

**TERVEYSTALO GROUP
INTERIM REPORT
JANUARY 1–SEPTEMBER 30, 2018
STRONG EARNINGS TREND CONTINUED**

TERVEYSTALO GROUP

INTERIM REPORT

JANUARY 1–SEPTEMBER 30, 2018

STRONG EARNINGS TREND CONTINUED

July–September 2018 in brief

- Revenue increased by 3.2 percent year-on-year to EUR 160.3 million (155.4)
- Adjusted* EBITDA increased by 15.2 percent year-on-year to EUR 20.1 million (17.5)
- EBITDA more than tripled year-on-year to EUR 27.6 million (7.6)
- Adjusted* earnings before interest, taxes, and amortization (EBITA) were 9.2 percent (8.0) of revenue
- Earnings before interest, taxes, and amortization (EBITA) were 13.9 (1.7) percent of revenue
- Profit for the period amounted to EUR 16.0 million (-6.9)
- Operating cash flow amounted to EUR 13.5 million (-2.4)
- Earnings per share** were EUR 0.13 (-0.06)

January–September 2018 in brief

- Revenue increased by 9.4 percent year-on-year to EUR 546.8 million (499.6)
- Adjusted* EBITDA increased by 20.7 percent year-on-year to EUR 76.4 million (63.3)
- EBITDA increased by 107.3 percent year-on-year to EUR 90.0 million (43.4)
- Adjusted* earnings before interest, taxes, and amortization (EBITA) were 11.1 percent (9.8) of revenue
- Earnings before interest, taxes, and amortization (EBITA) were 13.6 percent (5.8) of revenue
- Profit for the period amounted to EUR 58.7 million (1.1)
- Net debt decreased by 44.3 percent to EUR 210.5 million (377.8)
- Net debt/Adjusted EBITDA was 2.0, down from 4.5
- Operating cash flow amounted to EUR 62.1 million (32.5)
- Earnings per share** were EUR 0.46 (0.01)

EBITDA = Earnings Before Interest, Taxes, Depreciation, and Amortization

EBITA = Earnings Before Interest, Taxes, and Amortization

**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 including the IPO, new business operations, and other items affecting comparability. In July–September, adjustments totalled EUR -7.4 (9.8) million and in January–September EUR -13.6 (19.9) million.*

*** The effects of share conversion and share split have been taken into account in the weighted average number of shares.*

Yrjö Närhinen, CEO: Strong financial performance continued – we strengthen our investments in digitalisation

Terveystalo's competitive strength was reflected in the broad based revenue growth, high utilization rates, and the increased number of physicians. Capacity growth in the market has stalled, and we have taken measures to ensure availability of our services locally. According to our estimate, we have seen the full extent of investments in additional capacity in health care in Finland for the time being, and consolidation in the industry is likely to continue.

We will continue develop our organization in order to be even more customer oriented and cost efficient. Healthcare remains our strategic focus and we further invest in preventive services*, customer experience, and digitalization. Our objective remains to be the preferred provider of health care services for all customer groups. We continuously develop our extensive service range and



network in order to cater for all customer needs. Superior customer experience enhances the commitment and loyalty of our customers. The renewed Oma Suunnitelma (“Own Plan”) personal health plan, launched in May, is an important tool for the development of customer loyalty. By the end of September, as many as 150,000 new Oma Suunnitelma health plans were prepared, and 65,000 follow-up visits were scheduled. We have set a target to prepare a personal health plan, including next steps for health care, for every customer coming for a health examination in 2019.

In the third quarter, revenue increased by 3.2 percent year-on-year mainly driven by record strong organic growth in public customer group. Recognising the changes in service mix and implemented investments, we continue to improve our profitability: adjusted EBITDA margin increased by over 15 percent to EUR 20.1 million in the third quarter. Adjusted EBITA in relation to revenue improved by 1.2 percentage points to 9.2 percent.

We continue to aim for annual revenue growth of 6–8 percent over the long term through organic growth and bolt-on acquisitions. We believe that, despite the changing customer and service mix, we are capable of improving profitability through economies of scale and the continuous improvement of the efficiency of operations. Our target is an adjusted EBITA margin of 12–13 percent in the medium to long term. A strong balance sheet supports the preparations for the Attendo acquisition.

Market outlook

Employment and consumer confidence remain at a high level in Finland, and the market environment is positive. If the government’s Social and health care reform (the so-called Sote-reform) is delayed, demand for outsourcing and other services from the public sector is expected to grow. Corporate customers keep up a steady demand, and the relative share of preventive services is increasing. Demand from private customers remains at a steady level but new capacity on the market affects Terveystalo’s revenue growth negatively. However, the peak of capacity growth has passed. These views are based on the expected market development within the next six months, compared to the last six months.

Previous market outlook (published on August 17, 2018)

The positive development of the domestic economy supports the corporate and private customer businesses. Health care and social welfare reform is important to Finland and would change the environment for all health care companies and create new opportunities, especially for those who invest in meeting the new needs created by the reform. Terveystalo expects its markets to continue to develop favorably, but the new supply that has entered the market is estimated to influence particularly the private customer business.

*The statutory task of occupational healthcare is to prevent work-related adverse health effects. Preventive OH includes for example workplace survey to examine the conditions and exposures at the workplace, health examinations, proposed measures to improve work conditions and to promote the employees’ work ability, advice and guidance, 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 the first aid preparedness at the workplace and assessment and monitoring of the quality and impact of occupational health care activities.

Wellbeing services include for example physiotherapy, mental health services (psychologists and psychotherapists), nutrition therapy, work ability training and Rela massage therapists (Terveystalo’s subsidiary).

Key figures

EUR million	7-9/ 2018	7-9/ 2017	Change, % %	1-9/ 2018	1-9/ 2017	Change, % %	2017
Revenue	160.3	155.4	3.2	546.8	499.6	9.4	689.5
Adjusted EBITDA *	20.1	17.5	15.2	76.4	63.3	20.7	92.4
Adjusted EBITDA, % *	12.5	11.2	-	14.0	12.7	-	13.4
EBITDA *	27.6	7.6	> 200.0	90.0	43.4	107.3	68.2
EBITDA, % *	17.2	4.9	-	16.5	8.7	-	9.9
Adjusted EBITA *	14.8	12.4	19.4	60.6	49.1	23.6	73.0
Adjusted EBITA, % *	9.2	8.0	-	11.1	9.8	-	10.6
EBIT	17.3	-2.5	> 200.0	59.3	14.2	> 200.0	28.2
Net profit	16.0	-6.9	> 200.0	58.7	1.1	> 200.0	7.2
Net debt	-	-	-	210.5	377.8	-44.3	256.4
Net debt/adjusted EBITDA (last 12 months) *	-	-	-	2.0	4.5	-	2.8
Return on equity (ROE), %*	-	-	-	13.5	3.1	-	2.1
Equity ratio, % *	-	-	-	53.7	37.3	-	50.7
Gearing, %*	-	-	-	41.9	115.6	-	56.1
Earnings per share**	0.13	-0.06	-	0.46	0.01	-	0.06
Operating cash flow	13.5	-2.4	> 200%	62.1	32.5	91.1	70.0
Personnel (end of period)	-	-	-	4,482	4,290	4.5	4,265
Private practitioners (end of period)	-	-	-	4,729	4,503	5.0	4,431
Number of working days	65	65	-	189	189	-	251

* Alternative performance measure. Additional information in note 14.

** The effects of share conversion and share split have been taken into account in the weighted average number of shares.

Diacor is included in the consolidated figures for the comparison period for the balance sheet and personnel as of March 31, 2017.

Market review

The health care services market remained stable throughout the reporting period. The positive development of the Finnish economy, improved employment rate, and increased consumer confidence all contributed to steady demand in the corporate and private customer groups in the review period. However, increased clinic and hospital capacity has intensified competition, especially in Finland's major cities, with the exception of the Helsinki metropolitan area. The demand for Terveystalo's services has remained strong. In the private customer group, the increased supply in the market is reflected in local market shares.

The Social Affairs and Health Committee has dealt with the Government's proposal for the Social and health care reform and the committee's reports will now be submitted to the Parliament's Constitutional Law Committee. The Constitutional Law Committee assesses whether the proposed laws are in conformity with Finnish constitution. Thereafter, the laws will return to the Social Affairs and Health Committee, after which the laws will be adopted for approval by Parliament's plenary. It remains uncertain if the proposed reforms will be accepted and implemented.

The proposed solution would enable private service providers to offer publicly funded health center services basically similar to the current services. The provider of direct-choice services (provided at health and social services centers) would be paid on a similar basis as a publicly owned health and

social services center. According to Terveystalo's assessment, this would provide Terveystalo with the opportunity to increase business in its area of core expertise by utilizing its existing network without significant further investments.

If the proposed Sote reform is further postponed, public sector demand for different outsourcings is expected to grow, especially if the law limiting municipalities and joint municipal boards in their outsourcings and investments of social and health care services is abolished.

