



COVID-19 IMPACTED THE BUSINESS HEAVILY IN Q2, NORMALIZATION OF VOLUMES HAS BEGUN

CEO Ville Iho
CFO Ilkka Laurila

Q2 in brief

Terveystalo business was heavily impacted by the Covid-19 situation during Q2. Adapting the operations to the dynamic demand situation continued throughout the quarter.

Demand has been recovering as we expected since the restrictions were gradually lifted in May-June. Demand continued to recover in July.

Terveystalo was successful in managing the situation medically, customer service wise and financially.

Customer satisfaction (NPS) rose month by month to new records and the professionals at Terveystalo remained healthy.

We will continue dynamic demand – supply management to manage any scenario during the fall.

COVID-19 impact on revenue

- The duration and magnitude of the effects will strongly depend on the evolution of the epidemic situation and its effects on consumer behavior and employment
- A diverse customer base and range of services together with good preparedness of the organization enable scaling according to demand

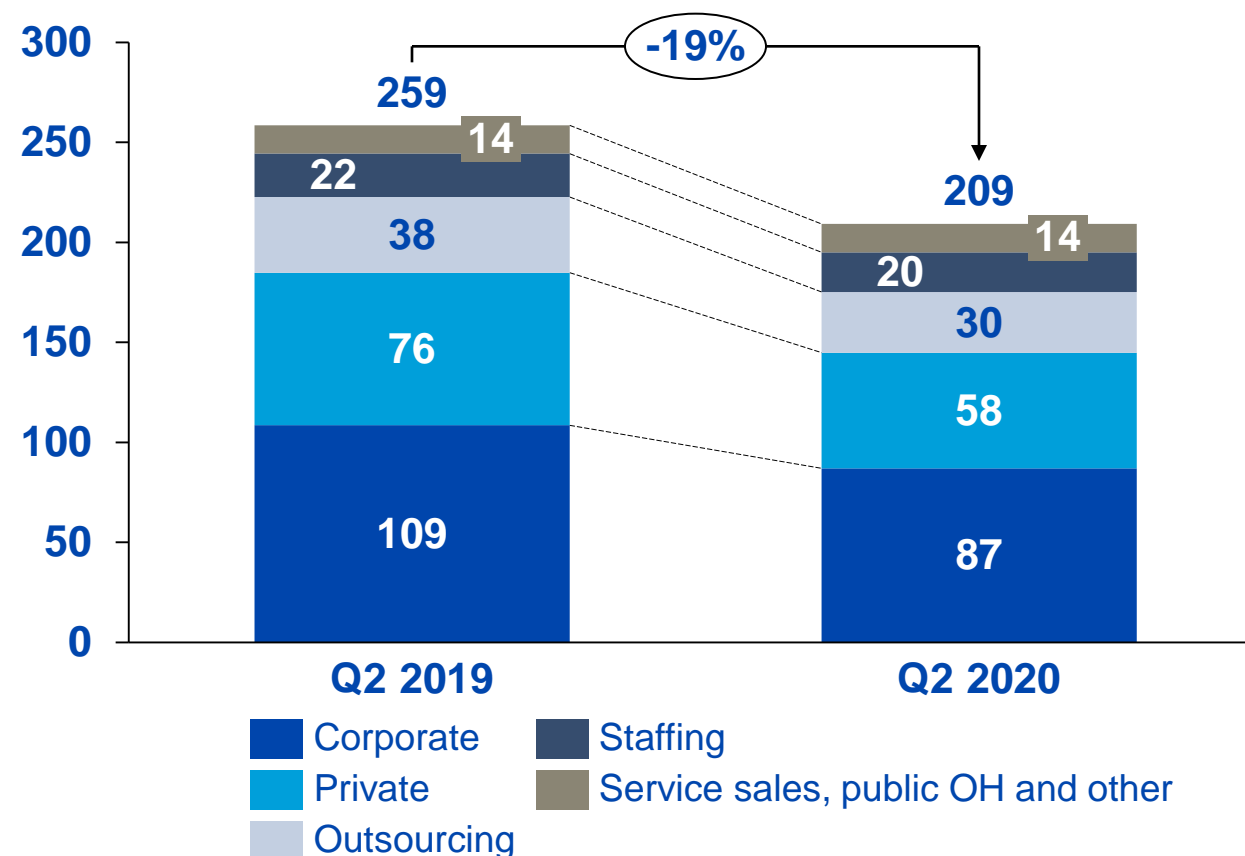
	Q1	Q2	H2
Payor group	Initial impact	Significant impact	Stabilization and recovery
Corp	<ul style="list-style-type: none"> • Demand for non-urgent medical care, preventive services declined at the end of Q1. • Demand for remote services increased significantly. 	<ul style="list-style-type: none"> • Revenue -19.8% y-o-y. All operations had to be heavily adapted to the epidemic situation, containment measures and demand. • The use of remote services multiplied. • Restrictive measures were gradually lifted in May-June and demand recovered as expected. 	<ul style="list-style-type: none"> • Demand continued to recover in July, with revenue ~ -3% y-o-y. • The recovery will continue unless significant new restrictive measures are taken and workplaces return to a more normal daily life. • Significant changes in employment may be reflected in underlying demand.
Private	<ul style="list-style-type: none"> • Demand for non-emergency medical care and oral health services in particular declined at the end of Q1. • Demand for remote services increased significantly. 	<ul style="list-style-type: none"> • Revenue -24.3% y-o-y. Demand for GP, specialist and oral health services decreased significantly, especially in April-May. • The use of remote services multiplied. • Restrictive measures were gradually lifted in May-June and demand recovered as expected. 	<ul style="list-style-type: none"> • Demand continued to recover in July, with revenue ~ +9% y-o-y. • The recovery will continue unless significant new restrictive measures are taken. • Significant changes in employment and consumer confidence may be reflected in underlying demand.
Public	<ul style="list-style-type: none"> • Personnel availability for staffing services declined due to restrictions on the movement at the end of Q1. 	<ul style="list-style-type: none"> • Staffing revenue -8.7%. Challenges in personnel availability, demand for specialist care and oral health declined due to constraints. • Service sales, public OH etc. revenue +0,1% y-o-y. • The use of remote services multiplied. 	<ul style="list-style-type: none"> • Public sector demand is expected to normalize in occupational health, service sales and staffing services.

