



Interim report April–June 2019

Q2



Humana is a leading Nordic public care company. The company is a market leader in individual and family care and personal assistance with expanding operations in elderly care. Humana has 16,000 employees who all work with a shared vision – Everyone is entitled to a good life. Humana is a growth company with a focus on quality and customer satisfaction. The company had annual revenue of SEK 6,725m in 2018. Humana is listed on Nasdaq Stockholm and is headquartered in Stockholm.



Humana

Second quarter in brief

Second quarter, April-June 2019

- **Operating revenue** was SEK 1,918m (1,696), an increase of 13%, of which organic growth was 2.5%.
- **Operating profit** was SEK 45m (78), a decrease of 42%. Excluding the effects of IFRS 16, the new standard for recognising leases that applies from 1 January 2019, and excluding acquisition expenses and revenues along with integration costs, operating profit amounted to SEK 65m (74), a decrease of 12%. The effects of IFRS 16 on operating profit amounted to SEK 10m (-). Acquisition expenses and revenues amounted to SEK -26m (4) and integration costs for Coronaria Hoiva were SEK -4m (-).
- **Net profit after tax for the period** amounted to SEK -2m (47). Excluding the effects of IFRS 16, profit after tax amounted to SEK 4m (47).
- **Earnings per share for the period** before and after dilution amounted to SEK -0.04 (0.88). Excluding the effects of IFRS 16, earnings per share amounted to SEK 0.07 (0.88).
- **Operating cash flow** amounted to SEK 136m (143). Excluding the effects of IFRS 16, operating cash flow totalled SEK 62m (143).

The six-month period, January-June 2019

- **Operating revenue** was SEK 3,626m (3,344), an increase of 8%, of which organic growth was 2%.
- **Operating profit** was SEK 122m (159), a decrease of 23%. Excluding the effects of IFRS 16 and excluding acquisition expenses and revenues as well as integration costs, operating profit amounted to SEK 137m (155), a decrease of 12%. The effects of IFRS 16 on operating profit amounted to SEK 17m (-). Acquisition expenses and revenues amounted to SEK -28m (4) and integration costs for Coronaria Hoiva were SEK -4m (-).
- **Net profit after tax for the period** amounted to SEK 42m (92). Excluding the effects of IFRS 16, profit after tax amounted to SEK 52m (92).
- **Earnings per share for the period** before and after dilution amounted to SEK 0.79 (1.73). Excluding the effects of IFRS 16, earnings per share amounted to SEK 0.98 (1.73).
- **Operating cash flow** amounted to SEK 169m (113). Excluding the effects of IFRS 16, operating cash flow totalled SEK 38m (113).

Significant events in and after the second quarter

- In April, the Finnish competition authority approved Humana's acquisition of Finnish company Coronaria Hoiva Oy from its owner Coronaria Oy and the transaction was completed. The purchase price amounted to EUR 71m, approximately SEK 736m (enterprise value).
- Humana acquired assistance company Assistans på Gotland AB during the quarter. The company's annual revenues amount to approximately SEK 56m and it has around 115 employees.
- During the quarter and after the end of the quarter, Humana signed agreements for four new elderly housing units under own management. During the quarter, Humana signed agreements on new housing units in Falkenberg and Norrtälje, with 60 and 80 apartments respectively. After the end of the quarter, Humana signed an agreement for two more housing units with 60 apartments each, another in Norrtälje and one in Ängelholm. All units are expected to open in 2021.
- After the end of the quarter, Humana entered an agreement with Samhällsbyggnadsbolaget i Norden for the 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. The average length of the leases for the properties is 14.2 years and the additional annual rental charge amounts to SEK 32m.

Revenue and profit

SEK m	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun		Jul-Jun	Jan-Dec	
	2019	2018	%	2019	2018	%	2018/19	2018	%
Net revenue	1,918	1,685	14%	3,626	3,333	9%	7,003	6,714	4%
Other revenue	0	11	-100%	0	11	-100%	0	11	-100%
Operating revenue	1,918	1,696	13%	3,626	3,344	8%	7,003	6,725	4%
Operating profit	45	78	-42%	122	159	-23%	354	391	-9%
Adjusted operating profit	45	78	-42%	122	159	-23%	354	391	-9%
Net profit for the period	-2	47	-105%	42	92	-55%	195	245	-21%
Operating cash flow	136	143	-5%	169	113	49%	340	285	20%

Excluding IFRS 16 effects:

Operating revenue	1,918	1,696	13%	3,626	3,344	8%	7,003	6,725	4%
Operating profit	35	78	-55%	105	159	-34%	337	391	-14%
Adjusted operating profit	35	78	-55%	105	159	-34%	337	391	-14%
Net profit for the period	4	47	-92%	52	92	-43%	206	245	-16%
Operating cash flow	62	143	-57%	38	113	-67%	209	285	-27%

Improvement in Individual & Family and focus on growth in other business areas

The second quarter of the year was eventful and among Humana's achievements are two acquisitions, two new contracts for elderly housing under own management (and an additional two after the end of the quarter) and that we saw effects from our sales initiatives in Individual & Family. Revenue is growing in line with our financial targets, but in terms of profits the quarter was weak, mainly due to costs for our various growth initiatives.

Humana's operating revenue amounted to SEK 1.9bn during the quarter, an increase of 13 percent, which was primarily acquisition driven. We are pleased with the development in Personal Assistance, Elderly Care, the Norwegian operations and Arjessa in Finland and that our measures within Individual & Family are having an effect, but this is overshadowed by a weak development in our newly acquired Coronaria Hoiva and the burden of acquisition- and growth-related non-recurring costs making the quarterly profits weak. Operating profit excluding items affecting comparability amounted to SEK 65m.



For the business area Other Nordics revenues grew by 54 percent in the quarter and the business area now constitutes 29 percent of the Group. The acquisition of Coronaria Hoiva added 148 million in revenues in the second quarter and means that Humana is now a complete care provider in Finland. The business area's operating profit decreased by 26 percent, mainly explained by a negative profit contribution from Coronaria Hoiva, where operations have developed significantly worse than expected. Following the takeover, we are working intensively to both integrate the operations and to improve the profitability of the company. A program, aimed at both increasing revenues and reducing costs, has been initiated and a number of measures have already been taken. Our already established operations in Finland, also experienced a slight decrease in its margin during the quarter. This is mainly due to the costs of opening new units. As part of our growth efforts in Finland, we have appointed Anu Kallio as the new head of Humana Finland. She will be joining the company at the beginning of next year. In Norway, the quarter was characterised by continued strong growth and increased operating profit. In order to increase the transparency in the growing Other Nordics, management and Board have decided to report Norway and Finland as their own segments from the third quarter.

Personal Assistance, our largest business area, continued to deliver stable revenues, stable profitability and satisfied customers. In May, we completed a geographically interesting acquisition of assistance company Assistans på Gotland with approximately SEK 56m in sales. From a market point of view, unfortunately, I must note that the number of

persons whom Försäkringskassan considers eligible for assistance continues to decrease. At the same time, there is finally a proposal for a legislative change that would make respiratory aid a basic need with the right to personal assistance from 1 November.

The Individual & Family business area has a couple of tough quarters behind it due to lower and somewhat changed demand. This stabilised in the second quarter but demand remained weak in the children and adolescents segment. An increased focus on our sales activities has partly offset the lower demand and overall revenue decreased by 4 percent for the business area. At the same time, it's positive that we increased our efficiency and profitability during the quarter. Efforts to better align the organisation with client demand will continue, and we have also made a change of management with Johanna Rastad as new head of the business area.

