



Humana

Q1 January – March 2017

18 May 2017

Q1 financial highlights

Key highlights

Revenue

Q1

- Operating revenue grew 12% to SEK 1,649m (1,471)
- Organic decline in the quarter of 1.9% due to:
 - Continuously challenging market conditions for Personal Assistance
 - Ongoing efficiency program in I&F, including conversion of some units and slightly lower utilization

Operating profit

Q1

- Operating profit (EBIT) of SEK 66m (41)
- Operating margin 4.0% (2.8)

Adjusted operating profit

Q1

- No non-recurring adjustments in this quarter, but adjustments for IPO of SEK 38m in Q1 last year. Adjusted operating profit of SEK 66m (79)
- Adjusted operating margin at 4.0% (5.4)



Operational highlights in Q1 (I/II)

Individual & Family - "A quarter with focus on efficiency"



- Growing with 1%, of which organic -2.6%. Lower growth due to conversion of a number of migration units and slightly lower utilisation
- Continued good demand for psychosocial care and strong growth pipeline
- Profitability hampered by short term higher costs for conversion of units, integration of acquired operations and efficiency improvements
- One qualitative acquisition during the quarter, Skellefteå Stöd och Behandling AB

Personal Assistance - "Gaining relative strength"



- Declining revenues due to continued tough market conditions, primarily driven by the harsh assessment by the Swedish Social Insurance Agency (*Försäkringskassan*)
- Continuously very good effects from efficiency program compensates for the majority of the cost increases
- Consolidation intensified and Humana continues to strengthen market position



Operational highlights in Q1 (II/II)

Elderly Care - "Strong pipeline for own elderly care homes"



- New home in Gävle fully up and running with a notable positive impact
- Continuous focus on own managed elderly care homes with three units (198 beds) under construction, most recently Staffanstorp
- Second elderly care home in Växjö planned to open before summer

Other Nordics - "Finland having a strong momentum"



- Norway focus on integrating KOA. Weak demand for migration related services.
 - Strong platform for further growth into existing and new segments
- Continuously very strong development in Finland
 - Gaining relative strength in the Humana group and a key focus area for future growth



Politics and markets for private care in the Nordics



Final report by Reepalu presented on May 9th

- Not possible to replace profit restrictions with higher quality requirements
- Investigation presents few concrete recommendations
 - Need to improve quality of public registries
 - Frequency inspections to be replaced with risk-based inspections
 - More resources to The National Agency for Public Procurement to support contracting authorities
- Also the final part has met severe criticism



On May 9th the Finnish Government presented a proposal to parliament on freedom of choice in SOTE

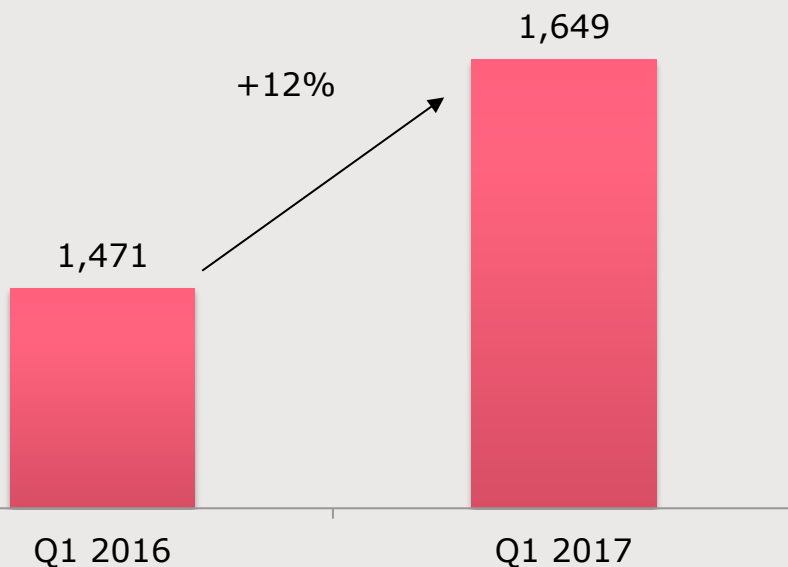
- Citizens will be able to chose provider to a large extent
- The purpose is to *“strengthen individuals possibility to influence care and improve quality, accessibility and efficiency”*
- Freedom of choice to be implemented gradually in 2019 -2021 but some counties will start already this year
- We maintain our assessment that this will be positive for Humana



