THE EXCEPTIONAL MEASURES IMPACT THE BUSINESS HEAVILY IN THE SHORT TERM

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Terveystalo

Q1 IN BRIEF

- Exceptional measures have a significant impact on business in the short term, we have adjusted operations e.g. by multiplying the service capacity of remote appointments
- Q1 revenue decreased mainly due to expired outsourcing agreements, profitability was further weakened by changes in the sales mix and investments in digitalisation
- Exceptional situation expected to mainly impact Q2, increasing flexibility will enable a rapid recovery after the crisis
- We test extensively and support companies in a controlled return to normal

  We are ready to carry out a necessary restructuring to adjust our cost structure accordingly should the crisis persist

COVID-19 impact on revenue

- The duration and extent of the containment measures have a significant impact on the speed of recovery
- Changes in employment or consumer confidence may be reflected in underlying demand
- A diverse customer base and range of services enable scaling according to demand

Payor group	Q1 Initial impact	Q2 Significant impact	H2 Stabilization and recovery
Corporate	• Demand for nonurgent medical care, preventive services declined at the end of Q1. • Demand for remote services increased significantly.	• Restrictions on movement are expected to decrease revenue from nonurgent medical care, preventive services, and well-being services . April revenue decreased ~30% y-o-y. • Demand for remotely produced services will grow significantly.	• Use of the services to recover upon the lifting of the restrictive measures • Changes in employment may be reflected in underlying demand
Private	• Demand for non-emergency medical care and oral health services in particular declined at the end of Q1. • Demand for remote services increased significantly.	• Revenue from nonurgent medical care, well-being services, and oral health services is expected to decrease, April revenue decreased ~30% y-o-y. • Demand for remotely produced services will grow significantly.	• Use of the services to recover upon the lifting of the restrictive measures • The production and use of oral health services to recover • Changes in employment or consumer confidence may be reflected in underlying demand
Public	• Personnel availability for staffing services declined due to restrictions on the movement at the end of Q1.	• Personnel availability challenges in staffing services continue • Private provision testing and tracking capacity is required	• Private provision testing and tracking capacity is required • Private provision required for nonurgent medical care

COVID-19 restrictions, risks and mitigation

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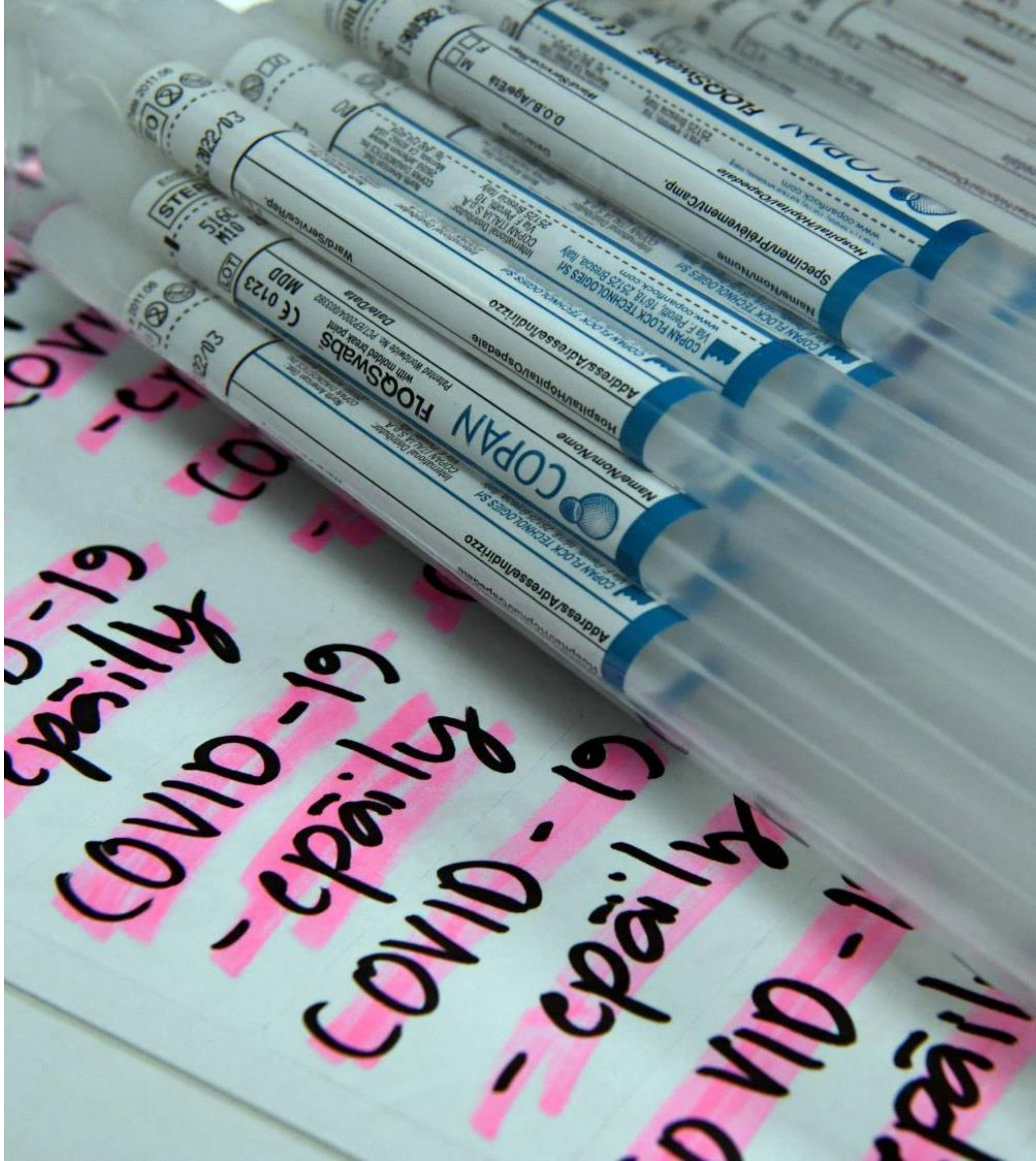
	Q1	Q2
Regulatory restrictions	• Extensive restrictions on movement and assembly • Limitations of non-emergency oral health care and non-emergency ENT surgery • Restrictions on service provision for risk groups, recommendations for postponing other non-emergency treatment • Restrictions on free movement prevent non-residents from working in Finnish healthcare.	• Gradual dismantling of restrictions on movement and assembly from 14 May onwards • ENT surgery can be performed under certain conditions • over 70 surgeries can be made taking into account the symptom and the local epidemic situation • Covid-19 test and antibody test eligible for Kela reimbursement
Risks	• The Emergency Powers Act and other regulation of exceptional circumstances entitle the public sector to intervene in the production of services and the use of resources in the private sector • Availability challenges increase procurement costs of protective gear needed in service production	• The Emergency Powers Act and other regulation of exceptional circumstances entitle the public sector to intervene in the production of services and the use of resources in the private sector • Availability challenges increase procurement costs of protective gear • The number of staff in quarantine or sick leave due to virus infection affects service production. Protecting staff who work with customers a priority
Mitigation	• Strong scaling of service capability in remote appointments and testing • 32 cohort units for the reception of respiratory symptom patients • The group-wide co-operative negotiations launched on 22 March.	• At the end of April, 548 people were temporarily laid off full-time, and ~1,200 part-time, the Executive team waived a months salary • Non-essential investments frozen • Cost frozen. New payment terms negotiated with suppliers and landlords • ~30 units closed based on demand, mostly oral health units, plus some small OH units. • Opening hours reduced locally to meet demand • Financing: Liquidity good, € 40 mill. undrawn facilities + € 8 mill. account limit. Capacity to agree on additional funding quickly if necessary. • Dividend distribution postponed to be paid on 15 July 2020 at the latest • 3 months grace period for pension contribution payments and 2,6%-p discount 5-12/2020