For the elderly care business area, the second quarter was characterised by growth in units under own management. The establishment of our new housing unit under own management in Staffanstorps, which opened in March, went faster than planned. During the quarter, we also concluded two new agreements on housing units under own management in Falkenberg and Norrtälje. After the quarter, we entered two further agreements on new housing units, an additional one in Norrtälje and one in Ängelholm. These four new units are expected to open in 2021.

The increasingly strained municipal economies received a lot of attention during the quarter. In this context, I think it is relevant to highlight the increasingly important role of private welfare providers. We add capacity and expertise, we save money for the taxpayers, and we contribute innovation and set new, higher standards in the care sector. It is thanks to the existence of private quality providers that I am convinced we will continue to have a well-functioning and sustainable welfare system that we can be proud of long into the future.

Stockholm 16 August 2019



Rasmus Nermand, President and CEO
Humana AB

Operating revenue by business area

SEK m	Apr-Jun	Apr-Jun	%	Jan-Jun	Jan-Jun	%	Jul-Jun	Jan-Dec	%
	2019	2018		2019	2018		2018/19	2018	
Individual & Family	535	555	-4%	1,047	1,106	-5%	2,126	2,188	-3%
Personal Assistance	685	659	4%	1,369	1,312	4%	2,724	2,668	2%
Elderly Care	142	108	31%	276	217	27%	517	457	13%
Other Nordics	556	362	54%	934	698	34%	1,637	1,401	17%
Other revenue 2)	0	11	-100%	0	11	-100%	0	11	-100%
Total operating revenue	1,918	1,696	13%	3,626	3,344	8%	7,003	6,725	4%

Organic growth by business area 1)

%	Apr-Jun	Apr-Jun	%	Jan-Jun	Jan-Jun	%	Jul-Jun	Jan-Dec	%
	2019	2018		2019	2018		2018/19	2018	
Individual & Family	-3.6%	-2.4%		-5.3%	-1.4%		-3.1%	-1.3%	
Personal Assistance	-0.1%	1.0%		0.7%	0.8%		0.9%	0.7%	
Elderly Care	30.7%	35.3%		27.4%	29.9%		32.7%	33.4%	
Other Nordics, constant currency	8.1%	11.4%		8.2%	6.5%		15.6%	9.8%	
Total organic growth, constant currency rate	2.5%	3.4%		2.0%	2.6%		3.4%	3.4%	

Operating profit by business area

SEK m	Apr-Jun	Apr-Jun	%	Jan-Jun	Jan-Jun	%	Jul-Jun	Jan-Dec	%
	2019	2018		2019	2018		2018/19	2018	
Individual & Family	41	40	2%	69	87	-21%	177	196	-9%
Personal Assistance	26	25	2%	65	60	8%	156	151	3%
Elderly Care	0	1	-61%	4	0	n/a	13	9	49%
Other Nordics	21	28	-26%	45	46	-3%	121	122	-1%
Central costs/other 2) 3) 4)	-42	-16	n/a	-60	-34	n/a	-114	-88	n/a
Total operating profit	45	78	-42%	122	159	-23%	354	391	-9%

Excluding IFRS 16 effects (affects only Central costs):

Total operating profit	35	78	-55%	105	159	-34%	224	391	-43%
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Operating profit margins by business area

%	Apr-Jun	Apr-Jun	%	Jan-Jun	Jan-Jun	%	Jul-Jun	Jan-Dec	%
	2019	2018		2019	2018		2018/19	2018	
Individual & Family	7.6%	7.1%		6.6%	7.9%		8.3%	9.0%	
Personal Assistance	3.7%	3.8%		4.7%	4.6%		5.7%	5.7%	
Elderly Care	0.3%	0.8%		1.5%	-0.2%		2.6%	2.0%	
Other Nordics	3.7%	7.8%		4.8%	6.6%		7.4%	8.7%	
Total operating profit margin	2.3%	4.6%		3.4%	4.8%		5.1%	5.8%	

Excluding IFRS 16 effects:

Total operating profit margin	1.8%	4.6%		2.9%	4.8%		3.2%	5.8%	
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1) Organic growth is calculated as revenue growth for comparable companies that Humana owned during the corresponding comparative period.

2) Operating profit in Q2 2018 includes the positive effect of final settlement of contingent considerations of SEK 9m with associated acquisition costs of SEK 5m.

3) Operating profit in 2019 includes SEK 28m in acquisition costs, of which SEK 26m in Q2. Operating profit for full year 2018 includes acquisition costs of SEK 18m, of which SEK 0m in Q1 and SEK 5m in Q2.

4) Operating profit for 2019 includes net effects from IFRS 16 of SEK 17m (-), of which SEK 10m (-) in Q2.

Group development

Revenue

Second-quarter operating revenue amounted to SEK 1,918m (1,696), an increase of 13% compared with the same quarter last year. Acquired operations, that is, companies that were not owned throughout the previous comparative period, contributed SEK 187m to revenues in the quarter, of which SEK 148m relates to revenues from Coronaria Hoiva in Finland. Organic revenue growth was 2.5% (3.4).

Operations under our own management accounted for 93% of total revenues and contracted operations accounted for 7%.

Operating revenue for the six-month period amounted to SEK 3,626m (3,344). This is an increase of 8% and in line with the financial target of an annual growth rate of 8-10% in the medium term. Acquired operations accounted for SEK 221m of revenues. Organic revenue growth was 2% (2.6).

Profit

Operating profit for the second quarter decreased to SEK 45m (78). This is a 42% decrease and corresponds to an operating margin of 2.3% (4.6). Excluding the effects of reporting standard IFRS 16, which applies from 1 January 2019, and excluding acquisition expenses and revenues along with integration costs, the operating profit amounted to SEK 65m (74), a decrease of SEK 9m or 12%. The effect of IFRS 16 on operating profit for the period amounted to SEK 10m (-) and is due to lower rental costs of SEK 74m and higher amortisations of SEK 63m (a reduction in central costs). Acquisition expenses and revenues amounted to SEK -26m (4) and were largely related to the acquisition of Coronaria Hoiva. Integration costs for Coronaria Hoiva were SEK -4m (0). Operating profit in Q2 2018 included a positive one-off net item of SEK 4m associated with acquisitions.

The remaining decline in profit of SEK 9m in the second quarter compared with the previous year is due to costs associated with continued investments in growth initiatives. The period was subject in part to project and start-up costs for new units under own management, primarily in elderly care, and in part to an initial negative contribution from Coronaria Hoiva.

Operating profit for the six-month period was SEK 122m (159), a decrease of 23%. Excluding the effects of IFRS 16 and excluding acquisition expenses and revenues as well as integration costs, operating profit amounted to SEK 137m (155), a decrease of SEK 18m or 12%. The effects of IFRS 16 on operating profit amounted to SEK 17m (-). Acquisition expenses and revenues amounted to SEK -28m (4) and were largely related to the acquisition of Coronaria Hoiva. Integration costs for Coronaria Hoiva were SEK -4m (-). Operating profit in Q2 2018 included a positive one-off net item of SEK 4m associated with acquisitions.

The remaining decline in profit of SEK 18m is due to lower demand in the Individual & Family business area, especially in the first quarter, by project and start-up costs for new units under own management and by a negative contribution from Coronaria Hoiva.



