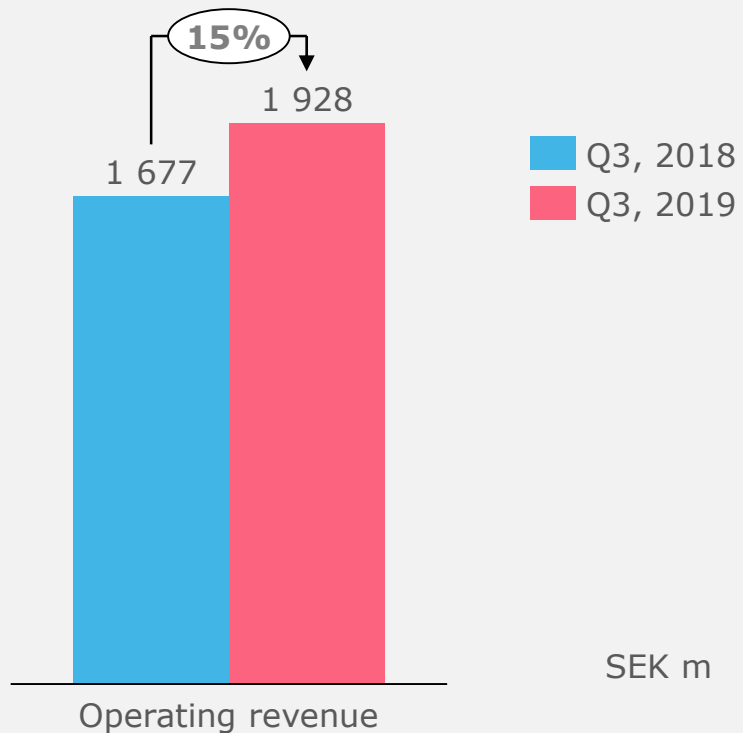
Operational highlights Q3 2019 – Other Nordics

Stable development in Norway

- Performance was stable although revenues decreased slightly in comparison with the strong Q3 in 2018
- Strong momentum in personal assistance (BPA) and disabled care housing services (HOT)
- Slightly increased grants to child welfare, individual health care and BPA in the national budget
- The government wishes to increase the share of non-profit organizations in procurement of care and health care



Operating revenue



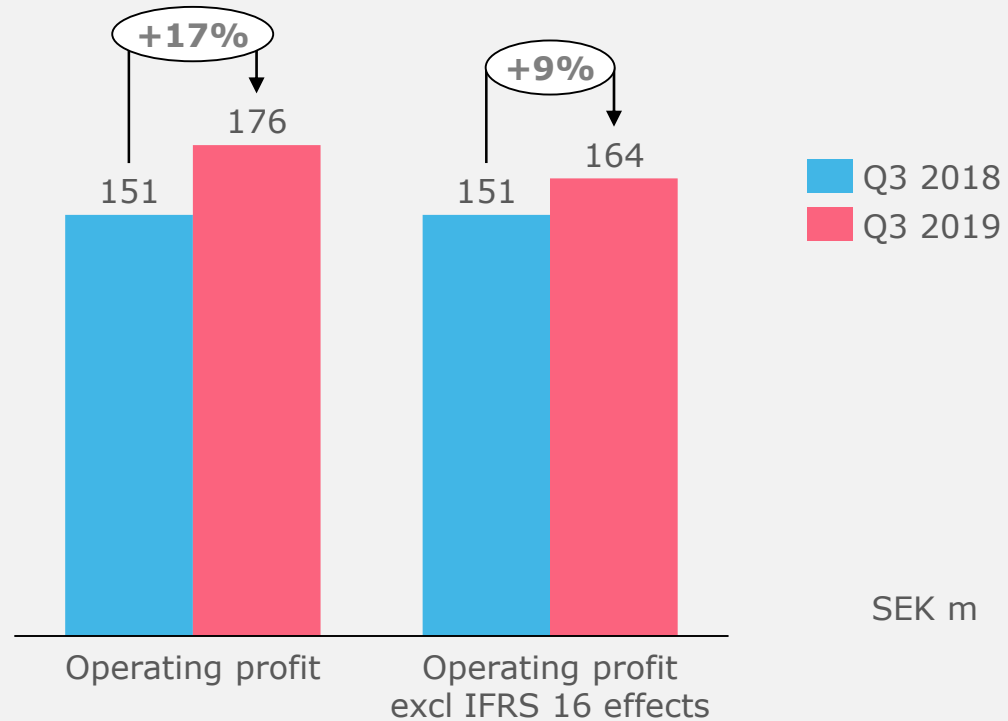
- The revenue growth of 15% was primarily acquisition driven. Acquired operations contributed SEK 200m to revenues in the quarter, of which SEK 151m relates to revenues from Coronaria Hoiva in Finland
- Organic growth was 3.2% (4.4)
- Operating revenue grew 11% in the nine-month period, well in line with the financial target of an annual growth rate of 8-10%

Organic growth



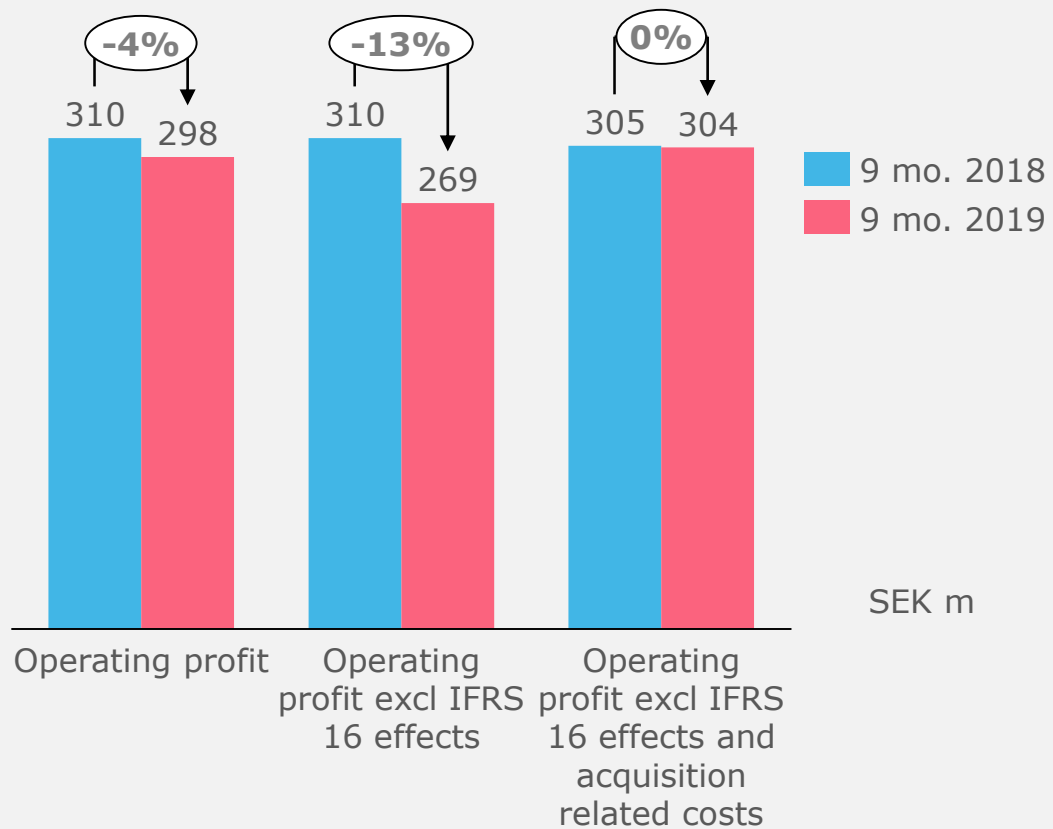
- The somewhat weaker organic growth of 3,2% compared to last years 4,4% is due to the occupancy development and negative organic growth in the Individual & Family business area.