Q2 revenue fell sharply due to Covid-19 related restrictive measures

Demand recovered towards the end of Q2

- All operations had to be heavily adapted to the epidemic situation, containment measures and demand
- The revenue of wellbeing services decreased by 9% to EUR 20.0 million
- The number of remote appointments multiplied to more than 146,000 visits, contact to a physician via chat within seconds, 24/7
- There were 60 working days in the quarter (60)

Q2 Revenue by payor group, M€



Impact of COVID-19 on business

	Q1	Q2	H2
Regulatory actions	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Restrictions on the movement and assembly of people were in full force from 13 March to 14 May 2020. • Emergency Powers Act in force 17.3. -16.6.2020. • Restrictions were gradually lifted in May-June. • Covid-19 test and antibody test eligible for Kela reimbursement. 	<ul style="list-style-type: none"> • The recommendation for extensive remote working ends on 1.8.2020. • So far no significant restrictions are in place.
Risks	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • The development of the epidemic is difficult to predict, a worsening of the situation is possible.
Mitigation	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Service purchases frozen, investment needs reassessed, dividend payment -> Q3, compensation recruitments frozen and staff furloughed. • Full-time furloughs affected 576 people (a total of 12,856 calendar days) and part-time furloughs about 1,342 people. • New payment terms negotiated with suppliers and landlords. • Smaller units closed based on demand. Opening hours reduced locally to meet needs. • Good liquidity, unused credit EUR 48 Mill. Terveystalo also agreed on additional funding of EUR 40 Mill. 	<ul style="list-style-type: none"> • Readiness to continue adjustment measures if necessary in case demand weakens again during the autumn.

The decline in revenue and changes in the sales mix weakened profitability, heavy cost mitigation softened the impact

- Adjusted EBITA -66.0% to EUR 8.8 mill. (25.9)
- Adjusted EBITA 4.2% (10.0) of revenue
- Profit for the period EUR -1.5 mill. (10.3)
- Earnings per share, EPS, EUR -0.01 (0.08).
- Cash flow from operating activities EUR 35.9 million EUR (48.6).



We responded quickly to new demand by creating entirely new service solutions related to the COVID-19 strategy to enable a quick 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
- ~35,000 samples analyzed in total (virus test and antibody test)
- Proportion of confirmed COVID-19 cases in virus test 2.1% and 5.7% in antibody tests
- Test result in 1.5 days on average
- The proportion of positive virus detection test samples remained very low throughout the summer, about 0.3%, although test numbers remain high
- Introducing a quick test to better manage the epidemic in the autumn when people return to workplaces



Our Vision is to empower lifelong health and well-being

And therefore we fight for a healthier life, every day.

Values

Human being in the center

We take responsibility for the health and well-being of our fellow human beings, for the opportunity to live a good life. We work together to help the customer and customer guides us in our renewal. We help each other and value all of our experts.



Steered by medical science

Everything we do is based on medical science and researched knowledge. All our decisions are steered by care efficacy and the well-being of our customers.



For the common good

We build health and wealth for the society and produce effective care efficiently. We share information and ignite discussion and create better healthcare for all: customers, professionals, and society.



How

The smartest service model in the industry

We offer the most relevant service to the customer regardless of time, place and channel, from the beginning to the end of the integrated care chain.



The customer's health partner

We engage in dialogue with the customers, anticipate their needs and offer comprehensive wellbeing services.



Strategic objectives

The profitability leader in the Nordic region in private health services.



Preferred by customers and professionals.



Megatrends

- Customer centric digital services
- Longer lives and chronic diseases
- Purpose at work
- Life-job balance
- Competition for professionals
- Distrust in institutions

Terveystalo



EVALUA

Simo Taimela, Managing Director

Evalua Sante® Q

Enhancing employee vitality, health and work ability
by an online questionnaire
and guidance by artificial intelligence-based algorithms
to personalised evidence-informed interventions

Simo Taimela
Director, Adjunct Professor
simo.taimela@evalua.fi
+358 405 750 757

Willem van Mechelen
Director, Professor
w.vanmechelen@evalua.nl
+31 655 147 374

Evalua in nutshell

- Part of Terveystalo Group since November 2019
- Specialised in health risk appraisals and related expert advice
- Services for internationally operating corporations (e.g., Nokia, Kone, ABB), health service providers, and insurance companies since 2003
- Solid scientific foundation and research network
- Presence in Finland and The Netherlands



Simo Taimela

Adjunct professor with 25+ years in research and health technology industry



Willem van Mechelen

Occupational physician and epidemiologist, professor with 30+ years in science.



Jaakko Tiekso

Over 30 years in computing and professional software development



Ilkka Ruuskanen

Expert in medical Informatics, 15+ years in professional software engineering



Allard van der Beek

Epidemiologist, professor with 20+ years in science.



Han Anema

Occupational physician, professor with 20+ years in science.

What is the problem?

Strategic target of client companies	Tactic to meet strategic target	Operative means
Secure optimal labor productivity of workforce	Take good care of employees	Identify individuals with care needs and/or work-related problems (work disability risk factors) and intervene accordingly
		Identify individuals with lifestyle-related issues that hamper vitality and intervene accordingly
		Identify work communities where issues with lifestyle-related and/or work-related problems are common and intervene accordingly

EVALUA services overview

The EVALUA Sante® Q

- *Relevant contents*
- *Evidence-based advice for self-help*
- *Action plan guiding towards personalised interventions*

Evidence-informed guidance towards interventions

- *Client-specific intervention offering*


Benchmark group reports

- *Support for management decisions*


Scalable 'My Health and Workability' IT-Platform


- *Efficient delivery of questionnaires in large volumes*

Start the questionnaire by clicking the name of the first topic.


