

A photograph of four healthcare professionals in a modern hospital hallway. Three are wearing white lab coats, and one is in dark blue scrubs. They are smiling and engaged in conversation. The hallway has light-colored walls and wooden doors.

Terveystalo Group Q4 & Full Year 2023 Results

VILLE IHO, PRESIDENT & CEO
JUUSO PAJUNEN, CFO

Welcome

AGENDA TODAY



Ville Iho, President & CEO

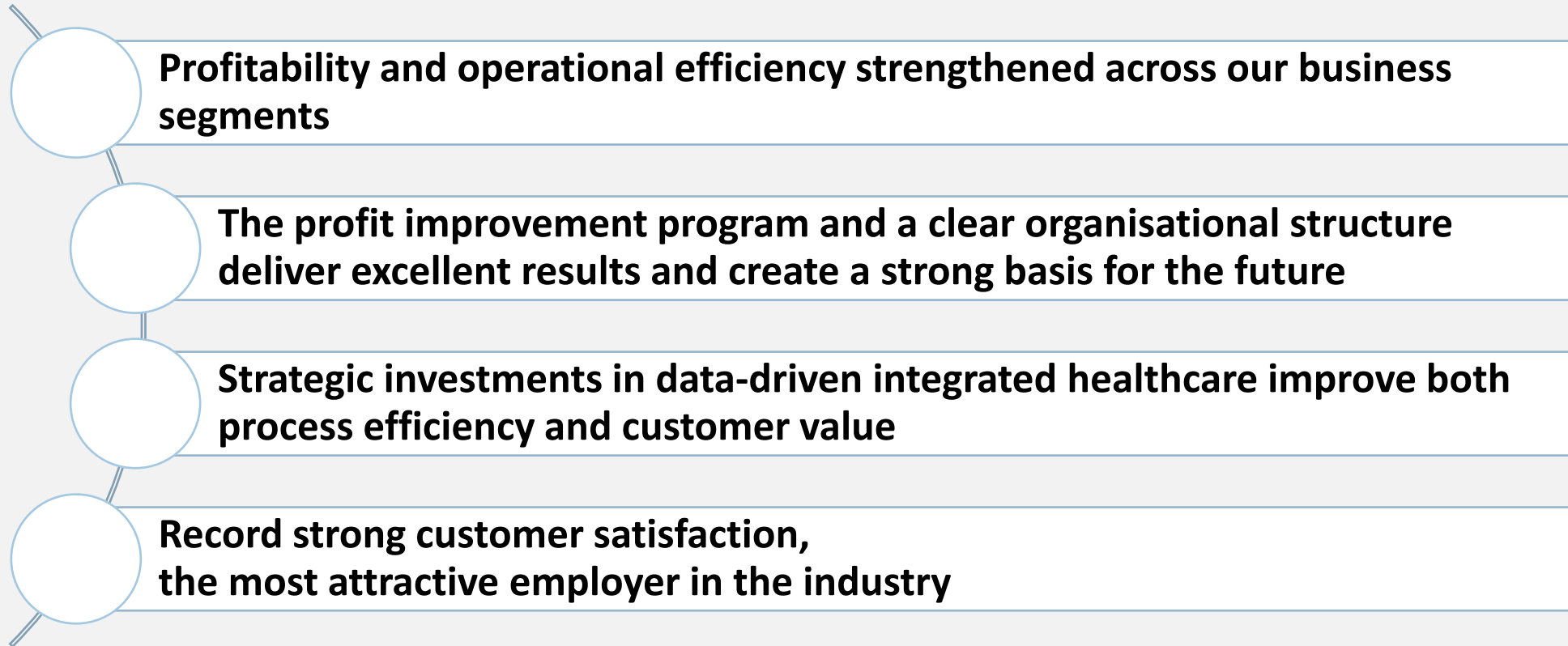
- FY 2023 Financial & operational highlights
- Dividend proposal
- Medical quality highlight



Juuso Pajunen, CFO

- Q4 Financial performance analysis
- 2023 progress against financial targets
- Outlook & Guidance

In 2023, we made determined progress towards our strategic and financial goals



Strong performance on all fronts in 2023

Q4 2023 Revenue (EUR)

342.4 Mill.

+2% y-o-y,
underlying organic +4%

Q4 2023 Adj. EBITA margin

11.5%

+2.6%-p year-on-year

Appointments*

1.7 Mill.

-4% y-o-y

FY 2023 Revenue (EUR)

1,286.4 Mill.

