



# **Terveystalo Group Q3 2023 Results**

**VILLE IHO, PRESIDENT & CEO  
JUUSO PAJUNEN, CFO**

# Welcome

## AGENDA TODAY



### **Ville Iho, President & CEO**

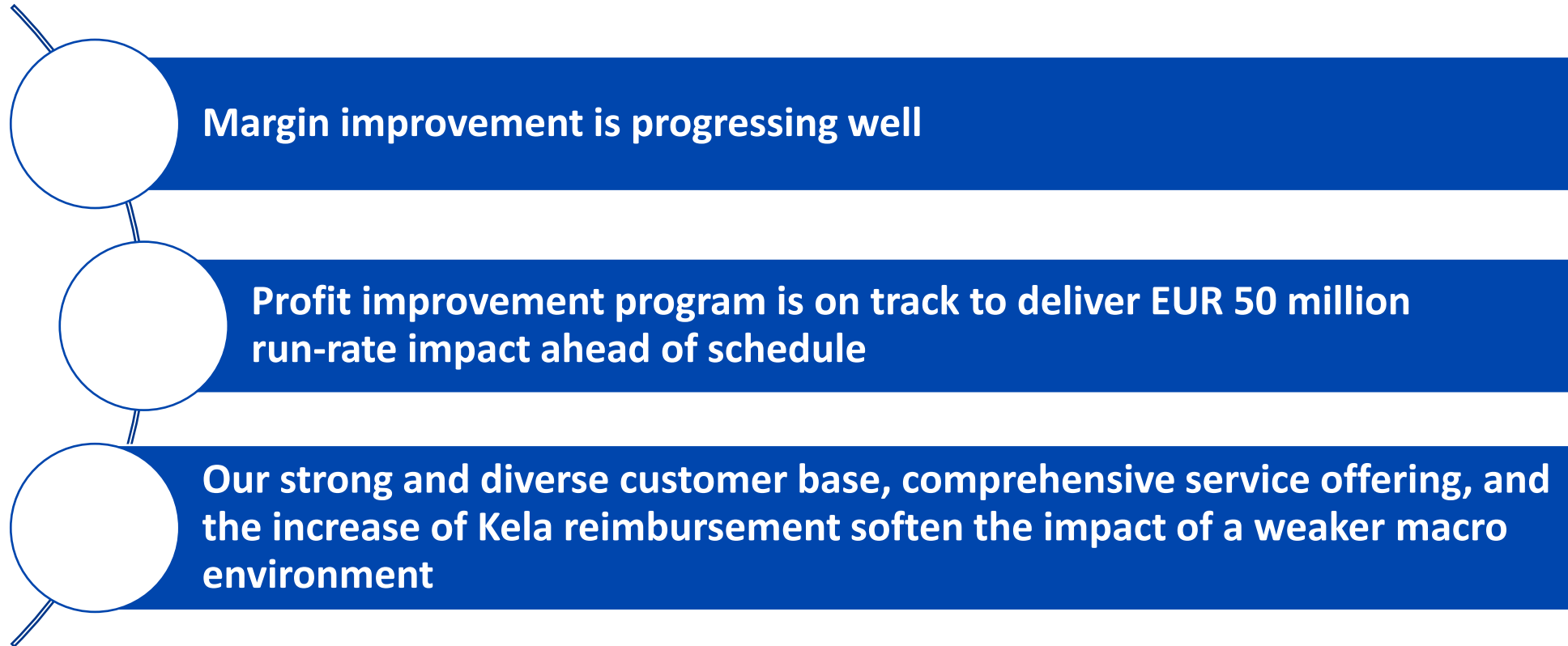
- Financial & operational highlights
- Progress of the Profit improvement program



### **Juuso Pajunen, CFO**

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

# **Profit improvement ahead of schedule and clearly visible in the third quarter results**





# Strong Q3

Q3 2023 Revenue (EUR)

**280.5 Mill.**

+1.5% y-o-y

Q3 2023 Adj. EBITA (EUR)

**21.1 Mill.**

+69.7% y-o-y

Q3 2023 EPS (EUR)

