



Interim report October-December 2019

Q4



Humana is a Nordic 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 7,467m in 2019. Humana is listed on Nasdaq Stockholm and is headquartered in Stockholm.



Humana

Fourth quarter and full year in brief

Q4, October–December 2019

- **Operating revenue** was SEK 1,912m (1,700), an increase of 12%, of which organic growth was 0.7%.
- **Operating profit** was SEK 71m (82), a decrease of 13%. The profit was affected by integration costs of SEK -6m (-) for Coronaria Hoiva. The effects of IFRS 16, the new accounting standard that came into effect on 1 January 2019, on operating profit amounted to SEK 16m (-).
- **Net profit after tax** for the period amounted to SEK 18m (51).
- **Earnings per share** for the period before and after dilution amounted to SEK 0.35 (0.97).
- **Operating cash flow** amounted to SEK 220m (136).

Full year, January–December 2019

- **Operating revenue** was SEK 7,467m (6,725), an increase of 11%, of which organic growth was 2%.
- **Operating profit** was SEK 369m (391), a decrease of 6%. The profit was affected by integration costs of SEK -14m (-) for Coronaria Hoiva. The effects of IFRS 16 on operating profit amounted to SEK 46m (-).
- **Net profit after tax for the period** amounted to SEK 187m (245).
- **Earnings per share for the period** before and after dilution amounted to SEK 3.54 (4.62).
- **Operating cash flow** amounted to SEK 595m (285).

Significant events in and after the fourth quarter

- Humana's Board proposes that the 2020 AGM approves a dividend of SEK 0.70 per share for the 2019 financial year and that the remaining profit be carried forward.
- The Board of Directors has revised Humana's financial targets.

Revenue and profit

SEK m	Oct-Dec	Oct-Dec	%	Jan-Dec	Jan-Dec	%
	2019	2018		2019	2018	
Net revenue	1,902	1,700	12%	7,446	6,714	11%
Other operating revenue	10	1	1545%	21	11	84%
Operating revenue	1,912	1,700	12%	7,467	6,725	11%
Operating profit	71	82	-13%	369	391	-6%
Adjusted operating profit	71	82	-13%	365	391	-7%
Net profit for the period	18	51	-64%	187	245	-23%
Operating cash flow	220	136	61%	595	285	109%
Excluding IFRS 16 effects:						
Operating revenue	1,912	1,700	12%	7,467	6,725	11%
Operating profit	55	82	-33%	323	391	-17%
Adjusted operating profit	55	82	-33%	319	391	-18%
Net profit for the period	21	51	-59%	207	245	-16%
Operating cash flow	137	136	0%	296	285	4%

A weak finish to an eventful year

Humana's revenue continued to grow in the fourth quarter, but operating profit was weak. Overall, 2019 saw a high degree of activity and strong growth. Humana took a more defined position as a leading Nordic care group, but operating profit was not satisfactory. In 2020 the Group will concentrate on improving profitability and creating more stability. We have also revised our financial targets to reflect this direction more clearly.

Humana's operating revenues amounted to SEK 1.9bn during the fourth quarter and to nearly SEK 7.5bn for 2019. This is an increase of 11 percent and well in line with our annual growth rate target. However, operating profit was weak: SEK 71m for the quarter and SEK 369m for the full year. This is equivalent to an operating margin of 4.9 percent, which is not sufficient to reach our profitability target. Both the quarter and the year were strong in terms of cash flow.



During the year, we grew our business in Finland and strengthened Humana's position as a leading Nordic care group. Revenues in Finland amounted to SEK 1.2bn for the full year, an increase of 86 percent. Revenues in the fourth quarter amounted to SEK 348m, an increase of 119 percent. The increase is mainly attributable to the acquisition of Coronaria Hoiva, but we also continued to experience strong organic growth, with several new units opening during the year. However, the quarter was disappointing in terms of profit. We still face profitability challenges in our new operation, and operating profit was also affected by integration costs. Unfortunately, the political debate in Finland after the revelations of poor quality on the part of a number of providers last year has made the market more difficult, where compensation levels are not increased in line with increased staffing requirements and higher regulatory pressure.

Challenges also remain in the business area Individual & Family, and revenues declined by 4 percent for both the quarter and the full year. Despite a greater need in society, demand is still weak in the children and adolescents segment with lower occupancy as a consequence. The lower occupancy has affected the operating profit and the operating margin declined to 5.1 percent for the quarter. The margin was 8.0 percent for the full year. However, I see that our internal efforts to face this challenge are moving in the right direction, and with the new management in place we are increasing our efforts to increase capacity utilisation and flexibility in the cost base.

Personal Assistance continues to deliver stable revenues and profit. We were also pleased to see even higher customer satisfaction than before: the customer satisfaction index was 78 for 2019, compared with 75 for 2018. Operating profit for the full year increased by 2 percent, and the operating margin amounted to 5.5 percent. However, operating profit for the quarter declined due to pressure on margins when payroll expenses increased faster than the assistance allowance, a trend that has continued for several years. Meanwhile,

pressure on the government and the cooperating parties to provide additional financial resources to personal assistance has increased due to an inquiry on the personal assistant profession that was released in January this year. The government has also expressed, even more clearly than in the past, its intention to strengthen the right to personal assistance.