+2% y-o-y,
underlying organic +6%

FY 2023 Adj. EBITA margin

9.8%

+1.4%-p year-on-year

Appointments*

6.1 Mill.

-4% y-o-y

The preferred choice by customers
and professionals

NPS 85

CONTINUED HIGH CUSTOMER
SATISFACTION

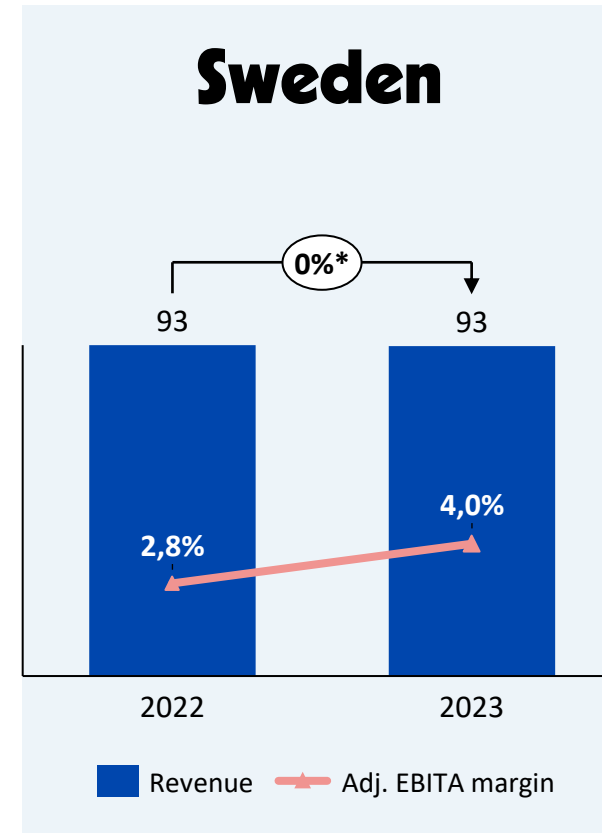
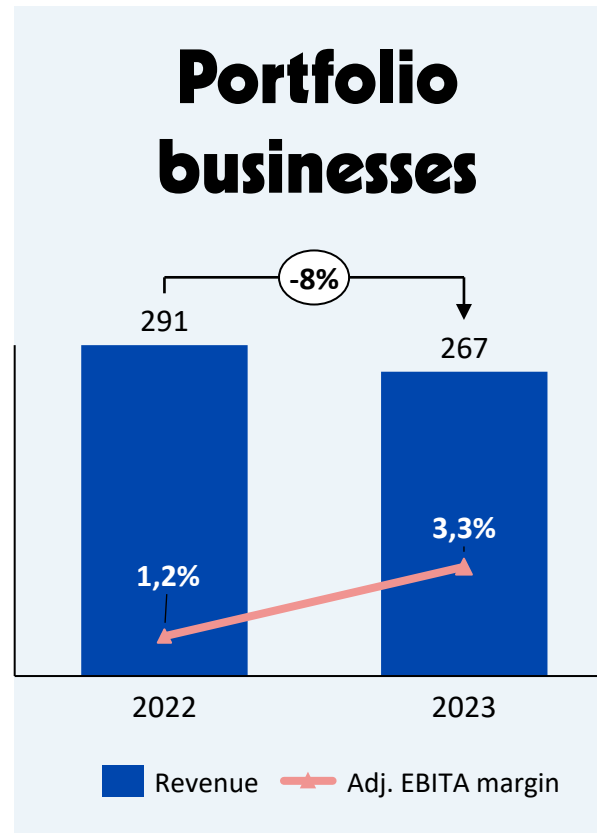
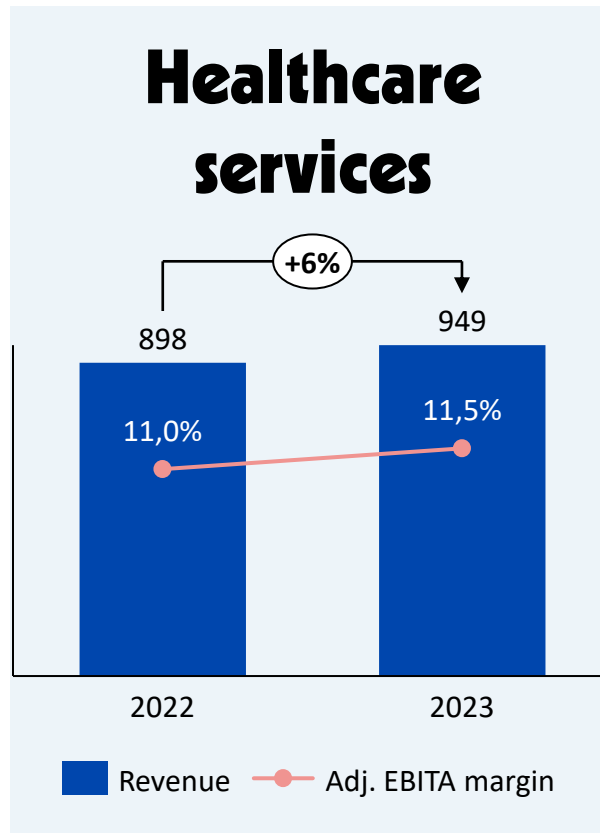


Corporate ESG
Performance

RATED BY
ISS ESG

Prime

Continued margin recovery across segments in 2023



The profit improvement program exceeded the initial target and delivered ~EUR 60 million run-rate impact ahead of schedule

EUR 37 MILLION ADJUSTED EBITA IMPACT IN 2023, INITIATIVES CONTINUE IN 2024

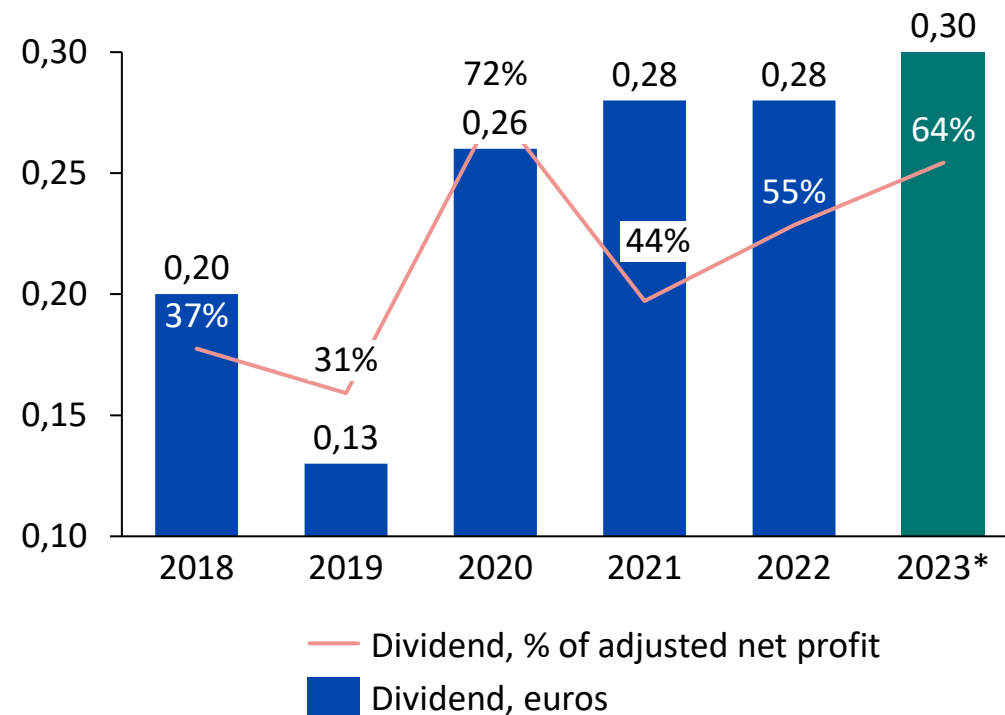


We target an increase in total shareholder return

INCREASE IN DIVIDEND PROPOSED

- Our financial position is strong, and we are advancing with a clear agenda towards our financial target of an EBITA margin of 12% in 2025.
- The Board of Directors proposes to the AGM that the dividend be increased from 2022 and EUR 0.30 per share be distributed.
- The dividend proposal is based on an adjusted EPS of EUR 0.47, with a pay-out ratio of 64%

