TERVEYSTALO GROUP INTERIM REPORT JANUARY 1–MARCH 31, 2019

GROWTH IN ALL CUSTOMER GROUPS, ATTENDO INTEGRATION ON TRACK

TERVEYSTALO GROUP INTERIM REPORT JANUARY 1–MARCH 31, 2019

GROWTH IN ALL CUSTOMER GROUPS, ATTENDO INTEGRATION ON TRACK

January–March 2019 in brief

- Revenue increased by 35.6 percent year-on-year to EUR 267.8 million (197.5)
- Revenue excluding Attendo's Finnish Health Services increased by 5.5 percent to EUR 208.5 million
- Adjusted[1)2)] earnings before interest, taxes, and amortization (EBITA) were 12.1 percent (13.0) of revenue
- Earnings before interest, taxes and amortization (EBITA)[2)] were 11.8 (12.6) percent of revenue
- Profit for the period[2)3)] amounted to EUR 17.2 million (27.3)
- Net debt / adjusted EBITDA[1)2)4)] was 4.6
- Net debt/adjusted EBITDA[1)4)] before IFRS 16 impact (comparable) was 3.3 (2.5)
- Operating cash flow[2)] amounted to EUR 49.1 million (18.4)
- Earnings per share[2)3)] (EPS) were EUR 0.14 (0.24).

Unless otherwise stated, the figures in parentheses refer to the corresponding period a year earlier.

The reporting period includes the adoption of IFRS 16 starting on January 1, 2019.
The figures for the comparison period 2018 have not been restated. For more information on the adoption of IFRS 16 and other significant accounting policies, see Notes under section 1.

1) *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. Adjustments totaled EUR 0.7 (0.6) million in January–March.*
2) *Not comparable due to the impact of the adoption of IFRS 16*
3) *The result of the reference period was improved by the EUR 13.0 million recognized in deferred tax assets*
4) *LTM EBITDA includes only one quarter impact of the Attendo acquisition*

Yrjö Närhinen, CEO: Strong and broad business performance continued, Attendo Integration on track

2019 started with a strong Q1, with broad scale growth and continuous improvement in performance of the core businesses, across regions and customer groups. Our long term efforts on improving operational performance continue to produce results on unit level. Our investments into prevention and wellbeing services enhance our offering as well as offer avenues for further growth.The on-going efforts on digitalizing patient journeys allow us to better match our offering with demand.This will further enhance our service delivery and operational efficiency across our network. We continue to develop new tools to further drive operational quality. For example, we are the first health care provider to enable both mobile registration and payment.

After the acquisition of Attendo's Finnish health care operations, our revenue grew by 36 per cent to 268 million euros in the first quarter of 2019. Integration is well on track and we see great opportunities in offering new solutions to our customers and increasing public-private collaboration. The private sector can offer, for example, digital tools that improve access to health care and increase efficiency in producing these services.

The long awaited healthcare and social welfare reform was once again postponed. However, the need to reform our public services remains and the work already done will lay the groundwork for future preparations. Meanwhile, pressure on already strained public health care system in Finland continues to grow and strong demand for private health care services will continue. Terveystalo remains committed to long term partnerships in health care. Whether the customer is an individual, a company, or a public system, we believe that long term value in health care can only be delivered via higher quality, personalisation and cost efficiency. The tools to promote this change towards higher quality and cost efficiency remain at our disposal, with or without healthcare and social welfare reform. Ultimately, we need to strive for increased transparency and comparability of services. Only then do we fully empower citizens to make informed decisions. Terveystalo is committed to lead this work. Our latest Quality and responsibility publication hopefully acts as an inspiration to all of us to continue with this crucial task.

We in Terveystalo will continue to fight for healthier life for all Finns.

Yrjö Närhinen, Chief Executive Officer

Market outlook

Employment and consumer confidence remain at a high level in Finland, and the market environment is positive. With the health care and social welfare reform being delayed, demand in public outsourcings is expected to grow. Corporate customers keep up a steady demand, and the relative share of preventive services is increasing. Private customer demand remains likewise at a steady level but new capacity on the market still decreases Terveystalo's revenue growth. This capacity growth has reached its peak, however. These views are based on the expected market development within the next six months, compared to the last six months.

Changes in reporting

Terveystalo adopted IFRS 16 accounting standard on January 1, 2019. In the profit and loss statement, the current operating lease expenses are replaced by the depreciation of the right-of-use asset and interest cost associated with lease liability. As a result, it is estimated that the impact on EBIT is small and on net profit it is immaterial in 2019. In 2019, the adoption of IFRS 16 is expected to have an positive impact of approximately EUR 40 million on EBITDA and to increase net debt and assets by approximately EUR 200 million . The figures for 2018 have not been restated. The adoption of IFRS 16 has affected the key figures of the income statement, balance sheet and cash flow. For more information on the accounting principles, see pages 16-17 under Notes.