In the business area Elderly Care, the start-up of our new elderly care home in Kungsängen was in focus during the quarter. We also received a strong acknowledgement in the National Board of Health and Welfare's annual review of elderly care homes in Sweden, where Humana's elderly care homes rank high above the national average, with a customer satisfaction rate of 88 percent, compared with the national rate of 81 percent. In 2019 revenues in Elderly Care amounted to SEK 564m. The operation grew by 23 percent in the full year and 11 percent during the quarter. Operating profit increased for the full year, but not during the fourth quarter where start-up costs for Kungsängen decreased the profit.

Our operation in Norway remains stable. Revenues increased by 11 percent during the quarter and 7 percent for the full year. The operating margin reached a satisfactory level of 7 percent both for the quarter and the full year, which was lower on a quarterly basis than the previous year but unchanged on an annual basis.

During the autumn we reviewed our strategy together with our Board of Directors. As a result of both our strategy process and the new IFRS 16 accounting standard, the Board of Directors has revised our financial targets from 2020 onward. The new targets distinguish more clearly between value creation through organic versus acquired growth, and place more emphasis on capital intensity and return on capital. Read about the new targets on pages 9-10.

In conclusion, 2019 was a year with a high level of activity. We continued to build a sustainable Nordic care group while experiencing strong growth, but we grappled with several challenges as well. Today Humana has an even sharper focus on profitability. We need to improve profitability in several segments. At the same time, large parts of our operations are very stable and we are confident about the future, since we can see that we have an even more important role to play as a provider of cost-effective quality care in the welfare sector.

Stockholm, 13 February 2020

A handwritten signature in blue ink, appearing to read 'Rasmus Nerman'.

Rasmus Nerman, President and CEO Humana AB



Operating revenue by business area

SEK m	Oct-Dec	Oct-Dec	%	Jan-Dec	Jan-Dec	%
	2019	2018		2019	2018	
Individual & Family	518	540	-4%	2,095	2,188	-4%
Personal Assistance	707	689	3%	2,783	2,668	4%
Elderly Care	143	129	11%	564	457	23%
Finland	348	159	119%	1,204	648	86%
Norway	196	177	11%	794	746	7%
Other 2)	1	6	-82%	26	19	39%
Total operating revenue	1,912	1,700	12%	7,467	6,725	11%

Organic growth by business area 1)

%	Oct-Dec	Oct-Dec	%	Jan-Dec	Jan-Dec	%
	2019	2018		2019	2018	
Individual & Family	-3.8%	-2.6%		-4.0%	-1.3%	
Personal Assistance	0.3%	2.2%		0.9%	0.7%	
Elderly Care	10.6%	40.7%		23.3%	33.4%	
Finland	10.7%	6.9%		9.6%	12.7%	
Norway	-0.7%	19.0%		4.2%	7.6%	
Total organic growth	0.7%	4.8%		2.0%	3.4%	

Operating profit by business area

SEK m	Oct-Dec	Oct-Dec	%	Jan-Dec	Jan-Dec	%
	2019	2018		2019	2018	
Individual & Family	27	37	-28%	168	196	-14%
Personal Assistance	37	41	-9%	154	151	2%
Elderly Care	0	4	-88%	13	9	42%
Finland	9	17	-46%	49	68	-29%
Norway	13	20	-32%	59	55	7%
Other 2) 3) 4)	-16	-37	n/a	-72	-88	n/a
Total operating profit	71	82	-13%	369	391	-6%

Excluding IFRS 16 effects (affects Central costs):

Total operating profit	55	82	-33%	323	391	-17%
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Operating margins by business area

%	Oct-Dec	Oct-Dec	%	Jan-Dec	Jan-Dec	%
	2019	2018		2019	2018	
Individual & Family	5.1%	6.8%		8.0%	9.0%	
Personal Assistance	5.2%	5.9%		5.5%	5.7%	
Elderly Care	0.3%	2.9%		2.3%	2.0%	
Finland	2.7%	10.9%		4.0%	10.5%	
Norway	6.8%	11.1%		7.4%	7.3%	
Total operating margin	3.7%	4.8%		4.9%	5.8%	

Excluding IFRS 16 effects:

Total operating margin	2.9%	4.8%		4.3%	5.8%	
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1) Organic growth is calculated as revenue growth for comparable companies that Humana owned during the comparative period.

2) Operating profit for Q2, 2018, includes the positive effect of additional consideration settlements of SEK 9m, with associated acquisition costs of SEK 5m.

Operating profit and operating revenue for Q4, 2019, include the positive effect of additional purchase considerations of SEK 7m. Operating profit for 2019 includes the positive effect of additional purchase considerations of SEK 12m and capital gains of SEK 4m on properties.

3) Operating profit for 2019 includes SEK 28m in acquisition costs, SEK 0m in Q4, and SEK 14m in integration costs, SEK 6m in Q4. Operating profit for full-year 2018 includes SEK 18m in acquisition costs, SEK 5m in Q2 and SEK 13m in Q4.

4) Operating profit for 2019 includes net IFRS 16 effects of SEK 46m (-), SEK 16m (-) in Q4.

Group performance

Revenue

Fourth-quarter operating revenue amounted to SEK 1,912m (1,700), an increase of 12% compared with the same quarter in the previous year. Acquired operations, that is, companies that were not owned throughout the previous comparative period, contributed SEK 165m to revenues in the quarter, of which SEK 143m relates to revenues from the Coronaria Hoiva acquisition in Finland. Organic revenue growth for the quarter was 0.7% (4.8). The low organic growth during the quarter compared with the same period in the previous year is largely attributable to lower growth rate in Norway, as well as in Elderly Care. Operations under own management accounted for 93% of total revenues in the quarter, and contracted operations accounted for 7%.

