



Humana

Q3 July – September 2016

18 November 2016

Underlying market and current trends

Business area	Market outlook per segment
General market	<ul style="list-style-type: none">• New figures from the Swedish Association of Local Authorities and Regions (SKL) show that municipalities and county councils continue to increase usage of private providers (both in absolute numbers and as share of total)• New national study from the National Board of Health and Welfare show that the quality of elderly care from private providers is as good or better than municipal alternatives
Individual & Family	<ul style="list-style-type: none">• Underlying market growth and demand continuously strong in I&F segments• Increased demand for psychosocial services rather than unaccompanied minors• Increased barriers to entry through permits and quality checks in supportive housing services and family home care (proposal for April 2017)
Personal Assistance	<ul style="list-style-type: none">• Continued challenging market conditions. Recent wage agreement concluded at a salary increase of 2.2% while Government reimbursement for 2017 proposed at only 1% (down from 1,4% as previously communicated)• Shift from pre-payment to post-payment implemented on October 1st• We start to see a movement in the market (consolidation)
Elderly Care	<ul style="list-style-type: none">• Many municipalities struggle with meeting demand for elderly care services• Strong demand for own managed elderly care homes• We continue to see improvements in our Home care services but market conditions continue to be challenging overall
Other Nordics	<ul style="list-style-type: none">• Strong demand in most segments in Finland and Norway for Humana• Strong momentum in personal assistance and psychosocial care for adults in Norway and child welfare services in Finland



Politics in Sweden – The Swedish Welfare Investigation

- **March 5th 2015**

- The Government mandates Ilmar Reepalu to conduct an investigation with the aim to present material on which proposals for a new regulatory framework for public financing of private welfare services
- The main purpose of the investigation is to ensure that public funds are used where they were intended to and that potential profits, as a main principle, are reinvested

- **November 8th, 2016**

- The +800-pager report is presented. The inquiry proposes a profit cap of 7% return on operating capital plus government borrowing rate
- The report has been met with very strong criticism

- **Next Steps**

- Now up to the Government and the Minister for Public Administration to decide next steps
- Reepalu and his team will continue to work on part II of the investigation (quality etc.) aiming for a presentation in May 2017
- Very low likelihood that any proposals regarding profit cap will be implemented
 - Likely not to pass consultation bodies
 - Clear majority in the parliament that will vote it down



Politics in Finland – the SOTE-reform

Key highlights

“The freedom of choice model”

Background

New reform

- One of the biggest reform packages ever in Finland
- Aim is to transfer organization of health- and social services and other regional services from municipalities to the new 18 counties as of January 1st 2019
- Will also impact financing, management and taxation of health- and social services

Motive

Motive behind the health and social care reform

- Modernized service offering to ensure efficient production of services
- Narrow down differences in people ´s wellbeing
- Greater range of channels for service provision
- Aim to save EUR 3 billion in health- and social services 2019 – 2029 through mainly better administration

How it could impact Humana?

Supplying clear conditions and requirements that are valid for all actors

- Our assessment is that the SOTE reform would be good for Humana
- New and significantly more extensive freedom of choice model for clients
- Conditions are the same for public and private suppliers
- The Finnish Government wants to ensure that both larger and smaller companies can compete



Q3 and nine-month period financial highlights

Key highlights

Revenue

Q3

- Operating revenue grew 19% to SEK 1,676m (1,404)
- Organic growth in the quarter 3.3%

Nine-month period

- Operating revenue grew 13% to SEK 4,681m (4,134)
- Organic growth in the period 2.3%

Operating profit

Q3

- Operating profit (EBIT) of SEK 159m (126)
- Operating margin 9.5% (9.0)

Nine-month period

- Operating profit (EBIT) of SEK 256m (234)
- Operating margin 5.5% (5.7)

Adjusted operating profit

Q3

- No non-recurring costs in the quarter

Nine-month period

- Adjusted for non-recurring IPO costs of SEK 40m, EBIT of SEK 296m (277)
- Adjusted operating margin at 6.3% (6.7)



Q3 business and operational highlights (I/II)

Individual & Family - "Continued strong growth"



- Growing with 17%, of which organic 5.5%
- More demand for psychosocial care and treatment
- Healthy pipeline of new units allowing future organic growth, but some margin impact in Q3
- Two qualitative acquisitions of Kilen Akut Behandlingshem AB and FUGA Omsorg AB

Personal Assistance - "Continued challenging market conditions"



- Previously communicated increase in the state reimbursement by 1.4% (4 SEK) has been lowered to 1% (3 SEK) in new budget proposal
- New collective bargaining agreement for personal assistance set salary increases at 2.2%
- Continued harsh assessment from the Swedish Social Insurance Agency (*Försäkringskassan*)
- Continued positive effects from efficiency program
- Försäkringskassan on October 1 2016 introduced post payment as opposed to the previous prepayment arrangement. Impact on working capital by SEK 200-300 M



Q3 business and operational highlights (II/II)

Elderly Care - "Focus on organic growth"



- Currently two units under construction and a healthy pipeline for 2018 onwards
- Humana comes out very well in the annual survey (*öppna jämförelser*) by the National Board of Health and Welfare
- Consolidation of LSS-operations to Individual & Family
 - To ensure focus on development and growth– both within Elderly Care and LSS operations
 - An important, and logical step, to realize our ambition in these two strategic areas



