



Terveystalo Group Q1 2023 Results

VILLE IHO, PRESIDENT & CEO

JUUSO PAJUNEN, CFO

Welcome

AGENDA TODAY



Ville Iho, President & CEO

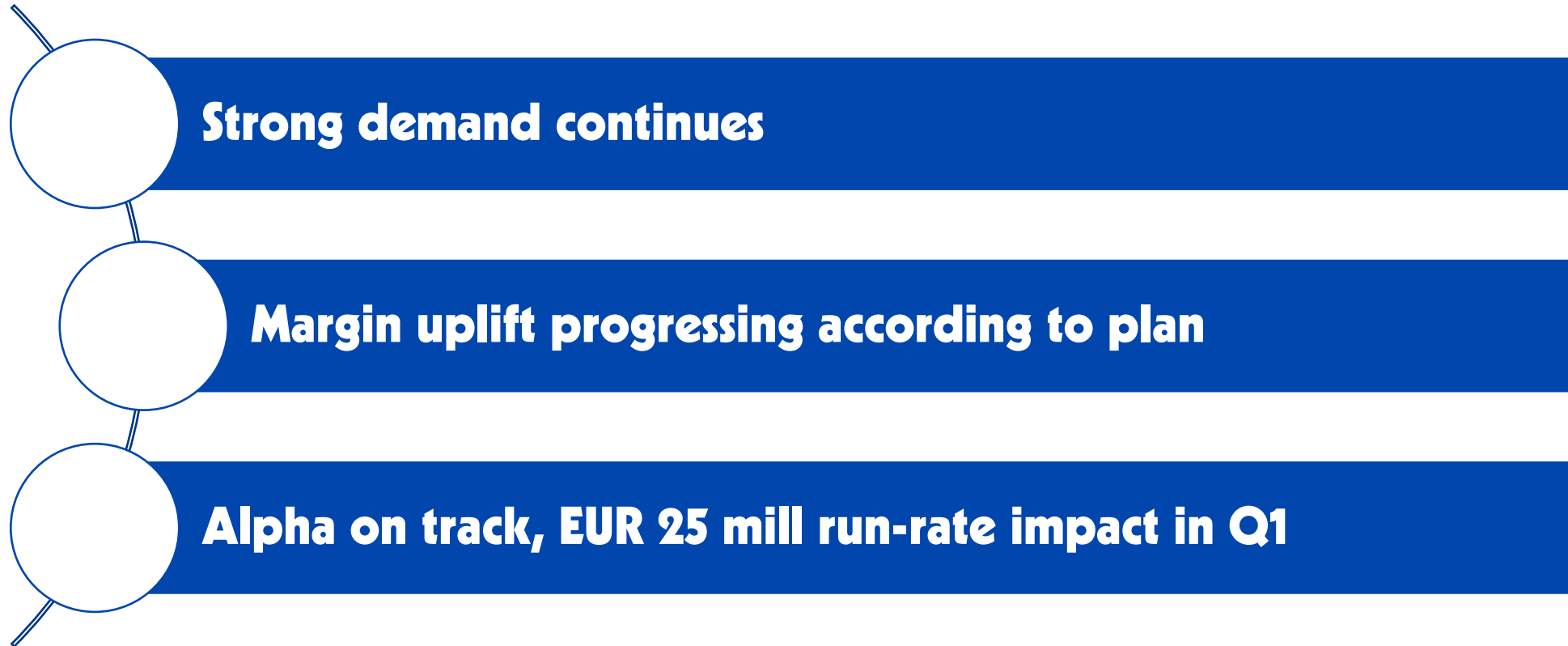
- Financial & operational highlights
- Progress of the Alpha-Profit improvement program



Juuso Pajunen, CFO

- Financial performance analysis
- Progress against financial targets
- Outlook & guidance

Solid earnings were driven by robust demand, profit improvement program on track



Progress according to plan in Q1

Q1 2023 Revenue (EUR)

341.1 Mill.

+3.4% y-o-y

Q1 2023 Adj. EBITA (EUR)

36.5 Mill.

-6.4% y-o-y

Q1 2023 EPS (EUR)

0.09

-56% y-o-y

Record-strong customer satisfaction*

NPS 85

+2.1%-p y-o-y

Engaged employees*

eNPS 29

FY 2022

Physical appointments**

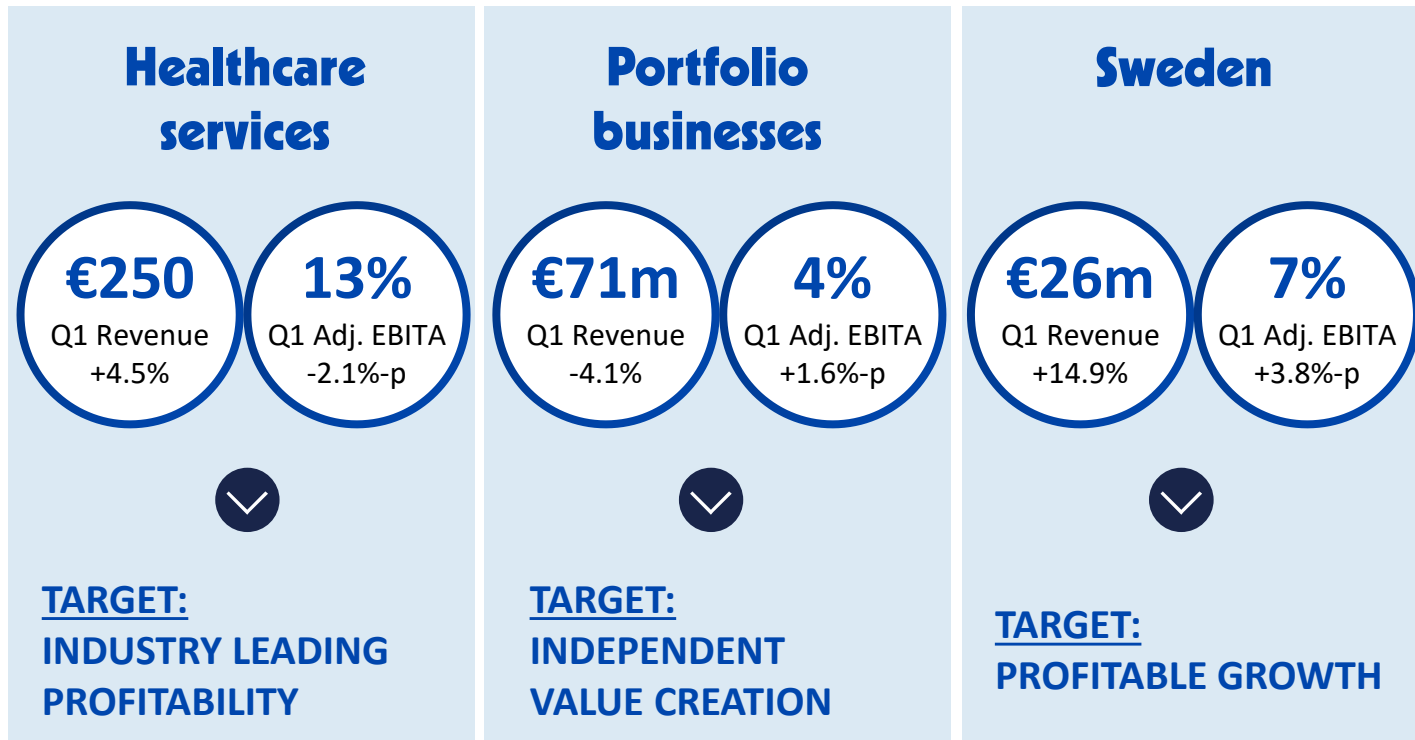
1.2 Mill.