Key figures

EUR million	1–3/ 2019	1–3/ 2018	Change, %	2018
Revenue	267.8	197.5	35.6	744.7
Adjusted EBITDA 1) 2)	47.8	30.8	55.4	108.9
Adjusted EBITDA, % 1) 2)	17.9	15.6	-	14.6
EBITDA 1) 2)	47.1	30.1	56.3	116.6
EBITDA, % 1) 2)	17.6	15.3	-	15.7
Adjusted EBITA 1) 2)	32.4	25.6	26.7	87.7
Adjusted EBITA margin, % 1) 2)	12.1	13.0	-	11.8
EBIT 2)	24.9	20.0	24.8	75.4
Net profit 2) 3)	17.2	27.3	-36.7	68.7
Net debt 2)	575.7	246.4	133.7	413.3
Net debt/adjusted EBITDA (last 12 months) 1) 2) 4)	4.6	2.5	-	3.8
Return on equity (ROE), % 1) 2)	10.5	6.9	-	14.2
Equity ratio, % 1) 2)	38.1	52.2	-	44.1
Gearing, % 1) 2)	108.8	50.8	-	80.8
Earnings per share 2) 3)	0.14	0.21		0.54
Operating cash flow 2)	49.1	18.4		100.6
Personnel (end of period)	6,893	4,396	56.8	6,018
Private practitioners (end of period)	4,885	4,553	7.3	4,877
Number of working days	63	63	-	251

Before IFRS 16 impact (comparable), EUR million	1–3/ 2019	1–3/ 2018	Change, %	2018
Adjusted EBITDA 1)	38.0	30.8	23.5	108.9
Adjusted EBITDA, % 1)	14.2	15.6	-	14.6
Adjusted EBITA 1)	32.1	25.6	25.4	87.7
Adjusted EBITA, % 1)	12.0	13.0	-	11.8
Adjusted net debt	383.8	246.4	55.8	413.3
Adjusted net debt/adjusted EBITDA) (last) 12 months 1) 4)	3.3	2.5	-	3.8

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. Additional information in note 14.
2) Not comparable because of the adoption of IFRS 16.
Adoption of IFRS 16 had a material impact on adjusted EBITDA which increased by EUR 9.8 million and lease-related interest-bearing debt which increased by EUR 191.9 million.
3) The result of the reference period was improved by the EUR 13.0 million recognized in deferred tax assets
4) LTM EBITDA includes only one quarter impact of the Attendo acquisition.

Market review

There were no material changes in the healthcare market during the reporting period. The steady development of the Finnish economy, improved employment rate, and good consumer confidence all contributed to steady demand in the corporate and private customer groups in the review period. Increased clinic and hospital capacity in private health care has created intense competition, especially in Finland’s major cities, with the exception of the Helsinki metropolitan area. Significant capacity growth has stalled, however, and the demand for Terveystalo’s services has remained strong.

The previous Government’s proposal for the healthcare and social welfare reform failed, and parliamentary elections were held in Finland on April 14, 2019. For the time being, it is unknown on what basis the new government will start building a proposal for the healthcare and social welfare reform.

As the reform was once again postponed, demand for healthcare services is expected to increase through various partial and full outsourcing initiatives. However, no significant effect is expected in 2019 because of the long duration of outsourcing processes.

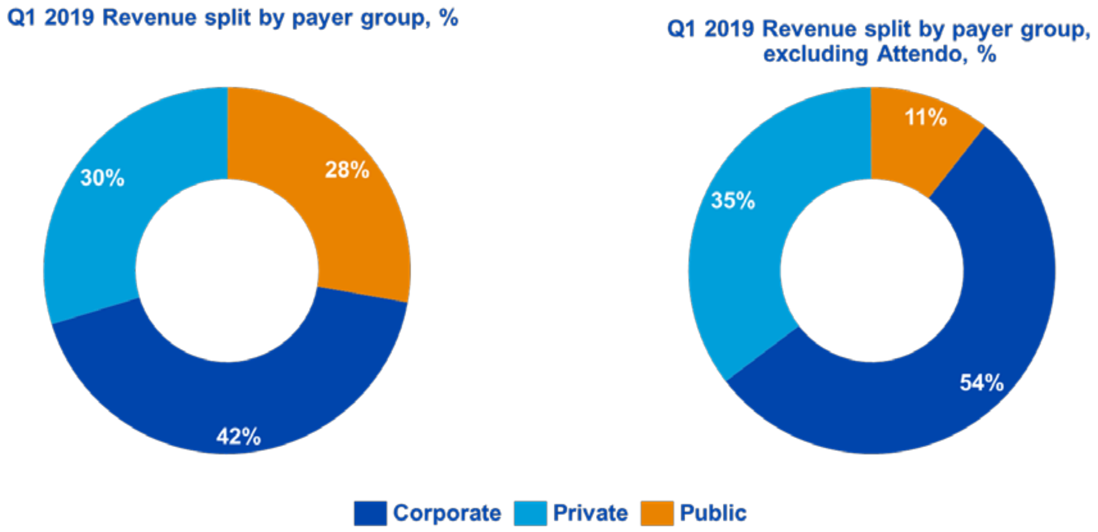
With the most extensive network of clinics and hospitals, the public sector outsourcing expertise of the acquired Attendo's health care operations in Finland and the occupational healthcare customer base, the company expects to be able to continue its strong performance in the current market structure and to be an attractive partner for various customer groups.

Group revenue

Terveystalo’s **revenue for the first quarter** increased by 35.6 percent year-on-year, amounting to EUR 267.8 (197.5) million, of which Attendo’s Finnish Health Services accounted for EUR 59.3 (0) million. Revenue excluding Attendo’s Health Services increased by 5.5 percent, amounting to EUR 208.5 million. In addition to the acquisition of Attendo’s Health Services, increased demand for Terveystalo’s services supported the revenue growth. Terveystalo’s competitiveness was reflected in the steady growth of insurance sales, high utilization rates and strong demand for preventive and well-being services. The approximately four percent decrease in the volume of physician appointments was in part compensated by the increase in appointments with Terveystalo’s other health care professionals.