*i*


Physical activity, body weight
and diabetes risk




*i*

Pain and physical impairment



*i*

Sleep and alertness




Summary

Result details

Action plan

21-06-2016

Based on your answers there is need to further examine some symptoms



Pain and physical impairment

Pain and musculoskeletal problems can limit what you are able to do at work and during leisure time. There is a number of things you can do to improve your situation. Take sufficient time to recover from physical loading and stress. Make sure you sleep enough. Exercise and relaxation can help. Read books and leaflets on how to manage pain. You can turn to your general practitioner or occupational physician for advice, if self-help does not work for you.

Sante Q predictive ability

Analysis on +22 000 employees from different industries and occupational groups, who had responded to the Sante Q; registry data was available of sickness absence days and permanent work disability, resulting in:

Sickness absence

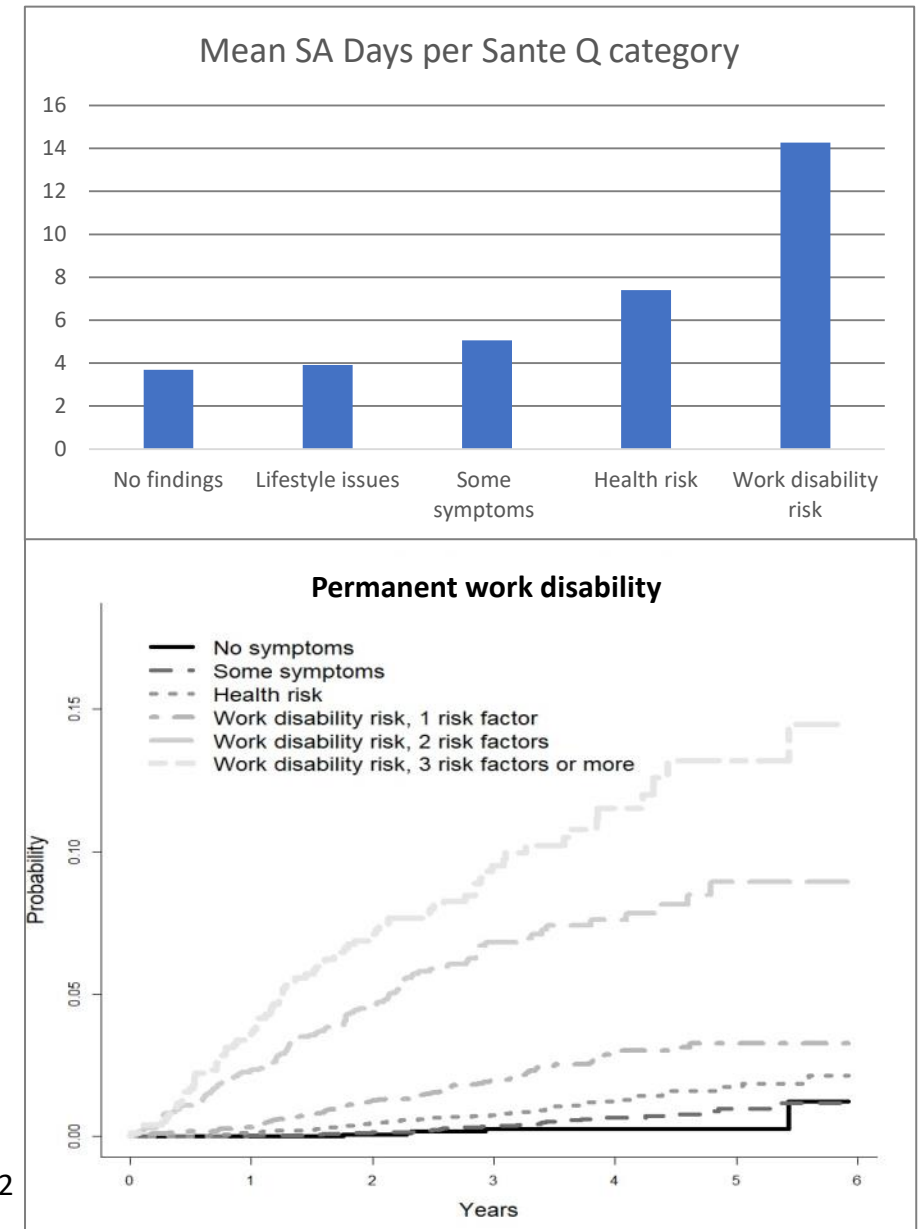
- *Employees in the 'Work Disability Risk' category had almost four-fold number of sickness absence days in 12 months following the questionnaire*

Work disability

- *Employees in the 'Work Disability Risk' category had over 10-fold likelihood for permanent work disability in six years following the questionnaire*

Pihlajamäki et al. BMJ Open 2019;9:e02596.