+1.4% y-o-y

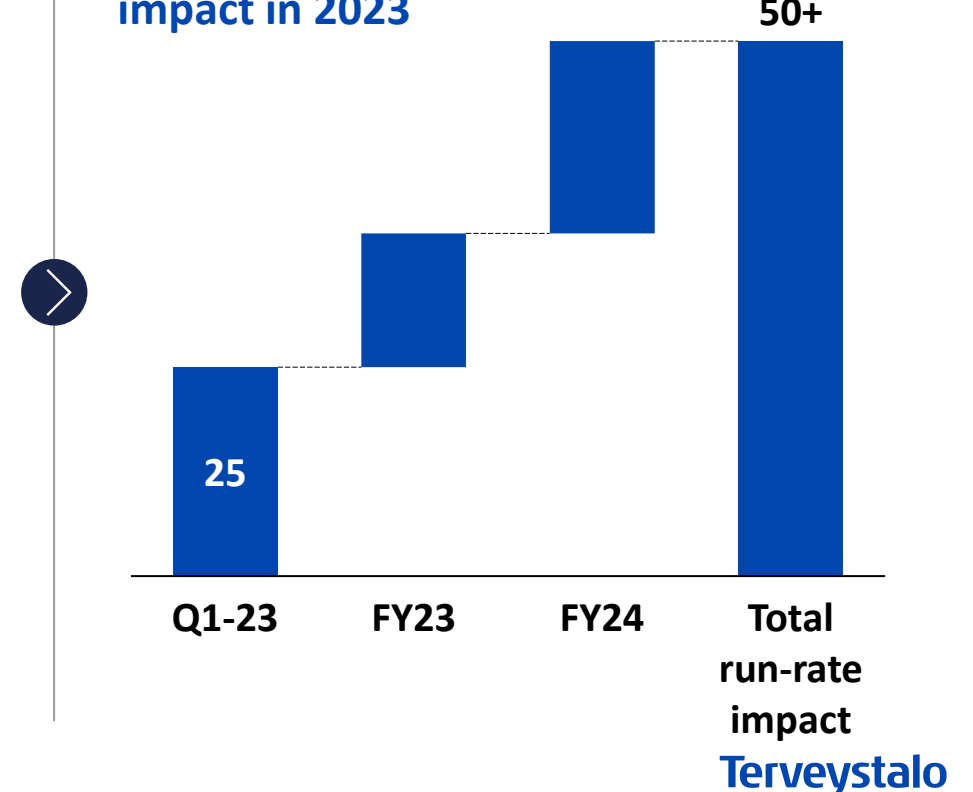


Margin uplift progressing as planned, actions are well underway to address the bottom line in each segment