Operating revenue totalled SEK 7,467m (6,725) for the full year 2019, an increase of 11%, and in line with our financial growth target. Acquired operations accounted for SEK 613m of revenues, of which SEK 443m relates to revenues from Coronaria Hoiva. Organic revenue growth was 2% (3.4). The low rate of organic growth during the full year compared with the previous year is largely attributable to lower capacity utilisation in Individual & Family, as well as lower growth in Norway.

Profit

Operating profit for the fourth quarter was SEK 71m (82), a decrease of 13%. The operating margin was 3.7% (4.8). The profit was affected by integration costs of SEK 6m (-) for Coronaria Hoiva. In addition to integration costs, the lower profit during the quarter is primarily attributable to lower capacity utilisation in Individual & Family, as well as a loss in the Finnish operation acquired during the year. Acquisition-related items amounted to SEK 0m (-13). The effects of IFRS 16 on operating profit amounted to SEK 16m (-) during the quarter, due to lower rental costs of SEK 83m and higher amortisation of SEK 67m (a reduction in central costs).

Operating profit for full year 2019 was SEK 369m (391), a decrease of 6%. The operating margin was 4.9 % (5.8), which is lower than our financial profitability target – an operating margin at 6%. Operating profit was affected by integration costs of - SEK 14m (-). Acquisition related items amounted to SEK 28m (-18), and capital gains on property sales amounted to SEK 4m (0). In addition to costs for integration and acquisition-related items, the lower profit during the full year is primarily attributable to a loss in Coronaria Hoiva, as well as lower capacity utilisation in the Individual & Family business area. The effects of IFRS 16 on operating profit for the full year amounted to SEK 46m (-).



Events

First quarter 2019

- Humana entered an agreement to acquire all shares in the 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

- The Finnish competition authority approved the acquisition of Coronaria Hoiva Oy in April 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 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.

Third quarter 2019

- 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.
- 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 so called 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 by Q2 2020.
- Anu Kallio was appointed new head of Humana in Finland. She will start no later than 1 March 2020. She was previously the CEO of care company Rinnekoti.

Fourth quarter 2019

- Humana's elderly care homes rank above the national average in the National Board of Health and Welfare's review of the country's elderly care homes. The average value for Humana as a whole is 88 percent positive replies to the overall question "On the whole, how satisfied or dissatisfied are you with your elderly care home?". The national average is 81 percent.

Events after the end of the quarter

- Humana's Board proposes that the 2020 AGM approves a dividend of SEK 0.70 per share for the 2019 financial year and that the remaining profit be carried forward.
- The Board of Directors has revised Humana's financial targets in connection with this report.



Performance by business area

Individual & Family

Revenues for the fourth quarter amounted to SEK 518m (540), a decrease of 4% compared with the corresponding period in the previous year. Revenues for the full year amounted to SEK 2,095m (2,188), a decrease of 4%. The decline in revenue is attributable to lower capacity utilisation due to lower demand, primarily in the market segment for children and adolescents.

Operating profit for the quarter totalled SEK 27m (37), a decrease of 28% compared with the previous year. Operating profit for the full year totalled SEK 168m (196), a decrease of 14% compared with the previous year. The operating margin for the quarter was 5.1% (6.8) and for the full year it was 8.0% (9.0). The decline in the profit for the quarter and for the full year is primarily attributable to lower capacity utilisation. Our efforts to increase sales and adjust to better meet the partially changed demands from customers continue, while we are intensifying efforts to increase flexibility in the cost base.

Personal Assistance

Revenues for the fourth quarter amounted to SEK 707m (689), an increase of 3% compared with the corresponding period in the previous year. Revenue for the full year amounted to SEK 2,783m (2,668), an increase of 4%. The increase in revenue for the quarter and full year is due to acquisitions. A higher assistance allowance per hour provided also made a positive contribution. The lower rate of organic growth of 0.3% (2.2) during the quarter is explained by a lower number of assistance hours provided. Organic growth for the full year was 0.9% (0.7). The market has declined with 2.4% in 2019.

Operating profit for the quarter totalled SEK 37m (41), a decrease of 9%. The lower profit for the quarter is primarily attributable to payroll expenses that increased more than the assistance allowance. Operating profit for the full year increased by 2% and amounted to SEK 154m (151). The operating margin was 5.2% (5.9) for the quarter and 5.5% (5.7) for the full year.

Elderly Care

Revenues in Elderly Care amounted to SEK 143m (129) in the fourth quarter, an 11% increase that is completely organic. Revenues for the full year amounted to SEK 564m (457), an organic growth rate of 23%. The revenue increase is primarily attributable to the new elderly housing units under own management in Staffanstorp and Kungsängen, as well as an increase in contracted operations.

Operating profit for the fourth quarter amounted to SEK 0m (4). Start-up costs for Kungsängen, which opened during Q3, had a negative impact of SEK 4m on fourth quarter. Operating profit for the full year amounted to SEK 13m (9). The operating margin was 0.3% (2.9) for the quarter and 2.3% (2.0) for the full year.

Finland

Revenues in Finland amounted to SEK 348m (159) in the fourth quarter, an increase of 119%. Revenues for the full year amounted to SEK 1,204m (648), an increase of 86%. The acquisition of Coronaria Hoiva contributed SEK 143m to revenues for the quarter and SEK 443m for the full year. Organic revenue growth was 10.7% (6.9) for the quarter, and 9.6% (12.7) for the full year. The opening of new units and a higher number of customers contribute to organic growth.