THE PROPOSED DIVIDEND PAY-OUT IS 64% OF THE ADJUSTED NET PROFIT



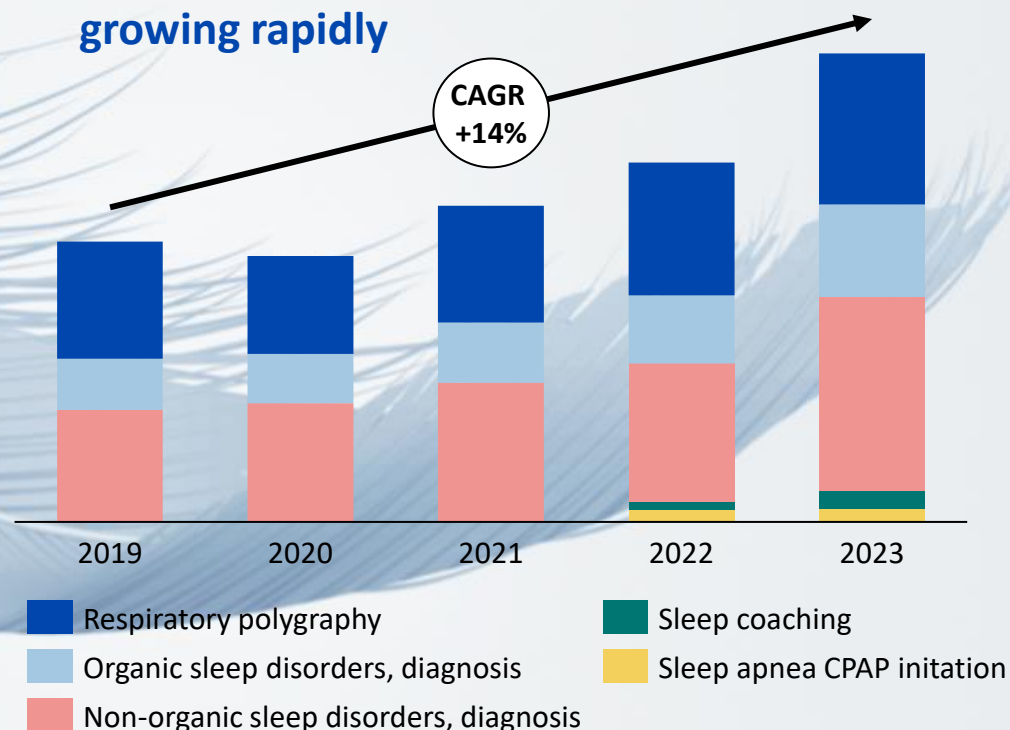
We turn our focus on pockets of growth where we can benefit from our operating leverage

SLEEP IS A CASE EXAMPLE OF A MEDICAL SPECIALTY WHERE WE CAN SCALE OUR MEDICAL EXCELLENCE AND INTEGRATED CARE MODEL

Our high-quality, evidence-based, and drug-free treatment for insomnia delivers results for the patient and the society:

- the medical outcome measure of insomnia improved rapidly while sickness absence was reduced by 26%
- Terveystalo aims to reduce sleep-related sickness absences by 50% by 2025

The demand for sleep medicine is growing rapidly



Financial performance

Juuso Pajunen, CFO

Continued margin recovery in Q4

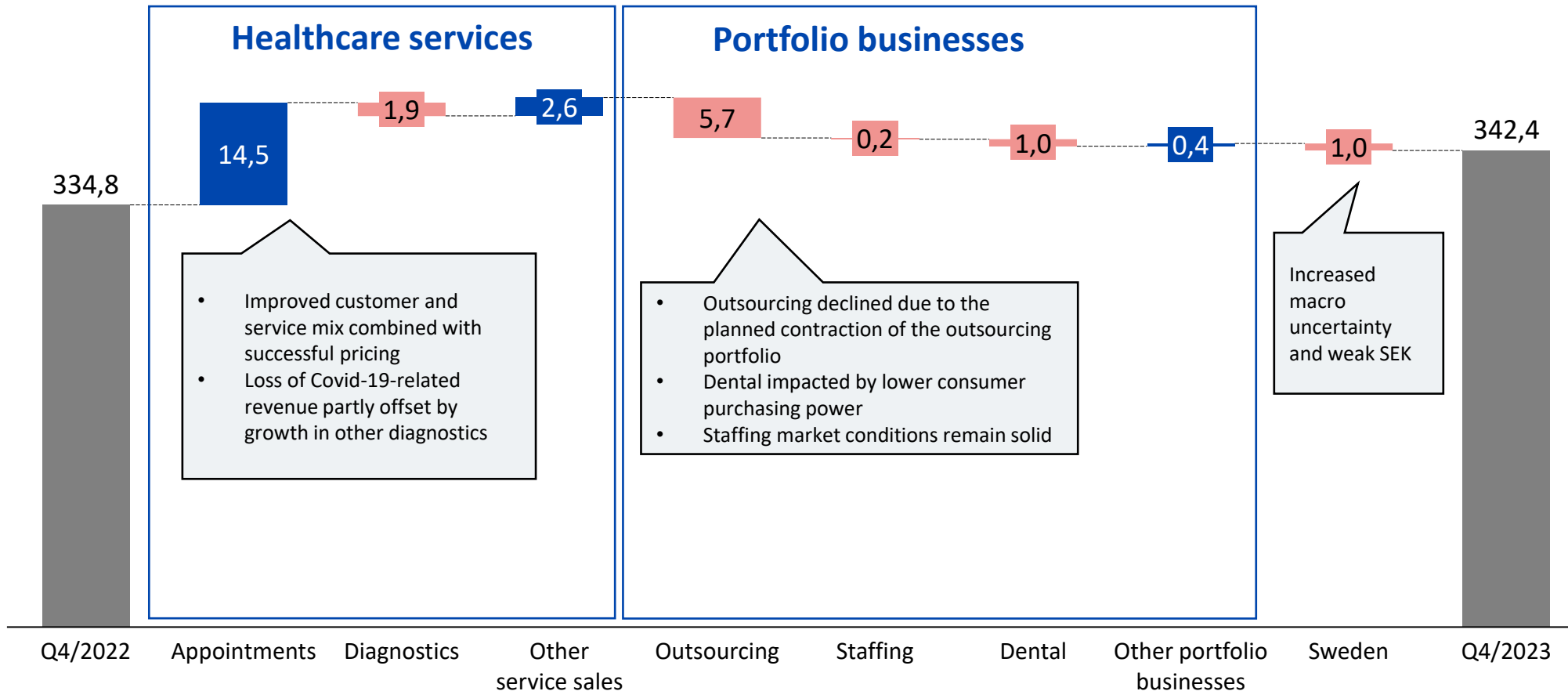


Underlying organic topline growth of 4% driven by stronger sales mix and successful pricing actions

