



TERVEYSTALO GROUP INTERIM REPORT 1 JANUARY– 30 SEPTEMBER 2019

**STRONG ORGANIC GROWTH IMPROVED
UNDERLYING PROFITABILITY**

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July–September 2019 in brief

- Revenue increased by 46.0 percent year-on-year to EUR 234.0 million (160.3)
- Adjusted¹⁾ earnings before interest, taxes and amortization (EBITA) before IFRS 16 impact (comparable), increased by 61.9 percent to EUR 24.0 million (14.8), representing 10.2 (9.2) percent of revenue
- Earnings before interest, taxes and amortization (EBITA)²⁾ were 9.9 (13.9) percent of revenue
- Profit for the period²⁾³⁾ amounted to EUR 10.4 million (16.0) The net profit of the reference period was improved by non-recurring capital gains of EUR 8.1 million (net).
- Operating cash flow²⁾ amounted to EUR 26.4 million (13.5)
- Earnings per share²⁾ (EPS) were EUR 0.08 (0.13).

In July–September, there was one more business day than in the reference period, which improved revenue and profitability.

January–September 2019 in brief

- Revenue increased by 39.1 percent year-on-year to EUR 760.4 million (546.8)
- Adjusted¹⁾ earnings before interest, taxes and amortization (EBITA) before IFRS 16 impact (comparable), increased by 34.5 percent to EUR 81.6 million (60.6), representing 10.7 (11.1) percent of revenue
- Earnings before interest, taxes and amortization (EBITA)²⁾ were 10.3 (13.6) percent of revenue
- Profit for the period²⁾³⁾ amounted to EUR 38.0 million (58.7) The net profit of the reference period was improved by non-recurring capital gains of EUR 15.9 million (net) and a non-recurring deferred tax asset of EUR 13.0 million related to confirmed losses.
- Net debt/adjusted EBITDA¹⁾²⁾⁴⁾ was 3.5
- Net debt/adjusted EBITDA¹⁾ before IFRS 16 impact (comparable) was 3.0 (2.0)
- Operating cash flow²⁾ amounted to EUR 124.1 million (62.1)
- Earnings per share²⁾³⁾ (EPS) were EUR 0.30 (0.46).

Unless otherwise stated, the figures in parentheses refer to a corresponding period one year ago. Terveystalo adopted the IFRS 16 Lease standard on 1 January 2019. Figures for the reference period in 2018 have not been adjusted. Additional information on the application of the IFRS 16 standard and other significant principles concerning the financial statement can be found in section 1 of the notes to the financial statement.

1) Adjustments are material items outside the ordinary course of business, associated with acquisition-related expenses, restructuring-related expenses, net gain/loss on sale of assets, strategic projects, and other items affecting comparability. In July–September, adjustments totalled EUR 1.2 (-7.4) million and in January–September EUR 4.1 (-13.6) million.

2) Not comparable because of the adoption of IFRS 16. The adoption of IFRS 16 had a significant effect on adjusted EBITDA, which increased by EUR 9.9 million in July–September and by 29.7 million in January–September. IFRS 16 impact on EBITA was not material. Operating cash flow increased due to the impact of IFRS 16 by EUR 29.7 million in January–September. In addition, the adoption of IFRS 16 increased interest-bearing lease liabilities by EUR 176.9 million.

3) The net profit of the reference period was improved by a non-recurring deferred tax asset of EUR 13.0 million related to confirmed losses and non-recurring capital gains totaling EUR 8.1 million (net) in July–September and EUR 15.9 million (net) in January–September.

4) EBITDA for the last 12 months includes a nine-month impact of the Attendo acquisition and the effect of IFRS 16.

Ilkka Laurila, CFO and Interim CEO: Strong organic growth

Once again, Terveystalo delivered broad scale growth across all customer groups in the third quarter. Revenue growth was driven by the impact of Attendo health care services acquisition and record strong organic growth, especially within the private customer group. Our underlying profitability improved thanks to strong sales in private and corporate customer groups and despite lower margin of the acquired Attendo health care business. Operating leverage continues to drive efficiencies and we are confident in our ability to reach our mid-term profitability target. In addition, our operating cash flow remains strong and our investments in digitalisation continue to increase. At the same time, we continue to strengthen our balance sheet.

During the last 18 months we have been working hard to overcome the limitations of availability of physicians by creating new processes and digital solutions to increase availability within our system. This work is now starting to bear fruit: in July, we set a new record with the total number of digital appointments in Finland being higher than the number of physical visits in Southwest Finland. Digital appointments can provide the solution to access to care in many locations. On average, our 24/7 chat appointment with a physician is only 7 seconds away. In addition, we continue to see double digit growth in appointments offered by other health care professionals and labs.

We have also introduced new tools; the renewed Terveystalo Oma Terveys app now offers for example new 24/7 chat appointment services for mental well-being and physician video appointments. Terveystalo Pro app for health care professionals was also launched during the third quarter. Upcoming features will, for example, enable professionals to manage their physical and digital appointment availability in real time. New features and capabilities are in the pipeline for coming months.

Our comprehensive occupational health offering is reflected in the continued growth of preventive and well-being services. While the link between the number of end customers covered by occupational health contracts and the growth in revenue is lessening, strong increase in demand for preventive and well-being services drives an increase of average revenue per end customer.

The demand in the public sector customer group remains strong. Integration of acquired Attendo health care business is well on track. Municipalities continue to seek solutions to their budget constraints and shortage of physicians. We are able to offer tailored solutions to various customer needs ranging from staffing to secondary care outsourcings. This enables us to adjust our mix should there be changes in the regulatory environment.

Corporate responsibility is one of our strategic focus areas and we see increasing investor interest for ESG themes. For 2019, we will publish our first corporate responsibility report and we are pleased to have recently achieved a Prime status from ISS ESG, indicating that we meet the high responsibility standards of ISS ESG in our industry.

Even though the economic outlook in Finland has recently somewhat weakened, we are pleased with our financial and operational performance in the third quarter and continue our persistent work in championing healthier lives for all Finns.

Ilkka Laurila

Market outlook

- The market environment remains favorable in spite of weakened consumer confidence.
- Corporate customers keep up a steady demand and the relative share of preventive services is increasing, which is a trend that will be further strengthened by the upcoming change in legislation concerning Kela reimbursements, due to be introduced at the beginning of 2020.
- Private customer demand also remains at a steady level, and the trend of comprehensive well-being is creating broad growth in service demand. This is particularly reflected in growth in the demand for services other than physician appointments.
- With the health care and social welfare reform still being delayed, public sector demand remains strong in various service categories.

These views are based on the expected market development within the next six months, compared to the past six months.

Changes in reporting

Terveystalo adopted the IFRS 16 standard on 1 January 2019. In accordance with the IFRS 16 standard, previous lease expenses are replaced with depreciation charges for right-of-use assets and interest expense on lease liabilities in the income statement. As a result, the IFRS 16 standard has a low impact on the operating profit and the profit for the financial year 2019. In 2019, the adoption of IFRS 16 will have a positive impact of approximately EUR 40 million on the operating margin, and it will increase net debt and right-of-use assets on the balance sheet by approximately EUR 200 million. The figures for 2018 have not been adjusted. The adoption of IFRS 16 has affected the income statement, balance sheet and cash flow. For additional information on the accounting principles, please refer to page 16.

Key figures

EUR million	7–9/ 2019	7–9/ 2018	Change, %	1–9/ 2019	1–9/ 2018	Change, %	2018
Revenue	234.0	160.3	46.0	760.4	546.8	39.1	744.7
Adjusted EBITDA ^{1) 2)}	39.8	20.1	97.9	128.5	76.4	68.3	108.9
Adjusted EBITDA, % ^{1) 2)}	17.0	12.5	-	16.9	14.0	-	14.6
EBITDA ^{1) 2)}	38.6	27.6	40.1	124.4	90.0	38.2	116.6
EBITDA, % ^{1) 2)}	16.5	17.2	-	16.4	16.5	-	15.7
Adjusted earnings before interest, taxes and amortization (EBITA) ^{1) 2)}	24.4	14.8	64.9	82.7	60.6	36.5	87.7
Adjusted earnings before interest, taxes and amortization (EBITA), % ^{1) 2)}	10.4	9.2	-	10.9	11.1	-	11.8
Earnings before interest and taxes (EBIT) ²⁾	16.1	17.3	-7.2	57.6	59.3	-2.9	75.4
Net profit ^{2) 3)}	10.4	16.0	-34.8	38.0	58.7	-35.2	68.7
Net debt ²⁾	-	-	-	567.5	210.5	169.6	413.3
Net debt/adjusted EBITDA (last 12 months) ^{1) 2)}	-	-	-	3.5	2.0	-	3.8
Return on equity (ROE), % ^{1) 2) 3)}	-	-	-	9.3	13.5	-	14.2
Equity ratio, % ^{1) 2)}	-	-	-	38.7	53.7	-	44.1
Gearing, % ^{1) 2)}	-	-	-	108.1	41.9	-	80.8
Earnings per share ^{2) 3)}	0.08	0.13	-	0.30	0.46	-	0.54
Operating cash flow ²⁾	26.4	13.5	96.3	124.1	62.1	100.0	100.6
Personnel (end of period)	-	-	-	7,262	4,482	62.0	6,018
Private practitioners (end of period)	-	-	-	5,082	4,729	7.5	4,877
Number of working days	66	65		189	189		251

Before IFRS 16 impact (comparable), EUR million	7–9/ 2019	7–9/ 2018	Change, %	1–9/ 2019	1–9/ 2018	Change, %	2018
Adjusted EBITDA ¹⁾	29.9	20.1	48.7	98.8	76.4	29.4	108.9
Adjusted EBITDA, % ¹⁾	12.8	12.5	-	13.0	14.0	-	14.6
Adjusted EBITA ¹⁾	24.0	14.8	61.9	81.6	60.6	34.5	87.7
Adjusted EBITA, % ¹⁾	10.2	9.2	-	10.7	11.1	-	11.8
Adjusted net debt ¹⁾	-	-	-	390.6	210.5	85.6	413.3
Net debt/adjusted EBITDA (last 12 months) ¹⁾	-	-	-	3.0	2.0	-	3.8

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

1) Alternative performance indicator. Additional information in note 14.

2) Not comparable because of the adoption of IFRS 16.