Operating profit totalled SEK 9m (17), a decrease of 46% compared with the previous year. Operating profit for the full year was SEK 49m (68), a decrease of 29%. The operating margin for the quarter was 2.7% (10.9) and for the full year it was 4.0% (10.5). The decrease in operating profit and operating margin is explained by challenges with profitability in the newly acquired operations in Finland, where the efforts to increase the profitability also have entailed higher costs, and by integration costs. Costs to integrate the acquired operation amounted to SEK 6m for the quarter and SEK 14m for the full year. A higher number of start-ups than usual in individual and family care also had some effect on the margin.

Norway

Revenues in Norway amounted to SEK 196m (177) in the fourth quarter, an increase of 11%. Revenues for the full year totalled SEK 794m (746), an increase of 7%. Organic revenue decreased by 0.7% (19.0) during the quarter, but it increased by 4.2% (7.6) for the full year. The rate of organic growth for the full year is attributable to the opening of new units and a higher number of customers. The negative rate of organic growth during the quarter is attributable to a lower number of customers than during the comparative period as a result of the closure of unprofitable units.



Operating profit totalled SEK 13m (20), a decrease of 32% compared with the previous year. This includes SEK 3m (-) in costs for termination of lease contracts. Operating profit for the full year increased by 7% and amounted to SEK 59m (55). The operating margin for the quarter decreased to 6.8% (11.1). The operating margin for the full year increased slightly to 7.4% (7.3).

Financial position

Financing

Consolidated equity amounted to SEK 2,305m (2,147) on 31 December 2019. The equity/assets ratio was 28% (41.1). Humana's interest-bearing net debt amounted to SEK 3,712m (1,378), an increase of 169% compared with the same period the previous year. Humana's debt-to-equity ratio, its interest-bearing net debt in relation to EBITDA, increased to 5.4 times (3.0). 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.

Financial position

SEK m	31 Dec 2019	31 Dec 2018
Non-current interest-bearing liabilities	3,671	1,259
Current interest-bearing liabilities	878	633
Cash and cash equivalents	-836	-514
Interest-bearing net debt	3,712	1,378
Equity/assets ratio	28.0%	41.1%
Interest-bearing net debt/adjusted EBITDA, 12 months, times	5.4x	3.0x
Excluding IFRS 16 effects:		
Non-current interest-bearing liabilities	1,783	1,259
Current interest-bearing liabilities	630	633
Cash and cash equivalents	-836	-514
Interest-bearing net debt	1,577	1,378
Equity/assets ratio	37.8%	41.1%
Interest-bearing net debt/adjusted EBITDA, 12 months, times	4.0x	3.0x

Cash flow and investment expenditures

Operating cash flow amounted to SEK 220m (136) in the quarter. Excluding the effects of IFRS 16, operating cash flow totalled SEK 137m (136). Cash flow for the period amounted to SEK 144m (9) in the quarter, with cash flow from operating activities amounting to SEK 289m (191). The higher cash flow from operating activities is partly attributable to a positive change in working capital of SEK 133m (88). Cash flow from investing activities amounted to SEK -7m (-108). Cash flow from financing activities amounted to SEK -70m (-27), of which SEK -69m (-) was amortisation of lease liabilities (effect of IFRS 16).

Financial targets

During autumn 2019 the Board of Directors and Group management performed a strategic review of Humana that resulted in a new business plan. At the Board meeting before the publication of this quarterly report, the Board of Directors decided to revise the Group's financial targets. The revised financial targets, which are effective as of 2020, are as follows after taking into account the IFRS 16 accounting standard and Humana's financial position:

Profitability

An operating margin of 7% over the medium term.

Revenue growth

Annual organic revenue growth of 5% over the medium term. Bolt-on acquisitions may generate additional annual growth of 2-3 %.

Capital structure

Interest-bearing net debt not exceeding 4.5 times EBITDA, i.e. operating profit before depreciation, amortisation and impairment (see Note 9b, Financial definitions and intent). Debt may temporarily exceed the target level, for example in connection with acquisitions.



Previous financial targets (through 2019):

Profitability

Previous target: An operating margin of approximately 6% over the medium term.

Revenue growth

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

Capital structure

Previous target: Interest-bearing net debt to EBITDA of no more than 3.0 times. However, debt may temporarily exceed the target level, for example in connection with acquisitions.

Dividend policy

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



Other information

Employees

The number of full-time employees at 31 December 2019 was 10,093 (9,729).

Shares, share capital and shareholders

The number of shares in Humana AB at 31 December 2019 amounted to 53,140,064 with a quotient value of SEK 0.022, corresponding to share capital of SEK 1,180,890. The number of shareholders at 31 December 2019 was 3,746. The five largest shareholders were Impilo Care AB, Incentive AS (via funds and mandate), Air Syndication SCA (Argan Capital), 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 various types of financial risks, 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 G19.