We test extensively and support companies in a controlled return to normal

Through risk assessment, testing and tracking, we enable companies to achieve maximum operational capacity and return to normal as quickly as possible

- ~12,000 samples analyzed
- Proportion of confirmed COVID-19 cases 3.8%
- Test result in 1.5 days, capacity up to 6,000-7,000 tests per week
- The most accurate antibody test on the market to be introduced in May, specificity 99.6% sensitivity 100%

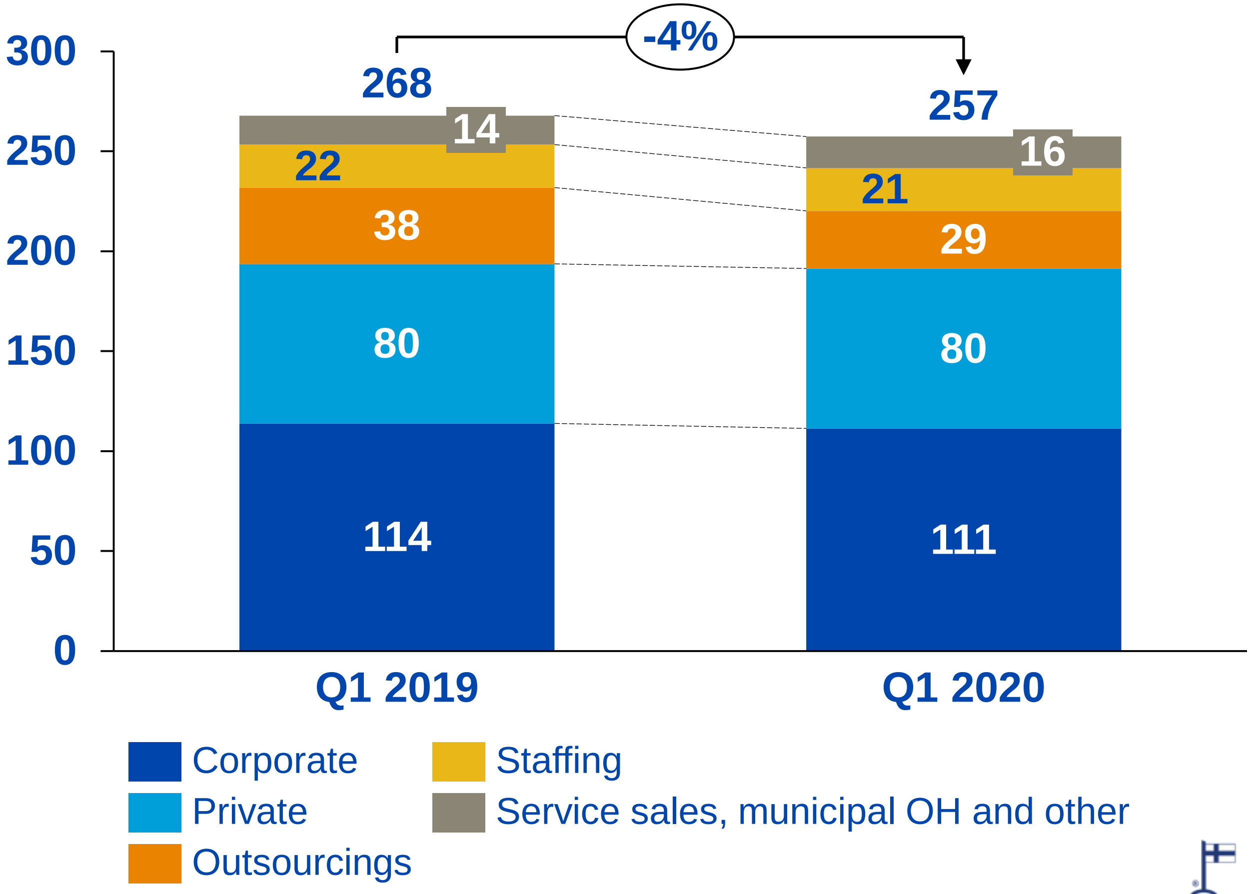


Q1 revenue decreased mainly due to expired outsourcing agreements

Exceptional measures have a significant impact on business in the short term

- Q1 The decrease in revenue mainly due to termination of outsourcing agreements at the end of 2019.
- In corporate and private customers, revenue increased in Jan-Feb, but the effects of the restrictive measures took the entire quarter to the level of the comparison period.
- The revenue of well-being services increased by 9.1 per cent to EUR 21.8 mill..
- The number of remote appointments multiplied to more than 124,000 visits
- 63 working days (63)