**0.03**

+0.18 EUR y-o-y

Record-strong customer satisfaction\*

**NPS 86**

3 month rolling

Physical appointments\*\*

**1.0 Mill.**

-0.9% y-o-y

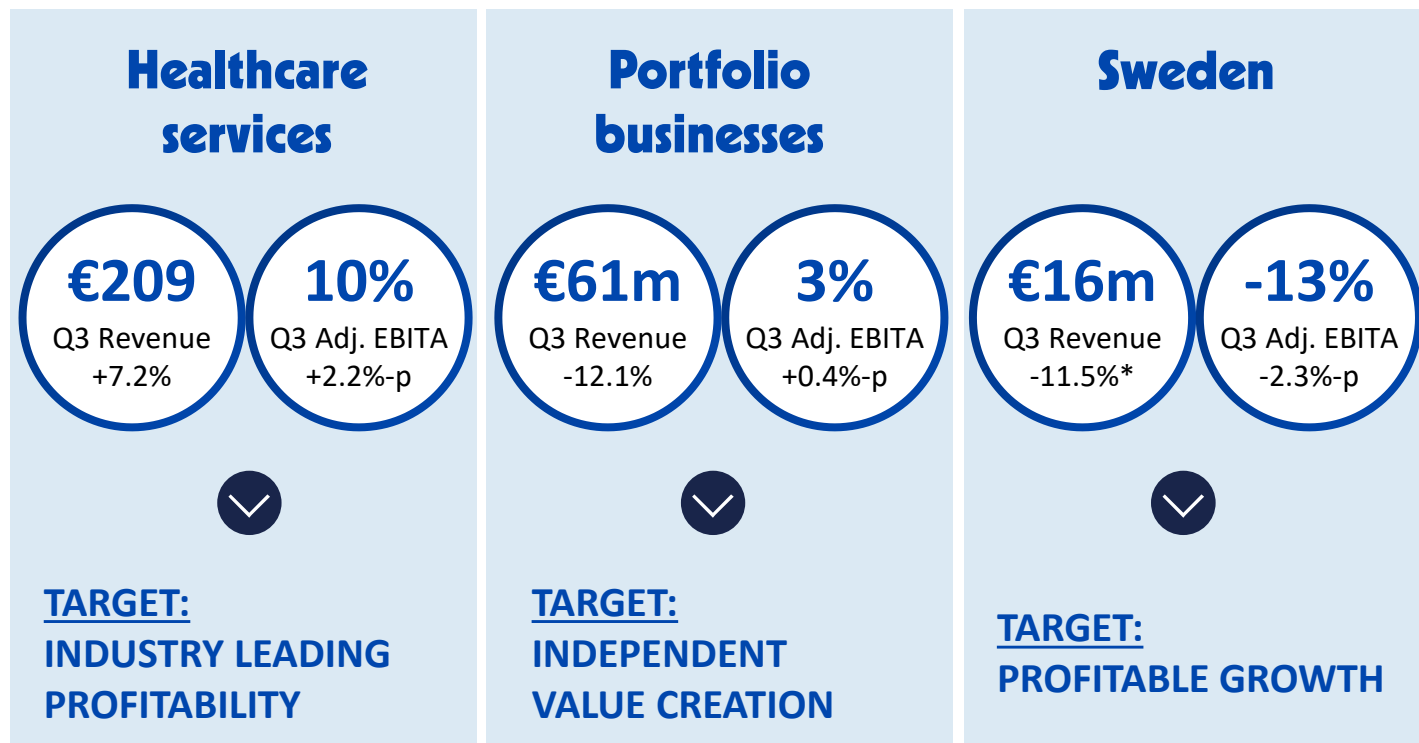


**#1** workplace for  
healthcare professionals  
for the 4<sup>th</sup> year in a row



# Profit improvement program is on track to deliver EUR 50 million run-rate impact ahead of schedule

Set targets for each business segment



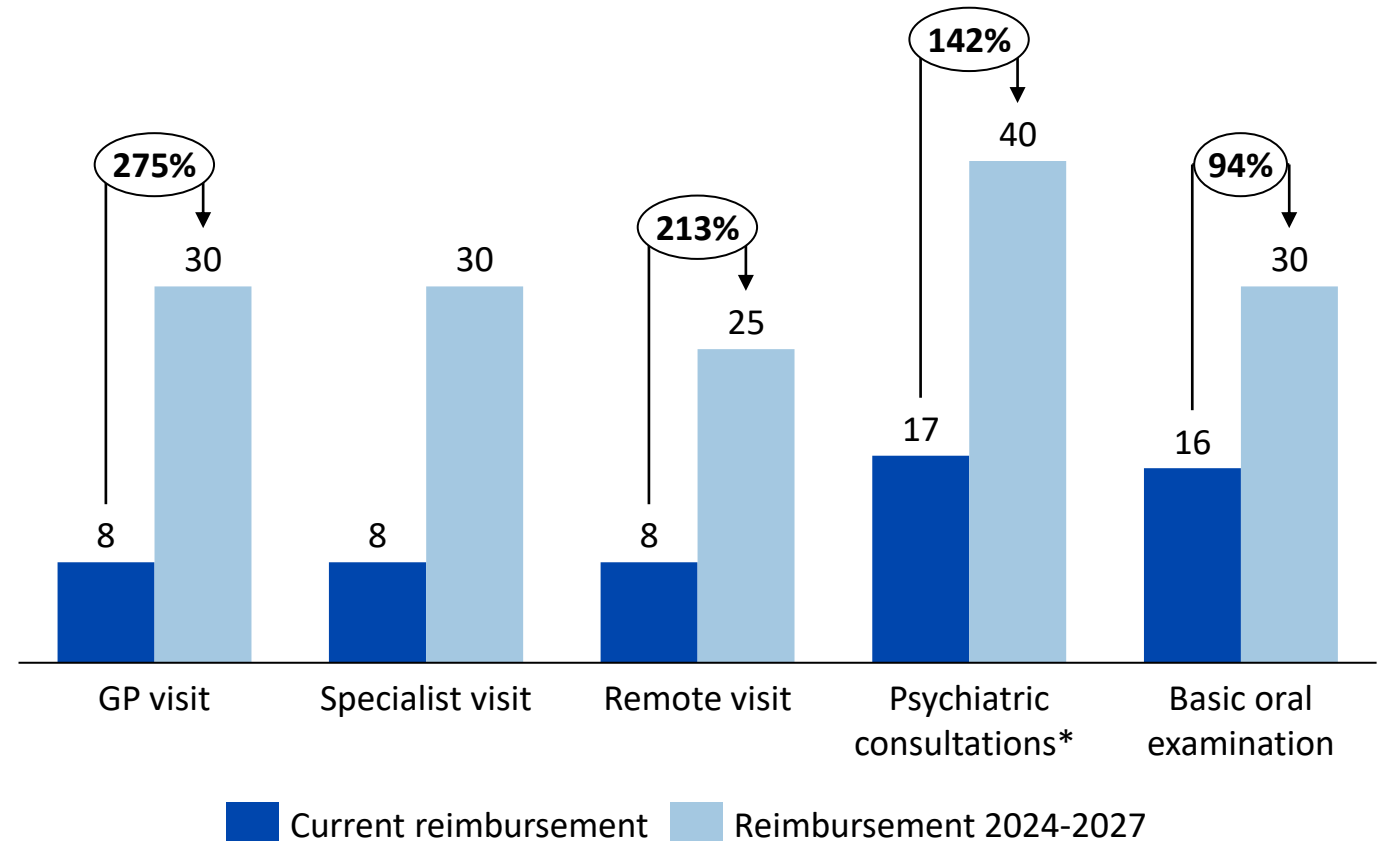
*\*Without the currency effect, the revenue decreased by 0.9% y-o-y.*

Profit improvement program to deliver over EUR 30 Mill. adj. EBITA impact in 2023