Events

First quarter 2019

- Humana entered an agreement to acquire all shares in Finnish company Coronaria Hoiva Oy from its owner Coronaria Oy. The purchase price amounted to EUR 71m, approximately SEK 736m (enterprise value). The company has about 1,100 employees. Its adjusted revenue for 2018 was EUR 54m, approximately SEK 559m, and its adjusted EBITDA was EUR 4.3m, approximately SEK 45m.
- Humana signed an agreement for a new elderly housing unit under own management in Vallentuna. The housing unit will have 60 apartments and is scheduled to open in Q4 2020.

Second quarter 2019

- In April 2019, the Finnish competition authority approved the acquisition of Coronaria Hoiva Oy and the acquisition was subsequently completed. Coronaria Hoiva was consolidated into Humana as from April 2019.
- Humana signed an agreement for two new elderly housing units under own management, one in Falkenberg and one in Norrtälje. The housing units will have 60 and 80 apartments, respectively. Both operations are scheduled to open in the first half of 2021.
- Humana acquired the assistance company Assistans på Gotland AB during the quarter. The company's annual revenues amount to approximately SEK 56m and it has around 115 employees.
- Johanna Rastad, former head of business development at Humana, was appointed as the new business area manager for Individual & Family.
- The 2019 AGM approved a dividend of SEK 0.70 per share for the 2018 financial year, in accordance with the Board's proposal.

Events after the end of the quarter

- After the end of the quarter, Humana signed an agreement for two new elderly housing units under own management, another in Norrtälje and one in Ängelholm. The housing units will each have 60 apartments. Both operations are scheduled to open in the first half of 2021.
- After the end of the quarter, Humana entered an agreement with Samhällsbyggnadsbolaget i Norden for the 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. The average length of the leases for the properties is 14.2 years and the additional annual rental charge amounts to SEK 32m. Existing properties were transferred in July 2019. Properties where construction is ongoing will be transferred when they are completed, which is expected to be no later than Q2 2020.
- After the end of the quarter, Anu Kallio, who is now CEO of care company Rinnekoti, was appointed new head of Humana in Finland. She will join Humana no later than 1 March 2020.



Performance by business area

Individual & Family

Revenues for the first quarter amounted to SEK 535m (555), a decrease of 4% compared to the corresponding period last year. Revenues for the six-month period amounted to SEK 1,047m (1,106), a decrease of 5%. The decrease is explained by lower demand, primarily during the first quarter, in the market segment for children and adolescents. In the second quarter, demand recovered somewhat but remained weak within the segment. Increased focus on sales activities offset this somewhat and had an impact on the second quarter.

Operating profit in the quarter totalled SEK 41m (40), an increase of 2% compared to last year. Operating profit for the six-month period was SEK 69m (87), a decrease of 21%. The operating margin for the quarter was 7.6% (7.1) and for the six-month period it was 6.6% (7.9). The higher margin in the second quarter is largely explained by lower costs due to adaptation of the organisation to better meet demand. Our efforts to adjust to better meet the partially changed demands from customers continues. The lower earnings and lower margin for the six-month period are due to lower demand, especially during the first quarter.

Personal Assistance

Revenues for the second quarter amounted to SEK 685m (659), an increase of 4% compared to the corresponding period last year. Revenues for the six-month period amounted to SEK 1,369m (1,312), also an increase of 4%. The increase in revenue is explained by the acquisitions of this year and last year. The organic growth of -0.1% (1.0) is due to a lower number of assistance hours logged.

Operating profit for the quarter totalled SEK 26m (25), an increase of 2%. Operating profit for the six-month period totalled SEK 65m (60), an increase of 8%. The operating margin was 3.7% (3.8) for the second quarter and 4.7% (4.6) for the six-month period.

Elderly Care

Revenues in Elderly Care amounted to SEK 142m (108) in the second quarter, an increase of 31%. Revenues for the six-month period were SEK 276m (217), an increase of 27%. The increase in revenue is explained in part by revenues from new contracted elderly housing units that began operating in the fourth quarter, and in part by the new elderly housing unit under own management in Staffanstorp, which opened in March, quickly reaching a high occupancy and thus contributing revenue as from the second quarter.

Operating profit in the second quarter amounted to SEK 0m (1). Operating profit for the six-month period amounted to SEK 4m (0). The operating margin was 0.3% (0.8) for the second quarter and 1.5% (-0.2) for the six-month period. Start-up costs for the new elderly housing units under own management in Staffanstorp and Kungsängen, which will open in Q3, have a negative impact of SEK 2m on second quarter earnings.

Other Nordics

Revenues in Other Nordics amounted to SEK 556m (362) in the second quarter, an increase of 54%. Revenues for the six-month period were SEK 934m (698), an increase of 34%. The acquisition of Coronaria Hoiva contributed SEK 148m to revenues in the quarter. Organically, revenues increased by 8.1% (11.4) in the quarter and by 8.2% (6.5) in the six-month period. The opening of new units and more customers contributes to good organic growth in both Finland and Norway.

Operating profit totalled SEK 21m (28), a decrease of 26% compared to the same period last year. Operating profit for the six-month period was SEK 45m (46), a decrease of 3%. The operating margin was 3.7% (7.8) for the quarter and 4.8% (6.6) for the six-month period. The decline in earnings is partly explained by the acquisition of Coronaria Hoiva, whose contribution was negative at SEK -6m, which includes non-recurring integration charges. In addition, openings of new units in Finland, especially within Arjessa, had a negative impact on the margin. Operating profit in Norway increased slightly.

Following the acquisition of Coronaria Hoiva, Other Nordics account for an increasing proportion of Humana's operating revenues (29% in the quarter, of which Finland 18% and Norway 11%). In order to adapt the external reporting to the larger size of these operations and to the management processes, the Board has decided to report Finland and Norway as separate segments from the third quarter of 2019.



Financial position

Financing

Consolidated equity amounted to SEK 2,176m (1,994) on 30 June 2019. The equity/assets ratio was 26.7% (38.8). Humana's interest-bearing net debt amounted to SEK 3,882m (1,417), an increase of 174% compared to the same period last year. Humana's debt-to-equity ratio, its interest-bearing net debt in relation to EBITDA, increased to 7.1 times (3.4). The increased debt-to-equity ratio is explained by the new accounting standard IFRS 16 and increased credit utilisation in association with the acquisition of Coronaria Hoiva. The new acquisition loan of EUR 55m has the same terms and period as the original financing. Prior to the sale and leaseback transaction at the beginning of the third quarter, Humana received a deposit of EUR 20m at the end of the second quarter.

Financial position

SEK m	30 Jun 2019	30 Jun 2018	31 Dec 2018
Non-current interest-bearing liabilities	3,494	1,286	1,259
Current interest-bearing liabilities	877	639	633
Cash and cash equivalents	-489	-507	-514
Interest-bearing net debt	3,882	1,417	1,378
Equity/assets ratio	26.7%	38.8%	41.1%
Interest-bearing net debt/adjusted EBITDA, 12 mo., times	7.1x	3.4x	3.0x
Excluding IFRS 16 effects:			
Non-current interest-bearing liabilities	1,814	1,286	1,259
Current interest-bearing liabilities	644	639	633
Cash and cash equivalents	-489	-507	-514
Interest-bearing net debt	1,969	1,417	1,378
Equity/assets ratio	34.9%	38.8%	41.1%
Interest-bearing net debt/adjusted EBITDA, 12 mo., times	4.8x	3.4x	3.0x

Cash flow and investment expenditures

Operating cash flow during the quarter amounted to SEK 136m (143). Excluding the effects of IFRS 16, operating cash flow totalled SEK 62m (143). Cash flow from investing activities amounted to SEK -773m (-54), of which SEK -715m (-22) relates to acquisition of subsidiaries. Cash flow from financing activities amounted to SEK 697m (-88), of which SEK 795m (144) pertains to loans raised (including deposit), SEK -61m (-) to amortisation of lease liability, of which -56 is an effect of IFRS 16, and -37 (-32) refers to the dividend paid. Cash flow for the quarter amounted to SEK 66m (6).