Humana Q1 - Operating revenue

Operating revenue

SEK million



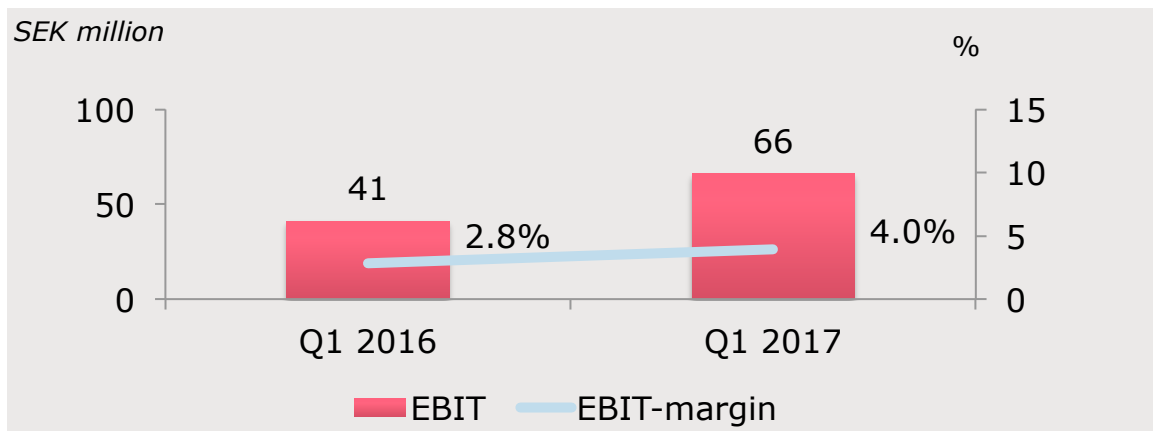
Comments

- Operating revenue increased by 12% to SEK 1,649m driven by Other Nordics
 - above our growth target
 - organic decline of 1.9%
- Acquisitions contributed with SEK 198m to revenue
- Own managed operations accounted for 94% of revenue

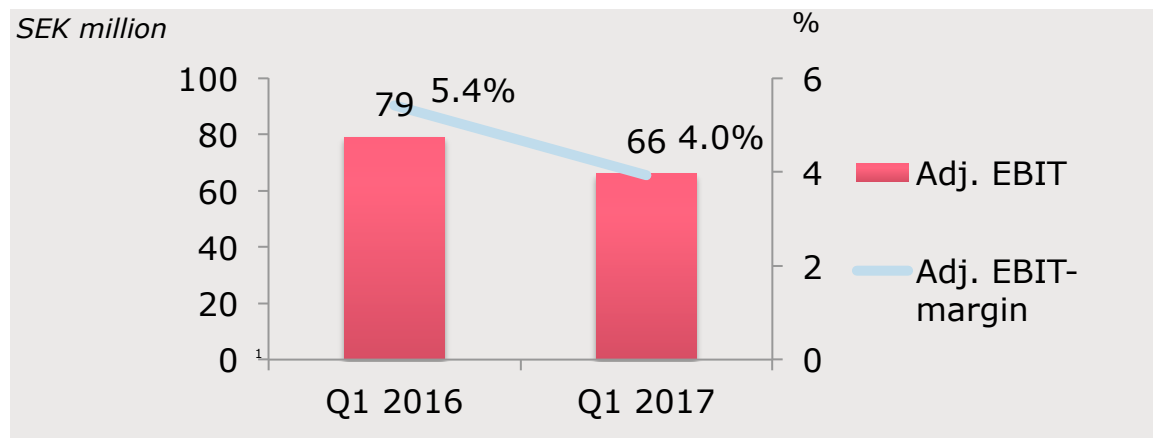


Humana Q1 - Operating profit

Operating profit (EBIT)