# The Government decision to increase Kela reimbursement expected to support out-of-pocket consumer demand 2024 onwards

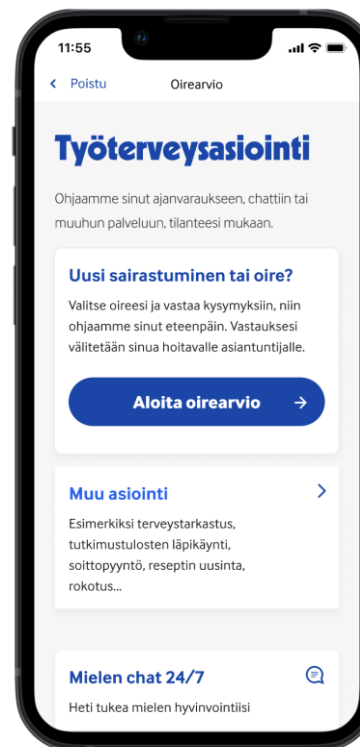
- Kela reimbursements will be increased by EUR 500 million in 2024-2027.
- EUR 134.2 million per year will be allocated to the new Kela reimbursement model, the planning of which is expected to start in H2 2023.



# We continue to invest in technology, customer experience, and our products

## PIONEERING SOFTWARE AS A MEDICAL DEVICE AND INNOVATIVE CLINICAL TECHNOLOGY IN OCCUPATIONAL HEALTH PRODUCT OFFERING

- Our symptom assessment tool guides our customers to the right specialist in the right channel through AI-powered symptom mapping, streamlining both access to care and the work of the professional
- Nightingale's blood analysis technology enables us to improve prevention by identifying the risks of lifestyle diseases on a more individual basis