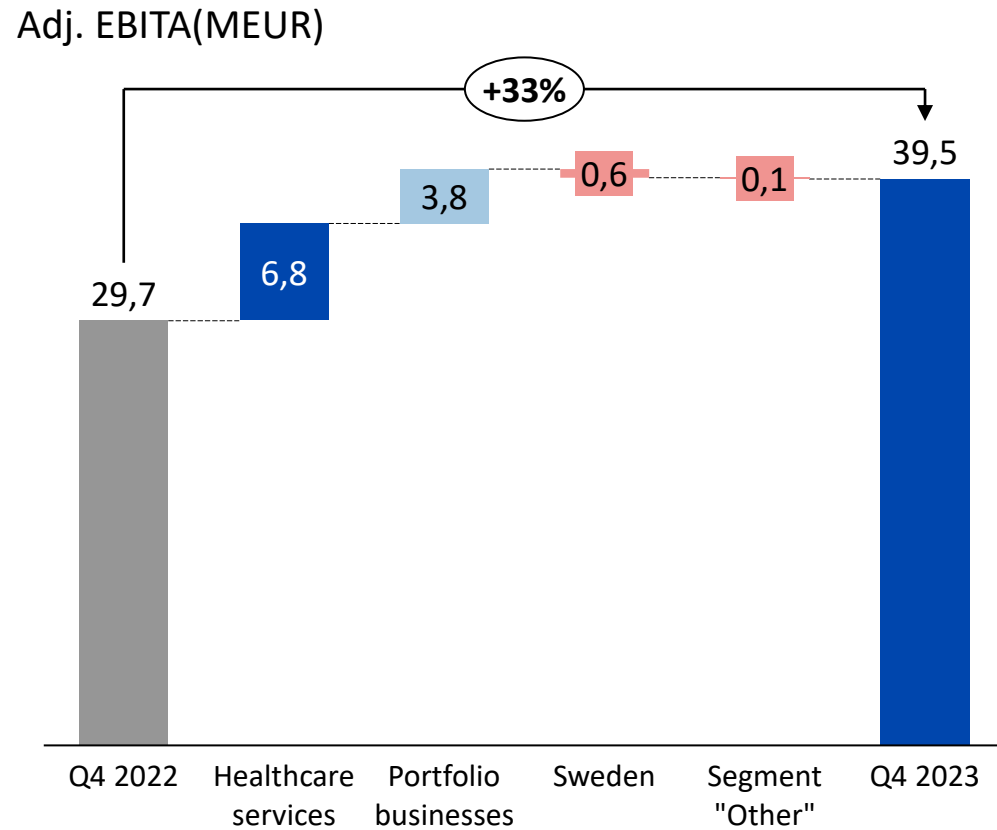
Adj. EBITA +33% and 11.5% of revenue, strong contribution from efficiency gains enabled by profit improvement program, supported by improved sales mix

We progress towards our EBITA margin target of 12% in 2025

Q4: Improved sales mix, pricing, planned contraction of the outsourcing portfolio and weak SEK impacted revenue



Q4: Strong profit development in Healthcare services and Portfolio businesses

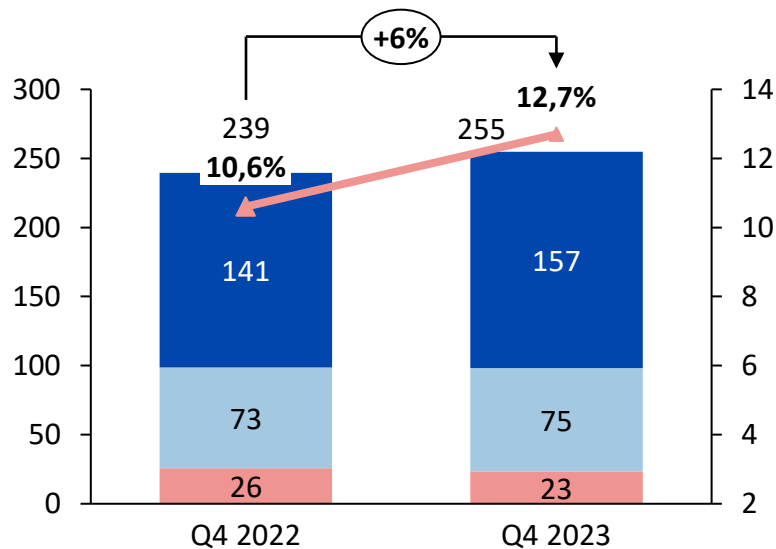


- In **Healthcare services**, EBITA was impacted by:
 - Improved efficiency throughout services due to the profit improvement program
 - Strong sales mix improvement, despite the loss of COVID-testing revenues
 - Successful pricing
 - Continued cost control
- **Portfolio businesses** saw positive development in all business lines
 - controlled downscaling in outsourcing business
- In **Sweden**, EBITA decreased slightly due to a decrease in revenue and cost inflation