Adoption of IFRS 16 had a significant effect on adjusted EBITDA, which increased by EUR 9.9 million in July–September and by EUR 29.7 million in

January–September. IFRS 16 impact on EBITA was not material. Operating cash flow increased due to the impact of IFRS 16 by EUR 29.7 million in January–September. In addition, the adoption of IFRS 16 increased interest-bearing lease liabilities by EUR 176.9 million.

- 3) The net profit of the January–September reference period was improved by a non-recurring deferred tax asset of EUR 13.0 million related to confirmed losses and non-recurring capital gains totaling EUR 8.1 million (net) in July–September and EUR 15.9 million (net) in January–September.
- 4) EBITDA for the last 12 months includes a nine-month impact of the Attendo acquisition and the effect of IFRS 16.

Market review

There were no material changes in the health care market during the reporting period. Despite weakened consumer confidence, the steady development of the Finnish economy and the slightly improved employment rate contributed to strong demand for Terveystalo's services among the corporate and private customer groups during the review period. Terveystalo's market share among private customers developed favorably during the period. Customer expectations concerning digital tools and solutions have increased substantially and their significance is highlighted particularly in corporate decision-making. The use of multiple provider models among insurance companies has increased in recent times. Due to Terveystalo's extensive network and diverse service portfolio, this is a favorable development for the company.

It is estimated that the Government's new health care policies will reduce the number of full outsourcing of health care services in the public sector but, on the other hand, the demand for various types of partial outsourcing and health care staffing services is expected to grow. The use of service vouchers is also expected to increase. However, the impact will be low in 2019 because of the long duration of the procurement processes.

With the most extensive network of clinics and hospitals, evolving service offering for health and well-being, large customer base in occupational health care and strong outsourcing and staffing expertise in the public sector, the company nevertheless expects to be able to continue its strong performance in the current market structure and to be an attractive partner for various customer groups.

Group revenue

Revenue for the third quarter increased by 46.0 percent year-on-year and amounted to EUR 234.0 million (160.3). Revenue was increased by broad-based growth in the demand for Terveystalo's services and the acquisition of Attendo Health Services completed in late 2018. Terveystalo's competitiveness was reflected in the strong development of insurance company sales, high utilization rates and a substantial increase in the demand for preventive services and well-being services. Broad-based growth was achieved among corporate and private customers in physician appointments, appointments with other professional groups, diagnostics as well as surgical services. In the third quarter, there was one more business day than in the reference period, which improved revenue.

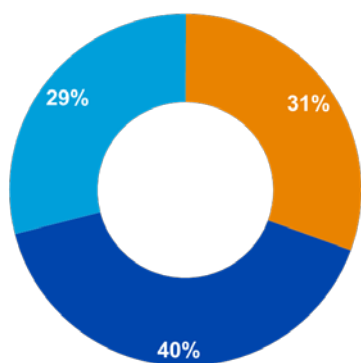
The number of physician appointments offered remained stable. The utilization rates of physician appointment services increased year-on-year, particularly in appointments with specialists. The number of appointments provided by other professional groups increased by more than 10 percent year-on-year.

Revenue for January–September increased by 39.1 percent year-on-year and amounted to EUR 760.4 million (546.8).

EUR million	7–9/2019	7–9/2018	Change, %	1–9/2019	1–9/2018	Change, %	2018
Corporate customers	94.6	85.6	10.4	316.9	293.5	8.0	402.7
Private customers	68.0	56.2	21.0	224.0	194.0	15.5	260.7
Public sector customers	71.4	18.5	>200	219.5	59.4	>200	81.2
<i>Excluding Attendo Health Services</i>	21.9	18.5	18.5	66.7	59.4	12.2	81.2
Total	234.0	160.3	46.0	760.4	546.8	39.1	744.7

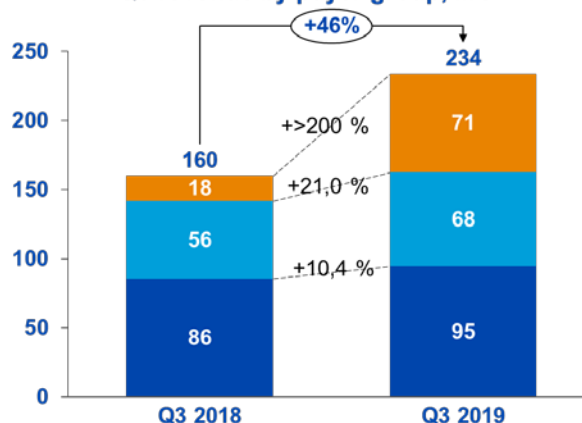
Revenue by payer group

Q3 revenue by payer group, %

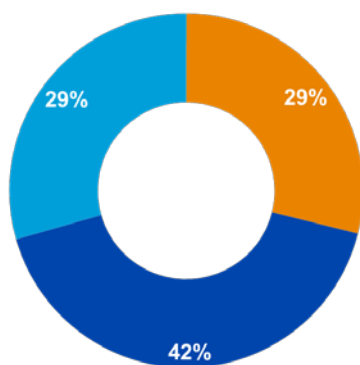


■ Corporate ■ Private ■ Public

Q3 revenue by payer group, M€

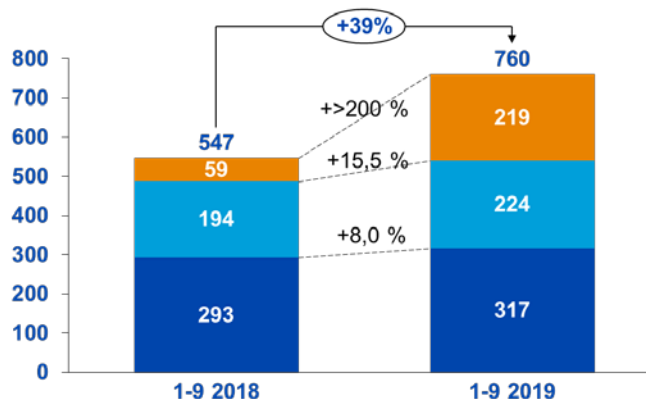


1-9 2019 Revenue by payor group, %



■ Corporate ■ Private ■ Public

1-9 Revenue by payor group, M€



Corporate customers

Corporate customers constitute Terveystalo's largest customer group. Terveystalo's corporate customers consist of the company's occupational health care customers, excluding municipal occupational health care customers which are included in the public customer group. The company provides statutory occupational health services and other occupational health and wellbeing services for corporate customers of all sizes. Terveystalo is the largest provider of occupational health services in Finland in terms of revenue and the number of end users. Terveystalo provides occupational health services for over 23,000 companies, and in 2018, the company provided occupational health services for a total of approximately 670,000 customers.

Revenue from corporate customers in the third quarter increased by 10.4 percent, amounting to EUR 94.6 (85.6) million, without being significantly affected by acquisitions. Occupational health services provided by Attendo Health Services were integrated during the second quarter by merging functions and units, which is why their share of the revenue is no longer reported separately.

Sales of preventive* occupational health services and well-being services** continued to develop favorably, which increased average sales per end customer. The demand for mental well-being services and digital services in particular increased significantly. The demand for illness-related appointments and surgical services increased slightly year-on-year during the third quarter. The number of end customers in occupational health care increased slightly compared to the reference period.

Revenue from corporate customers in January–September increased by 8.0 percent, amounting to EUR 316.9 (293.5) million. Strong demand for preventive, well-being and digital services contributed to the growth. Demand for illness-related appointments remained at the level of the reference period.

*The statutory task of occupational health care is to prevent work-related adverse health effects. Preventive services include, for example, workplace surveys to examine the conditions and exposures at the workplace; health examinations; suggested measures to improve work conditions and to promote the employees' ability to work; guidance and counseling; participation in the planning and implementation of measures that maintain work ability; promotion of coping at work and, when necessary, referrals to rehabilitation in case of reduced work ability; guidance in first aid preparedness at the workplace; and assessment and monitoring of the quality and impact of occupational health care activities.

**Well-being services include, for example, physiotherapy, mental well-being services (psychologists and psychotherapists), nutritional therapy, work ability coaching and massage services at Rela hierojat (Terveystalo's subsidiary).

Private customers

Private customers are Terveystalo's second largest customer group. Private customers include private individuals and families. The company's strong brand, easy access to services without long waiting times, extensive service portfolio for private customers, families, and senior citizens, and personalized digital services give Terveystalo a competitive edge over other private providers and public health care services and encourage customers to invest in their own health. Services for private customers are paid for either out of pocket by the customers themselves or by their insurances.

Revenue from private customers in the third quarter increased by 21.0 percent, amounting to EUR 68.0 (56.2) million. Health care services for private customers provided by Attendo Health Services (mainly oral health services) were integrated during the second quarter by merging functions and units, which is why their share of the revenue is no longer separately reported.

Revenue was significantly increased by the broad-based growth of service demand. The impact of acquisitions was smaller than the organic growth achieved during the period. In addition to well-being services and digital services, the sales of diagnostics services, for example, increased slightly faster than revenue in general. The sales of surgical services also increased year-on-year due to closer cooperation with insurance companies. The share of occupational health customers who used private services — and sales to this segment — also grew significantly year-on-year.

Revenue from private customers in January–September increased by 15.5 percent, amounting to EUR 224.0 (194.0) million. In addition to acquisitions, growth was especially supported by strong demand for oral health, well-being and digital services.

Public sector customers

Terveystalo's public customer group is made up of Finnish public sector organizations, such as municipalities, municipal federations, and hospital districts, as well as municipal occupational health care customers. Terveystalo's broad nationwide platform, digital offering, good reputation, and established brand, as well as its thorough expertise and experience in health care services throughout the chain of care, make Terveystalo an attractive partner for the public sector. Terveystalo's services for public sector customers are mainly financed from budgets of municipalities, municipal federations, and hospital districts. The services offered to public sector customers include full and partial outsourcing, health care staffing services, specialized care services, other healthcare services, as well as occupational health services for municipalities, municipal federations, and hospital districts.

Revenue from public sector customers in the third quarter multiplied thanks to the Attendo acquisition completed at the end of 2018. Revenue more than tripled and amounted to EUR 71.4 (18.5) million. Revenue from Attendo's existing agreements amounted to EUR 49.5 million, and revenue excluding Attendo Health

Services increased by 18.5 percent to EUR 21.9 million. Attendo's occupational health units were integrated during the second quarter by merging functions and units.