Adj. EBIT and Adj. EBIT-margin



Comments

- Operating profit was SEK 66m (41). Acquisitions contributed with SEK 14m.
 - Adjusted operating profit was SEK 66m (79 excl for SEK 38m in IPO costs)
 - Operating profit margin of 4.0% (2.8), adjusted margin 4.0% (5.4)
- Negative impact from:

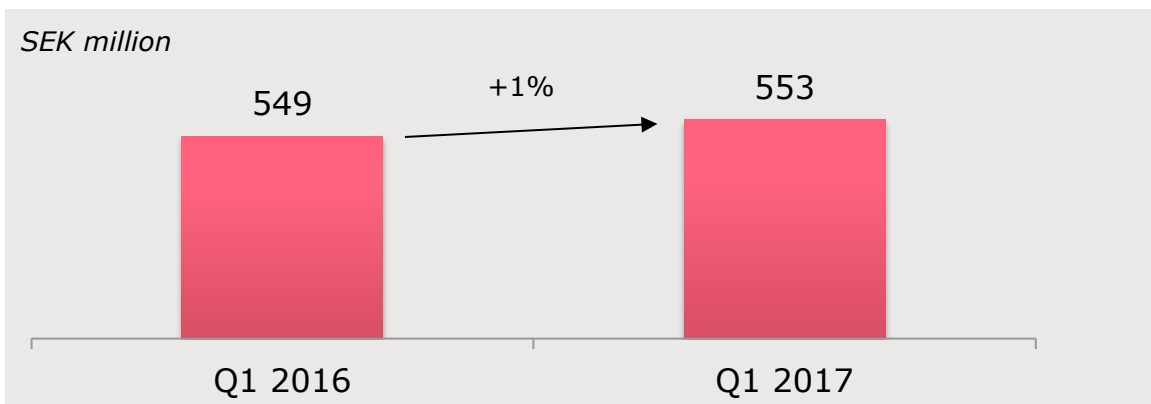
- conversion of some units in Individual & Family (I&F)
- slightly lower utilisation in I&F
- continued tough market conditions for Personal Assistance
- higher social security costs for young employees, SEK 6m



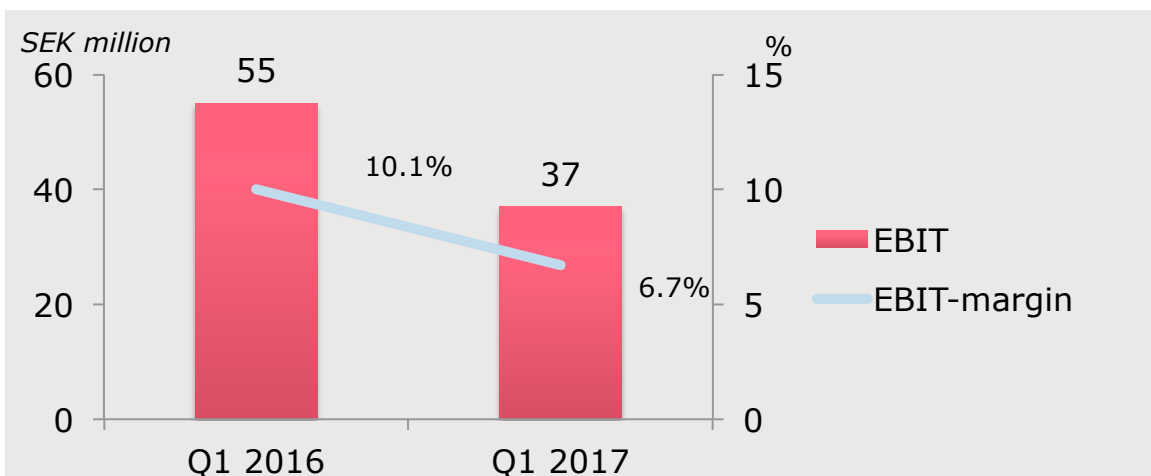
Individual & Family Q1



Operating revenue



Operating profit



Comments

- Operating revenue increased by 1%
 - organic decline of -2.6% mainly explained by conversion of units, lower occupancy and fewer clients
- Operating profit declined compared with last year to SEK 37m (55)
- Margin lowered from 10.1% in Q1 2016 to 6.7% in Q1 2017
 - lower occupancy and fewer clients
 - conversion of entities
 - efficiency program