Q1 Revenue by payor group, M€



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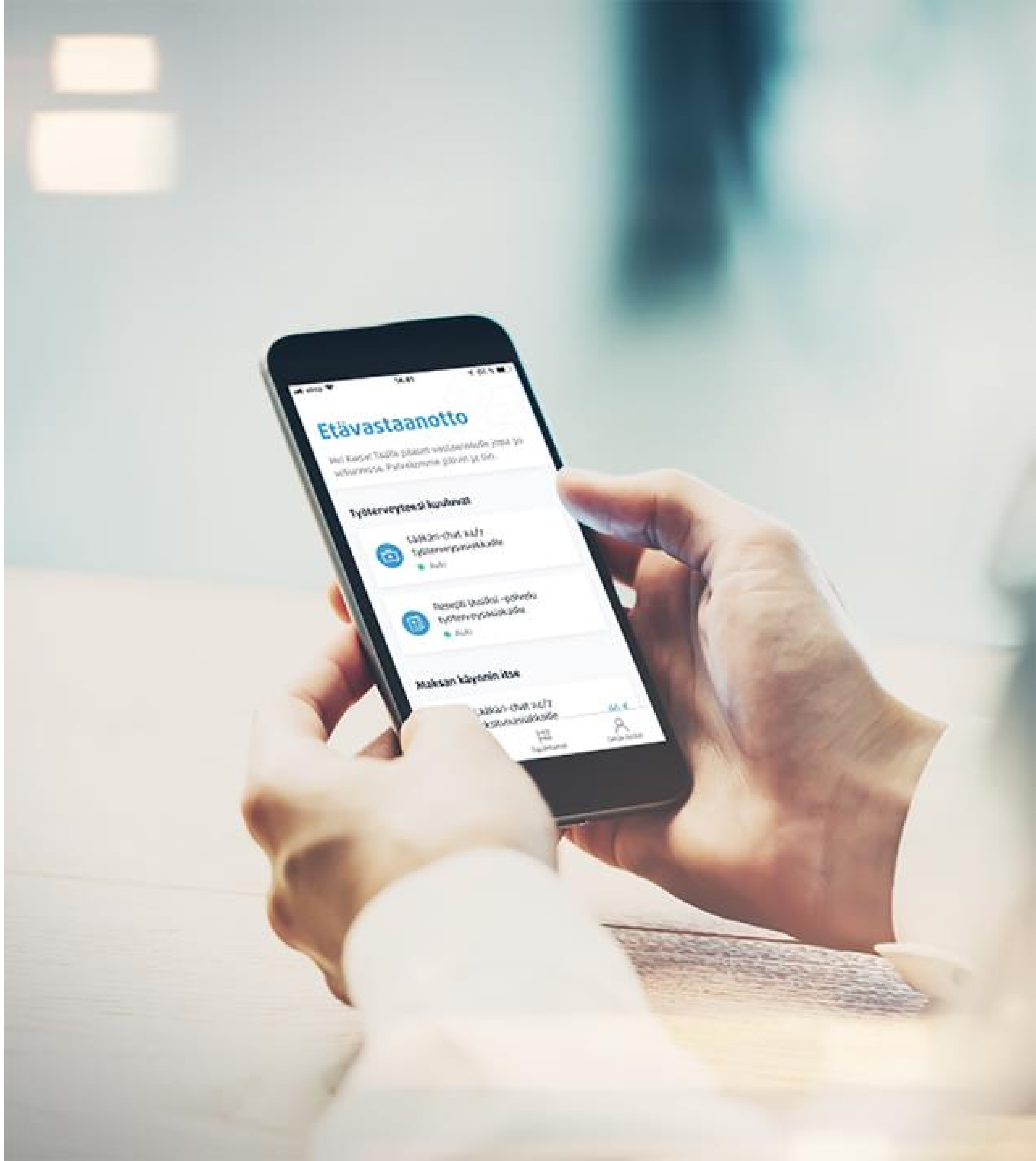
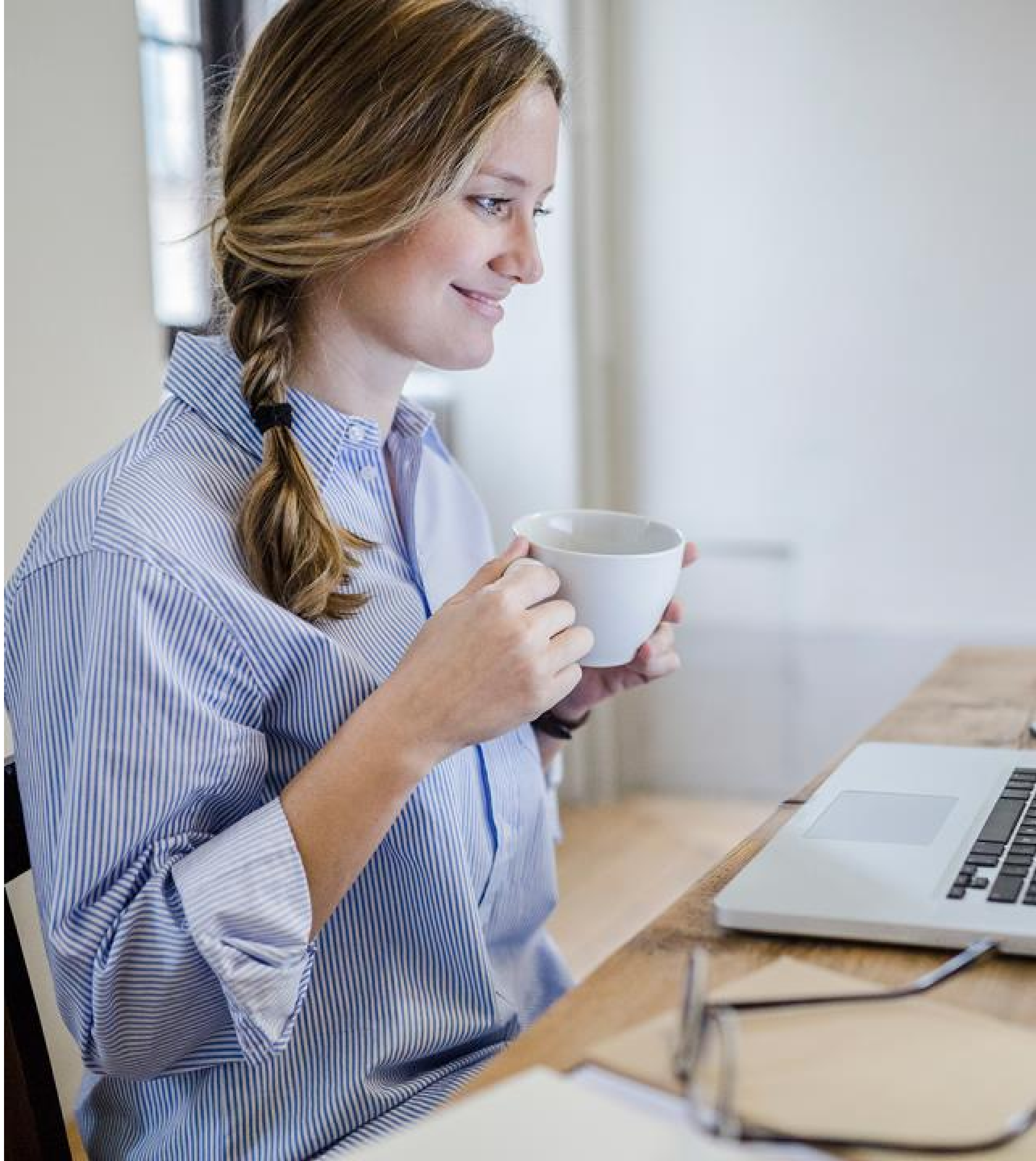
Decline in revenue, changes in sales mix and investments in digitalisation weakened profitability