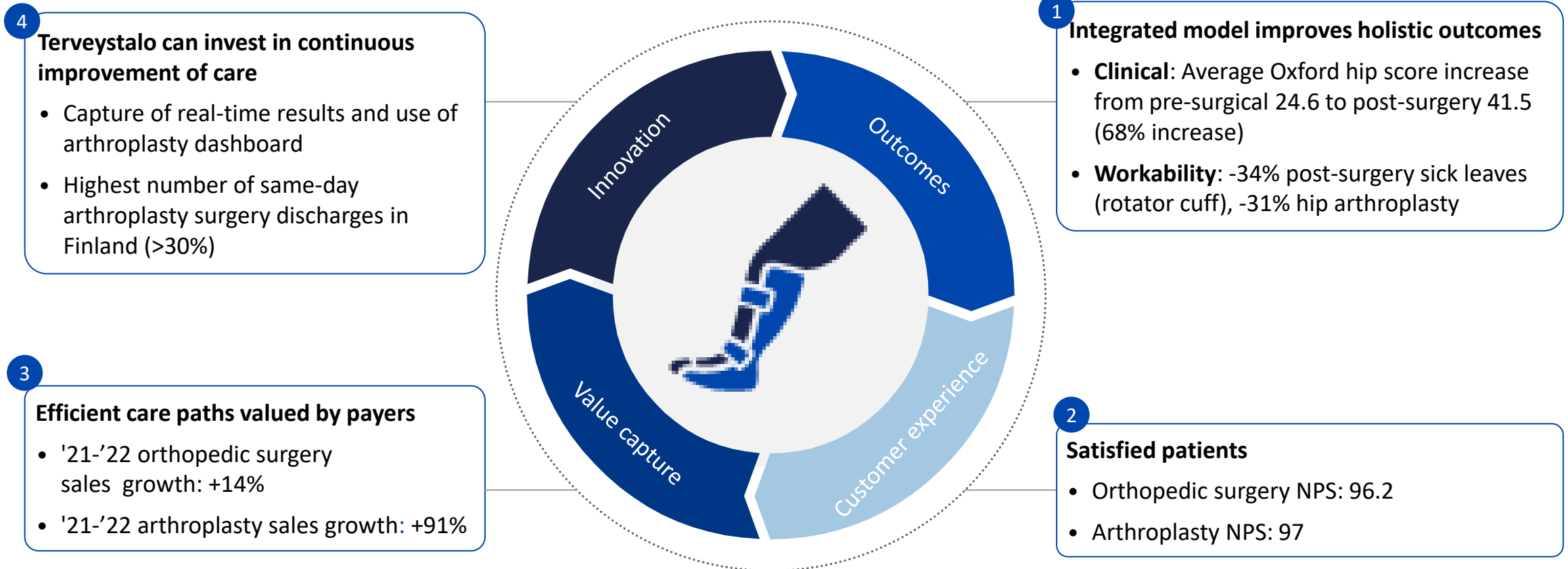
Set targets for each business segment



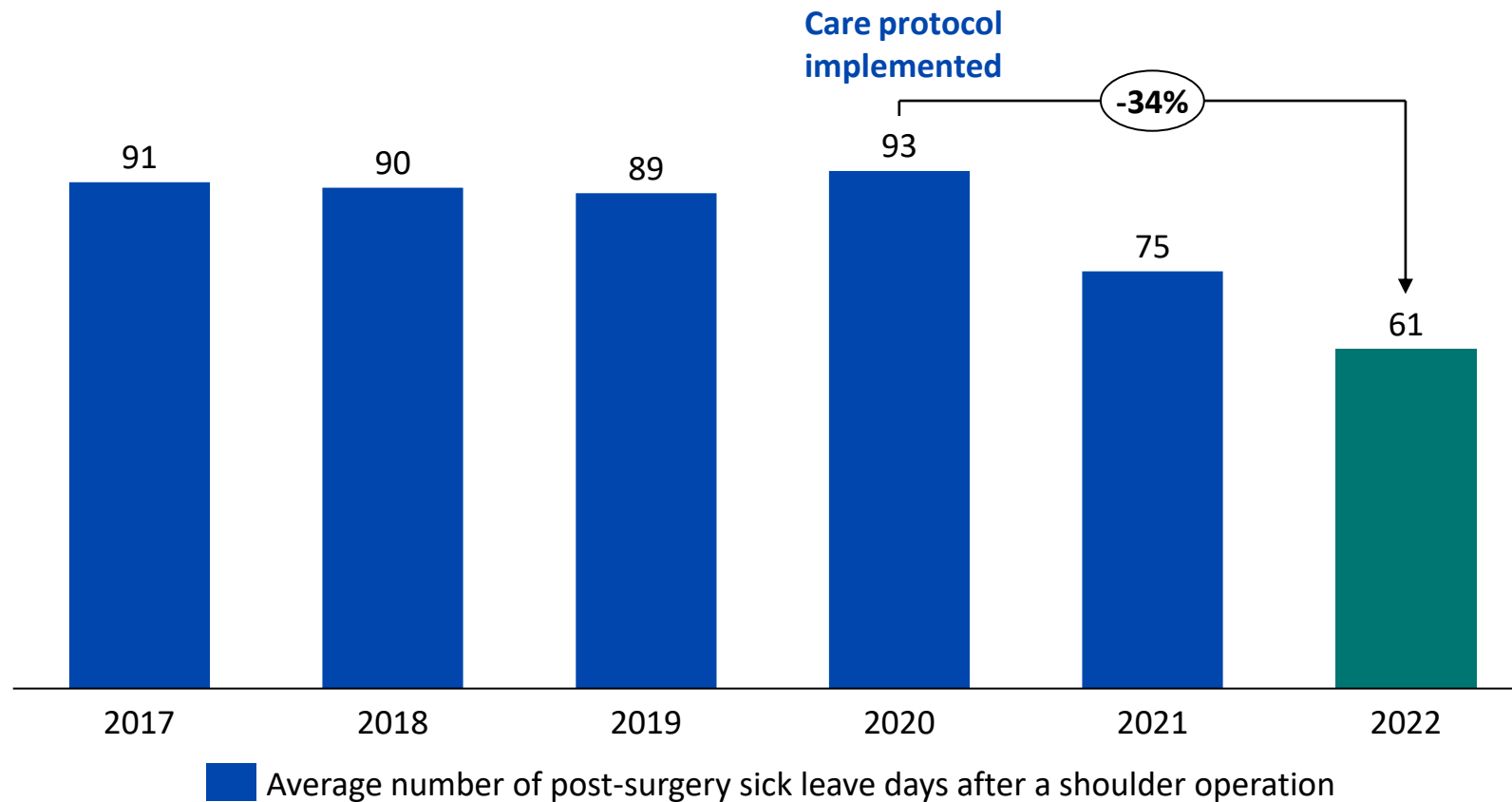
Profit improvement program on track to deliver approx. EUR 30 Mill. P&L impact in 2023



Focus on the total cost & outcomes of the treatment path



Optimized surgical care delivery maximizes employee workability and results EUR 10,500 savings for the employer per episode