Financial targets*

Revenue growth

Annual growth of 8-10% over the medium term, achieved through organic growth as well as bolt-on acquisitions.

Profitability

EBIT margin of approximately 6% over the medium term.

Capital structure

Interest-bearing net debt to EBITDA not to exceed a factor of 3.0. However, leverage may temporarily exceed the target level, for example, in relation to acquisitions.

Dividend policy

Payment of a dividend equivalent to 30% of net profit for the year. The proposed dividend shall consider Humana's long-term development potential and financial position.

*Before taking the new accounting standard IFRS 16 into consideration.



Other information

Employees

The number of full-time employees on 30 June 2019 was 11,238 (9,981).

Shares, share capital and shareholders

The number of shares in Humana AB at 30 June 2019 amounted to 53,140,064 with a quotient value of SEK 0.022, corresponding to share capital of SEK 1,180,880. The number of shareholders as of 30 June 2019 was 4,201. The five largest shareholders were Impilo Care AB, Air Syndication SCA (Argan Capital), Incentive AS (via funds and mandate), Nordea Investment Funds and SEB Investment Management.

Marketplace

Humana AB shares trade on the Nasdaq Stockholm Main Market. The company's ticker symbol is HUM and the ISIN code is SE0008040653.

Share-based incentive programmes

Humana has two long-term incentive programmes: a warrant programme for the Company's eight senior executives and a share savings programme for 150 other Humana employees. For more information on the programmes, see Note 7 and the 2018 annual report.

Related party transactions

The Group's key personnel consists of the Board of Directors, Group management and the CEO, through ownership of Humana and through their roles as senior executives. Related party transactions are based on market conditions.

Risks and uncertainties

In the course of its operations, the Group is exposed to different types of financial risk, such as financing risk, liquidity risk, credit risk and interest rate risk. Risks are described in more detail in the section in Humana's 2018 annual report entitled Risks and risk management on pages 48-53 as well as note K19.

The main risks related to operations and uncertainties that can affect Group development in 2019 are related to political decisions that may affect private care companies, and risks when implementing completed acquisitions.

Humana conducts operations that are financed by state, municipal and county council entities, and as such operations can be affected by political decisions. As a result, Humana's opportunities for growth are affected by public opinion and political views on the Group's areas of operation. Humana is constantly monitoring the external situation. The purpose is to quickly perceive external changes in order to assess risks and opportunities, as well as adapt operations to external changes. The political situation is evaluated continuously.

Parent Company

Net profit for the Parent Company for Q2 amounted to SEK -51m (-30). The equity/assets ratio at 30 June was 43.8% (40.8 at 30 June 2018). The parent company is indirectly affected by the operations of the subsidiaries, so risks and uncertainties are the same as those for the Group described above.

This interim report was not subject to a review as per ISRE 2410 by the Company's auditors.

The Board of Directors and the CEO certify that this interim report for the first six-month period gives a true and fair presentation of the Parent Company's and the Group's operations, financial position and earnings, and describes the material risks and uncertainties facing the Parent Company and the Group.

Stockholm, 16 August 2019

Sören Mellstig
Chairman of the Board

Per Granath
Board member

Monica Lingegård
Board member

Fredrik Strömholm
Board member

Magdalena Gerger
Board member

Kirsi Komi
Board member

Lloyd Perry
Board member

Rasmus Nerman
President and CEO

Consolidated income statement

SEK m	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jul-Jun 2018/19	Jan-Dec 2018
Net revenue		1,918	1,685	3,626	3,333	7,003	6,714
Other revenue		0	11	0	11	0	11
Operating revenue	3	1,918	1,696	3,626	3,344	7,003	6,725
Other external costs	8	-253	-265	-469	-528	-986	-1,044
Personnel costs		-1,511	-1,333	-2,855	-2,621	-5,432	-5,202
Depreciation	8	-84	-16	-152	-31	-190	-70
Other operating costs		-26	-5	-28	-5	-41	-19
Operating costs		-1,873	-1,619	-3,504	-3,185	-6,649	-6,334
Operating profit		45	78	122	159	354	391
Financial revenue		18	0	24	0	24	1
Financial costs	8	-58	-17	-85	-41	-120	-76
Unrealised changes in value of derivatives		-	1	-	1	1	1
Profit before tax		5	61	61	119	259	317
Income tax	8	-7	-14	-19	-27	-64	-72
Net profit for the period		-2	47	42	92	195	245
Of which, attributable to:							
Owners of the Parent Company		-2	47	42	92	196	246
Non-controlling interest		0	0	0	0	-1	-1
Net profit for the period		-2	47	42	92	196	246
Earnings per share, SEK, before dilution	5, 8	-0.04	0.88	0.79	1.73	3.68	4.62
Earnings per share, SEK, after dilution	5, 8	-0.04	0.88	0.79	1.73	3.68	4.62
Average number of shares, thousands		53,140	53,140	53,140	53,140	53,140	53,140

Consolidated statement of other comprehensive income

SEK m	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jul-Jun 2018/19	Jan-Dec 2018
Net profit		-2	47	42	92	195	245
Other comprehensive income							
Items that have been/can be reclassified to profit/loss							
Effect of currency hedge of net investment in foreign operations	6c	-5	-8	-22	-27	2	-3
Exchange rate differences on translation of foreign operation		14	21	46	69	1	26
Net profit and other comprehensive income for the period		7	59	65	134	198	269
Of which, attributable to:							
Owners of the Parent Company		8	59	65	134	198	269
Non-controlling interest		0	0	0	0	-1	-1

Consolidated balance sheet in summary

SEK m	Note	30 Jun 2019	30 Jun 2018	31 Dec 2018
Assets				
Non-current assets				
Goodwill	4	3,914	3,170	3,168
Other intangible assets		16	10	8
Property, plant and equipment		360	452	560
Right-of-use assets		1,945	0	0
Financial assets		14	15	9
Total non-current assets		6,250	3,647	3,745
Current assets				
Trade receivables and other receivables		962	845	847
Other current receivables		172	144	112
Cash and cash equivalents		489	507	514
Assets held for sale		286	-	-
Total current assets		1,908	1,497	1,473
TOTAL ASSETS		8,158	5,144	5,218
Equity and liabilities				
Equity				
Share capital		1	1	1
Additional paid-in capital		1,095	1,093	1,094
Reserves		51	48	28
Retained earnings		1,011	851	1,007
Equity attributable to owners of the Parent Company		2,158	1,994	2,130
Equity attributable to non-controlling interest		18	0	17
Total equity		2,176	1,994	2,147
Non-current liabilities				
Lease liability, long-term		1,699	0	0
Other interest-bearing liabilities		1,795	1,286	1,259
Deferred tax liabilities		77	78	73
Total non-current liabilities		3,571	1,364	1,333
Current liabilities				
Lease liability, short term		260	0	0
Other interest-bearing liabilities		617	639	633
Trade payables		137	97	121
Other current liabilities		1,398	1,051	985
Total current liabilities		2,411	1,786	1,739
TOTAL EQUITY AND LIABILITIES		8,158	5,144	5,218