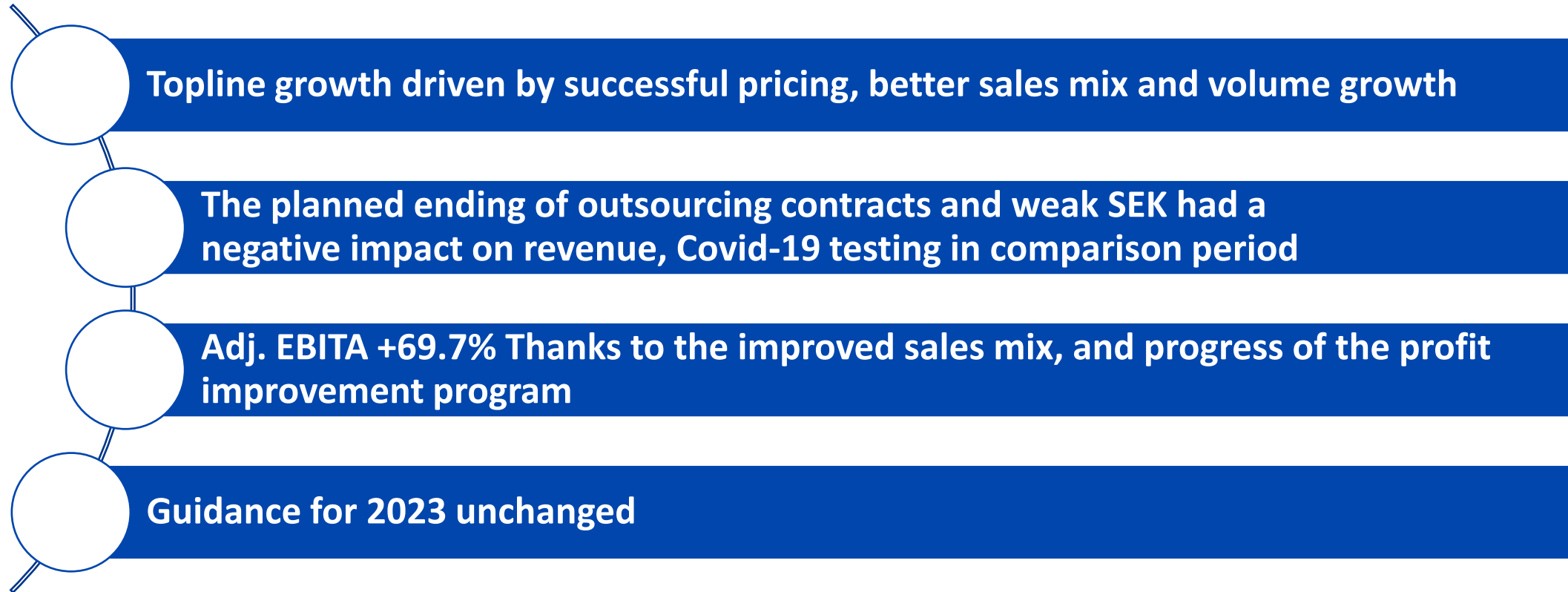


# Financial performance

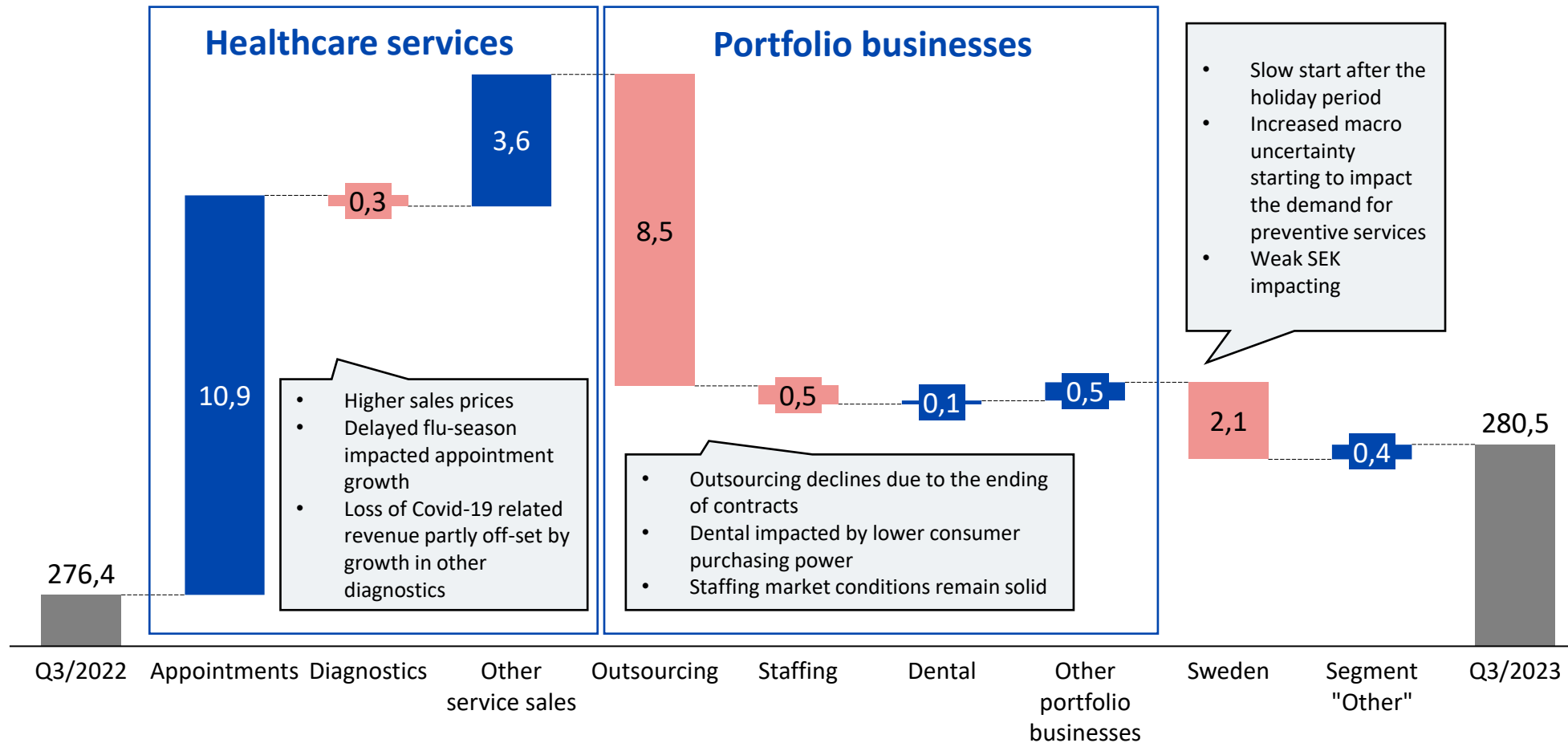
Juuso Pajunen, CFO



# Strong profit development continued

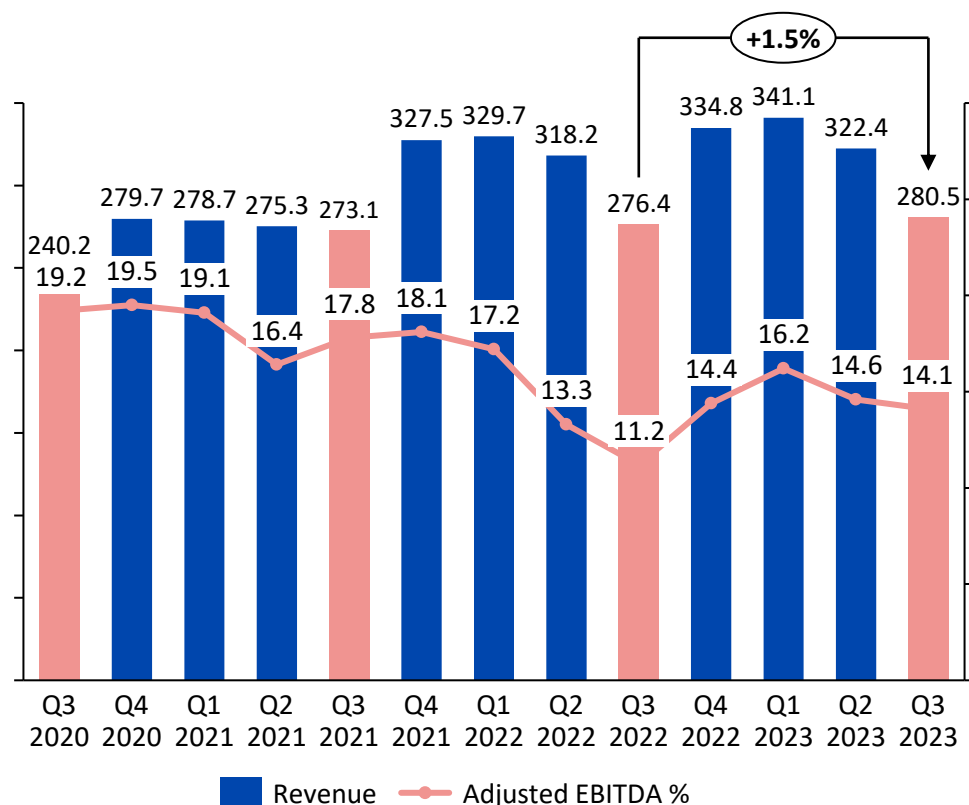


# Pricing, better sales mix, ending of outsourcing contracts and weak SEK impacted revenue

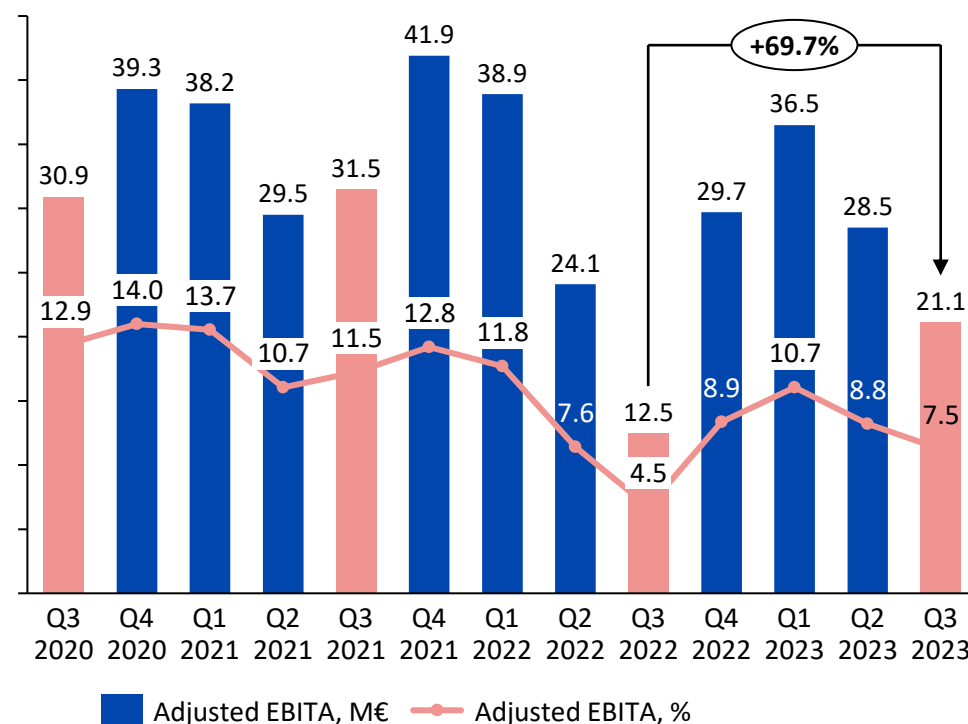


# Revenue + 1.5% and adj. EBITA +69.7% y-o-y

REVENUE, MEUR AND ADJUSTED EBITDA\*-%

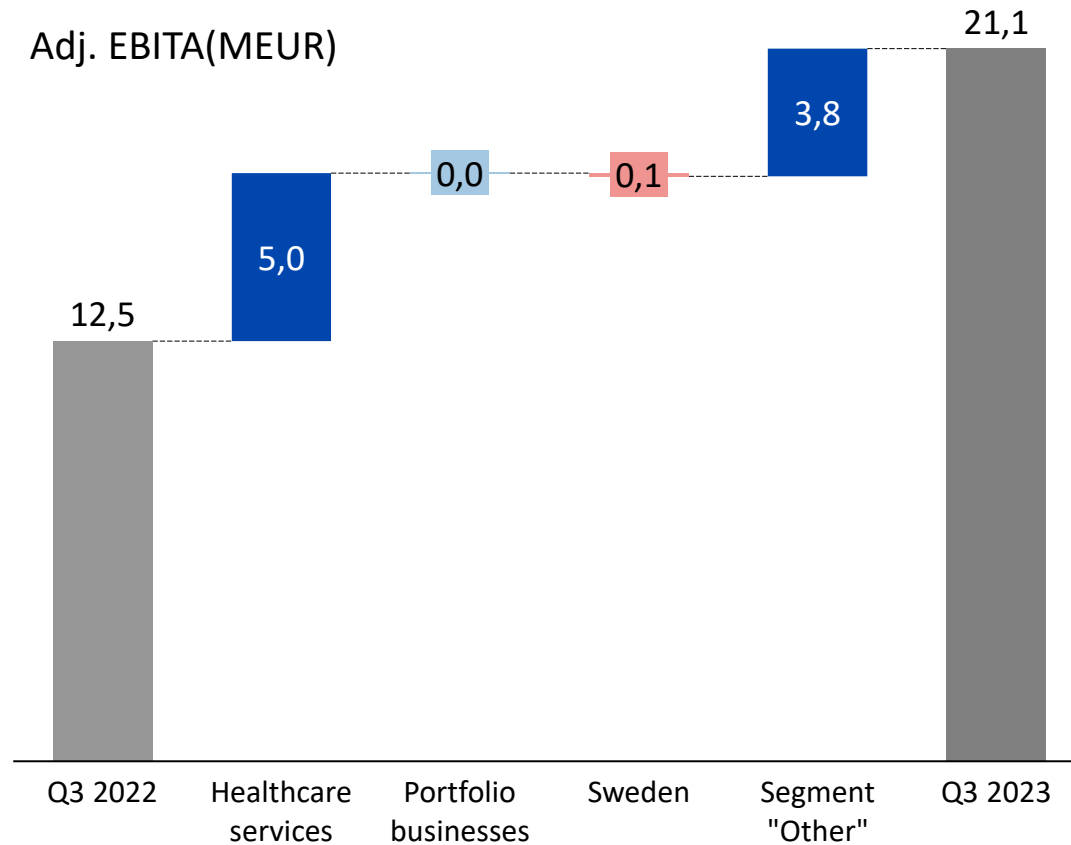


ADJUSTED EBITA\*, MEUR AND %



\*ALTERNATIVE KEY FIGURE  
THE FIGURES INCLUDE THE EFFECT OF IFRS 16 FROM 2019 ONWARDS