Humana

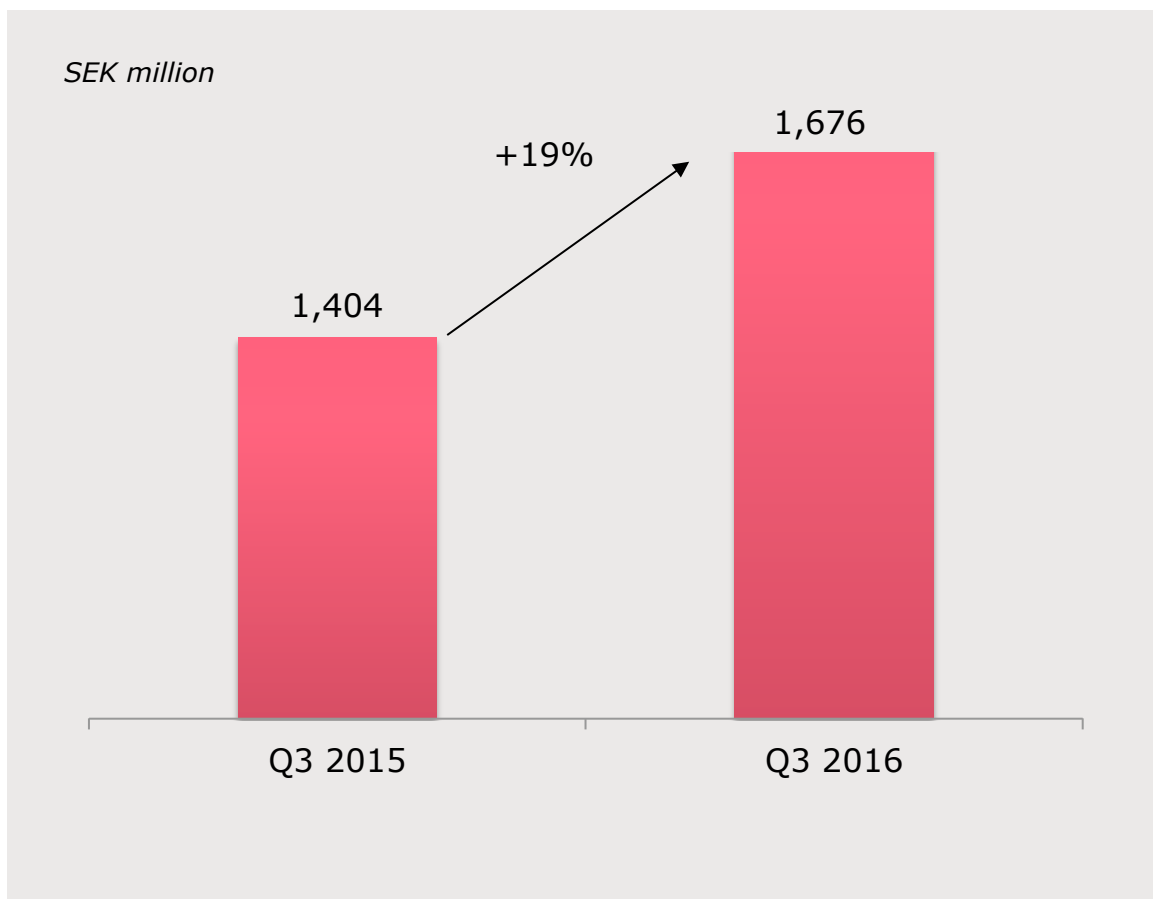
Other Nordics - "Very strong development"



- Continued strong demand in Other Nordics except for migration related services
- Strong organic growth in original Norwegian operations
 - Positive effects from high occupancy and new units
 - Expansion within personal assistance
- KOA and Arjessa contributes to revenue and profit fully in Q3 and for four months in the period
 - Good strategic and operational fit with strong management teams in place
 - Ideal platform for further growth