EUR million	1–3/2019	1–3/2018	Change, %	2018
Corporate customers	**113.8**	**106.4**	**6.9**	**402.7**
Excluding the effect of Attendo Health Services	*112.8*	*106.4*	*6.0*	*402.7*
Private customers	**79.8**	**70.8**	**12.6**	**260.7**
Excluding the effect of Attendo Health Services	*73.4*	*70.8*	*3.7*	*260.7*
Public sector customers	**74.2**	**20.3**	**>200**	**81.2**
Excluding the effect of Attendo Health Services	*22.2*	*20.3*	*9.6*	*81.2*
Total	**267.8**	**197.5**	**35.6**	**744.7**
Excluding the effect of Attendo Health Services	*208.5*	*197.5*	*5.5*	*744.7*

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 services in Finland in terms of revenue and number of end users. Terveystalo provides occupational health services for over 23,000 companies, and in 2018, the company provided occupational health services for a total of approximately 670,000 customers.

Revenue for the first quarter from corporate customers increased by 6.9 percent, amounting to EUR 113.8 (106.4) million. Attendo Health Services accounted for approximately EUR 1 million of the revenue. Occupational health services provided by Attendo Health Services will be integrated during the second quarter by merging functions and units, after which their share of revenue will no longer be separately reported.

Revenue excluding Attendo's Health Services increased by 6.0 percent without material effect from acquisitions, amounting to EUR 112.8 million. Sales of preventive* occupational health services and well-being services** continued to develop favorably, which increased average sales per end customer. Demand for digital services also showed strong growth. Demand for illness-related appointments, on the other hand, decreased year-on-year. Compared with the reference period, the considerably less severe flu and influenza season contributed to this development. The number of occupational health end customers increased slightly year-on-year.

**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 health care activities.*

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

Private customers

Private customers are Terveystalo's second largest customer group. Private customers include private individuals and families. The company's strong brand, easy access to services without long waiting times, extensive service portfolio for private customers, families, and senior citizens, and personalized digital services give Terveystalo a competitive edge over 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 first quarter from private customers increased by 12.6 percent, amounting to EUR 79.8 (70.8) million. Attendo Health Services accounted for EUR 6.4 million of the revenue. Healthcare services for private customers provided by Attendo Health Services will be integrated during the second quarter by merging functions and units, after which their share of revenue will no longer be separately reported.

Revenue excluding Attendo Health Services increased by 3.7 percent, amounting to EUR 73.4 million. Strong demand particularly for oral healthcare services as well as well-being and digital services and the acquisition of oral healthcare and well-being businesses increased the revenue. The amount of private services used by occupational health customers remained at the level of the reference period. The number of physician's appointments offered by Terveystalo was again lower than in the previous year, but the increase in appointments offered with other healthcare professionals clearly compensated for the decrease. The utilization rates of physician's appointment services continued to be high. Sales of diagnostics services increased in line with revenue, and strengthened insurance company steering decreased the volume of surgical services.

Public sector customers

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

Revenue from public sector customers in the first quarter increased significantly as a result of the completed Attendo acquisition. Revenue grew by 265.9 percent, amounting to EUR 74.2 (20.3) million. Revenue from Attendo's old agreements amounted to EUR 52 million, and revenue excluding Attendo Health Services increased by 9.6 percent to EUR 22.2 million. After the merger, new agreements are included in Terveystalo's revenue, with the exception of health care staffing services. Attendo's occupational health care units will be integrated during the second quarter by merging functions and units, after which their share of revenue will no longer be separately reported. Attendo integration is progressing as planned and on schedule.

In addition to the acquisition of Attendo's Health Services, factors contributing to the growth of sales included new outsourcing agreements in Tervola and in Iisalmi Hospital (concerning specialized care), as well as the steady growth of occupational health services and other service sales.

In addition, 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. These experiments will run until fall 2019.

Financial performance

Adjusted EBITDA for **the first quarter** increased by 55.4 percent year-on-year to EUR 47.8 million (30.8). The increase in adjusted EBITDA was mainly due to the adoption of IFRS 16, with an EUR 9.8 million effect on EBITDA, as well as the acquisition of Attendo Health Services. Material costs and the volume of purchased services increased in line with revenue. The Attendo acquisition and continuing investments in digitalization and remote services increased personnel costs by 57.9 percent.

Adjusted EBITDA excluding IFRS 16 effect was EUR 38.0 million, representing 14.2 (15.6) percent of revenue. The decrease in margin resulted from changes in the sales mix, with more emphasis on staff-intensive outsourcing services through the Attendo acquisition, preventive services, and well-being services. Earnings before interest, taxes, and amortization (EBITA) relative to revenue decreased by 0.9 percentage points to 12.1 (13.0) percent. Adoption of IFRS 16 had no material effect on adjusted EBITA.

Operating profit for the first quarter amounted to EUR 24.9 (20.0) million, and profit before tax was EUR 21.3 (17.7) million. Profit for the period was EUR 17.2 (27.3) million, and earnings per share were EUR 0.14 (0.21*). The result of the reference period was improved by the EUR 13.0 million recognized in deferred tax assets with a non-recurring effect on the result, following the completion of a tax audit and relating to outstanding tax losses. After the end of the first quarter, the Group no longer has unused losses. The adoption of IFRS 16 had an effect of EUR -0.4 million on profit for the period.