Profitability



- Operating profit margin was 9.1% (9.0) and 8.5% (9.0) when excluding the effects of IFRS 16
- The effect of IFRS 16 amounted to SEK 13m (-), due to lower rental costs of SEK 85m and higher depreciations of SEK 72m (a reduction in central costs)
- Integration costs for Coronaria Hoiva were SEK -4m (0)

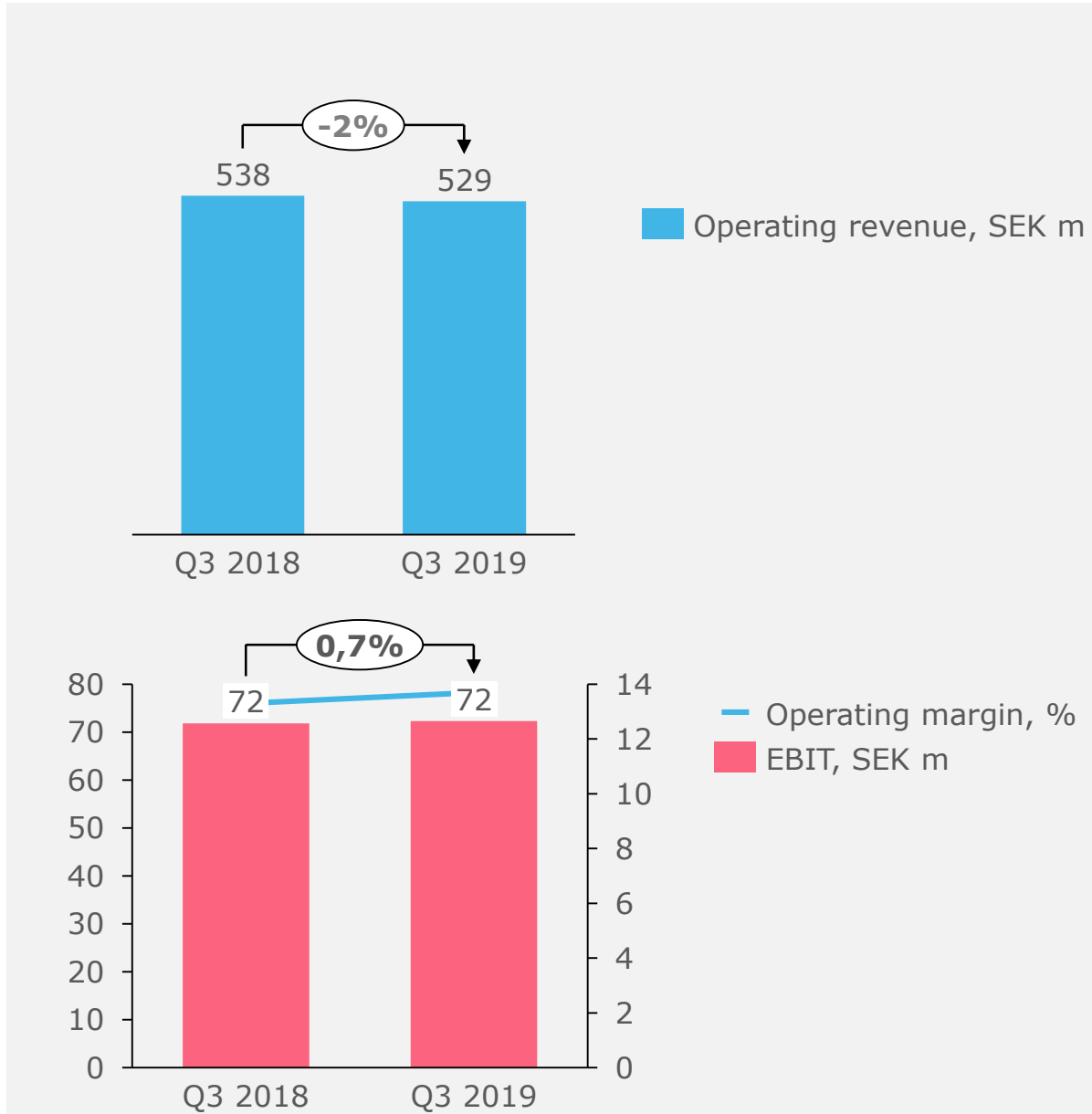
Profitability – 9 months



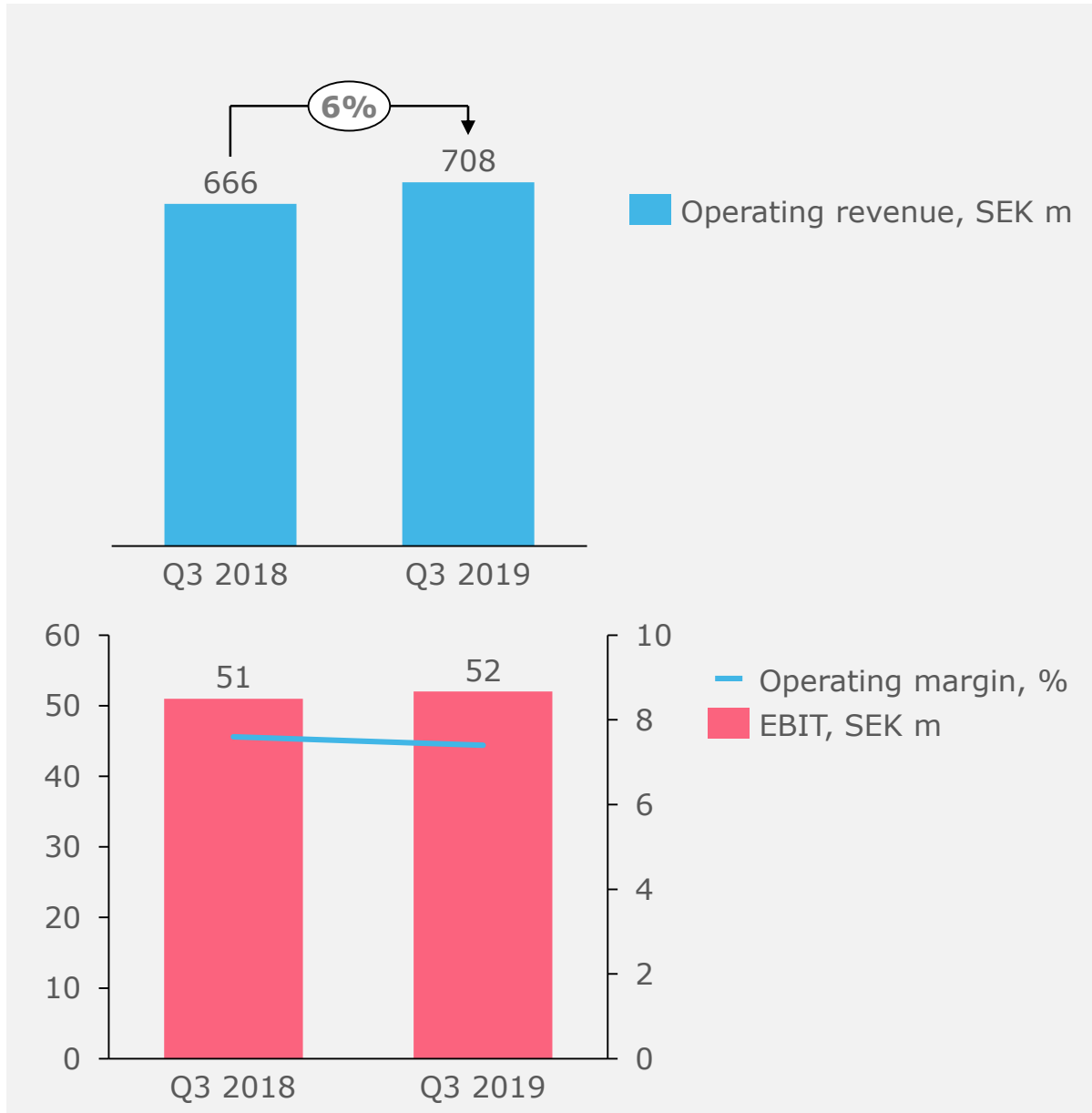
- The effects of IFRS 16 was SEK 30m (-)
- Acquisition expenses and revenues amounted to SEK -28m (5), largely related to the acquisition of Coronaria Hoiva. Integration costs for Coronaria Hoiva were SEK -8m (-)

Individual & Family

- The revenue decrease is due to lower occupancy in housing solutions for children and adolescents
- Negative organic growth of -1.7% (0.4)
- The adaptation work to increase sales and better meet a partially changed demand from the clients continues
- Higher operating margin at 13.7% (13.3) explained by lower costs through increased efficiency



