



Humana

Interim report Q4
October-December 2018

Rasmus Nerman, Ulf Bonnevier, 14 February 2019

Financial highlights Q4

Revenue and growth

- Operating revenue increased 5% to SEK 1,700 M (1,616).
- The organic growth increased for the fourth consecutive quarter to 4.8%, the highest rate as a listed company.



Operating profit

- Operating profit increased by 24 % to SEK 82M (66), excluding acquisition related costs operating profit increased by 42 % to SEK 95 M (67).
- Operating margin increased to 4.8% (4.1) or 5.6% (4.1) excluding acquisition related costs.



Cash flow & net debt

- Operating cash flow was SEK 136m (197), a decrease of SEK 61m.
- Net debt was lowered to SEK 1,378m (1,440).
- Net debt/EBITDA of 3.0x (3.8).



Operational highlights Q4



Selective and strategic acquisitions

- Strengthening presence in Northern Sweden with RIK Assistans
- Specialized provider of social psychiatry in Matiimi Oy
- *In Jan19*: Agreement to acquire Coronaria Hoiva Oy



Building for organic growth

- Two new elderly care homes were opened in Stockholm.
- ~5 new units opened within LSS/HVB in Finland and Sweden
- *In Feb19*: Signed agreement for new OWM elderly care unit in Vallentuna. To open in Q4 2020.



High quality proved

- Annual quality survey the National Board of Health and Welfare, again gives Humana very high quality grades
- Recurring quality survey in Personal Assistance gives very high customer satisfaction



Best listed company for gender equality

- Humana wins the AllBright Award for the second year in a row for the best company on the stock exchange for gender equality
- Annual employee satisfaction survey (WeYouMe) with very strong results



Varied demand in the sub segments

- Despite improved performance and margin in 2018 the overall revenue development in I&F is still weak.
 - Lower demand in the quarter for family homes and outpatient care.
 - Good momentum in OWM LSS housing throughout the year and also an attractive pipeline. Current focus on ramp up of new units with the ambition to open several OWM units in 2019.
- Outlook for the long term is positive, but our assessment is that the weaker market within parts of Individual & Family will continue into 2019.
- Continued focus in 2019 on activities to strengthen the revenue generation and future growth.



**Individual
& Family**





Personal Assistance

Operational highlights Q4 - Personal Assistance

Showcasing strength in weak market

- Although improving the market for Personal Assistance was weak also in 2018 - the total number of individuals entitled to personal assistance declined by 2.5%.
- Due to quality, scale and relentless focus on the customer Humana exhibits organic growth of 2.2%.
- Selective acquisition of RIK Assistans AB in Härnösand with approximately SEK 65 M in annual turnover
- In January the Governments LSS inquiry was published and it has met with massive debate and harsh criticism. However, politically – on the whole - we see increased willingness of ensuring the right to personal assistance.
- Focus 2019 will be on growth and further digitalization of our operations.



Stable and strong organic growth

- Good market demand with very high occupancy in our units in general.
- New housing units under OwM fully operational.
- High quality marks from the National Board of Health and Welfare's annual quality survey (*Open Comparisons, 2018*). Well ahead of national averages for both private and public providers, with high marks for security and living environment.
- Two new elderly care facilities under contract started in Stockholm in November.
- Two new elderly housing units under OwM will open in 2019: Staffanstorp and Kungsängen.
- Ambition to accelerate organic growth beyond 2-3 housing units under OwM per year.
- Agreement on a new OwM unit in Vallentuna (60 pl), to open in Q4 2020.



**Elderly
Care**

A third strong pillar in Humana taking shape

- Continued strong momentum in Norway also during Q4 where efforts to stabilise and increase capacity utilisation continue to yield results.
- On top of strong financial performance operational control in Norway has improved significantly during 2018. Focus onwards is on organic growth
- Strong momentum with high demand for our services in the operations in Finland. Focus on growth and quality.
- Acquisition of Matiimi Oy, a well reputed provider of social psychiatry services in the Birkaland region of Finland, with annual turnover of SEK 23 M.
- With the acquisition of Coronaria Hoiva, Other Nordics will form a strong third pillar in Humana.



Humana



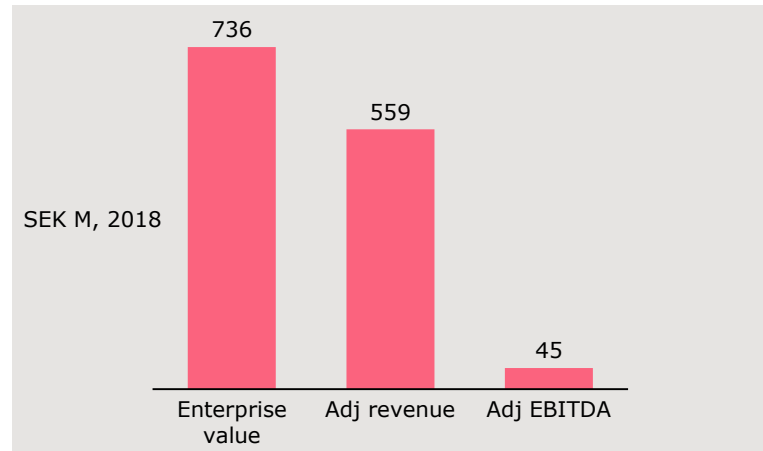
**Other
Nordics**

Acquisition of Coronaria Hoiva a strategic move to strengthen position in Finland

A leading high-quality care provider

- One of the largest private social care providers in Finland.
- Founded in 2008 and have developed several concepts within care, in areas where they are leading in Finland.
- 63 residential care units and 4 units planned to open in 2019
- 1,100 employees

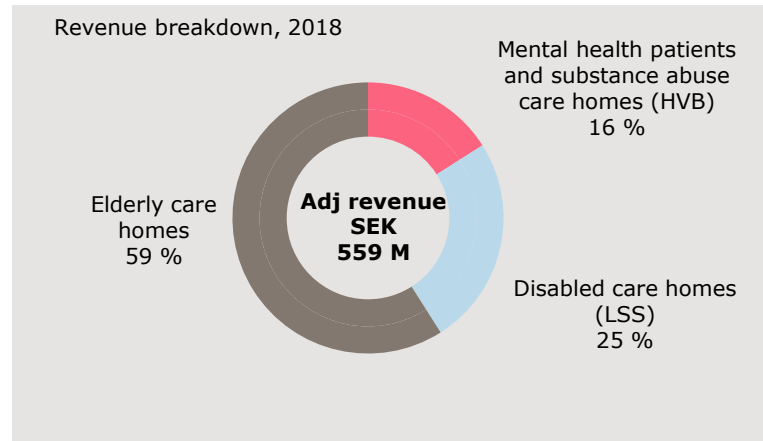
A SEK 600M-business



Humana doubles operations in Finland

- Agreement in January 2019 subject to approval by comp. authority. Closing expected to H1 2019.
- Humana becomes a leading complete care provider in Finland with SEK ~1.2 bn in sales and 2,500 employees.
- Strengthens position within social psychiatry for adults, housing with special service (LSS) and elderly care in Finland.
- Attractive platform for continued organic growth, quality development and synergies.