Financing of service voucher pilot projects will end by 31 October 2019. If a county receives funding for freedom of choice pilot projects, service voucher pilots in the same area should be included in the more extensive freedom of choice pilots by 31 August 2019.

The freedom of choice pilots that have started in 2018 and will start in 2019 cover direct-choice services (at health and social services centers and oral care), personal budgeting, and customer vouchers. The launch of pilots depends on whether the legislative proposals are accepted, and the final decisions on the progress of the pilots will be made after the proposal has been accepted. According to the planned schedule issued by the Finnish government in June, the direct-choice health and social services center pilots will be completed by the end of 2020, and the responsibility to arrange services would be included in the county's normal activities as of the beginning of 2021. The oral health care pilots are scheduled to be completed by the end of 2021, with the operations transferred to the oral health care units at the beginning of 2022. Personal budgets and customer vouchers are set to be implemented from the beginning of 2022. Freedom of choice for health and social services centers and oral health care would enter into effect in 2023. However, the schedule may be delayed for various reasons.

With the most extensive network of clinics and hospitals and occupational health care customer base, the company nevertheless expects to be able to continue its strong performance even in the current market structure and to be an attractive partner for different customer groups.

Consolidated revenue

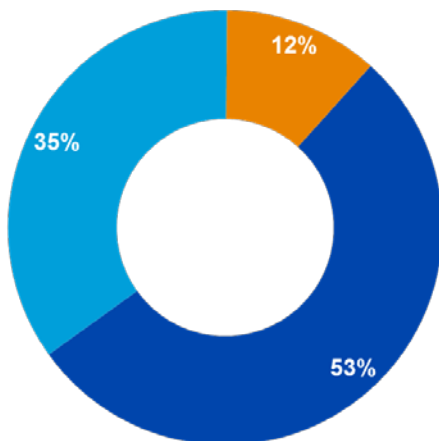
Terveystalo's **revenue for the third quarter** increased by 3.2 percent year-on-year, amounting to EUR 160.3 (155.4) million. Increased demand supported the revenue growth. Terveystalo's competitive strength was reflected in the steady growth of insurance sales, high utilization rates and increased number of physicians. Tighter competition and increased market capacity decreased the number of appointments offered by Terveystalo by 3 percent. Significantly increased revenue from public customers had a large impact on revenue growth in the third quarter.

January–September revenue increased by 9.4 percent year-on-year to EUR 546.8 million (499.6) The Diacor acquisition made in the first quarter of 2017 contributed significantly to revenue growth.

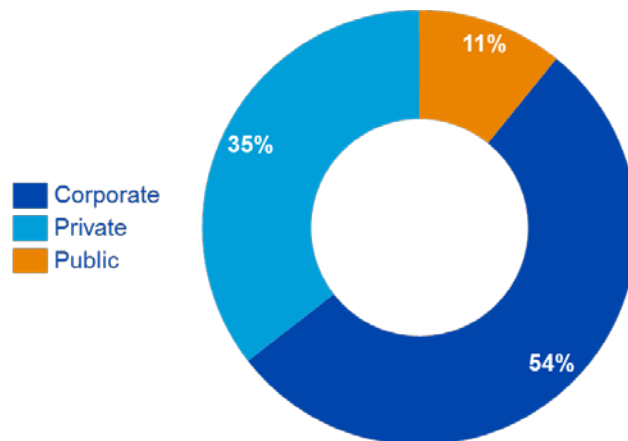
	M€	7–9/2018	7–9/2017	Change, %	1–9/2018	1–9/2017	Change, %	2017
Corporate customers		85.6	84.5	1.3	293.4	266.3	10.2	372.1
Private customers		56.2	56.9	-1.2	194.0	186.8	3.8	253.8
Public sector customers		18.5	14.0	31.8	59.4	46.4	27.9	63.6
Total		160.3	155.4	3.2	546.8	499.6	9.4	689.5

Revenue by payer group

Q3 revenue by payer group



YTD revenue by payer group



Corporate customers

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

Revenue for the third quarter from corporate customers increased by 1.3 percent, amounting to EUR 85.6 (84.5) million, without being significantly affected by acquisitions. Sales of preventive occupational health services and wellbeing services developed favorably, while the demand for illness-related appointments decreased. There was no significant change in the number of occupational health care end-customers year-on-year. The growth of preventive services is supported, for example, by the renewed digital Oma Suunnitelma, a personal health plan launched last spring, with as many as 150,000 plans already prepared. Based on the new Oma Suunnitelma health plans, 65,000 further appointments have been already planned. Also the demand for digital services showed strong growth.

Revenue for January–September increased by 10.2 percent, amounting to EUR 293.4 (266.3) million. The acquisition of Diacor in March 2017 contributed significantly to revenue growth. In addition, the favorable development of preventative occupational health services promoted revenue growth. Sales of wellbeing services and digital services increased substantially as well.

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, 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.

Revenue for the third quarter from private customers decreased by 1.2 percent, amounting to EUR 56.2 (56.9) million, without being significantly affected by acquisitions. The third quarter

witnessed stable growth, and the amount of private services used by occupational health customers remained at the level of the reference period. New hospitals and clinics have increased the capacity and thus the competition especially in larger cities. Regional differences remain substantial. The utilization rates of Terveystalo's physicians' appointment services nevertheless remained exceptionally high during the third quarter, but the number of appointments offered showed a year-on-year decrease. The number of contracted doctors has increased and the number of offered appointments decreased relatively significantly less than the capacity increased, however. Sales of diagnostic services were flat year-on-year. Strengthened insurance company referral lowered the volume of surgical services. Strong demand for wellbeing and digital services increased the revenue, however.

Revenue for January–September increased by 3.8 percent, amounting to EUR 194.0 (186.8) million. The factors contributing to revenue growth during the review period included the Diacor acquisition, organic growth and, to a lesser extent, the expansion of the network of oral health services.

Public sector customers

Terveystalo's public customer group is made up of Finnish public sector organizations, such as municipalities, municipal federations, and hospital districts, as well as municipal occupational health care customers. Terveystalo's broad nationwide platform, digital offering, good reputation, and established brand, as well as its thorough expertise and experience in health care services throughout the critical pathways, make Terveystalo an attractive partner for the public sector. Terveystalo's services for public sector customers are mainly financed by municipalities and government budgets.

The **third quarter** witnessed **record-breaking growth in revenue from public customers**. Revenue grew by 31.8 percent year-on-year, amounting to EUR 18.5 (14.0) million. The increase in revenue was particularly supported by new outsourcing contracts in Lumijoki and Kinnula and specialized care outsourcing at Iisalmi Hospital.

Terveystalo is participating in Freedom of Choice pilots in Ylä-Savo (Iisalmi, Sonkajärvi, Vieremä, Kiuruvesi), Central Uusimaa (Hyvinkää, Järvenpää, Mäntsälä), Hämeenlinna, Jyväskylä, Lahti and Kuopio. The number of Freedom of Choice experiments and the revenue derived from them increased substantially year-on-year.

Revenue for January–September increased by 27.9 percent, amounting to EUR 59.4 (46.4) million.

Financial Performance

Adjusted EBITDA for **the third quarter** increased by 15.2 percent year-on-year to EUR 20.1 million (17.5). The increase in adjusted EBITDA was mainly due to increased revenue and the cost synergies from the integrations of Diacor and Porin Lääkäritalo. Material expenses decreased by 11.0 percent due to changes in the sales mix, with more emphasis on preventive services. The volume of purchased services increased in line with revenue, by 2.9 percent. Other operating expenses decreased as IT, marketing and equipment maintenance costs decreased from the reference period.

Despite the shift in sales mix to more labour intensive, preventive health and well-being services, operational efficiency developed positively and adjusted EBITDA represented 12.5 (11.2) percent of revenue. The operating margin more than tripled from last year, to EUR 27.6 million (7.6). Earnings before interest, taxes and amortization (EBITA) relative to revenue increased by 12.2 percentage points, to 13.9 percent.

Earnings for the third quarter amounted to EUR 17.3 million (-2.5), and profit before tax was EUR 17.1 million (-7.3). Profit amounted to EUR 16.0 million (-6.9), earnings per share was EUR 0.13 (-0.06).

Capital gains from the sale of shares in subsidiaries and other entities affected the comparability of EBITDA and EBITA in the review period. Terveystalo recognized a capital gain of EUR 8.4 million in the third quarter, primarily from the sale of the shares in the Ava Clinic. The capital gain has a non-recurring positive impact on the company's result.

Adjusted EBITDA for **January–September** increased by 20.7 percent year-on-year to EUR 76.4 million (63.3). The increase in adjusted EBITDA was mainly due to increased revenue and the cost synergies from the integrations of Diacor and Porin Lääkäritalo. Adjusted EBITDA represented 14.0 (12.7) percent of revenue.