Net financial expenses increased by 56.3 percent, amounting to EUR -3.5 (-2.2) million. The increase mainly resulted from debt financing of the Attendo acquisition and in part due to the adoption of IFRS16. Operating cash flow increased significantly, amounting to EUR 49.1 (18.4) million. The growth was mainly attributable to the expansion of operations as a result of the Attendo acquisition, adoption of IFRS16 (impact EUR 9.8 million), as well as the positive development of net working capital.

Cash flow from investing activities increased by EUR 3 million to EUR -7.6 (-4.6) million. Acquisitions of subsidiaries and businesses accounted for EUR -1.1 (-0.5) million. Cash flow from financing activities amounted to EUR -21.5 (-3.0) million; the effect of the adoption of IFRS 16 on repayment of financial leasing liabilities was EUR -8.9 million.

Group’s financial position

Terveystalo’s liquidity position is good. Cash and cash equivalents at the end of the period amounted to EUR 56.9 million (EUR 43.6 million in March 2018). Total assets of the Group amounted to EUR 1,390.1 million (EUR 931.3 million in March 2018). The growth was mainly attributable to the allocation of the purchase price to intangible assets in connection with the Attendo acquisition, the goodwill generated by the acquisition, and the adoption of IFRS 16, which increased right of use assets by EUR 190.8 million.

Equity attributable to owners of the parent company totaled EUR 529.2 (484.8) million. The growth was mainly attributable to improved profitability.

Gearing at the end of the review period was 108.8 (50.8) percent, and net interest-bearing debt amounted to EUR 575.7 (246.4) million. Adoption of IFRS 16 increased lease-related interest-bearing debt by EUR 191.9 million in line with company’s preliminary estimate. The consolidated balance sheet includes the combined balance sheets of the Finnish health care operations of Attendo acquired at the end of December. It also includes the long-term loan of EUR 160 million drawn for financing of the purchase price.

Adoption of IFRS 16 has no effect on the covenants related to the Group’s external financing arrangement. The calculation of covenants will continue in accordance with the accounting principles confirmed in the original financing arrangement.

At the end of the reporting period, return on equity was 10.5 (6.9) percent and equity ratio 38.1 (52.2) percent. Due to the adoption of IFRS 16, these key figures are not comparable.

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 revenue and earnings development, particularly when comparing quarterly performance. Revenue from public sector customers is distributed evenly with the exception of staffing services. Due to the seasonal nature of business, the required net working capital varies during the year and the company’s net working capital decreases toward the end of the year. Variation is due to the timing of pension and VAT payments, vacation pay obligations and service fees related to occupational health care, etc.

Investments and acquisitions

Net investments* including M&A amounted to EUR 10.7 (7.6) million. The Group’s net cash capital expenditure, excluding M&A, was EUR 6.0 (3.8) million and the corresponding non-cash capital expenditure EUR 3.1 (2.9) million. These investments consisted mainly of investments in IT system projects, digital application and service development, medical equipment, and network. The relative share of intangible investments in gross investments increased, whereas the number of investments in devices, equipment and improvement of real estates fell respectively.

In the first quarter, Terveystalo carried out a number of acquisitions to supplement its business operations, particularly in the area of well-being business. It acquired the business operations of Länsi-Vantaan Hammaslääkärit Oy, and Kajaanin OMT-Fysioterapia Oy. In addition, Terveystalo became a shareholder in the new Olo joint venture pharmacy chain company established together by Tamro and independent pharmacists. Terveystalo's holding is approximately 20 percent. Terveystalo is planning to provide a broad range of health and well-being services through the chain pharmacies. The chain company does not own the pharmacies; business is based on a model according to which an independent pharmacist can also be a shareholder or member in the chain company.

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

Personnel

As a result of the acquisition of Attendo's Finnish Health Services, the number of Terveystalo's employed staff increased clearly year-on-year and was 6,893 on March 31, 2019 (4,396). The number of private practitioners also increased and was 4,885 (4,553) at the end of the review period.

Decisions of the Annual General Meeting 2019 and the first Board meeting

The Annual General Meeting of Terveystalo Plc was held on Thursday, April 4, 2019, in Helsinki, Finland. The Annual General Meeting adopted the financial statements for the year 2018 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting approved the proposals of the Shareholders' Nomination Board and the Board of Directors without any changes.

As proposed by the Board of Directors, the Annual General Meeting resolved that the profit from the financial period 2018 of EUR 9.2 million be retained in the company's retained earnings and that EUR 0.20 per share (totaling EUR 25.5 million) be distributed from the invested non-restricted equity reserve. The distribution was paid on April 15, 2019.

The number of Board members was confirmed as eight and Lasse Heinonen, Olli Holmström, Åse Aulie Michelet, Katri Viippola, and Tomas von Rettig were re-elected as members of the Board, and Dag Andersson, Paul Hartwall, and Kari Kauniskangas were elected as new members of the Board.

KPMG Oy was re-elected as the company's auditor, with APA Jari Härmälä as the auditor in charge.

The Annual General Meeting authorized the Board of Directors to resolve on the repurchase or acceptance as pledge of the company's own shares using the unrestricted equity of the company. The authorization covers a maximum of 12,803,653 own shares in total, which corresponds to approximately 10 percent of the company's currently registered shares.

