



TERVEYSTALO GROUP INTERIM REPORT

1 JANUARY – 31 MARCH 2020

THE COVID-19 CRISIS IMPACTS THE BUSINESS HEAVILY IN
THE SHORT TERM

January–March 2020 in brief

- Revenue decreased by 3.9 percent year-on-year to EUR 257.4 million (267.8) mainly due to expired outsourcing agreements.
- Adjusted¹⁾ earnings before interest, taxes, and amortization (EBITA) decreased by 29.4 percent to EUR 22.9 million (32.4), representing 8.9 (12.1) percent of revenue
- Adjusted items affecting comparability were EUR 2.3 (0.7) million.
- Profit for the period was EUR 8.8 million (17.2).
- Earnings per share, EPS were EUR 0.07 (0.14).
- Net debt / adjusted EBITDA¹⁾²⁾ was 3.2 (4.6).
Cash flow from operating activities was EUR 32.9 million (49.1).

The figures in parentheses refer to the corresponding period one year ago.

1) Adjustments are material items outside the ordinary course of business, associated with acquisition-related expenses, restructuring-related expenses, net gains and losses on the sale of assets, strategic projects, and other items affecting comparability. Adjustments totaled EUR 2.3 (0.7) million in January–March 2020.

2) The reference period includes only three months of Attendo Healthcare Services' result.

Ville Iho, CEO: The exceptional measures impact the business heavily in the short term. By increasing flexibility, we enable a rapid recovery from the crisis

The COVID-19 epidemic and the restrictive measures imposed in mid-March to prevent it from spreading present an exceptional challenge to our business. In January–February, our business was still growing strongly, but in March the situation changed in a matter of days. In certain areas, such as remote appointments, the COVID-19 epidemic has increased the work of healthcare professionals. In some areas, the epidemic has led to a decrease or interruption of work, due to the authorities' recommendations and measures imposed to restrict the movement of people. In the short term, the restrictive measures have a particularly strong effect on preventive and well-being services, nonurgent medical care, and oral health services.

However, in the first quarter of 2020, our revenue from corporate and private customer groups remained flat year-on-year, and a significant decrease was seen only in revenue from the public sector as a result of expired outsourcing contracts. Due to our strong operating leverage, our cost structure does not follow in line with the decrease in revenue in the short term. This was reflected in our profitability development. Furthermore, changes in the sales mix as well as the operating cost effects of the investments made in digitalization and other development activities had a negative impact on profitability. We are reviewing all cost items and investments on a broad scale in order to safeguard profitability and cash flow. We assume that the decline in demand will mainly affect the second quarter, but should the crisis persist, we are ready to carry out a necessary restructuring to adjust our cost structure accordingly.

We have worked very hard to adapt our operations to the changed circumstances. Even in exceptional circumstances, we aim to define as broad operating envelope as possible for our business, taking into account the restrictions imposed by the authorities, safety questions, the requirements of clinical quality, and our values. At the same time, we want to serve our customers and run our business with the maximum efficiency within this safe operating envelope.

We have implemented many concrete measures. Appointments have been directed mainly to remote channels, the service capacity of remote appointments has been multiplied, and the efficiency of customer guidance has been continuously improved. Cohort units for receiving patients with respiratory tract symptoms have been established at 32 locations already, and testing capacity has been increased at a record speed. At the same time, our customer satisfaction has remained at a very high level. We are making every effort to help reduce the acute and future workload of the public sector in this exceptional situation. Since the onset of the crisis, we have created dozens of service packages with the public sector, ranging from the testing for and tracking of COVID-19 infections to staffing services and sharing of the workload in surgical operations.



As a leading occupational health player, we want to be a partner for companies in managing the risk of Covid-19 and offer risk assessment, testing and tracking to maximize companies' ability to operate under this circumstances and return to normal as quickly as possible. We already have multiple examples of a comprehensive covid-19 strategy implementation with our customers.

It is our duty as part of the Finnish healthcare sector to ensure that the corona epidemic is resolved as quickly as possible and that Finns have access to other health-related services during the crisis. According to Terveystalo's data, a massive treatment gap is developing in the treatment of cardiovascular diseases alone. The burden of untreated illnesses will have long-term impacts on the economy and public health. If the treatment of other illnesses is not ensured during the epidemic, the number of life years lost because of the treatment gap will probably exceed those lost because of the coronavirus.

We believe that the COVID-19 epidemic is permanently transforming the traditional ways of providing healthcare services for customers. The COVID-19 epidemic has made remote appointments mainstream. According to our estimate, approximately up to 60–70 percent of physician's appointments in primary healthcare can be provided remotely with modern technology. They save time and effort and enable more efficient use of healthcare resources also in the future. Our strength is that we have invested heavily in digitalisation and changes in service channels for a long time.

We expect the epidemic to be a temporary exceptional situation and we will come out of it stronger than ever. In the second quarter of the year, we will focus on defeating the crisis and securing our cash flow to ensure operational flexibility as well as rapid recovery after the epidemic. During the second half of the year, we aim to scale our activities to a new normal and strengthen our market position. The new situation provides many opportunities, such as closer cooperation with the public sector to clear the queues created during the crisis. As a leading occupational health service provider, we also have an important role in supporting the Finnish society in returning back to normal and rebuilding as soon as possible after the crisis. In the middle of the crisis, we are also finalizing our strategic agenda, and we believe we will return to it at the beginning of 2021.

Ville Iho

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.

These views are based on the expected development of demand for Terveystalo's services within the next six months, compared with the past six months.

Terveystalo issued a profit warning on 20 March and updated its market outlook due to the uncertain market situation.