EBITDA for January–September increased by 107.3 percent year-on-year to EUR 90.0 (43.4) million. Earnings before interest, taxes and amortization (EBITA) relative to revenue increased by 7.8 percentage points, to 13.6 percent.

Costs related to acquisitions and restructuring and capital gains from the sale of shares in subsidiaries and other entities affected the comparability of EBITDA and EBITA in the review period. In addition, Terveystalo recognized a capital gain of EUR 16.2 million during the period, primarily from the sale of Ava Clinic and the real estate in Pori. Terveystalo's operating profit more than quadrupled in January–September and amounted to EUR 59.3 (14.2) million.

In January–September, the net financial expenses decreased by 51.8 percent, mainly due to refinancing arrangements made in conjunction with the IPO, and amounted to EUR 7.0 (14.5) million. The net financial expenses for the period include EUR 0.6 million in expenses related to the financing of future acquisitions. Operating cash flow increased 91.1 percent, amounting to EUR 62.1 million (32.5). The growth was mainly due to improved profitability and growth of net working capital.

With cash flows related to the sale of subsidiaries allocated to the review period in the amount of EUR 24.0 (0) million, cash flow from investing activities was positive at EUR 10.7 (-73.0) million. The acquisitions of subsidiaries and businesses accounted for EUR -2.1 (-57.2) million.

Cash flow from financing activities amounted to EUR -26.3 (7.1) million. Cash flow in the review period included cash flows related to own shares of EUR -6.7 million (0). Share acquisitions were carried out by EAM TTALO Holding Oy, and they were made in line with the share reward system, financed by Terveystalo.

Terveystalo's profit before tax for January–September amounted to EUR 54.3 million (-0.5). Following the completion of a tax audit, Terveystalo recognized EUR 13.0 million in deferred tax assets based on outstanding tax losses in the first quarter, with a non-recurring positive effect on the result. Profit for the review period was EUR 58.7 (1.1) million and earnings per share was EUR 0.46 (0.01).

Group's financial position

Terveystalo's liquidity is good. Cash and cash equivalents at the end of the period amounted to EUR 79.4 million (EUR 5.7 million in September 2017). The Group's total assets amounted to EUR 937.4 million (EUR 878.2 million in September 2017). The growth was mainly due to an increase in cash and cash equivalents.

Equity attributable to owners of the parent company totaled EUR 502.1 (326.8) million. The growth resulted mainly from the new capital raised through the IPO as well as improved profitability. In addition, pre-listing shareholders made an investment totaling EUR 25 million in the company's invested non-restricted equity reserve in October 2017.

Terveystalo's balance is strong. Gearing at the end of the review period was 41.9 (115.6) percent, and net interest-bearing debt amounted to EUR 210.5 (377.8) million. The decrease was mainly due to the equity raised through the share issue carried out in connection with the listing as well as the repayment of loans.

At the end of the reporting period, return on equity was 13.5 (3.1) percent and equity ratio 53.7 (37.3) percent. Following the completed tax audit, the profit for the period (LTM) includes fully recognized deferred tax assets of EUR 13.0 million relating to outstanding tax losses carried forward.

Investments and acquisitions

Net investments in January–September 2018, including M&A were negative and amounted to EUR -2.9 (171.3) million due to capital gain from Ava Clinic sale. The Group's net cash capital expenditure, excluding M&A, was EUR 11.3 (11.8) million and the corresponding non-cash capital expenditure EUR 7.7 (9.5) million. These investments consisted mainly of investments in medical equipment and the network, as well as investments in IT systems and service development.

Net investments related to acquisitions totaled EUR -22.0 (150.0) million. In January–September, Terveystalo acquired three companies and the business operations of two companies.

In January, the company acquired the business operations of Hammas Jaarli Oy. In February–March, Terveystalo strengthened its network by acquiring the Naantali-based Naantalin Yksityislääkärit Oy as well as Juha Uusimäki Oy (Lääkäriasema ILO), which operates in Tuuri and Vimpeli. In the second quarter, the company sold the entire share capital of Porin Linnankulma Mutual Real Estate Company.

In the third quarter, Terveystalo acquired the entire share capital of Fysiatriinen osaamiskeskus Prima Oy. Fysiatriinen osaamiskeskus Prima Oy is a private provider of physiotherapy services. The company employs 10 physical therapists, 3 physiatrists and 1 psychologist. In 2017, the company's revenue was approximately EUR 1.3 million. In addition, the agreement to acquire Jämsä unit of Jämsän Fysikaalinen Hoitolaitos Oy acquisition, signed by Terveystalo in June, was implemented at the end of September.

Terveystalo also sold the entire share capital of Ava Clinic, a Riga-based subsidiary, in the third quarter. In August 2017, Terveystalo gave up its assisted reproduction business in Finland, and selling of the Ava Clinic marked the end of the company's fertilization business.

The investments in the comparison period included the acquisition prices of Porin Lääkäritalo group and Diacor group, which affected cash flow, as well as EUR 93.9 million in non-cash capital expenditure related to the Diacor acquisition.

Personnel

The number of employed staff on September 30, 2018 increased slightly year-on-year, to 4,482 (4,290). The number of private practitioners increased slightly and amounted to 4,729 (4,503) at the end of the review period.

Remuneration policy

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

Changes in Management

Julia Ormio, born 1970, LL.B., LL.M, has been appointed as Senior Vice President, Legal of Terveystalo as of December 1, 2018. She will become a member of the Terveystalo Executive Team and report to CEO Yrjö Närhinen. Julia Ormio joins Terveystalo from Sumitomo SHI FW Oy, where she has held the position of SVP, Legal and Compliance since 2012. Prior to that, she has held various senior leadership positions for example in Outotec Oyj and Elcoteq Plc.

Juha Tuominen (Professor, Senior Lecturer, Specialist in Internal Medicine, MD), Chief Medical Officer of Terveystalo since 2009, has been elected as the new Managing Director of Hospital District of Helsinki and Uusimaa, starting from 1 January, 2019. Terveystalo has begun the search for his successor. Unto Palonen, senior occupational health physician, will act as a deputy Chief Medical Officer of Terveystalo from 1 November 2018 onwards.

Composition of the Shareholders' Nomination Board

Terveystalo Plc's Shareholders' Nomination Board consists of the representatives of the Company's four largest shareholders as of September 3, 2018 and Chairman of the Company's Board of Directors. The tasks of the Shareholders' Nomination Board include the search, preparation and presentation of member candidates for the Board of Directors as well as matters concerning the remuneration of the Board. The Nomination Board shall elect a Chairman from amongst its members.

In accordance with the above, the members of Terveystalo's Nomination Board are:

- Risto Murto, Varma Mutual Pension Insurance Company
- Tomas von Rettig, Rettig Group AB
- Ole Johansson, Hartwall Capital
- Laura Raitio, Helsinki Deaconess Institute Foundation
- Fredrik Cappelen, Chairman of the Board of Directors at Terveystalo Plc.

In its organizing meeting on September 21, 2018, the Nomination Board elected Risto Murto as its Chairman.

The Shareholders' Nomination Board will forward its proposals for the Annual General Meeting to Terveystalo's Board of Directors on February 1, 2019 at the latest.

Significant short-term risks and uncertainty factors

When implementing the strategy, Terveystalo and its operations face many types of risks and opportunities. Terveystalo applies a comprehensive risk management process to ensure that risks are identified and mitigated whenever possible, even though many of the risks are not within the full control of the company. To harness its value creation potential, Terveystalo is prepared to take controlled risks within its risk-bearing capacity.

According to Terveystalo's risk classification, risks are divided into four main groups: strategic risks, financial and personnel risks, operational risks, and patient safety risks. All of these categories may include both internal and external risks and opportunities.

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

Changes in the competitive landscape, new market entrants and increasing price competition may have a negative impact on the company's profitability and growth potential.

The development and implementation of new information systems, services, service products and operating models involves risks.

The company's business operations rely on its capacity to identify, recruit, and retain competent and professional health care professionals, employees, and executives. The increased supply of services and increased competition may affect the availability of 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.

The company is a party to, and may become a party to, legal action or administrative procedures initiated by the authorities, patients, or third parties. The company's view is that its currently pending legal obligations and court cases are not significant in nature.

The company is well prepared for the EU General Data Protection Regulation, which entered into force in May and aims to increase the transparency of the processing of personal data.

Risk management at Terveystalo and risks related to the company's business are described in more detail on the company website at <https://www.terveystalo.com/en/investors/Corporate-governance/Risk-management-and-risks/> and in the company's Annual Review 2017.