Pihlajamäki et al. Int Arch Occ Environ Health 2019; doi:10.1007/s00420-019-01497-2



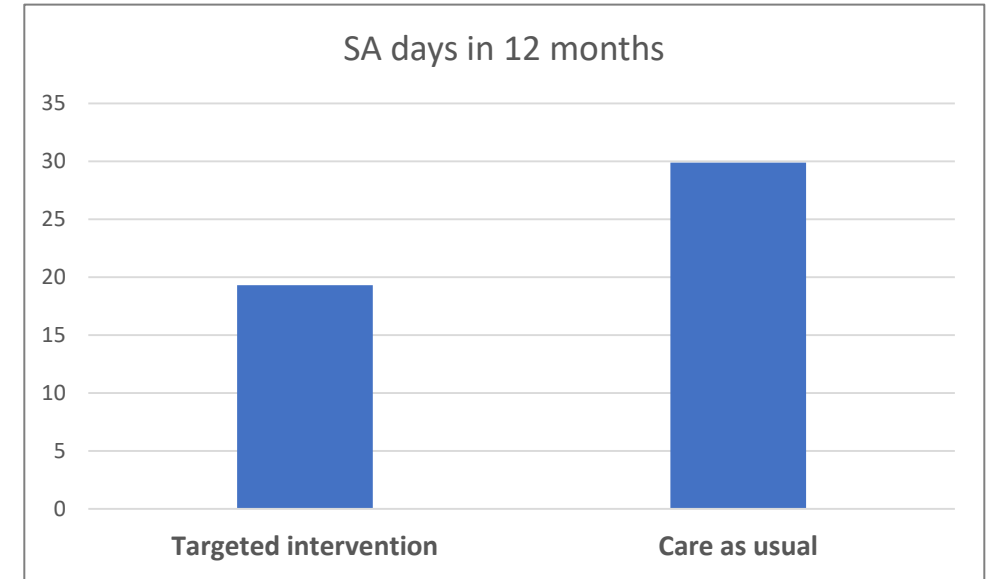
Sante Q cost savings

In a randomised controlled trial, where targeted health services were offered to those at 'Work Disability Risk', there was during 12-month follow-up:

- 35% less sickness absence days¹
- 180€ saving in healthcare costs per person²

A separate study³ showed that:

- the results can be transferred from one country to another by applying local cost parameters
- the investment to avoid one day of sick leave was 10€ to 54€

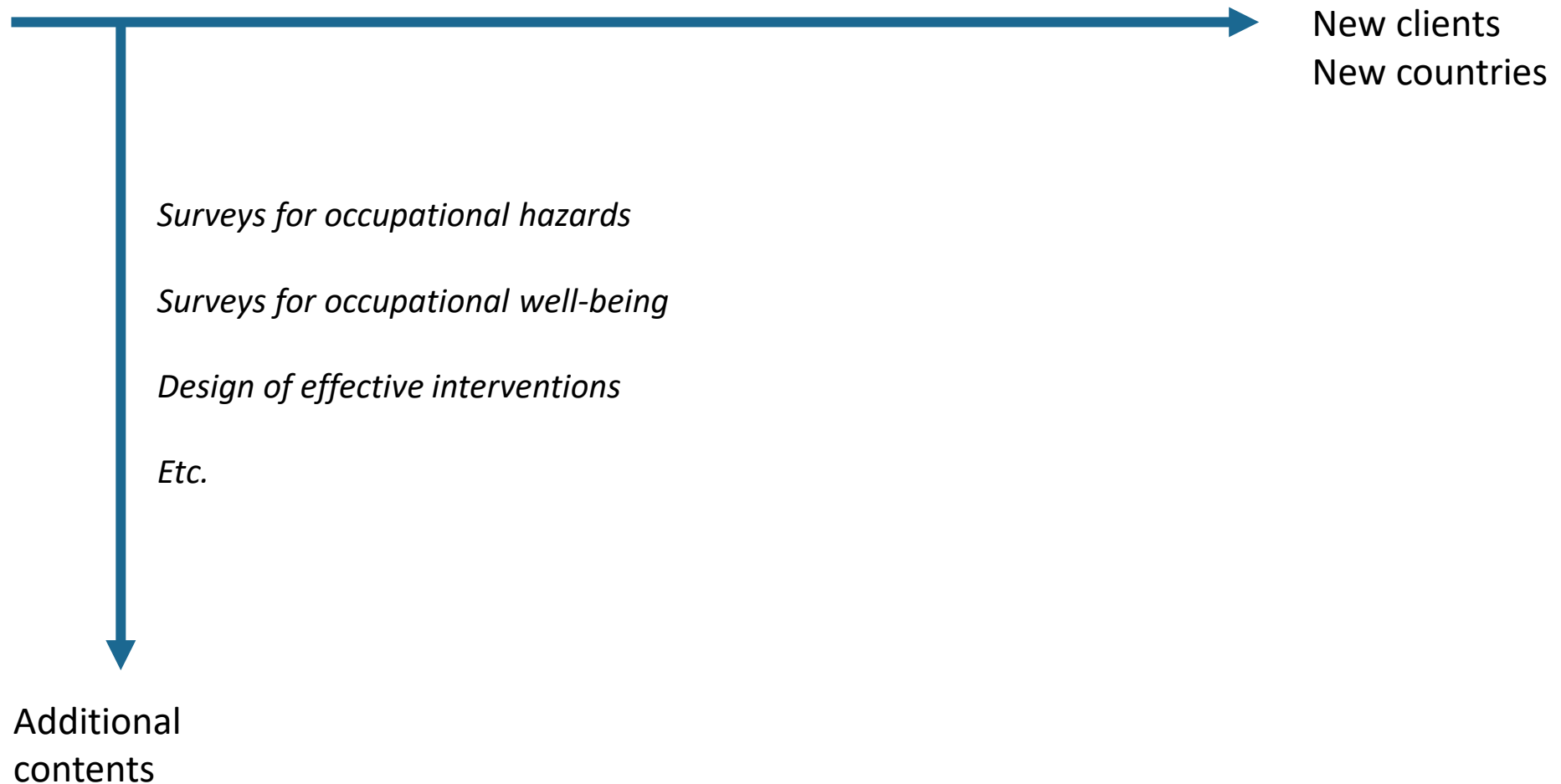


- 1 Taimela S, et al. OEM 2008; 65:236-41
- 2 Taimela S, et al. OEM 2008; 65:242-8.
- 3 Verbeek J, et al. SJWEH 2010; 36:305-12.