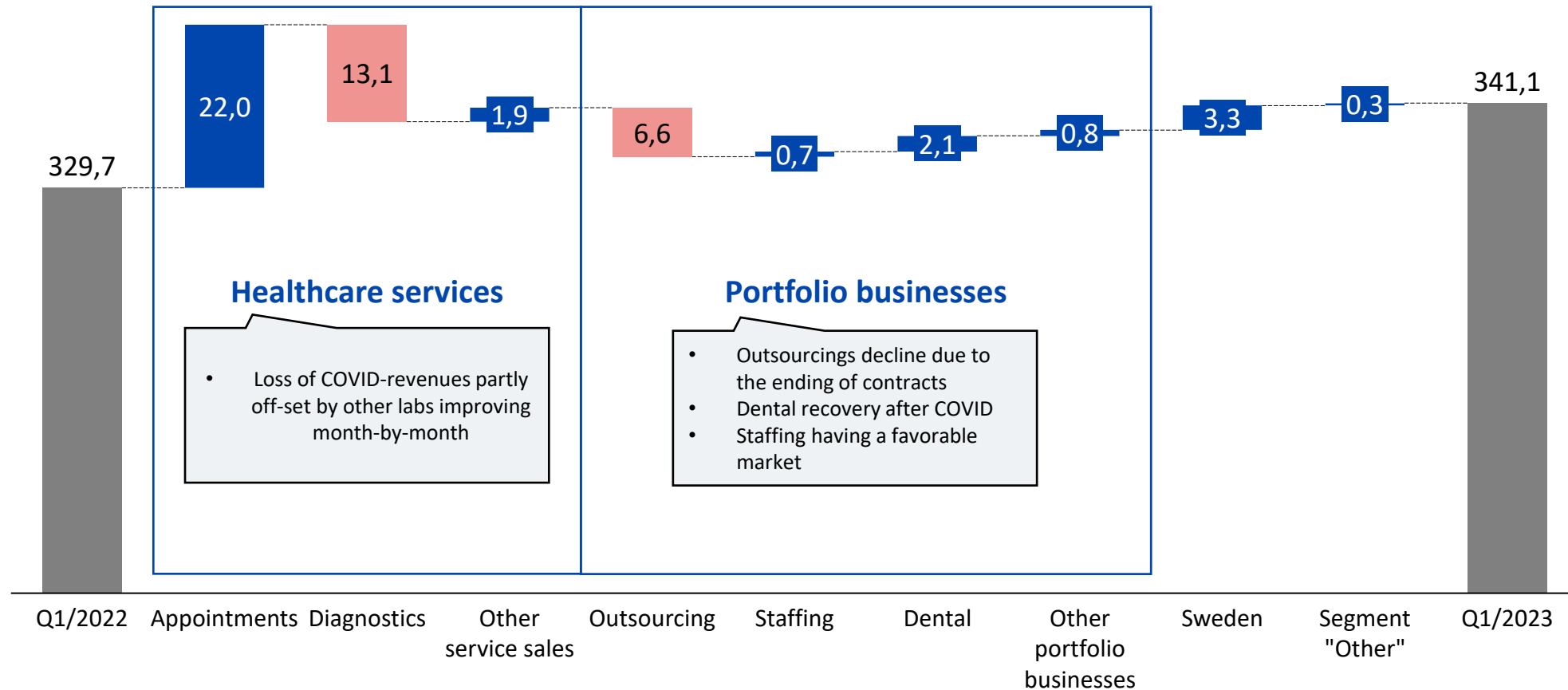
Financial performance

Juuso pajunen, CFO

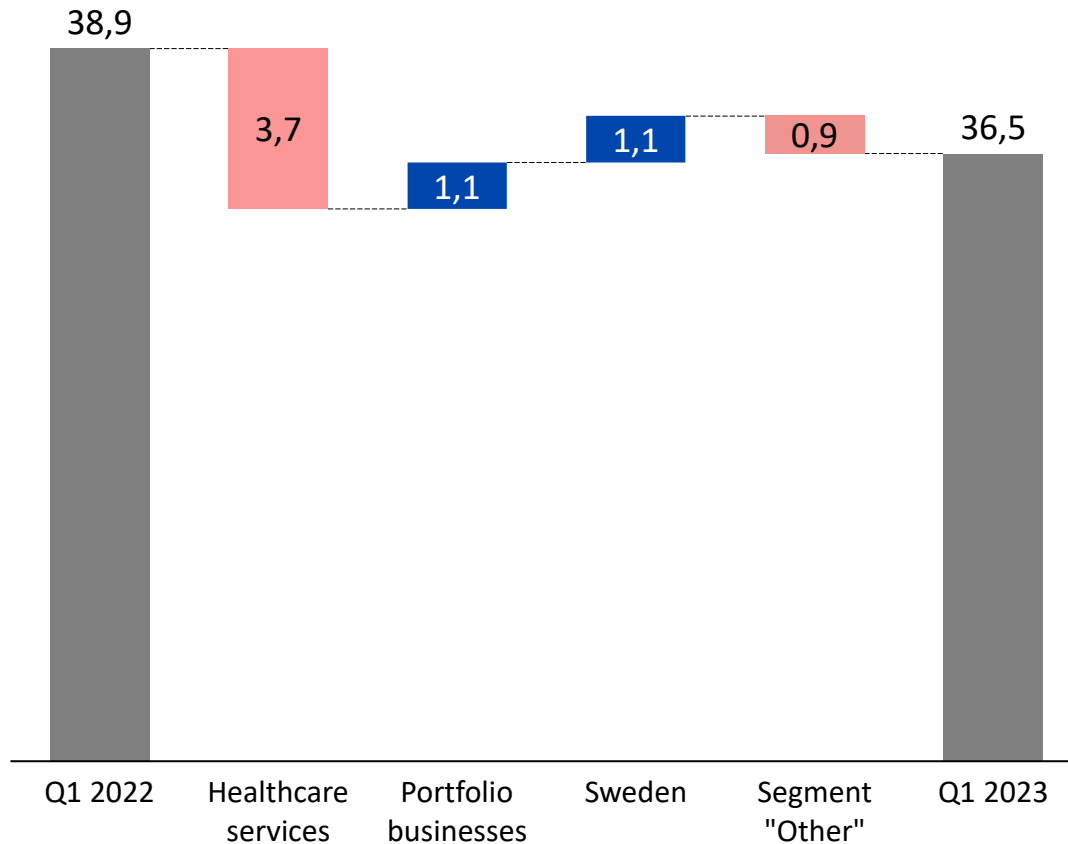
Solid earnings were driven by robust demand, margin uplift underway



Revenue growth driven by strong demand in brick-and-mortar appointments



Adjusted EBITA impacted by a decrease in COVID-19 testing, cost inflation compensated by price increases

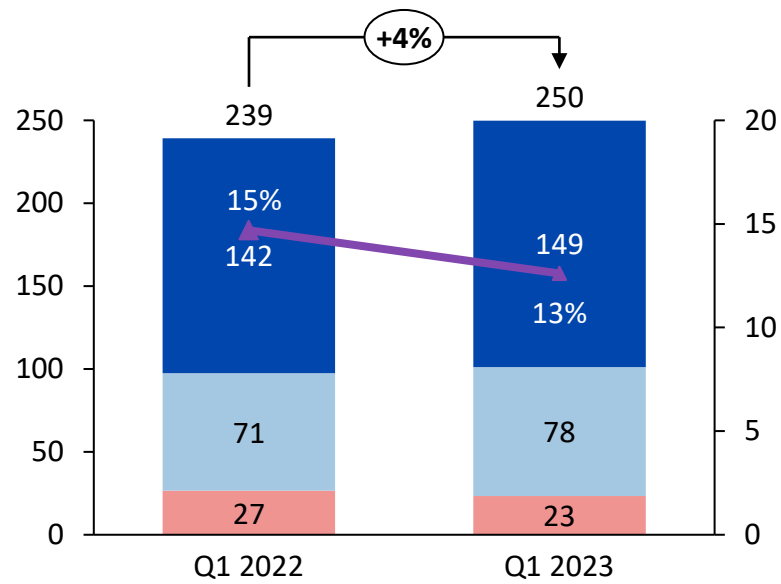


- In **Healthcare services**, EBITA was impacted by:
 - Change in sales mix driven by volume increase in physical appointments
 - Price increases compensated for the cost inflation impact
 - Profit improvement program had a positive impact
 - Fixed cost base adjusting to the post-COVID world and having a negative impact
- **Portfolio businesses** saw positive momentum in Staffing and Dental
- Market normalization boosted profitability in **Sweden**

