



Humana

Q4 October – December 2017

21 February 2017

Q4 financial highlights

Revenue

- Operating revenue decreased 4% to SEK 1,616m (1,681). The majority of the decrease is attributable to the divesture of the home care operations
- Organic decrease in the quarter of 1.7%



Operating profit

- Operating profit (EBIT) of SEK 66m (73)
- Operating margin 4.1% (4.3)

Cash flow & net debt

- Operating cash flow improved substantially to SEK 197m (-247), an increase of SEK 444m
- Net debt was lowered to SEK 1 440m (1 628)
- Net debt/EBITDA of 3.8x (3.9)



Operational highlights in Q4 (I/IV)

Individual & Family -

“Improvements and savings program paying off”

- I&F improvement program finalized with expected cost savings, improved operational efficiency and structure
- We see a clear improvement in earnings in the fourth quarter due to implemented measures (Operating profit increased with 27% compared with fourth quarter 2016)
- Growth and profitability however hampered by slightly lower utilisation in children and youth area where improvement potential still exists
- With a new and better adapted cost base we will now shift focus more to growth, both organic as well as through acquisitions



**Individual
& Family**





Personal Assistance

Operational highlights in Q4 (II/IV)

Personal Assistance - “Strong performance in a challenging market”

- Humana continues to gain market share in tough market conditions
- Number of individuals entitled to personal assistance in the market declined with 5.1% during 2017, the lowest number in 10 years
- Reimbursement level increase by 1.5% per hour from January 1, 2018 (earlier 1.0%)
- We continued to compensate well for margin squeeze with high operational efficiency
- The government has proposed a temporary stop to two-year reviews for persons with personal assistance. This is expected to contribute a certain amount of stability to the market.
- We enter 2018 with confidence and ambition is to clearly return to growth in a challenging market



Operational highlights in Q4 (III/IV)

Elderly Care – “Full focus on start-ups”

- Revenue development in the quarter negatively impacted by divesture of home care operation
 - However solid organic growth of 13% driven by newly started OWM units
- Ramping up of both Åkersberga and Växjö has had a negative impact on profitability in Q4
- During the quarter we also started a new unit in Sundbyberg (50 beds) and prepared the start for Åsengården (29 beds opened beginning of January) – both outsourcing contracts
- During 2018 focus will be on getting newly started units up to speed and expected contribution
- Two new elderly care homes estimated for opening beginning of 2019, Staffanstorp and Kungsängen



**Elderly
Care**





Other Nordics

Operational highlights in Q4 (IV/IV)

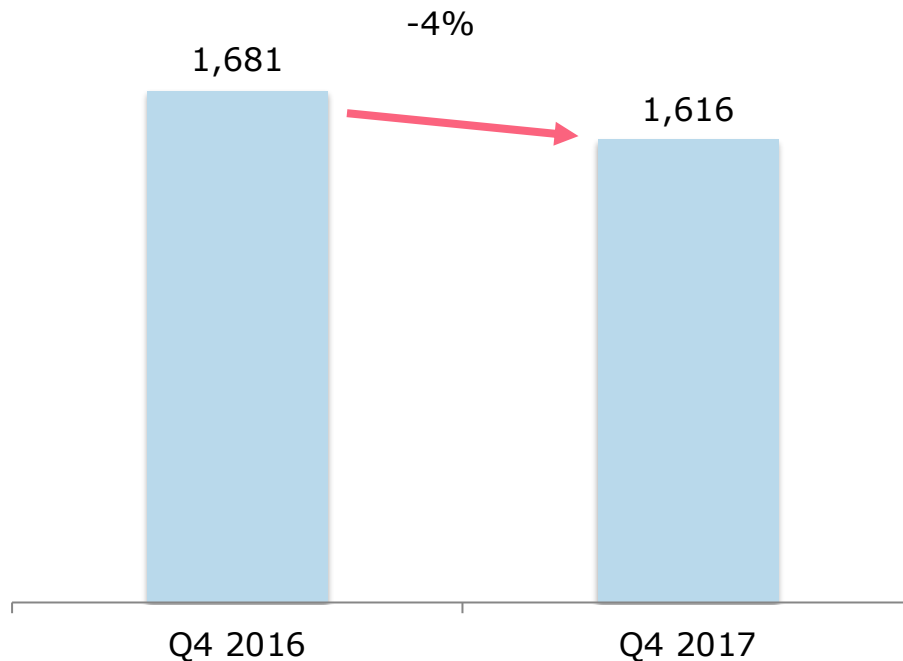
Other Nordics - "Finland strong, Norway weak"

- Weak development in Norway and continued challenging market conditions in certain areas
 - Weak market development in Q4 resulting in low capacity utilisation
 - Costs for start-up of new units
 - Efforts to improve the Norwegian operations have been intensified
- Continued strong momentum in Finland
 - Good demand and solid performance in all segments
 - Focus on starting and ramping up new units