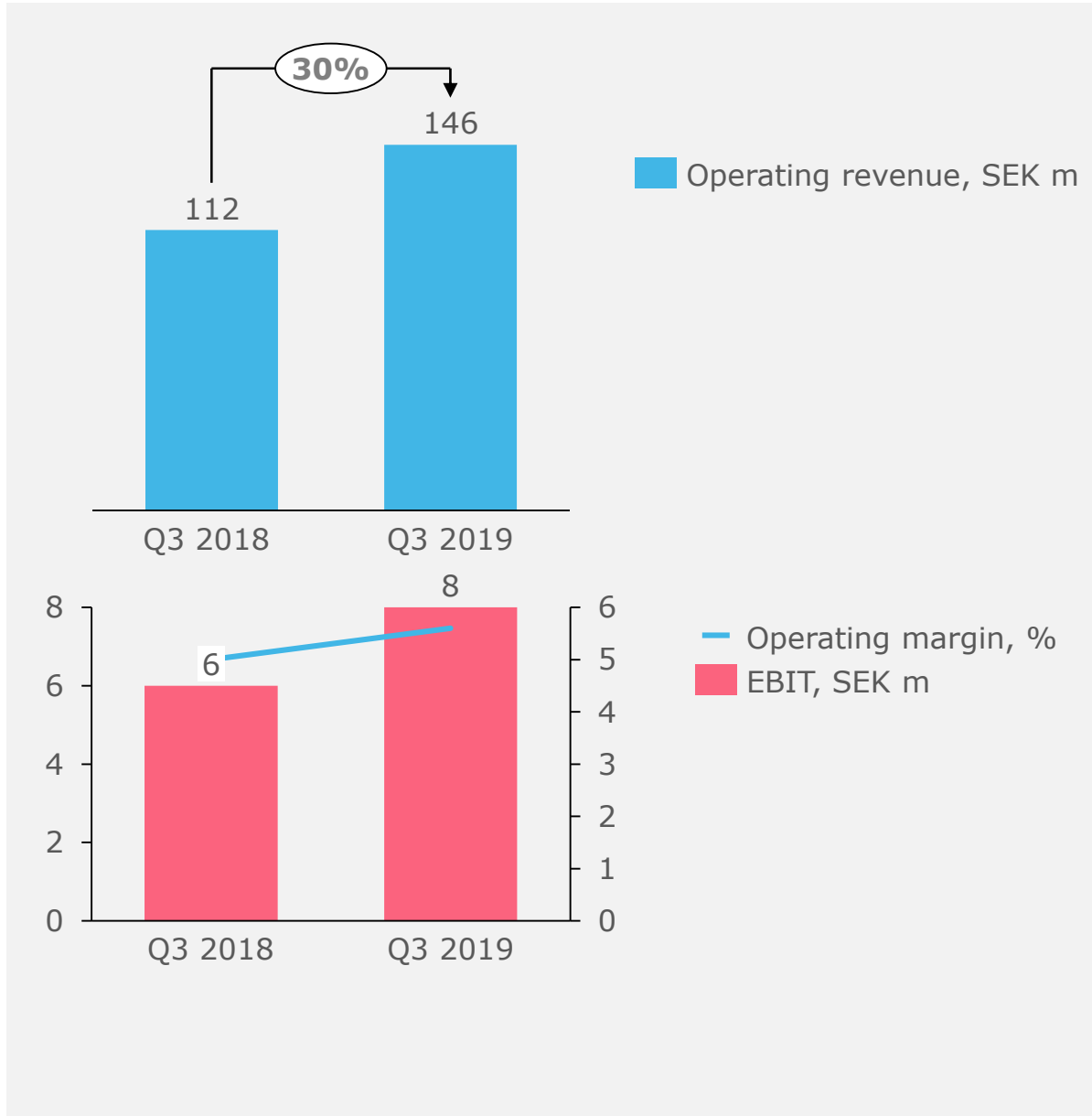
Personal Assistance



- Acquisitions, this year and last year, account for most of the increase in revenues
- The organic growth of 1.3% (-1.0) is due to a stable number of assistance hours and an increase in the assistance allowance
- Operating profit, EBIT, increased by 3%. The increase in the state reimbursement level has contributed to the profit
- Operating margin of 7.4% (7.6)

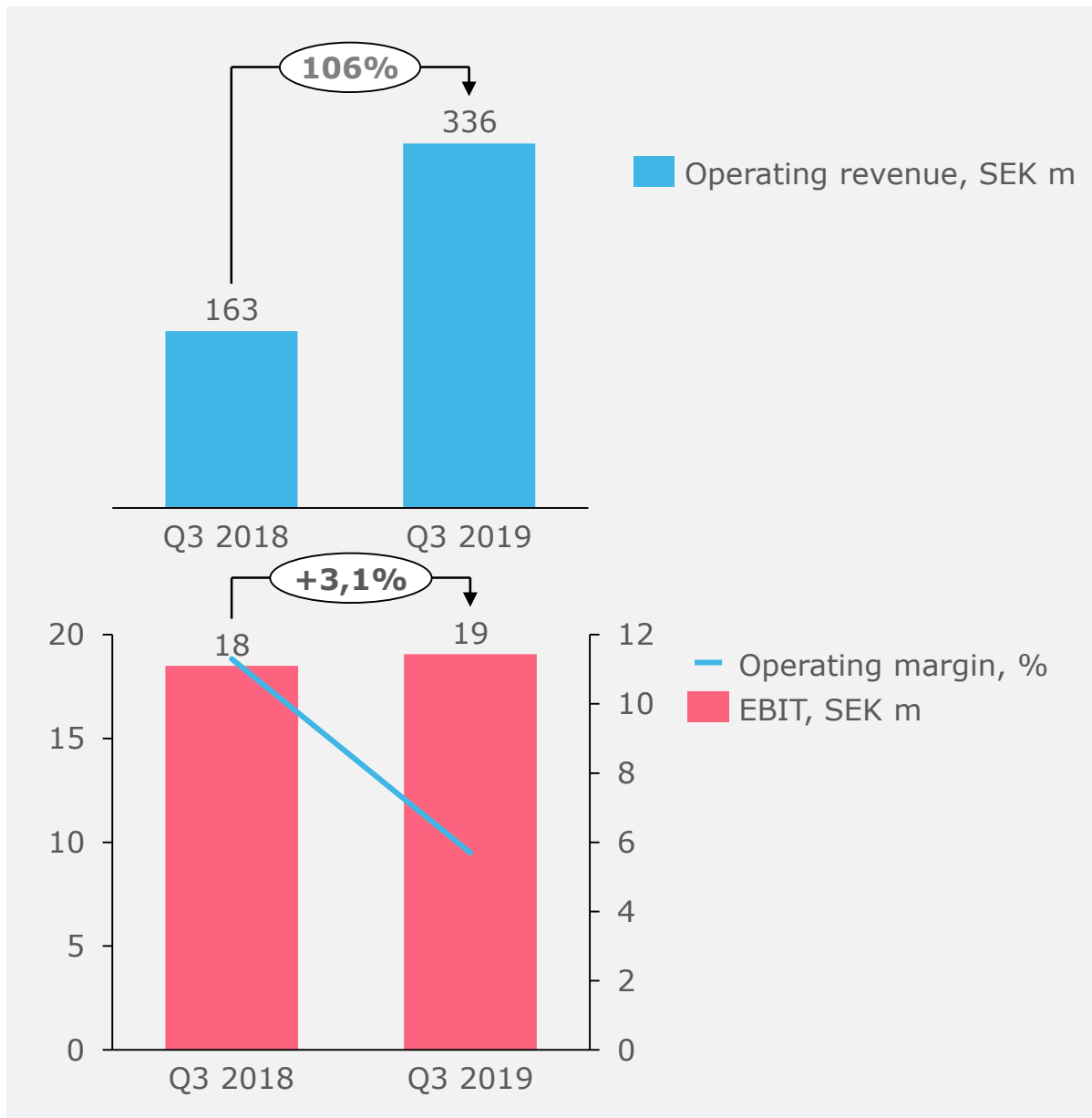
Elderly Care

- Good occupancy in our own managed housing units and two new (in Q4 2018) tendered elderly housing units contributing
- Start-up costs for the new elderly housing units under own management in Staffanstorp and Kungsängen (which opened in September) have a negative impact of SEK 2m on Q3 profits
- Operating margin was 5.6% (5.0)