60 % in elderly care





Market and political highlights

- The **new government in Sweden** has buried the question on profit cap and more than 240 Swedish municipalities are today controlled by party constellations that are positive to private providers in the welfare sector.
- Massive criticism of the **LSS investigation** published in January. The new government has stated the importance of ensuring the right to personal assistance.
- Surging **debate in Finland** on welfare providers after severe deficiencies in quality revealed at care companies. The delayed SOTE-reform in focus with the election in Finland in April.
- **A public inquiry** launched in Norway after the proposal to limit private providers was voted down in Stortinget. Surging political debate about private care providers with regards to barnevern and usage of consultants **in Norway.**

Operating revenue

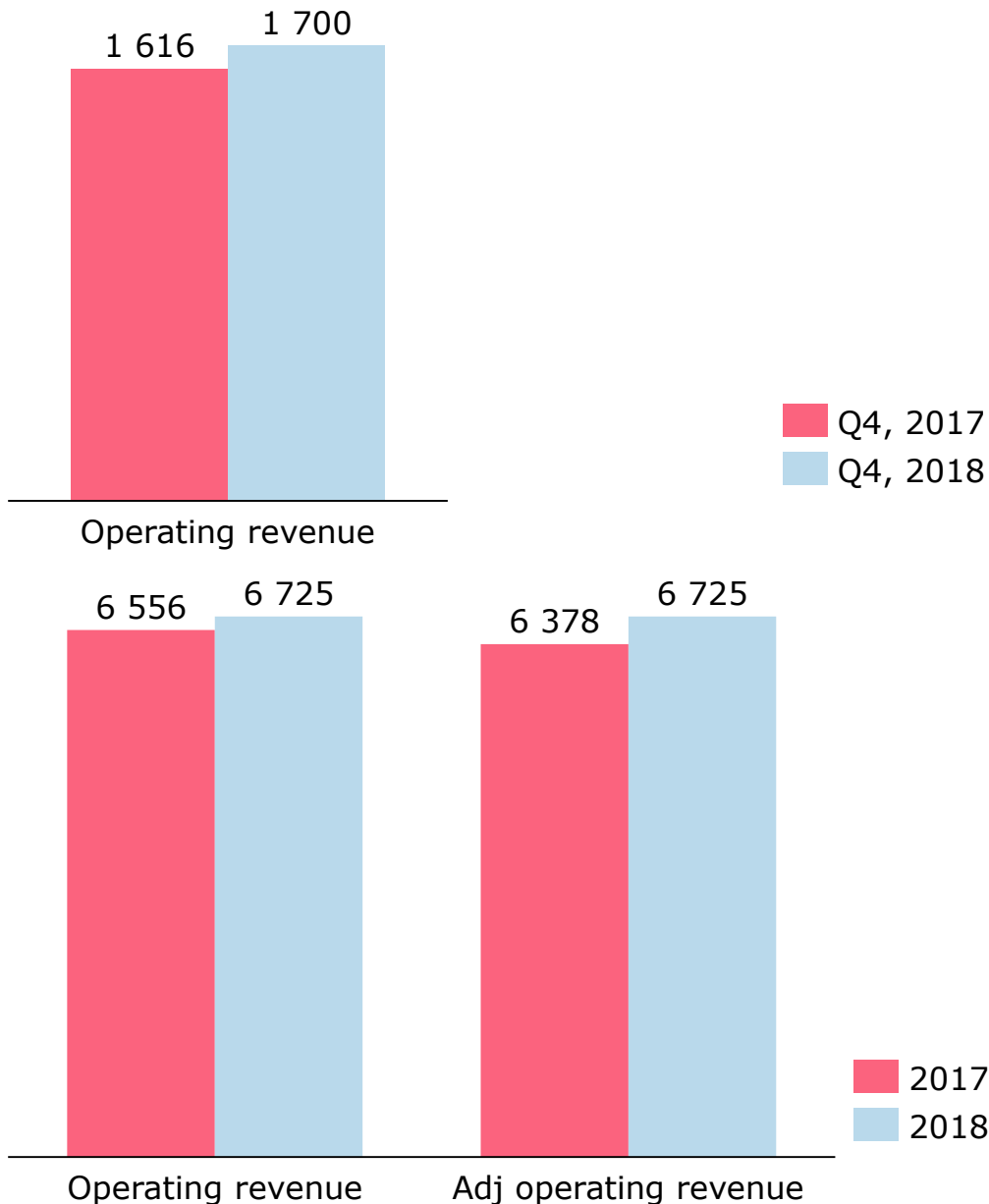
Comments

Q4 2018:

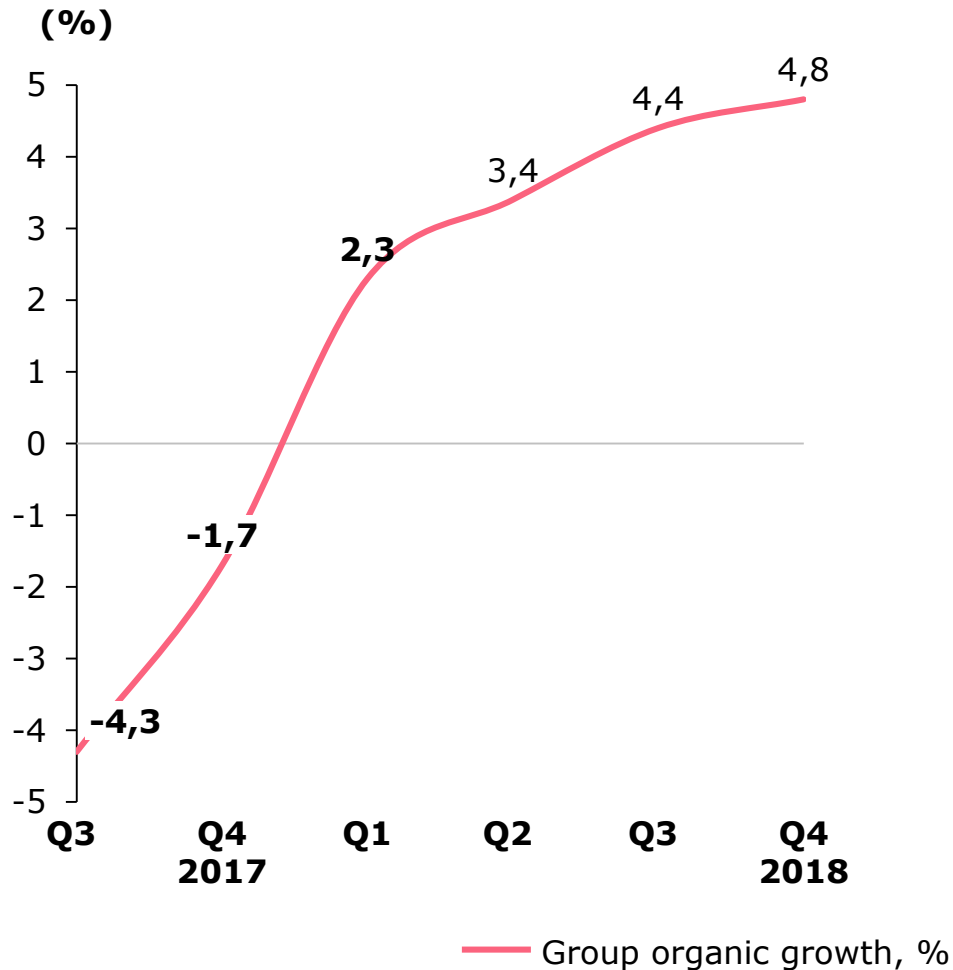
- Operating revenue grew 5.2 % in the fourth quarter, to SEK 1,700 M (1,616).