Operating revenue

SEK million

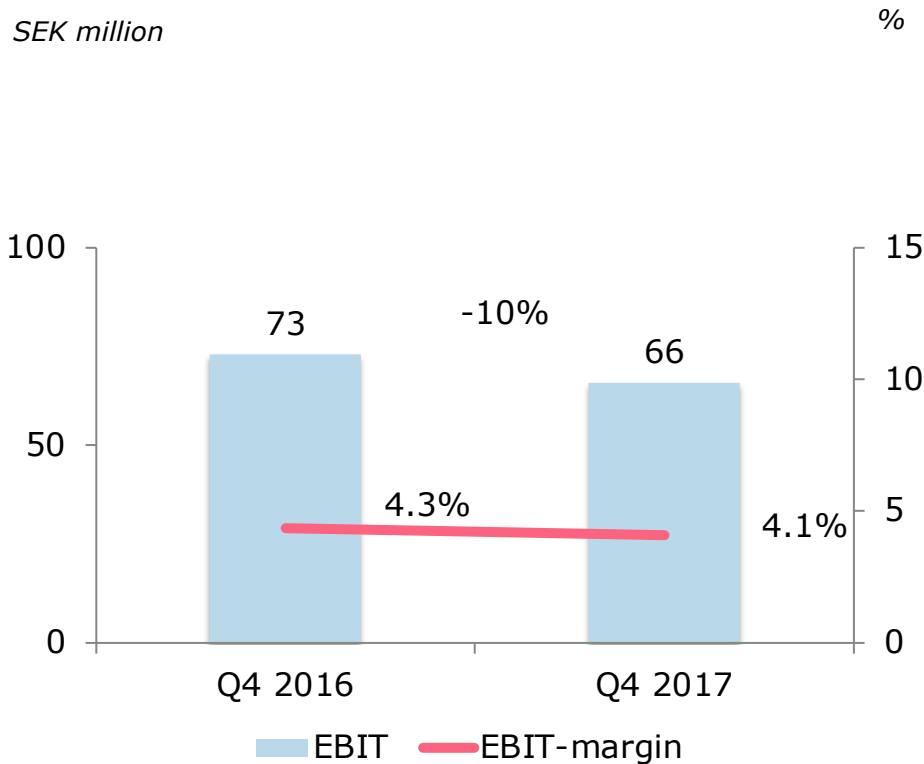


Humana Q4 2017 - Operating revenue

Comments

- Operating revenue decreased by 4% to SEK 1,616m. The majority of the decrease of SEK 65m is explained by the divesture of home care operations
 - organic decline of 1.7% explained by slightly lower utilisation within children & youth area in Individual & Family and weak development in Norway

Operating profit (EBIT)



Humana Q4 2017 - Operating profit

Comments

Operating profit was SEK 66m (73).

Positive impact from:

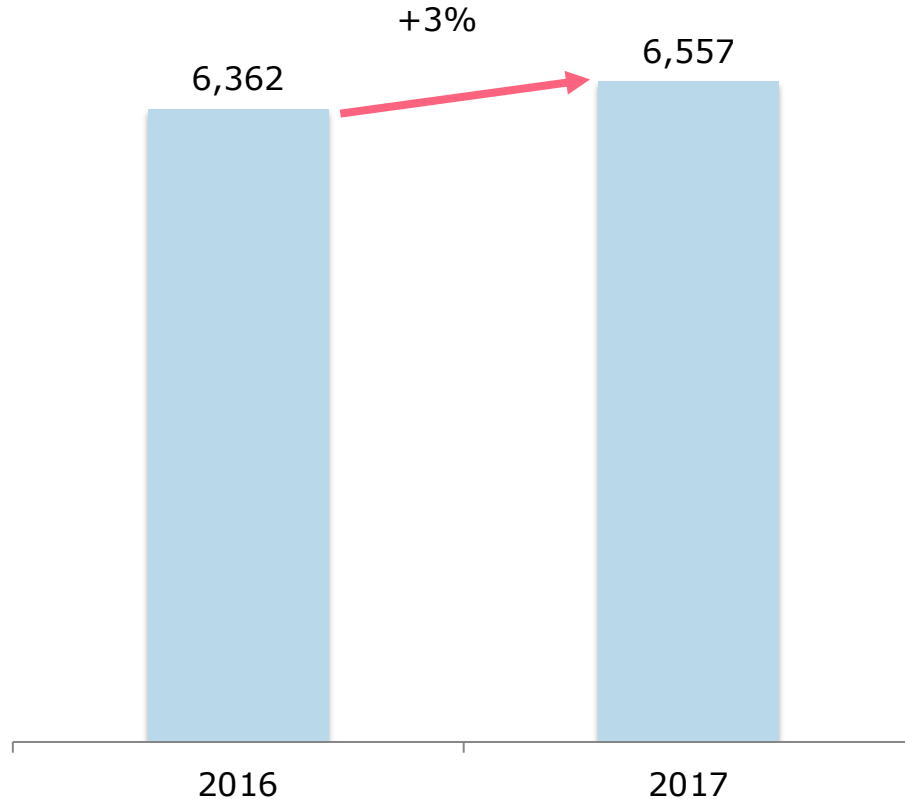
- efficiency program in Individual & Family and Personal Assistance