Q4: Sales mix improved in Finland, market and FX headwinds in Sweden

Healthcare services

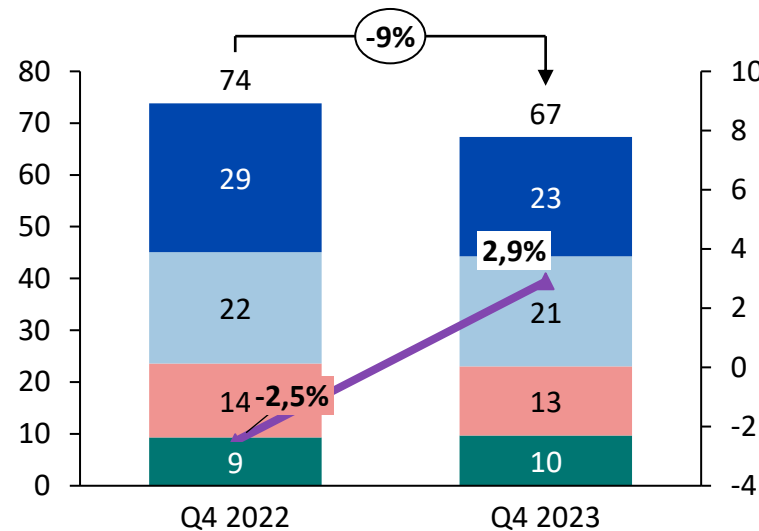
Revenue (MEUR), Adj. EBITA %



■ Corporate ■ Public
■ Consumer ➤ Adj. EBITA

Portfolio businesses

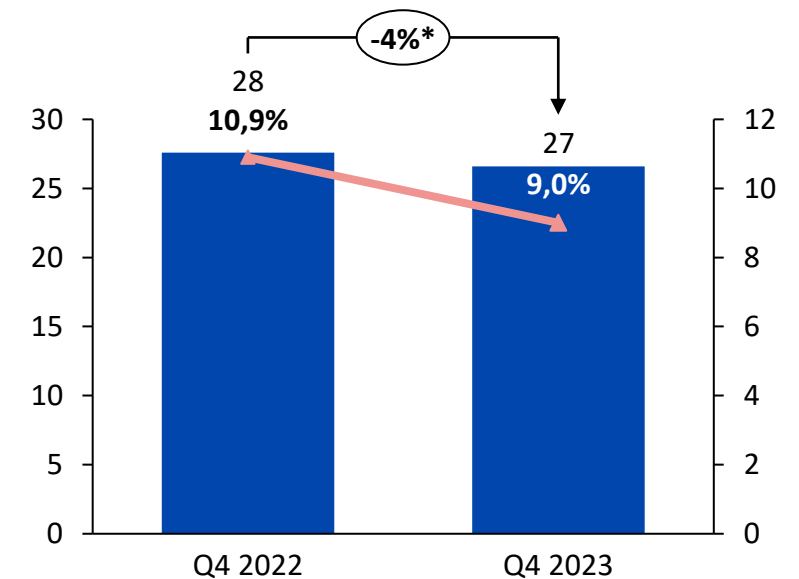
Revenue (MEUR), Adj. EBITA %



■ Outsourcing ■ Other
■ Staffing ➤ Adj. EBITA
■ Dental

Sweden

Revenue (MEUR), Adj. EBITA %



■ Revenue ➤ Adj. EBITA

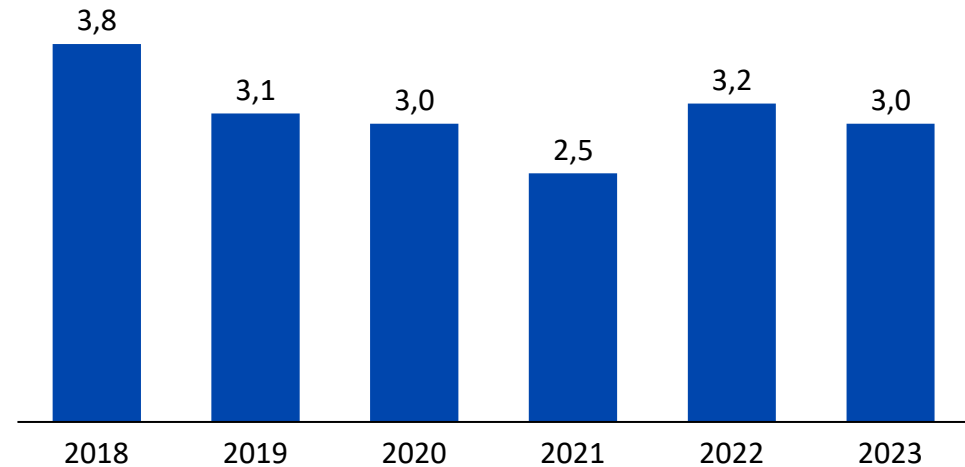
**Without the currency effect, the revenue increased by 1.0% y-on-y.*

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 379.0 (386.8) million
- Refinancing of revolving credit facilities (40 MEUR) and term loans (135 MEUR) extended from 2024 maturity points to the future

Strong performance in 2023, on track to reach a 12% EBITA margin in 2025

FINANCIAL TARGETS

Growth

- At least 5% annual revenue growth

Profitability

- An adjusted EBITA margin of at least 12% in 2025

Capital structure

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

Dividend policy

- Distribute at least 40% of net profit as dividends

STRONG PERFORMANCE IN 2023



2% Revenue growth
6% underlying organic growth



9.8% adjusted EBITA margin



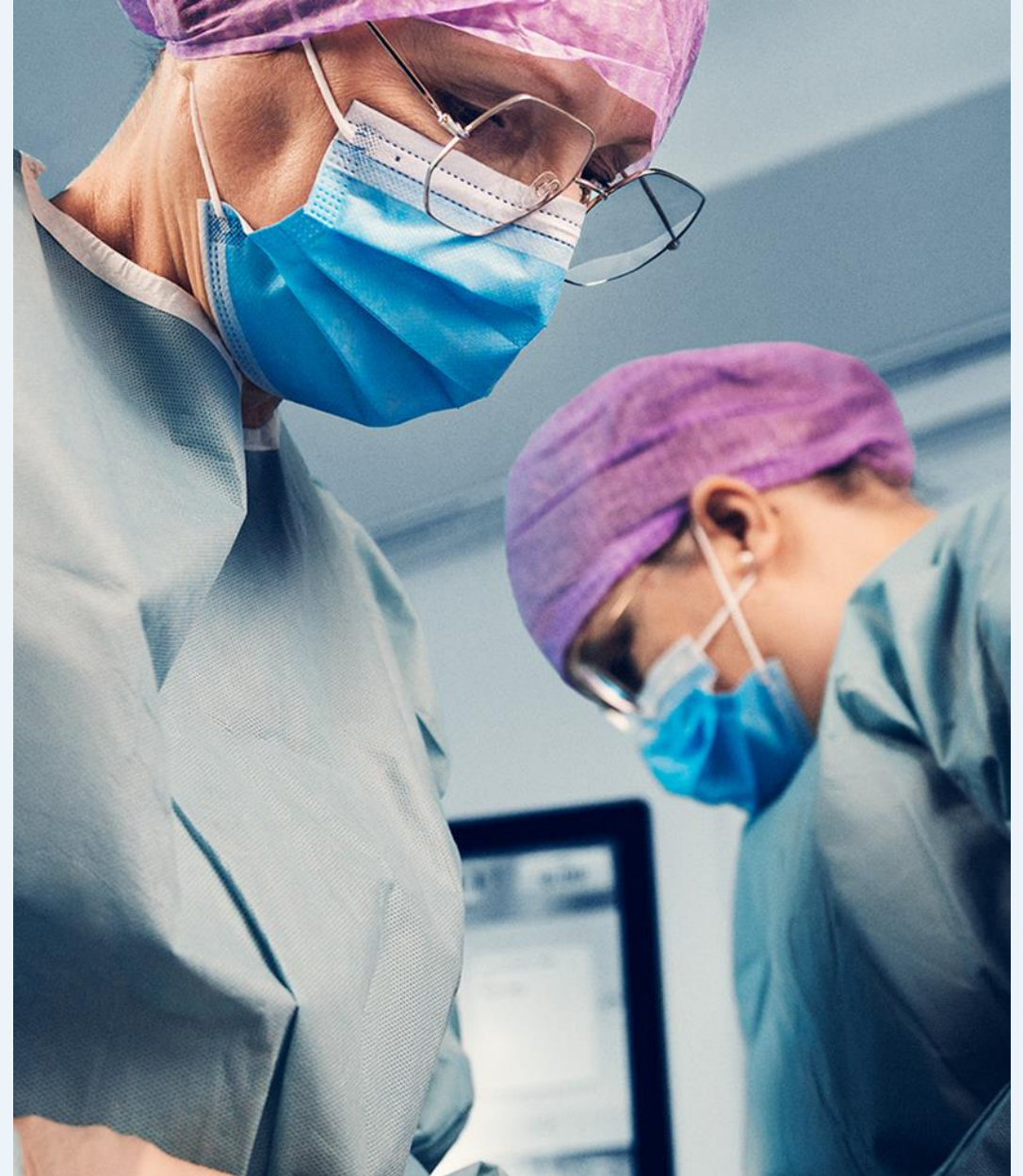
Interest-bearing Net debt/
Adjusted EBITDA **3.0**