Consolidated statement of changes in equity in summary

SEK m	Share Capital	Additional paid-in capital	Translation reserve	Retained earnings	Equity attributable to parent owners	Non controlling interest	Total equity
Opening balance, 1 January 2018	1	1,092	4	793	1,891	-	1,891
Comprehensive income for the period							
Profit for the period	-	-	-	92	92	-	92
Other comprehensive income for the period	-	-	42	-	42	-	42
Total comprehensive income for the period	-	-	42	92	134	-	134
Transactions with owners of the Parent Company							
Dividend	-	-	-	-32	-32	-	-32
Share-savings plan	-	1	-	-	1	-	1
Transactions with owners of the Parent Company	-	1	-	-32	-31	-	-31
Closing balance, 30 June 2018	1	1,093	46	853	1,994	-	1,994
Opening balance, 1 January 2019	1	1,094	28	1,007	2,130	17	2,147
Comprehensive income for the period							
Profit for the period	-	-	-	42	42	0	42
Other comprehensive income for the period	-	-	23	-	23	-	23
Total comprehensive income for the period	-	-	23	42	65	0	65
Transactions with owners of the Parent Company							
Dividend	-	-	-	-37	-37	-	-37
Share-savings plan	-	1	-	-	1	-	1
Shareholder contribution	-	-	-	-	-	1	1
Total	-	1	-	-37	-36	1	-36
Closing balance, 30 June 2019	1	1,095	51	1,011	2,158	18	2,176



Consolidated statement of cash flows in summary

SEK m	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jul-Jun 2018/19	Jan-Dec 2018
Profit before tax	8	5	61	61	119	259	317
Adjustment for:							
Depreciation	8	84	16	152	31	190	70
Financial items, net	8	40	17	61	40	95	74
Other non-cash items		1	0	0	0	0	0
Cash flow from operating activities before changes in working capital		130	94	274	190	544	461
Changes in working capital		66	87	15	-26	24	-18
Cash flow from operating activities		195	180	289	164	568	443
Financial items, net	8	-37	-23	-52	-27	-78	-53
Income tax paid		-17	-9	-34	-18	-74	-58
Cash flow from operating activities, net		141	148	204	120	415	331
Acquisition of subsidiaries, net cash impact		-715	-22	-715	-22	-778	-86
Sales of subsidiaries, net cash impact		0	4	0	4	0	4
Investments in other non-current assets, net		-59	-37	-120	-51	-228	-158
Cash flow from investing activities		-773	-54	-835	-69	-1,006	-240
Proceeds from new borrowings		795	144	795	144	796	145
Repayments of borrowings		0	-200	-51	-251	-79	-279
Repayment of lease liability	8	-61	0	-111	0	-111	0
Dividend		-37	-32	-37	-32	-37	-32
Cash flow from financing activities		697	-88	597	-139	570	-166
Cash flow for the period		66	6	-35	-88	-21	-74
Cash and cash equivalents at start of period		420	497	514	584	507	584
Exchange rate difference in cash/cash equivalents		3	5	10	11	2	3
Cash and cash equivalents at end of period		489	507	489	507	489	514



Key ratios

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jul-Jun 2018/19	Jan-Dec 2018
Operating revenue	1,918	1,696	3,626	3,344	7,003	6,725
EBIT, %	2.3%	4.6%	3.4%	4.8%	5.1%	5.8%
Interest-bearing net debt, SEK m	3,882	1,417	3,882	1,417	3,882	1,378
Return on capital employed, %	0.7%	2.0%	1.9%	4.1%	5.4%	9.7%
Equity/assets ratio, %	26.7%	38.8%	26.7%	38.8%	26.7%	41.1%
Operating cash flow, SEK m	136	143	169	113	340	285
Interest-bearing net debt/adjusted EBITDA, 12 mo., times	7.1x	3.4x	7.1x	3.4x	7.1x	3.0x
Excluding IFRS 16 effects:						
Operating revenue	1,918	1,696	3,626	3,344	7,003	6,725
EBIT, %	1.8%	4.6%	2.9%	4.8%	4.8%	5.8%
Interest-bearing net debt, SEK m	1,969	1,417	1,969	1,417	1,969	1,378
Return on capital employed, %	0.8%	2.0%	2.3%	4.1%	7.3%	9.7%
Equity/assets ratio, %	34.9%	38.8%	34.9%	38.8%	34.9%	41.1%
Operating cash flow, SEK m	62	143	38	113	209	285
Interest-bearing net debt/adjusted EBITDA, 12 mo., times	4.8x	3.4x	4.8x	3.4x	4.8x	3.0x
Average number full-time employees Individual & Family	2,225	2,381	2,237	2,415	2,326	2,396
Average number full-time employees Personal Assistance	5,063	5,024	5,048	5,085	5,106	5,068
Average number full-time employees Elderly Care	934	799	887	809	837	776
Average number full-time employees Other Nordics	2,651	1,496	2,156	1,441	1,864	1,519
Average number full-time employees Central functions	27	22	26	23	24	23
Total average number full-time employees	10,901	9,723	10,354	9,773	10,158	9,782
Number of full-time employees on the closing date	11,238	9,981	11,238	9,981	11,238	9,729
Average number of customers Individual & Family	1,883	1,984	1,863	1,997	1,888	1,955
Average number of customers Personal Assistance	1,854	1,827	1,854	1,831	1,845	1,833
Average number of customers Elderly Care	796	662	789	668	752	691
Average number of customers Other Nordics	4,344	3,017	3,645	2,956	3,331	2,987
Total average number of customers	8,877	7,491	8,151	7,453	7,815	7,466
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	41	38	41	38	41	40



Parent Company

Income statement in summary

	Jan-Jun 2019	Jan-Jun 2018	Jul-Jun 2018/19	Jan-Dec 2018
SEK m				
Operating revenue	4	3	6	4
Operating costs	-14	-8	-20	-15
Operating profit	-9	-6	-14	-10
Interest income from group companies	13	0	13	0
Interest cost	-69	-33	-66	-29
Profit after financial items	-65	-38	-67	-40
Group contribution	0		142	142
Change untaxed reserves	0	0	5	5
Profit before tax	-65	-38	81	107
Tax	14	8	-18	-24
Net profit for the period	-51	-30	62	84

Balance sheet in summary

	30 Jun 2019	30 Jun 2018	31 Dec 2018
SEK m			
Non-current assets	1,628	1,626	1,627
Current assets	1,884	2,074	2,029
TOTAL ASSETS	3,512	3,700	3,656
Equity	1,537	1,510	1,625
Untaxed reserves	174	179	174
Non-current interest-bearing liabilities	1,197	1,246	1,231
Other current liabilities	605	765	627
TOTAL EQUITY AND LIABILITIES	3,512	3,700	3,656



Notes

Note 1 Accounting policies

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting along with applicable stipulations in the Swedish Annual Accounts Act. The report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act – Interim Reports. From 1 January 2019, the Group applies IFRS 16 Leases, which is described in detail in the section “New accounting standards applied from 1 January 2019” below. In general the same accounting policies and bases of calculation have been used as in the annual report for 2018, which was prepared in accordance with the International Financial Reporting Standards as ratified by the EU, and interpretations of these.