Underlying performance strengthened in each segment

Healthcare services

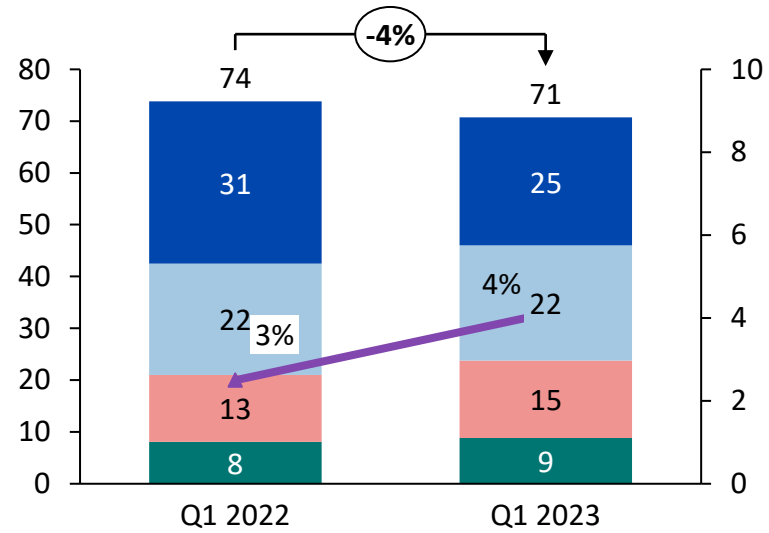
Revenue (MEUR), Adj. EBITA %



- Corporate
- Public
- Consumer
- Adj. EBITA

Portfolio businesses

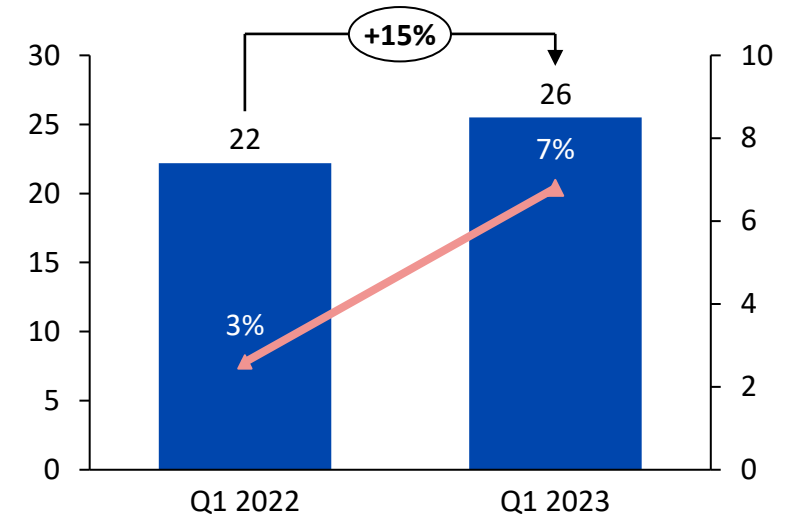
Revenue (MEUR), Adj. EBITA %



- Outsourcing
- Staffing
- Dental
- Other
- Adj. EBITA

Sweden

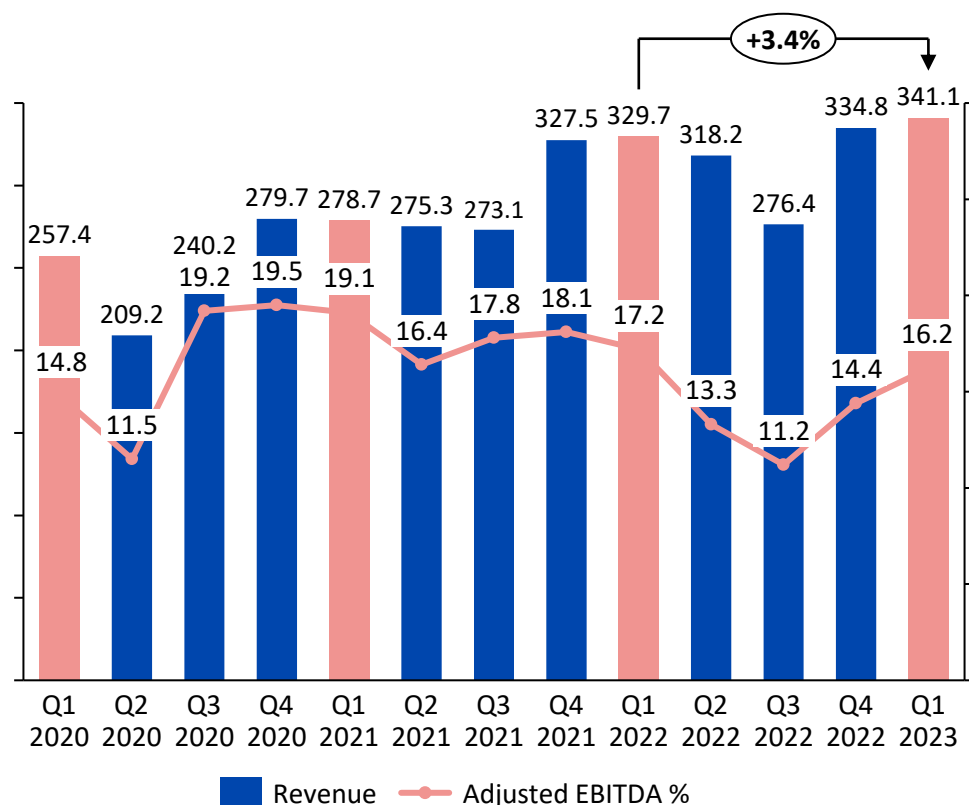
Revenue (MEUR), Adj. EBITA %