Negative impact from:

- weak development in the Norwegian operations
- slightly weaker demand for children and youth care in Individual & Family (I&F)
- impact from start-ups in Other Nordics and Elderly Care

Operating revenue

SEK million



Humana FY 2017 – Operating revenue

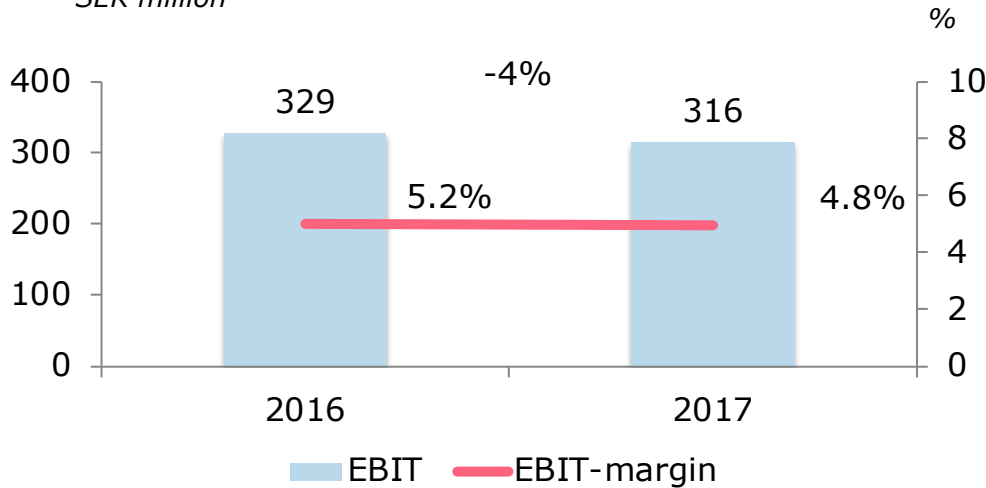
Comments

- Operating revenue increased by 3% to SEK 6,557m
 - organic decline of 1.3%
- The revenue development has been hampered by lower utilisation for children and youth care within Individual & Family and weak development in Norway

Humana FY 2017 – Operating profit

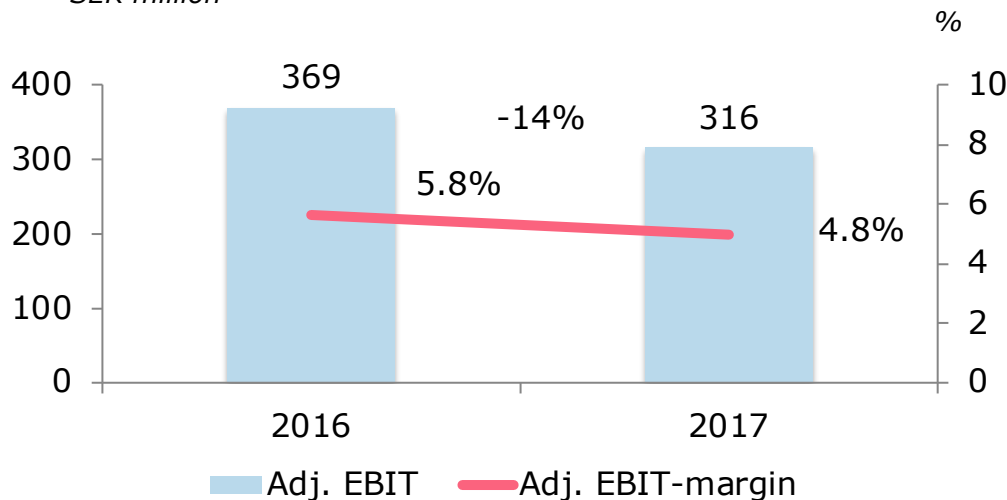
Operating profit (EBIT)

SEK million



Adj. EBIT and Adj. EBIT-margin

SEK million



Comments

- Operating profit was SEK 316m (329 incl. cost for IPO of SEK 40m). Including capital loss from sale of home care operation of SEK 14m and capital gain from sale and lease-back of SEK 14m.
- Adjusted operating profit was SEK 316m (369 excl. cost for IPO of 40m)
- Operating profit margin of 4.8% (5.2), adjusted margin 4.8% (5.8)
Negative impact from:
 - lower utilisation for children and youth care within Individual & Family
 - effects from the conversion of migration units in (I&F) with lower utilisation in those units
 - impact from lower demand for migration related service in Norway and on-going conversion program
 - costs for start-up of new elderly care homes