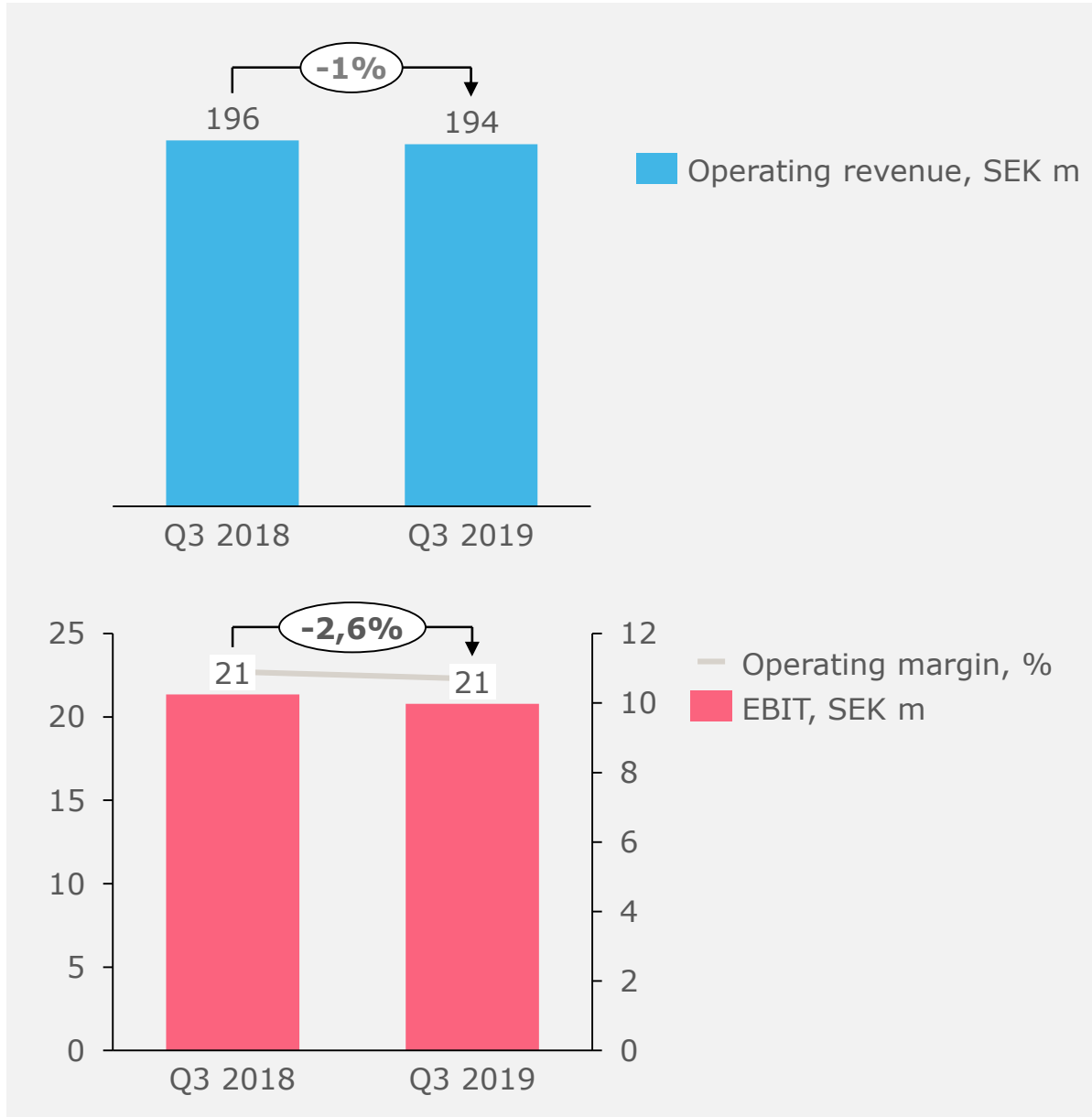
Finland

- The acquisition of Coronaria Hoiva contributed SEK 151m to revenues
- Organic growth at 9.6% (21.0) explained by the opening of new individual and family care units in Finland
- Results for Coronaria Hoiva improved in the third quarter vs the second quarter. Integration costs amounted to SEK 4m
- Operating margin was 5.7% (11.3). Openings of new units in Finland had a somewhat negative impact on the margin



Norway

- Revenues decreased slightly in the quarter in reporting currency
- Organic growth at 2.1% (14.2). The organic growth is explained by a different mix of clients
- Operating margin was 10.7% (10.9)



Financial summary Q3 2019

Central costs

- Underlying central costs was up SEK 1m
- Positive effects of IFRS 16 was SEK 13m (-)

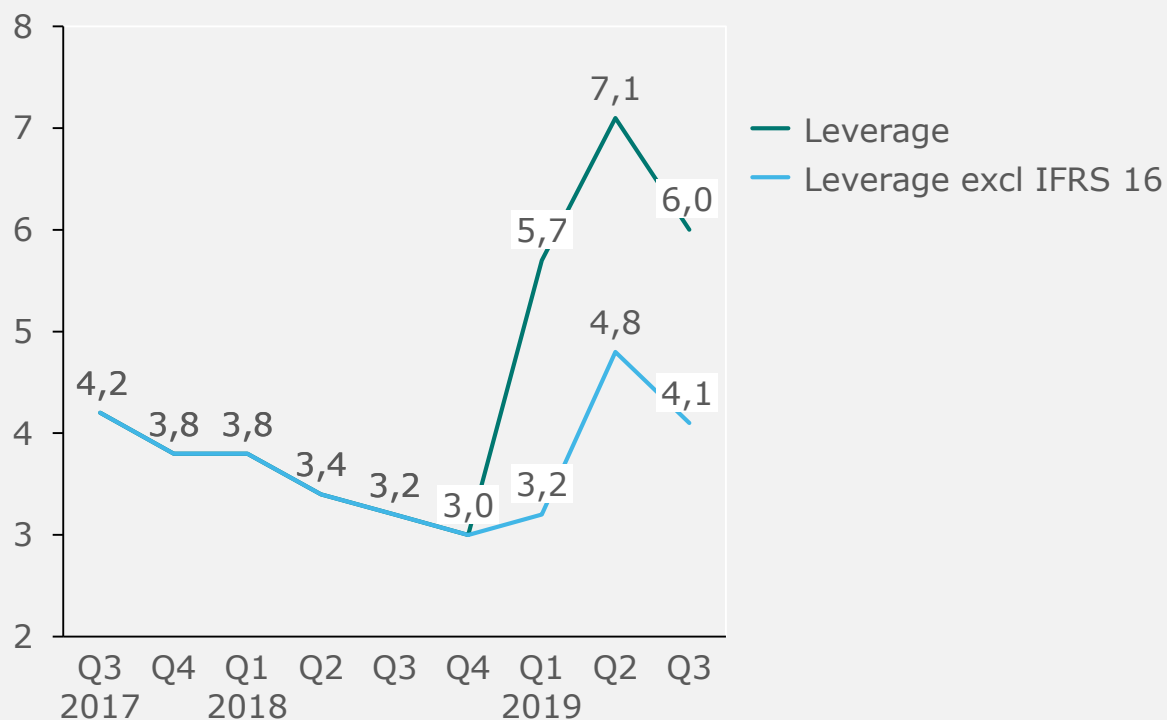
Central costs, SEK m	Q3 2019	Q3 2018	2019	2018
Underlying central costs	18	17	68	57
Acquisition related costs	0	-	28	5
Revaluation of earn out	-5	-	-5	-9
Effects of IFRS 16	-13	-	-30	-
Sales of Finnish company	-	-	-	-2
Sales of Real estate	-4	-	-4	-
Central overhead costs	-4	17	57	51