Humana Q3 - Operating revenue

Operating revenue



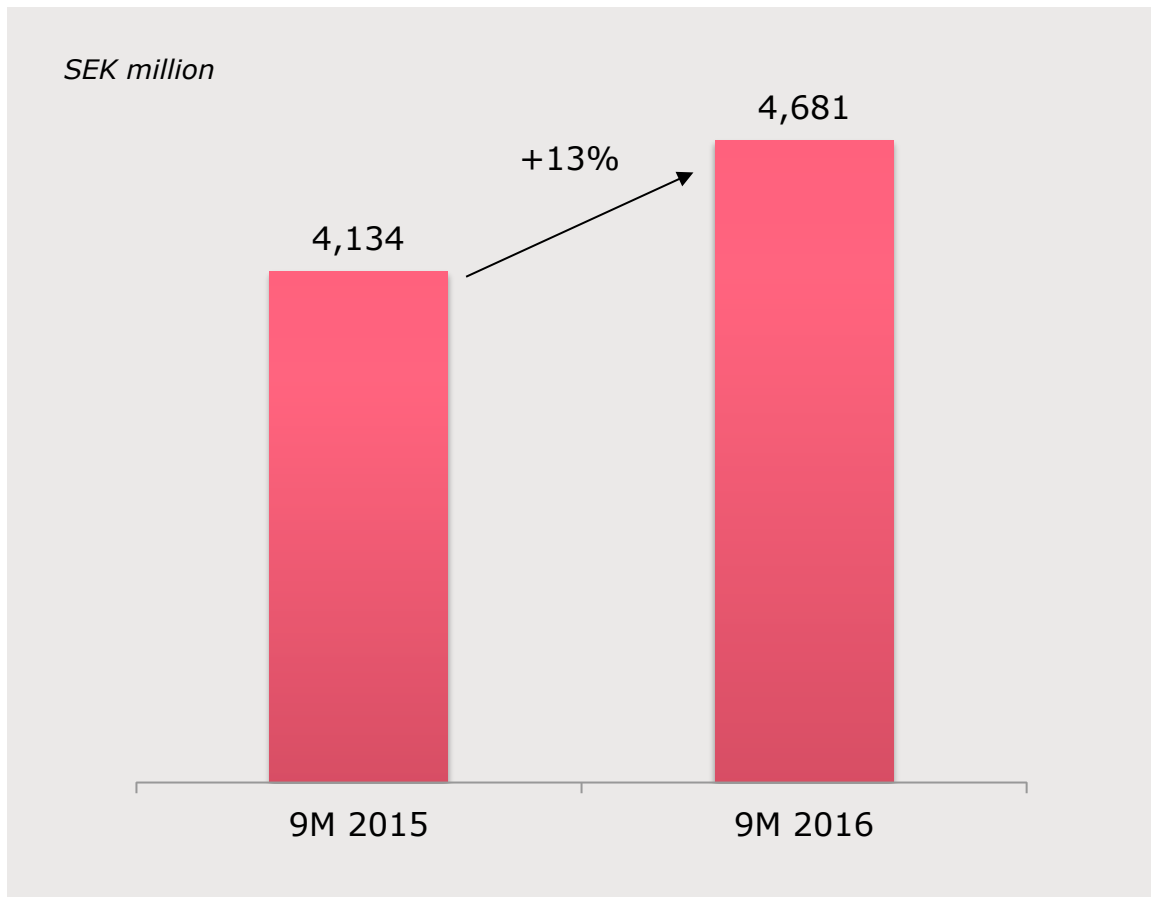
Comments

- Operating revenue increased by 19% to SEK 1,676m, an increase of SEK 272m, driven by Individual & Family and Other Nordics
 - above our growth target
 - organic growth of 3.3%
- Acquisitions contributed with SEK 231m to revenue
- Organic contribution to revenue of SEK 40m
- Own managed operations accounted for 94% of revenue



Humana nine-month period - Operating revenue

Operating revenue



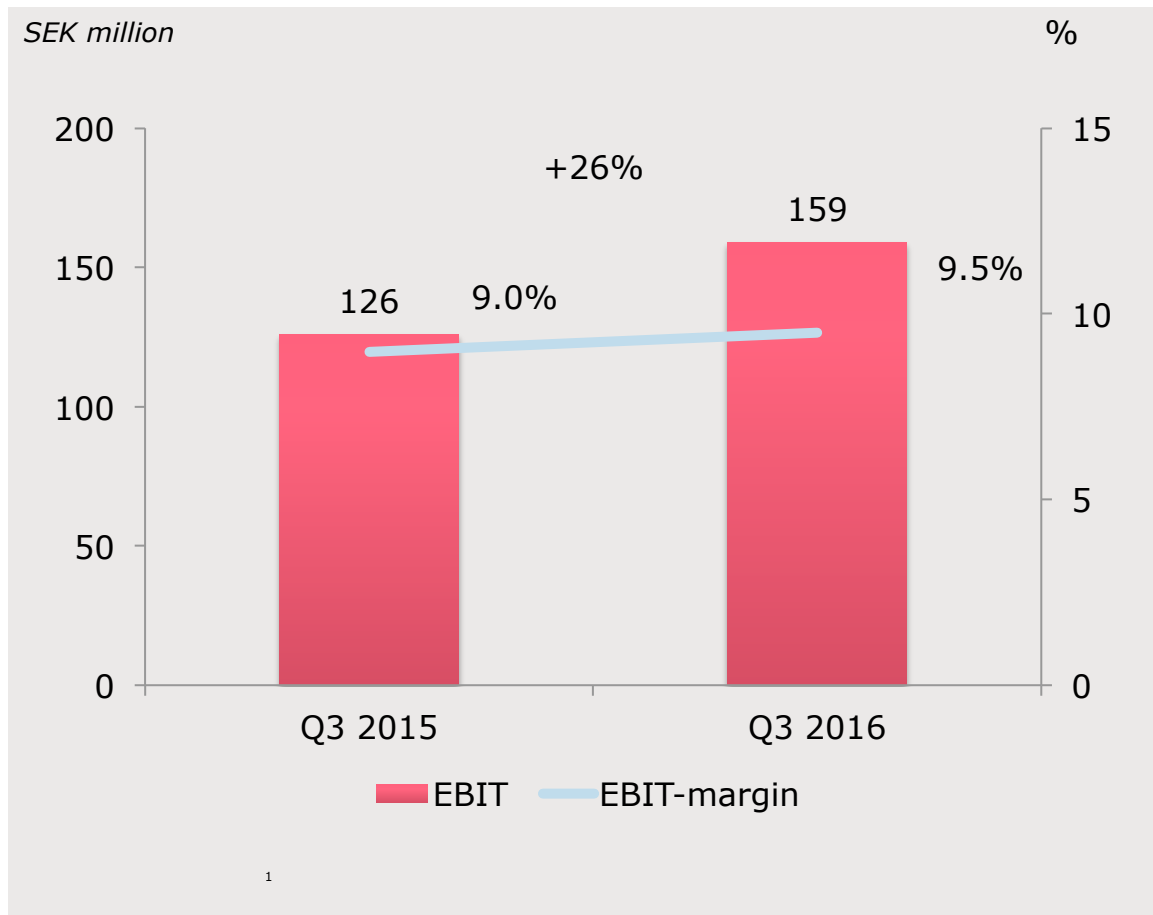
Comments

- Operating revenue increased by 13% to SEK 4,681m, an increase of SEK 547m, driven by Individual & Family and Other Nordics
 - organic growth of 2.3%
- Acquisitions contributed with SEK 478m to revenue
- Divested company included with SEK 20m in 9M 2015
- Organic contribution to revenue of 88m



Humana Q3 - Operating profit

Operating profit (EBIT)