- Adjusted EBITA -29.4% EUR 22.9 mill. (32.4)
- Adjusted EBITA 8.9% (12.1) of revenue.
- Profit for the period EUR 8.8 (17.2) mill., earnings per share EUR 0.07 (0.14).
- The Board of Directors proposes to the AGM that a dividend of 13 cents per share be distributed on 15 July 2020 at the latest.



Outlook

- In the short term, the market environment is very uncertain because of the exceptional measures to control the COVID-19 epidemic. This decreases demand for Terveystalo's services in the short term. The improvement of demand in the second half of 2020 would require gradual lifting of the restrictions, on movement of people in particular, during the spring and summer. In April 2020, the revenue from corporate and private customer groups declined by approximately 30 percent year-on-year.
- With respect to corporate customers, the restrictions on movement are expected to decrease revenue from nonurgent medical care, preventive services, and well-being services in the second quarter of 2020. On the other hand, demand for remote services will increase considerably.
- Among private customers, revenue from nonurgent medical care, well-being services, and oral health services is expected to decrease in the second quarter of the year. However, demand for remote services will increase considerably.
- Public sector demand will continue strong in service sales and staffing services. Compared with the first quarter of 2020, revenue from outsourcing is expected to develop positively in the second quarter of the year, as a new contract is starting at the beginning of April.