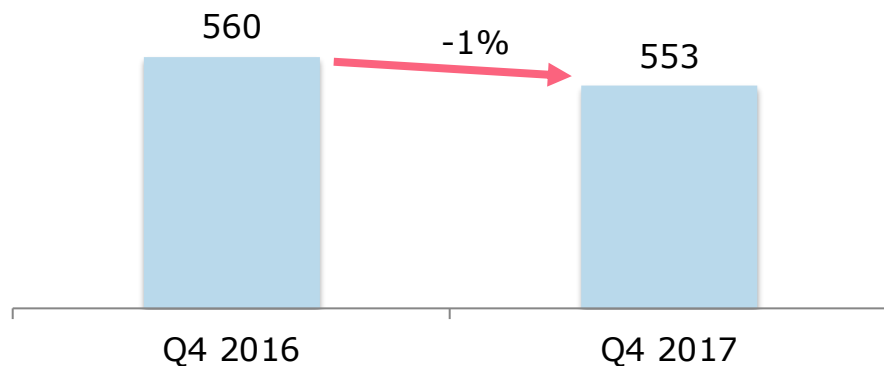


Individual & Family

– Q4 2017

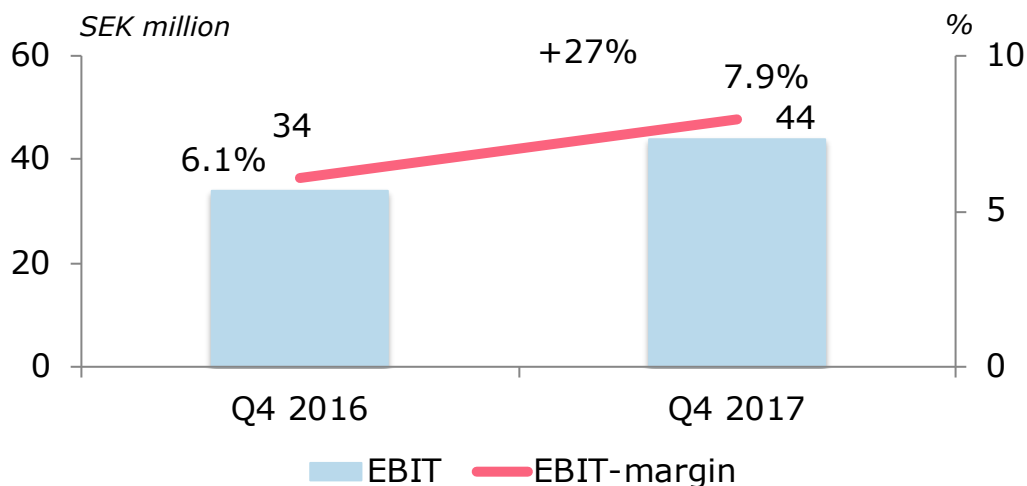
Operating revenue

SEK million



Operating profit (EBIT)

SEK million



Comments

- Operating revenue decreased by 1%
 - organic decline of -2.9% explained by lower utilisation for children and youth care area
- Operating profit increased by 27% compared with last year to SEK 44m (34), margin at 7.9% (6.1% in Q4 2016)
 - increased profitability explained by the efficiency programme resulting in a lower cost base
 - the program to improve efficiency and lower costs is now finalised

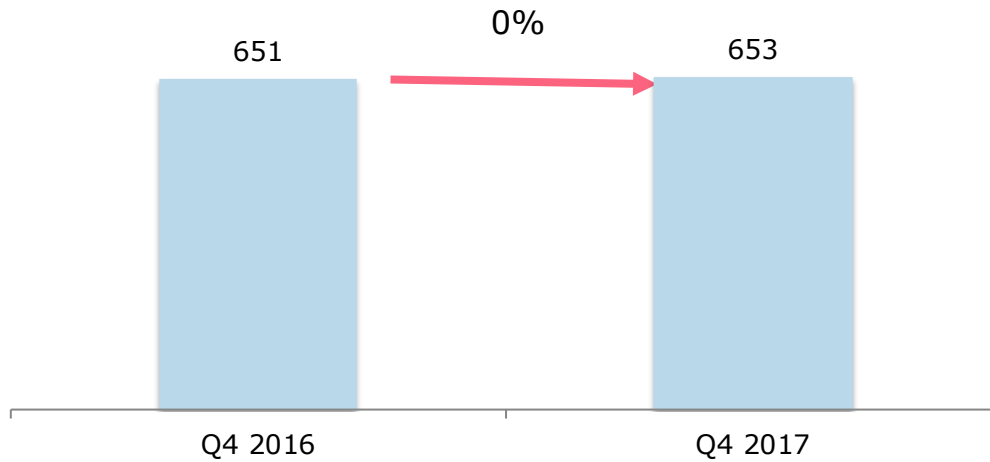
Average	Q4 2016	Q4 2017	+/-%
Clients	2,115	2,018	-4.6
Employees	2,563	2,347	-8.4