With regard to certain agreements, the staffing services faced challenges related to the availability of health care professionals, which increased the total fees paid and, consequently, decreased profitability. The overall development of the contract portfolio was positive, however.

In addition to the acquisition of Attendo Health Services, the significant growth of occupational health services and steady growth in other service sales and outsourcing contributed to sales growth.

In addition to hospital outsourcings and other partial outsourcings, Terveystalo has 10 full outsourcing agreements. Of these, the full outsourcing agreements in Tohmajärvi and Puolanka will terminate at the end of the year. The business is expected to continue to a lesser extent in a different service format.

Revenue from public sector customers in January–September more than tripled and amounted to EUR 219.5 (59.4) million. Revenue from Attendo's existing agreements amounted to EUR 152.8 million. Revenue excluding Attendo Health Services increased by 12.2 percent, amounting to EUR 66.7 million.

Financial performance

Adjusted EBITDA for **the third quarter of 2019** increased by 97.9 percent year-on-year to EUR 39.8 million (20.1). The adoption of IFRS 16 had an effect of EUR 9.9 million on the adjusted EBITDA. Improved profitability and the Attendo Health Services acquisition contributed to the increase in adjusted EBITDA. Material costs and the volume of purchased services increased mainly in line with revenue growth. The Attendo acquisition completed at the end of 2018 and continuing investments in digitalization and centralized services increased personnel costs by 62.1 percent to EUR -70.8 million (-43.7).

Adjusted EBITDA excluding the effect of IFRS 16 was EUR 29.9 million, representing 12.8 (12.5) percent of the revenue. Relative profitability improved thanks to strong sales in the corporate and private customer categories. Adjusted earnings before interest, taxes and amortization (EBITA) excluding the effect of IFRS 16 increased by 61.9 percent to EUR 24.0 million (14.8), representing 10.2 (9.2) percent of revenue. The adoption of IFRS 16 did not have a material effect on adjusted EBITA margin.

Operating profit for the third quarter amounted to EUR 16.1 (17.3) million, and profit before tax was EUR 12.7 (17.1) million. Amortization on intangible assets increased by EUR 2.0 million year-on-year, mainly due to the allocation of acquisition cost to customer relationships in connection with the Attendo acquisition.

Profit for the period was EUR 10.4 (16.0) million, and earnings per share were EUR 0.08 (0.13). The figures for the reference period were affected by significant non-recurring capital gains totalling EUR 8.1 million (net), the divestment of Ava Clinic, a provider of fertility treatments in Riga, Latvia).

Operating cash flow increased, amounting to EUR 26.4 (13.5) million. The growth was mainly due to the expansion of operations as a result of the Attendo acquisition and the adoption of IFRS 16. The impact of these two factors was reduced by a slight weakening in net working capital.

Cash flow from investing activities increased by EUR 16.7 million to EUR -13.6 (3.1) million. During the third quarter, there were no investment cash flows related to the sale of subsidiaries compared to EUR 8.0 million during the reference period. Cash flow related to the acquisition of subsidiaries increased to EUR -5.2 million (-1.0) and investment cash flow related to intangible assets to EUR -4.5 million (-1.8).

Cash flow from financing activities amounted to EUR -13.1 (-9.8) million. Cash flow from financing activities was increased by the effect of IFRS 16 adoption.

Adjusted EBITDA in **January–September 2019** increased by 68.3 percent, amounting to EUR 128.5 (76.4) million. The increase in adjusted EBITDA was mainly due to the adoption of IFRS 16, which had a EUR 29.7 million effect on EBITDA, as well as the acquisition of Attendo Health Services.

Adjusted earnings before interest, taxes and amortization (EBITA) and excluding the effect of IFRS 16 increased by 34.5 percent to EUR 81.6 million (60.6). Adjusted EBITA relative to the revenue decreased by 0.4 percentage points to 10.7 percent. The decrease in adjusted EBITA relative to revenue resulted from changes in the sales mix, with more emphasis on staff-intensive outsourcing services through the Attendo acquisition. The adoption of IFRS 16 did not have a material effect on adjusted EBITA margin.

Operating profit for the review period amounted to EUR 57.6 (59.3) million. Net financial expenses increased by 50.8 percent during the review period, amounting to EUR -10.5 (-7.0) million. The increase was due to the debt financing of the Attendo acquisition and the adoption of IFRS 16.

The profit before tax was EUR 46.9 (54.3) million. Profit for the period was EUR 38.0 (58.7) million, and earnings per share were EUR 0.30 (0.46). The net profit of the reference period was improved by a non-recurring deferred tax asset of EUR 13.0 million related to confirmed losses that was recognized following the conclusion of a tax audit as well as non-recurring capital gains, totaling EUR 15.9 million (net).

Operating cash flow increased significantly during the review period, amounting to EUR 124.1 (62.1) million. The growth was mainly attributable to the expansion of operations as a result of the Attendo acquisition, the positive development of net working capital as well as the adoption of IFRS 16.

Cash flow from investing activities increased by EUR 44.4 million to EUR -33.7 (10.7) million. During the review period, there were no cash flows related to the sale of subsidiaries compared to EUR 24.0 million during the reference period. Cash flow was also affected by a significant increase in investments related to intangible assets.

Cash flow from financing activities amounted to EUR -84.9 (-26.3) million. In addition to the effect of IFRS 16 adoption, cash flow from financing activities was increased by paid return of equity to shareholders as well as the repayment of long-term loans.

The Group's financial position

Terveystalo's liquidity position is good. Cash and cash equivalents at the end of the period amounted to EUR 42.4 million (EUR 79.4 million in September 2018). The Groups total assets amounted to EUR 1,358.8 million (EUR 937.4 million in September 2018). The increase was mainly due to the allocation of the purchase price to intangible assets in connection with the Attendo acquisition, the goodwill generated by the acquisition, and the adoption of IFRS 16. The effect of IFRS 16 on right-of-use assets was EUR 175.0 million.

Equity attributable to owners of the parent company totaled EUR 524.8 (502.1) million. The increase was mainly due to improved profitability.

Gearing at the end of the review period was 108.1 (41.9) percent, and net interest-bearing debt amounted to EUR 567.5 (210.5) million. The effect of IFRS 16 on interest-bearing lease liabilities was EUR 176.9 million. The consolidated balance sheet includes the combined balance sheets of the Finnish health care operations of Attendo acquired at the end of December. It also includes the long-term loan of EUR 160 million drawn for financing of the purchase price.

The adoption of IFRS 16 had no effect on the covenants related to the Group's external financing arrangement. The calculation of covenants was continued in accordance with the accounting principles confirmed in the original financing arrangement.

Return on equity for the review period was 9.3 (13.5) percent. The return on equity in the reference period was improved by a non-recurring deferred tax asset of EUR 13.0 million related to confirmed losses and non-recurring capital gains of EUR 15.9 million (net). The equity ratio was 38.7 (53.7) percent at the end of the review period. The key indicators are not comparable because of the adoption of IFRS 16.

Seasonal variation and the impact of the number of business days

Terveystalo's revenue from corporate and private customers has typically been lower during the vacation seasons, particularly in July and August. The number of business days has an effect on the revenue and earnings development, particularly when comparing quarterly performance. Revenue from public sector customers is distributed evenly with the exception of staffing services. Due to the seasonal nature of business, the required net working capital varies during the year and the company's net working capital decreases toward the end of the year. Variation is due to the timing of pension and VAT payments, vacation pay obligations and service fees related to occupational health care, etc.

Investments and acquisitions

Net investments* during the review period, including M&A, amounted to EUR 44.1 (-2.9) million. The Group's net cash capital expenditure, excluding M&A, was EUR 21.7 (11.3) million and the corresponding non-cash capital expenditure EUR 10.2 (7.7) million. These investments consisted mainly of investments in IT system projects, digital application and service development, medical equipment and the network. The relative share of intangible investments in gross investments increased, whereas the number of investments in the improvement of real estate fell respectively.

Terveystalo made four acquisitions to supplement its business during the third quarter: Työsyke Oy, Hammaslääkäri trade name Osmo Karinen, Hardent Oy (Hymiö) and the occupational health operations of the Welfare District of Forssa.

* Net investments do not include the additions of right-of-use assets recognized as a result of the adoption of IFRS 16.

Personnel

As a result of the acquisition of Attendo's Finnish Health Services, the number of Terveystalo's employed staff increased substantially year-on-year and was 7,262 on 30 September 2019 (4,482). The number of private practitioners also increased and was 5,082 (4,729) at the end of the review period.

Changes in Management

CFO Ilkka Laurila has been appointed as the company's interim CEO until Ville Iho, who was appointed as President and CEO on 8 August 2019, is able to take up his post. Mr. Iho will start in the position as of 8 February 2020, at the latest.

Events after the reporting period

Minttu Sinisalo b. 1980, M.Sc. (Econ.), has been appointed Senior Vice President of Human Resources at Terveystalo. She will join the company as of 21 February 2020, at the latest.

On 21 October, Terveystalo announced that it will be acquiring Evalua International Ltd. operations under a contract signed on 21 October 2019. Founded in 2003, Evalua specializes in scientific evidence-based health surveys, demanding staff surveys, and interpretation of results. The company has a subsidiary in the Netherlands (Evalua Nederland B.V), which was established in 2009 as a spin off company at VU University Medical Center. The company has 7 employees and its revenue in 2018 was approximately EUR 0.6 million.

The most significant short-term risks and uncertainty factors

Terveystalo's risk management is governed by the risk management policy approved by the Board. The policy defines goals, principles, organizations, responsibilities and practices for risk management. The management of financial risks complies with the Group's financing policy approved by Terveystalo's Board.

The risks and uncertainty factors described below are considered to potentially have a significant impact on the company's business operations, financial results and future outlook within the next 12 months. The list is not intended to be exhaustive.