Seasonal variation and the impact of the number of business days

Seasonality affects Terveystalo's revenue to some extent. The company's revenue has typically been lower during the holiday seasons, particularly in July and August. At the quarterly level, seasonal variation has historically reduced revenue particularly in the third quarter. Due to the seasonal nature of business, the required net working capital varies during the year. Variation is also due to the timing of pension and VAT payments, vacation pay obligations and service fees related to occupational healthcare. Normally, the company's net working capital decreases toward the end of

the year as a result of seasonal factors. The number of business days typically has an effect on revenue and earnings development, particularly when comparing quarterly performance.

Events after the reporting period

Acquisition of Puistosaaaran Silmälääkärit Oy and Jyväskylän Silmätutkimuslaboratorio Oy

In October 2018, Terveystalo acquired the operations of Puistosairaalan Silmälääkärit Oy and Jyväskylän Silmätutkimuslaboratorio Oy. The companies' employees joined Terveystalo Group as old employees and the operations continue on the same premises as before. The companies are private providers of ophthalmology services. The companies employ 12 ophthalmologists and 5 employees, and in 2017, the companies revenue was approximately EUR 0.4 million.

Acquisition of ONNI Hammas Porvoo

In October 2018, Terveystalo signed an agreement to acquire ONNI hammas dental clinic in Porvoo. The dental clinic, opened in February 2018, employs 4 dentists, 3 dental hygienists and 5 dental nurses. The unit's revenue in 2017 was approximately EUR 0.7 million.

The FCCA was granted an extension concerning the transaction between Terveystalo and Attendo

The Finnish Competition and Consumer Authority's (FCCA) investigation concerning the transaction between Terveystalo and Finnish health care operations of Attendo are still pending, and on October 5, 2018 the FCCA applied for an extension to the investigation from the Finnish Market Court until December 14, 2018. If FCCA approves the transaction during the extension, the completion of the transaction is still expected to take place within the previously estimated timetable, at the end of 2018, irrespective of the possible extension period.

Until the FCCA's final decision, Terveystalo's operations and Attendo's Finnish health care operations shall remain as separate undertakings, as before.

Acquisition of the Rela companies

At the beginning of October, Terveystalo acquired the operations of the Rela companies (Rela-hierojat Oy, Hierojakoulu Relaxi Oy, and Rela-Group Oy). In six years, Rela-Hierojat, which provides massage services, has expanded into the only nationwide chain operating in the field with 31 units and 4 franchising units. Rela's professionals are trained masseurs in accordance with National Supervisory Authority for Welfare and Health Valvira's protected occupational title. Rela-Group's central organization employs eight employees and 140 individual masseurs and, in 2017, the revenue of the chain was EUR 3.3 million. The chain has in all 14,000 private customers and approximately 100 corporate customers.

Financial reporting and Annual General Meeting in 2019

In 2019, Terveystalo Plc will publish financial reports as follows:

- Financial Statements Bulletin 2018 on Thursday, February 14, 2019
- Annual Report 2018 on week 9, 2019
- Interim report for January–March 2019 on Thursday, May 9, 2019
- Half-Year Report for January–June 2019 on Thursday, August 8, 2019
- Interim report for January–September 2019 on Thursday, October 31, 2019

The Financial Statements Bulletin 2018 and financial reviews 2019 will be published at approximately 9:00 a.m. EET. Financial reports are published in Finnish and English.

Terveystalo Financial Statements and the Report of the Board of Directors are published as a part of the Annual Report 2018.

Annual General Meeting of Terveystalo Plc will be held on Thursday, April 4, 2019 in Helsinki.

Briefing

Terveystalo will hold a result briefing and live webcast in English on November 14, 2018, starting at 11:30 a.m. EET, at Terveystalo Keskuskatu, Keskuskatu 7, 00100 Helsinki, Finland. You can watch the webcast online at: <https://terveystalo.videosync.fi/2018-11-14-q3-webcast>

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 63 1913 1422). If you are calling from another location, please use any of the numbers above. The Participant Passcode is 43225604#.

In Helsinki, November 14, 2018
Terveystalo Plc
Board of Directors

For more information, please contact:

Ilkka Laurila, CFO
Tel. +358 30 633 1757

Kati Kaksonen, Director, Investor Relations and Financial Communications
Tel. +358 10 345 2034
Kati.kaksonen@terveystalo.com

Distribution:

Nasdaq Helsinki Oy
Main media
www.terveystalo.com

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 health care services for corporate and private customers and the public sector. The nationwide network covers 180 locations across Finland, complemented by 24/7 digital services.

In 2017, Terveystalo had approximately 1.2 million individual customers and approximately 3.3 million doctor visits. Nearly 9,000 healthcare professionals work in Terveystalo, about half of whom are private practitioners. Terveystalo's services carry the Key Flag symbol and the company is a member of the Association for Finnish Work. www.terveystalo.com

Condensed consolidated statement of income

EUR mill.	Note	7-9/2018	7-9/2017	Change, %	1-9/2018	1-9/2017	Change, %	2017
Revenue	4	160.3	155.4	3.2	546.8	499.6	9.4	689.5
Other operating income		8.8	0.7	> 200.0	17.5	1.6	> 200.0	2.1
Materials and services	5	-76.1	-74.6	2.0	-257.8	-235.2	9.6	-324.3
Employee benefit expenses	6, 9	-43.7	-42.8	2.1	-146.2	-141.4	3.4	-189.5
Depreciation, amortisation and impairment losses		-10.2	-10.2	0.6	-30.7	-29.2	4.8	-40.0
Other operating expenses	7	-21.8	-31.2	-30.0	-70.4	-81.2	-13.4	-109.6
Operating profit/loss		17.3	-2.5	> 200.0	59.3	14.2	> 200.0	28.2
Financial income		0.0	0.0	7.6	0.1	0.1	-21.6	0.1
Financial expenses		-2.0	-4.7	-58.0	-7.1	-14.6	-51.6	-24.2
Net finance expenses		-1.9	-4.6	-58.4	-7.0	-14.5	-51.8	-24.1
Share of results in associated companies		1.7	-0.1	> 200.0	1.9	-0.1	> 200.0	-0.2
Profit/loss before taxes		17.1	-7.3	> 200.0	54.3	-0.5	> 200.0	3.9
Income tax expense	8	-1.1	0.4	> -200.0	4.4	1.6	174.7	3.3
Profit/loss for the period		16.0	-6.9	> 200.0	58.7	1.1	> 200.0	7.2
Profit attributable to:								
Owners of the parent company		16.0	-6.9	> 200.0	58.6	1.1	> 200.0	7.2
Non-controlling interests		0.0	0.0	> 200.0	0.0	0.0	130.5	0.0

Consolidated statement of comprehensive income

EUR mill.	Note	7-9/2018	7-9/2017	Change, %	1-9/2018	1-9/2017	Change, %	2017
Profit/loss for the period		16.0	-6.9	> 200.0	58.7	1.1	> 200.0	7.2
Total comprehensive income		16.0	-6.9	> 200.0	58.7	1.1	> 200.0	7.2
Total comprehensive income attributable to:								
Owners of the parent company		16.0	-6.9	> 200.0	58.6	1.1	> 200.0	7.2
Non-controlling interest		0.0	0.0	> 200.0	0.0	0.0	130.5	0.0
Earnings per share for profit attributable to the shareholders of the parent company, in euro *								
Basic earnings per share		0.13	-0.06		0.46	0.01		0.06
Diluted earnings per share		0.13	-0.06		0.46	0.01		0.06

* The effects of share conversion and share split have been taken into account in the weighted average number of shares in the comparative period.

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

Condensed consolidated statement of financial position

EUR mill.	Note	30 Sep 2018	30 Sep 2017	31 Dec 2017
ASSETS				
Non-current assets				
Property, plant and equipment	11	81.0	91.9	92.1
Goodwill	10	585.0	583.1	583.3
Other intangible assets	10	100.6	112.5	109.2
Investment properties		0.6	0.6	0.6
Investments in associates		2.2	0.4	0.3
Available-for-sale financial assets		1.1	1.7	1.2
Other receivables		-	0.0	0.0
Deferred tax assets		9.4	6.6	7.4
Total non-current assets		779.8	796.8	794.1
Current assets				
Inventories		5.4	5.6	5.2
Trade and other receivables		72.7	70.2	70.0
Cash and cash equivalents		79.4	5.7	33.0
Total current assets		157.6	81.5	108.2
TOTAL ASSETS		937.4	878.2	902.3
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital		0.1	0.1	0.1
Invested non-restricted equity reserve		518.2	401.8	525.9
Treasury shares		-6.7	-	-
Retained deficit		-9.5	-75.1	-68.8
Non-controlling interest		0.1	0.1	0.1
TOTAL EQUITY		502.2	326.9	457.3
Non-current liabilities				
Non-current financial liabilities		261.1	354.4	270.2
Deferred tax liabilities		21.7	24.8	24.1
Provisions		4.6	5.6	6.6
Other liabilities		6.8	5.6	6.3
Total non-current liabilities		294.1	390.4	307.2
Current liabilities				
Provisions		1.5	2.6	1.4
Trade and other payables		110.6	129.0	117.1
Current tax liabilities		0.1	0.1	0.1
Current financial liabilities		28.9	29.1	19.2
Total current liabilities		141.1	160.9	137.8
TOTAL LIABILITIES		435.2	551.3	445.0
TOTAL EQUITY AND LIABILITIES		937.4	878.2	902.3