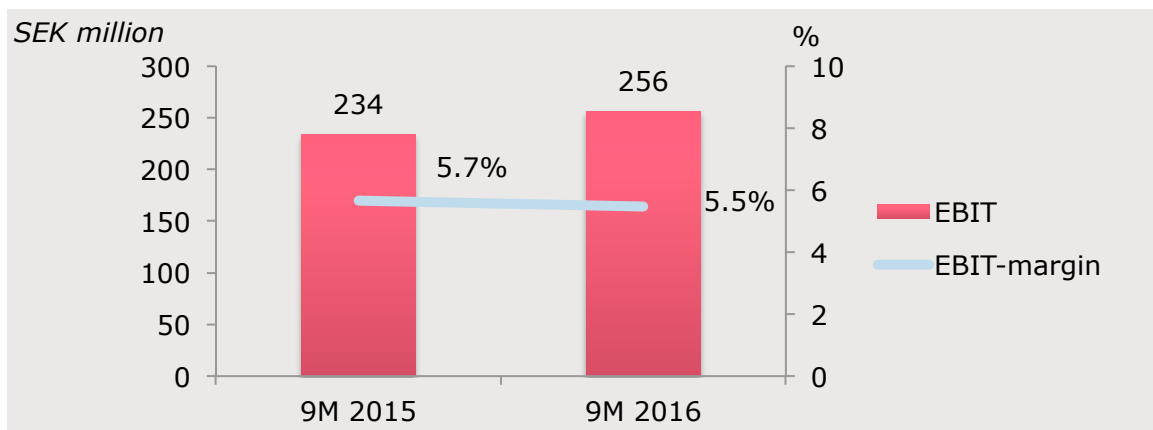
Comments

- Operating profit increased to SEK 159m (126). Acquisitions contributed with SEK 38m.
- Operating profit margin of 9.5% (9.0)
Negative impact from:
 - higher social security costs for young employees, SEK 12m
 - higher rental costs (sale and lease back) SEK 5m

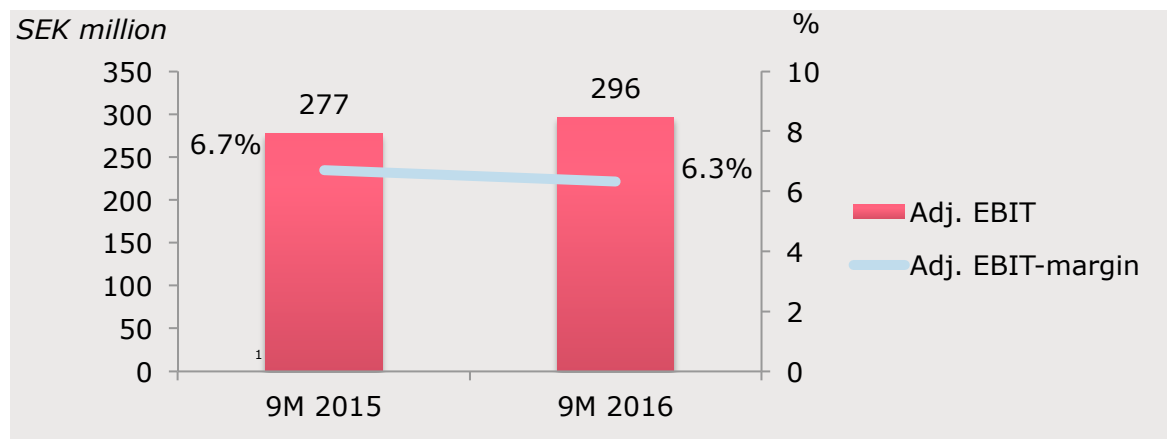


Humana nine-month period - Operating profit

Operating profit (EBIT)



Adj. EBIT and Adj. EBIT-margin



Comments

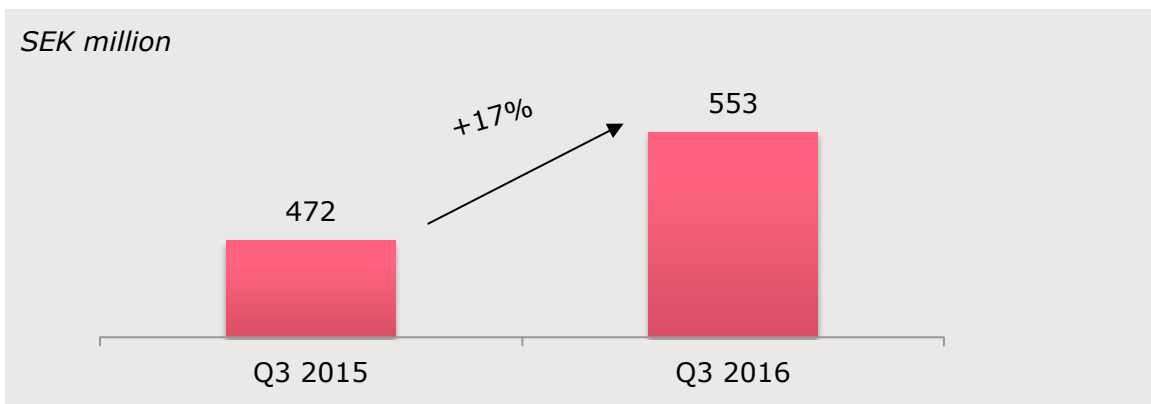
- Operating profit increased to SEK 256m (234) Acquisitions contributed with SEK 68m
- Operating profit margin of 5.5% (5.7)
Impact from:
 - cost of IPO SEK 40m
 - cost of acquisitions SEK 15m
 - higher social security costs for young employees, SEK 42m
 - higher rental costs (sale and lease back) SEK 12m
- Adj. EBIT SEK 296m (277), an adj. EBIT-margin of 6.3% (6.7), SEK 40m in IPO costs in 9M 2016 (SEK 32m in capital loss from sale of Villa Skaar and SEK 11m in advisory costs during refinancing 2015)