The Annual General Meeting also authorized the Board of Directors to resolve on the issuance of shares and special rights entitling to shares as referred to in Chapter 10, Section 1 of the Finnish Companies Act. The authorization covers of a maximum of 12,803,653 shares in total, which corresponds to approximately 10 percent of the company's currently registered shares. The authorization can be used for the financing or execution of acquisitions or other business arrangements, to strengthen the balance sheet and financial position of the company, for implementing share-based incentive plans or the payment of the annual remuneration payable to the members of the Board of Directors, or for other purposes as determined by the Board of Directors.

The Annual General Meeting authorized the Board of Directors to decide on donations of a total maximum of EUR 150,000 for charitable or corresponding purposes.

All of the authorizations will remain effective until the end of the Annual General Meeting 2020 and in any event no longer than June 30, 2020.

The new Board of Directors elected Kari Kauniskangas as its Chairman and Tomas von Rettig as its Vice-Chairman. The Board of Directors also elected members to the Board committees. Lasse Heinonen was elected as Chairman of the Audit Committee and Paul Hartwall and Olli Holmström as members of the Audit Committee. Kari Kauniskangas was elected as Chairman of the Remuneration Committee and Dag Andersson, Åse Aulie Michelet, and Katri Viippola as members of the Remuneration Committee.

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. Management of financial risks complies with the Group's financing policy approved by Terveystalo's Board.

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

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

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

Events after the reporting period

After the end of the reporting period, the integration of Attendo's health services has progressed with mergers of dental companies and partial demerger of Terveystalo Julkiset Palvelut Oy.

Briefing

Terveystalo will hold a result briefing and live webcast in English on May 9, 2019, starting at 11:00 a.m. EET, at Terveystalo Piazza, Jaakonkatu 3 B, (3rd floor), 00100 Helsinki, Finland. You can watch the webcast online at: https://terveystalo.videosync.fi/2019-q1

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 90882048#.

Helsinki, May 9, 2019
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 health care service company in Finland with net sales and network. The company offers versatile primary and secondary health care services for corporate and private customers and the public sector. The nationwide network covers 260 locations across Finland. The clinic network is complemented by 24/7 digital services.

In 2018, Terveystalo had approximately 1.2 million individual customers and approximately 3.5 million visits to a physician. Around half of Terveystalo's 10,000 health care professionals are employees of Terveystalo, while the other half are independent practitioners. www.terveystalo.com

Condensed consolidated statement of income

EUR mill.	Note	1-3/2019	1-3/2018	Change, %	2018
Revenue	4	**267.8**	**197.5**	**35.6**	**744.7**
Other operating income		0.4	0.5	-22.1	18.2
Materials and services	5	-123.7	-93.1	32.9	-351.3
Employee benefit expenses	6, 9	-80.3	-50.9	57.9	-197.1
Depreciation, amortisation and impairment	1	-22.2	-10.2	118.1	-41.1
Other operating expenses	1, 7	-17.0	-23.9	-28.7	-97.9
Operating profit/loss		**24.9**	**20.0**	**24.8**	**75.4**
Financial income		0.0	0.0	74.8	0.3
Financial expenses	1	-3.6	-2.3	56.5	-9.5
Net finance expenses		**-3.5**	**-2.2**	**56.3**	**-9.2**
Share of results in associated companies		-0.1	0.0	> 200.0	1.9
Profit/loss before taxes		**21.3**	**17.7**	**20.3**	**68.2**
Income tax expense *	8	-4.1	9.5	-142.9	0.5
Profit/loss for the period *		**17.2**	**27.3**	**-36.7**	**68.7**
Profit attributable to:					
Owners of the parent company		17.2	27.2	-36.7	68.7
Non-controlling interests		0.0	0.0	-66.5	0.0

Consolidated statement of comprehensive income

EUR mill.	Note	1-3/2019	1-3/2018	Change, %	2018
Profit/loss for the period *		**17.2**	**27.3**	**-36.7**	**68.7**
Total comprehensive income		**17.2**	**27.3**	**-36.7**	**68.7**
Total comprehensive income attributable to:					
Owners of the parent company		17.2	27.2	-36.7	68.7
Non-controlling interest		0.0	0.0	-66.5	0.0
Earnings per share for profit attributable to the shareholders of the parent company, in euro *					
Basic earnings per share		0.14	0.21		0.54
Diluted earnings per share		0.14	0.21		0.54

* A retrospective adjustment in deferred taxes is included in the comperable period´s figures.