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

Condensed 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 deficit	Total	Non-controlling interests	Total equity
Equity 1 Jan 2018	0.1	525.9	-	-68.8	457.2	0.1	457.3
Comprehensive income							
Profit for the period	-	-	-	58.6	58.6	0.0	58.7
Transactions with owners							
Share-based payments	-	-	-	0.7	0.7	-	0.7
Equity repayment	-	-7.7	-	-	-7.7	-	-7.7
Acquisition of treasury shares	-	-	-6.7	-	-6.7	-	-6.7
Equity 30 Sep 2018	0.1	518.2	-6.7	-9.5	502.1	0.1	502.2

Equity attributable to owners of the parent company							
EUR mill.	Share capital	Invested non-restricted equity reserve	Treasury shares	Retained deficit	Total	Non-controlling interests	Total equity
Equity 1 Jan 2017	0.0	308.0	-	-76.2	231.8	0.4	232.3
Comprehensive income							
Profit for the period	-	-	-	1.1	1.1	0.0	1.1
Transactions with owners							
Share capital increase	0.1	-0.1	-	-	-	-	-
Directed share issue	-	93.9	-	-	93.9	-	93.9
Transactions with non-controlling interests							
Change in non-controlling interests	-	-	-	-	-	-0.4	-0.4
Equity 30 Sep 2017	0.1	401.8	-	-75.1	326.8	0.1	326.9

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

Condensed consolidated statement of cash flows

EUR mill.	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
Cash flows from operating activities					
Profit before income taxes	17.1	-7.3	54.3	-0.5	3.9
Adjustments for					
Non-cash transactions					
Depreciation, amortisation and impairment losses	10.2	10.2	30.7	29.2	40.0
Change in provisions	-0.6	0.7	-1.9	-0.6	-0.8
Other non-cash transactions	-2.1	0.4	-1.5	0.8	1.1
Gains and Losses on sale of property, plant, equipment and other changes	-8.3	-0.3	-16.0	-0.3	-0.2
Net finance expenses	1.9	4.6	7.0	14.5	24.1
Changes in net working capital					
Trade and other receivables	-0.1	3.4	-2.3	0.8	1.0
Inventories	0.0	-0.1	-0.3	-0.3	0.0
Trade and other payables	-5.1	-13.5	-8.1	-10.4	1.3
Interest received	0.0	0.1	0.1	0.1	0.1
Income taxes paid	0.4	-0.5	0.3	-0.9	-0.6
Net cash from operating activities	13.5	-2.4	62.1	32.5	70.0
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	-1.0	-	-1.5	-56.6	-81.6
Acquisition of property, plant and equipment	-2.1	-2.7	-7.2	-8.8	-11.4
Acquisition of intangible assets	-1.8	-1.0	-6.0	-3.1	-5.1
Proceeds from the disposal of subsidiaries, net of cash disposed of	8.0	-	24.0	-	-
Proceeds from sale of available-for-sale financial assets	-	-	1.6	0.1	0.1
Acquisition of business operation, net of cash acquired	-0.1	-	-0.5	-0.6	-0.7
Proceeds from sale of business operations, net of cash disposed of	-	1.1	-	1.1	1.1
Repayment of borrowings	-	-	-	-5.1	-5.1
Proceeds from sale of property, plant and equipment	0.0	-	0.3	-	-
Dividends received	0.0	0.0	0.0	0.0	0.0
Net cash from investing activities	3.1	-2.5	10.7	-73.0	-102.7
Cash flows from financing activities					
Share issue	-	-	-	-	100.0
Equity investment without consideration in the invested non-restricted equity reserve	-	-	-	-	25.0
Acquisition of treasury shares	-6.7	-	-6.7	-	-
Proceeds from non-current borrowings	-	-	-	40.8	297.8
Repayment of non-current borrowings	-	-7.0	-0.7	-7.0	-344.9
Proceeds from current borrowings	-	8.4	-	20.0	20.0
Repayment of current borrowings	-0.1	-4.2	-0.8	-26.9	-31.6
Payment of finance lease liabilities	-1.0	-1.3	-3.1	-4.5	-14.6
Payment of hire purchase liabilities	-0.9	-0.9	-2.3	-2.7	-9.4
Interests and other financial expenses paid	-1.2	-4.7	-4.9	-12.4	-15.5
Acquisition of non-controlling interests	-	-	-	-0.3	-0.3
Equity repayment	-	-	-7.7	-	-
Net cash from financing activities	-9.8	-9.8	-26.3	7.1	26.5
Net change in cash and cash equivalents	6.7	-14.7	46.4	-33.4	-6.1
Cash and cash equivalents at the beginning of the period	71.5	20.4	33.0	39.1	39.1
Change in cash and cash equivalents relating non-current assets held for sale	1.1	-	-	-	-
Cash and cash equivalents at the end of the period	79.4	5.7	79.4	5.7	33.0

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 2017. The accounting policies adopted are consistent with those of the annual financial statements for 2017 with the exception of new and amended IFRS standards which have been adopted on 1 January 2018. All presented figures have been rounded. Financial ratios have been calculated using exact figures.

Following standards and their amendments were adopted on 1 January 2018:

- IFRS 9 Financial Instruments: IFRS 9 replaces the existing guidance in IAS 39. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The new standard did not have a significant impact on Terveystalo's consolidated financial statements.
- Amendments to IFRS 2 Clarification and Measurement of Share-based Payment Transactions. The amendments clarify the accounting for certain types of arrangements. Three accounting areas are covered: measurement of cash-settled share-based payments; classification of share-based payments settled net of tax withholdings; and accounting for a modification of a share-based payment from cash-settled to equity-settled. Terveystalo took the changes into account on 1 January 2018 when applying IFRS 2 on share-based key employee incentive plan.
- Amendments to IAS 40 – Transfers of Investment Property. When making transfers of an investment property, the amendments clarify that a change in management's intentions, in isolation, provides no evidence of a change in use. The examples of evidences of a change in use are also amended so that they refer to a property under construction or development as well as to completed property. The new amendments did not have a significant impact on Terveystalo's consolidated financial statements.
- Annual Improvements to IFRSs (2014–2016 cycle). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments relate to IFRS 1 and IAS 28. The new improvements did not have a significant impact on Terveystalo's consolidated financial statements.

Terveystalo Group has not adopted yet the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

- IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019): The new standard replaces the current IAS 17 standard and related interpretations. IFRS 16 requires the lessees to recognize the lease agreements on the statement of financial position as a right of use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short term contracts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5,000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. Terveystalo has assessed the impacts of IFRS 16 on its consolidated financial statements. The most significant impact identified is that Terveystalo will recognize new assets and liabilities, mainly for its operating leases of facilities. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the operating lease expense with a depreciation charge for right of use assets and interest expense on lease liabilities reported under financing expenses.

Terveystalo's ongoing IFRS 16 implementation project has proceeded according to the plan and is well on the way concerning the device and premises lease contracts that are classified under the general requirements of IFRS 16 standard and on responsibility of Terveystalo Group as per 30 September 2018. Based on the impact assessment, the

most significant lease agreements are the lease contracts of the premises. Concerning the new contracts to be made in the last quarter, the group will complete the analysis of those in the last quarter 2018.

Terveystalo is planning to apply the IFRS 16 using the modified retrospective approach without restatement of comparatives. The right of use assets will be primarily recognised at an amount equal to the lease liability. Terveystalo is planning to recognise the right of use asset and lease liability according with the general requirements of IFRS 16, and Terveystalo is not planning to make any adjustments to its IAS 17 classified lease contract balances in transition.

Terveystalo has made preliminary impact analysis about the quantitative impact of the IFRS 16 on the group's financial statement. These assessments have been made on basis of the lease contracts valid as per 30 September 2018 and in this preliminary impact analysis the lease liability has been measured at the present value of the remaining lease payments discounted using the incremental borrowing rate. At this moment the estimated preliminary value of the discounted lease liability to be recognised at 1 January 2019 is EUR 173 million and the value of right of use asset is respectively EUR 173 million. According to the estimated preliminary calculations for financial year from the 1 January to 31 December 2019 EBITDA will increase EUR 34 million, EBITA will increase EUR 2 million and the effect to net profit after recognising the IFRS 16 financing expenses will be EUR -0.6 million. The Group will present more detailed information and the quantitative impact of the transition in 2018 annual financial statements.

2. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements, 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 judgements 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 2017.