Market Outlook published on 20 March 2020:

- The market environment is very uncertain in the short term due to the exceptional measures in mitigating the coronavirus epidemic.
- The situation is expected to have a significant impact on consumer behavior and demand for preventive and well-being services in the coming months and thus on Terveystalo's expected financial development.
- Demand for non-emergency medical care and oral health services are also expected to decline in the short term.
- At present, it is difficult to assess the duration of the situation, and hence the economic impact, due to the changing nature of the situation.

Key figures

Terveystalo Group, EUR million	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⁾	35.9	47.1	-23.8	171.2
EBITDA, % ¹⁾	13.9	17.6	–	16.6
Adjusted earnings before interest, taxes and amortization (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 EBIT * ¹⁾	15.4	25.6	-40.1	86.5
Adjusted EBIT, % * ¹⁾	6.0	9.6	–	8.4
EBIT	13.0	24.9	-47.6	81.4
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 (EUR)	0.07	0.14	–	0.43
Gearing, % ¹⁾	96.4	108.8	–	101.3
Net debt/adjusted EBITDA (last 12 months) ¹⁾²⁾	3.2	4.6	–	3.1
Total assets	1,361.3	1,390.1	-2.1	1,359.3
Average personnel in person-years	5,051	5,003	1.0	4,943
Personnel (end of period)	8,711	6,893	-24.4	8,685
Private practitioners (end of period)	5,132	4,885	5.1	5,068

**) Adjustments are material items outside the ordinary course of business, associated with acquisition-related expenses, restructuring-related expenses, gain 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 three months of Attendo Healthcare Services' result.

Operating environment

The COVID-19 epidemic changed the healthcare market considerably during the first quarter of 2020. On March 12, 2020, the Finnish Government imposed strict restrictions on the movement and gathering of people to slow down the spread of the COVID-19 infection. The public healthcare sector has focused on the management of the epidemic, while access to nonurgent care has been cut back and many other functions have been run down. After the restrictive measures on movement were put in place, private sector healthcare services focused more strongly on remote appointment services. At the same time, in accordance with the recommendation of the Ministry of Social Affairs and Health, oral health services, among other things, are severely restricted.

The duration and extent of the effects strongly depend on the exit strategy chosen by the Government. On 4 May 2020, the Government announced that it would begin to gradually phase out restrictions from 14 May

onwards. According to each one of the scenarios, private healthcare resources will be needed alongside with the public sector for the testing for and tracking of infections. The downsizing of nonurgent care services during the epidemic in the private and public sectors alike widens the treatment gap for other illnesses. Nonurgent care is largely postponed to be provided after the epidemic is over. The clearing of the queues for nonurgent care in public healthcare will require more extensive use of private healthcare services for the aftercare of the epidemic.

With the most extensive network of clinics and hospitals, and broad range of services, the company believes that it is an attractive partner for different customer groups in the management of the epidemic as well as the post-epidemic clearing of queues and closing of the treatment gap. In addition, a diverse customer base and range of services dampens the effects of significant changes in demand for individual services on the company's business. As a leading occupational healthcare service provider, Terveystalo has an important role in supporting the companies in return to normal and in the recovery of operations after the epidemic is over.

Group revenue

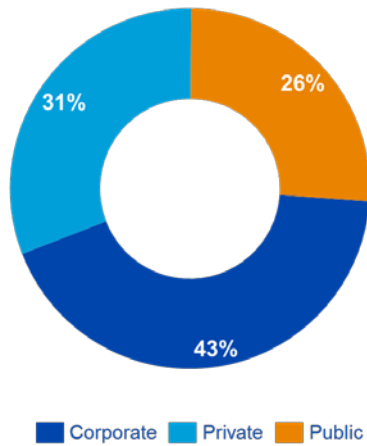
In the first quarter of 2020, revenue decreased by 3.9 percent year-on-year to EUR 257.4 million (267.8). The decrease in revenue is mainly explained by the expiration of outsourcing agreements in public customer group at the end of 2019. Acquisitions have no material effect on revenue development. Revenue from corporate and private customers developed positively in the first two months of the quarter. However, the restrictive measures imposed in March to control the COVID-19 epidemic had such a strong impact on the service production and customer behavior at Terveystalo that revenue for the quarter remained on a par with the reference period. Despite the epidemic, Terveystalo's competitiveness was reflected in the strong development of insurance company sales and surgical operation volumes, increased demand for well-being services, and multiplied demand for remote appointments, particularly in January–February. Revenue from well-being services increased in the review period by 9.1 percent to EUR 21.8 million (19.7).

The number of physician's and nurse's appointments available decreased in the latter part of the quarter as a result of declining demand. However, the number of appointments provided by other professionals increased by nearly 10% year-on-year. The number of remote appointments provided multiplied, amounting to more than 124,000 appointments in the first quarter of 2020. Nevertheless, the increased number of remote appointments did not fully compensate for the decrease in face-to-face appointments. The utilization rates of appointments were nearly on a par with the reference period. However, the high utilization rates were partly due to the decrease in the number of appointments available. There were 63 business days in January–March, equaling the reference period (63).

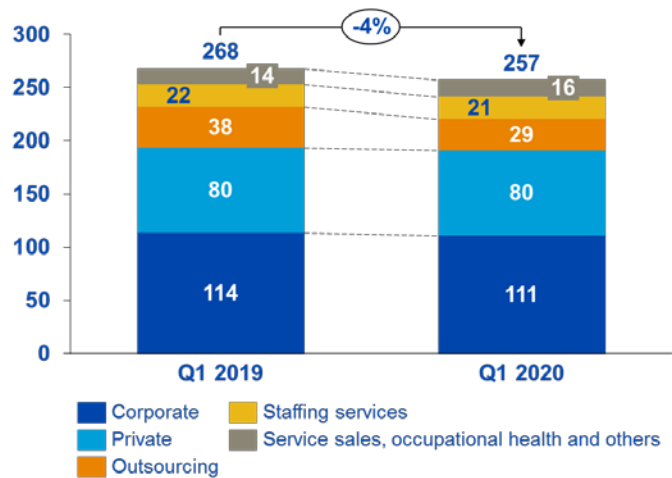
EUR million	1–3/2020	1–3/2019	Change, %	2019
Corporate customers	111.3	113.8	-2.2	432.5
Private customers	80.0	79.8	0.4	303.1
Public sector customers	66.1	74.2	-11.0	295.1
<i>Outsourcing</i>	28.9	38.2	-24.4	149.9
<i>Staffing services</i>	21.4	21.6	-0.8	86.9
<i>Service sales, occupational health and others</i>	15.8	14.4	9.2	58.2
Total	257.4	267.8	-3.9	1,030.70