Personal Assistance – Q4 2017

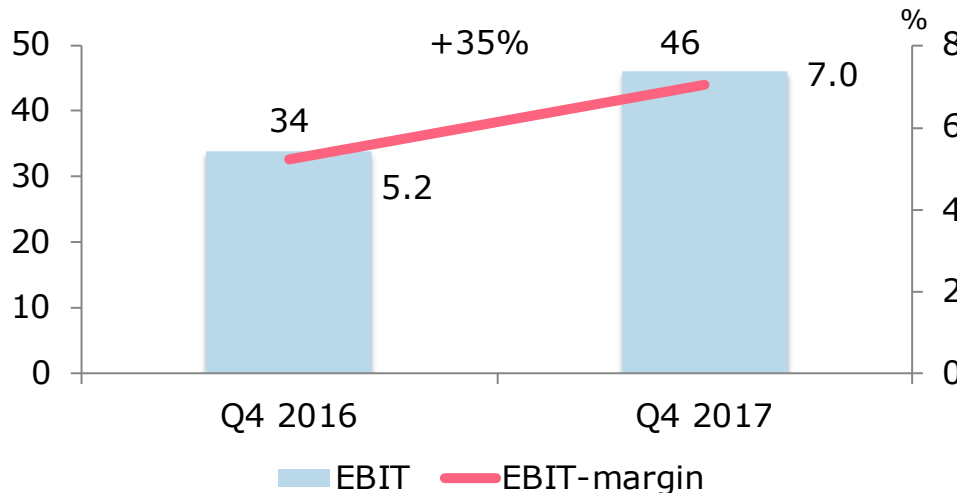
Operating revenue

SEK million



Operating profit (EBIT)

SEK million



Comments

- Operating revenue marginally higher than same period last year at SEK 653m.
- Operating profit increased to SEK 46m (34), operating margin 7.0% (5.2)
 - positive effect from operational efficiency
 - very strong quarter

Average	Q4 2016	Q4 2017	+/-%
Clients	1,883	1,844	-2.1
Employees	4,997	4,969	-0.6



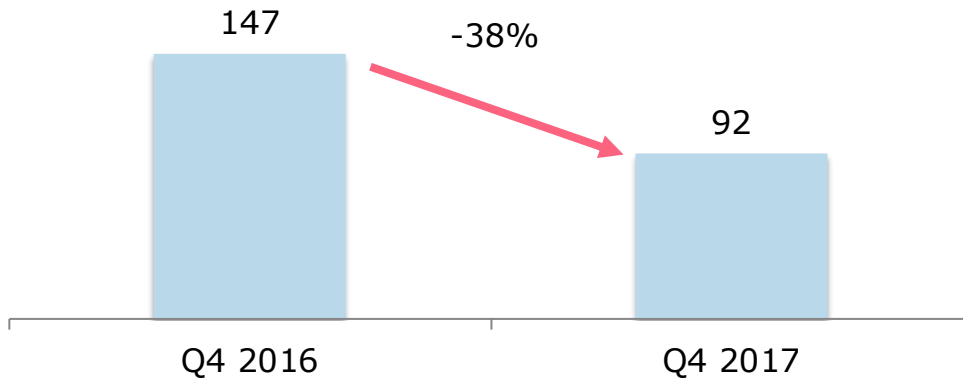


Elderly Care

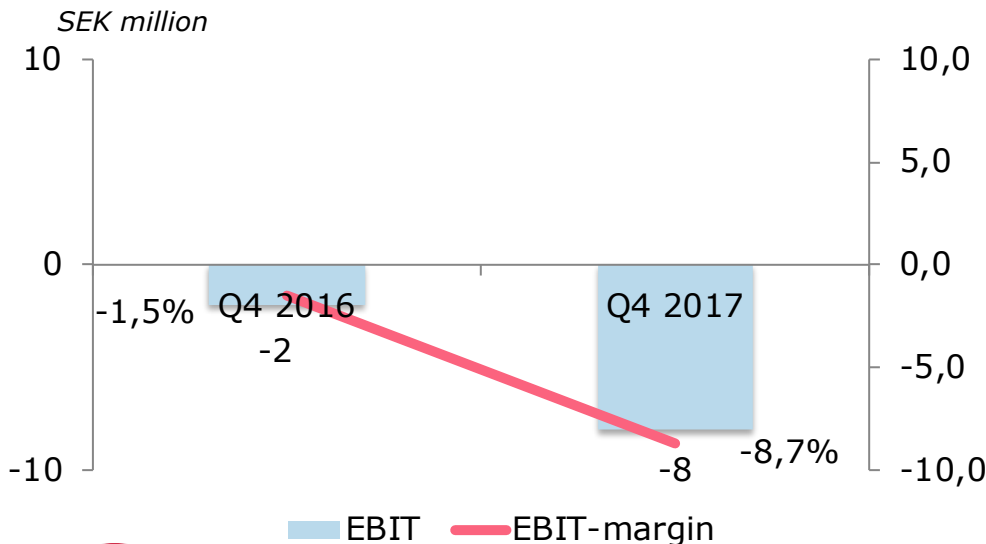
– Q4 2017

Operating revenue

SEK million



Operating profit (EBIT)



Comments

- Operating revenue decreased by 38% in Q4 2017 to SEK 92m but organic growth of 13.2%. The decrease is mainly explained by sale of home care operation
 - positive effect from own managed elderly care homes
- Operating profit SEK -8m (-2)
- Margin -8.7% (-1.5)
 - profitability impacted from new openings in Växjö and Åkersberga, SEK 6m.