3. Events after the reporting period

3.1 The FCCA granted an extension concerning the transaction between Terveystalo and Attendo

The Finnish Competition and Consumer Authority's (FCCA) investigation concerning the transaction between Terveystalo and Finnish health care operations of Attendo are still pending, and on October 5, 2018 the FCCA applied for an extension to the investigation from the Finnish Market Court until December 14, 2018. If FCCA approves the transaction during the extension, the completion of the transaction is still expected to take place within the previously estimated timetable, at the end of 2018, irrespective of the possible extension period.

Until the FCCA's final decision, Terveystalo's operations and Attendo's Finnish health care operations shall remain as separate undertakings, as before.

3.2 Acquisition of the Relä companies

At the beginning of October, Terveystalo acquired the operations of the Relä companies (Relä-hierojat Oy, Hierojakoulu Reläxi Oy, and Relä-Group Oy). In six years, Relä-Hierojat, which provides massage services, has expanded into the only nationwide chain operating in the field with 31 units and 4 franchising units. Relä's professionals are trained masseurs in accordance with National Supervisory Authority for Welfare and Health Valvira's protected occupational title. Relä-Group's central organization employs eight employees and 140 individual masseurs and, in 2017, the revenue of the chain was EUR 3.3 million. The chain has in all 14,000 private customers and approximately 100 corporate customers.

3.3 Acquisition of Puistosaaaran Silmälääkärit Oy and Jyväskylän Silmätutkimuslaboratorio Oy

In October 2018, Terveystalo acquired the shares of Puistosaaaran Silmälääkärit Oy and Jyväskylän Silmätutkimuslaboratorio Oy. Companies are private providers of ophthalmology services. Companies employ 12 ophthalmologists and 5 employees, and in 2017, companies combined revenue was approximately EUR 0.4 million.

3.4 Acquisition of ONNI Hammas Porvoo

In October 2018, Terveystalo signed an agreement to acquire ONNI hammas dental clinic in Porvoo. The dental clinic, opened in February 2018, employs 4 dentists, 3 dental hygienists and 5 dental nurses. The unit's revenue in 2017 was approximately EUR 0.7 million

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 healthcare 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 healthcare customers, excluding municipal occupational healthcare customers. The company provides statutory occupational health services and other occupational health and wellbeing services for corporate customers of all sizes. Terveystalo is the largest provider of occupational healthcare services in Finland in terms of revenue and the number of end-users. Terveystalo provides occupational healthcare services for over 23,000 companies.

Private customers are Terveystalo's second-largest customer group. Private customers include private individuals and families. The company's strong brand, easy access to services without long waiting times, leading service portfolio for private customers, families, and senior citizens, and personalized digital services give Terveystalo a competitive edge over public 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.

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 by municipalities and government budgets.

Disaggregation of revenue

EUR mill.	7-9/2018	7-9/2017	Change, %	1-9/2018	1-9/2017	Change, %	2017
Corporate*	85.6	84.5	1.3	293.4	266.3	10.2	372.1
Private	56.2	56.9	-1.2	194.0	186.8	3.8	253.8
Public*	18.5	14.0	31.8	59.4	46.4	27.9	63.6
Total	160.3	155.4	3.2	546.8	499.6	9.4	689.5

* Disaggregation of revenue for the year 2017 has been adjusted to correspond the current definition. The changes have a minor effect on the figures for corporate and public customers.

5. Materials and services

EUR mill.	7-9/2018	7-9/2017	Change, %	1-9/2018	1-9/2017	Change, %	2017
Purchase of materials	-5.4	-6.1	-11.0	-20.9	-20.3	2.9	-27.8
Change in inventories	-0.0	0.1	-137.2	0.3	0.3	-12.6	-0.0
External services	-70.6	-68.6	2.9	-237.2	-215.3	10.2	-296.5
Total	-76.1	-74.6	2.0	-257.8	-235.2	9.6	-324.3

6. Employee benefit expenses

EUR mill.	7-9/2018	7-9/2017	Change, %	1-9/2018	1-9/2017	Change, %	2017
Salaries and fees	-36.1	-34.9	3.4	-119.9	-115.4	3.9	-155.2
Share-based payments	0.1	-		-0.7	-		-0.2
Other personnel expenses	-7.7	-7.9	-2.1	-25.6	-25.9	-1.1	-34.0
Total	-43.7	-42.8	2.1	-146.2	-141.4	3.4	-189.5

7. Other operating expenses

EUR mill.	7-9/2018	7-9/2017	Change, %	1-9/2018	1-9/2017	Change, %	2017
Rents, leases and premises	-11.4	-10.9	4.3	-34.4	-31.1	10.7	-44.1
Other operating expenses	-10.5	-20.3	-48.4	-36.0	-50.1	-28.3	-65.5
Total	-21.8	-31.2	-30.0	-70.4	-81.2	-13.4	-109.6

8. Income taxes

Income taxes in the statement of income

EUR mill.	7-9/2018	7-9/2017	Change, %	1-9/2018	1-9/2017	Change, %	2017
Current tax for the reporting year	0.0	-0.4	109.7	-0.1	-0.8	-88.8	-0.6
Income taxes for prior periods	-0.0	-		-0.0	-0.0	-69.1	0.0
Deferred taxes	-1.1	0.8	> -200.0	4.5	2.4	87.8	3.9
Total income taxes	-1.1	0.4	> -200.0	4.4	1.6	174.7	3.3

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

9. Share-based payments

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

The Performance Share Plan includes three performance periods, calendar years 2018, 2019 and 2020. The Board of Directors will resolve on the performance criteria and on the required performance levels for each criterion at the beginning of each performance period.

During the performance period 2018 performance criteria are based on Total Shareholder Return (TSR) levels and profitability of the Company.

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

The rewards to be paid on the basis of the performance period 2018 correspond to an approximate maximum total of 943,000 Terveystalo Plc shares, including currently allocated and unallocated shares as well as the proportion to be paid in cash. The plan is directed approximately to 80 key employees, including the members of the Management Group during the performance period 2018.

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

Program	2018
Grant date	30 Jan 2018
Maximum number of shares, pcs	943,000
Fair value at grant date	6.87
Validity	31 Dec 2018
Estimated vesting period	3 years
Vesting conditions	Total Shareholder Return (TSR) and profitability
Exercised	In shares and cash

10. Intangible assets

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

1-9/2017	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2017	517.1	74.5	83.0	23.7	698.4
Business Combination	133.1	9.3	-	1.5	143.9
Additions	0.8	-	-	2.8	3.6
Acquisition cost 30 Sep 2017	651.1	83.8	83.0	28.0	845.9
Accumulated amortisations and impairment losses 1 Jan 2017	-68.0	-40.9	-12.7	-13.8	-135.3
Amortisation for the reporting period	-	-7.8	-3.2	-3.7	-14.7
Impairment losses	-	-	-	-0.3	-0.3
Accumulated amortisations and impairment losses 30 Sep 2017	-68.0	-48.6	-15.8	-17.9	-150.3
Carrying amount 1 Jan 2017	449.1	33.6	70.3	10.0	563.0
Carrying amount 30 Sep 2017	583.1	35.2	67.2	10.2	695.6

2017	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2017	517.1	74.5	83.0	23.7	698.4
Business Combination	134.1	9.3	-	1.5	145.0
Additions	-	-	-	5.1	5.1
Disposals	-	-	-0.1	-0.3	-0.5
Acquisition cost 31 Dec 2017	651.3	83.8	82.9	30.0	848.0
Accumulated amortisations and impairment losses 1 Jan 2017	-68.0	-40.9	-12.7	-13.8	-135.3
Amortisation for the reporting period	-	-10.4	-4.2	-5.1	-19.8
Impairment losses	-	-	-	-0.4	-0.4
Accumulated amortisations and impairment losses 31 Dec 2017	-68.0	-51.3	-16.9	-19.3	-155.5
Carrying amount 1 Jan 2017	449.1	33.6	70.3	10.0	563.0
Carrying amount 31 Dec 2017	583.3	32.5	66.0	10.7	692.5

11. Property, plant and equipment

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

1-9/2017	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.						
Acquisition cost 1 Jan 2017	0.1	35.2	62.8	15.7	3.0	116.8
Business Combination	1.9	9.8	5.7	6.4	-	23.7
Additions	-	0.7	12.5	3.6	1.7	18.6
Disposals	-	-	-1.0	-0.6	-	-1.7
Acquisition cost 30 Sep 2017	1.9	45.7	80.0	25.0	4.8	157.4
Accumulated depreciation and impairment losses 1 Jan 2017	-	-8.9	-35.9	-5.8	-0.7	-51.3
Depreciation for the reporting period	-	-2.7	-8.8	-2.4	-0.2	-14.2
Accumulated depreciation and impairment losses 30 Sep 2017	-	-11.6	-44.8	-8.3	-0.9	-65.5
Carrying amount 1 Jan 2017	0.1	26.4	26.9	9.8	2.3	65.5
Carrying amount 30 Sep 2017	1.9	34.2	35.2	16.7	3.8	91.9

2017	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.						
Acquisition cost 1 Jan 2017	0.1	35.2	62.8	15.7	3.0	116.8
Business Combination	1.9	9.8	5.7	6.4	-	23.7
Additions	-	0.8	16.3	5.7	1.4	24.2
Disposals	-0.0	-0.0	-1.3	-0.6	-0.0	-2.0
Reclassifications	-	-6.0	-	6.3	-	0.3
Acquisition cost 31 Dec 2017	1.9	39.8	83.5	33.4	4.4	163.0
Accumulated depreciation and impairment losses 1 Jan 2017	-	-8.9	-35.9	-5.8	-0.7	-51.3
Depreciation for the reporting period	-	-3.6	-12.0	-3.4	-0.4	-19.4
Impairment losses	-	-0.2	-0.0	-	-0.0	-0.2
Accumulated depreciation and impairment losses 31 Dec 2017	-	-12.6	-48.0	-9.2	-1.1	-70.9
Carrying amount 1 Jan 2017	0.1	26.4	26.9	9.8	2.3	65.5
Carrying amount 31 Dec 2017	1.9	27.1	35.5	24.2	3.3	92.1

12. Business combination

During the nine months ended on 30 September 2018, the Group has made three business acquisitions and acquired two businesses as an asset deals.