Full year 2018:

- Operating revenue was SEK 6,725 M (6,556), an increase of 2.6%.
- Adjusted for the divested home care service business, which contributed with SEK 178 M to the revenues last year the increase was 5.4% in 2018.



Organic growth



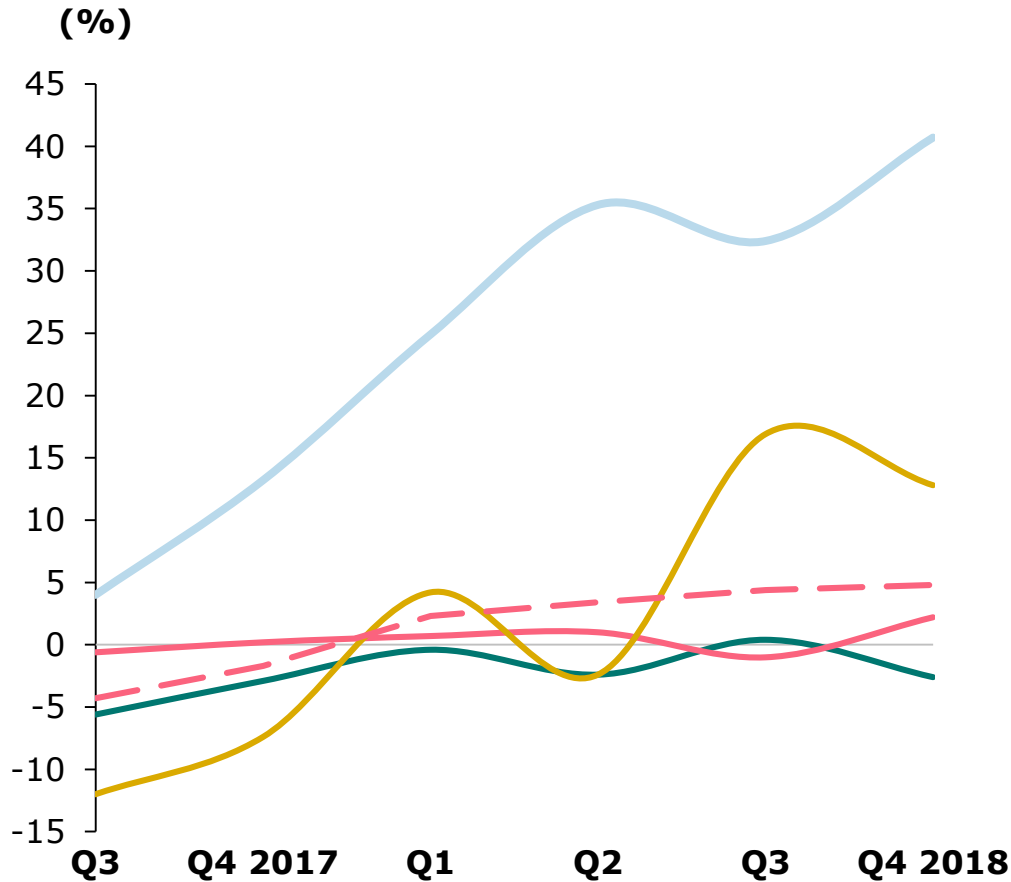
Comments

- Organic growth increased to 4.8% (-1.7) in the quarter.
- Organic growth for the full year was 3.4% (-1.3)
- The growth was driven primarily from new openings in Elderly Care and Finland as well as improved occupancy in Norway.

Organic growth by segment

Comments

- Individual & Family still operating in a very tough market in some sub-segments dampening the growth rate.
- Personal Assistance performing steadily taking market share in a declining market.
- Elderly Care is improving with the improved occupancy in the recent openings and tender wins.
- Norway turnaround visible in Other Nordics.



- Individual & Family
- Personal Assistance
- Elderly Care
- Other Nordics
- - - Group