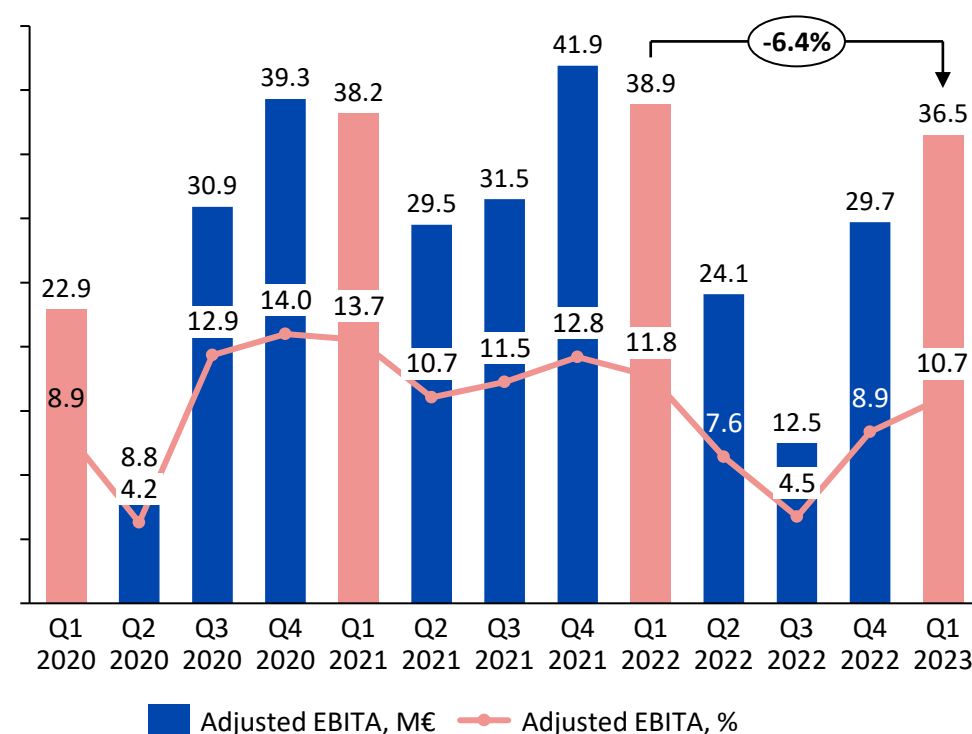
- Revenue
- Adj. EBITA

Year-on-year profitability weighted by the decline in COVID-19 testing and increased costs

REVENUE, MEUR AND ADJUSTED EBITDA*-%

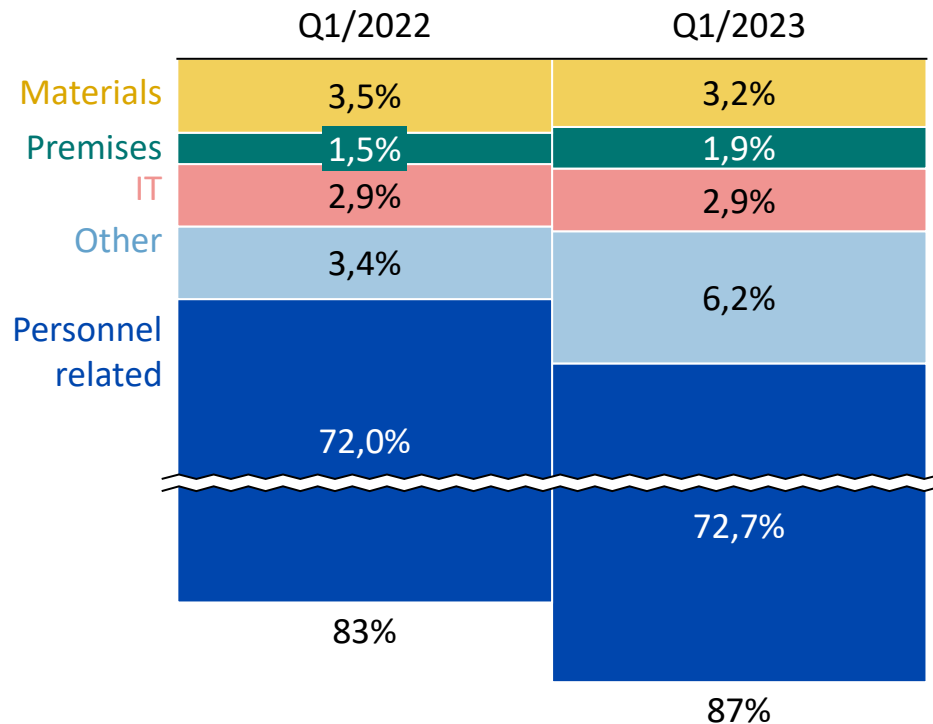


ADJUSTED EBITA*, MEUR AND %



We continue to focus on efficiency and productivity

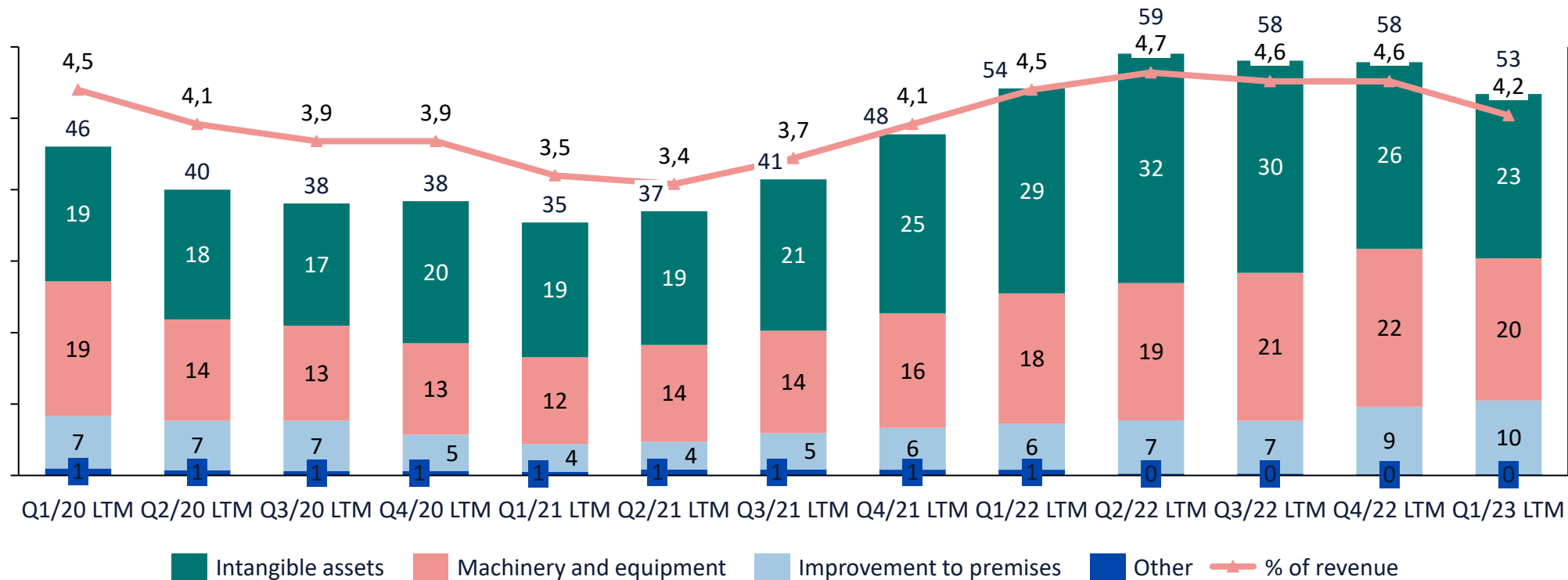
Share of different costs as % of revenue