The main risks related to operations and uncertainties that can affect Group performance concern 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, which means that operations are 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

The Parent Company's net profit for the full year 2019 was SEK 70m (84). The equity/assets ratio at 31 December was 45.8% (44.4 at 31 December 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 CEO certify that this interim report for the fourth quarter 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, 13 February 2020

Rasmus Nerman
President and CEO

Consolidated income statement

SEK m	Note	Oct- Dec 2019	Oct- Dec 2018	Jan- Dec 2019	Jan- Dec 2018
Net revenue		1,902	1,700	7,446	6,714
Other operating revenue		10	1	21	11
Operating revenue	3	1,912	1,700	7,467	6,725
Other external expenses	8	-261	-265	-958	-1,044
Personnel costs		-1,495	-1,320	-5,784	-5,202
Depreciation/amortisation	8	-86	-21	-327	-70
Other operating expenses		0	-13	-28	-19
Operating expenses		-1,841	-1,619	-7,097	-6,334
Operating profit		71	82	369	391
Finance income		18	0	125	1
Finance expenses	8	-59	-16	-246	-76
Unrealised changes in value of derivatives		0	0	0	1
Profit before tax		30	67	249	317
Income tax	8	-12	-15	-61	-72
Net profit for the period		18	51	187	245
Attributable to:					
Parent Company shareholders		19	52	188	246
Non-controlling interests		0	-1	-1	-1
Net profit for the period		18	51	187	245
Earnings per share, SEK, before dilution	5, 8	0.35	0.97	3.54	4.62
Earnings per share, SEK, after dilution	5, 8	0.35	0.97	3.54	4.62
Average number of shares, thousands		53,140	53,140	53,140	53,140

Consolidated statement of other comprehensive income

SEK m	Note	Oct- Dec 2019	Oct- Dec 2018	Jan- Dec 2019	Jan- Dec 2018
Net profit for the period		18	51	187	245
Other comprehensive income					
Items that have been/may be reclassified to profit or loss:					
Hedging of net investments in foreign operations	6c	19	16	-14	-3
Exchange difference on translation of foreign operation		-31	-30	15	26
Net profit and other comprehensive income for the period		6	38	188	269
Attributable to:					
Parent Company shareholders		6	38	189	269
Non-controlling interests		0	-1	-1	-1

Condensed consolidated balance sheet

SEK m	Note	31 Dec 2019	31 Dec 2018
Assets			
Non-current assets			
Goodwill	4	3,897	3,168
Other intangible assets		5	8
Property, plant and equipment		377	560
Right-of-use assets		2,089	0
Financial assets		33	9
Total non-current assets		6,401	3,745
Current assets			
Trade and other receivables		834	847
Other current receivables		160	112
Cash and cash equivalents		836	514
Total current assets		1,830	1,473
TOTAL ASSETS		8,231	5,218
Equity and liabilities			
Equity			
Share capital		1	1
Other paid-in capital		1,096	1,094
Reserves		29	28
Retained earnings		1,158	1,007
Equity attributable to Parent Company shareholders		2,284	2,130
Equity attributable to non-controlling interests		22	17
Total equity		2,305	2,147
Non-current liabilities			
Non-current lease liabilities		1,902	0
Other interest-bearing liabilities		1,769	1,259
Deferred tax liabilities		71	73
Total non-current liabilities		3,741	1,333
Current liabilities			
Current lease liabilities		270	0
Other interest-bearing liabilities		607	633
Trade payables		129	121
Other current liabilities		1,178	985
Total current liabilities		2,185	1,739
TOTAL EQUITY AND LIABILITIES		8,231	5,218



Condensed consolidated statement of changes in equity

SEK m	Share capital	Other paid-in capital	Translation reserve	Retained earnings	Equity attributable to Parent owners	Non-controlling interests	Total equity
Opening balance, 1 January 2018	1	1,092	4	793	1,891	-	1,891
Comprehensive income for the period							
Net profit for the period	-	-	-	246	246	-1	245
Other comprehensive income for the period	-	-	24	-	24	-	24
Total comprehensive income for the period	-	-	24	246	269	-1	268
Transactions with owners							
Dividend	-	-	-	-32	-32	-	-32
Share savings programme	-	2	-	-	2	-	2
Acquisitions	-	-	-	-	-	18	18
Total transactions with Parent Company owners	-	2	-	-32	-30	18	-13
Closing balance, 31 December 2018	1	1,094	28	1,007	2,130	17	2,147
Opening balance, 1 January 2019	1	1,094	28	1,007	2,130	17	2,147
Comprehensive income for the period							
Net profit for the period	-	-	-	188	188	-1	187
Other comprehensive income for the period	-	-	1	-	1	-	1
Total comprehensive income for the period	-	-	1	188	189	-1	188
Transactions with Parent Company owners							
Dividend	-	-	-	-37	-37	-	-37
Share savings programme	-	2	-	-	2	-	2
Shareholder contributions	-	-	-	-	-	6	6
Total	-	2	-	-37	-35	6	-30
Closing balance, 31 December 2019	1	1,096	29	1,158	2,284	22	2,305



Condensed consolidated statement of cash flows

SEK m	Note	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Profit before tax	8	30	67	249	317
Adjustments for:					
Depreciation/amortisation	8	86	21	327	70
Net financial items	8	41	15	121	74
Other non-cash items		0	0	0	0
Cash flow from operating activities before change in working capital		157	102	697	461
Change in working capital		133	88	126	-18
Cash flow from operating activities		289	191	823	443
Net financial items paid	8	-44	-22	-120	-53
Income tax paid		-25	-25	-71	-58
Net cash flow from operating activities		220	144	631	332
Acquisition of subsidiaries, net cash impact		0	-53	-483	-86
Disposal of subsidiaries, net cash impact		0	0	0	4
Disposal of properties		63	0	388	0
Investments in other non-current assets, net		-69	-55	-228	-158
Cash flow from investing activities		-7	-108	-323	-240
Proceeds from new borrowings		0	1	795	145
Repayment of borrowings		-1	-27	-494	-279
Amortisation of lease liabilities	8	-69	0	-250	0
Dividend paid		0	0	-37	-32
Cash flow from financing activities		-70	-27	14	-166
Cash flow for the period		144	9	322	-74
Cash and cash equivalents at start of period		703	511	514	584
Exchange differences		-11	-6	0	3
Cash and cash equivalents at end of period		836	514	836	514