Profitability

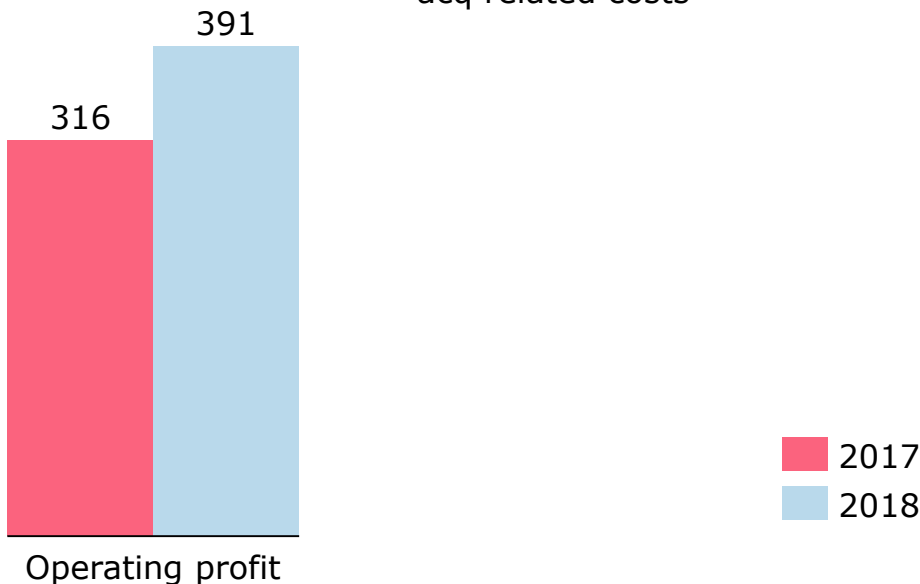
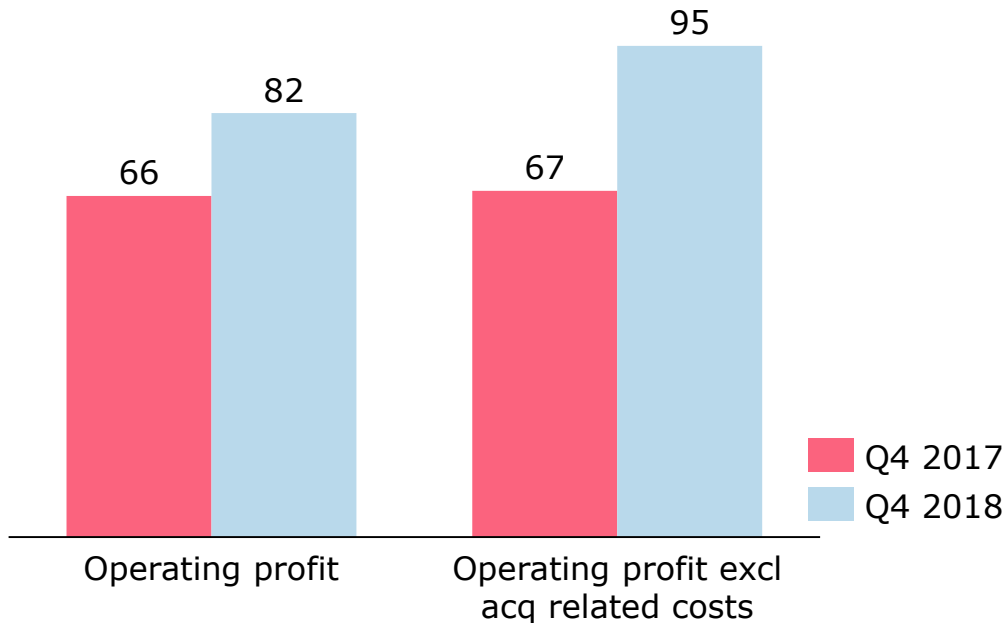
Comments

Q4 2018:

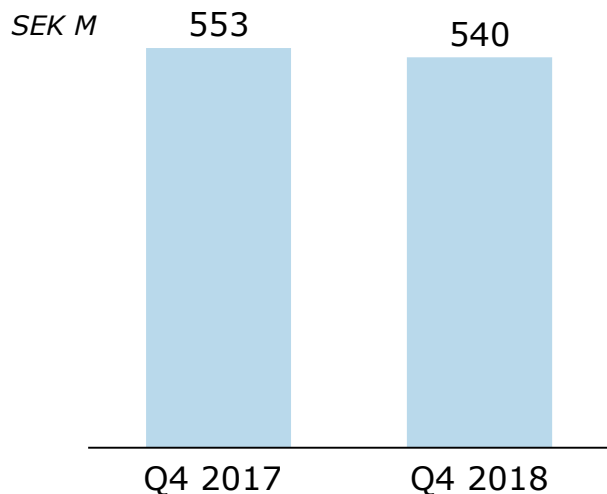
- Operating profit increased by 24% in the quarter, to SEK 82 M (66).
- Excluding acquisition related costs, operating profit increased by 42% to SEK 95 M (67).
- Operating margin grew to 4.8% (4.1) in the quarter.
- Improvement driven by Other Nordics with turnaround in Norway completed successfully as well as good momentum in Finland.
- Elderly Care also turning to profit with good occupancy in recent openings.

Full year 2018:

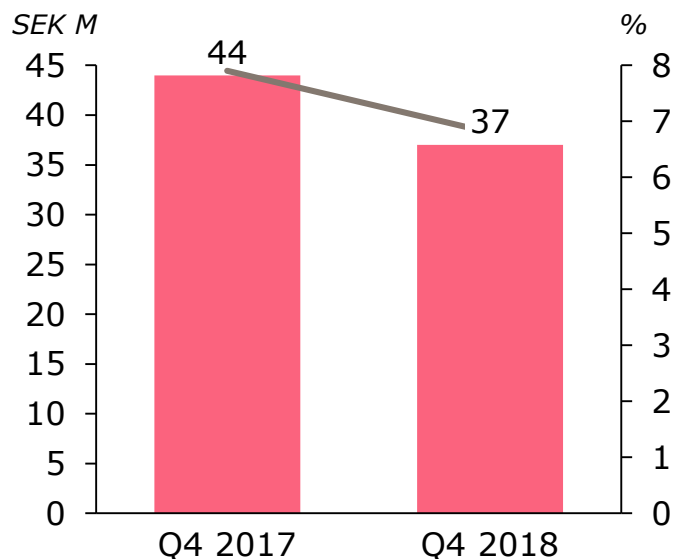
- Operating profit increased by 24% in 2018 compared to LY, to SEK 391 M (316).
- Operating margin grew to 5.8% (4.8).



Operating revenue



Operating profit (EBIT)