Revenue by payer group

Q1 Revenue by payor group, %



Q1 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 healthcare customers, excluding municipal occupational healthcare customers, which are included in the public sector customer group. 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 health services in Finland in terms of revenue and the number of end users. Terveystalo provides occupational health services for over 24,000 companies, and in 2019, the company provided occupational health services for a total of approximately 700,000 customers.

Revenue for the first quarter from corporate customers decreased by 2.2 percent, amounting to EUR 111.3 (113.8) million.

Demand for nonurgent medical appointment services decreased clearly and focused on remote appointments, particularly towards the end of the quarter. In addition, the restrictive measures on movement had a significant impact on the development of sales of preventive occupational health services at the end of the first quarter, as many activities, such as workplace surveys, health examinations, counseling, and guidance, were either partially discontinued or considerably delayed. Sales of well-being services** continued to develop favorably. In particular, demand for mental well-being services and digital services increased strongly. The number of occupational health end customers was on a par with the reference period.

*The statutory task of occupational healthcare 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 healthcare 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 operators and public healthcare 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.

Revenue for the first quarter from private customers remained on par with the reference period, amounting to EUR 80.0 (79.8) million.

Demand for well-being services and specialist appointments remained strong in January–February. In March, however, demand started to decrease. The proportion of remote appointments increased strongly in March. Due to the changes in consumer behavior resulting from the restrictive measures and the epidemic, demand for oral healthcare and diagnostics in particular decreased towards the end of the quarter. In practice, most oral healthcare services were suspended due to regulatory recommendations in the final weeks of the quarter. The share of occupational health customers who used private services — and sales to this segment — grew slightly year-on-year.

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 healthcare customers.

Terveystalo's broad nationwide platform, digital offering, good reputation, and established brand, as well as its thorough expertise and experience in healthcare 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, healthcare staffing services, specialized care services, other healthcare services as well as occupational health services for municipalities, municipal federations, and hospital districts.

Revenue for the first quarter from public sector customers decreased by 11.0 percent year-on-year, amounting to EUR 66.1 (74.2) million.

Revenue from the outsourcing business decreased by 24.4 percent to EUR 28.9 million as a result of the expiry of outsourcing contracts at the end of 2019. In addition to hospital outsourcings and other partial outsourcings, Terveystalo had eight full outsourcing agreements in place in the first quarter.

Revenue from staffing services remained nearly unchanged year-on-year, amounting to EUR 21.4 (21.6) million. The restrictions on movement imposed in mid-March were challenging for staffing services with respect to the availability of staff.

Revenue from service sales, services provided for municipal occupational healthcare customers and other public sector customers, increased by 9.2 percent year-on-year to EUR 15.8 million (14.4). Sales to municipal occupational health customers increased year-on-year as a result of occupational health service outsourcings and acquisitions made in 2019.

Financial performance

Adjusted EBITDA for **the first quarter of 2020** decreased by 20.1 percent year-on-year to EUR 38.2 million (47.8). Profitability was decreased by lower revenue and changes in the sales mix. Material costs and the volume of purchased services decreased mainly in line with the revenue. Continuing investments, particularly in digitalization and centralized services, increased personnel costs by 3.0 percent to EUR 82.7 million (80.3). Other operating expenses increased by 16.0 percent to EUR 19.8 (17.0) million, mainly as a result of the 38.4 percent increase in IT costs.

Adjusted EBITA decreased by 29.4 percent to EUR 22.9 million (32.4), representing 8.9 (12.1) percent of revenue.

Adjusted Operating profit for the first quarter amounted to EUR 15.4 (25.6) million, and profit before tax was EUR 10.6 (21.3) million.

As a result of the refinancing arrangement carried out in the latter part of 2019, net financial expenses decreased by 31.3 percent year-on-year to EUR 2.4 million (3.5). Income tax also decreased by 56.2 percent as a result of lower taxable profit. Profit for the first quarter of 2020 was EUR 8.8 (17.2) million, and earnings per share were EUR 0.07 (0.14).

First-quarter operating cash flow decreased as a result of the contraction of business operations, amounting to EUR 32.9 (49.1) million. The reduction of trade receivables resulting from lower sales, particularly from public sector customers, decreased net working capital in the review period.

First-quarter cash flow from investing activities was EUR -10.0 (-7.6) million. The year-on-year change was caused by slightly increased investment in property, plant, and equipment and in intangible assets.

In the first quarter of 2020, cash flow from financing activities was EUR -12.1 (-21.5) million. Cash flow from financing activities increased, because the amount of repayment of short-term loans was higher in the reference period.

The Group's financial position

Terveystalo's liquidity position is good. Cash and cash equivalents at the end of the period amounted to EUR 51.5 million (EUR 56.9 million in March 2019). The company actively negotiates with its banks and can agree on additional financing on a fast schedule if it is deemed necessary for the company's overall situation. The Group's total assets amounted to EUR 1,361.3 million (EUR 1,390.1 million in March 2019).

Equity attributable to owners of the parent company totaled EUR 550.3 (529.2) million. The growth was due to the increase in retained earnings.