Cash flow

	Q3 2019	Q3 2019 excl IFRS 16	Q3 2018
Cash flow from operating activities before changes in working capital	266	182	168
Changes in working capital	-23	-23	-81
Cash flow from operating activities	244	159	87
Financial items, net	-24	-4	-4
Income tax paid	-12	-12	-16
Cash flow from operating activities, net	207	142	207
Acquisitions of subsidiaries, net cash impact	0	0	-10
Sales of Real Estate	325	325	0
Investments	-38	-38	-52
Cash flow from investing activities	288	288	-62
Cash flow from financing activities	-281	-211	0
Cash flow for the period	213	219	6

- Good cash flow and normal working capital
- Cash flow from investing activities relates to sale and leaseback transaction
- Cash flow from financing activities includes SEK 211m in repayment of borrowings and SEK 70m in amortisation of leasing debt

Net debt/EBITDA



Financial summary Q3 2019

Financial position

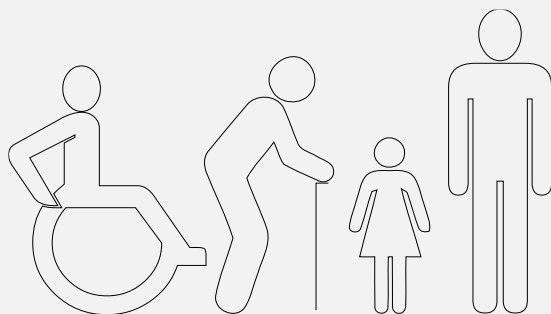
- Net debt increased to SEK 3,854m (1,405) in Q3
- With the IFRS 16 effects excluded net debt increased to 1,757m (1,405)
- The sale and leaseback transaction resulted in a positive cash effect of SEK 325m

Thank you!

Appendix

Humana at a glance




Critical actor in the Nordic welfare



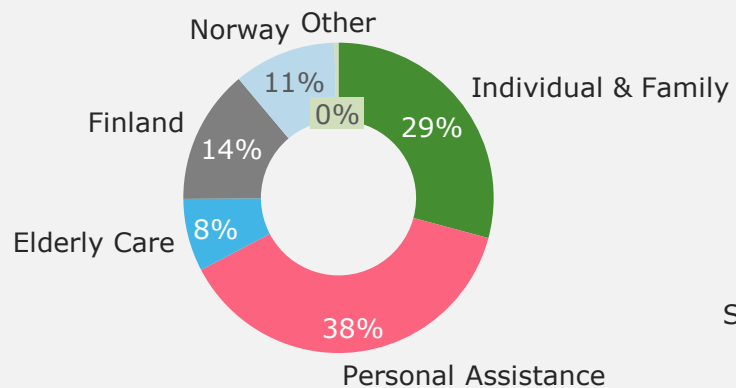
9,000
Customers

16,000
Employees

Market leading positions in the Nordics

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

Operations and revenue split

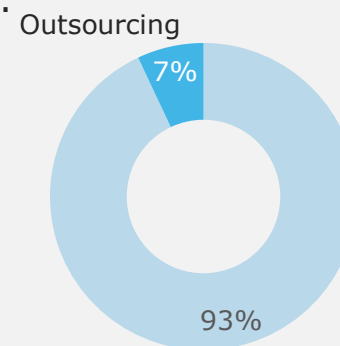


7,253
Revenues

380
EBIT
SEK m, 2018/19 LTM

Clear focus on full responsibility

Split of revenues:



Full responsibility and customer choice

Consolidated income statement

SEK m	Note	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Net revenue		1,919	1,678	5,545	5,011	7,243	6,714
Other revenue		9	-1	9	10	10	11
Operating revenue	3	1,928	1,677	5,554	5,021	7,253	6,725
Other external costs	8	-228	-251	-697	-779	-962	-1,044
Personnel costs		-1,434	-1,257	-4,289	-3,878	-5,608	-5,202
Depreciation	8	-90	-18	-242	-49	-263	-70
Other operating costs		0	0	-28	-6	-41	-19
Operating costs		-1,752	-1,526	-5,256	-4,712	-6,873	-6,334
Operating profit		176	151	298	310	380	391
Financial revenue		83	0	107	1	107	1
Financial costs	8	-102	-19	-186	-60	-202	-76
Unrealised changes in value of derivatives		0	0	0	1	0	1
Profit before tax		158	132	219	251	285	317
Income tax	8	-30	-30	-49	-57	-64	-72
Net profit for the period		128	102	170	194	221	245
Of which, attributable to:							
Owners of the Parent Company		128	102	170	194	222	246
Non-controlling interests		0	0	-1	0	-1	-1
Net profit for the period		128	102	170	194	222	246
Earnings per share, SEK, before dilution	5, 8	2.42	1.92	3.21	3.65	4.18	4.62
Earnings per share, SEK, after dilution	5, 8	2.42	1.92	3.21	3.65	4.18	4.62
Average number of share, thousands		53,140	53,140	53,140	53,140	53,140	53,140

Income statement excluding effects of IFRS 16

SEK m	Note	Jul-Sep	IFRS 16- effect	Excl IFRS 16	Jul-Sep	Jan-Sep	IFRS 16- effect	Excl IFRS 16	Jan-Sep
		2019	Jul-Sep 2019	Jul-Sep 2019	2018	2019	Jan-Sep 2019	Jan-Sep 2019	2018
Operating revenue		1,928	0	1,928	1,676	5,554	0	5,554	5,022
Other external costs		-228	85	-313	-251	-697	216	-913	-779
Personnel costs		-1,434	-	-1,434	-1,257	-4,289	-	-4,289	-3,879
Depreciation		-90	-72	-18	-18	-242	-186	-56	-49
Other operating costs		0	-	0	0	-28	-	-28	-6
Operating costs		-1,752	13	-1,765	-1,526	-5,256	30	-5,285	-4,713
Operating profit		176	13	164	150	298	30	269	309
Financial revenue		83	-	83	0	107	-	107	1
Financial costs		-102	-20	-81	-19	-186	-51	-136	-60
Unrealised changes in value of derivatives		0	-	0	0	0	-	0	1
Profit before tax		158	-7	165	132	219	-21	240	251
Income tax		-30	2	-31	-30	-49	5	-53	-57
Net profit for the period		128	-6	134	102	170	-17	186	194
Earnings per share, SEK, before&after dilution		2.42	-0.11	2.52	1.92	3.21	-0.31	3.52	3.65