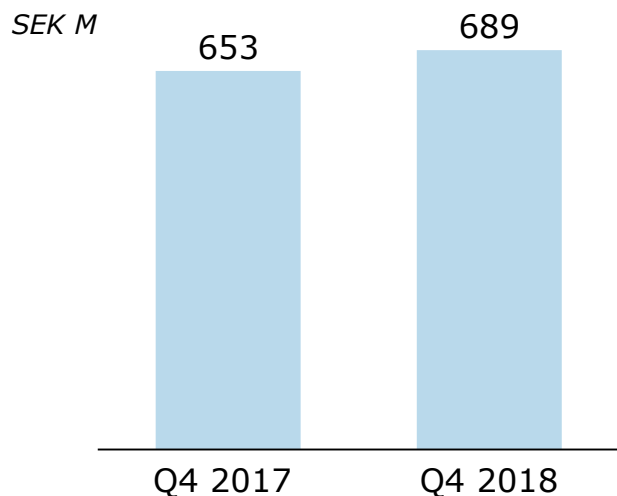
Individual & Family

Comments

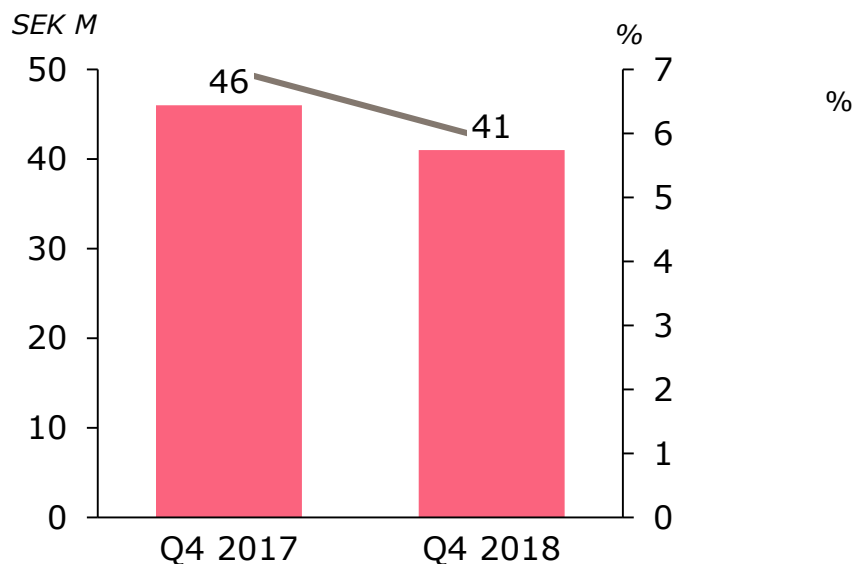
- Revenues for the quarter amounted to SEK 540 M (553), a decrease of 2%. The decrease is due to lower demand for family homes and outpatient solutions for children and adolescents.
- Organic growth was negative, -2.6% (-2.9).
- Operating profit decreased by 15% to SEK 37 M (44), but increased by 3% for the full year. The lower profit for the quarter is mainly due to lower demand. The higher profit for the full year is due to lower costs resulting from implemented action programmes.
- Operating margin of 6.8% (7.9) in the quarter and 9.0% (8.6) for the full year.

| Average | Q4 2018 | Q4 2017 | Change |
|-----------|---------|---------|--------|
| Clients | 1,899 | 2,018 | -6% |
| Employees | 2,324 | 2,347 | -1% |

Operating revenue



Operating profit (EBIT)



— Operating margin, %
■ EBIT

Personal Assistance

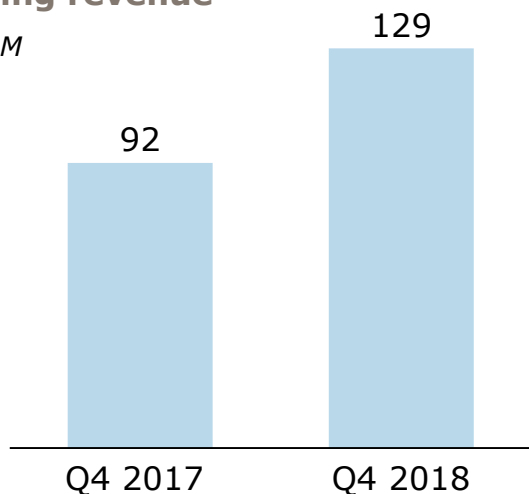
Comments

- Revenues for the fourth quarter amounted to SEK 689 M (653), an increase of 6%.
- Acquisitions contributed SEK 22 M to revenue for the quarter and organically growth was 2.2%.
- Operating profit for the quarter decreased by 11% to SEK 41 M (46). The decrease is primarily attributable to the increase in payroll expenses exceeding the increase in the state reimbursement
- Operating margin of 5.9% (7.0).

| Average | Q4 2018 | Q4 2017 | Change |
|-----------|---------|---------|--------|
| Clients | 1,861 | 1,844 | 1% |
| Employees | 5,032 | 4,969 | 1% |

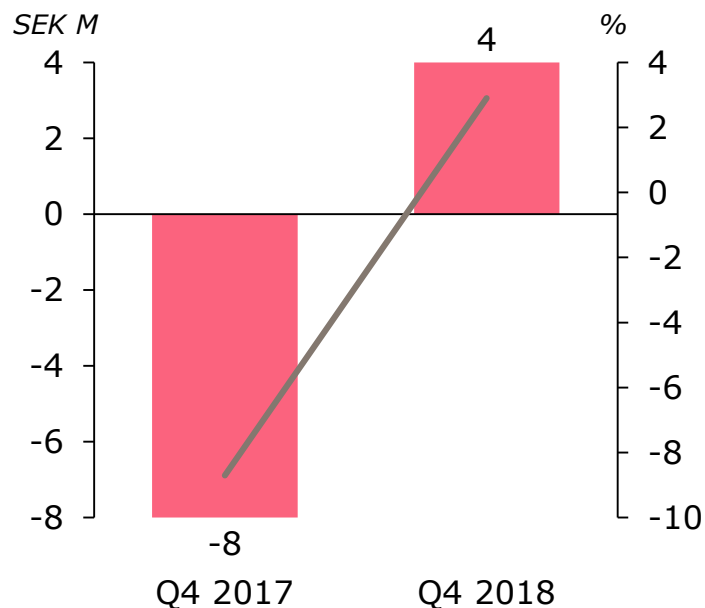
Operating revenue

SEK M



Operating profit (EBIT)

SEK M



— Operating margin, %
■ EBIT

Financial summary Q4 – Elderly Care

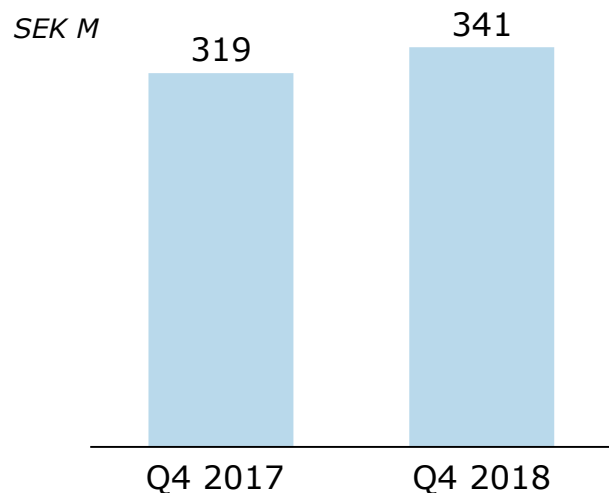
Elderly Care

Comments

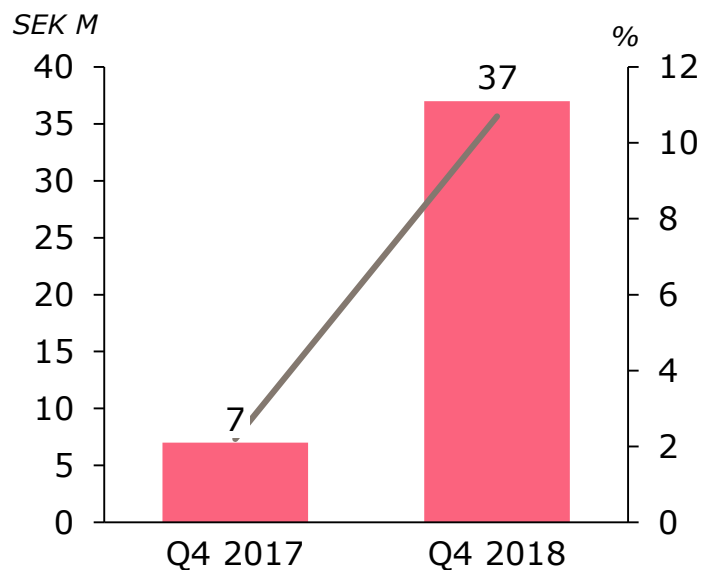
- Revenues amounted to SEK 129 M (92) in the fourth quarter, an increase of 41%.
- The organic increase was 41%.
- Operating profit amounted to SEK 4 M (-8).
- Operating margin was 2.9% (-8.7).
- The increase both in revenues and profit is mainly due to all the elderly housing units under our OWM being fully operational with high occupancy