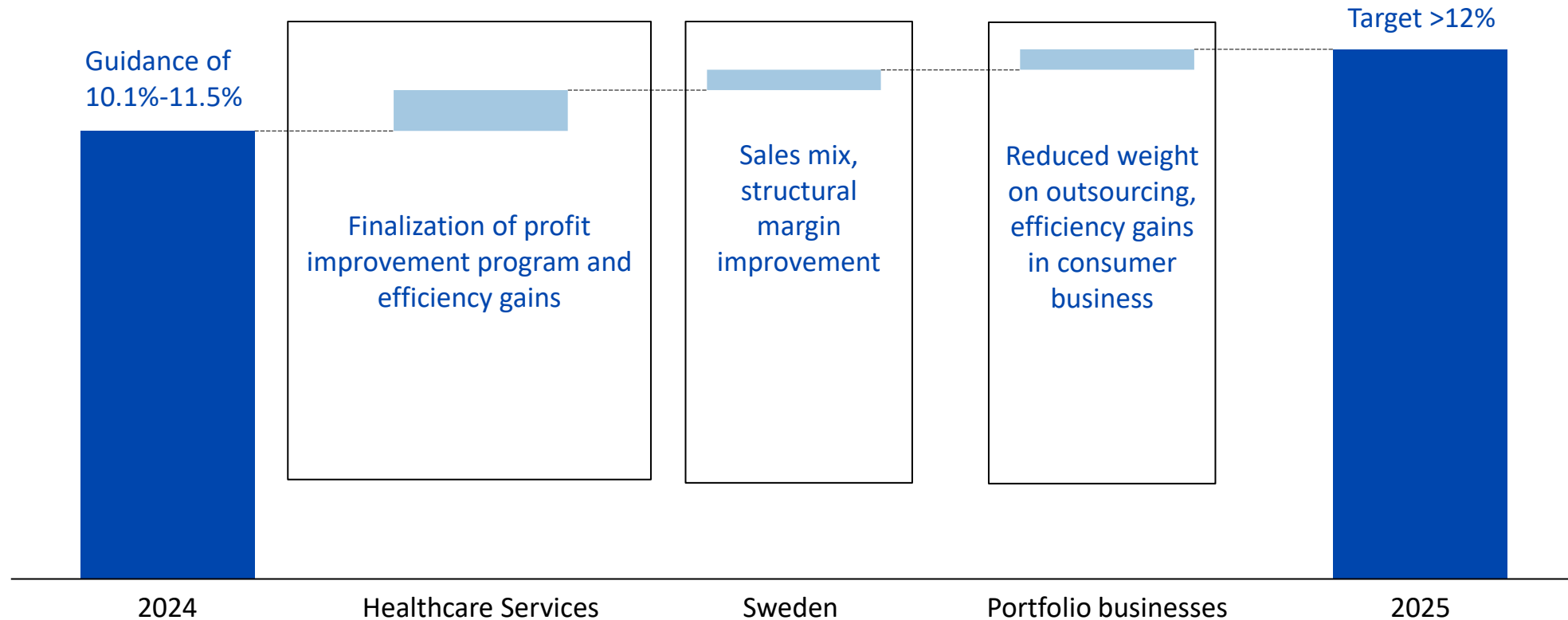
A dividend of EUR 0.30 proposed*
64% of adjusted net profit

Guidance for 2024

- Terveystalo estimates its **revenue for 2024 to grow** (2023: EUR 1,286 million) and its **adjusted EBITA margin to be between 10.1% and 11.5%** (9.8% in 2023).
- The estimates are based on the end of 2023 projections for inflation, consumer demand and employment, normal morbidity, and a predictable labour market in Finland.
- The estimates include the impact of the successful completion of the profit improvement program and an annual decrease of approximately EUR 10 million in revenue in the Portfolio Businesses segment's outsourcing business.
- The Sweden segment's revenue is expected to decline due to macro weakness and the exchange rate is expected to remain stable.
- The estimates do not include significant acquisitions or divestments.