On 31 January 2018 Terveystalo acquired the business from Hammasjaarli Oy as an asset deal. The acquisition includes a possible contingent consideration that is under consideration.

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

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

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

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

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

Consideration transferred

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

Identifiable assets acquired and liabilities assumed

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

Goodwill	1.7
-----------------	------------

The tangible assets acquired in the business combinations described above were measured at fair value based on the market prices of the corresponding assets. The acquisition resulted in a preliminary goodwill amounting to EUR 1.7

million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is tax deductible as far as it is related to asset deals.

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

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

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

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

Business combinations on period 1.1.–30.9.2017

During the nine months ended on 30 September 2017 the Group made several business acquisitions. The two biggest acquisitions are presented separately, whereas the other smaller acquisitions are disclosed in aggregate.

Acquisition of Diacor terveyspalvelut Oy Group

On 24 March 2017, Terveystalo Healthcare Oy acquired 100 percent of the shares of Diacor terveyspalvelut Oy ("Diacor"). As a part of the acquisition the Group also gained control of Eloni Oy, a subsidiary of Diacor terveyspalvelut Oy. The acquisition strengthens Terveystalo's position as one of the leading healthcare service provider especially in Helsinki metropolitan area and Turku. The financial statements of acquired companies have been included in the consolidated financial statements of Terveystalo from the end of March, 2017.

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 has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect.

Consideration transferred

EUR mill.	
Cash	19.8
Shares	93.9
Total consideration transferred	113.7

Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	5.7
Intangible assets	7.6
Property, plant and equipment	12.7
Deferred tax assets	0.4
Inventories	0.7
Trade and other receivables	15.9
Trade and other payables	-16.0
Provisions	-0.0
Deferred tax liabilities	-1.7
Interest bearing liabilities	-13.5
Total identifiable net assets acquired	12.0

Goodwill	101.7
-----------------	--------------

The tangible assets acquired in the business combination described above were measured at fair value based on the market prices of corresponding assets. In the business combination, the Group has acquired customer relationships. The fair value of customer contracts and related customer relationships included in other intangible assets has been determined on the basis of the estimated duration of customer relationships and the discounted net cash flows from existing customer contracts. The acquisition resulted in a goodwill amounting to EUR 101.7 million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved from integrating acquired businesses into Terveystalo's existing operations. The recognized goodwill is not deductible for tax purposes.

The fair value of the acquired trade and other receivables amounts to EUR 15.9 million for which the risk of impairment has been deemed non-significant.

The Group incurred acquisition-related expenses of EUR 2.5 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses. From the acquisition, revenue of EUR 55.6 million and profit of EUR 0.1 million were recognized in year 2017 to the Group's consolidated results.

If the acquisition had occurred on 1 January 2017, management estimates that the Group's consolidated revenue for the nine months ended on 30 September 2017 would have been EUR 534.2 million and the consolidated profit would have been EUR 2.2 million.

As a part of the acquisition, Terveystalo made certain commitments that are comparable to contingent consideration. Management estimates that the realization of these commitments is unlikely.

Acquisition of Porin Lääkäritalo Group

On 2 January 2017, Terveystalo Healthcare Oy acquired 100 percent of the shares of Porin Lääkäritalo Oy ("Pori"). As a part of the acquisition, the Group also gained control of the subsidiaries Koy Porin Linnankulma, Curia Oy and Porin Lääkärikeskus Oy. Porin Lääkärikeskus owns 7.79 percent of the shares of Porin Lääkäritalo. The acquisition

strengthens Terveystalo's position as one of the leading healthcare service provider in Pori region. The financial statements of the acquired companies have been included in the consolidated financial statements of Terveystalo from the date of acquisition.

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 has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect.

Consideration transferred

EUR mill.	
Cash	43.4
Total consideration transferred	43.4

Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	2.3
Intangible assets	2.0
Property, plant and equipment	11.4
Inventories	0.1
Trade and other receivables	1.6
Trade and other payables	-2.4
Provisions	-0.0
Deferred tax liabilities	-0.4
Interest bearing liabilities	-2.1
Total identifiable net assets acquired	12.5

Goodwill	30.9
-----------------	-------------

The tangible assets acquired in the business combination described above were measured at fair value based on the market prices of corresponding assets. In the business combination, the Group has acquired customer relationships. The fair value of customer contracts and related customer relationships included in other intangible assets has been determined on the basis of the estimated duration of customer relationships and the discounted net cash flows from existing customer contracts. The acquisition resulted in a goodwill amounting to EUR 30.9 million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is not deductible for tax purposes.

The fair value of the acquired trade and other receivables amounts to EUR 1.6 million for which the risk of impairment has been deemed non-significant.

The Group incurred acquisition-related expenses of EUR 0.8 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

From the acquisition, revenue of EUR 17.0 million and profit of EUR 0.9 million were recognized in year 2017 to the Group's consolidated results.

Other business combinations

On 31 March 2017, Terveystalo Healthcare Oy acquired 100 percent of the shares of Ky Läkkitörin Hammaslääkäriasema. The acquired subsidiary has been consolidated to the Group's financial statements from the acquisition month onwards.

On 19 April 2017, Suomen Terveystalo Oy acquired the dental business from Data Plaza Oy as an asset deal.

On 2 May 2017, Suomen Terveystalo Oy acquired the dental business from Crossdental Oy 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 the acquisition with a fair value of EUR 0.3 million. The contingent consideration is tied to the 2018–2020 sales.

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 company has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect. The net assets relating to asset deals have been adjusted to correspond Terveystalo Group's accounting principles in all material respect.

Consideration transferred

EUR mill.	
Cash	1.4
Contingent consideration	0.3
Total consideration transferred	1.7

Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	0.2
Property, plant and equipment	0.7
Inventories	0.1
Trade and other receivables	0.0
Trade and other payables	-0.4
Interest bearing liabilities	-0.5
Total identifiable net assets acquired	0.1

Goodwill	1.7
-----------------	------------

The tangible assets acquired in the business combinations described above were measured at fair value based on the market prices of corresponding assets. The acquisition resulted in a goodwill amounting to EUR 1.7 million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is not deductible for tax purposes.

The fair value of the acquired trade and other receivables amounts to EUR 0.0 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 consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

From these other business combinations, revenue of EUR 1.7 million and profit of EUR 0.2 million were recognized in year 2017 to the Group's consolidated results.

If these other acquisitions had occurred on 1 January 2017, management estimates that the Group's consolidated revenue for the nine months ended 30 September 2017 would have been EUR 500.7 million and consolidated profit would have been EUR 1.2 million.