Gearing at the end of the review period was 96.4 (108.8) percent, and net debt amounted to EUR 530.6 (575.7) million.

In the final quarter of 2019, Terveystalo signed a financing agreement of EUR 410 million. During the review period, the company fulfilled the covenant requirement included in the financing agreement that depicts relative indebtedness. Of the credit included in the financing agreement, EUR 40 million remained unused at the end of the review period. According to the company's assessment, the current arrangements are adequate also in this exceptional situation.

Return on equity for the review period was 8.4 (10.5) percent. Equity ratio was 40.5 (38.1) percent.

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. Variation is due to the timing of pension and VAT payments, vacation pay obligations and service fees related to occupational healthcare, etc.

Investments and acquisitions

Net investments* in the first quarter of 2020, including M&A, amounted to EUR 9.8 (7.6) million. The Group's net cash capital expenditure, excluding M&A, was EUR 9.4 (6.0) million and the corresponding non-cash capital expenditure EUR 0.7 (3.7) million. These investments consisted mainly of investments in IT system projects (including ERP and CRM), digital application and service development, medical equipment, and the network. With respect to gross investments, the proportions of investments related to intangible and tangible assets remained on a par with the reference period.

In the first quarter of 2020, Terveystalo carried out one acquisition to supplement its business, acquiring the business of Varkauden Fysiokeskus Oy.

** Net investments do not include the additions of right-of-use assets related to office lease agreements recognized in the balance sheet as a result of the adoption of IFRS 16.*

Personnel

The number of Terveystalo's employed staff on March 30, 2020 was 8,711 (6,893). In person-years, the average number of staff was 5,051 (5,003). The number of private practitioners increased to 5,132 (4,885) at the end of the review period.

Events after the reporting period

Employer/employee negotiations concerning the entire Group were carried out, and they were completed on April 3, 2020. As the result of the negotiations, the primary option is to offer alternative work to employees in functions in which work or the company's ability to offer work has temporarily decreased. Temporary lay-offs are the last-resort option. The full-time temporary lay-off notices given at the end of April concerned 548 persons (16,780 calendar days in total), and part-time lay-off notices concerned approximately 1,200 persons. Any lay-off notices to be given in addition to these will be issued by July 6, 2020. Possibilities to temporarily work in other duties may still have an effect on the number of persons temporarily laid off as well as the duration of the lay-offs.

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.

- The global pandemic and the related restrictive measures may have a significant impact on consumer behavior, demand for healthcare services, and the company's expected financial development. Under the Emergency Powers Act and other regulation of exceptional circumstances entitle the public sector to intervene in the production of services and even, if necessary, to take private sector resources for public use.
- Restrictive measures complicate the operation of supply chains worldwide, which makes it difficult to obtain, among other things, the protective gear needed in service production.
- 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 healthcare professionals, employees, and executives. The increased supply of services and increased competition may affect the availability of healthcare 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. According to the company's opinion, 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 at <https://www.terveystalo.com/en/investors/Corporate-governance/Risk-management-and-risks/> and in the company's Annual Review.

Briefing

Terveystalo will arrange a webcast in English on its result on May 6, 2020 starting at 11:00 EET.

You can watch the webcast online at: <https://terveystalo.videosync.fi/2020-q1-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: +1 631 913 1422. If you are calling from another location, please use any of the numbers above. The Participant Passcode is 52849749#.

Helsinki, May 6, 2020

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Terveystalo in brief

Terveystalo is a listed company on the Helsinki Stock Exchange. Terveystalo is the largest healthcare service company in Finland with net sales and network. The company offers versatile primary and secondary healthcare services for corporate and private customers as well as the public sector. The nationwide network covers approximately 300 clinics across Finland, The clinic network is complemented by 24/7 digital services.

In 2019, Terveystalo had approximately 1.2 million individual customers and approximately 3.7 million visits to a physician. Of the 13,000 healthcare professionals working at Terveystalo, less than 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	1-3/2020	1-3/2019	Change, %	2019
Revenue	4	257.4	267.8	-3.9	1,030.7
Other operating income		0.9	0.4	142.7	2.1
Materials and services	5	-119.9	-123.7	-3.1	-472.9
Employee benefit expenses	6	-82.7	-80.3	3.0	-314.3
Depreciation, amortisation and impairment losses		-22.8	-22.2	3.0	-89.8
Other operating expenses	7	-19.8	-17.0	16.0	-74.4
Operating profit/loss		13.0	24.9	-47.6	81.4
Financial income		0.1	0.0	25.4	0.3
Financial expenses		-2.5	-3.6	-30.4	-14.7
Net finance expenses		-2.4	-3.5	-31.1	-14.4
Share of results in associated companies		0.0	-0.1	-64.6	-0.2
Profit/loss before taxes		10.6	21.3	-50.3	66.8
Income tax expense	8	-1.8	-4.1	-56.2	-12.7
Profit/loss for the period		8.8	17.2	-48.9	54.1
Profit attributable to:					
Owners of the parent company		8.8	17.2	-48.9	54.2
Non-controlling interests		0.0	0.0	-158.0	-0.1

Consolidated statement of comprehensive income

EUR mill.	Note	1-3/2020	1-3/2019	Change, %	2019
Profit/loss for the period		8.8	17.2	-48.9	54.1
Total comprehensive income		8.8	17.2	-48.9	54.1
Total comprehensive income attributable to:					
Owners of the parent company		8.8	17.2	-48.9	54.2
Non-controlling interest		0.0	0.0	-158.0	-0.1
Earnings per share for profit attributable to the shareholders of the parent company, in euro					
Basic earnings per share		0.07	0.14		0.43
Diluted earnings per share		0.07	0.14		0.43