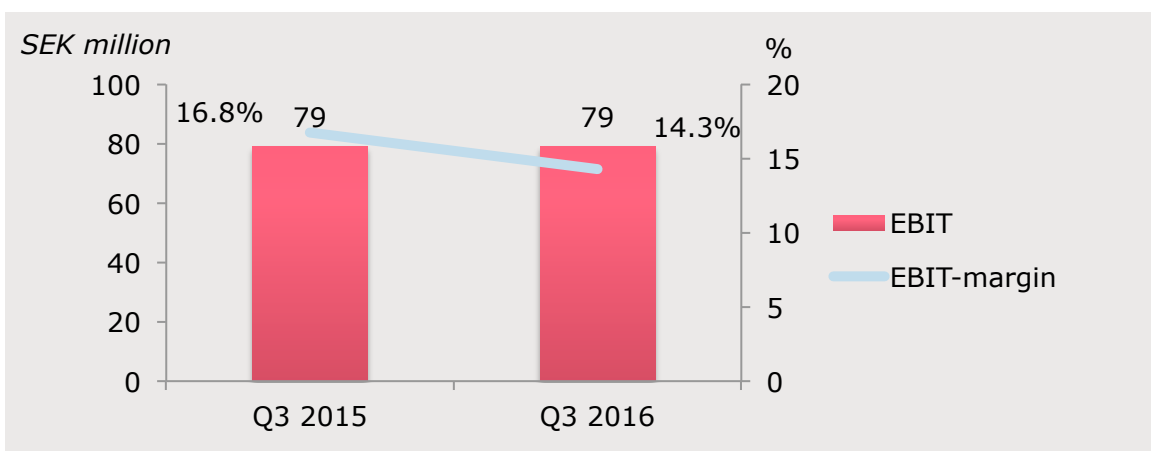
Individual & Family Q3



Operating revenue



Operating profit



Comments

- Operating revenue increased by 17% driven by 16% more clients
 - organic growth of 5.5%
- Operating profit was in line with last year at SEK 79m (79)
- Margin decreased from 16.8% in Q3 2015 to 14.3% in Q3 2016
 - slightly lower occupancy
 - higher rental costs of SEK 4m

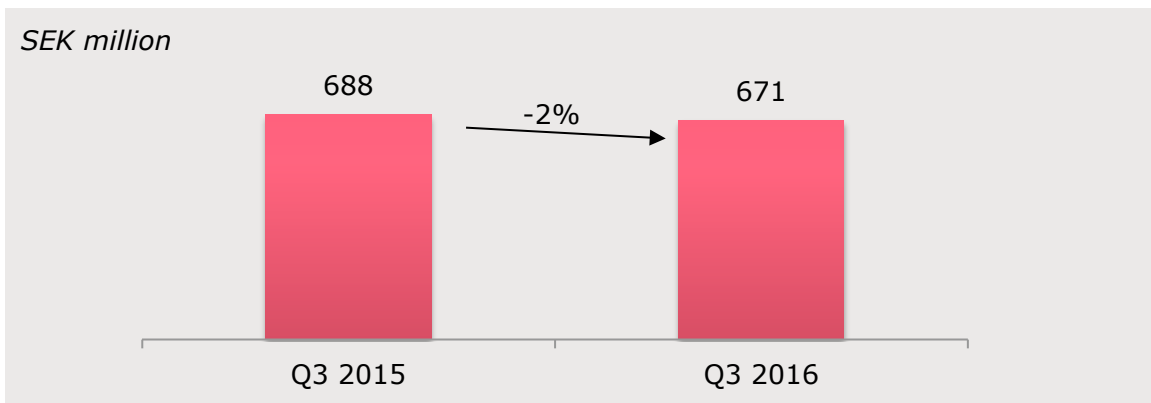
Average	Q3 2015	Q3 2016	+/--%
Clients	1,855	2,159	+16.4
Employees	2,195	2,495	+13.7



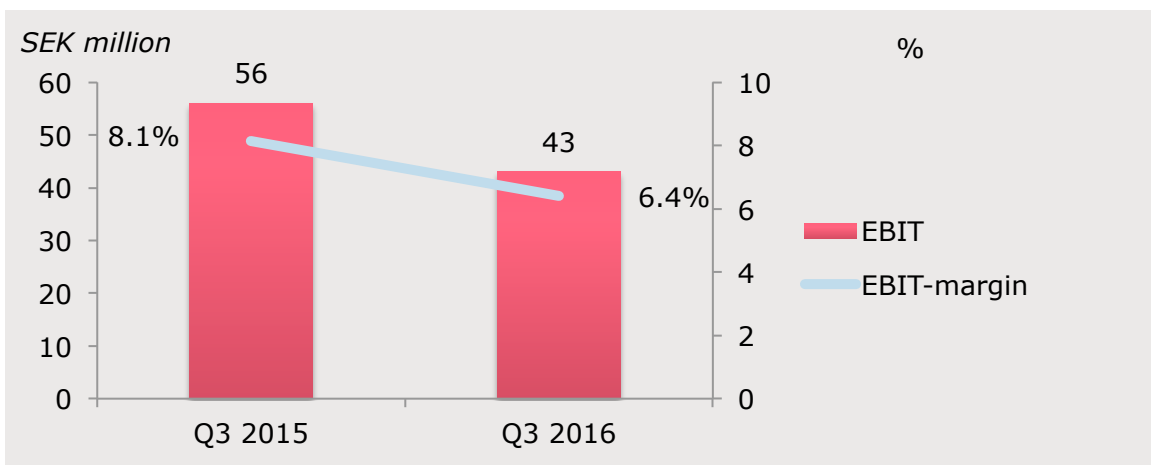
Personal Assistance Q3



Operating revenue



Operating profit



Comments

- Operating revenue decreased by 2% explained by:
 - fewer clients and hours compared with last year
 - tougher market conditions
- Operating profit decreased to SEK 43m (56), operating margin declined to 6.4% (8.1)
 - effects from ongoing efficiency program
 - higher costs for increased social security costs SEK 8m
 - higher cost increases in personnel cost than reimbursement levels