Consolidated balance sheet

SEK m	Note	30 Sep 2019	30 Sep 2018	31 Dec 2018
Assets				
Non-current assets				
Goodwill	4	3,928	3,166	3,168
Other intangible assets		15	9	8
Property, plant and equipment		406	490	560
Right-of-use assets		2,043	0	0
Financial assets:		13	15	9
Total non-current assets		6,405	3,680	3,745
Current assets				
Trade receivables and other receivables		857	818	847
Other current receivables		205	136	112
Cash and cash equivalents		703	511	514
Total current assets		1,765	1,465	1,473
TOTAL ASSETS		8,170	5,145	5,218

SEK m	Note	30 Jun 2019	30 Jun 2018	31 Dec 2018
Equity and liabilities				
Equity				
Share capital		1	1	1
Additional paid-in capital		1,096	1,094	1,094
Reserves		41	42	28
Retained earnings		1,140	955	1,007
Equity attributable to owners of the parent company		2,278	2,092	2,130
Equity attributable to non controlling interest		20	0	17
Total equity		2,298	2,092	2,147
Non-current liabilities				
Lease liability, long term		1,867	0	0
Other Interest-bearing liabilities		1,797	1,281	1,259
Deferred tax liabilities		77	78	73
Total non-current liabilities		3,740	1,359	1,333
Current liabilities				
Lease liability, short term		271	0	0
Other interest-bearing liabilities		623	634	633
Trade payables		118	86	121
Other current liabilities		1,120	974	985
Total current liabilities		2,132	1,694	1,739
TOTAL EQUITY AND LIABILITIES		8,170	5,145	5,218

Consolidated cash flow statement

SEK m	Note	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Profit before tax	8	158	132	219	251	285	317
Adjustment for:							
Depreciation	8	90	18	242	49	263	70
Financial items, net	8	19	19	80	59	95	74
Other non-cash items		0	0	0	0	0	0
Cash flow from operating activities before changes in working capital		266	168	540	359	643	461
Changes in working capital		-23	-81	-7	-107	82	-18
Cash flow from operating activities		244	87	533	252	725	443
Financial items, net	8	-24	-4	-76	-31	-99	-53
Income tax paid		-12	-16	-47	-34	-71	-58
Cash flow from operating activities, net		207	67	411	187	556	331
Acquisition of subsidiaries, net cash impact		0	-10	-483	-32	-537	-86
Sales of subsidiaries, net cash impact		0	0	0	4	0	4
Sales of Real estate		325		325	0	325	
Investments in other non-current assets, net		-38	-52	-158	-103	-213	-158
Cash flow from investing activities		288	-62	-316	-131	-425	-240
Proceeds from new borrowings		0	0	795	144	796	145
Repayment of borrowings		-211	0	-494	-251	-521	-279
Amortization of leasing debt	8	-70	0	-181	0	-181	0
Dividend		0	0	-37	-32	-37	-32
Cash flow from financing activities		-281	0	84	-139	57	-166
Cash flow for the period		213	6	178	-83	188	-74
Cash and cash equivalents at start of period		489	507	514	584	511	584
Exchange rate difference in cash/cash equivalents		1	-2	11	9	5	3
Cash and cash equivalents at end of period		703	511	703	511	703	514

Cash flow excluding effects of IFRS 16

SEK m	IFRS 16- Excl IFRS 16			IFRS 16- Excl IFRS 16				
	Jul-Sep 2019	Jul-Sep 2019	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2019	Jan-Sep 2019	Jan-Sep 2018
Profit before tax	158	7	165	132	219	21	240	251
Adjustment for:								
Depreciation	90	-72	18	18	242	-186	56	49
Financial items, net	19	-20	-2	19	80	-51	29	59
Other non-cash items	0	-	0	0	0	-	0	0
Cash flow from operating activities	244	-85	159	87	533	-216	317	252
Financial items, net	-24	20	-4	-4	-76	51	-25	-31
Income tax paid	-12	-	-12	-16	-47	-	-47	-34
Cash flow from operating activities, net	207	-65	142	67	411	-165	245	187
Financing activities								
Proceeds from new borrowings	0	-	0	0	795	-	795	144
Repayment of borrowings	-211	-	-211	0	-494	-	-494	-251
Amortization of leasing debt	-70	70	0	-	-181	181	0	
Dividend	0	-	0	0	-37	-	-37	-32
Cash flow from financing activities	-281	70	-211	0	84	181	264	-139

1) According to IFRS 16, lease payments are allocated between amortisation of lease liabilities and interest expenses. In comparison with 2018, this means that cash flow from operating activities is positively affected by the fact that depreciation of right of use assets is reversed as not affecting cash flow while most of the lease payments are recognised as amortisation of interest-bearing liabilities in cash flow from financing activities.

Key ratios

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Operating revenue	1,928	1,677	5,554	5,021	7,253	6,725
EBIT, %	9.1%	9.0%	5.4%	6.2%	5.2%	5.8%
Interest-bearing net debt, SEK m	3,854	1,405	3,854	1,405	3,854	1,378
Return on capital employed, %	2.6%	3.8%	4.4%	7.7%	5.6%	9.7%
Equity/assets ratio, %	28.1%	40.7%	28.1%	40.7%	28.1%	41.1%
Operating cash flow, SEK m	206	35	375	149	512	285
Interest-bearing net debt/Adjusted EBITDA 12 months, times	6.0x	3.2x	6.0x	3.2x	6.0x	3.0x
Excluding IFRS 16 effects:						
Operating revenue	1,928	1,677	5,554	5,021	7,253	6,725
EBIT, %	8.5%	9.0%	4.8%	6.2%	4.8%	5.8%
Interest-bearing net debt, SEK m	1,757	1,405	1,757	1,405	1,757	1,378
Return on capital employed, %	3.4%	3.8%	5.6%	7.7%	7.4%	9.7%
Equity/assets ratio, %	37.8%	40.7%	37.8%	40.7%	37.8%	41.1%
Operating cash flow, SEK m	121	35	159	149	296	285
Interest-bearing net debt/Adjusted EBITDA 12 months, times	4.1x	3.2x	4.1x	3.2x	4.1x	3.0x