Current solution for the problem

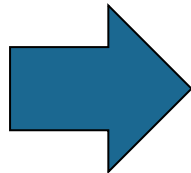
Strategic target of client companies	Tactic to meet strategic target	Operative means	Tools
Secure optimal labor productivity of workforce	Take good care of employees	Identify individuals with work disability risk factors and intervene accordingly	The EVALUA Sante Q + Targeted Health Check-up + Consultation of the OP + Interventions when indicated
		Identify individuals with lifestyle-related issues that hamper vitality and intervene accordingly	The EVALUA Sante Q + Targeted Health Check-up + Lifestyle coaching
		Identify work communities where issues with lifestyle-related and/or work-related problems are common and intervene accordingly	The EVALUA Sante Q Group Reports + Management Decisions

Future opportunities



Summary

- A pleasant user experience and individualized tips and advice on how to take care of one's own work ability, health, well-being and vitality.
- Respondents are guided to different interventions based on individual needs and preferences.
- Seamless coordination with OHS interventions, health advisors, and possible other (third-party) interventions like eHealth modules.
- The flexible data platform allows a high degree of customization to suit the needs of various clients.
- Scientific proof of predictive value, effectiveness and cost-effectiveness of the proposed model of operation



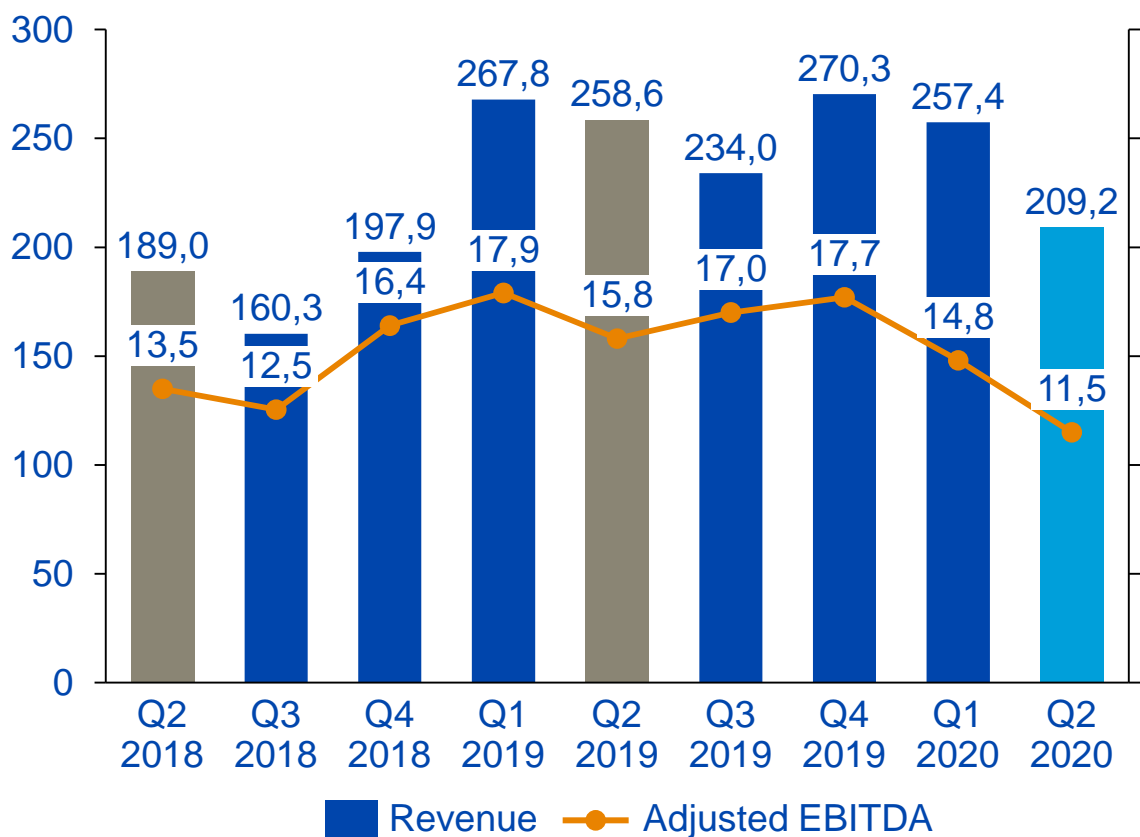
- **Improved vitality, well-being, health, and work ability of employees**
- **Improved labour productivity of workforce**
- **Sustainable competitive advantage for the client company**