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

Condensed consolidated statement of financial position

EUR mill.	Note	31 Mar 2019	31 Mar 2018	31 Dec 2018
ASSETS				
Non-current assets				
Property, plant and equipment	11	83.4	82.0	83.6
Right-of-use asset	11	190.8	-	-
Goodwill	10	770.6	584.1	768.7
Other intangible assets	10	164.0	106.0	167.7
Investment properties		0.6	0.6	0.6
Investments in associates		2.8	0.3	2.4
Other receivables		0.0	0.0	0.0
Deferred tax assets		3.8	16.2	5.8
Total non-current assets		**1,216.0**	**789.4**	**1028.7**
Current assets				
Inventories		5.9	5.3	5.8
Trade and other receivables		110.2	81.7	89.9
Cash and cash equivalents		56.9	43.6	36.9
Total current assets		**173.0**	**130.6**	**132.5**
Non-current assets held for sale		**1.1**	**11.3**	**1.1**
TOTAL ASSETS		**1,390.1**	**931.3**	**1162.3**
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	525.9	518.2
Treasury shares		-6.7	-	-6.7
Retained earnings		17.6	-41.2	0.1
Non-controlling interest		0.1	0.1	0.1
TOTAL EQUITY		**529.3**	**484.9**	**511.8**
Non-current liabilities				
Non-current financial liabilities		400.7	271.4	400.4
Non-current lease liabilities		158.0	-	-
Deferred tax liabilities		32.9	23.4	34.1
Provisions		8.3	4.8	9.1
Other liabilities		8.2	6.3	7.8
Total non-current liabilities		**608.1**	**305.9**	**451.4**
Current liabilities				
Provisions		2.1	2.5	2.3
Trade and other payables		174.0	119.3	146.9
Current tax liabilities		2.7	0.1	0.2
Current financial liabilities		40.0	18.6	49.8
Current lease liabilities		33.9	-	-
Total current liabilities		**252.7**	**140.4**	**199.1**
Liabilities associated with non-current assets held for sale		**-**	**0.1**	**-**
TOTAL LIABILITIES		**860.4**	**446.4**	**650.5**
TOTAL EQUITY AND LIABILITIES		**1,390.1**	**931.3**	**1162.3**

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

Consolidated statement of changes in equity

EUR mill.	Equity attributable to owners of the parent company						
	Share capital	Invested non-restricted equity reserve	Treasury shares	Retained deficit	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**

EUR mill.	Equity attributable to owners of the parent company						
	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	-	-	-	27.2	27.2	0.0	27.2
Trasactions with owners							
Share-based payments	-	-	-	0.3	0.3	-	0.3
Equity 31 Mar 2018	**0.1**	**525.9**	**-**	**-41.2**	**484.8**	**0.1**	**484.9**

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

Condensed consolidated statement of cash flows

EUR mill.	1-3/2019	1-3/2018	2018
Cash flows from operating activities			
Profit before income taxes	21.3	17.7	68.2
Adjustments for			
Non-cash transactions			
Depreciation, amortisation and impairment losses	22.2	10.2	41.1
Change in provisions	-0.3	-0.7	-2.1
Other non-cash transactions	-0.6	0.3	-2.3
Gains and Losses on sale of property, plant, equipment and other changes	-	0.0	-15.9
Net finance expenses	3.5	2.2	9.2
Changes in working capital			
Trade and other receivables	-20.2	-11.7	1.9
Inventories	-0.1	-0.1	0.3
Trade and other payables	24.4	0.5	0.0
Interest received	0.0	0.0	0.2
Income taxes paid	-1.2	-0.1	0.3
Net cash from operating activities	**49.1**	**18.4**	**100.6**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	-1.1	-0.5	-229.8
Acquisition of property, plant and equipment	-2.9	-2.2	-9.4
Acquisition of intangible assets	-3.1	-1.8	-10.4
Proceeds from the disposal of subsidiaries, net of cash disposed of	-	-	24.1
Investments to associated companies	-0.5	-	-1.8
Proceeds from sale of available-for-sale financial assets	-	0.0	1.9
Acquisition of business operation, net of cash acquired	-	-0.4	-0.9
Proceeds from sale of property, plant and equipment	-	0.2	0.3
Dividends received	-	-	1.7
Net cash from investing activities	**-7.6**	**-4.6**	**-224.4**
Cash flows from financing activities			
Acquisition of treasury shares	-	-	-6.7
Proceeds from non-current borrowings	-	-	160.0
Repayment of non-current borrowings	-	-	-11.4
Proceeds from current borrowings	-	-	10.0
Repayment of current borrowings	-10.0	-0.7	-0.8
Payment of finance lease liabilities	-9.1	-1.0	-4.1
Payment of hire purchase liabilities	-1.1	-0.7	-3.3
Interests and other financial expenses paid	-1.3	-0.6	-8.4
Equity repayment	-	-	-7.7
Net cash from financing activities	**-21.5**	**-3.0**	**127.6**
Net change in cash and cash equivalents	**20.0**	**10.8**	**3.9**
Cash and cash equivalents at the beginning of the period	36.9	33.0	33.0
Cash and cash equivalents relating non-current assets held for sale	-	0.2	-
Cash and cash equivalents at the end of the period	56.9	43.6	36.9

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

Notes to the condensed consolidated interim financial statements

1. Basis of accounting principles

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

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

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

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

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

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

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

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

The impact from the standard to Terveystalo Group´s reporting in the first quarter of 2019 is as follows:

Consolidated statement of income

EUR mill.	Q1/2019 Reported	Q1/2019 IFRS 16 effect	Q1/2019 Before IFRS 16 impact	Q1/2018 Reported
Revenue	267.8	-	267.8	197.5
EBITDA	**47.1**	**9.8**	**37.3**	**30.1**
Adjusted EBITDA	**47.8**	**9.8**	**38.0**	**30.8**
Depreciation	-22.2	-9.5	-12.7	-10.2
Adjusted EBITA	**32.4**	**0.3**	**32.1**	**25.6**
Net finance expenses	-3.5	-0.9	-2.6	-2.2
Profit/loss before taxes	**21.3**	**-0.6**	**21.9**	**17.7**
Taxes	-4.1	0.3	-4.4	9.5
Profit/loss for the period	**17.2**	**-0.4**	**17.6**	**27.3**