- IT Expenses**
 - Build-up phase of digital capabilities to support omnichannel ready, capability to optimize
- Personnel expenses**
 - Includes private practitioner fees, sensitive to sales mix
 - Addressed with the profit improvement program to increase productivity
- Premises**
 - Adjust to the new normal post-COVID
 - Brick & mortar remains vital to deliver integrated care paths
- Other**
 - Profit improvement program-related external consulting expenses based on performance
 - Opportunity to consolidate spend and utilize economies of scale along with purchase power in other categories

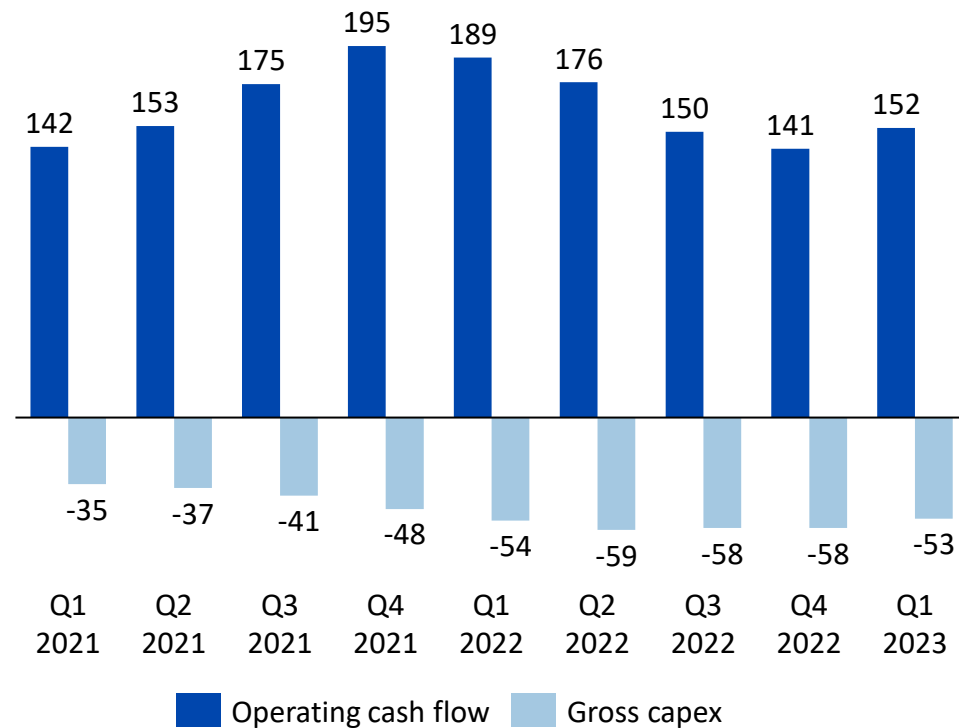
Overall capex decreasing, more investments to premises and equipment

LTM GROSS CAPEX, MEUR AND %- OF REVENUE

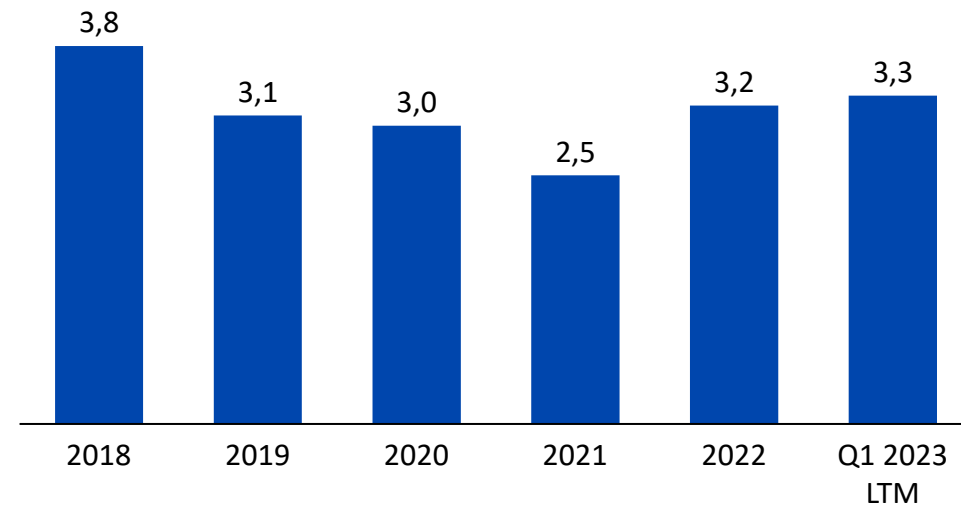


We maintained strong cash flow, solid balance sheet and credit profile

OPERATING CASH FLOW (LTM), MEUR
GROSS CAPEX (LTM), MEUR



NET DEBT/ADJUSTED EBITDA (LTM)



Strong fundamentals, issuing guidance for 2023

FINANCIAL TARGETS



Growth

At least 5% annual growth in revenue



Profitability

An adjusted EBITA margin of 12–13%



Indebtedness

Interest-bearing Net debt/Adjusted EBITDA not to exceed 3.5 times

GUIDANCE FOR 2023

- Terveystalo estimates its **revenue for the full year 2023 to grow** (2022: EUR 1,259 million) and its **adjusted EBITA margin to be between 9.1 % and 10.1 %**.
- Estimates are based on consumer demand and the number of employed remaining on current levels both in Finland and Sweden, the profit improvement program delivering a 30-million-euro P&L impact in 2023, and moderate inflation during 2023.
- Additionally, the estimates assume no material changes in public sector behaviour, excluding the reduction of public outsourcing revenue from 2022 levels.
- Estimates exclude any material acquisitions or divestments.