FINANCIAL PERFORMANCE

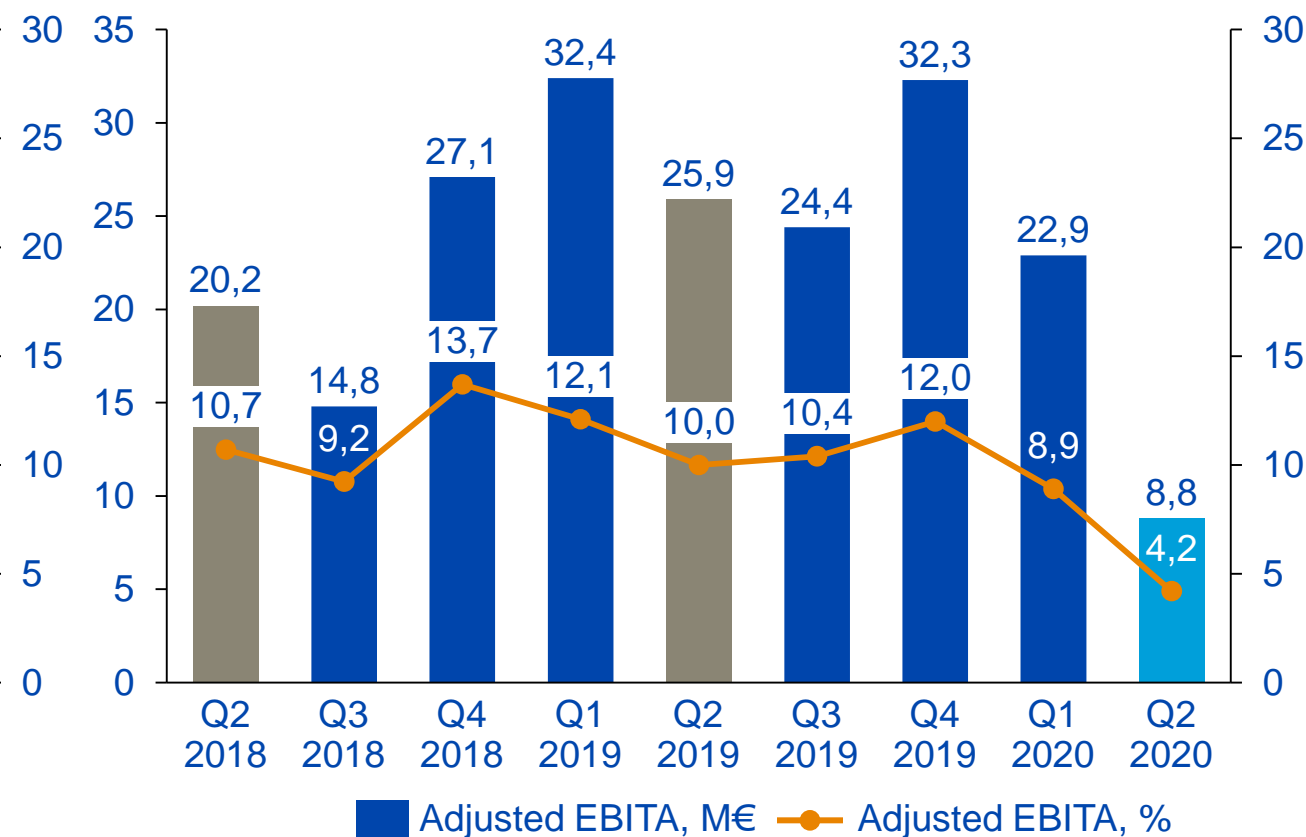
Ilkka Laurila, CFO

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

Revenue, Adjusted EBITDA ^{***}, %



Adjusted EBITA ^{***}, M€ and %



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

M€	4-6/2020	4-6/2019	Change, %	1-6/2020	1-6/2019	Change, %	2019
Revenue	209.2	258.6	-19.1	466.5	526.4	-11.4	1 030.7
Other operating income	0.5	0.4	36.3	1.4	0.7	91.5	2.1
Purchase of materials	-9.3	-7.7	20.0	-18.5	-16.2	14.1	-32.0
Change in inventories	2.1	-0.2	>-200	2.5	0.1	>-200.0	-0.3
External services	-89.4	-111.3	-19.6	-200.5	-226.6	-11.5	-440.6
Employee benefit expenses	-72.3	-81.4	-11.1	-155.1	-161.7	-4.1	-314.3
Rents, leases and premises	-4.7	-4.0	16.9	-8.7	-7.8	12.4	-16.0
IT expenses	-6.0	-5.2	16.4	-12.3	-9.7	26.7	-21.1
Other operating expenses	-6.8	-10.4	-35.3	-16.2	-19.2	-15.5	-37.3
EBITDA	23.2	38.7	-40.2	59.1	85.8	-31.2	171.2
Adjustments*	0.8	2.2		3.1	2.9		5.1
Adjusted EBITDA	24.0	40.9	-41.4	62.2	88.7	-29.9	176.3
EBIT	0.5	16.7	-97.1	13.5	41.6	-67.5	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€	30.6.2020	30.6.2020	31.12.2019
ASSETS			
Property, plant and equipment	69.3	68.8	69.5
Right of use assets	180.1	198.4	193.2
Goodwill	779.7	775.0	779.2
Other intangible assets	155.4	162.1	161.9
Other assets	98.9	114.4	114.9
Cash and cash equivalents	90.2	42.6	40.6
TOTAL ASSETS	1,373.6	1,361.3	1,359.3
EQUITY AND LIABILITIES			
TOTAL EQUITY	532.5	514.4	541.2
Interest bearing liabilities	413.9	413.1	390.8
Other liabilities	185.7	202.5	198.0
Lease liabilities	241.5	231.4	229.2
TOTAL LIABILITIES	841.1	846.9	818.0
TOTAL EQUITY AND LIABILITIES	1,373.6	1,361.3	1,359.3

- Cash and cash equivalents EUR 90.2 mill. (42.6). In addition, 40 mill. in undrawn loan facilities.
- Terveystalo agreed on additional financing of EUR 40 mill. during the quarter.
- Total assets EUR 1,373.6 mill. (1,361.3).
- Equity attributable to owners of the parent company was EUR 532.5 (514.3) mill. The increase was due to an increase in retained earnings. The dividend decided by the Annual General Meeting was recognized as a dividend liability in the reporting period and was distributed after the end of the review period in July.
- Net debt EUR 509.5 mill. (572.9).
- Net debt / adjusted EBITDA was 3.4 (4.1).