# The profitability improvement driven by Healthcare Services

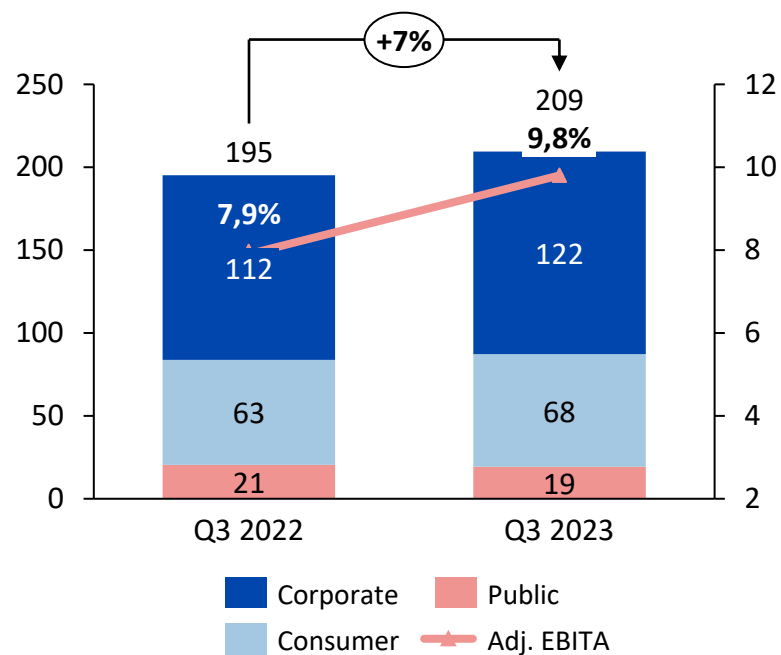


- In **Healthcare services**, EBITA was impacted by:
  - Sales mix developing positively while loss of COVID-test revenues still impacting negatively
  - Price increases compensated for the cost inflation impact
  - Profit improvement program had a positive impact
  - Cost control continued
- In **Portfolio businesses** higher costs of specialised care in outsourcing services, as well as inflation impacted negatively.
- In **Sweden**, EBITA decreased slightly mainly due to the lower revenue and cost inflation