We have a clear roadmap to reach our EBITA margin target of 12% in 2025



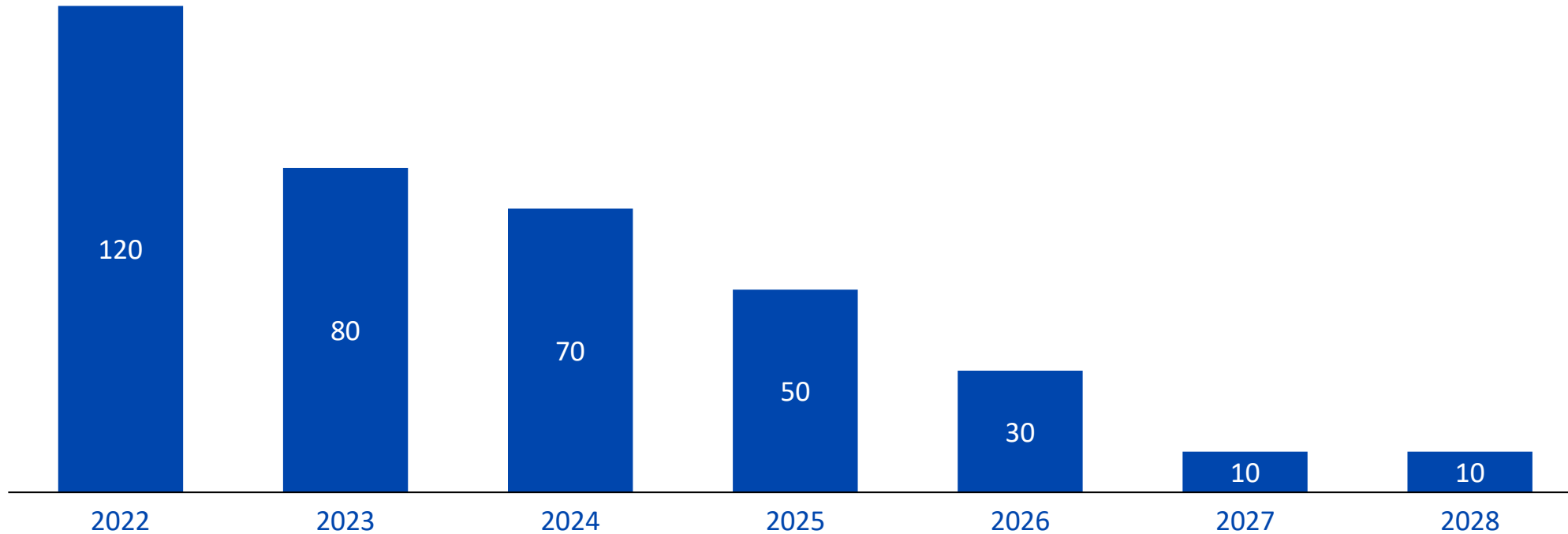
Terveystalo

MEANINGFUL MATTERS

Appendix

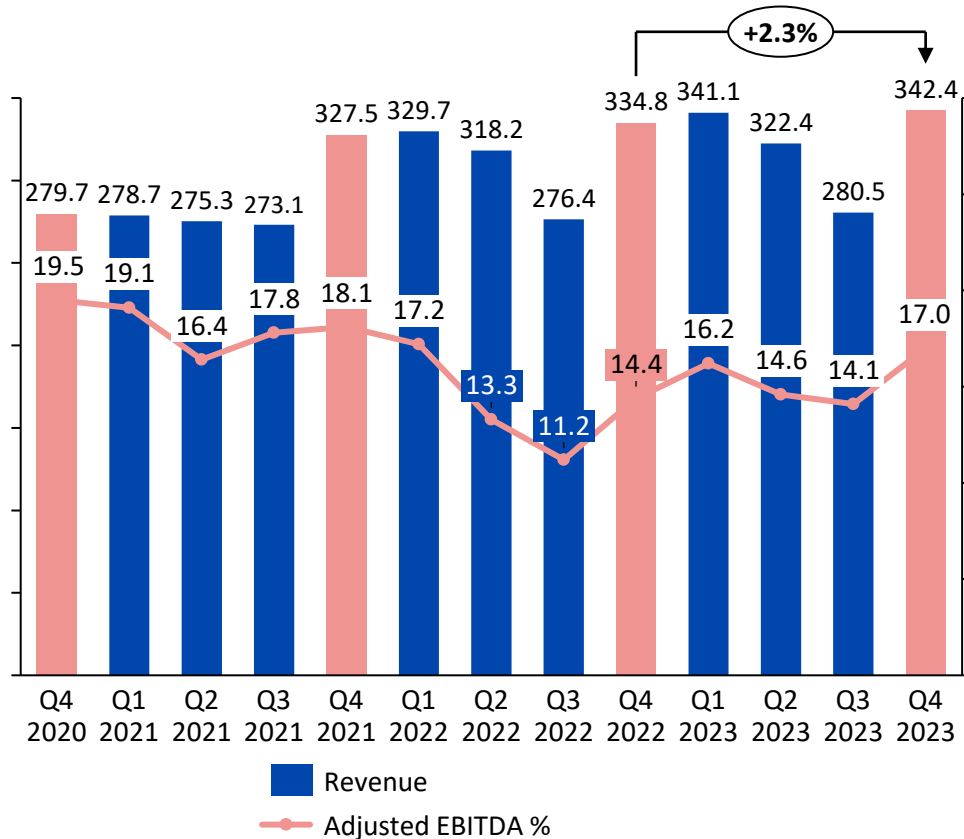
The outsourcing contract portfolio shrinks as old contracts expire or are terminated

CONTRACT VALUE, OUTSOURCING CONTRACTS, M€¹

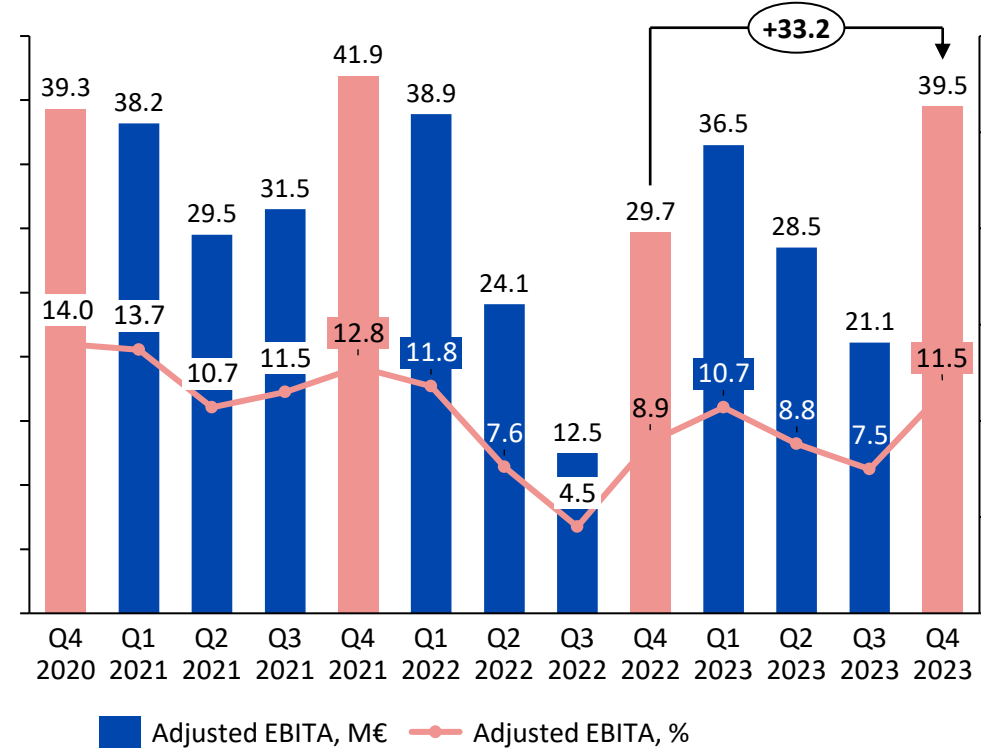


Revenue + 2% and adj. EBITA +33% y-o-y

REVENUE, MEUR AND ADJUSTED EBITDA*-%



ADJUSTED EBITA*, MEUR AND %



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

The profit improvement program had a P&L impact of EUR 13 Mill. in Q4 and EUR 37 Mill. FY 2023

M€	10-12/2023	10-12/2022	Change %	2023	2022	Change %
Revenue	342,4	334,8	2,3	1 286,4	1 259,1	2,2
Other operating income	1,1	1,0	17,8	4,2	2,7	56,1
Purchase of materials	-12,4	-11,7	5,5	-40,8	-44,1	-7,5
Change in inventories	0,1	-1,0	-106,1	0,5	0,2	105,9
External services	-130,2	-128,1	1,6	-495,9	-481,8	2,9
Employee benefit expenses	-117,1	-120,4	-2,8	-447,0	-455,0	-1,8
Rents. leases and premises	-5,7	-6,9	-17,6	-23,5	-22,9	2,6
IT expenses	-10,7	-10,5	1,8	-40,4	-39,7	1,6
Marketing and communication expenses	-1,7	-1,5	13,5	-8,7	-8,5	2,3
Other operating expenses	-13,2	-13,5	-2,1	-55,6	-41,1	35,2
EBITDA	52,7	42,2	24,9	179,2	168,8	6,1
Adjustments*	84,2	7,3	<200	101,9	39,5	>200
Adjusted EBITDA	58,1	48,0	21,0	200,2	178,0	12,5
EBIT	-58,9	12,8	>-200,0	-14,7	33,9	-143,3