- Changes in the competitive landscape, new competitors entering the markets and increasing price competition may have a negative impact on the company's profitability and growth potential.
- The development and implementation of information system projects and services, service products and operating models involves risks. The company is gradually replacing its operating systems and support systems as well as creating new digital customer solutions, which increases the overall risk related to information systems. Risk management is an essential aspect of the systems integration and deployment processes.
- The company's business operations rely on its capacity to identify, recruit, and retain competent and professional health care professionals, employees, and executives. The increased supply of services and increased competition may affect the availability of health care professionals, particularly in major cities. Turnover in key employees involves the risk of losing knowledge and expertise.
- The company may not be able to find suitable acquisition targets or expansion opportunities under favorable terms, and the integration of acquisition targets is not necessarily realized as planned.
- The company's business is very dependent on functioning information systems, data communication, and external service providers. Interruptions can result from hardware failure, software failure, or cyber threats. Long-lasting malfunction of information systems or payment transfers can lead to significant loss of sales and decline in customer satisfaction.
- Endangered data security or privacy can lead to losses and claims for damages and endanger reputation.
- Corporate responsibility aspects are increasingly important for customers, such as ensuring the responsibility of the product supply chain, fair and equal treatment of employees, avoidance of corruption, and protection of the environment. Possible failures associated with corporate responsibility would mean negative publicity for Terveystalo and could cause operational and financial damage. Challenges related to Terveystalo's corporate responsibility work include communicating the corporate responsibility principles to the key stakeholders and ensuring the responsibility of the product and service supply chain.
- The company is a party to, and may become a party to, legal action or administrative procedures initiated by the authorities, patients, or third parties. The company's view is that its currently pending legal obligations and court cases are not significant in nature.

Risk management at Terveystalo and risks related to the company's business are described in more detail on the company website at <https://www.terveystalo.com/en/investors/Corporate-governance/Risk-management-and-risks/> and in the company's Annual Review.

Briefing

Terveystalo will hold a result briefing and live webcast in English on October 31, 2019, starting at 11:00 a.m. EET, at Terveystalo Piazza, Jaakonkatu 3 B, (3rd floor), 00100 Helsinki, Finland. You can watch the webcast online at: <https://terveystalo.videosync.fi/2019-q3-results>

To ask questions, please join the telephone conference 5–10 minutes prior to the start time using your local number (Finland: +358 (0)9 8171 0310, Sweden: +46 (0)8 5664 2651, UK: +44 (0)33 3300 0804, US: +1 855 857 06 86. If you are calling from another location, please use any of the numbers above. The Participant Passcode is 98563325#.

Helsinki, 31 October 2019

Terveystalo Plc

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Terveystalo in brief

Terveystalo is a listed company on the Helsinki Stock Exchange. Terveystalo is the largest health care service company in Finland with net sales and network. The company offers versatile primary and secondary health care services for corporate and private customers and the public sector. The nationwide network covers 260 locations across Finland. The clinic network is complemented by 24/7 digital services.

In 2018, Terveystalo had approximately 1.2 million individual customers and approximately 3.5 million visits to a physician. Around half of Terveystalo's 10,000 health care professionals are employees of Terveystalo, while the other half are independent practitioners. Terveystalo's services carry the Key Flag symbol and the company is a member of the Association for Finnish Work. www.terveystalo.com

Condensed consolidated statement of income

EUR mill.	Note	7-9/2019	7-9/2018	Change, %	1-9/2019	1-9/2018	Change, %	2018
Revenue	4	234.0	160.3	46.0	760.4	546.8	39.1	744.7
Other operating income		0.6	8.8	-92.9	1.4	17.5	-92.3	18.2
Materials and services	5	-107.3	-76.1	41.0	-350.2	-257.8	35.8	-351.3
Employee benefit expenses	6, 9	-70.8	-43.7	62.1	-232.5	-146.2	59.0	-197.1
Depreciation, amortisation and impairment losses	1	-22.5	-10.2	120.2	-66.8	-30.7	117.8	-41.1
Other operating expenses	1, 7	-18.0	-21.8	-17.6	-54.7	-70.4	-22.3	-97.9
Operating profit/loss		16.1	17.3	-7.2	57.6	59.3	-2.9	75.4
Financial income		0.2	0.0	>200.0	0.3	0.1	>200.0	0.3
Financial expenses	1	-3.5	-2.0	78.1	-10.8	-7.1	52.7	-9.5
Net finance expenses		-3.3	-1.9	71.5	-10.5	-7.0	50.8	-9.2
Share of results in associated companies		-0.1	1.7	-103.3	-0.2	1.9	-109.4	1.9
Profit/loss before taxes		12.7	17.1	-25.7	46.9	54.3	-13.5	68.2
Income tax expense	8	-2.3	-1.1	105.9	-8.9	4.4	>200.0	0.5
Profit/loss for the period		10.4	16.0	-34.8	38.0	58.7	-35.2	68.7
Profit attributable to:								
Owners of the parent company		10.5	16.0	-34.6	38.0	58.6	-35.1	68.7
Non-controlling interests		-0,0	0.0	-190.4	-0,0	0.0	-178.8	0.0

Consolidated statement of comprehensive income

EUR mill.	Note	7-9/2019	7-9/2018	Change, %	1-9/2019	1-9/2018	Change, %	2018
Profit/loss for the period		10.4	16.0	-34.8	38.0	58.7	-35.2	68.7
Total comprehensive income		10.4	16.0	-34.8	38.0	58.7	-35.2	68.7
Total comprehensive income attributable to:								
Owners of the parent company		10.5	16.0	-34.6	38.0	58.6	-35.1	68.7
Non-controlling interest		-0,0	0.0	-190.4	-0,0	0.0	-178.8	0.0
Earnings per share for profit attributable to the shareholders of the parent company, in euro								
Basic earnings per share		0.08	0.13		0.30	0.46		0.54
Diluted earnings per share		0.08	0.13		0.30	0.46		0.54

The notes are an integral part of the consolidated interim financial statements.

Condensed consolidated statement of financial position

EUR mill.	Note	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS				
Non-current assets				
Property, plant and equipment	11	86.3	81.0	83.6
Right-of-use asset	11	175.0	-	-
Goodwill	10	781.7	585.0	768.7
Other intangible assets	10	158.8	100.6	167.7
Investment properties		0.5	0.6	0.6
Investments in associates		2.7	2.2	2.4
Other receivables		0.0	-	0.0
Deferred tax assets		3.7	9.4	5.8
Total non-current assets		1,208.7	778.8	1,028.70
Current assets				
Inventories		6.0	5.4	5.8
Trade and other receivables		100.9	72.7	89.9
Cash and cash equivalents		42.4	79.4	36.9
Total current assets		149.3	157.6	132.5
Non-current assets held for sale		0.8	1.1	1.1
TOTAL ASSETS		1,358.8	937.4	1,162.30
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital		0.1	0.1	0.1
Invested non-restricted equity reserve		492.8	518.2	518.2
Treasury shares		-6.7	-6.7	-6.7
Retained earnings		38.6	-9.5	0.1
Non-controlling interest		0.1	0.1	0.1
TOTAL EQUITY		524.9	502.2	511.8
Non-current liabilities				
Non-current financial liabilities		383.1	261.1	400.4
Non-current lease liabilities		142.0	-	-
Deferred tax liabilities		30.5	21.7	34.1
Provisions		7.6	4.6	9.1
Other liabilities		10.0	6.8	7.8
Total non-current liabilities		573.3	294.1	451.4
Current liabilities				
Provisions		1.5	1.5	2.3
Trade and other payables		166.1	110.6	146.9
Current tax liabilities		8.3	0.1	0.2
Current financial liabilities		49.9	28.9	49.8
Current lease liabilities		34.9	-	-
Total current liabilities		260.6	141.1	199.1
TOTAL LIABILITIES		833.9	435.2	650.5
TOTAL EQUITY AND LIABILITIES		1,358.8	937.4	1,162.30

The notes are an integral part of the consolidated interim financial statements.

Consolidated statement of changes in equity

Equity attributable to owners of the parent company							
EUR mill.	Share capital	Invested non-restricted equity reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Equity 1 Jan 2019	0.1	518.2	-6.7	0.1	511.7	0.1	511.8
Comprehensive income							
Profit for the period	-	-	-	38.0	38.0	-0.0	38.0
Transactions with owners							
Share-based payments	-	-	-	0.4	0.4	-	0.4
Equity repayment	-	-25.5	-	-	-25.5	-	-25.5
Other adjustments	-	-	-	0.1	0.1	-	0.1
Equity 30 Sep 2019	0.1	492.8	-6.7	38.6	524.8	0.1	524.9

Equity attributable to owners of the parent company							
EUR mill.	Share capital	Invested non-restricted equity reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Equity 1 Jan 2018	0.1	525.9	-	-68.8	457.2	0.1	457.3
Comprehensive income							
Profit for the period	-	-	-	58.6	58.6	0.0	58.7
Transactions with owners							
Share-based payments	-	-	-	0.7	0.7	-	0.7
Equity repayment	-	-7.7	-	-	-7.7	-	-7.7
Acquisition of treasury shares	-	-	-6.7	-	-6.7	-	-6.7
Equity 30 Sep 2018	0.1	518.2	-6.7	-9.5	502.1	0.1	502.2

The notes are an integral part of the consolidated interim financial statements.