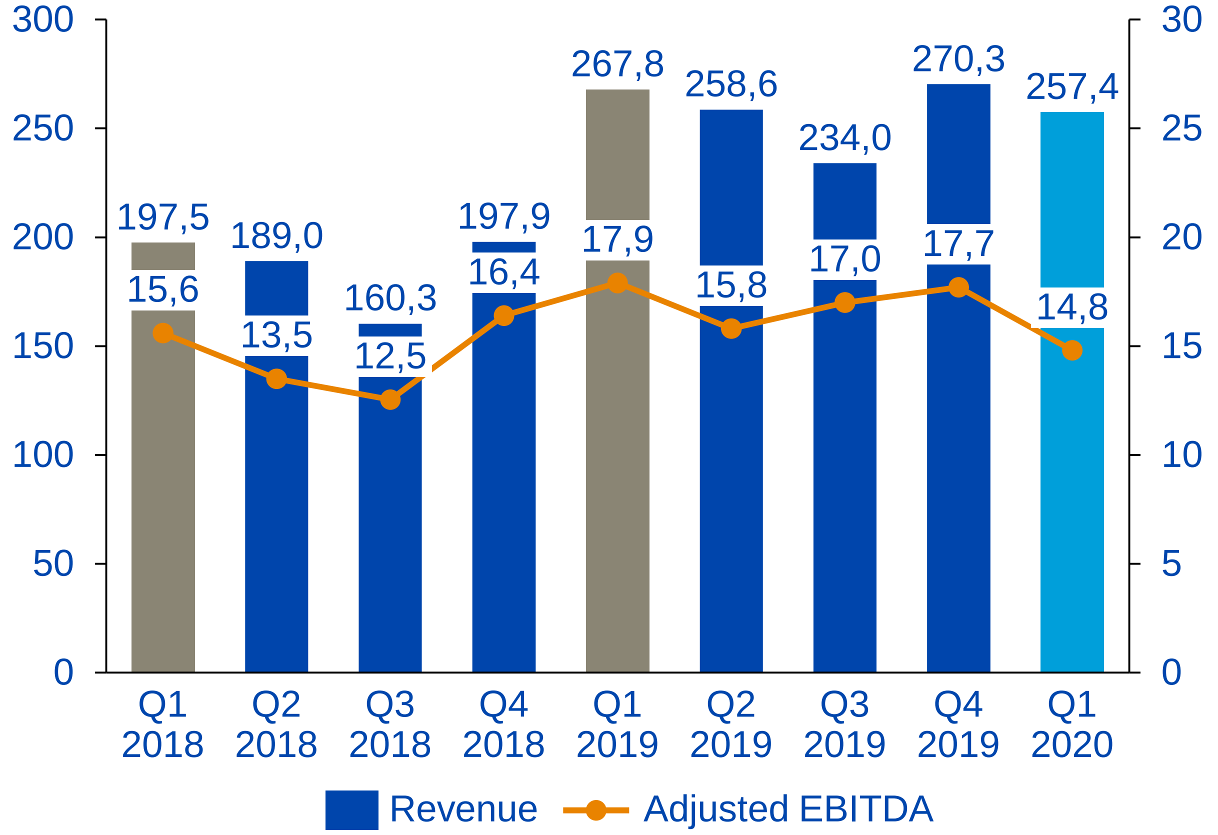
We are fighting for a healthier life

We act for a healthier, better life for all. It means that we do not only tailor the care for our customers, we strive to build a healthier society.

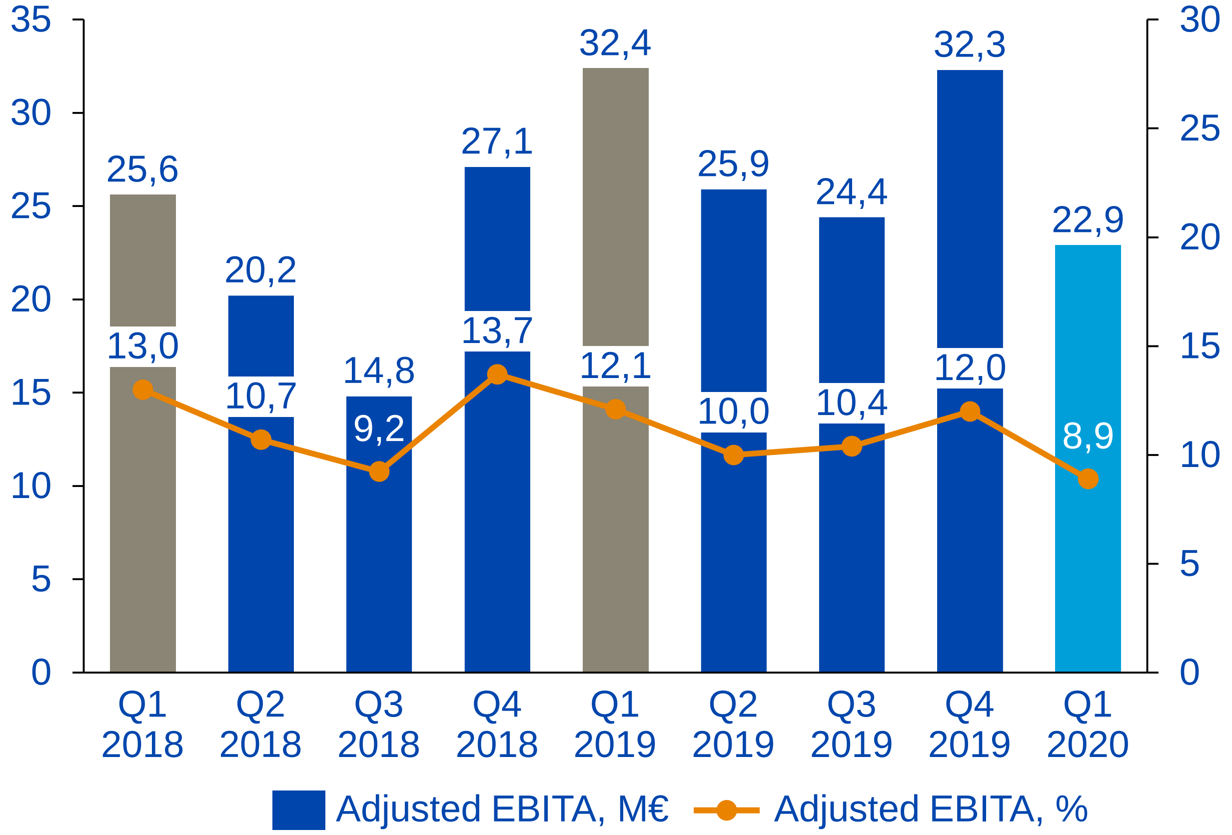
FINANCIAL PERFORMANCE

Decline in revenue, changes in sales mix and investments in digitalisation weakened profitability

Revenue, Adjusted EBITDA * **, %



Adjusted EBITA* **, M€ and %



** Alternative key figure*
*** The figures include the effect of IFRS 16 from 2019 onwards*

Investments in service development and digitalisation increased personnel and IT costs, PPE procurement increases costs of materials

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M€	1-3/2020	1-3/2019	Changes, %	2019
Revenue	257.4	267.8	-3.9	1 030.7
Other operating income	0.9	0.4	142.7	2.1
Purchase of materials	-9.2	-8.5	8.7	-32.0
Change in inventories	0.4	0.1	>200.0	-0.3
External services	-111.1	-115.3	-3.6	-440.6
Employee benefit expenses	-82.7	-80.3	3.0	-314.3
Rents, leases and premises	-4.0	-3.7	7.6	-16.0
IT expenses	-6.3	-4.5	38.4	-21.1
Other operating expenses	-9.5	-8.8	8.0	-37.3
EBITDA	35.9	47.1	-23.8	171.2
Adjustments*	2.3	0.7		5.1
Adjusted EBITDA	38.2	47.8	-20.1	176.3
EBIT	13.0	24.9	-47.6	81.4