Key ratios

	Oct- Dec 2019	Oct- Dec 2018	Jan- Dec 2019	Jan- Dec 2018
Operating revenue	1 912	1 700	7 467	6 725
EBIT, %	3,7%	4,8%	4,9%	5,8%
Interest-bearing net debt, SEK m	3 712	1 378	3 712	1 378
Return on capital employed, %	1,0%	2,0%	5,4%	9,7%
Equity/assets ratio, %	28,0%	41,1%	28,0%	41,1%
Operating cash flow, SEK m	220	136	595	285
Interest-bearing net debt/Adjusted EBITDA 12 months, times	5,4x	3,0x	5,4x	3,0x
Excluding IFRS 16 effects:				
Operating revenue	1 912	1 700	7 467	6 725
EBIT, %	2,9%	4,8%	4,3%	5,8%
Interest-bearing net debt, SEK m	1 577	1 378	1 577	1 378
Return on capital employed, %	1,2%	2,0%	6,8%	9,7%
Equity/assets ratio, %	37,8%	41,1%	37,8%	41,1%
Operating cash flow, SEK m	137	136	296	285
Interest-bearing net debt/Adjusted EBITDA 12 months, times	4,0x	3,0x	4,0x	3,0x
Average number full-time employees Individual & Family	1 894	2 324	2 026	2 396
Average number full-time employees Personal Assistance	4 842	5 032	4 909	5 068
Average number full-time employees Elderly Care	784	799	847	776
Average number full-time employees Finland	1 709	786	1 538	767
Average number full-time employees Norway	799	776	799	742
Average number full-time employees Central func. incl Dk	59	54	56	33
Total average number full-time employees	10 087	9 770	10 175	9 782
Number of full-time employees on the closing date	10 093	9 729	10 093	9 729
Average number of customers Individual & Family	1 765	1 899	1 829	1 955
Average number of customers Personal Assistance	1 890	1 861	1 869	1 833
Average number of customers Elderly Care	795	753	794	691
Average number of customers Finland	4 228	2 736	3 628	2 635
Average number of customers Norway	295	322	300	317
Average number of customers Denmark	72	104	83	35
Total average number of customers	9 044	7 676	8 503	7 466
Average number of ordinary shares on the closing date, 000s	53 140	53 140	53 140	53 140
Equity per ordinary share, SEK	43	40	43	40
Earnings per share, SEK, after dilution	0,35	0,97	3,54	4,62
Dividend per share, SEK			0,70	0,70



Parent Company

Condensed income statement

SEK m	Jan-Dec 2019	Jan-Dec 2018
Operating revenue	7	4
Operating expenses	-23	-15
Operating profit	-15	-10
Interest income	48	0
Interest expenses	-115	-29
Profit/loss after financial items	-83	-40
Group contributions	150	142
Change in tax allocation reserve	22	5
Profit before tax	90	107
Tax	-20	-24
Net profit for the period	70	84

Condensed balance sheet

SEK m	31 Dec 2019	31 Dec 2018
Non-current assets	1,629	1,627
Current assets	1,992	2,029
TOTAL ASSETS	3,621	3,656
Equity	1,659	1,625
Untaxed reserves	152	174
Non-current interest-bearing liabilities	1,190	1,231
Other current liabilities	621	627
TOTAL EQUITY AND LIABILITIES	3,621	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 replaces IAS 17 Leases and applies 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 liabilities 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 at 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 liability at the time of transition. A marginal loan rate has been set for 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 for the transition to 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.

Balance sheet transition effects

SEK m	Closing 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 differ from these accounting estimates. 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	
	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net revenue – External income	2,095	2,188	2,783	2,668	564	457
Other operating revenue	0	0	0	0	0	0
Operating revenue	2,095	2,188	2,783	2,668	564	457
Profit before depreciation/amortisation and other operating expenses	201	226	156	153	23	16
Depreciation/amortisation	-33	-30	-2	-2	-10	-7
Other operating expenses	0	0	0	0	0	0
Operating profit	168	196	154	151	13	9

SEK m	Finland		Norway		Other ¹⁾ ²⁾		Total	
	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net revenue – External income	1,191	648	794	746	19	8	7,446	6,714
Other operating revenue	13	0	0	0	8	11	21	11
Operating revenue	1,204	648	794	746	26	18	7,467	6,725
Profit before depreciation/amortisation and other operating expenses	66	82	68	70	211	-68	725	480
Depreciation/amortisation	-18	-14	-9	-15	-256	-2	-327	-70
Other operating expenses	0	0	0	-1	-28	-19	-28	-19
Operating profit	49	68	59	55	-72	-88	369	391

1) Operating profit for 2019 includes SEK 28m in acquisition costs; these were SEK 18m the previous year. Operating profit for Q2 2018 includes the effect of additional purchase consideration settlements of SEK 9m, with associated acquisitions costs of SEK 5m. Operating profit and operating revenue for 2019 includes the positive effect of additional purchase considerations of SEK 12m and capital gains of SEK 4m on the sale of properties.