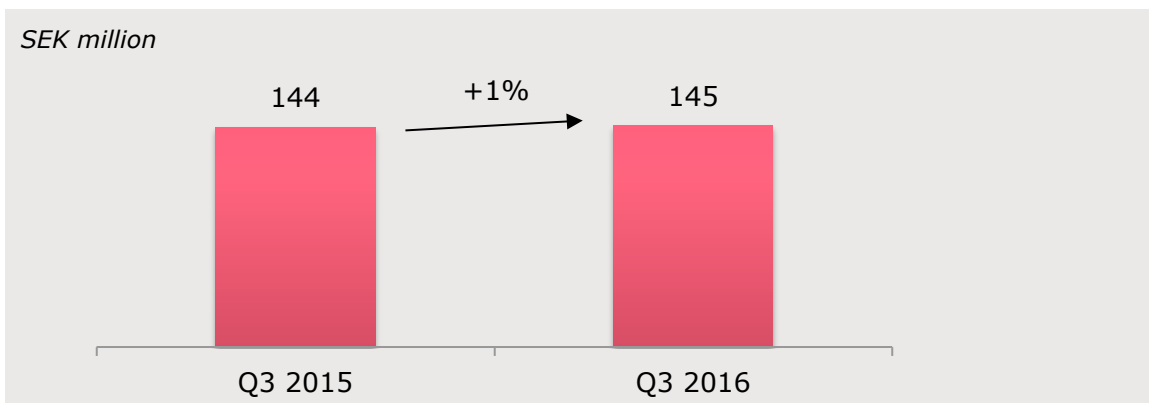
Average	Q3 2015	Q3 2016	+/--%
Clients	1,967	1,897	-3.6
Employees	5,711	5,491	-3.9



Elderly Care Q3



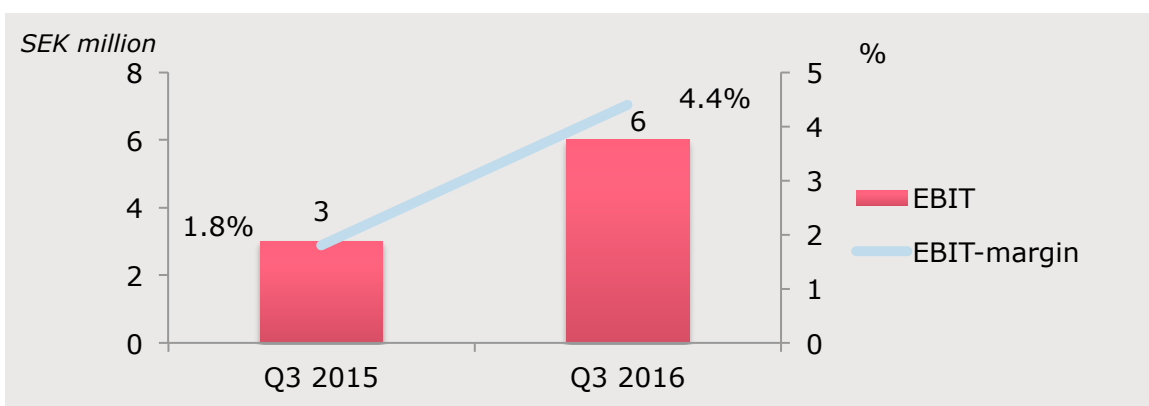
Operating revenue



Comments

- Operating revenue increased by 1% in Q3 2016
 - positive effect from opening our elderly care home in Gävle

Operating profit



- Operating profit SEK 6m (3)
- Margin 4.4% (1.8)
 - Improved due to transfer of three home care units
 - impacted by higher social security costs

Average	Q3 2015	Q3 2016	+/--%
Clients	3,256	2,935	-9.9
Employees	1,415	1,455	2.8



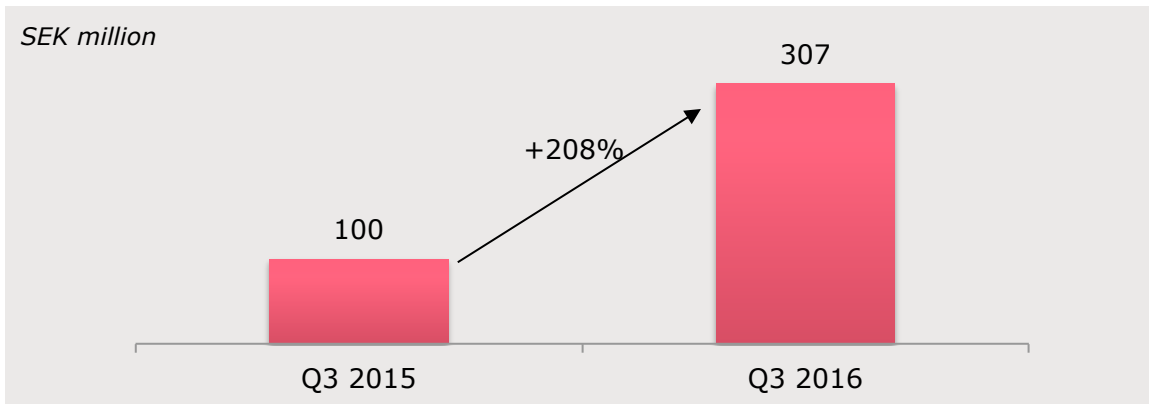
9M 2016 • Operating revenues 9M 433m (437), -1%

• Operating profit 9M SEK -4m (-7), operating margin -1.0% (-1.6)