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

Condensed consolidated statement of financial position

EUR mill.	Note	31 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS				
Non-current assets				
Property, plant and equipment	9	70.4	64.5	69.5
Right-of-use assets *	9, 11	187.0	209.7	193.2
Goodwill	10	779.7	770.6	779.2
Other intangible assets	10	158.5	164.0	161.9
Investment properties		0.5	0.6	0.5
Investments in associates		2.2	2.8	2.3
Loan receivables		0.5	0.0	0.3
Deferred tax assets		4.3	3.8	3.7
Total non-current assets		1,203.2	1,216.0	1,210.7
Current assets				
Inventories		6.0	5.9	5.6
Trade and other receivables		99.9	110.2	101.6
Cash and cash equivalents		51.5	56.9	40.6
Total current assets		157.4	173.0	147.8
Non-current assets held for sale		0.8	1.1	0.8
TOTAL ASSETS		1,361.3	1,390.1	1,359.3
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	492.8
Treasury shares		-6.7	-6.7	-6.7
Retained earnings		64.1	17.6	55.1
Non-controlling interest		0.0	0.1	0.0
TOTAL EQUITY		550.3	529.3	541.2
Non-current liabilities				
Non-current financial liabilities		343.1	382.9	344.1
Non-current lease liabilities *	11	153.2	175.7	159.9
Deferred tax liabilities		29.0	32.9	30.3
Provisions		8.7	8.3	7.5
Other liabilities		9.8	8.2	9.7
Total non-current liabilities		543.9	608.1	551.5
Current liabilities				
Provisions		2.2	2.1	1.6
Trade and other payables		179.1	174.0	165.4
Current tax liabilities		0.0	2.7	14.8
Current financial liabilities		46.7	36.3	46.7
Current lease liabilities *	11	39.1	37.6	38.1
Total current liabilities		267.2	252.7	266.6
TOTAL LIABILITIES		811.1	860.8	818.0
TOTAL EQUITY AND LIABILITIES		1,361.3	1,390.1	1,359.3

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

*) The presentation of statement of financial position has been changed and the comparison period has been restated respectively.

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 2020	0.1	492.8	-6.7	55.1	541.2	0.1	541.2
Comprehensive income							
Profit for the period	-	-	-	8.8	8.8	0.0	8.8
Transactions with owners							
Share-based payments	-	-	-	0.2	0.2	-	0.2
Equity 31 Mar 2020	0.1	492.8	-6.7	64.1	550.3	0.1	550.3

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	-	-	-	17.2	17.2	0.0	17.2
Transactions with owners							
Other adjustments	-	-	-	0.2	0.2	-	0.2
Equity 31 Mar 2019	0.1	518.2	-6.7	17.6	529.2	0.1	529.3

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

Condensed consolidated statement of cash flows

EUR mill.	1-3/2020	1-3/2019	2019
Cash flows from operating activities			
Profit before income taxes	10.6	21.3	66.8
Adjustments for			
Non-cash transactions			
Depreciation, amortisation and impairment losses	22.8	22.2	89.8
Change in provisions	1.9	-0.3	-1.2
Other non-cash transactions	-0.5	-0.6	-2.4
Gains and Losses on sale of property, plant, equipment and other changes	0.0	-	0.0
Net finance expenses	2.4	3.5	14.4
Changes in working capital			
Trade and other receivables	-0.6	-20.2	-7.9
Inventories	-0.4	-0.1	0.3
Trade and other payables	12.7	24.4	17.7
Interest received	0.1	0.0	0.3
Income taxes paid	-16.1	-1.2	-4.1
Net cash from operating activities	32.9	49.1	173.6
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	-0.1	-1.1	-12.3
Acquisition of property, plant and equipment	-5.3	-2.9	-15.9
Acquisition of intangible assets	-4.1	-3.1	-17.7
Investments to associated companies	-	-0.5	-0.3
Proceeds from sale of available-for-sale financial assets	-	-	0.3
Acquisition of business operation, net of cash acquired	-0.2	-	-1.0
Loan receivables	-0.2	-	-0.3
Repayment of long term loans	-	-	0.2
Proceeds from sale of property, plant and equipment	0.0	-	0.1
Dividends received	0.0	-	0.1
Net cash from investing activities	-10.0	-7.6	-46.7
Cash flows from financing activities			
Proceeds from non-current borrowings	-	-	370.0
Repayment of non-current borrowings	-	-	-401.4
Repayment of current borrowings	-	-10.0	-10.0
Payment of lease liabilities	-9.4	-9.1	-37.1
Payment of hire purchase liabilities	-1.4	-1.1	-4.9
Interests and other financial expenses paid	-1.2	-1.3	-14.2
Equity repayment	-	-	-25.5
Net cash from financing activities	-12.1	-21.5	-123.1
Net change in cash and cash equivalents	10.9	20.0	3.8
Cash and cash equivalents at the beginning of the period	40.6	36.9	36.9
Cash and cash equivalents at the end of the period	51.5	56.9	40.6

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 2019. The accounting policies adopted are consistent with those of the annual financial statements for 2019. All presented figures have been rounded. Financial ratios have been calculated using exact figures.

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 2019.

3. Events after the reporting period

Employer/employee negotiations concerning the entire Group were carried out, and they were completed on April 3, 2020. The full-time temporary lay-off notices given at the end of April concerned approximately 548 persons, and part-time lay-off notices concerned approximately 1,200 persons. Any lay-off notices to be given in addition to these will be issued by July 6, 2020. Possibilities to temporarily work in other duties may still have an effect on the number of persons temporarily laid off as well as the duration of the lay-offs.