| Average | Q4 2018 | Q4 2017 | Change |
|-----------|---------|---------|--------|
| Clients | 753 | 579 | 30% |
| Employees | 799 | 653 | 22% |

Operating revenue



Operating profit (EBIT)



— Operating margin, %
 ■ EBIT

Other Nordics

Comments

- Revenues amounted to SEK 341 M (319) in the fourth quarter, an increase of 7%.
- Organic revenue increased by 12.8%.
- The Finnish operations show continued strong growth, organic and acquired. Efforts to stabilise and increase capacity utilisation in the Norwegian operations continues to yield results.
- Operating profit had a five-fold increase in earnings compared with the same period last year.
- The operating margin was 10.7% (2.2).

| Average | Q4 2018 | Q4 2017 | Change |
|-----------|---------|---------|--------|
| Clients | 3,162 | 2,734 | 16% |
| Employees | 1,592 | 1,454 | 10% |

Central costs

SEK M

| Costs | Q4 2018 | Q4 2017 |
|---------------------------------|----------------|----------------|
| Underlying central costs | 23 | 21 |
| Acquisition related costs | 13 | 1 |
| Sale and lease back | - | - |
| Capital loss | - | - |
| Central overhead costs | 36 | 22 |

| Costs | 2018 | 2017 |
|--|-------------|-------------|
| Underlying central costs | 80 | 75 |
| Effect from final settlement of additional purchase prices | -9 | - |
| Acquisition related costs | 18 | 4 |
| Sale and lease back | - | -14 |
| Capital loss/gain | -2 | 14 |
| Central overhead costs | 88 | 79 |

Comments

- Underlying central costs in Q4 2018 SEK 23 M vs SEK 21 M in Q4 2017. The increase is explained by increased staff costs.
- Acquisition related costs affected the quarter negatively with SEK 13 M (1).



Cash flow

SEK M

| | Q4 2018 | Q4 2017 | 2018 | 2017 |
|--|-------------|------------|-------------|------------|
| Cash flow from operating activities before changes in working capital | 102 | 81 | 461 | 376 |
| Changes in working capital | 88 | 157 | -18 | -41 |
| Cash flow from operating activities | 191 | 238 | 443 | 335 |
| Financial items, net | -22 | -21 | -53 | -64 |
| Income tax paid | -25 | -7 | -58 | -30 |
| Cash flow from operating activities, net | 144 | 210 | 332 | 242 |
| Acquisitions and sales of subsidiaries, net cash impact | -53 | -21 | -82 | 91 |
| Investments | -55 | -41 | -158 | -151 |
| Cash flow from investing activities | -108 | -62 | -240 | -60 |
| Cash flow from financing activities | -27 | 0 | -166 | -75 |
| Cash flow for the period | 9 | 148 | -74 | 106 |

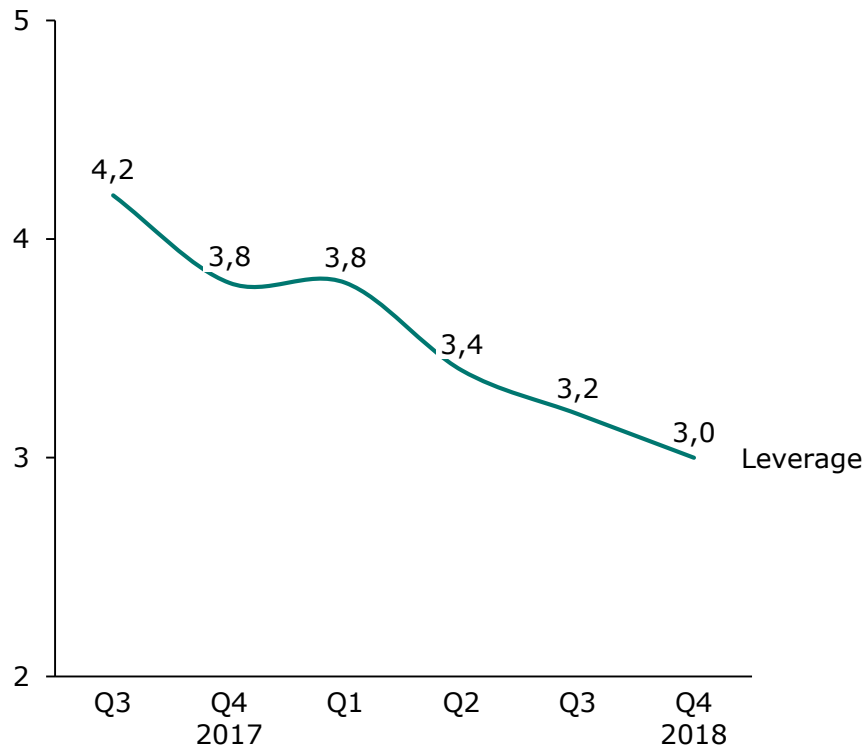
Comments

- Cash flow for the period was SEK 9 M (148).
- Cash flow from operating activities for the fourth quarter was SEK 191 M vs. SEK 238 M the same period last year. Decrease explained by higher amount of tied-up working capital.
- Investments in the quarter driven mainly by Other Nordics (Finland) and Individual & Family (new units).



Financial position

Net debt/EBITDA



Comments

- Net debt was lowered to SEK 1,378m (1,440) in Q4.
- Net debt/EBITDA was lowered to 3.0x (3.8)
- Acquisition of Coronaria Hoiva will, when completed, increase leverage in the short term.



Humana

Thank you!