Average	Q4 2016	Q4 2017	+/-%
Clients	3,068	579	-81.1
Employees	1,246	653	-47.6



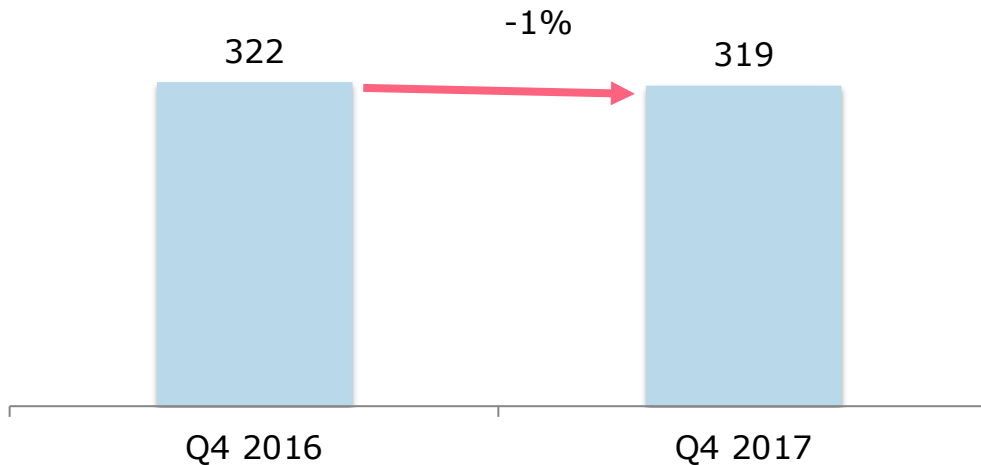


Other Nordics

– Q4 2017

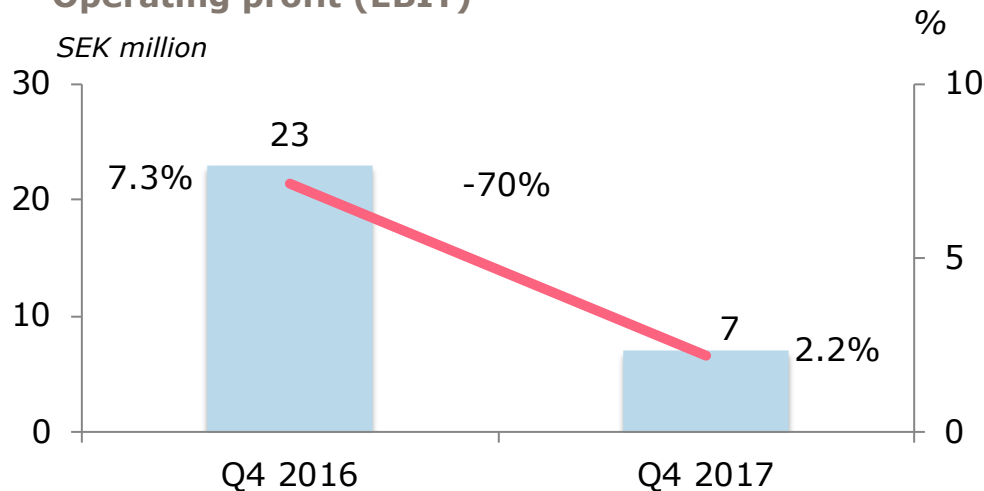
Operating revenue

SEK million



Operating profit (EBIT)

SEK million



Comments

- Operating revenue declined 1% to SEK 319m (322), organic decline at constant currency of -7.4%.
- Operating profit decreased to SEK 7m (23), margin 2.2% (7.3). The weak development is explained by the Norwegian operations:
 - Contribution from migration related services in Q416 gone
 - Higher costs for start-ups and for restructuring of operations
 - Lower demand within some parts of the Norwegian operation
- Finland continues its solid development with good growth and demand

Average	Q4 2016	Q4 2017	+/-%
Clients	2,134	2,734	+28.1
Employees	1,289	1,454	+12.8



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EBIT EBIT-margin

Cash flow – key highlights

SEK million

	Q4 2016	Q4 2017
Operating cash flow before changes in working capital	88	81
Changes in working capital	-278	157
Underline cash flow from operations	-190	238
Financial items, net	-20	-21
Income tax paid	-7	-7
Cash flow from operating activities	-217	210
Acquisitions, net cash impact	-19	-13
Divestments, net cash impact	0	-8
Investments	-57	-41
Cash flow from investing activities	-76	-62
Cash flow from financing activities	350	0
Cash flow for the period	57	148

Comments

- Cash flow from operating activities for the quarter was SEK 210m vs. SEK -217m last year.