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 24,000 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.	1-3/2020	1-3/2019	Change, %	2019
Corporate	111.3	113.8	-2.2	432.5
Private	80.0	79.8	0.4	303.1
Public	66.1	74.2	-11.0	295.1
<i>Outsourcing</i>	28.9	38.2	-24.4	149.9
<i>Staffing</i>	21.4	21.6	-0.8	86.9
<i>Service sales, occupational health and others</i>	15.8	14.4	9.2	58.2
Total	257.4	267.8	-3.9	1,030.7

5. Materials and services

EUR mill.	1-3/2020	1-3/2019	Change, %	2019
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
Total	-119.9	-123.7	-3.1	-472.9

6. Employee benefit expenses

EUR mill.	1-3/2020	1-3/2019	Change, %	2019
Salaries and fees	-68.4	-66.9	2.3	-261.2
Share-based payments	-0.3	-0.0	>200.0	-0.7
Other personnel expenses	-14.0	-13.4	4.4	-52.5
Total	-82.7	-80.3	3.0	-314.3

7. Other operating expenses

EUR mill.	1-3/2020	1-3/2019	Change, %	2019
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
Total	-19.8	-17.0	16.0	-74.4

8. Income taxes

Income taxes in the statement of income

EUR mill.	1-3/2020	1-3/2019	Change, %	2019
Current tax for the reporting year	-3.6	-3.4	7.9	-15.6
Income taxes for prior periods	-0.0	-0.0	91.4	0.0
Deferred taxes	1.8	-0.7	>-200.0	2.8
Total income taxes	-1.8	-4.1	-56.2	-12.7

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

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

1-3/2020	Land and water, buildings and constructions	Right-of-use assets	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.						
Acquisition cost 1 Jan 2020	2.1	252.8	115.6	44.1	1.7	416.4
Additions	-	6.2	3.4	1.5	1.0	12.0
Disposals	-	-1.9	-0.1	-	-	-2.0
Acquisition cost 31 Mar 2020	2.1	257.2	118.9	45.6	2.7	426.4
Accumulated depreciation and impairment losses 1 Jan 2020	-1.1	-59.6	-74.3	-19.0	-	-153.7
Depreciation for the reporting period	-0.0	-10.5	-3.5	-1.2	-	-15.3
Accumulated depreciation and impairment losses 31 Mar 2020	-1.1	-70.2	-77.8	-20.2	-	-169.0
Carrying amount 1 Jan 2020	1.0	193.2	41.3	25.1	1.7	262.7
Carrying amount 31 Mar 2020	1.0	187.0	41.1	25.4	2.7	257.4

1-3/2019	Land and water, buildings and constructions	Right-of-use assets	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.						
Acquisition cost 1 Jan 2019	2.1	36.9	98.1	38.0	0.7	175.8
IFRS 16 implementation	-	199.8	-	-	-	199.8
Business combination	-	-	0.1	-	-	0.1
Additions	-	0.2	3.6	1.0	1.0	5.9
IFRS 16 transactions	-	0.6	-	-	-	0.6
Disposals	-	-	-0.2	-	-	-0.2
Acquisition cost 31 Mar 2019	2.1	237.5	101.7	39.0	1.7	381.9
Accumulated depreciation and impairment losses 1 Jan 2019	-0.8	-17.2	-60.2	-13.9	-	-92.1
Depreciation for the reporting period	-0.2	-1.0	-3.4	-1.1	-	-5.9
IFRS 16 depreciation	-	-9.5	-	-	-	-9.5
Accumulated depreciation and impairment losses 31 Mar 2019	-1.0	-27.7	-63.6	-15.0	-	-107.5
Carrying amount 1 Jan 2019	1.3	19.7	37.9	24.1	0.7	83.6
Carrying amount 31 Mar 2019	1.1	209.7	38.1	23.9	1.7	274.2

2019	Land and water, buildings and constructions	Right-of-use assets	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.						
Acquisition cost 1 Jan 2019	2.1	36.9	98.1	38.0	0.7	175.8
IFRS 16 implementation	-	199.8	-	-	-	199.8
Business combination	-	-	0.3	-	-	0.3
Additions	-	1.4	18.4	6.1	1.0	27.1
IFRS 16 transactions	-	14.9	-	-	-	14.9
Disposals	-	-	-1.3	-	-	-1.3
Acquisition cost 31 Dec 2019	2.1	252.8	115.6	44.1	1.7	416.2
Accumulated depreciation and impairment losses 1 Jan 2019	-0.8	-17.2	-60.2	-13.9	-	-92.1
Depreciation for the reporting period	-0.2	-3.9	-14.1	-4.8	-	-23.0
IFRS 16 depreciation	-	-38.3	-	-	-	-38.3
Impairment losses	-	-	-	-0.3	-	-0.3
Accumulated depreciation and impairment losses 31 Dec 2019	-1.1	-59.4	-74.3	-19.0	-	-153.8
Carrying amount 1 Jan 2019	1.3	19.7	37.9	24.1	0.7	83.6
Carrying amount 31 Dec 2019	1.1	193.2	41.3	25.1	1.7	262.7

10. Intangible assets

1-3/2020	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2020	847.2	153.7	82.9	61.0	1,144.9
Business combination	0.4	-	-	-	0.4
Additions	-	-	-	4.1	4.1
Disposals	-	-	-	-0.0	-0.0
Acquisition cost 31 Mar 2020	847.7	153.7	82.9	65.1	1,149.4
Accumulated amortisations and impairment losses 1 Jan 2020	-68.0	-79.5	-25.1	-31.1	-203.7
Amortisation for the reporting period	-	-4.5	-1.0	-2.0	-7.5
Accumulated amortisations and impairment losses 31 Mar 2020	-68.0	-83.9	-26.1	-33.1	-211.2
Carrying amount 1 Jan 2020	779.2	74.2	57.8	29.9	941.2
Carrying amount 31 Mar 2020	779.7	69.8	56.7	32.0	938.2