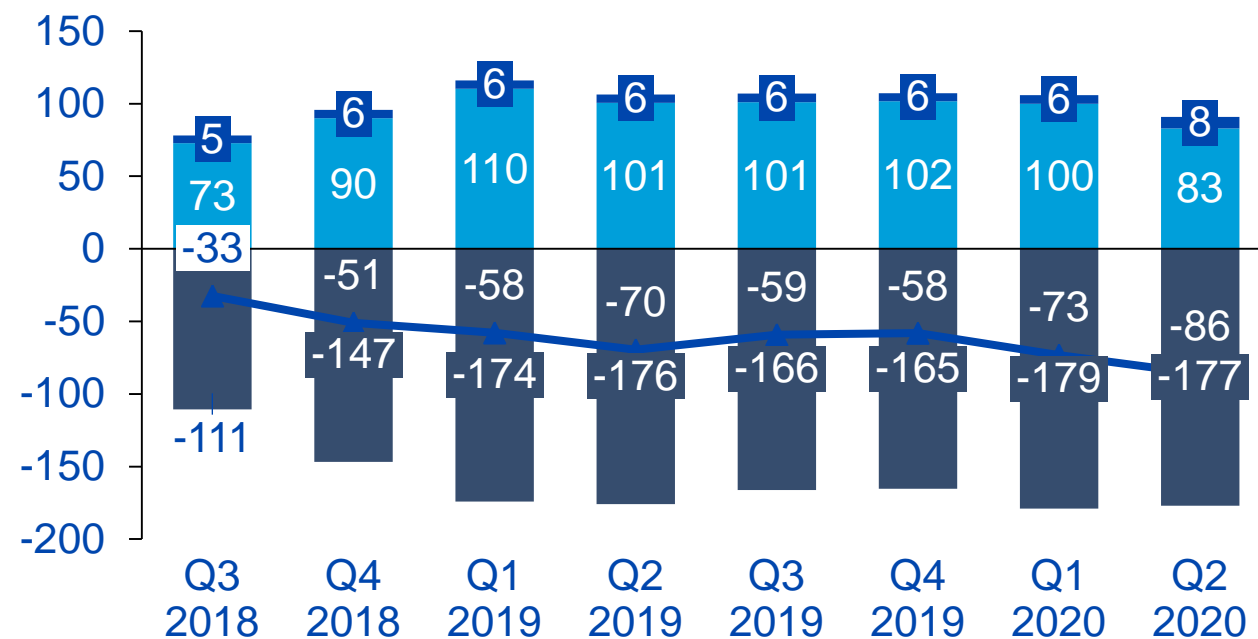
Leverage ratio below target

Net debt/adjusted EBITDA (last 12 months)*



*Figures include the effect of IFRS 16 from 2019 onwards.
Q2/2020 lease liabilities EUR 167.3 million is due to the implementation of IFRS 16.

Operational efficiency is reflected in the negative net working capital

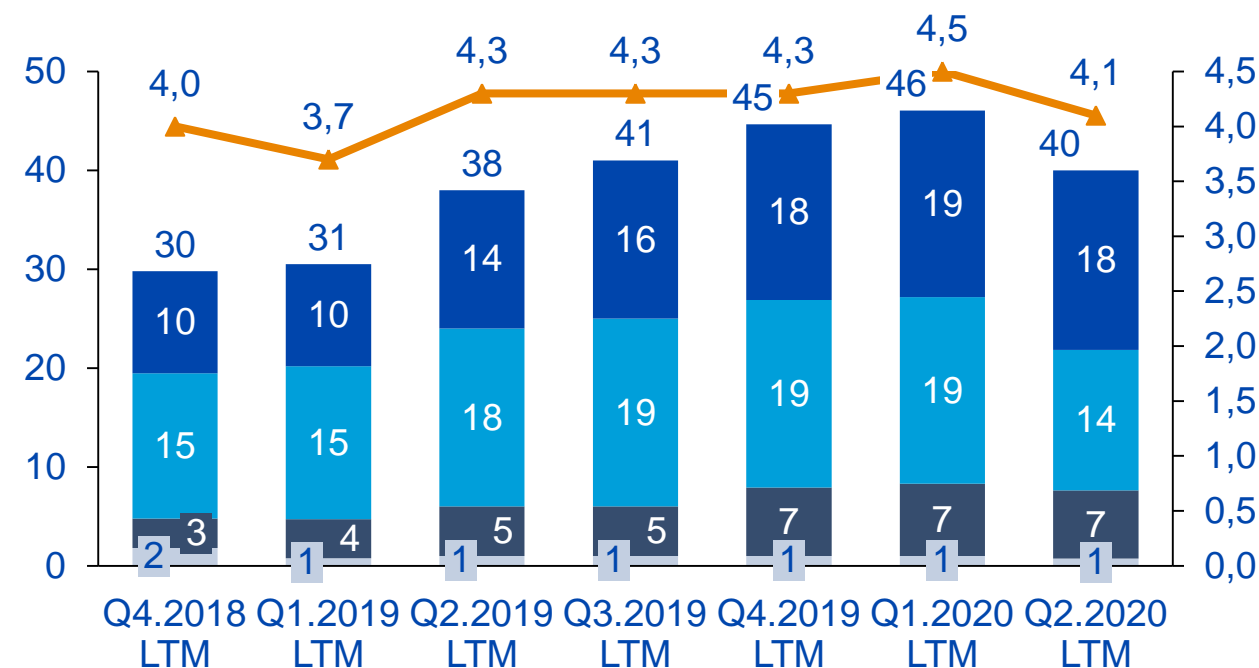


■ Inventories
 ■ Trade and other receivables
 ■ Trade and other payables
 ▲ Net working capital