The improvement is explained by:

- positive year end effects (customers paying on time/early)
- some positive impact on working capital from payments within Personal Assistance
- 2016 Q4 includes changed payment terms within Personal Assistance





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Q & A



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Appendix

Financial targets

Revenue growth

- Annual growth rate in the medium term of 8-10 percent, achieved through organic growth as well as bolt-on acquisitions



Profitability

- EBIT margin in the medium term of approximately 6 percent



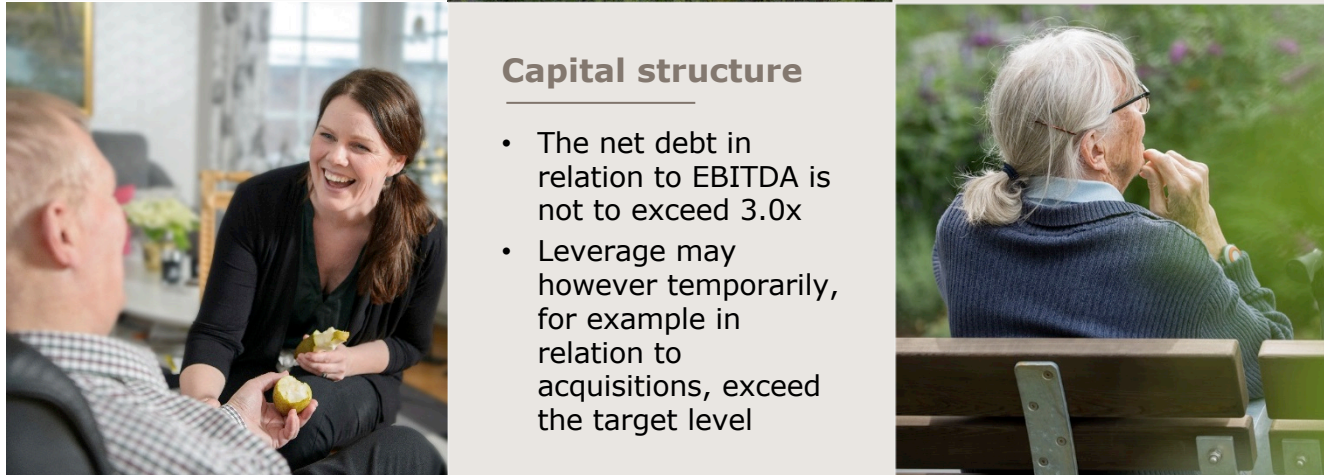
Capital structure

- 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 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



Consolidated income statement

SEK M	Note	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net revenue		1 616	1 681	6 542	6 362
Other revenue		0	0	14	0
Operating revenue	3	1 616	1 681	6 557	6 362
Other external costs		-264	-272	-1 016	-963
Personnel costs		-1 269	-1 320	-5 145	-4 964
Depreciation		-15	-15	-60	-50
Other operating costs		-2	-1	-19	-57
Operating costs		-1 551	-1 608	-6 241	-6 033
Operating profit		66	73	316	329
Financial revenue		1	1	4	11
Financial costs		-23	-32	-79	-140
Unrealised changes in value of derivatives		0	6	9	27
Profit before tax		44	48	250	228
Income tax		-11	-14	-57	-58
Net profit for the period		34	34	194	170
Of which, attributable to:					
Owners of the Parent Company		34	34	194	170
Net profit for the period		34	34	194	170
Earnings per ordinary share, SEK, before dilution	5	0,63	0,65	3,64	2,87
Earnings per ordinary share, SEK, after dilution	5	0,63	0,65	3,64	2,87
Average number of ordinary share, thousands		53 140	53 140	53 140	51 514

Consolidated balance sheet

SEK M	Note	31 Dec 2017	31 Dec 2016
Assets			
Non-current assets			
Goodwill	4	3 104	3 089
Other intangible assets		10	13
Property, plant and equipment		413	405
Financial assets		14	6
Total non-current assets		3 541	3 514
Current assets			
Trade receivables		489	523
Other current receivables		452	459
Cash and cash equivalents		584	465
Total current assets		1 525	1 446
TOTAL ASSETS		5 065	4 960
Equity and liabilities			
Equity			
Share capital		1	1
Additional paid-in capital		1 092	1 091
Retained earnings		797	634
Equity attributable to owners of the parent company		1 891	1 726
Non-current liabilities			
Interest-bearing liabilities		1 345	1 405
Deferred tax liabilities		78	78
Total non-current liabilities		1 423	1 484
Current liabilities			
Interest-bearing liabilities		680	687
Trade payables		93	103
Other current liabilities		979	960
Total current liabilities		1 752	1 750
TOTAL EQUITY AND LIABILITIES		5 065	4 960