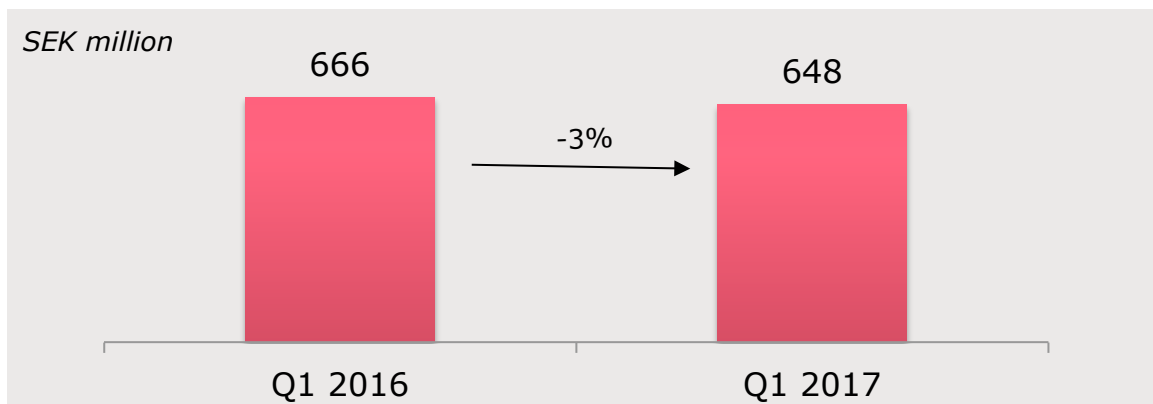
Average	Q1 2016	Q1 2017	+/-%
Clients	2,203	2,153	-2.3
Employees	2,441	2,526	+3.5



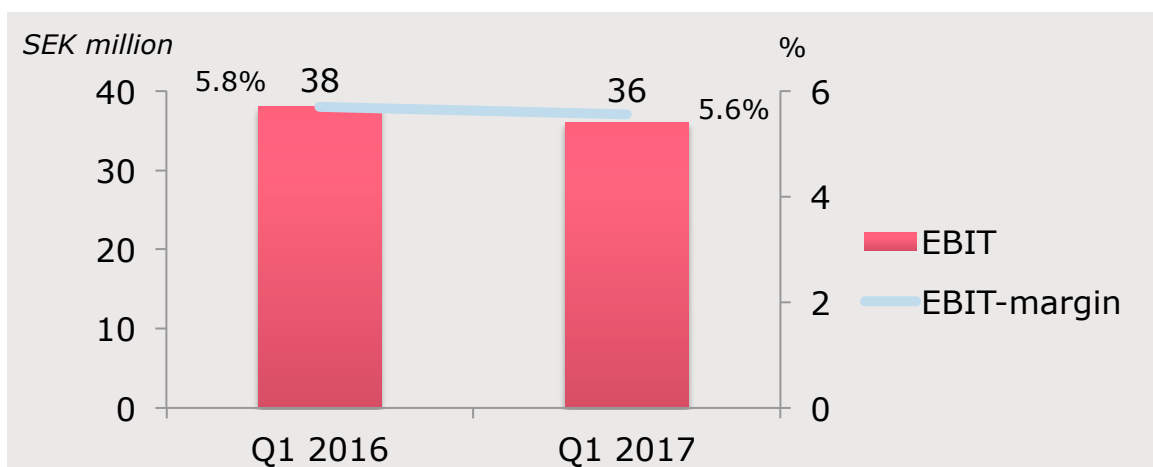
Personal Assistance Q1



Operating revenue



Operating profit



Comments

- Operating revenue decreased by 3% to SEK 648m explained by:
 - fewer clients and hours compared with last year
 - tough market conditions
- Operating profit decreased to SEK 36m (38), operating margin 5.6% (5.8)
 - effects from ongoing efficiency program
 - higher costs for increased social security costs SEK 3m
 - higher cost increases in personnel cost than reimbursement levels