Other Nordics Q3



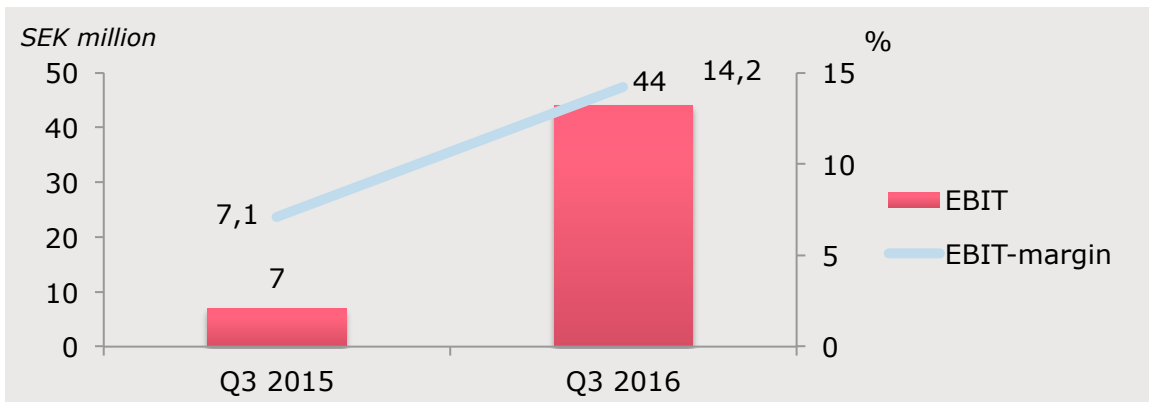
Operating revenue



Comments

- Operating revenue increased 208% to SEK 307m (100), primarily driven by acquisition of KOA and Arjessa in Finland
- Organic growth at constant currency of 35.7%
 - High occupancy as well as good development within personal assistance in Norway

Operating profit



- Operating profit SEK 44m (7)
- Margin increased to 14.2% (7.1)

Average	Q3 2015	Q3 2016	+/-%
Clients	193	1,942	+906.2
Employees	414	1,235	+198.3



Central costs/other

Breakdown of central costs/other

SEK million

Costs	Q3 2015	Q3 2016
Total other costs	19	13
Advisory costs for financing	8	-
Central overhead costs	11	13

Costs	9M 2015	9M 2016
Total other costs	50	99
IPO (P&L impact)	-	40
Central overhead costs	38	44
Cost for acquisitions	1	15
Advisory costs for financing	11	-

Comments

- Central costs/other decreased from SEK 19m in Q3 2015 to SEK 13m in Q3 2016.
 - Q3 2015 included SEK 8m in advisory costs for refinancing
- Central costs/other for the nine-month period increased from SEK 50m in 2015 to SEK 99m in 2016.
 - SEK 40m in IPO related costs
 - underlying central overhead costs SEK 44m (38)
 - Costs for acquisitions in Q2 2016 of SEK 15m (1)



Financial targets



Humana

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





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Q & A



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Appendix

Consolidated income statement

SEK M	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/16	Jan-Dec 2015
Net revenue	1 676	1 404	4 681	4 134	6 140	5 593
Other revenue	0	0	0	0	62	62
Operating revenue	1 676	1 404	4 681	4 134	6 202	5 655
Other external costs	-246	-188	-691	-560	-925	-794
Personnel costs	-1 257	-1 077	-3 644	-3 272	-4 801	-4 430
Depreciation	-14	-12	-35	-35	-47	-46
Impairment of goodwill	0	0	0	0	-36	-36
Other operating costs	0	0	-55	-33	-59	-37
Operating costs	-1 517	-1 278	-4 425	-3 900	-5 868	-5 342
Operating profit	159	126	256	234	334	312
Financial revenue	4	0	10	0	11	1
Financial costs	-18	-83	-105	-138	-139	-172
Unrealised changes in value of derivatives	8	2	21	2	27	7
Profit before tax	152	45	182	99	232	149
Income tax	-34	-14	-44	-32	-47	-35
Net profit for the period	118	31	138	66	185	114
Of which, attributable to:						
Owners of the Parent Company	118	31	138	66	185	114
Net profit for the period	118	31	138	66	185	114
Earnings per common share, SEK, before dilution	2,22	-0,73	2,28	0,05	2,86	0,61
Earnings per common share, SEK, after dilution	2,22	-0,73	2,28	0,05	2,86	0,61
Average number of common shares, thousands	53 140	45 882	50 968	45 882	49 670	45 882



Key ratios

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/16	Jan-Dec 2015
Operating revenue	1 676	1 404	4 681	4 134	6 202	5 655
EBIT, %	9,5%	9,0%	5,5%	5,7%	5,4%	5,5%
Interest-bearing net debt, SEK M	1 330	1 474	1 330	1 474	1 330	1 174
Return on capital employed, %	4,8%	4,7%	7,8%	8,7%	10,1%	11,3%
Equity/assets ratio, %	37,6%	28,7%	37,6%	28,7%	37,6%	28,5%
Operating cash flow	51	37	111	190	310	389
Interest-bearing net debt/Adjusted EBITDA 12 months, times	2,9x	4,1x	2,9x	4,1x	2,9x	3,0x
Average number full-time employees Individual & Family	2 495	2 195	2 438	2 064	2 396	2 115
Average number full-time employees Personal Assistance	5 491	5 711	5 265	5 336	5 260	5 313
Average number full-time employees Elderly Care	1 455	1 415	1 327	1 327	1 319	1 319
Average number full-time employees Other Nordic	1 235	414	796	383	703	393
Average number full-time employees Central functions	19	14	18	13	17	14
Total average number full-time employees	10 694	9 749	9 844	9 124	9 695	9 154
Number of full-time employees on the closing date	10 649	9 697	10 649	9 697	10 649	9 231
Average number of customers Individual & Family	2 159	1 855	2 182	1 806	2 143	1 861
Average number of customers Personal Assistance	1 897	1 967	1 911	1 951	1 922	1 952
Average number of customers Elderly Care	2 935	3 256	2 985	3 236	3 059	3 248
Average number of customers Other Nordic	1 942	193	1 004	199	805	202
Total average number of customers	8 932	7 271	8 081	7 192	7 929	7 262
Average number of common shares on the closing date, 000s	53 140	45 882	50 968	45 882	49 670	45 882
Equity per common share, SEK	33	6	33	6	34	8