1-3/2019	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	1.7	-	-	0.0	1.7
Additions	0.2	-	-	3.0	3.2
Acquisition cost 31 Mar 2019	838.6	149.5	82.9	45.7	1,116.7
Accumulated amortisations and impairment losses 1 Jan 2019	-68.0	-62.1	-21.0	-24.4	-175.4
Amortisation for the reporting period	-	-4.3	-1.0	-1.5	-6.8
Accumulated amortisations and impairment losses 31 Mar 2019	-68.0	-66.4	-22.0	-25.8	-182.2
Carrying amount 1 Jan 2019	768.7	87.4	61.9	18.4	936.4
Carrying amount 31 Mar 2019	770.6	83.2	60.8	20.0	934.6

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	10.6	4.2	-	0.6	15.4
Additions	-	-	-	17.7	17.7
Acquisition cost 31 Dec 2019	847.2	153.7	82.9	61.0	1,144.8
Accumulated amortisations and impairment losses 1 Jan 2019	-68.0	-62.1	-21.0	-24.4	-175.4
Amortisation for the reporting period	-	-17.4	-4.1	-6.5	-28.0
Impairment losses	-	-	-	-0.3	-0.3
Accumulated amortisations and impairment losses 31 Dec 2019	-68.0	-79.5	-25.1	-31.1	-203.7
Carrying amount 1 Jan 2019	768.7	87.4	61.9	18.4	936.4
Carrying amount 31 Dec 2019	779.2	74.2	57.8	29.9	941.2

11. Right of-use-assets and leasing liabilities

1-3/2020 EUR mill.	Right -of-use assets	Lease liabilities
Carrying amount 1 Jan 2020	193.2	198.1
Transactions	4.3	4.3
Depreciation	-10.5	-
Payment of lease liabilities	-	-10.1
Carrying amount 31 Mar 2020	187.0	192.3

In 31.3.2020 lease liabilities EUR 173,3 million is due to the implementation of IFRS 16 and EUR 19,0 million is lease liability of previous standards.

1-3/2019 EUR mill.	Right -of-use assets	Lease liabilities
Opening balance 1 Jan 2019	219.5	222.5
Transactions	0.8	0.8
Depreciation	-10.5	-
Payment of lease liabilities	-	-9.9
Carrying amount 31 Mar 2019	209.7	213.4

In 31.3.2019 lease liabilities EUR 191.9 million is due to the implementation of IFRS 16 and EUR 21.5 million is lease liability of previous standards.

2019 EUR mill.	Right -of-use assets	Lease liabilities
Opening balance 1 Jan 2019	219.5	222.5
Transactions	16.0	16.1
Depreciation	-42.3	-
Payment of lease liabilities	-	-40.5
Carrying amount 31 Dec 2019	193.2	198.1

In 31.12.2019 lease liabilities EUR 178.7 million is due to the implementation of IFRS 16 and EUR 19.4 million is lease liability of previous standards.

12. Business combinations

During the three months ended 31 March 2020, the Group has made one business acquisition.

On 31 March 2020 Suomen Terveystalo Oy acquired the business from Varkauden fysiokeskus as an asset deal. 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.

In financial year 2019 acquired Etelä Karjalan Työkunto Oy's net debt calculations realized during the first quarter in 2020.

The following table summarizes the acquisition date fair values of the considerations transferred. The following table is partially preliminary.

Consideration transferred

EUR mill.	
Cash	0.3
Contingent consideration	0.1
Total consideration transferred	0.4

Goodwill	0.4
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In these business combinations, the Group has acquired customer relationships and other intangible assets. 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 and other intangible assets have not been completed.

As a result of this business combination and paid net debt, a preliminary goodwill amounting to EUR 0.4 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

If the acquisition had occurred on 1 January 2020, management estimates that the Group's consolidated revenue in first quarter 2020 would have been EUR 257,5 million and the consolidated result would have been EUR 8,8 million.

Year 2019

During the three months ended 31 March 2019, the Group made two business acquisitions.

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.

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 are partially preliminary and the information has been consolidated, because the acquisitions are not material individually.

Consideration transferred

EUR mill.	
Cash	1.3
Contingent consideration	0.6
Total consideration transferred	1.9

Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	0.3
Intangible assets	0.0
Property, plant and equipment	0.1
Inventories	0.1
Trade and other receivables	0.1
Trade and other payables	-0.2
Total identifiable net assets acquired	0.4

Goodwill	1.5
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As a result of these business combinations, a goodwill amounting to EUR 1.5 million was recognized. The goodwill is attributable to skills of the workforce and synergies expected to be achieved.

The fair value of the acquired trade and other receivables amounted to EUR 0.1 million, for which the risk of impairment has been deemed non-significant.

The Group has incurred acquisition-related expenses of EUR 0.0 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 during the first quarter of 2019 was EUR 0.3 million and the result was EUR 0.0 million.

If the acquisition had occurred on 1 January 2019, management estimates that the Group's consolidated revenue in the first quarter of 2019 would have been EUR 268.0 million and the consolidated result would have been EUR 17.2 million.

13. Group's key financial ratios

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

* 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.

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⁾ The reference period includes only three months of Attendo Healthcare Services' result.

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.