Welcome to Capital Markets Day

In Helsinki, 10 May 2023

Terveystalo

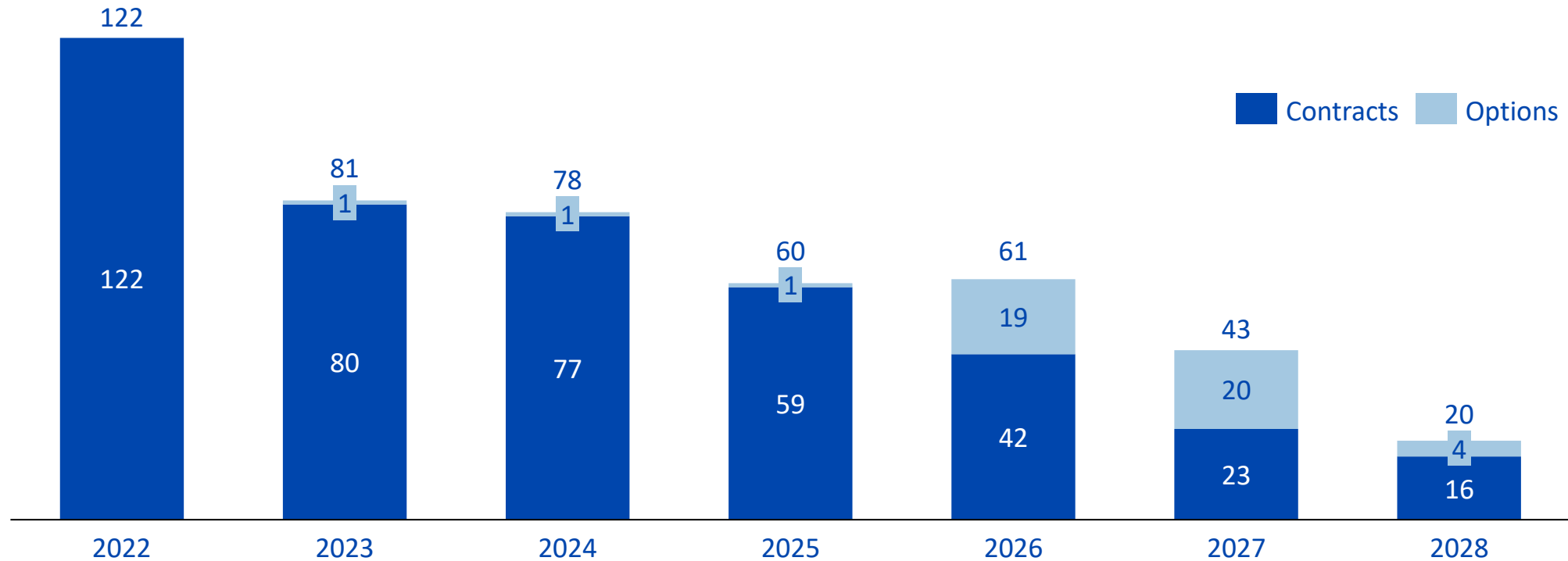
MEANINGFUL MATTERS

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Appendix

The outsourcing contract portfolio will shrink in the coming years as old contracts expire

CONTRACT VALUE INCLUDING OPTIONS, OLD OUTSOURCING CONTRACTS



Cuts to discretionary spending and profit improvement program launched to combat cost increases

M€	1-3/2023	1-3/2022	Change %	2022
Revenue	341.1	329.7	3.4	1 259.1
Other operating income	1.3	0.5	170.8	2.7
Purchase of materials	-10.9	-11.4	-3.9	-44.1
Change in inventories	0.0	0.2	-73.0	0.2
External services	-131.5	-121.6	8.1	-481.8
Employee benefit expenses	-116.5	-115.7	0.7	-455.0
Rents, leases and premises	-6.6	-4.8	36.3	-22.9
IT expenses	-10.0	-9.6	4.8	-39.7
Marketing and communication expenses	-2.4	-2.2	8.0	-8.5
Other operating expenses	-18.6	-9.2	103.4	-41.1
EBITDA	45.9	56.0	-18.0	168.8
Adjustments*	9.4	0.7		39.5
Adjusted EBITDA	55.3	56.6	-2.4	178.0
EBIT	19.1	31.2	-38.9	33.9

Variable costs

Semi-fixed costs. scalable on a unit level

Fixed costs. scalable on a group level

Key figures

Terveystalo Group, MEUR	1–3/ 2023	1–3 2022	Change, %	2022
Revenue	341.1	329.7	3.4	1,259.1
Adjusted EBITA * 1)	36.5	38.9	-6.4	105.2
Adjusted EBITA, % * 1)	10.7	11.8	-	8.4
EBITA 1)	27.0	38.3	-29.4	95.9
EBITA, % 1)	7.9	11.6	-	7.6
EBIT	19.1	31.2	-38.9	33.9
EBIT, %	5.6	9.5	-	2.7
Return on equity (ROE), % 1)	1.8	13.2	-	4.1
Equity ratio, % 1)	37.9	42.7	-	40.2
Earnings per share (EUR)	0.09	0.20	-56.0	0.19
Weighted number of shares outstanding, in thousands	126,551	126,439	-	126,508
Net debt	584.0	536.8	8.8	566.6
Gearing, % 1)	103.0	85.0	-	95.7
Net debt/adjusted EBITDA (last 12 months) 1)	3.3	2.6	-	3.2
Adjusted EBITDA (last 12 months), excluding IFRS 16*1)	122.1	160.5	-23.9	122.2
Net debt, excluding IFRS 16	393.5	365.1	7.8	386.8
Adjusted net debt/adjusted EBITDA (last 12 months), excluding IFRS 16*1)	3.2	2.3	-	3.2
Average personnel (FTEs)	6,507	6,202	4.9	6,552
Private practitioners (end of period)	6,087	5,713	6.5	5,928
Sustainability				
PEI-index ²⁾	2.9	N/A	N/A	N/A
Net Promoter Score (NPS), appointments	84.5	82.8	2.1	82.7

* ADJUSTMENTS ARE MATERIAL ITEMS OUTSIDE THE ORDINARY COURSE OF BUSINESS, AND THESE RELATE TO ACQUISITION-RELATED EXPENSES, RESTRUCTURING-RELATED EXPENSES, GAINS / LOSSES ON THE SALE OF ASSETS (NET), IMPAIRMENT LOSSES, STRATEGIC PROJECTS, AND OTHER ITEMS AFFECTING COMPARABILITY.

1) ALTERNATIVE PERFORMANCE MEASURE. TERVEYSTALO PRESENTS ALTERNATIVE PERFORMANCE MEASURES AS ADDITIONAL INFORMATION TO FINANCIAL MEASURES DEFINED IN IFRS. THOSE ARE PERFORMANCE MEASURES THAT THE COMPANY MONITORS INTERNALLY, AND THEY PROVIDE MANAGEMENT, INVESTORS, SECURITIES ANALYSTS, AND OTHER PARTIES WITH SIGNIFICANT ADDITIONAL INFORMATION RELATED TO THE COMPANY'S RESULTS OF OPERATIONS, FINANCIAL POSITION, AND CASH FLOWS. THESE SHOULD NOT BE CONSIDERED IN ISOLATION OR AS SUBSTITUTES TO THE MEASURES UNDER IFRS.

THE CALCULATION FORMULAS AND PRINCIPLES FOR THE KEY FIGURES ARE PRESENTED IN THE FINANCIAL STATEMENTS.

2) THE PEI INDEX (PATIENT ENABLEMENT INSTRUMENT) IS USED TO MEASURE WHETHER THE PATIENT FEELS THAT HE IS COPING WITH HIS SYMPTOMS OR ILLNESS MUCH BETTER, BETTER, AS BEFORE, OR WORSE AFTER THE RECEPTION. THE SCALE IS -1-4.