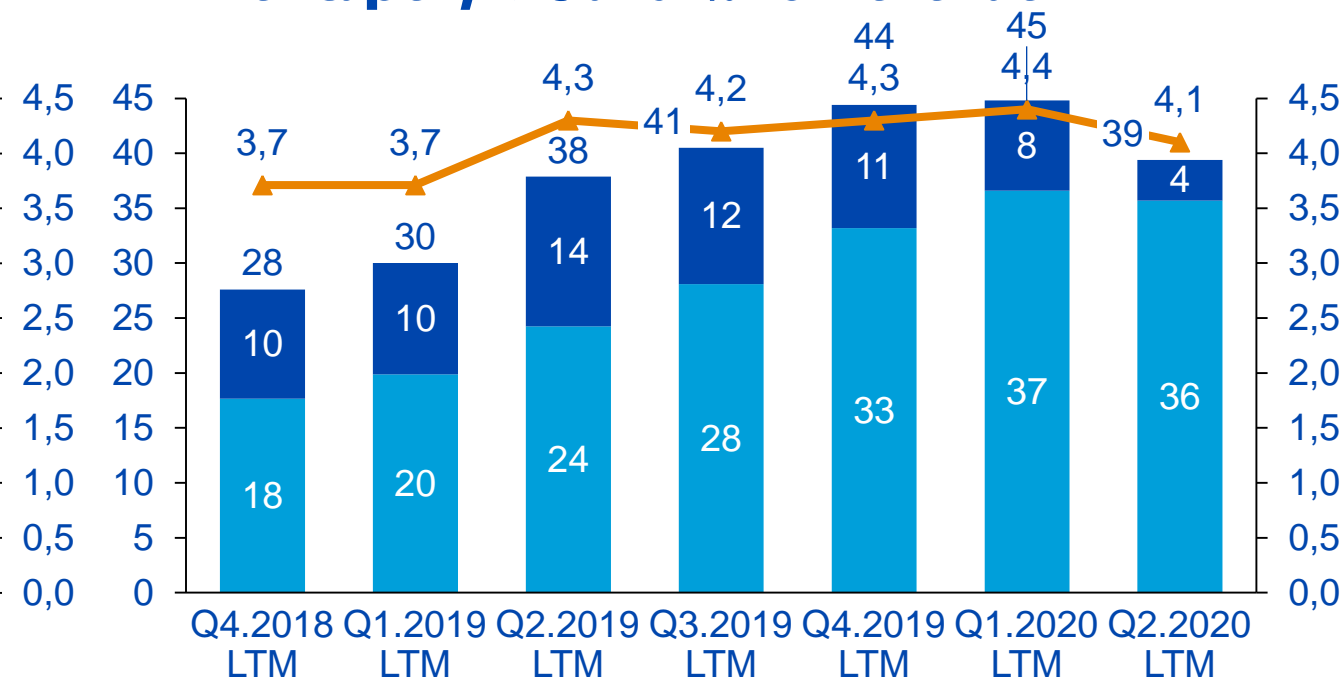


The share of intangible investments continue to grow (excluding M&A)

Gross capex, M€ and %- of revenue



Net capex, M€ and %- of revenue





JUU ELI KÖTÖNÄ TÄNÄÄN.

**CAPITAL MARKET DAY ON
2 SEPTEMBER 2020**

<https://terveystalo.videosync.fi/2020-09-02-cmd>

Terveystalo

Q & A



Terveystalo

Outlook

- In the short term, the market environment is still uncertain due to the changes in consumer behavior related to the COVID-19 pandemic, and predicting demand is challenging in the short term. For demand to recover to the normal level in the second half of 2020, it would be necessary that no significant restrictions are imposed and that consumer behavior would return to normal. In July 2020, revenue from corporate customers declined only by approximately 3 percent and revenue from private customers grew already by approximately 9 percent year-on-year.
- In the corporate customer segment, for demand to recover to the normal level depends on no significant restrictions on movement being imposed and the resumption of more normal daily life at workplaces. The recovery of the demand for acute medical care and non acute care is uncertain but demand for preventive and statutory occupational health services will normalize. The demand for remote services will increase considerably. Significant changes in the employment rate may be reflected in the underlying demand.
- In the private customer segment, the pent-up demand accumulated during the crisis is expected to release gradually and the normalization of overall demand is expected, provided that significant restrictions — particularly on movement — are avoided. The recovery of the demand for acute and non-acute medical care is uncertain. The demand for remote services will increase considerably. Significant changes in consumer confidence may be reflected in the underlying demand.
- Normalization of public sector demand is expected in occupational health, service sales and staffing services.



Key Figures

Terveystalo Group, EUR million	4–6/ 2020	4–6/ 2019	Change, %	1–6/ 2020	1–6/ 2019	Change, %	2019
Revenue	209.2	258.6	-19.1	466.5	526.4	-11.4	1,030.7
Adjusted EBITDA * 1)	24.0	40.9	-41.4	62.2	88.7	-29.9	176.3
Adjusted EBITDA, % * 1)	11.5	15.8	–	13.3	16.9	–	17.1
EBITDA 1)	23.2	38.7	-40.2	59.1	85.8	-31.2	171.2
EBITDA, % 1)	11.1	15.0	–	12.7	16.3	–	16.6
Adjusted earnings before interest, taxes and amortization (EBITA) * 1)	8.8	25.9	-66.0	31.7	58.3	-45.6	115.1
Adjusted EBITA, % * 1)	4.2	10.0	–	6.8	11.1	–	11.2
EBITA 1)	8.0	23.7	-66.2	28.6	55.4	-48.4	110.0
EBITA, % 1)	3.8	9.2	–	6.1	10.5	–	10.7
Adjusted EBIT * 1)	1.3	18.8	-93.2	16.6	44.5	-62.6	86.5
Adjusted EBIT, % * 1)	0.6	7.3	–	3.6	8.4	–	8.4
EBIT	0.5	16.7	-97.1	13.5	41.6	-67.5	81.4
EBIT, %	0.2	6.4	–	2.9	7.9	–	7.9
Return on equity (ROE), % 1)	–	–	–	6.3	10.5	–	10.3
Equity ratio, % 1)	–	–	–	38.8	37.8	–	39.9
Earnings per share (EUR)	-0.01	0.08	–	0.06	0.22	–	0.43
Gearing, % 1)	–	–	–	95.7	111.4	–	101.3
Net debt/adjusted EBITDA (last 12 months) 1) 2)	–	–	–	3.4	4.1	–	3.1

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

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

2) The reference period includes only six months of Attendo Health Services' result.



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