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

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

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

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

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

$$\text{Adjusted operating profit (EBIT), \%} = \frac{\text{Earnings Before Interest, Taxes and Share of profits in associated companies, and adjustments}}{\text{Revenue}} \times 100\%$$

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

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

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

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

$$\text{Operating profit (EBIT)} = \text{Earnings Before Interest, Taxes and Share of profits in associated companies}$$

$$\text{Operating profit (EBIT), \%} = \frac{\text{Earnings Before Interest, Taxes and Share of profits in associated companies}}{\text{Revenue}} \times 100\%$$

* 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, %	1-3/2020	1-3/2019	2019
Profit/loss for the period (LTM)	45.7	54.6	54.1
Equity (including non-controlling interest) (average)	545.7	520.5	526.5
Return on equity, %	8.4	10.5	10.3

Equity ratio, %	1-3/2020	1-3/2019	2019
Equity (including non-controlling interest)	550.3	529.3	541.2
Total assets	1,361.3	1,390.1	1,359.3
Advances received	1.5	1.7	1.5
Equity ratio, %	40.5	38.1	39.9

Gearing, %	1-3/2020	1-3/2019	2019
Interest-bearing liabilities	582.1	632.5	588.8
Interest-bearing receivables and cash and cash equivalents	51.5	56.9	40.6
Equity	550.3	529.3	541.2
Gearing, %	96.4	108.8	101.3

Net debt/Adjusted EBITDA (LTM)	1-3/2020	1-3/2019	2019
Interest-bearing liabilities	582.1	632.5	588.8
Interest-bearing receivables and cash and cash equivalents	51.5	56.9	40.6
Adjusted EBITDA (LTM)	166.7	125.9	176.3
Net debt/Adjusted EBITDA (LTM)	3.2	4.6	3.1

Adjusted EBITDA, EUR mill.	1-3/2020	1-3/2019	2019
Profit (loss) for the period	8.8	17.2	54.1
Income tax expense	1.8	4.1	12.7
Share of profits in associated companies	0.0	0.1	0.2
Net finance expenses	2.4	3.5	14.4
Depreciation, amortisation and impairment losses	22.8	22.2	89.8
Adjustments*	2.3	0.7	5.1
Adjusted EBITDA	38.2	47.8	176.3

Adjusted EBITDA, %	1-3/2020	1-3/2019	2019
Adjusted EBITDA	38.2	47.8	176.3
Revenue	257.4	267.8	1,030.7
Adjusted EBITDA, %	14.8	17.9	17.1

Adjusted EBITA, EUR mill.	1-3/2020	1-3/2019	2019
Profit (loss) for the period	8.8	17.2	54.1
Income tax expense	1.8	4.1	12.7
Share of profits in associated companies	0.0	0.1	0.2
Net finance expenses	2.4	3.5	14.4
Amortisation and impairment losses	7.5	6.8	28.6
Adjustments*	2.3	0.7	5.1
Adjusted EBITA	22.9	32.4	115.1

Adjusted EBITA, %	1-3/2020	1-3/2019	2019
Adjusted EBITA	22.9	32.4	115.1
Revenue	257.4	267.8	1,030.7
Adjusted EBITA, %	8.9	12.1	11.2

Adjusted operating profit (EBIT), EUR mill.	1-3/2020	1-3/2019	2019
Profit (loss) for the period	8.8	17.2	54.1
Income tax expense	1.8	4.1	12.7
Share of profits in associated companies	0.0	0.1	0.2
Net finance expenses	2.4	3.5	14.4
Adjustments*	2.3	0.7	5.1
Adjusted operating profit (EBIT)	15.4	25.6	86.5

Adjusted operating profit, (EBIT), %	1-3/2020	1-3/2019	2019
Adjusted operating profit (EBIT)	15.4	25.6	86.5
Revenue	257.4	267.8	1,030.7
Adjusted operating profit (EBIT), %	6.0	9.6	8.4

EBITDA, EUR mill.	1-3/2020	1-3/2019	2019
Profit (loss) for the period	8.8	17.2	54.1
Income tax expense	1.8	4.1	12.7
Share of profits in associated companies	0.0	0.1	0.2
Net finance expenses	2.4	3.5	14.4
Depreciation, amortisation and impairment losses	22.8	22.2	89.8
EBITDA	35.9	47.1	171.2

EBITDA, %	1-3/2020	1-3/2019	2019
EBITDA	35.9	47.1	171.2
Revenue	257.4	267.8	1,030.7
EBITDA, %	13.9	17.6	16.6

EBITA, EUR mill.	1-3/2020	1-3/2019	2019
Profit (loss) for the period	8.8	17.2	54.1
Income tax expense	1.8	4.1	12.7
Share of profits in associated companies	0.0	0.1	0.2
Net finance expenses	2.4	3.5	14.4
Amortisation and impairment losses	7.5	6.8	28.6
EBITA	20.6	31.7	110.0

EBITA, %	1-3/2020	1-3/2019	2019
EBITA	20.6	31.7	110.0
Revenue	257.4	267.8	1,030.7
EBITA, %	8.0	11.8	10.7

Operating profit (EBIT), EUR mill.	1-3/2020	1-3/2019	2019
Profit (loss) for the period	8.8	17.2	54.1
Income tax expense	1.8	4.1	12.7
Share of profits in associated companies	0.0	0.1	0.2
Net finance expenses	2.4	3.5	14.4
EBIT	13.0	24.9	81.4

Operating profit, (EBIT), %	1-3/2020	1-3/2019	2019
EBIT	13.0	24.9	81.4
Revenue	257.4	267.8	1,030.7
EBIT, %	5.1	9.3	7.9

Adjustments*, EUR mill.	1-3/2020	1-3/2019	2019
Acquisition related expenses ⁽¹⁾	0.1	0.4	3.3
Restructuring related expenses ⁽²⁾	0.4	0.2	0.7
Gain / losses on sale of asset, net	-	0.0	0.3
Strategic projects and other items affecting to comparability	1.9	0.1	0.8
Adjustments	2.3	0.7	5.1

* 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.

¹⁾ Including transaction costs and expenses from integration of acquired businesses.

²⁾ Including restructuring of network and business operations.

16. Collateral and other contingent liabilities

EUR mill.	31 Mar 2020	31 Mar 2019	31 Dec 2019
Business mortgages	-	0.5	0.6
Total	-	0.5	0.6
Securities for own debts			
Deposits	0.2	0.1	0.2
Rental deposit	-	0.1	-
Guarantees	0.7	1.2	0.9
Total	0.9	1.3	1.0