Disclosures in accordance with IAS 34, 16A appear in the financial statements and their associated notes as well as in the interim information on pages 2-10, which form an integral part of this financial report.

New accounting standards applied from 1 January 2019

IFRS 16 Leases will replace IAS 17 Leases and applies as from 1 January 2019.

Effects of the transition to IFRS 16 Leases

IFRS 16 Leases means that lease payments that were previously recognised as other external expenses are replaced by the cost of depreciation on leased assets and an interest expense attributable to lease costs in the income statement, which corresponds to the reporting of financial leases in the previous IAS 17 standard. In the previous standard, operating leases were recognised outside the balance sheet, with information on the liability, and lease payments were recognised as an expense over the lease term on a straight-line basis.

Humana’s transition to IFRS 16 has a positive effect on operating profit and a negative effect on profit after financial items. It does not affect equity or deferred taxes. There is no transition effect for finance leases. The effects on the balance sheet as of 1 January 2019 are shown in the table below.

Scope

Humana’s lease portfolio contains about 1,000 leases and mainly comprises operational leases for premises, offices and company cars. Existing finance leases previously recognised in accordance with IAS 17 Leases are reclassified in accordance with IFRS 16 at the amounts at which they were recognised on the day before application of the new standard.

Method

Humana has chosen to recognise the transition to the new standard using the modified retrospective approach. The relief rule of not establishing a comparative year has been applied. The size of the right of use asset has been valued to correspond to the size of the lease debt at the time of transition. A marginal loan rate has been set for the premises, while for cars the implicit interest in the lease is used. The right of use period has been established allowing for how termination and extension clauses have been applied. The simplified transition method IFRS 16 C10 (c) has been applied, which means that leases that are 12 months or shorter are excluded from the calculation and exempt from capitalisation in the balance sheet, as are leases with a low-value underlying asset. Low value is USD 5 thousand. Humana rents apartments on short-term leases. These are not included in the calculation as it cannot be established with reasonable certainty whether they will be extended. Humana leases certain office equipment, such as printers and coffee machines, which are considered of low value.

Transition effects on the balance sheet

SEK m	Outgoing balance 31 Dec 2018 before transition to IFRS 16 Leases	Adjustments due to transition to IFRS 16 Leases	Adjusted opening balance 1 Jan 2019
Non-current assets	3,745	1,506	5,251
Non-current interest-bearing liabilities	1,259	1,260	2,519
Current interest-bearing liabilities	633	163	796

Note 2 Estimations and assessments

Preparation of financial statements in compliance with IFRS requires management to make accounting estimates and assumptions which affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. The actual outcome may deviate from these estimates and assessments. The critical assessments and sources of uncertainty in estimates are the same as in the most recent annual report.

Note 3a Operating segments

SEK m	Individual & Family		Personal Assistance		Elderly Care		Other Nordics		Other 1) 2)		Total	
	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Net revenue – External revenue	1,047	1,106	1,369	1,312	276	217	934	698	0	0	3,626	3,333
Other revenue	0	0	0	0	0	0	0	0	0	11	0	11
Operating revenue	1,047	1,106	1,369	1,312	276	217	934	698	0	11	3,626	3,344
Profit before depreciation, amortisation and other operating costs	86	102	66	61	8	3	59	58	83	-28	302	196
Depreciation	-17	-15	-1	-1	-4	-3	-14	-11	-115	-1	-152	-31
Other operating costs	0	0	0	0	0	0	0	-1	-28	-5	-28	-5
Operating profit	69	87	65	60	4	0	45	46	-60	-34	122	159

1) Operating revenue includes SEK 28m in acquisition costs in 2019 and SEK 5m in 2018. Operating revenue in Q2 2018 includes the effect of final settlement of contingent considerations of SEK 9m with associated acquisition costs of SEK 5m.

2) Operating profit in 2019 includes effects from IFRS 16 of SEK 17m (0). The effects of IFRS 16 are as follows: Profit before depreciation/amortisation and other operating costs includes lower rental costs of SEK 131m and higher amortisation of SEK 114m.

Note 3b Revenue by country

SEK m	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Sweden	1,362	1,334	2,692	2,646
Finland	341	166	520	325
Norway	210	197	404	373
Denmark	5	-	10	-
Total operating revenue	1,918	1,696	3,626	3,344

Note 4a Acquisition of operations

Acquisitions in 2019

- Coronaria Hoiva Oy (Other Nordics) April 2019
- Assistans på Gotland AB (Personal Assistance) June 2019

On 28 January, Humana entered an agreement to acquire all shares in Coronaria Hoiva Oy from its owner Coronaria Oy. Coronaria Hoiva Oy is one of the largest private care providers in Finland and provides elderly and LSS housing as well as social psychiatry for adults. The business had 63 units with four more planned to open in 2019. After the Finnish competition authority approved the acquisition, Humana took over on

16 April. Coronaria Hoiva was valued at EUR 71m. The purchase was financed with cash and new credit facilities.

The acquisition of Coronaria Hoiva provides Humana with an attractive platform for continued organic growth in Finland and good opportunities for quality development and synergies. Humana's Finnish operations previously consisted of the subsidiary Arjessa Oy. With this acquisition Humana becomes a complete care provider in Finland as well.

Humana acquired all shares in Coronaria Hoiva Oy by paying the entire purchase price of EUR 49.6m in cash on the acquisition date of 16 April 2019. In the following acquisition analysis, no differences have been identified between carrying amounts and fair values. The acquisition analysis is based on the financial statements as of 31 March 2019.

In May, Humana signed an agreement to acquire all shares in the assistance company Assistans på Gotland AB. The company's annual revenues amount to approximately SEK 56m and it has around 115 employees. The acquisition was completed on 1 June.

Net assets in acquired companies at date of acquisition

SEK m	Coronaria Hoiva Oy*	Minor acquisitions* and other	Total
Non-current assets	250	0	250
Trade and other receivables	77	6	83
Cash and cash equivalents	38	4	42
Interest-bearing liabilities	-250	-2	-252
Trade and other payables	-108	-9	-117
Deferred tax liability	0	0	0
Net identifiable assets and liabilities	8	-1	7
Goodwill	740	7	747
Consideration			
Cash and cash equivalents	749	6	754
Contingent consideration	0	0	0
Total paid	749	6	754
Effect on cash and cash equivalents			
Cash consideration paid	749	5	754
Cash and cash equivalents in acquired entities	-38	-4	-42
Total effect on cash and cash equivalents	710	1	711
Settlement of considerations attributable to acquisitions in prior years	-	3	3
Total effect on cash and cash equivalents	710	5	715
Effect on operating revenue and profit 2019			
Operating revenue	148	5	152
Operating profit	-6	0	-6
Effect on profit, contingent consideration	0	0	0

*The acquisition analyses are preliminary since the final settlements have not been determined.

Goodwill

The goodwill of SEK 740m that is included in the acquisition of Coronaria Hoiva is partly due to the new platform for continued organic growth in Finland and partly to the synergy gains arising from the merger. This goodwill is not deemed to be tax deductible.