QA



Humana

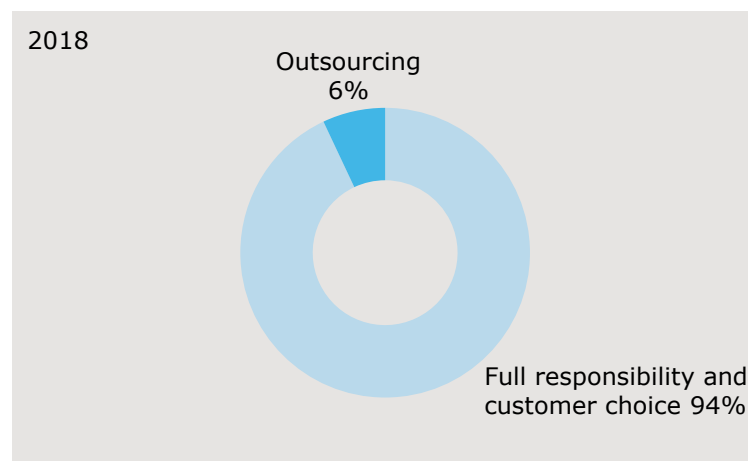
Appendix

Humana at a glance

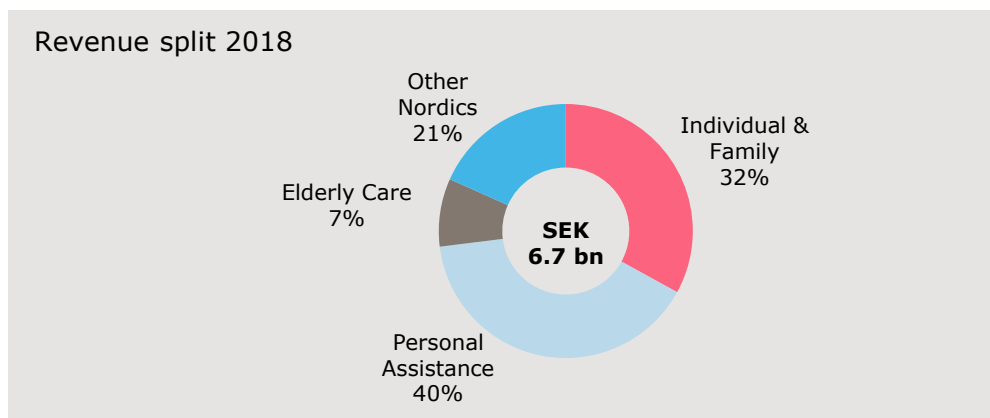
Market leading positions in three countries



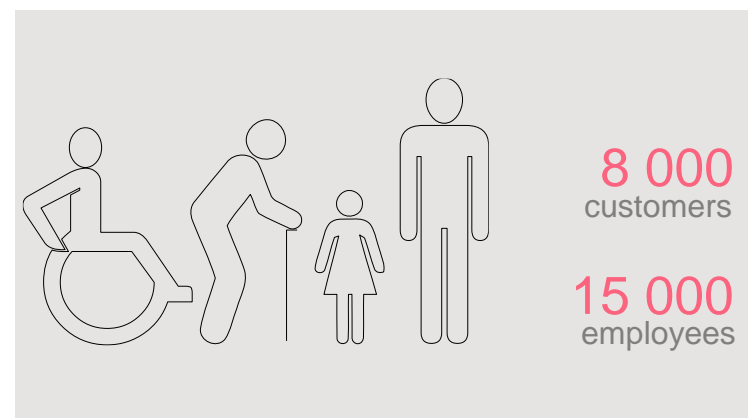
Clear focus on full responsibility



Operations in four segments



Critical actor in the Nordic welfare



Consolidated income statement

| SEK M | Note | Oct-Dec 2018 | Oct-Dec 2017 | Jan-Dec 2018 | Jan-Dec 2017 |
|---|------|-----------------|-----------------|-----------------|-----------------|
| Net revenue | | 1 700 | 1 616 | 6 714 | 6 542 |
| Other revenue | | 1 | 0 | 11 | 14 |
| Operating revenue | 3 | 1 700 | 1 616 | 6 725 | 6 556 |
| Other external costs | | -265 | -264 | -1 044 | -1 016 |
| Personnel costs | | -1 320 | -1 269 | -5 202 | -5 145 |
| Depreciation | | -21 | -15 | -70 | -60 |
| Other operating costs | | -13 | -2 | -19 | -19 |
| Operating costs | | -1 619 | -1 551 | -6 334 | -6 241 |
| Operating profit | | 82 | 66 | 391 | 316 |
| Financial revenue | | 0 | 1 | 1 | 5 |
| Financial costs | | -16 | -23 | -76 | -79 |
| Unrealised changes in value of derivatives | | 0 | 0 | 1 | 9 |
| Profit before tax | | 67 | 44 | 317 | 250 |
| Income tax | | -15 | -11 | -72 | -57 |
| Net profit for the period | | 51 | 34 | 245 | 194 |
| Of which, attributable to: | | | | | |
| Owners of the Parent Company | | 52 | 34 | 246 | 194 |
| Non-controlling interests | | -1 | 0 | -1 | 0 |
| Net profit for the period | | 51 | 34 | 245 | 194 |
| Earnings per ordinary share, SEK, before dilution | 5 | 0,97 | 0,63 | 4,62 | 3,64 |
| Earnings per ordinary share, SEK, after dilution | 5 | 0,97 | 0,63 | 4,62 | 3,64 |
| Average number of ordinary share, thousands | | 53 140 | 53 140 | 53 140 | 53 140 |

Consolidated balance sheet

| SEK M | Note | 31 Dec 2018 | 31 Dec 2017 |
|--|------|----------------|----------------|
| Assets | | | |
| Non-current assets | | | |
| Goodwill | 4 | 3 168 | 3 104 |
| Other intangible assets | | 8 | 10 |
| Property, plant and equipment | | 560 | 413 |
| Financial assets | | 9 | 8 |
| Total non-current assets | | 3 745 | 3 535 |
| Current assets | | | |
| Trade receivables and other receivables | | 847 | 842 |
| Other current receivables | | 112 | 99 |
| Cash and cash equivalents | | 514 | 584 |
| Total current assets | | 1 473 | 1 525 |
| TOTAL ASSETS | | 5 218 | 5 060 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | | 1 | 1 |
| Additional paid-in capital | | 1 094 | 1 092 |
| Reserves | | 28 | 4 |
| Retained earnings | | 1 007 | 793 |
| Equity attributable to owners of the parent company | | 2 130 | 1 891 |
| Equity attributable to non controlling interest | | 17 | 0 |
| Total equity | | 2 147 | 1 891 |
| Non-current liabilities | | | |
| Interest-bearing liabilities | | 1 259 | 1 345 |
| Deferred tax liabilities | | 73 | 73 |
| Total non-current liabilities | | 1 333 | 1 417 |
| Current liabilities | | | |
| Interest-bearing liabilities | | 633 | 680 |
| Trade payables | | 121 | 93 |
| Other current liabilities | | 985 | 979 |
| Total current liabilities | | 1 739 | 1 752 |
| TOTAL EQUITY AND LIABILITIES | | 5 218 | 5 060 |