Condensed consolidated statement of cash flows

EUR mill.	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Cash flows from operating activities					
Profit before income taxes	12.7	17.1	46.9	54.3	68.2
Adjustments for					
Non-cash transactions					
Depreciation, amortisation and impairment losses	22.5	10.2	66.8	30.7	41.1
Change in provisions	-0.3	-0.6	-1.2	-1.9	-2.1
Other non-cash transactions	-0.6	-2.1	-1.9	-1.5	-2.3
Gains and Losses on sale of property, plant, equipment and other changes	0.0	-8.3	-0.2	-16.0	-15.9
Net finance expenses	3.3	1.9	10.5	7.0	9.2
Changes in working capital					
Trade and other receivables	0.6	-0.1	-9.7	-2.3	1.9
Inventories	-0.3	0.0	-0.2	-0.3	0.3
Trade and other payables	-10.7	-5.1	15.9	-8.1	0.0
Interest received	0.2	0.0	0.3	0.1	0.2
Income taxes paid	-1.0	0.4	-3.2	0.3	0.3
Net cash from operating activities	26.4	13.5	124.1	62.1	100.6
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	-5.2	-1.0	-10.9	-1.5	-229.8
Acquisition of property, plant and equipment	-3.3	-2.1	-10.1	-7.2	-9.4
Acquisition of intangible assets	-4.5	-1.8	-11.9	-6.0	-10.4
Proceeds from the disposal of subsidiaries, net of cash disposed of	-	8.0	-	24.0	24.1
Investments to associated companies	-	-	-0.5	-	-1.8
Proceeds from sale of available-for-sale financial assets	0.0	-	0.3	1.6	1.9
Acquisition of business operation, net of cash acquired	-0.8	-0.1	-0.8	-0.5	-0.9
Repayment of long term loans	0.2	-	0.2	-	-
Proceeds from sale of property, plant and equipment	-	0.0	-	0.3	0.3
Dividends received	0.0	0.0	0.0	0.0	1.7
Net cash from investing activities	-13.6	3.1	-33.7	10.7	-224.4
Cash flows from financing activities					
Acquisition of treasury shares	-	-6.7	-	-6.7	-6.7
Proceeds from non-current borrowings	-	-	-	-	160.0
Repayment of non-current borrowings	-	-	-10.7	-0.7	-11.4
Proceeds from current borrowings	-	-	-	-	10.0
Repayment of current borrowings	-	-0.1	-10.0	-0.8	-0.8
Payment of finance lease liabilities	-9.2	-1.0	-27.6	-3.1	-4.1
Payment of hire purchase liabilities	-1.6	-0.9	-3.7	-2.3	-3.3
Interests and other financial expenses paid	-2.2	-1.2	-7.4	-4.9	-8.4
Equity repayment	0.0	-	-25.5	-7.7	-7.7
Net cash from financing activities	-13.1	-9.8	-84.9	-26.3	127.6
Net change in cash and cash equivalents	-0.3	6.7	5.5	46.4	3.9
Cash and cash equivalents at the beginning of the period	42.6	71.5	36.9	33.0	33.0
Change in cash and cash equivalents relating non-current assets held for sale	-	1.1	-	-	-
Cash and cash equivalents at the end of the period	42.4	79.4	42.4	79.4	36.9

The notes are an integral part of the consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Basis of accounting principles

These interim financial statements are unaudited and have been prepared in accordance with IAS 34 Interim Financial Reporting -standard, and should be read in conjunction with the Group's latest annual consolidated financial statements as at and for the year ended 31 December 2018. The accounting policies adopted are consistent with those of the annual financial statements for 2018 with the exception of new and amended IFRS standards which have been adopted on 1 January 2019. All presented figures have been rounded. Financial ratios have been calculated using exact figures.

Terveystalo Group has adopted the following new and amended standards starting 1 January 2019:

- **IFRS 16 Leases.** The new standard replaces the IAS 17 standard and related interpretations. IFRS 16 requires the lessees to recognize the lease agreements on the statement of financial position as a right- of -use assets and lease liabilities. There are two exceptions available, these relate to either short term contracts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5,000 or less.

The most significant impact of IFRS 16 is that Terveystalo has recognized new assets and liabilities, mainly for its operating leases of facilities. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the operating lease expense with a depreciation charge for right- of -use assets and interest expense on lease liabilities reported under financing expenses. IFRS 16 standard has impact for condensed consolidated statement of cash flows as well. The cash flow from operating activities increases, because the repayment of the lease liabilities in rents is transferred from cash flow to financing activities.

Terveystalo applies the IFRS 16 using the modified retrospective approach without restatement of comparatives. The right of use assets was primarily recognized at an amount equal to the lease liability. Terveystalo recognized the right of use asset and lease liability according to the general requirements of IFRS 16, and Terveystalo has not made any adjustments to its IAS 17 classified lease contract balances in transition.

Terveystalo Group's most significant lease agreements are the lease contracts of the premises. The contracts of the premises consist of temporary contracts and contracts that are valid under further notice. The contracts that are valid under further notice, the Terveystalo management has considered that the estimated closing date is 31 December 2021. Terveystalo Group applied the IFRS 16 exception for a small amount of short term contracts that were mainly parking place and warehouse contracts. These contracts are not material. Terveystalo Group has some main lease agreements that are subleased as operational lease agreements but these are not material.

The lease liability has been measured at the present value of the remaining lease payments discounted using the incremental borrowing rate. Terveystalo's lease contracts have been classified into three separate interest categories on basis of the length of the contract. Classifications are contracts with a length between 1–3 years, between 4–10 years and contracts with a length over ten years. Each one of these three categories have been defined its own incremental borrowing rate. The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was 1.9 %.

Lease contracts of the premises, which transferred to Terveystalo at the end of the December in the acquisition of Attendo's healthcare operations in Finland, have been defined according to the requirements of the IFRS 16 and the above mentioned accounting principles of Terveystalo Group.

The impact from the standard to Terveystalo Group's reporting in the reporting period is as follows:

Consolidated statement of income

	1-9/2019	1-9/2019	1-9/2019	1-9/2018
EUR mill.	Reported	IFRS 16 effect	Before IFRS 16	Reported
Revenue	760.4	-	760.4	546.8
EBITDA	124.4	29.7	94.7	90.0
Adjusted EBITDA	128.5	29.7	98.8	76.4
Depreciation	-66.8	-28.5	-38.3	-30.7
Adjusted EBITA	82.7	1.2	81.6	60.6
Net finance expenses	-10.8	-2.6	-8.2	-7.1
Profit/loss before taxes	46.9	-1.5	48.4	54.3
Taxes	-8.9	0.4	-9.3	4.4
Profit/loss for the period	38.0	-1.1	39.1	58.7

Consolidated statement of financial position

EUR mill.	Right-of-use asset	Lease liability
Opening balance 1 Jan 2019	199.8	200.2
Transactions	3.8	3.8
Depreciation	-28.5	-
Payment of lease liabilities	-	-27.1
Carrying amount 30 Sep 2019	175.0	176.9

Consolidated statement of cash flows

EUR mill.	1-9/2019
Cash flows from operating activities	29.7
Cash flows from financing activities	-29.7

2. Use of judgments and estimates

In preparing these interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018.

3. Events after the reporting period

As an event after the reporting period Terveystalo is acquiring Evalua International Ltd. operations under a contract signed on 21 October 2019.

Minttu Sinisalo b. 1980, M.Sc. (Econ.), has been appointed Senior Vice President of Human Resources at Terveystalo. She will join the company as of 21 February 2020, at the latest.

4. Revenue

The Group's distribution of revenue is based on the customer types. The Group does not have customers whose revenue exceeds 10 percent of the Group's total revenue. Terveystalo offers its primary and outpatient secondary health care services to three distinct customer groups: corporate customers, private customers and public customers.

Corporate customers constitute Terveystalo's largest customer group. Terveystalo's corporate customers consist of the company's occupational health care customers, excluding municipal occupational health care customers. The company provides statutory occupational health services and other occupational health and well-being services for corporate customers of all sizes. Terveystalo is the largest provider of occupational healthcare services in Finland in terms of revenue and the number of end-users. Terveystalo provides occupational healthcare services for over 23,000 companies.

Private customers are Terveystalo's second-largest customer group. Private customers include private individuals and families. The company's strong brand, easy access to services without long waiting times, leading service portfolio for private customers, families, and senior citizens, and personalized digital services give Terveystalo a competitive edge over public health care services and encourage customers to invest in their own health. Services for private customers are paid for either by the customers themselves or by their insurance companies.

Terveystalo's public customer group is made up of Finnish public sector organizations, such as municipalities, municipal federations, and hospital districts, as well as municipal occupational health care customers. Terveystalo's broad nationwide platform, digital offering, good reputation, and established brand, as well as its thorough expertise and experience in health care services throughout the chain of care, make Terveystalo an attractive partner for the public sector. Terveystalo's services for public sector customers are mainly financed from budgets of municipalities, municipal federations, and hospital districts. The services offered to public sector customers include full and partial outsourcings, health care staffing services, specialized care services, other health care services, as well as occupational health care services for municipalities, municipal federations, and hospital districts.

Disaggregation of revenue

EUR mill.	7-9/2019	7-9/2018	Change, %	1-9/2019	1-9/2018	Change, %	2018
Corporate	94.6	85.6	10.4	316.9	293.5	8.0	402.7
Private	68.0	56.2	21.0	224.0	194.0	15.5	260.7
Public	71.4	18.5	>200.0	219.5	59.4	>200.0	81.2
<i>Public without the impact of Attendo Finland Healthcare services - acquisition</i>	21.9	18.5	18.5	66.7	59.4	12.2	81.2
Total	234.0	160.3	46.0	760.4	546.8	39.1	744.7

5. Materials and services

EUR mill.	7-9/2019	7-9/2018	Change, %	1-9/2019	1-9/2018	Change, %	2018
Purchase of materials	-6.9	-5.4	26.6	-23.1	-20.9	10.5	-28.4
Change in inventories	0.3	-0.0	>200.0	0.2	0.3	-32.9	-0.2
External services	-100.7	-70.6	42.6	-327.3	-237.2	38.0	-322.7
Total	-107.3	-76.1	41.0	-350.2	-257.8	35.8	-351.3

6. Employee benefit expenses

EUR mill.	7-9/2019	7-9/2018	Change, %	1-9/2019	1-9/2018	Change, %	2018
Salaries and fees	-58.7	-36.1	62.6	-193.1	-119.9	61.0	-163.2
Share-based payments	-0.2	0.1	>-200.0	-0.4	-0.7	-35.8	-0.2
Other personnel expenses	-11.9	-7.7	54.4	-39.0	-25.6	52.2	-33.8
Total	-70.8	-43.7	62.1	-232.5	-146.2	59.0	-197.1

7. Other operating expenses

EUR mill.	7-9/2019	7-9/2018	Change, %	1-9/2019	1-9/2018	Change, %	2018
Rents, leases and premises*	-4.2	-11.4	-63.2	-12.0	-34.4	-65.2	-45.3
Other operating expenses	-13.8	-10.5	31.8	-42.7	-36.0	18.8	-52.6
Total	-18.0	-21.8	-17.6	-54.7	-70.4	-22.3	-97.9

* The presented number is not comparable, because the rent expenses have decreased by 29.7 million euro during 1-9/2019 and 9,9 million euro during 7-9/2019 due to implementation of IFRS 16.