2) Operating profit for 2019 includes net IFRS 16 effects of SEK 46m (0). IFRS 16 effects are allocated as follows:

Profit before depreciation/amortisation and other operating expenses includes lower rental costs of SEK 300m and higher amortisation of SEK 253m.

Note 3b Revenue by country

SEK m	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
	Sweden	1,364	1,359	5,449
Finland	348	159	1,204	648
Norway	196	177	794	746
Denmark	4	6	19	8
Total operating revenue	1,912	1,700	7,467	6,725

Note 4a Acquisition of operations

Acquisitions in 2019

- Coronaria Hoiva Oy (Finland) 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	339	0	340
Trade and other receivables	77	6	83
Cash and cash equivalents	38	4	42
Interest-bearing liabilities	-525	-2	-527
Trade and other payables	-108	-9	-117
Deferred tax liability	0	0	0
Net identifiable assets and liabilities	-177	-1	-178
Goodwill	695	7	702
Consideration paid			
Cash and cash equivalents	517	6	523
Contingent consideration	0	0	0
Total consideration paid	517	6	523
Effect on cash and cash equivalents			
Cash consideration paid	517	6	523
Cash and cash equivalents in acquired entities	-38	-4	-42
Total effect on cash and cash equivalents	478	1	480
Settlement of considerations attributable to acquisitions in prior years	-	3	3
Total effect on cash and cash equivalents	478	5	483
Effect of acquired companies on operating revenue and profit 2019			
Operating revenue	443	36	479
Operating profit	-18	2	-16
Additional consideration effect on earnings	5	7	12

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

Goodwill

The goodwill of SEK 695m 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 0m for the quarter and SEK 28m for the full year. The costs 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 made during full-year 2019 had been completed on 1 January 2019, Humana's assessment is that the Group's revenue for the year would have amounted to SEK 7,634m (SEK 167m higher), operating profit to SEK 370m (SEK 1m higher) and profit for the year after tax to SEK 185m (SEK 2m lower).

Acquisitions in 2018

- Luotsimaja Oy (Finland) June 2018
- Västgöta Assistans AB (Personal Assistance) July 2018
- Støttecompagniet ApS (Other) September 2018
- RIK Assistans AB (Personal Assistance) October 2018
- Matiimi Oy (Finland) 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	31 Dec 2019	31 Dec 2018
Opening balance, 1 January	3,168	3,104
Acquisition of operations	702	43
Adjustment of acquisition analysis	8	-
Disposal of operations	-	-1
Exchange difference	20	22
Closing balance, period	3,897	3,168

Note 5 Earnings per share

SEK m	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net profit for the period attributable to Parent Company shareholders	19	52	188	246
Average number of shares, thousands	53,140	53,140	53,140	53,140
Earnings per share, SEK, before dilution	0.35	0.97	3.54	4.62
Earnings per share, SEK, after dilution	0.35	0.97	3.54	4.62

Note 6a Fair value of financial instruments and level in valuation hierarchy

31 December 2019 SEK m	Financial liabilities at fair value through profit or loss	Total carrying amount	Fair values	Level 1	Level 2	Level 3
Financial liabilities						
Additional consideration	13	13	13	-	-	13
31 December 2018 SEK m	Financial liabilities at fair value through profit or loss	Total carrying amount	Fair values	Level 1	Level 2	Level 3
Financial liabilities						
Additional consideration	8	8	8	-	-	8

* Fair values are based on listings on Nordea AB (publ).

Similar contracts are traded in an active market and the prices reflect actual transactions in 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 Reconciliation of opening/closing balances for financial instruments measured in level 3, additional consideration

SEK m	31 Dec 2019	31 Dec 2018
Opening balance, 1 January	8	27
Total recognised gains and losses: recognised in Adjustment, additional consideration in profit for the year	-12	-9
Cost of acquisition	20	5
Settled during the period	-3	-15
Closing balance, period	13	8

Note 6c Hedge accounting

The Group is hedging parts of the foreign exchange risk related to net investments in foreign operations. As at 31 December 2019, the Group had exposure in EUR and NOK, which is hedged with loans in foreign currencies. As 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 31 December 2019, the Group had loans of EUR 39m and loans of NOK 328m for which hedge accounting is applied. The related translation difference of SEK -17m (-3) before tax is consequently recognised in the consolidated statement of other comprehensive income.

Note 7 Incentive programmes

As at 31 December 2019, Humana has two long-term incentive programmes that were approved by the AGMs in 2016 and 2017. The warrant programme is directed at 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 third date for redeeming the warrants is during the period 1-31 March 2020. The subscription price for Series 3 is SEK 80.60.

For the share savings programme, participants were able to invest in saving shares (at market price) and then, based on the terms of the programme, receive matching shares and potentially even performance-based shares at the end of the programme. The number of registered saving shares at 31 December 2019 amounts to 45,278, which corresponds to a maximum allocation of 61,667 shares.