# Strong performance in Healthcare services, expired contracts in Portfolios, and FX headwind in Sweden

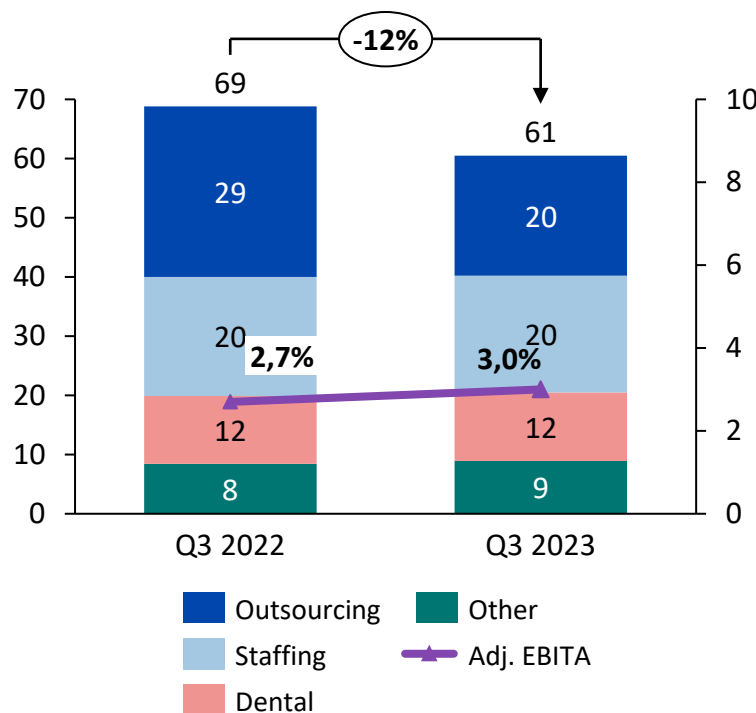
## Healthcare services

Revenue (MEUR), Adj. EBITA %



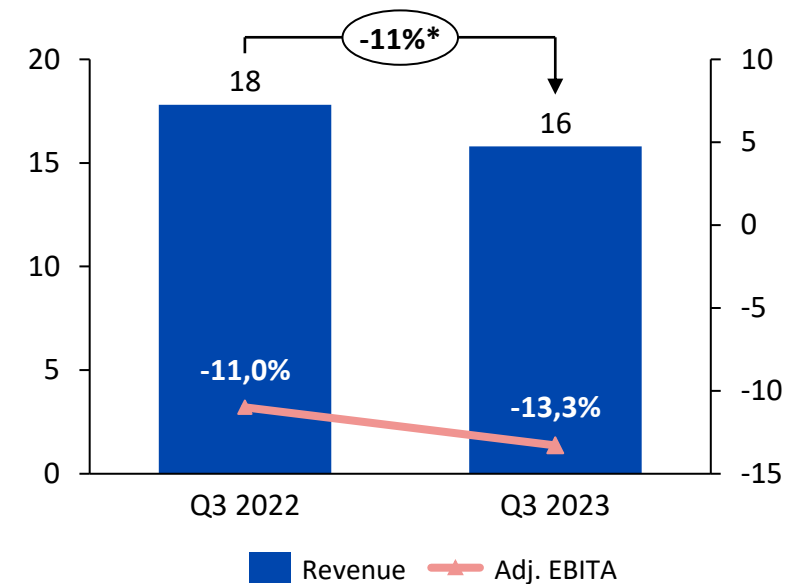
## Portfolio businesses

Revenue (MEUR), Adj. EBITA %



## Sweden

Revenue (MEUR), Adj. EBITA %



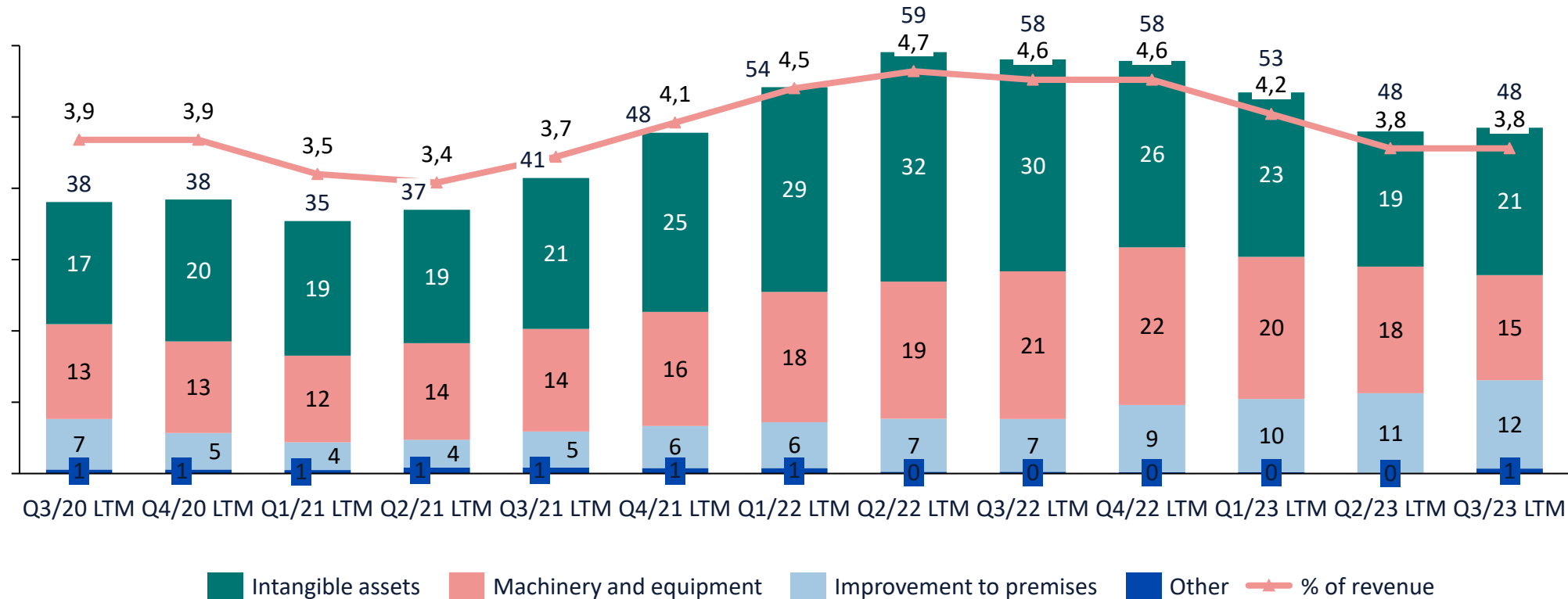
*\*Without the currency effect, the revenue decreased by 0.9% y-on-y.*