Consolidated balance sheet

SEK M	Sep 30 2016	Sep 30 2015	Dec 31 2015
Assets			
Non-current assets			
Goodwill	3 073	2 550	2 584
Other intangible assets	15	9	9
Property, plant and equipment	358	328	200
Financial assets	11	3	4
Total non-current assets	3 456	2 892	2 797
Current assets			
Trade receivables	524	433	440
Other current receivables	141	148	100
Cash and cash equivalents	395	179	501
Total current assets	1 059	761	1 040
TOTAL ASSETS	4 515	3 652	3 838
Equity and liabilities			
Equity			
Share capital	1	1	1
Additional paid-in capital	1 091	642	642
Retained earnings	606	406	450
Equity attributable to owners of the parent company	1 697	1 049	1 093
Non-current liabilities			
Deferred tax liabilities	72	58	66
Interest-bearing liabilities	1 406	1 585	1 550
Total non-current liabilities	1 478	1 643	1 616
Current liabilities			
Interest-bearing liabilities	318	69	125
Trade payables	81	53	79
Other current liabilities	941	838	925
Total current liabilities	1 339	960	1 129
TOTAL EQUITY AND LIABILITIES	4 515	3 652	3 838



Consolidated cash flow statement

SEK M	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/16	Jan-Dec 2015
Profit before tax	152	45	182	99	232	149
Adjustment for:						
Depreciation and impairment	14	12	35	35	83	82
Financial items, net	6	81	74	136	102	163
Other non-cash items	0	0	0	10	-37	-27
Cash flow from operating activities before changes in working capital	173	138	291	279	380	367
Changes in working capital	-93	-95	-97	-60	2	38
Cash flow from operating activities	80	43	195	219	381	405
Financial items, net	-22	-22	-76	-70	-106	-100
Income tax paid	-10	-25	-63	-74	-20	-31
Cash flow from operating activities, net	48	-4	56	75	256	274
Acquisition of operations, net cash impact	-13	-31	-455	-56	-540	-141
Sales of operations, net cash impact	0	0	0	11	250	261
Investments in other non-current assets, net	-29	-6	-84	-18	-109	-43
Cash flow from investing activities	-42	-37	-539	-63	-399	77
Proceeds from new borrowings	0	426	1 619	453	2 805	1 639
Repayment of borrowings	0	-414	-1 678	-529	-2 881	-1 732
New share issue	0	0	442	0	442	0
Cash flow from financing activities	0	12	383	-76	366	-93
Cash flow for the period	6	-29	-100	-65	223	258
Cash and cash equivalents at start of period	393	207	501	244	179	244
Cash flow for the period	6	-29	-100	-65	223	258
Exchange rate difference in cash/cash equivalents	-4	1	-5	0	-8	-2
Cash and cash equivalents at end of period	395	179	395	179	395	501



Segment financials

Operating revenue by business area

SEK M	Jul-Sep	Jul-Sep	%	Jan-Sep	Jan-Sep	%	Oct-Sep	Jan-Dec	%
	2016	2015		2016	2015		2015/16	2015	
Individual & Family	553	472	17%	1 654	1 368	21%	2 188	1 902	15%
Personal Assistance	671	688	-2%	1 994	2 016	-1%	2 667	2 689	-1%
Elderly Care	145	144	1%	433	437	-1%	581	585	-1%
Other Nordics	307	100	208%	602	314	92%	704	416	69%
Total operating revenue	1 676	1 404	19%	4 681	4 134	13%	6 140	5 593	10%

Organic revenue growth by business area

%	Jul-Sep	Jul-Sep	%	Jan-Sep	Jan-Sep	%	Oct-Sep	Jan-Dec	%
	2016	2015		2016	2015		2015/16	2015	
Individual & Family	5,5%	10,0%		6,8%	1,7%		8,2%	2,3%	
Personal Assistance	-2,5%	3,7%		-1,1%	3,6%		-0,5%	3,1%	
Elderly Care 2) 3)	1,0%	-13,3%		-1,0%	-11,5%		-3,6%	-11,2%	
Other Nordics	29,9%	10,1%		7,5%	n/a		6,5%	n/a	
Total organic growth, group currency	2,9%	3,8%		2,2%	0,9%		2,5%	0,8%	
Other Nordics , local currency	35,7%	11,0%		9,8%	n/a		9,2%	n/a	
Total organic growth, constant currency rate	3,3%	3,8%		2,3%	0,9%		2,7%	0,8%	

Operating profit per business area

SEK M	Jul-Sep	Jul-Sep	%	Jan-Sep	Jan-Sep	%	Oct-Sep	Jan-Dec	%
	2016	2015		2016	2015		2015/16	2015	
Individual & Family	79	79	-1%	177	170	4%	228	221	3%
Personal Assistance	43	56	-22%	117	137	-15%	162	182	-11%
Elderly Care	6	3	152%	-4	-7	n/a	-55	-58	n/a
Other Nordics	44	7	519%	66	-16	n/a	68	-13	n/a
Central costs/other	-13	-19	n/a	-99	-50	n/a	-69	-20	n/a
Total Operating profit	159	126	26%	256	234	9%	334	312	7%