13. Group's key financial ratios

Terveystalo Group, EUR mill.	7-9/2018	7-9/2017	Change, %	1-9/2018	1-9/2017	Change, %	2017
Revenue	160.3	155.4	3.2	546.8	499.6	9.4	689.5
Adjusted EBITDA*, **	20.1	17.5	15.2	76.4	63.3	20.7	92.4
Adjusted EBITDA, %*, **	12.5	11.2	-	14.0	12.7	-	13.4
EBITDA*	27.6	7.6	>200.0	90.0	43.4	107.3	68.2
EBITDA, %*	17.2	4.9	-	16.5	8.7	-	9.9
Adjusted EBITA*, **	14.8	12.4	19.4	60.6	49.1	23.6	73.0
Adjusted EBITA, %*, **	9.2	8.0	-	11.1	9.8	-	10.6
EBITA*	22.3	2.6	>200.0	74.3	29.2	154.4	48.8
EBITA, %*	13.9	1.7	-	13.6	5.8	-	7.1
Adjusted operating profit (EBIT)*, **	9.9	7.3	35.6	45.7	34.0	34.2	52.3
Adjusted operating profit (EBIT), %*, **	6.2	4.7	-	8.4	6.8	-	7.6
Operating profit (EBIT)*	17.3	-2.5	>200.0	59.3	14.2	>200.0	28.2
Operating profit (EBIT), %*	10.8	-1.6	-	10.9	2.8	-	4.1
Return on equity (ROE), %*	-	-	-	13.5	3.1	-	2.1
Equity ratio, %*	-	-	-	53.7	37.3	-	50.7
Earnings per share (€)***	0.13	-0.06	-	0.46	0.01	-	0.06
Gearing, %*	-	-	-	41.9	115.6	-	56.1
Net debt/Adjusted EBITDA (LTM)*, **	-	-	-	2.0	4.5	-	2.8
Total assets	-	-	-	937.4	878.2	6.7	902.3
Average personnel FTE	-	-	-	3,488	3,314	5.3	3,180
Personnel (end of period)	-	-	-	4,482	4,290	4.5	4,265
Private practitioners (end of period)	-	-	-	4,729	4,503	5.0	4,431

* 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.

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

*** The effects of share conversion and share split have been taken into account in the weighted average number of shares. Comparative figures have been adjusted accordingly.

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 on sale of assets, strategic projects, new operations and other items affecting comparability.

15. Reconciliation of alternative performance measures

Equity ratio, %	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
Equity (including non-controlling interest)	-	-	502.2	326.9	457.3
Total assets	-	-	937.4	878.2	902.3
Advances received	-	-	1.5	1.3	1.2
Equity ratio, %	-	-	53.7	37.3	50.7

Gearing, %	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
Interest-bearing liabilities	-	-	289.9	383.5	289.4
Interest-bearing receivables and cash and cash equivalents	-	-	79.4	5.7	33.0
Equity	-	-	502.2	326.9	457.3
Gearing, %	-	-	41.9	115.6	56.1

Net debt/Adjusted EBITDA (LTM)	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
Interest-bearing liabilities	-	-	289.9	383.5	289.4
Interest-bearing receivables and cash and cash equivalents	-	-	79.4	5.7	33.0
Adjusted EBITDA (LTM)	-	-	105.4	84.2	92.4
Net debt/Adjusted EBITDA (LTM)	-	-	2.0	4.5	2.8

Adjusted EBITDA, EUR mill.	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
Profit (loss) for the period	16.0	-6.9	58.7	1.1	7.2
Income tax expense	1.1	-0.4	-4.4	-1.6	-3.3
Share of profits in associated companies	-1.7	0.1	-1.9	0.1	0.2
Net finance expenses	1.9	4.6	7.0	14.5	24.1
Depreciation, amortisation and impairment losses	10.2	10.2	30.7	29.2	40.0
Adjustments*	-7.4	9.8	-13.6	19.9	24.1
Adjusted EBITDA	20.1	17.5	76.4	63.3	92.4

Adjusted EBITDA, %	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
Adjusted EBITDA	20.1	17.5	76.4	63.3	92.4
Revenue	160.3	155.4	546.8	499.6	689.5
Adjusted EBITDA, %	12.5	11.2	14.0	12.7	13.4

Adjusted EBITA, EUR mill.	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
Profit (loss) for the period	16.0	-6.9	58.7	1.1	7.2
Income tax expense	1.1	-0.4	-4.4	-1.6	-3.3
Share of profits in associated companies	-1.7	0.1	-1.9	0.1	0.2
Net finance expenses	1.9	4.6	7.0	14.5	24.1
Amortisation and impairment losses	4.9	5.1	14.9	15.0	20.6
Adjustments*	-7.4	9.8	-13.6	19.9	24.1
Adjusted EBITA	14.8	12.4	60.6	49.1	73.0

Adjusted EBITA, %	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
Adjusted EBITA	14.8	12.4	60.6	49.1	73.0
Revenue	160.3	155.4	546.8	499.6	689.5
Adjusted EBITA, %	9.2	8.0	11.1	9.8	10.6

Adjusted operating profit (EBIT), EUR mill.	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
Profit (loss) for the period	16.0	-6.9	58.7	1.1	7.2
Income tax expense	1.1	-0.4	-4.4	-1.6	-3.3
Share of profits in associated companies	-1.7	0.1	-1.9	0.1	0.2
Net finance expenses	1.9	4.6	7.0	14.5	24.1
Adjustments*	-7.4	9.8	-13.6	19.9	24.1
Adjusted operating profit (EBIT)	9.9	7.3	45.7	34.0	52.3

Adjusted operating profit, (EBIT), %	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
Adjusted operating profit (EBIT)	9.9	7.3	45.7	34.0	52.3
Revenue	160.3	155.4	546.8	499.6	689.5
Adjusted operating profit (EBIT), %	6.2	4.7	8.4	6.8	7.6

EBITDA, EUR mill.	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
Profit (loss) for the period	16.0	-6.9	58.7	1.1	7.2
Income tax expense	1.1	-0.4	-4.4	-1.6	-3.3
Share of profits in associated companies	-1.7	0.1	-1.9	0.1	0.2
Net finance expenses	1.9	4.6	7.0	14.5	24.1
Depreciation, amortisation and impairment losses	10.2	10.2	30.7	29.2	40.0
EBITDA	27.6	7.6	90.0	43.4	68.2

EBITDA, %	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
EBITDA	27.6	7.6	90.0	43.4	68.2
Revenue	160.3	155.4	546.8	499.6	689.5
EBITDA, %	17.2	4.9	16.5	8.7	9.9

EBITA, EUR mill.	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
Profit (loss) for the period	16.0	-6.9	58.7	1.1	7.2
Income tax expense	1.1	-0.4	-4.4	-1.6	-3.3
Share of profits in associated companies	-1.7	0.1	-1.9	0.1	0.2
Net finance expenses	1.9	4.6	7.0	14.5	24.1
Amortisation and impairment losses	4.9	5.1	14.9	15.0	20.6
EBITA	22.3	2.6	74.3	29.2	48.8

EBITA, %	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
EBITA	22.3	2.6	74.3	29.2	48.8
Revenue	160.3	155.4	546.8	499.6	689.5
EBITA, %	13.9	1.7	13.6	5.8	7.1

Operating profit (EBIT), EUR mill.	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
Profit (loss) for the period	16.0	-6.9	58.7	1.1	7.2
Income tax expense	1.1	-0.4	-4.4	-1.6	-3.3
Share of profits in associated companies	-1.7	0.1	-1.9	0.1	0.2
Net finance expenses	1.9	4.6	7.0	14.5	24.1
EBIT	17.3	-2.5	59.3	14.2	28.2

Operating profit, (EBIT), %	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
EBIT	17.3	-2.5	59.3	14.2	28.2
Revenue	160.3	155.4	546.8	499.6	689.5
EBIT, %	10.8	-1.6	10.9	2.8	4.1

Adjustments*, EUR mill.	7-9/2018	7-9/2017	1-9/2018	1-9/2017	2017
Acquisition related expenses ⁽¹⁾	0.2	8.3	0.9	14.8	17.7
Restructuring related expenses ⁽²⁾	0.4	1.4	1.0	4.6	5.8
Gain on sale of asset	-8.1	-0.3	-15.9	-0.3	-0.2
Strategic projects, new operations and other items affecting to comparability	0.1	0.5	0.3	0.8	0.8
Adjustments	-7.4	9.8	-13.6	19.9	24.1

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

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

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

16. Collateral and other contingent liabilities

EUR mill.	30 Sep 2018	30 Sep 2017	31 Dec 2017
Liabilities secured by mortgages and pledged shares			
Loans from financial institutions*	-	357.2	0.7
Unused overdraft facilities	-	43.5	-
Total	-	400.7	0.7
Business mortgages	0.5	992.1	0.7
Real estate mortgages	-	11.9	11.9
Carrying amount of the pledged shares	-	416.2	-
Total	0.5	1,420.2	12.6
Securities for own debts			
Deposits	0.1	1.9	0.0
Rental deposit	-	1.6	-
Guarantees	0.5	0.9	0.6
Total	0.6	4.4	0.6
Other operating lease liabilities**			
Less than one year	29.6	30.6	31.0
Between one year and five years	95.8	96.0	95.2
Later	60.4	70.2	66.9
Total	185.8	196.7	193.1

The Group is obligated to audit value added tax depreciations it has made on a property investment if the taxable use of the property decreases during the audit period. There was no responsibility remaining on 30 September 2018 (EUR 0.1 million on 30 September 2017 and EUR 0.1 million on 31 December 2017).

* The nominal value of loans, which differs from the carrying value.

** The minimum lease payments relate to rented medical and office facilities. The minimum lease payments for fixed term contracts are determined by multiplying the remaining term of lease and the lease amount. Until further notice contracts are determined using the minimum rents for notice.