**Terveystalo**



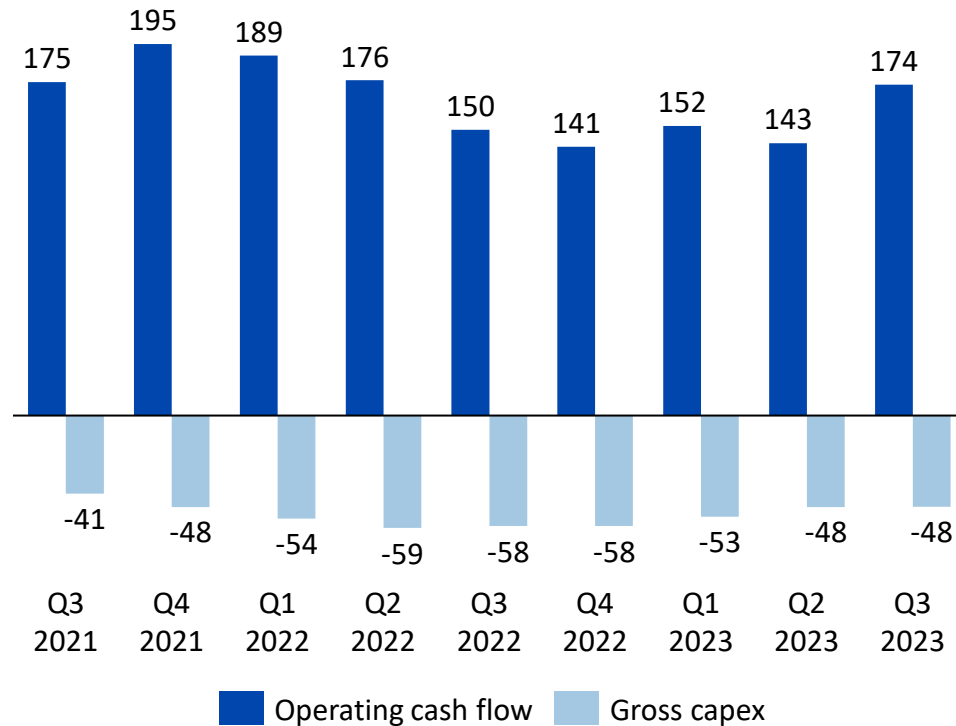
# Overall CAPEX on declining trend, more investments to premises and equipment

LTM GROSS CAPEX, MEUR AND %- OF REVENUE

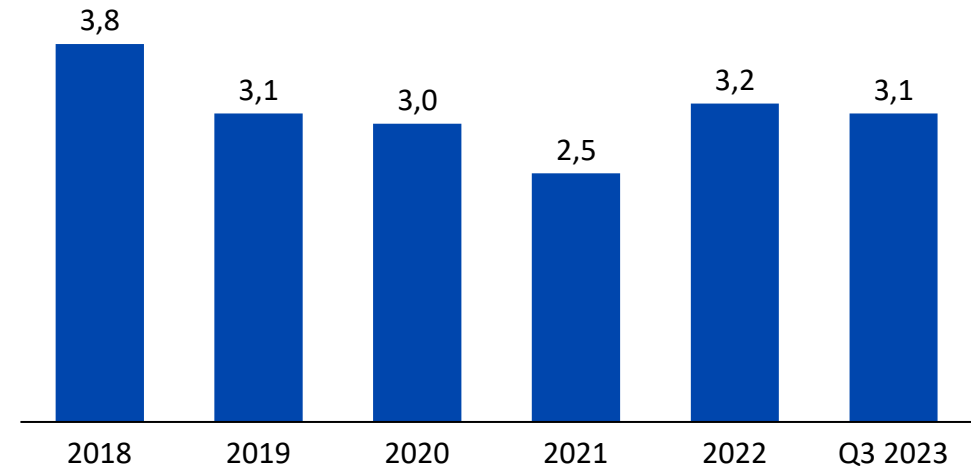


# We maintained strong cash flow, solid balance sheet and credit profile

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



NET DEBT/ADJUSTED EBITDA (LTM)



- The increase in net debt is mainly due to lease liabilities
- Net debt, excluding IFRS 16 (lease liabilities) amounted to EUR 391.5 (406.1) million
- Refinancing of revolving credit facilities (40 MEUR) and term loans (135 MEUR) extended from 2024 maturity points to future

# Strong fundamentals, guidance remains intact

## FINANCIAL TARGETS



### Growth

at least 5% annual growth in revenue



### Profitability

An adjusted EBITA margin of at least 12% in 2025



### Indebtedness

Interest-bearing Net debt/Adjusted EBITDA  
3.5 times or less

## 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%** (8.4% in 2022).
- 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 over 30-million-euro P&L impact in 2023, and prolonged 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.