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 and these relate to acquisition related expenses, restructuring related expenses, gain /losses on sale of assets (net), strategic projects and other items affecting comparability.*

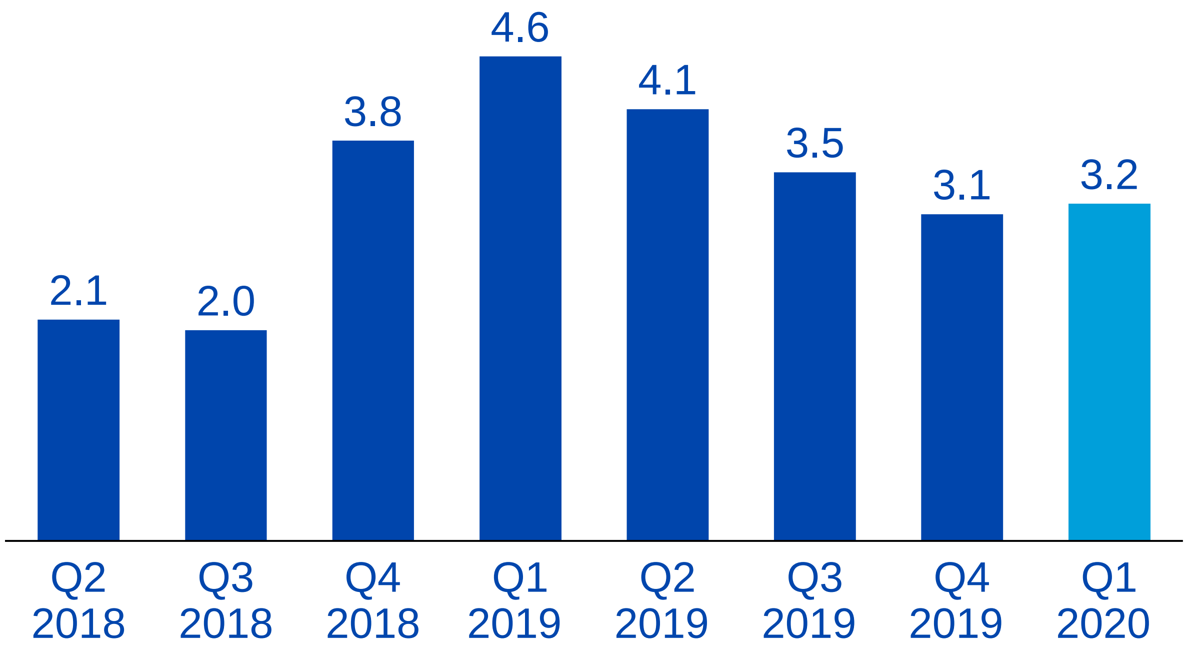
Liquidity at a good level

m€	31.12.2020	31.3.2019	31.12.2019
ASSETS			
Property, plant and equipment	70.4	64.5	69.5
Right-of-use assets	187.0	209.7	193.2
Goodwill	779.7	770.6	779.2
Other intangible assets	158.5	164.0	161.9
Other assets	114.2	124.4	114.9
Cash and cash equivalents	51.5	56.9	40.6
TOTAL ASSETS	1,361.3	1,390.1	1,359.3
EQUITY AND LIABILITIES			
TOTAL EQUITY	550.3	529.3	541.2
Interest bearing liabilities	582.1	632.6	588.8
Other liabilities	229.0	227.8	229.2
TOTAL LIABILITIES	811.1	860.4	818.0
TOTAL EQUITY AND LIABILITIES	1,361.3	1,390.1	1,359.3

- Cash and cash equivalents EUR 51.5 mill. (56.9). EUR 40 mill. undrawn facilities + € 8 mill. account limit. Capacity to agree on additional funding quickly if necessary.
- Total assets EUR 1,361.3 mill. (1,390.1).
- Equity attributable to owners of the parent company was EUR 550.3 (529.2) mill.. The increase was due to an increase in retained earnings.
- Net debt EUR 530.6 mill. (575.7) of which EUR 173.3 mill. IFRS 16 lease liabilities.
- Net debt / adjusted EBITDA was 3.2 (4.6). The company is actively discussing the covenant situation with the banks which can be reviewed if necessary.