8. Income taxes

Income taxes in the statement of income

EUR mill.	7-9/2019	7-9/2018	Change, %	1-9/2019	1-9/2018	Change, %	2018
Current tax for the reporting year	-3.5	0.0	>200.0	-10.5	-0.1	>200.0	-0.1
Income taxes for prior periods	0.0	-0,0	-33.0	0.0	-0,0	-15.7	-0,0
Deferred taxes	1.2	-1.1	>200.0	1.6	4.5	-63.3	0.7
Total income taxes	-2.3	-1.1	105.9	-8.9	4.4	>200.0	0.5

Deferred taxes have been calculated using the enacted tax rate of 20 %.

9. Share-based payments

The Board of Directors of Terveystalo Plc has resolved to establish a new share-based incentive plan directed to the Group's key employees. The aim of the plan is to align the objectives of the shareholders and the key employees in order to increase the value of the Company in the long term, to retain the key employees at the Company, and to offer them a competitive reward plan that is based on earning and accumulating shares of the Company.

The Performance Share Plan includes three performance periods, calendar years 2019, 2020 and 2021. The Board of Directors will resolve on the performance criteria and on the required performance levels for each criterion at the beginning of each performance period.

During the performance period 2019 performance criteria are based on Total Shareholder Return (TSR) levels and profitability of the Company.

The potential rewards from the performance share plan will be paid partly in Terveystalo Plc shares and partly in cash approximately two years after the performance periods. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the plan participants. As a rule, no reward will be paid if a plan participant terminates his or her employment or service before the reward payment.

The rewards to be paid on the basis of the performance period 2019 correspond to an approximate maximum total of 399,500 Terveystalo Plc shares, including currently allocated and unallocated shares as well as the proportion to be paid in cash. The plan is directed to 86 key employees, including the members of the Management Group during the performance period 2019.

In its July meeting in year 2018, the Board made a decision concerning the acquisition and management of Terveystalo Plc's shares with Evli Awards Management Oy, in accordance with the section of the Limited Liability Companies Act concerning incentives and financing the acquisition of company shares. For this arrangement, EAM established EAM TTALO Holding Oy (a holding company) to purchase Terveystalo's shares financed by Terveystalo, in accordance with the agreement. The shares are used as part of Terveystalo's share-based incentive system, in accordance with the terms of the system. During the financial year 2018 EAM TTALO Holding Oy acquired 730,000 Terveystalo's shares worth EUR 6.7 million.

Program	2019
Grant date	27 Mar 2019
Maximum number of shares, pcs	399,500
Fair value at grant date	7.92
Validity	31 Dec 2019
Estimated vesting period	3 years
Vesting conditions	Total Shareholder Return (TSR) and profitability
Exercised	In shares and cash

10. Intangible assets

1-9/2019	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2019	836.7	149.5	82.9	42.7	1,111.7
Business combination	12.6	-	-	-	12.6
Additions	0.3	-	-	11.9	12.2
Acquisition cost 30 Sep 2019	849.7	149.5	82.9	54.6	1,136.7
Accumulated amortisations and impairment losses 1 Jan 2019	-68.0	-62.1	-21.0	-24.4	-175.4
Amortisation for the reporting period	-	-12.9	-3.1	-4.6	-20.3
Impairment losses	-	-	-	-0.3	-0.3
Accumulated amortisations and impairment losses 30 Sep 2019	-68.0	-74.9	-24.1	-29.2	-196.2
Carrying amount 1 Jan 2019	768.7	87.4	61.9	18.4	936.4
Carrying amount 30 Sep 2019	781.7	74.6	58.8	25.4	940.5

1-9/2018	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2018	651.3	83.8	82.9	30.0	848.0
Business combination	1.7	0.3	-	0.0	2.0
Additions	-	-	-	5.9	5.9
Reclassifications	-	-	-	-0.0	-0.0
Acquisition cost 30 Sep 2018	653.0	84.1	82.9	36.0	855.9
Accumulated amortisations and impairment losses 1 Jan 2018	-68.0	-51.3	-16.9	-19.3	-155.5
Amortisation for the reporting period	-	-8.1	-3.1	-3.8	-14.9
Accumulated amortisations and impairment losses 30 Sep 2018	-68.0	-59.4	-20.0	-23.1	-170.4
Carrying amount 1 Jan 2018	583.3	32.5	66.0	10.7	692.5
Carrying amount 30 Sep 2018	585.0	24.8	62.9	12.9	685.6

2018	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2018	651.3	83.8	82.9	30.0	848.0
Business combination	185.4	65.7	-	2.3	253.4
Additions	-	-	-	10.3	10.3
Reclassifications	-	-	-	-0.0	-0.0
Acquisition cost 31 Dec 2018	836.7	149.5	82.9	42.7	1,111.7
Accumulated amortisations and impairment losses 1 Jan 2018	-68.0	-51.3	-16.9	-19.3	-155.5
Amortisation for the reporting period	-	-10.8	-4.1	-5.0	-19.9
Accumulated amortisations and impairment losses 31 Dec 2018	-68.0	-62.1	-21.0	-24.4	-175.4
Carrying amount 1 Jan 2018	583.3	32.5	66.0	10.7	692.5
Carrying amount 31 Dec 2018	768.7	87.4	61.9	18.4	936.4

11. Property, plant and equipment and right-of-use assets

1-9/2019	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.						
Acquisition cost 1 Jan 2019	0.1	33.2	100.8	38.0	3.7	175.8
IFRS 16 implementation	-	199.8	-	-	-	199.8
Business combination	-	-	0.3	-	-	0.3
Additions	-	0.1	14.8	3.5	2.0	20.4
IFRS 16 transactions	-	3.8	-	-	-	3.8
Disposals	-	-	-0.6	-	-	-0.6
Acquisition cost 30 Sep 2019	0.1	236.9	115.2	41.5	5.8	399.3
Accumulated depreciation and impairment losses 1 Jan 2019	0.0	-15.2	-61.3	-13.9	-1.6	-92.1
Depreciation for the reporting period	-	-1.8	-11.4	-3.6	-0.5	-17.5
IFRS 16 depreciation	-	-28.5	-	-	-	-28.5
Impairment losses	-	-	-	-0.0	-0.0	-0.1
Accumulated depreciation and impairment losses 30 Sep 2019	0.0	-45.6	-72.7	-17.6	-2.2	-138.3
Carrying amount 1 Jan 2019	0.0	18.0	39.5	24.1	2.1	83.6
Carrying amount 30 Sep 2019	0.0	191.3	42.6	23.9	3.6	261.3

1-9/2018	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.						
Acquisition cost 1 Jan 2018	1.9	39.8	83.5	33.4	4.4	163.0
Business combination	-	-	0.1	-	-	0.1
Additions	-	1.1	11.0	2.4	0.5	15.0
Disposals	-1.9	-7.8	-0.7	-0.1	-	-10.5
Acquisition cost 30 Sep 2018	0.1	33.1	93.9	35.7	4.9	167.6
Accumulated depreciation and impairment losses 1 Jan 2018	-	-12.6	-48.0	-9.2	-1.1	-70.9
Depreciation for the reporting period	-	-1.9	-9.9	-3.5	-0.4	-15.7
Accumulated depreciation and impairment losses 30 Sep 2018	-	-14.5	-57.8	-12.8	-1.5	-86.6
Carrying amount 1 Jan 2018	1.9	27.1	35.5	24.2	3.3	92.1
Carrying amount 30 Sep 2018	0.1	18.6	36.1	22.9	3.4	81.0

2018	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.						
Acquisition cost 1 Jan 2018	1.9	39.8	83.5	33.4	4.4	163.0
Business combination	-	0.1	3.1	0.6	0.0	3.8
Additions	-	1.1	14.7	3.0	0.7	19.5
Disposals	-1.9	-7.8	-0.7	-0.1	-	-10.5
Reclassifications	-	-	0.3	1.1	-1.4	0.0
Acquisition cost 31 Dec 2018	0.1	33.2	100.8	38.0	3.7	175.8
Accumulated depreciation and impairment losses 1 Jan 2018	-	-12.6	-48.0	-9.2	-1.1	-70.9
Depreciation for the reporting period	-	-2.5	-13.4	-4.7	-0.6	-21.1
Impairment losses	-0.0	-0.1	-	-	-0.0	-0.1
Accumulated depreciation and impairment losses 31 Dec 2018	-	-15.2	-61.3	-13.9	-1.6	92.1
Carrying amount 1 Jan 2018	1.9	27.1	35.5	24.2	3.3	92.1
Carrying amount 31 Dec 2018	0.0	18.0	39.5	24.1	2.1	83.6

12. Business combinations

During the nine months ended 30 September 2019, the Group has made five business acquisitions and acquired two businesses as asset deals.

On 31 January 2019 Terveystalo Healthcare Oy acquired 100 percent of the shares of Länsi-Vantaan Hammaslääkärit Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 0.5 million. The contingent consideration is tied to the sales during the next 36 months period, starting from the acquisition date.

On 29 March 2019 Terveystalo Healthcare Oy acquired 100 percent of the shares of Kajaanin OMT-Fysioterapia Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 0.1 million. The contingent consideration is tied to the sales during the next 36 months period, starting from the acquisition date.

On 28 June 2019 Terveystalo Healthcare Oy acquired 100 percent of the shares of Etelä-Karjalan Työkunto Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards.

On 30 August 2019 Terveystalo Healthcare Oy acquired 100 percent of the shares of TyöSyke Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards.

On 30 August 2019 Suomen Terveystalo Oy acquired the business from Hammaslääkäri Osmo Karinen Trade name as an asset deal.

On 30 September 2019 Terveystalo Healthcare Oy acquired 100 percent of the shares of Hardent Oy. A preliminary goodwill of 1.3 EUR million was recognized. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 0.4 million. The contingent consideration is tied to the sales during the next 36 months period, starting from the acquisition date.

On 30 September 2019 Suomen Terveystalo Oy acquired the business from Forssan seudun hyvinvointikuntayhtymä.

The following table summarizes the acquisition date fair values of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition. The statement of financial position of acquired companies has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect. The following table is partially preliminary and the information has been consolidated, because the acquisitions are not material individually.

Consideration transferred

EUR mill.	
Cash	12.5
Contingent consideration	1.0
Total consideration transferred	13.4

Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	1.1
Intangible assets	0.0
Property, plant and equipment	0.3
Inventories	0.1
Trade and other receivables	1.0
Trade and other payables	-1.6
Total identifiable net assets acquired	0.8

Goodwill	12.6
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As a result of these business combinations, a preliminary goodwill amounting to EUR 12.6 million was recognized. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is tax deductible as far as it is related to asset deals.