Consolidated statement of financial position

EUR mill.	Right-of-use asset	Lease liabilitiy
Opening balance	**199.8**	**200.2**
Additions	0.6	0.6
Depreciation	-9.5	-
Payment of lease liabilities	-	-8.9
Carrying amount 31 Mar 2019	**190.8**	**191.9**

Consolidated statement of cash flows

EUR mill.	Q1/2019
Cash flows from operating activities	9.8
Cash flows from financing activities	-9.8

2. Use of judgments and estimates

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

3. Events after the reporting period

Integration of the Attendo’s healthcare operations in Finland has proceeded after the reporting period with mergers of the following companies: Attendo Hammaslääkärikeskukset Oy, Attendo Hammaslääkäripalvelut Oy, Attendo Aaria Oy, Attendo Hammaslääkäriasemat Oy and Attendo Työterveyspalvelut Oy as well as with the partial demerger of Terveystalo Julkiset Palvelut Oy.

4. Revenue

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

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

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

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

Disaggregation of revenue

EUR mill.	1-3/2019	1-3/2018	Change, %	2018
Corporate	113.8	106.4	6.9	402.7
Without the impact of Attendo Finland Healthcare services - acquisition	*112.8*	*106.4*	*6.0*	*402.7*
Private	79.8	70.8	12.6	260.7
Without the impact of Attendo Finland Healthcare services - acquisition	*73.4*	*70.8*	*3.7*	*260.7*
Public	74.2	20.3	>200.0	81.2
Without the impact of Attendo Finland Healthcare services - acquisition	*22.2*	*20.3*	*9.6*	*81.2*
Total	**267.8**	**197.5**	**35.6**	**744.7**
Total without the impact of Attendo Finland Healthcare services - acquisition	***208.5***	***197.5***	***5.5***	***744.7***

5. Materials and services

EUR mill.	1-3/2019	1-3/2018	Change, %	2018
Purchase of materials	-8.5	-8.2	4.0	-28.4
Change in inventories	0.1	0.1	-35.7	-0,2
External services	-115.3	-85.1	35.6	-322.7
Total	**-123.7**	**-93.1**	**32.9**	**-351.3**

6. Employee benefit expenses

EUR mill.	1-3/2019	1-3/2018	Change, %	2018
Salaries and fees	-66.9	-41.6	60.8	-163.2
Share-based payments	-0.0	-0.3	-96.7	-0.2
Other personnel expenses	-13.4	-8.9	50.3	-33.8
Total	**-80.3**	**-50.9**	**57.9**	**-197.1**

7. Other operating expenses

EUR mill.	1-3/2019	1-3/2018	Change, %	2018
Rents, leases and premises*	-3.7	-11.2	-66.5	-45.3
Other operating expenses	-13.3	-12.8	4.3	-52.6
Total	**-17.0**	**-23.9**	**-28.7**	**-97.9**

* The presented number is not comparable, because the rent expenses have decreased by 9.8 million euro due to implementation of IFRS 16.

8. Income taxes

Income taxes in the statement of income

EUR mill.	1-3/2019	1-3/2018	Change, %	2018
Current tax for the reporting year	-3.4	-0.1	>200.0	-0.1
Income taxes for prior periods	-0.0	-	-	-0,0
Deferred taxes *	-0.7	9.6	-107.7	0.7
Total income taxes	**-4.1**	**9.5**	**-142.9**	**0.5**

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

* Deferred taxes Q1/2018 includes retrospective adjustment (4.1 million euro) relating to using of tax losses based on the estimated taxable income for the financial year 2018.

9. Share-based payments

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

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

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

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

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

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

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

10. Intangible assets

1-3/2019 EUR mill.	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
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**

1-3/2018 EUR mill.	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
Acquisition cost 1 Jan 2018	**651.3**	**83.8**	**82.9**	**30.0**	**848.0**
Business combination	0.8	-	-	0.0	0.8
Additions	-	-	-	1.8	1.8
Acquisition cost 31 Mar 2018	**652.1**	**83.8**	**82.9**	**31.8**	**850.6**
Accumulated amortisations and impairment losses 1 Jan 2018	**-68.0**	**-51.3**	**-16.9**	**-19.3**	**-155.5**
Amortisation for the reporting period	-	-2.7	-1.0	-1.3	-5.0
Accumulated amortisations and impairment losses 31 Mar 2018	**-68.0**	**-54.0**	**-17.9**	**-20.6**	**-160.5**
Carrying amount 1 Jan 2018	**583.3**	**32.5**	**66.0**	**10.7**	**692.5**
Carrying amount 31 Mar 2018	**584.1**	**29.8**	**65.0**	**11.2**	**690.2**

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

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

1-3/2019 EUR mill.	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1 Jan 2019	**0.1**	**33.2**	**100.8**	**38.0**	**3.7**	175.8
IFRS 16 implementation	-	199.8	-	-	-	199.8
Business combination	-	-	0.1	-	-	0.1
Additions	-	0.1	3.7	1.0	1.0	5.9
IFRS 16 additions	-	0.6	-	-	-	0.6
Disposals	-	-	-0.2	-	-	-0.2
Acquisition cost 31 Mar 2019	**0.1**	**233.6**	**104.5**	**39.0**	**4.8**	**381.9**
Accumulated depreciation and impairment losses 1 Jan 2019	**0.0**	**-15.2**	**-61.3**	**-13.9**	**-1.6**	**-92.1**
Depreciation for the reporting period	-	-0.9	-3.7	-1.1	-0.2	-5.9
IFRS 16 depreciation	-	-9.5	-	-	-	-9.8
Accumulated depreciation and impairment losses 31 Mar 2019	**0.0**	**-25.6**	**-65.0**	**-15.0**	**-1.8**	**-107.5**
Carrying amount 1 Jan 2019	**0.0**	**18.0**	**39.5**	**24.1**	**2.1**	**83.6**
Carrying amount 31 Mar 2019	**0.0**	**207.9**	**39.4**	**23.9**	**3.0**	**274.2**