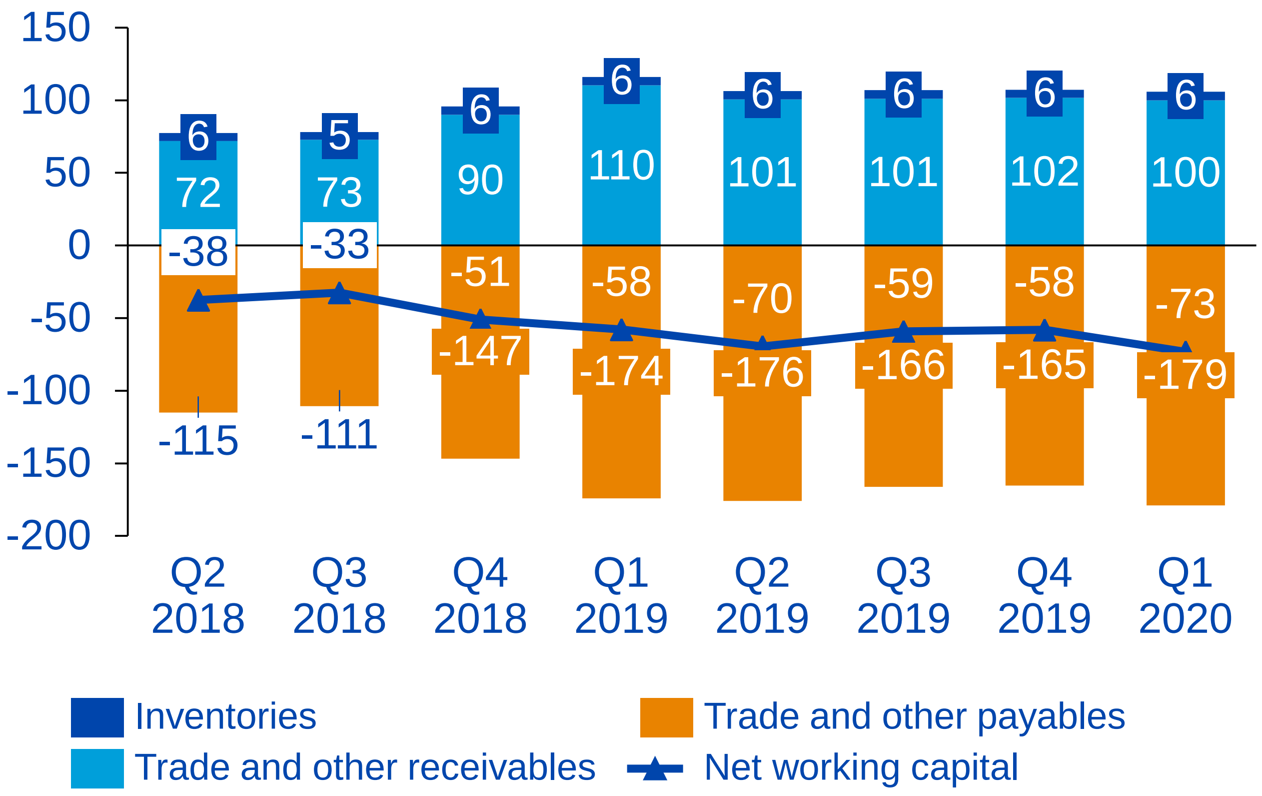
Indebtedness below target

Net debt/adjusted EBITDA
(last 12 months)*



*Figures include the effect of IFRS 16 from 2019 onwards. Q1 / 2020 IFRS16 lease liabilities amount to EUR 173.3 million

Operational efficiency is reflected in the negative net working capital



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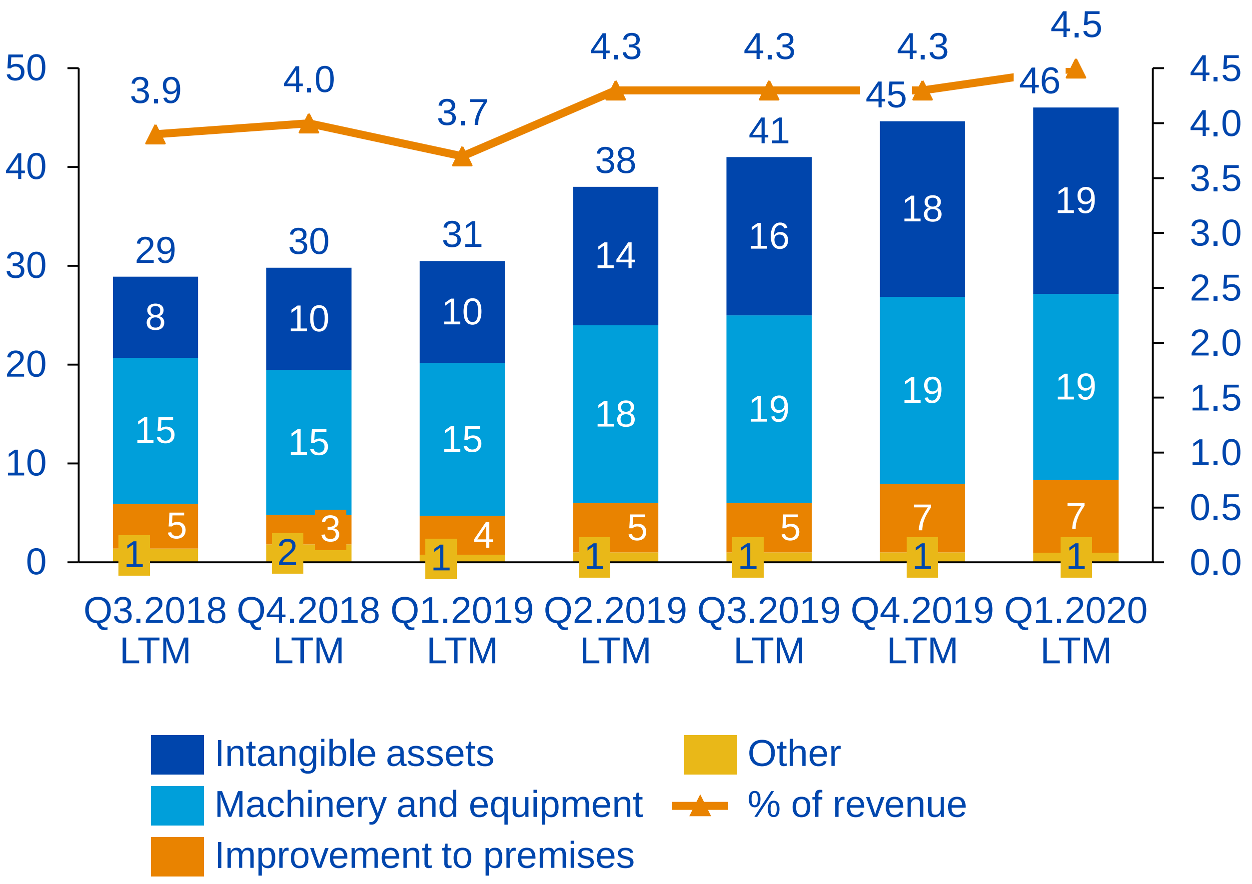
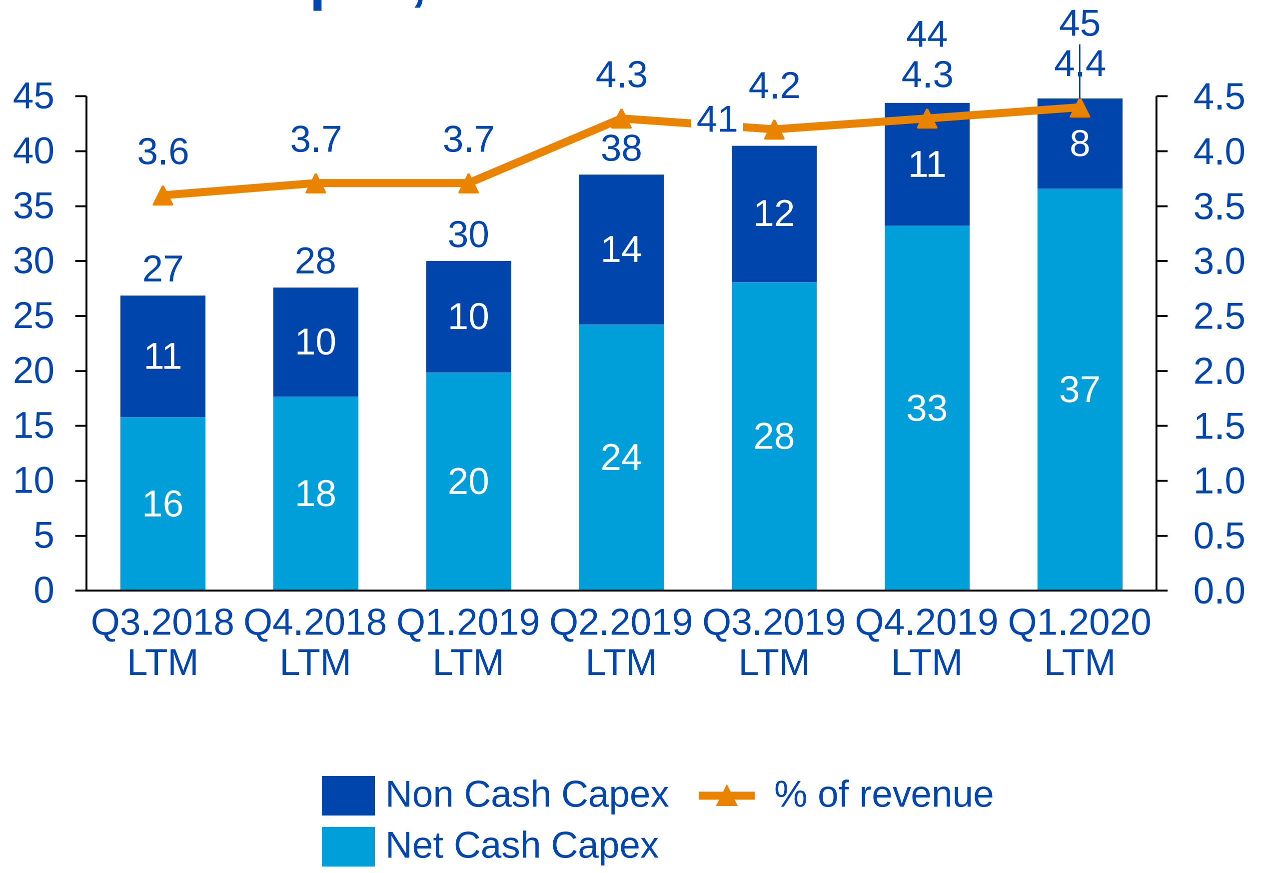
The share of intangible investments continue to grow (excluding M&A)