Acquisition costs

Acquisition costs amount to SEK 26m in the quarter and relate to the fees paid to external legal representatives and consultants associated with due diligence and transaction tax associated with acquisitions. The expenditures are recognised under other operating expenses in the consolidated income statement and other comprehensive income.

If the two acquisitions during the first half of 2019 would have been completed on 1 January 2019, Humana's assessment is that total consolidated revenues for the first six months would have amounted to SEK 3,790m (SEK 164m higher), operating profit to SEK 121m (SEK 1m lower) and profit for the year after tax would have been SEK 39m (SEK 3m lower).

Acquisitions in 2018

- Luotsimaja Oy (Other Nordics) June 2018
- Västgöta Assistans AB (Personal Assistance) July 2018
- Støttecompagniet ApS (Other Nordics) September 2018
- RIK Assistans AB (Personal Assistance) October 2018
- Matiimi Oy (Other Nordics) December 2018

Humana made five minor acquisitions in 2018. With these acquisitions, Humana strengthened its operations in Finland, took its first step into Denmark and expanded its personal assistance operations in Sweden. In Finland, Humana acquired Luotsimaja Oy in Björneborg in western Finland and Matiimi Oy in the Birkaland region, both with operations in psychosocial disorders for children and adolescents. In Denmark, Humana acquired Støttecompagniet ApS in Copenhagen, with individual and family outpatient care. In Sweden, Humana acquired two businesses for the Personal Assistance business area, Västgöta Assistans AB in Kinna and RIK Assistans AB in Härnösand.

For more information on these acquisitions, see the 2018 annual report.

Note 4b Acquisition of operations, goodwill

SEK m	30 Jun 2019	30 Jun 2018	31 Dec 2018
Opening balance, 1 January	3,168	3,104	3,104
Acquisitions of subsidiaries	747	10	43
Sales of subsidiaries	-	-1	-1
Exchange rate differences	-1	58	22
Closing balance, end of period	3,914	3,170	3,168

Note 5 Earnings per share

SEK m	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jul-Jun 2018/19	Jan-Dec 2018
Net profit for the period attributable to owners of the parent company	-2	47	42	92	196	246
Average number of shares, thousands	53,140	53,140	53,140	53,140	53,140	53,140
Earnings per share, SEK, before dilution	-0.04	0.88	0.79	1.73	3.68	4.62
Earnings per share, SEK, after dilution	-0.04	0.88	0.79	1.73	3.68	4.62

Not 6a Fair value of financial instruments and level in valuation hierarchy

30 June 2019 SEK m	Financial liabilities measured at fair value through profit and loss	Financial liabilities at fair value through other comprehensive income	Total	Fair value	Level 1	Level 2	Level 3
Financial liabilities							
Interest-rate swaps and interest options for hedging*	-	-	-	-	-	-	-
Earn-out payments	5	-	5	5	-	-	5

30 June 2018 SEK m	Financial liabilities measured at fair value through profit and loss	Financial liabilities at fair value through other comprehensive liabilities	Total	Fair value	Level 1	Level 2	Level 3
Financial liabilities							
Interest-rate swaps and interest options for hedging*	1	-	1	1	-	1	-
Earn-out payments	9	-	9	9	-	-	9

*Fair value based on quotations from Nordea AB (publ). Similar contracts are traded in an active market and the rates reflect actual transactions for comparable instruments.

Fair value measurement

When the fair value of an asset or liability is to be determined, the Group uses observable data as far as possible. Fair value is categorised in various levels in a fair value hierarchy based on input data that is used in the valuation method as follows:

Level 1: according to prices quoted in an active market for the same instruments

Level 2: based on directly or indirectly observable market data that is not included in level 1

Level 3: based on input data that is not observable in the market

Note 6b Presentation of the reconciliation of the opening and closing balances for financial instruments measured at level 3, earn-out payments

SEK m	30 Jun 2019	31 Dec 2018
Opening balance, 1 January	8	27
Total recognised gains and losses:		
Recognised in adjustment of earn-out payments in profit for the year	0	-9
Cost of acquisitions	0	5
Settled during the period	-3	-15
Closing balance, end of period	5	8



Note 6c Hedge accounting

The Group is hedging parts of the foreign exchange risk related to net investments in foreign operations. As at 30 June 2019, the Group had exposure in EUR and NOK, which is hedged with loans in foreign currencies. Starting from 1 January 2018, hedge accounting is applied and thus the effective part of the translation differences is recognised in the consolidated statement of other comprehensive income. As at 30 June 2019, the Group had loans of EUR 95m and loans of NOK 328m for which hedge accounting is applied. The related translation difference of SEK -28m (-34) before tax is consequently recognised in the consolidated statement of other comprehensive income.

Note 7 Incentive programmes

As at 30 June 2019, Humana has two long-term incentive programmes that have been approved by the AGMs in 2016 and 2017. The warrant programme is directed at the Company's eight senior executives and the share savings programme is directed at key employees at Humana. The purpose of the programmes is to encourage a broad ownership among Humana employees, facilitate recruitment, retain competent employees and increase the motivation to achieve or exceed Humana's financial targets.

The warrants were acquired at market price and were issued in three separate series that can be redeemed at different times. The first date for redeeming the warrants was during the period 1-31 March 2018 at the subscription price of SEK 74.40. The second date for redeeming the warrants was during the period 1-31 March 2019 at the subscription price of SEK 77.50. The subscription price for Series 3 is SEK 80.60.

For the share savings programme, participants could invest in saving shares (at market price) and then, based on the terms of the programme, can receive matching shares and potentially even performance-based shares at the end of the programme. The number of registered saving shares at 30 June 2019 amounts to 51,100, which corresponds to a maximum allocation of 67,600 shares.

Number of warrants		Number sharebased programme	
	2019		2019
Outstanding January 1	960,280	Outstanding January 1	73,000
Acquired	-	Acquired	-
Forfeited	-	Forfeited	-5,400
Exercised	-	Exercised	-
Expired	-480,140	Expired	-
Outstanding 30 June	480,140	Outstanding 30 June	67,600

Note 8 Income statement and cash flow – effects of IFRS 16

Effects on the income statement

	Apr-Jun 2019	IFRS 16 effect Apr-Jun 2019	Excl IFRS 16 Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	IFRS 16 effect Jan-Jun 2019	Excl IFRS 16 Jan-Jun 2019	Jan-Jun 2018
Operating revenue	1,918	-	1,918	1,696	3,626	-	3,626	3,344
Other external costs	-253	74	-326	-265	-469	131	-600	-528
Personnel costs	-1,511	-	-1,511	-1,333	-2,855	-	-2,855	-2,621
Depreciation	-84	-63	-20	-16	-152	-114	-38	-31
Other operating costs	-26	-	-26	-5	-28	-	-28	-5
Operating costs	-1,873	10	-1,884	-1,619	-3,504	17	-3,521	-3,185
Operating profit	45	10	35	78	122	17	105	159
Financial revenue	18	-	18	0	24	-	24	0
Financial costs	-58	-18	-40	-17	-85	-31	-54	-41
Unrealised changes in value of derivatives	-	-	-	1	-	-	-	1
Profit before tax	5	-8	12	61	61	-14	75	119
Income tax	-7	2	-9	-14	-19	3	-22	-27
Net profit for the period	-2	-6	4	47	42	-11	52	92
Earnings per share, SEK, before and after dilution	-0.04	-0.11	0.07	0.88	0.79	-0.20	0.99	1.73