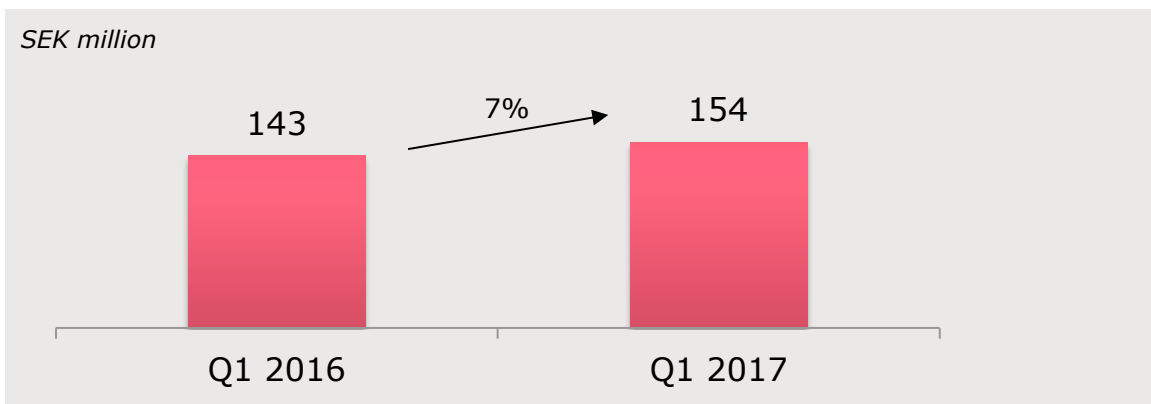
Average	Q1 2016	Q1 2017	+/-%
Clients	1,927	1,876	-2.6
Employees	5,191	4,957	-4.5



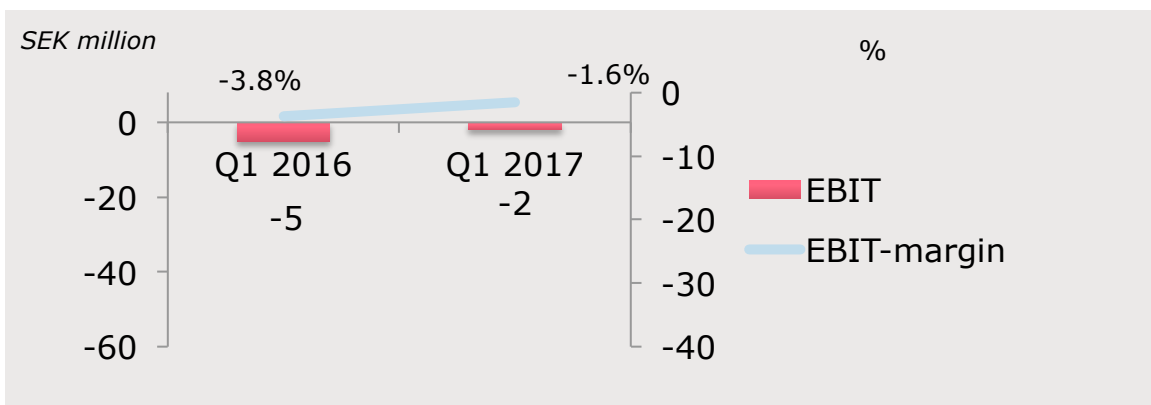
Elderly Care Q1



Operating revenue



Operating profit



Comments

- Operating revenue increased by 7% in Q1 2017 to SEK 154m
 - positive effect from own managed elderly care home
 - revenue per client increasing
- Operating profit SEK -2m (-5)
- Margin -1.6% (-3.8)
 - profitability improved from expansion of new full responsibility elderly care homes