# Terveystalo

MEANINGFUL MATTERS

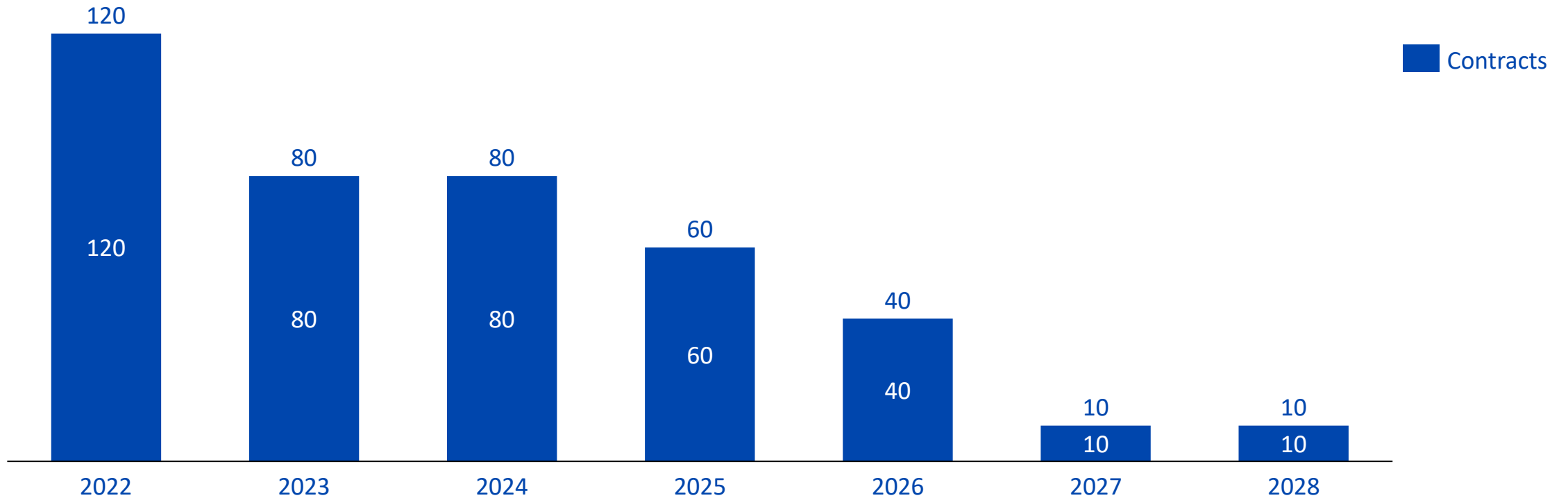
[terveystalo.com](https://terveystalo.com)

# Appendix



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

CONTRACT VALUE EXCLUDING OPTIONS, OUTSOURCING CONTRACTS, M€<sup>1</sup>



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

M€	7-9/2023	7-9/2022	Change %	2022
Revenue	280.5	276.4	1.5	1,259.1
Other operating income	0.8	0.6	36.4	2.7
Purchase of materials	-6.8	-10.1	-32.7	-44.1
Change in inventories	0.2	0.3	-40.6	0.2
External services	-109.9	-110.6	-0.7	-481.8
Employee benefit expenses	-99.9	-100.5	-0.6	-455.0
Rents, leases and premises	-5.5	-6.3	-12.0	-22.9
IT expenses	-9.6	-9.7	-1.1	-39.7
Marketing and communication expenses	-2.0	-2.5	-20.2	-8.5
Other operating expenses	-11.0	-7.8	41.7	-41.1
EBITDA	36.9	29.9	23.4	168.8
Adjustments*	2.7	1.0		39.5
Adjusted EBITDA	39.7	30.9	28.2	178.0
EBIT	10.2	-24.6	>200	33.9

Variable costs

Semi-fixed costs. scalable on a unit level

Fixed costs. scalable on a group level

# Key figures

Terveystalo Group, MEUR	7–9/ 2023	7–9/ 2022	Change, %	1–9/ 2023	1–9/ 2022	Change, %	2022
Revenue	280.5	276.4	1.5	944.0	924.3	2.1	1 259.1
Adjusted EBITA * <sup>1)</sup>	21.1	12.5	69.7	86.1	75.5	14.0	105.2
Adjusted EBITA, % * <sup>1)</sup>	7.5	4.5	-	9.1	8.2	-	8.4
EBITA <sup>1)</sup>	18.4	11.4	60.7	70.4	72.2	-2.5	95.9
EBITA, % <sup>1)</sup>	6.6	4.1	-	7.5	7.8	-	7.6
EBIT	10.2	-24.6	141.5	44.3	21.1	109.5	33.9
EBIT, %	3.6	-8.9	-	4.7	2.3	-	2.7
Return on equity (ROE), % <sup>1)</sup>	-	-	-	5.1	7.1	-	4.1
Equity ratio, % <sup>1)</sup>	-	-	-	39.0	40.2	-	40.2
Earnings per share (EUR)	0.03	-0.15	116.7	0.17	0.13	30.3	0.19
Weighted number of shares outstanding, in thousands	126,556	126,548	-	126,554	126,348	-	126,508
Net debt	-	-	-	597.2	580.9	2.8	566.6
Gearing, % <sup>1)</sup>	-	-	-	103.5	99.2	-	95.7
Net debt/adjusted EBITDA (last 12 months) <sup>1)</sup>	-	-	-	3.1	3.1	-	3.2
Adjusted EBITDA (last 12 months), excluding IFRS 16* <sup>1)</sup>	-	-	-	133.1	135.4	-1.7	122.2
Net debt, excluding IFRS 16	-	-	-	391.5	406.1	-3.6	386.8
Adjusted net debt/adjusted EBITDA (last 12 months), excluding IFRS 16* <sup>1)</sup>	-	-	-	2.9	3.0	-	3.2
Average personnel (FTEs)	-	-	-	6,471	6,685	-3.2	6,552
Private practitioners (end of period)	-	-	-	6,126	5,852	4.7	5,928

\* 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.

<sup>1)</sup> 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.