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Average number full-time employees Individual & Family	2,131	2,505	2,070	2,420	2,133	2,396
Average number full-time employees Personal Assistance	5,229	5,296	4,931	5,080	4,956	5,068
Average number full-time employees Elderly Care	924	776	868	769	851	776
Average number full-time employees Finland	1,768	777	1,482	761	1,308	767
Average number full-time employees Norway	815	766	798	731	793	742
Average number full-time employees Central functions incl Denmark	56	33	54	26	54	33
Total average number full-time employees	10,923	10,153	10,203	9,786	10,095	9,782
Number of full-time employees on the closing date	10,663	10,044	10,663	10,044	10,663	9,729
Average number of customers Individual & Family	1,827	1,927	1,851	1,974	1,863	1,955
Average number of customers Personal Assistance	1,879	1,812	1,862	1,824	1,862	1,833
Average number of customers Elderly Care	805	676	794	671	784	691
Average number of customers Finland	3,775	2,515	3,429	2,601	3,256	2,635
Average number of customers Norway	298	323	302	315	307	317
Average number of customers Denmark	85	34	86	11	91	35
Total average number of customers	8,668	7,294	8,323	7,400	8,161	7,396
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	43	39	43	39	43	40

Segments financials

Operating revenue by business area

SEK m	Jul-Sep		%	Jan-Sep		Oct-Sep		Jan-Dec	
	2019	2018		2019	2018	2018/19	2018	2018	%
Individual & Family	529	538	-2%	1,577	1,645	-4%	2,116	2,188	-3%
Personal Assistance	708	666	6%	2,077	1,978	5%	2,766	2,668	4%
Elderly Care	146	112	30%	421	328	28%	550	457	20%
Finland	336	163	106%	856	489	75%	1,015	648	57%
Norway	194	196	-1%	598	569	5%	775	746	4%
Other revenue incl. Denmark	14	1	981%	24	12	96%	31	19	63%
Total operating revenue	1,928	1,677	15%	5,554	5,021	11%	7,253	6,725	8%

Organic growth by business area 1)

%	Jul-Sep		%	Jan-Sep		Oct-Sep		Jan-Dec	
	2019	2018		2019	2018	2018/19	2018	2018	%
Individual & Family	-1.7%	0.4%	-4.1%	-1.0%	-3.7%	-1.3%			
Personal Assistance	1.3%	-1.0%	1.0%	0.2%	1.3%	0.7%			
Elderly Care	30.0%	32.4%	28.3%	30.7%	31.0%	33.4%			
Finland	9.6%	21.0%	9.0%	14.6%	1.9%	12.7%			
Norway	2.1%	14.2%	6.0%	4.1%	7.1%	7.6%			
Total organic growth	3.2%	4.4%	2.4%	2.9%	2.2%	3.4%			

Operating profit per business area

SEK m	Jul-Sep		%	Jan-Sep		Oct-Sep		Jan-Dec	
	2019	2018		2019	2018	2018/19	2018	2018	%
Individual & Family	72	72	1%	141	159	-11%	178	196	-9%
Personal Assistance	52	51	3%	117	111	6%	158	151	4%
Elderly Care	8	6	47%	12	5	135%	16	9	79%
Finland	19	18	3%	39	51	-23%	57	68	-17%
Norway	21	21	-3%	45	35	29%	65	55	19%
Central costs/other incl. Denmark 2) 3) 4)	4	-17	n/a	-57	-51	n/a	-93	-88	n/a
Total operating profit	176	151	17%	298	310	-4%	380	391	-3%

Excluding IFRS 16 effects (affects only Central costs):

Total operating profit	164	151	9%	269	310	-13%	350	391	-10%
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Operating profit margins by business area

%	Jul-Sep		%	Jan-Sep		Oct-Sep		Jan-Dec	
	2019	2018		2019	2018	2018/19	2018	2018	%
Individual & Family	13.7%	13.3%	8.9%	9.7%	8.4%	9.0%			
Personal Assistance	7.4%	7.6%	5.6%	5.6%	5.7%	5.7%			
Elderly Care	5.6%	5.0%	2.9%	1.6%	2.9%	2.0%			
Finland	5.7%	11.3%	4.6%	10.4%	5.6%	10.5%			
Norway	10.7%	10.9%	7.6%	6.2%	8.4%	7.3%			
Total operating profit margin	9.1%	9.0%	5.4%	6.2%	5.2%	5.8%			

Excluding IFRS 16 effects:

Total operating profit margin	8.5%	9.0%	4.8%	6.2%	4.8%	5.8%		
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- Organic growth is calculated as revenue growth for comparable companies that Humana owned during the comparative period.
- Operating revenue in Q2 2018 include the effect of the final deduction of purchase consideration of SEK 9m, linked to this, is acquisition costs of SEK 5m.
- Operating result and operating profit include; positive earn out effects of SEK 5m and a gain on sales of real estate of SEK 4m.
- Operating profit full year 2019 includes SEK 28m in acquisition costs, operating profit full year 2018 includes acquisition costs of SEK 18m, of which SEK 5m was in Q2 and SEK 0m in third quarter. Operating result 2019 also include integration costs of SEK 8m of which SEK 4m derive from third quarter.
- Operating result 2019 include IFRS16 effects of net SEK +30m (0), SEK +13m (0) in the third quarter.



Financial targets*

- **Revenue growth 8-10%**
Annual growth rate in the medium term of 8-10%, achieved through organic growth as well as bolt-on acquisitions
- **Profitability 6%**
EBIT margin in the medium term of approximately 6%
- **Capital structure 3x**
The net debt in relation to EBITDA is not to exceed 3.0x. Leverage, may however temporarily, for example in relation to acquisitions, exceed the target level.
- **Dividend policy 30%**
30% of net profits are to be distributed. The dividend proposal shall take into account Humana's long-term development potential and its financial position

* Before the effects of the new accounting standard IFRS 16 are taken into account



Financial calendar

Interim report Oct-Dec 2019	13 Feb 2020
Interim report Jan-Mar 2020	7 May 2020
AGM 2020	7 May 2020
Interim report Apr-Jun 2020	20 Aug 2020

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