Consolidated cash flow statement

SEK M	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Profit before tax	44	48	250	228
Adjustment for:				
Depreciation	15	15	60	50
Financial items, net	22	25	66	101
Cash flow from operating activities before changes in working capital	81	88	376	379
Changes in working capital	157	-278	-41	-372
Cash flow from operating activities	238	-190	335	8
Financial items, net	-21	-20	-64	-99
Income tax paid	-7	-7	-30	-70
Cash flow from operating activities, net	210	-217	241	-161
Acquisition of subsidiaries, net cash impact	-13	-19	-42	-474
Sales of subsidiaries, net cash impact	-8	0	133	0
Investments in other non-current assets, net	-41	-57	-151	-142
Cash flow from investing activities	-62	-76	-60	-616
Proceeds from new borrowings	0	350	7	1 969
Repayment of borrowings	0	0	-56	-1 678
Dividend	0	0	-27	0
New share issue	0	0	0	442
Cash flow from financing activities	0	350	-75	733
Cash flow for the period	148	57	106	-44
Cash and cash equivalents at start of period	432	395	465	501
Exchange rate difference in cash/cash equivalents	4	13	13	8
Cash and cash equivalents at end of period	584	465	584	465

Key ratios

	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Operating revenue	1 616	1 681	6 557	6 362
EBIT, %	4,1%	4,3%	4,8%	5,2%
Interest-bearing net debt, SEK M	1 440	1 628	1 440	1 628
Return on capital employed, %	1,7%	2,0%	8,2%	8,9%
Equity/assets ratio, %	37,3%	34,8%	37,3%	34,8%
Operating cash flow	197	-247	184	-134
Interest-bearing net debt/Adjusted EBITDA 12 months, times	3,8x	3,9x	3,8x	3,9x
Average number full-time employees Individual & Family	2 347	2 563	2 483	2 528
Average number full-time employees Personal Assistance	4 969	4 997	5 097	5 198
Average number full-time employees Elderly Care	653	1 246	1 028	1 248
Average number full-time employees Other Nordic	1 454	1 289	1 372	920
Average number full-time employees Central functions	23	21	23	19
Total average number full-time employees	9 445	10 116	10 003	9 912
Number of full-time employees on the closing date	9 503	10 091	9 503	10 091
Average number of customers Individual & Family	2 018	2 115	2 064	2 165
Average number of customers Personal Assistance	1 844	1 883	1 866	1 904
Average number of customers Elderly Care	579	3 068	1 946	3 006
Average number of customers Other Nordic	2 734	2 134	2 441	1 286
Total average number of customers	7 176	9 199	8 316	8 361
Average number of ordinary shares on the closing date, 000s	53 140	53 140	53 140	51 514
Equity per ordinary share, SEK	36	32	36	34

Segments financials

Operating revenue by business area

SEK M	Oct-Dec	Oct-Dec	%	Jan-Dec	Jan-Dec	%
	2017	2016		2017	2016	
Individual & Family	553	560	-1%	2 212	2 214	0%
Personal Assistance	653	651	0%	2 621	2 645	-1%
Elderly Care	92	147	-38%	521	580	-10%
Other Nordics	319	322	-1%	1 188	924	29%
Other revenue 2)	0	0	n/a	15	0	n/a
Total operating revenue	1 616	1 681	-4%	6 557	6 362	3%

Organic growth by business area 1)

%	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2017	2016	2017	2016
Individual & Family	-2,9%	-2,5%	-2,8%	4,4%
Personal Assistance	0,2%	-3,2%	-0,9%	-1,6%
Elderly Care	13,2%	-0,8%	12,2%	-1,0%
Other Nordics, constant currency	-7,4%	27,4%	-5,4%	7,0%
Total organic growth, constant currency rate	-1,7%	-0,5%	-1,3%	1,1%

Operating profit per business area

SEK M	Oct-Dec	Oct-Dec	%	Jan-Dec	Jan-Dec	%
	2017	2016		2017	2016	
Individual & Family	44	34	27%	191	211	-10%
Personal Assistance	46	34	35%	160	151	6%
Elderly Care	-8	-2	n/a	-18	-6	n/a
Other Nordics	7	23	-70%	62	89	-30%
Central costs/other 2) 3)	-22	-16	n/a	-79	-115	n/a
Total operating profit	66	73	-10%	316	329	-4%



Central costs/other

SEK million

Costs	Q4 2016	Q4 2017
Underlying central costs	15	21
Cost of long term incentive plan	-	1
Cost for acquisitions	1	1
Central overhead costs	16	22

Costs	2016	2017
Underlying central costs	59	73
Sale-and-leaseback	-	-15
Capital loss home care sale	-	14
Cost of long term incentive plan	-	2
IPO (P&L impact)	40	-
Cost for acquisitions	16	4
Central overhead costs	115	79

Comments

- Underlying central costs in Q4 2017 SEK 21m vs SEK 15m in 2016
- Increased central costs due to higher cost of personnel and costs for IT/investments
- Underlying central costs for the period was SEK 73 m vs. SEK 59m last year
- Central costs for the full year amounts to SEK 79m (115)
- Increased number of employees in central functions