In these business combinations, the Group has acquired customer relationships. The fair value of customer contracts and related customer relationships included in other intangible assets has been determined on the basis of the estimated duration of customer relationships and the discounted net cash flows from existing customer contracts. The fair values of customer contracts have not been completed.

The fair value of the acquired trade and other receivables amounted to EUR 1.0 million, for which the risk of impairment has been deemed non-significant.

The Group has incurred acquisition-related expenses of EUR 0.2 million related to transfer tax caused by the transaction, and related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

The contributed recognized revenue from these acquisitions in 2019 was EUR 2.9 million and the result was EUR 0.1 million.

If the acquisition had occurred on 1 January 2019, management estimates that the Group's consolidated revenue in 2019 would have been EUR 767.9 million and the consolidated result would have been EUR 37.9 million.

Business combinations 2018

During the reporting period ended 30 September 2018, the Group has made three business acquisitions and two asset deals.

On 31 January 2018 Terveystalo acquired the business from Hammas Jaarli Oy as an asset deal. The acquisition includes a possible contingent consideration.

On 28 February 2018 Terveystalo Healthcare Oy acquired 100 percent of the shares of Naantalin Yksityislääkärit Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards.

On 29 March 2018 Terveystalo Healthcare Oy acquired 100 percent of the shares of Juha Uusimäki Oy (Lääkärikeskus Ilo). The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 0.1 million. The contingent consideration is tied to the sales during the next 36 months period, starting from the acquisition date.

On 28 September 2018 Suomen Terveystalo Oy acquired the business from Jämsän Fysikaalinen Hoitolaitos Oy as an asset deal.

On 28 September 2018 Terveystalo Healthcare Oy acquired 100 percent of the shares of Fysiatriinen osaamiskeskus Prima Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards. The acquisition includes a possible contingent consideration.

The following table summarizes the acquisition date fair values of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition. The statement of financial position of acquired companies has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect. The net assets relating to an asset deal have been adjusted to correspond with Terveystalo Group's accounting principles in all material respect.

Consideration transferred

EUR mill.	
Cash	2.4
Contingent consideration	0.1
Total consideration transferred	2.5

Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	0.5
Intangible assets	0.3
Property, plant and equipment	0.1
Trade and other receivables	0.3
Trade and other payables	-0.3
Deferred tax liabilities	-0.1
Total identifiable net assets acquired	0.8

Goodwill	1.7
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The tangible assets acquired in the business combinations described above were measured at fair value based on the market prices of the corresponding assets. The acquisition resulted in a goodwill amounting to EUR 1.7 million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is tax deductible as far as it is related to asset deals.

In these business combinations, the Group has acquired customer relationships. The fair value of customer contracts and related customer relationships included in other intangible assets has been determined on the basis of the estimated duration of customer relationships and the discounted net cash flows from existing customer contracts.

The fair value of the acquired trade and other receivables amounts to EUR 0.3 million, for which the risk of impairment has been deemed non-significant.

The Group has incurred acquisition-related expenses of EUR 0.1 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

From these other business combinations, revenue of EUR 1.5 million and profit of EUR -0.1 million is recognized in year 2018 to the Group's consolidated results. If these acquisitions had occurred on 1 January 2018, management estimates that the Group's consolidated revenue in 2018 would have been EUR 548.4 million and consolidated profit would have been EUR 58.8 million.

13. Group's key financial ratios

Terveystalo Group, EUR mill.	7-9/2019	7-9/2018	Change, %	1-9/2019	1-9/2018	Change, %	2018
Revenue	234.0	160.3	46.0	760.4	546.8	39.1	744.7
Adjusted EBITDA, * ^{1) 2)}	39.8	20.1	97.9	128.5	76.4	68.3	108.9
Adjusted EBITDA, % * ^{1) 2)}	17.0	12.5	-	16.9	14.0	-	14.6
EBITDA ^{1) 2)}	38.6	27.6	40.1	124.4	90.0	38.2	116.6
EBITDA, % ^{1) 2)}	16.5	17.2	-	16.4	16.5	-	15.7
Adjusted EBITA * ^{1) 2)}	24.4	14.8	64.9	82.7	60.6	36.5	87.7
Adjusted EBITA, % * ^{1) 2)}	10.4	9.2	-	10.9	11.1	-	11.8
EBITA ^{1) 2)}	23.2	22.3	4.3	78.6	74.3	5.9	95.5
EBITA, % ^{1) 2)}	9.9	13.9	-	10.3	13.6	-	12.8
Adjusted operating profit (EBIT) * ^{1) 2)}	17.3	9.9	74.8	61.7	45.7	35.1	67.7
Adjusted operating profit (EBIT), % * ^{1) 2)}	7.4	6.2	-	8.1	8.4	-	9.1
Operating profit (EBIT) ²⁾	16.1	17.3	-7.2	57.6	59.3	-2.9	75.4
Operating profit (EBIT), % ²⁾	6.9	10.8	-	7.6	10.9	-	10.1
Return on equity (ROE), % ^{1) 2) 3)}	-	-	-	9.3	13.5	-	14.2
Equity ratio, % ^{1) 2)}	-	-	-	38.7	53.7	-	44.1
Earnings per share (€) ^{2) 3)}	0.08	0.13	-	0.30	0.46	-	0.54
Gearing, % ^{1) 2)}	-	-	-	108.1	41.9	-	80.8
Net debt/Adjusted EBITDA (LTM) ^{1) 2) 4)}	-	-	-	3.5	2.0	-	3.8
Total assets ²⁾	-	-	-	1,358.8	937.4	45.0	1,162.3
Average personnel FTE	-	-	-	4,861	3,488	39.4	3,498
Personnel (end of period)	-	-	-	7,262	4,482	62.0	6,018
Private practitioners (end of period)	-	-	-	5,082	4,729	7.5	4,877

Before IFRS 16 impact (comparable), EUR mill.	7-9/2019	7-9/2018	Change, %	1-9/2019	1-9/2018	Change, %	2018
Adjusted EBITDA * ¹⁾	29.9	20.1	48.7	98.8	76.4	29.4	108.9
Adjusted EBITDA, % * ¹⁾	12.8	12.5	-	13.0	14.0	-	14.6
Adjusted EBITA * ¹⁾	24.0	14.8	61.9	81.6	60.6	34.5	87.7
Adjusted EBITA, % * ¹⁾	10.2	9.2	-	10.7	11.1	-	11.8
Net debt	-	-	-	390.6	210.5	85.6	413.3
Net debt/Adjusted EBITDA (LTM) * ¹⁾	-	-	-	3.0	2.0	-	3.8

* Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses, restructuring related expenses, gain / losses on sale of assets (net), strategic projects including the IPO 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 substitute to the measures under IFRS.

²⁾ Not comparable due to the effect of IFRS 16 implementation.

³⁾ The net profit of the January–September reference period was improved by a non-recurring deferred tax asset of EUR 13.0 million related to confirmed losses and non-recurring capital gains totaling EUR 8.4 million (net) in July–September and EUR 15.9 million (net) in January–September.

⁴⁾ EBITDA for the last 12 months includes a nine-month impact of the Attendo acquisition and the effect of IFRS 16.

14. Calculation of financial ratios and alternative performance measures

Financial ratios

$$\text{Earnings per share, (EUR)} = \frac{\text{Profit for the period attributable to owners of the parent company}}{\text{Average number of shares during the period}}$$

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 significant additional information related to the company's results of operations, financial position and cash flows to the management, investors, securities analysts and other parties. These should not be considered in isolation or as substitute to the measures under IFRS.

Alternative performance measures to the statement of financial position

The company presents the following alternative performance measures to the statement of financial position as they are, in the company's view, useful indicators of the company's ability to obtain financing and service its debt.

$$\text{Return on equity, \%} = \frac{\text{Profit/loss for the period (LTM)}}{\text{Equity (including non-controlling interest) (average)}} \times 100\%$$

$$\text{Equity ratio, \%} = \frac{\text{Equity (including non-controlling interest)}}{\text{Total assets - advances received}} \times 100\%$$

$$\text{Gearing, \%} = \frac{\text{Interest-bearing liabilities - interest-bearing receivables and cash and cash equivalents}}{\text{Equity}} \times 100\%$$

$$\text{Net debt/Adjusted EBITDA (LTM) *} = \frac{\text{Interest-bearing liabilities - interest-bearing receivables and cash and cash equivalents}}{\text{Adjusted EBITDA (LTM)}}$$

Alternative performance measures to the statement of income

The company presents the following alternative performance measures to the statement of income as in the company's view, they increase understanding of the company's results of operations. In addition, the adjusted alternative performance measures are widely used by analysts, investors and other parties and facilitates comparability between periods.

$$\text{Adjusted EBITDA}^* = \text{Earnings Before Interest, Taxes, Depreciation, Amortisation, impairment losses and adjustments}$$

$$\text{Adjusted EBITDA, \%}^* = \frac{\text{Earnings Before Interest, Taxes, Depreciation, Amortisation, impairment losses and adjustments}}{\text{Revenue}} \times 100\%$$

$$\text{Adjusted EBITA}^* = \text{Earnings Before Interest, Taxes, Amortisation, impairment losses and adjustments}$$

$$\text{Adjusted EBITA, \%}^* = \frac{\text{Earnings Before Interest, Taxes, Amortisation, impairment losses and adjustments}}{\text{Revenue}} \times 100\%$$

$$\text{Adjusted operating profit (EBIT)}^* = \text{Earnings Before Interest, Taxes and Share of profits in associated companies, and adjustments}$$

Adjusted operating profit (EBIT), %*	=	$\frac{\text{Earnings Before Interest, Taxes and Share of profits in associated companies, and adjustments}}{\text{Revenue}} \times 100\%$
EBITDA	=	Earnings Before Interest, Taxes, Depreciation and Amortisation and impairment losses
EBITDA, %	=	$\frac{\text{Earnings Before Interest, Taxes, Depreciation and Amortisation and impairment losses}}{\text{Revenue}} \times 100\%$
EBITA	=	Earnings Before Interest, Taxes, Amortisation and impairment losses
EBITA, %	=	$\frac{\text{Earnings Before Interest, Taxes, Amortisation and impairment losses}}{\text{Revenue}} \times 100\%$
Operating profit (EBIT)	=	Earnings Before Interest, Taxes and Share of profits in associated companies
Operating profit (EBIT), %	=	$\frac{\text{Earnings Before Interest, Taxes and Share of profits in associated companies}}{\text{Revenue}} \times 100\%$

* Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses, restructuring related expenses, gain/losses on sale of assets (net), strategic projects and other items affecting comparability.