Effects on cash flow

	Apr-Jun 2019	IFRS 16 effect Apr-Jun 2019	Excl IFRS 16 Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	IFRS 16 effect Jan-Jun 2019	Excl IFRS 16 Jan-Jun 2019	Jan-Jun 2018
Profit before tax	5	8	12	61	61	14	75	119
Adjustment for:								
Depreciation	84	-63	20	16	152	-114	38	31
Financial items, net	40	-18	22	17	61	-31	31	40
Other non-cash items	1	-	1	0	0	-	0	0
Cash flow from operating activities before changes in working capital	130	-74	56	94	274	-131	143	190
Cash flow from operating activities	195	-74	122	180	289	-131	158	164
Financial items, net	-37	18	-19	-23	-52	31	-21	-27
Income tax paid	-17	-	-17	-9	-34	-	-34	-18
Cash flow from operating activities, net	141	-56	85	148	204	-101	103	120
Financing activities								
Proceeds from new borrowings	795	-	795	144	795	-	795	144
Repayments of borrowings	0	-	0	-200	-51	-	-51	-251
Repayment of lease liability	-61	56	-5	-	-111	101	-10	0
Dividend	-37	-	-37	-32	-37	-	-37	-32
Cash flow from financing activities	697	56	753	-88	597	101	698	-139

1) Under IFRS 16, lease payments are distributed between amortisation of lease liabilities and interest costs. For comparisons with 2018, this means that cash flow from operating activities is affected positively because amortisation of right-of-use assets is returned as a non-cash item and most lease payments are recognised as amortisation of interest-bearing liabilities in cash flow from financing activities.

Note 9a Reconciliation with IFRS financial statements

In the financial reports that Humana issues, there are alternative performance measures specified that complement the measurements defined or specified in the applicable financial reporting rules. Alternative performance measures are indicated when, in their context, they provide clearer or more detailed information than the measures defined in the applicable financial reporting rules. The alternative performance measures are derived from the company's consolidated financial statements and do not comply with IFRS.

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jul-Jun 2018/19	Jan-Dec 2018
Adjusted operating profit						
Operating profit	45	78	122	159	354	391
Adjusted operating profit	45	78	122	159	354	391
Adjusted EBITDA						
Operating profit	45	78	122	159	354	391
Depreciation	84	16	152	31	190	70
EBITDA	129	94	274	190	544	461
Adjusted EBITDA	129	94	274	190	544	461
Organic revenue growth						
Revenue, base	1,682	1,595	3,325	3,177	5,853	6,333
Revenue, organic growth	42	55	66	83	200	218
Total organic growth, constant currency rate	2.5%	3.4%	2.0%	2.6%	3.4%	3.4%
Operating cash flow						
Operating profit	45	78	122	159	354	391
Depreciation	84	16	152	31	190	70
Changes in working capital	66	87	15	-26	24	-18
Investments in other non-current assets, net	-59	-37	-120	-51	-228	-158
Operating cash flow	136	143	169	113	340	285
	30 Jun 2019	30 Jun 2018				31 Dec 2018
Interest-bearing net debt						
Non-current interest-bearing liabilities	3,494	1,286				1,259
Current interest-bearing liabilities	877	639				633
Cash and cash equivalents	-489	-507				-514
Interest-bearing net debt	3,882	1,417				1,378
Adjusted EBITDA 12 month	544	412				461
Interest-bearing net debt/Adjusted EBITDA, 12 mo., times	7.1x	3.4x				3.0x
Return on capital employed, %						
TOTAL ASSETS	8,158	5,144				5,218
Deferred tax liabilities	-77	-78				-73
Trade payables	-137	-97				-121
Other current liabilities	-1,398	-1,051				-985
Capital employed	6,547	3,918				4,039
Operating profit	122	159				391
Financial revenue	1	0				1
Total	123	159				392
Return on capital employed, %	1.9%	4.1%				9.7%
Equity/assets ratio, %						
Total equity	2,176	1,994				2,147
TOTAL ASSETS	8,158	5,144				5,218
Equity/assets ratio, %	26.7%	38.8%				41.1%



Note 9b Financial definitions and intent

Key financial figures

	Definition	Intent
Return on capital employed (%)	Operating profit and finance income divided by total capital employed multiplied by 100.	Indicates the operating return on the capital that owners and lenders have made available. The intent is to show consolidated returns, regardless of the financing.
EBITDA	Operating profit before depreciation, amortisation and impairment.	The measure is used to monitor the company's profit/loss generated by operating activities and facilitate comparisons of profitability between different companies and industries.
Adjusted operating profit and adjusted EBITDA	Operating profit and EBITDA adjusted for items affecting comparability.	Adjustment for non-recurring items is made to facilitate a fair comparison between two comparable periods and to show the underlying trend in operating activities excluding non-recurring items.
Operating cash flow	Operating profit including changes in depreciation/amortisation/impairment, working capital and investments in other assets (net).	The exclusion of cash flow from acquisitions and financing facilitates an analysis of cash flow generation in operating activities.
Organic growth	Growth for comparable companies in each segment that Humana owned during the previous comparative period.	The measure shows the underlying sales growth in comparable companies between the different periods.
Interest-bearing net debt	Borrowing excluding interest rate derivatives less cash and cash equivalents and interest-bearing assets.	Net debt is used as a simple way to illustrate and assess the Group's ability to meet financial commitments.
Interest-bearing net debt/EBITDA	Interest-bearing net debt divided by EBITDA.	Indicates consolidated debt in relation to EBITDA. This is used to illustrate the Group's ability to meet financial commitments.
Equity/assets ratio (%)	Equity including non-controlling interests divided by total assets multiplied by 100.	Indicates the proportion of assets that are financed with equity. The aim is to assess the Group's solvency in the long term.
Capital employed	Total assets less non-interest-bearing liabilities.	The measure indicates the portion of the company's assets financed by interest-bearing capital.



Other performance measures

	Definition
Equity per ordinary share	Equity attributable to Parent Company shareholders divided by number of shares at end of period after redemption, repurchase and new share issue.
Average number of ordinary shares	Calculated as the average daily number of ordinary shares outstanding after redemption and repurchase.
Average equity	Calculated for average equity attributable to Parent Company shareholders per quarter, calculated from the opening and closing balance for each quarter.
Items affecting comparability	Non-recurring items that complicate the comparability between two given periods.
Average number of full-time employees	Average number of full-time employees during the reporting period.
Average number of customers	Average number of customers during the period.
Earnings per ordinary share for the period	Profit for the period attributable to Parent Company shareholders less the period's share of the adopted dividend for preference shares divided by average number of ordinary shares. Defined in IFRS.
Operating profit	Profit before financial items and tax.
EBIT margin (%)	EBIT divided by operating revenue multiplied by 100.

This information is information that Humana AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out below, at 08:00 CET on 16 August 2019.

Conference call

A conference call will be held 16 August 2019 at 09:00 CET, at which President and CEO Rasmus Nerman and Vice President and CFO Ulf Bonnevier will present the report and answer questions. To participate, call:

SE: +46 8 505 583 57
UK: +44 333 300 92 66
USA: +1 833 526 83 82

Financial calendar

Interim report Jul-Sep 2019	8 Nov 2019
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

For further information:

Ulf Bonnevier, Vice President and CFO
+47 70 164 73 17, ulf.bonnevier@humana.se

Anna Sönne, Head of Investor Relations
+46 70 601 48 53, anna.sonne@humana.se