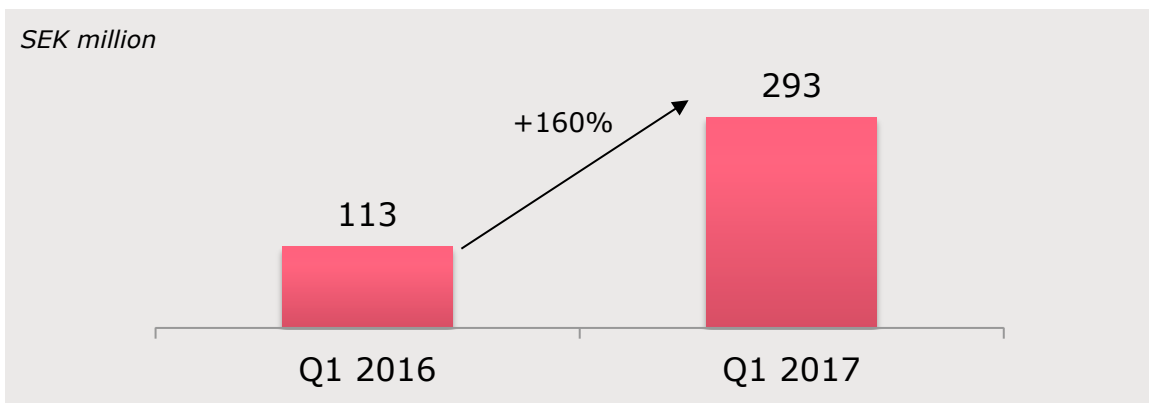
Average	Q1 2016	Q1 2017	+/-%
Clients	3,123	2,719	-12.9
Employees	1,273	1,234	-3.0



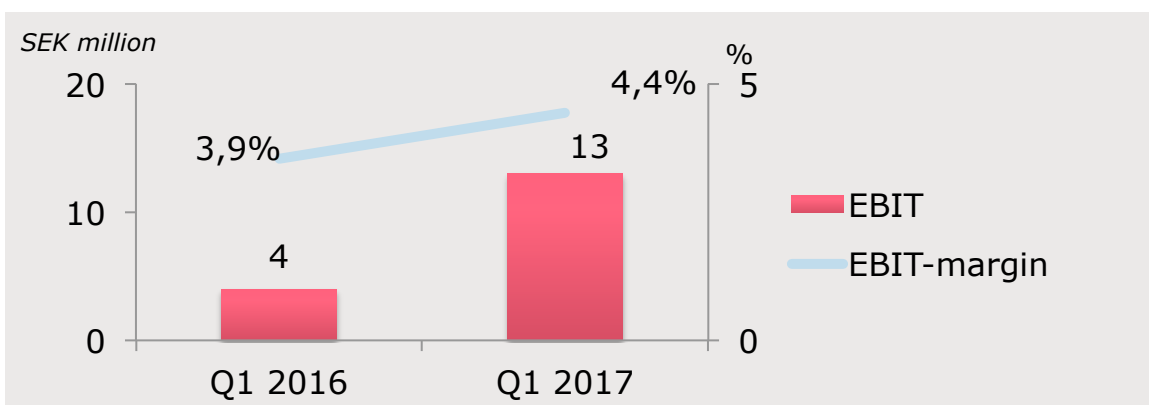
Other Nordics Q1



Operating revenue



Operating profit



Comments

- Operating revenue increased 160% to SEK 293m (113), driven by acquisition of KOA and Arjessa in Finland
- Organic development at constant currency of -5.7%
- Acquisitions contributed with SEK 179m to revenue increase
- Operating profit increased to SEK 13m (4)
- Margin increased to 4.4% (3.9) - immigration related services contributes less than in Q4 2016
- Integration of KOA Group

Average	Q1 2016	Q1 2017	+/-%
Clients	240	2,135	788
Employees	457	1,306	186



Central costs/other

Breakdown of central costs/other

SEK million

Costs	Q1 2016	Q1 2017
Underline central costs	-13	-17
Costs for acquisitions	-	-1
Costs for IPO	-38	-
Central overhead costs	-51	-18

Comments

- Central costs/other last year included SEK 38m in IPO costs.
- Underline central costs SEK 17m vs SEK 13m.
- Increase between the quarters due to new requirements on central function following listing on Nasdaq Stockholm.
- Strengthening of real-estate, HR, and quality organizations