15. Reconciliation of alternative performance measures

Return on equity, %	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Profit/loss for the period (LTM)	-	-	48.1	64.7	68.7
Equity (including non-controlling interest) (average)	-	-	518.3	479.8	484.5
Return on equity, %	-	-	9.3	13.5	14.2

Equity ratio, %	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Equity (including non-controlling interest)	-	-	524.9	502.2	511.8
Total assets	-	-	1358.8	937.4	1162.3
Advances received	-	-	1.5	1.5	1.8
Equity ratio, %	-	-	38.7	53.7	44.1

Gearing, %	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Interest-bearing liabilities	-	-	609.9	289.9	450.1
Interest-bearing receivables and cash and cash equivalents	-	-	42.4	79.4	36.9
Equity	-	-	524.9	502.2	511.8
Gearing, %	-	-	108.1	41.9	80.8

Net debt/Adjusted EBITDA (LTM)	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Interest-bearing liabilities	-	-	609.9	289.9	450.1
Interest-bearing receivables and cash and cash equivalents	-	-	42.4	79.4	36.9
Adjusted EBITDA (LTM)	-	-	161.0	105.4	108.9
Net debt/Adjusted EBITDA (LTM)	-	-	3.5	2.0	3.8

Adjusted EBITDA, EUR mill.	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Profit (loss) for the period	10.4	16.0	38.0	58.7	68.7
Income tax expense	2.3	1.1	8.9	-4.4	-0.5
Share of profits in associated companies	0.1	-1.7	0.2	-1.9	-1.9
Net finance expenses	3.3	1.9	10.5	7.0	9.2
Depreciation, amortisation and impairment losses	22.5	10.2	66.8	30.7	41.1
Adjustments*	1.2	-7.4	4.1	-13.6	-7.7
Adjusted EBITDA	39.8	20.1	128.5	76.4	108.9

Adjusted EBITDA, %	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Adjusted EBITDA	39.8	20.1	128.5	76.4	108.9
Revenue	234.0	160.3	760.4	546.8	744.7
Adjusted EBITDA, %	17.0	12.5	16.9	14.0	14.6

Adjusted EBITA, EUR mill.	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Profit (loss) for the period	10.4	16.0	38.0	58.7	68.7
Income tax expense	2.3	1.1	8.9	-4.4	-0.5
Share of profits in associated companies	0.1	-1.7	0.2	-1.9	-1.9
Net finance expenses	3.3	1.9	10.5	7.0	9.2
Amortisation and impairment losses	7.1	4.9	21.0	14.9	20.0
Adjustments*	1.2	-7.4	4.1	-13.6	-7.7
Adjusted EBITA	24.4	14.8	82.7	60.6	87.7

Adjusted EBITA, %	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Adjusted EBITA	24.4	14.8	82.7	60.6	87.7
Revenue	234.0	160.3	760.4	546.8	744.7
Adjusted EBITA, %	10.4	9.2	10.9	11.1	11.8

Adjusted operating profit (EBIT), EUR mill.	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Profit (loss) for the period	10.4	16.0	38.0	58.7	68.7
Income tax expense	2.3	1.1	8.9	-4.4	-0.5
Share of profits in associated companies	0.1	-1.7	0.2	-1.9	-1.9
Net finance expenses	3.3	1.9	10.5	7.0	9.2
Adjustments*	1.2	-7.4	4.1	-13.6	-7.7
Adjusted operating profit (EBIT)	17.3	9.9	61.7	45.7	67.7

Adjusted operating profit, (EBIT), %	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Adjusted operating profit (EBIT)	17.3	9.9	61.7	45.7	67.7
Revenue	234.0	160.3	760.4	546.8	744.7
Adjusted operating profit (EBIT), %	7.4	6.2	8.1	8.4	9.1

EBITDA, EUR mill.	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Profit (loss) for the period	10.4	16.0	38.0	58.7	68.7
Income tax expense	2.3	1.1	8.9	-4.4	-0.5
Share of profits in associated companies	0.1	-1.7	0.2	-1.9	-1.9
Net finance expenses	3.3	1.9	10.5	7.0	9.2
Depreciation, amortisation and impairment losses	22.5	10.2	66.8	30.7	41.1
EBITDA	38.6	27.6	124.4	90.0	116.6

EBITDA, %	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
EBITDA	38.6	27.6	124.4	90.0	116.6
Revenue	234.0	160.3	760.4	546.8	744.7
EBITDA, %	16.5	17.2	16.4	16.5	15.7

EBITA, EUR mill.	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Profit (loss) for the period	10.4	16.0	38.0	58.7	68.7
Income tax expense	2.3	1.1	8.9	-4.4	-0.5
Share of profits in associated companies	0.1	-1.7	0.2	-1.9	-1.9
Net finance expenses	3.3	1.9	10.5	7.0	9.2
Amortisation and impairment losses	7.1	4.9	21.0	14.9	20.0
EBITA	23.2	22.3	78.6	74.3	95.5

EBITA, %	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
EBITA	23.2	22.3	78.6	74.3	95.5
Revenue	234.0	160.3	760.4	546.8	744.7
EBITA, %	9.9	13.9	10.3	13.6	12.8

Operating profit (EBIT), EUR mill.	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Profit (loss) for the period	10.4	16.0	38.0	58.7	68.7
Income tax expense	2.3	1.1	8.9	-4.4	-0.5
Share of profits in associated companies	0.1	-1.7	0.2	-1.9	-1.9
Net finance expenses	3.3	1.9	10.5	7.0	9.2
EBIT	16.1	17.3	57.6	59.3	75.4

Operating profit, (EBIT), %	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
EBIT	16.1	17.3	57.6	59.3	75.4
Revenue	234.0	160.3	760.4	546.8	744.7
EBIT, %	6.9	10.8	7.6	10.9	10.1

Adjustments*, EUR mill.	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Acquisition related expenses ⁽¹⁾	0.6	0.2	2.8	0.9	6.6
Restructuring related expenses ⁽²⁾	0.2	0.4	0.4	1.0	1.4
Gain / losses on sale of asset, net	0.0	-8.1	0.3	-15.9	-15.8
Strategic projects and other items affecting to comparability	0.4	0.1	0.6	0.3	0.1
Adjustments	1.2	-7.4	4.1	-13.6	-7.7

Adjusted EBITDA before the effect of IFRS 16	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Profit (loss) for the period	10.4	16.0	38.0	58.7	68.7
Income tax expense	2.3	1.1	8.9	-4.4	-0.5
Share of profits in associated companies	0.1	-1.7	0.2	-1.9	-1.9
Net finance expenses	3.3	1.9	10.5	7.0	9.2
Depreciation, amortisation and impairment losses	22.5	10.2	66.8	30.7	41.1
Adjustments*	1.2	-7.4	4.1	-13.6	-7.7
IFRS 16 rental expense adjustment	-9.9	-	-29.7	-	-
Adjusted EBITDA without the effect of IFRS 16	29.9	20.1	98.8	76.4	108.9

Adjusted EBITDA before the effect of IFRS 16, %	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Adjusted EBITDA without the effect of IFRS 16	29.9	20.1	98.8	76.4	108.9
Revenue	234.0	160.3	760.4	546.8	744.7
Adjusted EBITDA without the effect of IFRS 16, %	12.8	12.5	13.0	14.0	14.6

Adjusted EBITA before the effect of IFRS 16	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Profit (loss) for the period	10.4	16.0	38.0	58.7	68.7
Income tax expense	2.3	1.1	8.9	-4.4	-0.5
Share of profits in associated companies	0.1	-1.7	0.2	-1.9	-1.9
Net finance expenses	3.3	1.9	10.5	7.0	9.2
Amortisation and impairment losses	7.1	4.9	21.0	14.9	20.0
Adjustments*	1.2	-7.4	4.1	-13.6	-7.7
IFRS 16 rental expense adjustment	-9.9	-	-29.7	-	-
IFRS 16 depreciation	9.4	-	28.5	-	-
Adjusted EBITA without the effect of IFRS 16	24.0	14.8	81.6	60.6	87.7

Adjusted EBITA before the effect of IFRS 16, %	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Adjusted EBITA without the effect of IFRS 16	24.0	14.8	81.6	60.6	87.7
Revenue	234.0	160.3	760.4	546.8	744.7
Adjusted EBITA without the effect of IFRS 16, %	10.2	9.2	10.7	11.1	11.8

Net debt/Adjusted EBITDA (LTM) before the effect of IFRS 16	7-9/2019	7-9/2018	1-9/2019	1-9/2018	2018
Interest-bearing liabilities	-	-	433.0	289.9	450.1
Interest-bearing receivables and cash and cash equivalents	-	-	42.4	79.4	36.9
Adjusted EBITDA (LTM)	-	-	131.3	105.4	108.9
Net debt/Adjusted EBITDA (LTM) without the effect of IFRS 16	-	-	3.0	2.0	3.8

* Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses, restructuring related expenses, gain /losses on sale of assets (net), strategic projects including the IPO and other items affecting comparability.

¹⁾ Including transaction costs and expenses from integration of acquired businesses as well as IPO related expenses.

²⁾ Including restructuring of network and business operations, provisions for onerous contracts (lease agreements and other).

16. Collateral and other contingent liabilities

EUR mill.	30 Sep 2019	30 Sep 2018	31 Dec 2018
Business mortgages	0.5	0.5	0.5
Total	0.5	0.5	0.5
Securities for own debts			
Deposits	0.2	0.1	0.1
Guarantees	1.1	0.5	0.8
Total	1.3	0.6	0.9
Other operating lease liabilities*			
Less than one year	-	29.6	37.4
Between one year and five years	-	95.8	107.5
Later	-	60.4	56.7
Total	-	185.8	201.7

*Due to the IFRS 16, other operating lease liabilities are recognized to the consolidated statement of financial position, instead of collateral and other contingent liabilities.