Variable costs

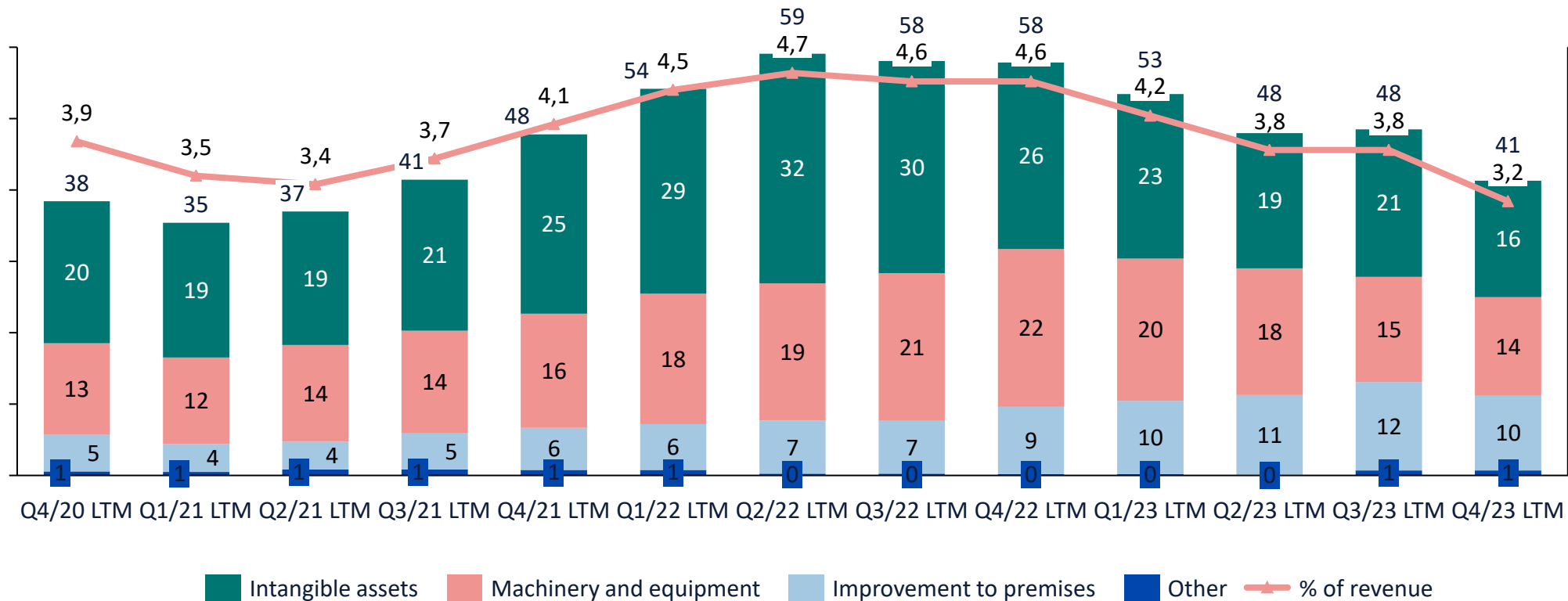
Semi-fixed costs. scalable on a unit level

Fixed costs. scalable on a group level

*ADJUSTMENTS ARE MATERIAL ITEMS OUTSIDE THE ORDINARY COURSE OF BUSINESS, ASSOCIATED WITH ACQUISITION-RELATED EXPENSES, RESTRUCTURING-RELATED EXPENSES, NET GAINS, AND LOSSES ON THE SALE OF ASSETS, IMPAIRMENT LOSSES, STRATEGIC PROJECTS, AND OTHER ITEMS AFFECTING COMPARABILITY. ADJUSTMENTS RELATED TO THE PROFIT IMPROVEMENT PROGRAMS WERE APPROXIMATELY EUR 5.3 MILLION DURING THE FOURTH QUARTER AND 21.7 MILLION IN 2023. .

CAPEX on declining trend

LTM GROSS CAPEX, MEUR AND %- OF REVENUE



Key figures

Terveystalo Group, MEUR	10–12/ 2023	10–12/ 2022	Change, %	2023	2022	Change, %
Revenue	342.4	334.8	2.3	1 286.4	1 259.1	2.2
Adjusted EBITA * 1)	39.5	29.7	33.2	125.6	105.2	19.4
Adjusted EBITA, % * 1)	11.5	8.9	-	9.8	8.4	-
EBITA 1)	34.1	23.8	43.2	104.4	95.9	8.9
EBITA, % 1)	9.9	7.1	-	8.1	7.6	-
EBIT	-58.9	12.8	>-200.0	-14.7	33.9	-143.3
EBIT, %	-17.2	3.8	-	-1.1	2.7	-
Return on equity (ROE), % 1)	-	-	-	-7.6	4.1	-
Equity ratio, % 1)	-	-	-	36.5	40.2	-
Earnings per share (EUR)	-0.51	0.06	>-200.0	-0.33	0.19	>-200.0
Weighted number of shares outstanding, in thousands	126 556	126 548	-	126 555	126 508	-
Net debt	-	-	-	598.1	566.6	5.6
Gearing, % 1)	-	-	-	116.0	95.7	-
Net debt/adjusted EBITDA (last 12 months) 1)	-	-	-	3.0	3.2	-
Adjusted EBITDA (last 12 months), excluding IFRS 16*1)	-	-	-	142.8	122.2	16.8
Net debt, excluding IFRS 16	-	-	-	379.0	386.8	-2.0
Adjusted net debt/adjusted EBITDA (last 12 months), excluding IFRS 16*1)	-	-	-	2.7	3.2	-
Average personnel (FTEs)	-	-	-	6 426	6 552	-1.9
Private practitioners (end of period)	-	-	-	6 092	5 928	2.8
Sustainability						
Quality index ²⁾	-	-	-	87.6	92.2	-5.0
Net Promoter Score (NPS), appointments	-	-	-	84.8	82.7	2.5
Employee Net Promoter Score (eNPS)	-	-	-	19	28	-32.1

*) Adjustments are material items outside the ordinary course of business, associated with acquisition-related expenses, restructuring-related expenses, gain on sale of assets, impairment losses, strategic projects, and other items affecting comparability.

1) Alternative performance measure. In addition to the IFRS figures, Terveystalo presents additional, alternative performance indicators that the company monitors internally, and which provide the company management, investors, stock market analysts, and other stakeholders with important additional information concerning the company's financial performance, financial position, and cash flows. These performance indicators should not be reviewed separately from the IFRS figures, and they should not be considered to replace the IFRS figures.

2) The quality index consists of seven effectiveness indicators that describe the clinical and experienced quality, access to care, and the proportion of preventive care.