Cash flow lowered due to changed payment terms and investments in organic growth

Breakdown of cash flow			Comments
<i>SEK million</i>			
	Q1 2016	Q1 2017	
Operating cash flow before changes in working capital	51	80	<ul style="list-style-type: none"> • Cash flow for the quarter was SEK -108m vs. SEK 131m last year (incl. new share issue at time of IPO). The decline is explained by: <ul style="list-style-type: none"> – approx. SEK 40m impact on working capital from changed payment terms in Personal Assistance – increase in trade receivables with SEK 112m, in line with revenue increases vs last year – higher investments, SEK 22m
Changes in working capital	-5	-57	
Underline cash flow from operations	46	23	
Financial items, net	-44	-18	
Income tax paid	-25	-10	
Cash flow from operating activities	-23	-5	
Acquisitions, net cash impact	-17	-16	
Investments	-17	-39	
Cash flow from investing activities	-34	-55	
Cash flow from financing activities	188	-49	
Cash flow for the period	131	-108	



Financial targets



Humana

Revenue growth

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

Profitability

- EBIT margin in the medium term of approximately 6 percent

Capital structure

- The net debt in relation to EBITDA is not to exceed 3.0x
- Leverage may however temporarily, for example in relation to acquisitions, exceed the target level

Dividend policy

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





Humana

Q & A



Humana

Appendix

Consolidated income statement

	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/17	Jan-Dec 2016
SEK M				
Operating revenue	1 649	1 471	6 540	6 362
Other external costs	-256	-211	-1 008	-963
Personnel costs	-1 312	-1 171	-5 105	-4 964
Depreciation	-14	-10	-54	-50
Other operating costs	-1	-38	-20	-57
Operating costs	-1 583	-1 430	-6 187	-6 033
Operating profit	66	41	354	329
Financial revenue	2	3	10	11
Financial costs	-23	-72	-90	-140
Unrealised changes in value of derivatives	7	7	27	27
Profit before tax	52	-21	301	228
Income tax	-11	5	-74	-58
Net profit for the period	40	-16	226	170
Of which, attributable to:				
Owners of the Parent Company	40	-16	226	170
Net profit for the period	40	-16	226	170
Earnings per common share, SEK, before dilution	0,76	-0,82	4,26	2,87
Earnings per common share, SEK, after dilution	0,76	-0,82	4,26	2,87
Average number of common shares, thousands	53 140	46 600	53 140	51 514



Consolidated balance sheet

SEK M	Mar 31 2017	Mar 31 2016	Dec 31 2016
Assets			
Non-current assets			
Goodwill	3 092	2 590	3 089
Other intangible assets	12	8	13
Property, plant and equipment	450	214	405
Financial assets	8	5	6
Total non-current assets	3 563	2 817	3 514
Current assets			
Trade receivables	539	427	523
Other current receivables	513	155	459
Cash and cash equivalents	359	631	465
Total current assets	1 411	1 213	1 446
TOTAL ASSETS	4 973	4 030	4 960
Equity and liabilities			
Equity			
Share capital	1	1	1
Additional paid-in capital	1 091	1 091	1 091
Retained earnings	672	435	634
Equity attributable to owners of the parent company	1 764	1 527	1 726
Non-current liabilities			
Interest-bearing liabilities	1 365	1 374	1 405
Deferred tax liabilities	82	68	78
Total non-current liabilities	1 447	1 442	1 484
Current liabilities			
Interest-bearing liabilities	680	90	687
Trade payables	72	64	103
Other current liabilities	1 010	908	960
Total current liabilities	1 762	1 062	1 750
TOTAL EQUITY AND LIABILITIES	4 973	4 030	4 960