Gross capex, M€ and %- of revenue



Net capex, M€ and %- of revenue



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Financial reporting, IR events and roadshows

Financial reporting

- Half-Year Report for January-June 2020 on Thursday, 6 August 2020
- Interim report for January-September 2020 on Thursday, 29 October 2020
- AGM 2020 is held on Thursday 28 May 2020. Participation only in advance.

Upcoming IR events

- Q1 investor call w. Danske Bank 7 May
- UBS Pan European Small and Mid-Cap virtual Conference 2020 13 May
- Carnegie virtual roadshow 1 June
- Handelsbanken Nordic Mid/Small Cap virtual seminar 3 June
- Jefferies Virtual Global Healthcare Conference 4 June
- Nordea Healthcare seminar 11 June


Q & A
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Key Figures

Terveystalo Group, EUR mill.	1-3/2020	1-3/2019	Change, %	2019
Revenue	257.4	267.8	-3.9	1,030.7
Adjusted EBITDA, * 1)	38.2	47.8	-20.1	176.3
Adjusted EBITDA, % * 1)	14.8	17.9	-	17.1
EBITDA 1) 2)	35.9	47.1	-23.8	171.2
EBITDA, % 1)	13.9	17.6	-	16.6
Adjusted EBITA * 1)	22.9	32.4	-29.4	115.1
Adjusted EBITA, % * 1)	8.9	12.1	-	11.2
EBITA 1)	20.6	31.7	-35.1	110.0
EBITA, % 1)	8.0	11.8	-	10.7
Adjusted operating profit (EBIT) * 1)	15.4	25.6	-40.1	86.5
Adjusted operating profit (EBIT), % * 1)	6.0	9.6	-	8.4
Operating profit (EBIT)	13.0	24.9	-47.6	81.4
Operating profit (EBIT), %	5.1	9.3	-	7.9
Return on equity (ROE), % 1)	8.4	10.5	-	10.3
Equity ratio, % 1)	40.5	38.1	-	39.9
Earnings per share (€)	0.07	0.14	-	0.43
Gearing, % 1)	96.4	108.8	-	101.3
Net debt/Adjusted EBITDA (LTM) 1)2)	3.2	4.6	-	3.1
Total assets	1,361.3	1,390.1	-2.1	1,359.3
Average personnel FTE	5,051	5,003	1.0	4,943
Personnel (end of period)	8,711	6,893	26.4	8,685
Private practitioners (end of period)	5,132	4,885	5.1	5,068

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