Number of warrants	2019	Number of shares in share savings programme	2019
Outstanding, 1 January	960,280	Outstanding, 1 January	73,000
Acquired	-	Acquired	-
Forfeited	-	Forfeited	-11,333
Exercised	-	Exercised	-
Expired	-480,140	Expired	-
Outstanding, 31 December	480,140	Outstanding, 31 December	61,667

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

Effects on income statement

SEK m	Oct-Dec	IFRS 16 effect	Excl. IFRS 16	Oct-Dec	Jan-Dec	IFRS 16 effect	Excl. IFRS 16	Jan-Dec
	2019	Oct-Dec 2019	Oct-Dec 2019	2018	2019	Jan-Dec 2019	Jan-Dec 2019	2018
Operating revenue	1,912	0	1,912	1,700	7,467	0	7,467	6,725
Other external expenses	-261	83	-344	-265	-958	300	-1,258	-1,044
Personnel costs	-1,495	-	-1,495	-1,320	-5,784	-	-5,784	-5,202
Depreciation/amortisation	-86	-67	-18	-21	-327	-253	-74	-70
Other operating expenses	0	-	0	-13	-28	-	-28	-19
Operating expenses	-1,841	16	-1,858	-1,619	-7,097	46	-7,143	-6,334
Operating profit	71	16	55	82	369	46	323	391
Finance income	18	-	18	0	125	-	125	1
Finance expenses	-59	-20	-40	-15	-246	-71	-175	-76
Unrealised changes in value of derivatives	0	-	0	0	0	-	0	1
Profit before tax	30	-3	34	67	249	-25	273	317
Income tax	-12	1	-13	-16	-61	5	-67	-72
Net profit for the period	18	-3	21	51	187	-19	207	245
Earnings per share before and after dilution	0.35	-0.05	0.40	0.97	3.54	-0.36	3.91	4.62

Effects on cash flow

SEK m	Oct-Dec	IFRS 16 effect	Excl. IFRS 16	Oct-Dec	Jan-Dec	IFRS 16 effect	Excl. IFRS 16	Jan-Dec
	2019	Oct-Dec 2019	Oct-Dec 2019	2018	2019	Jan-Dec 2019	Jan-Dec 2019	2018
Profit before tax	30	3	34	67	249	25	273	317
Adjustments for:								
Depreciation/amortisation	86	-67	18	21	327	-253	74	70
Net financial items	41	-20	21	15	121	-71	50	74
Other non-cash items	0	-	0	0	0	-	0	0
Cash flow from operating activities	289	-83	206	191	823	-300	523	443
Net financial items paid	-44	20	-24	-22	-120	71	-50	-53
Income tax paid	-25	-	-25	-25	-71	-	-71	-58
Net cash flow from operating activities	220	-64	156	144	631	-229	402	332
Financing activities								
Proceeds from new borrowings	0	-	0	1	795	-	795	145
Repayment of borrowings	-1	-	-1	-27	-494	-	-494	-279
Amortisation of lease liabilities	-69	69	0	-	-250	250	0	0
Dividend paid	0	-	0	0	-37	-	-37	-32
Cash flow from financing activities	-70	69	-1	-27	14	250	264	-166

1) According to IFRS 16, lease payments are divided between amortisation of lease liabilities and interest expenses. In comparison with 2018, this means a positive effect on cash flow from operating activities, since depreciation of right-of-use assets is reversed as non-cash, while the greater part of 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 measurements defined in the applicable financial reporting rules. The alternative performance measures are derived from the company's consolidated financial statements and are non-IFRS measures.

	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Adjusted operating profit				
Operating profit	71	82	369	391
Capital gains on sale of property	0	-	-4	-
Adjusted operating profit	71	82	365	391
Adjusted EBITDA				
Operating profit	71	82	369	391
Depreciation/amortisation	86	21	327	70
Impairment	0	-	0	-
EBITDA	157	102	697	461
Capital gains on sale of property	0	-	-4	-
Adjusted EBITDA	157	102	692	461
Organic revenue growth				
Revenue, base	1,691	1,610	6,660	6,333
Revenue, organic growth	11	77	134	218
Total organic growth, constant exchange rate	0.7%	4.8%	2.0%	3.4%
Operating cash flow				
Operating profit	71	82	369	391
Depreciation/amortisation	86	21	327	70
Change in working capital	133	88	126	-18
Investments in other non-current assets, net	-69	-55	-228	-158
Operating cash flow	220	136	595	285
	31 Dec 2019	31 Dec 2018		
Interest-bearing net debt				
Non-current interest-bearing liabilities	3,671	1,259		
Current interest-bearing liabilities	878	633		
Cash and cash equivalents	-836	-514		
Interest-bearing net debt	3,712	1,378		
Adjusted EBITDA 12 months	692	461		
Interest-bearing net debt/adjusted EBITDA, 12 months, times	5.4x	3.0x		
Return on capital employed, %				
TOTAL ASSETS	8,231	5,218		
Deferred tax liabilities	-71	-73		
Trade payables	-129	-121		
Other current liabilities	-1,178	-985		
Capital employed	6,853	4,039		
Operating profit	369	391		
Finance income	1	1		
Total	371	392		
Return on capital employed, %	5.4%	9.7%		
Equity/assets ratio, %				
Total equity	2,305	2,147		
TOTAL ASSETS	8,231	5,218		
Equity/assets ratio, %	28.0%	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 of items affecting comparability is done 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 non-current 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.	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	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. The information was submitted for publication, through the agency of the contact persons set out below, at 08.00 CET

Conference call

A conference call will be held 13 February 2020 at 09:00 CET, at which President and CEO Rasmus Nerman along with Vice President and CFO Ulf Bonnevier will present the report and answer questions. To participate, call:

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Financial calendar

Interim report Jan-Mar 2020	7 May 2020
AGM 2020	7 May 2020
Interim report Apr-Jun 2020	20 Aug 2020
Interim report Jul-Sep 2020	6 Nov 2020
Interim report Oct-Dec 2020	11 Feb 2021

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