Key ratios

	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/17	Jan-Dec 2016
Operating revenue	1 649	1 471	6 540	6 362
EBIT, %	4,0%	2,8%	5,4%	5,2%
Interest-bearing net debt, SEK M	1 685	832	1 685	1 628
Return on capital employed, %	1,8%	1,5%	9,5%	8,9%
Equity/assets ratio, %	35,5%	37,9%	35,5%	34,8%
Operating cash flow	-16	29	-179	-134
Interest-bearing net debt/Adjusted EBITDA 12 months, times	4,1x	2,4x	4,1x	3,9x
Average number full-time employees Individual & Family	2 526	2 441	2 549	2 528
Average number full-time employees Personal Assistance	4 957	5 191	5 139	5 198
Average number full-time employees Elderly Care	1 234	1 273	1 238	1 248
Average number full-time employees Other Nordic	1 306	457	1 132	920
Average number full-time employees Central functions	23	17	20	19
Total average number full-time employees	10 046	9 379	10 079	9 912
Number of full-time employees on the closing date	9 708	9 122	9 122	10 091
Average number of customers Individual & Family	2 153	2 203	2 153	2 165
Average number of customers Personal Assistance	1 876	1 927	1 891	1 904
Average number of customers Elderly Care	2 719	3 123	2 905	3 006
Average number of customers Other Nordic	2 135	240	1 760	1 286
Total average number of customers	8 884	7 494	8 708	8 361
Average number of common shares on the closing date, 000s	53 140	46 600	53 140	51 514
Equity per common share, SEK	33	33	33	34



Consolidated cash flow statement

SEK M	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/17	Jan-Dec 2016
Profit before tax	52	-21	301	228
Adjustment for:				
Depreciation and impairment	14	10	54	50
Financial items, net	14	62	53	101
Cash flow from operating activities before changes in working capital	80	51	408	379
Changes in working capital	-57	-5	-424	-372
Cash flow from operating activities	23	46	-15	8
Financial items, net	-18	-44	-73	-99
Income tax paid	-10	-25	-54	-70
Cash flow from operating activities, net	-5	-23	-142	-161
Acquisition of operations, net cash impact	-16	-17	-473	-474
Investments in other non-current assets, net	-39	-17	-164	-142
Cash flow from investing activities	-55	-34	-637	-616
Proceeds from new borrowings	7	1 387	589	1 969
Repayment of borrowings	-56	-1 641	-93	-1 678
New share issue	0	442	0	442
Cash flow from financing activities	-49	188	496	733
Cash flow for the period	-108	131	-283	-44
Cash and cash equivalents at start of period	465	501	631	501
Cash flow for the period	-108	131	-283	-44
Exchange rate difference in cash/cash equivalents	3	0	11	8
Cash and cash equivalents at end of period	359	631	359	465



Segment financials

Operating revenue by business area

	Jan-Mar	Jan-Mar		Apr-Mar	Jan-Dec	
SEK M	2017	2016	%	2016/17	2016	%
Individual & Family	553	549	1%	2 219	2 214	0%
Personal Assistance	648	666	-3%	2 627	2 645	-1%
Elderly Care	154	143	7%	590	580	2%
Other Nordics	293	113	160%	1 104	924	20%
Total operating revenue	1 649	1 471	12%	6 540	6 362	3%

Organic growth by business area

	Jan-Mar	Jan-Mar		Apr-Mar	Jan-Dec	
%	2017	2016		2016/17	2016	
Individual & Family	-2,6%	8,5%		1,8%	4,4%	
Personal Assistance	-2,7%	1,5%		-2,7%	-1,6%	
Elderly Care	7,4%	-3,3%		1,7%	-1,0%	
Other Nordics	1,1%	0,8%		12,5%	10,1%	
Total organic growth, group currency	-1,4%	3,2%		0,3%	1,3%	
Other Nordics , local currency	-5,7%	10,5%		8,3%	7,0%	
Total organic growth, constant currency rate	-1,9%	3,9%		0,0%	1,1%	

Operating profit per business area

	Jan-Mar	Jan-Mar		Apr-Mar	Jan-Dec	
SEK M	2017	2016	%	2016/17	2016	%
Individual & Family	37	55	-33%	193	211	-9%
Personal Assistance	36	38	-5%	149	151	-1%
Elderly Care	-2	-5	n/a	-3	-6	n/a
Other Nordics	13	4	190%	97	89	9%
Central costs/other 2)	-18	-51	n/a	-82	-115	n/a
Total Operating profit	66	41	59%	354	329	7%