Consolidated cash flow statement

| SEK M | Oct-Dec 2018 | Oct-Dec 2017 | Jan-Dec 2018 | Jan-Dec 2017 |
|--|-----------------|-----------------|-----------------|-----------------|
| Profit before tax | 67 | 44 | 317 | 250 |
| Adjustment for: | | | | |
| Depreciation | 21 | 15 | 70 | 60 |
| Financial items, net | 15 | 22 | 74 | 65 |
| Cash flow from operating activities before changes in working capital | 102 | 81 | 461 | 376 |
| Changes in working capital | 88 | 157 | -18 | -41 |
| Cash flow from operating activities | 191 | 238 | 443 | 335 |
| Financial items, net | -22 | -21 | -53 | -64 |
| Income tax paid | -25 | -7 | -58 | -30 |
| Cash flow from operating activities, net | 144 | 210 | 332 | 242 |
| Acquisition of subsidiaries, net cash impact | -53 | -13 | -86 | -42 |
| Sales of subsidiaries, net cash impact | 0 | -8 | 4 | 133 |
| Investments in other non-current assets, net | -55 | -41 | -158 | -151 |
| Cash flow from investing activities | -108 | -62 | -240 | -60 |
| Proceeds from new borrowings | 1 | 0 | 145 | 7 |
| Repayment of borrowings | -27 | 0 | -279 | -56 |
| Dividend | 0 | 0 | -32 | -27 |
| Cash flow from financing activities | -27 | 0 | -166 | -75 |
| Cash flow for the period | 9 | 148 | -74 | 106 |
| Cash and cash equivalents at start of period | 511 | 432 | 584 | 465 |
| Exchange rate difference in cash/cash equivalents | -6 | 4 | 3 | 13 |
| Cash and cash equivalents at end of period | 514 | 584 | 514 | 584 |



Key ratios

| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
|---|---------|---------|---------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Operating revenue | 1 700 | 1 616 | 6 725 | 6 556 |
| EBIT, % | 4,8% | 4,1% | 5,8% | 4,8% |
| Interest-bearing net debt, SEK M | 1 378 | 1 440 | 1 378 | 1 440 |
| Return on capital employed, % | 2,0% | 1,7% | 9,7% | 8,2% |
| Equity/assets ratio, % | 41,1% | 37,4% | 41,1% | 37,4% |
| Operating cash flow | 136 | 197 | 285 | 184 |
| Interest-bearing net debt/Adjusted EBITDA 12 months, times | 3,0x | 3,8x | 3,0x | 3,8x |
| Average number full-time employees Individual & Family | 2 324 | 2 347 | 2 396 | 2 483 |
| Average number full-time employees Personal Assistance | 5 032 | 4 969 | 5 068 | 5 097 |
| Average number full-time employees Elderly Care | 799 | 653 | 776 | 1 028 |
| Average number full-time employees Other Nordic | 1 592 | 1 454 | 1 519 | 1 372 |
| Average number full-time employees Central functions | 24 | 23 | 23 | 23 |
| Total average number full-time employees | 9 770 | 9 445 | 9 782 | 10 003 |
| Number of full-time employees on the closing date | 9 729 | 9 503 | 9 729 | 9 503 |
| Average number of customers Individual & Family | 1 899 | 2 018 | 1 955 | 2 064 |
| Average number of customers Personal Assistance | 1 861 | 1 844 | 1 833 | 1 866 |
| Average number of customers Elderly Care | 753 | 579 | 691 | 1 946 |
| Average number of customers Other Nordic | 3 162 | 2 734 | 2 987 | 2 441 |
| Total average number of customers | 7 676 | 7 176 | 7 466 | 8 316 |
| Average number of ordinary shares on the closing date, 000s | 53 140 | 53 140 | 53 140 | 53 140 |
| Equity per ordinary share, SEK | 40 | 36 | 40 | 36 |



Segments financials

Operating revenue by business area

| SEK M | Oct-Dec | Oct-Dec | % | Jan-Dec | Jan-Dec | % |
|--------------------------------|--------------|--------------|-----------|--------------|--------------|-----------|
| | 2018 | 2017 | | 2018 | 2017 | |
| Individual & Family | 540 | 553 | -2% | 2 188 | 2 212 | -1% |
| Personal Assistance | 689 | 653 | 6% | 2 668 | 2 621 | 2% |
| Elderly Care | 129 | 92 | 41% | 457 | 521 | -12% |
| Other Nordics | 341 | 319 | 7% | 1 401 | 1 188 | 18% |
| Other revenue 2) | 1 | 0 | 1738% | 11 | 14 | -21% |
| Total operating revenue | 1 700 | 1 616 | 5% | 6 725 | 6 556 | 3% |

Organic growth by business area 1)

| % | Oct-Dec | Oct-Dec | % | Jan-Dec | Jan-Dec |
|---|-------------|--------------|---|-------------|--------------|
| | 2018 | 2017 | | 2018 | 2017 |
| Individual & Family | -2,6% | -2,9% | | -1,3% | -2,8% |
| Personal Assistance | 2,2% | 0,2% | | 0,7% | -0,9% |
| Elderly Care | 40,7% | 13,2% | | 33,4% | 12,2% |
| Other Nordics, constant currency | 12,8% | -7,4% | | 9,8% | -5,4% |
| Total organic growth, constant currency rate | 4,8% | -1,7% | | 3,4% | -1,3% |

Operating profit per business area

| SEK M | Oct-Dec | Oct-Dec | % | Jan-Dec | Jan-Dec | % |
|-------------------------------|-----------|-----------|------------|------------|------------|------------|
| | 2018 | 2017 | | 2018 | 2017 | |
| Individual & Family | 37 | 44 | -15% | 196 | 191 | 3% |
| Personal Assistance | 41 | 46 | -11% | 151 | 160 | -6% |
| Elderly Care | 4 | -8 | n/a | 9 | -18 | n/a |
| Other Nordics | 37 | 7 | 424% | 122 | 62 | 98% |
| Central costs/other | -36 | -22 | n/a | -88 | -79 | n/a |
| Total operating profit | 82 | 66 | 24% | 391 | 316 | 24% |



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 percent
-



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 percent of net profits are to be distributed. The dividend proposal shall take into account Humana's long-term development potential and its financial position



For further information, please contact:

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Financial calendar 2019

| | |
|-----------------------------|-------------|
| <u>Annual Report 2018</u> | 4 Apr 2019 |
| Interim report Jan-Mar 2019 | 9 May 2019 |
| AGM 2019 | 9 May 2019 |
| Interim report Apr-Jun 2019 | 16 Aug 2019 |
| Interim report Jul-Sep 2019 | 8 Nov 2019 |