1-3/2018 EUR mill.	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1 Jan 2018	**1.9**	**39.8**	**83.5**	**33.4**	**4.4**	**163.0**
Business combination	-	-	0.0	-	-	0.0
Additions	-	1.1	3.1	0.7	0.1	5.1
Disposals	-	-	-0.2	-	-	-0.2
Reclassifications	-1.9	-7.8	-0.0	0.7	-0.8	-9.8
Acquisition cost 31 Mar 2018	**0.1**	**33.1**	**86.4**	**34.9**	**3.8**	**158.1**
Accumulated depreciation and impairment losses 1 Jan 2018	**-**	**-12.6**	**-48.0**	**-9.2**	**-1.1**	**-70.9**
Depreciation for the reporting period	-	-0.7	-3.2	-1.2	-0.1	-5.2
Accumulated depreciation and impairment losses 31 Mar 2018	**-**	**-13.3**	**-51.1**	**-10.4**	**-1.2**	**-76.0**
Carrying amount 1 Jan 2018	**1.9**	**27.1**	**35.5**	**24.2**	**3.3**	**92.1**
Carrying amount 31 Mar 2018	**0.1**	**19.7**	**35.5**	**24.5**	**2.6**	**82.0**

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

12. Business combinations

During the three months ended 31 March 2019, the Group has 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 is 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**

As a result of these business combinations, a preliminary 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 in 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 2019 would have been EUR 268.0 million and the consolidated result would have been EUR 17.2 million.

Business combinations 2018

During the three months ended 31 March 2018, the Group made two business acquisitions and acquired the business from Hammasjaarli Oy as an asset deal.

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

On 28 February 2018 Terveystalo Healthcare Oy acquired 100 % 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 % 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 included 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 information has been consolidated, because the acquisitions are not material individually.

Consideration transferred

EUR mill.	
Cash	1.0
Total consideration transferred	**1.0**

Identifiable assets acquired and liabilities assumed

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

Goodwill	**0.8**

The tangible assets acquired in the business combination described above were measured at fair value based on the market prices of corresponding assets. The acquisition resulted to a goodwill amounting to EUR 0.8 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 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 fair values of customer contracts were completed after the first quarter in financial year 2018.

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

From these other business combinations, revenue of EUR 0.2 million and profit of EUR 0.0 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 197.9 million and consolidated profit would have been EUR 27.3 million.

13. Group's key financial ratios

Terveystalo Group, EUR mill.	1-3/2019	1-3/2018	Change, %	2018
Revenue	267.8	197.5	35.6	744.7
Adjusted EBITDA, * 1) 2)	47.8	30.8	55.4	108.9
Adjusted EBITDA, % * 1) 2)	17.9	15.6	-	14.6
EBITDA 1) 2)	47.1	30.1	56.3	116.6
EBITDA, % 1) 2)	17.6	15.3	-	15.7
Adjusted EBITA * 1) 2)	32.4	25.6	26.7	87.7
Adjusted EBITA, % * 1) 2)	12.1	13.0	-	11.8
EBITA 1) 2)	31.7	25.0	27.0	95.5
EBITA, % 1) 2)	11.8	12.6	-	12.8
Adjusted operating profit (EBIT) * 1) 2)	25.6	20.6	24.4	67.7
Adjusted operating profit (EBIT), % * 1) 2)	9.6	10.4	-	9.1
Operating profit (EBIT) 2)	24.9	20.0	24.8	75.4
Operating profit (EBIT), % 2)	9.3	10.1	-	10.1
Return on equity (ROE), % 1) 2)	10.5	6.9	-	14.2
Equity ratio, % 1) 2)	38.1	52.2	-	44.1
Earnings per share (€) 2) 3)	0.14	0.21	-	0.54
Gearing, % 1) 2)	108.8	50.8	-	80.8
Net debt/Adjusted EBITDA (LTM) 1) 2)	4.6	2.5	-	3.8
Total assets 2)	1,390.1	931.3	49.3	1,162.3
Average personnel FTE	5,003	3,426	46.0	3,498
Personnel (end of period)	6,893	4,396	56.8	6,018
Private practitioners (end of period)	4,885	4,553	7.3	4,877

Before IFRS 16 impact (comparable), EUR mill.	1-3/2019	1-3/2018	Change, %	2018
Adjusted EBITDA * 1)	38.0	30.8	23.6	108.9
Adjusted EBITDA, % * 1)	14.2	15.6	-	14.6
Adjusted EBITA * 1)	32.1	25.6	25.4	87.7
Adjusted EBITA, % * 1)	12.0	13.0	-	11.8
Net debt	383.8	246.4	55.8	413.3
Net debt/Adjusted EBITDA (LTM) * 1)	3.3	2.5	-	3.8

* 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) Alternative performance measure. Terveystalo presents alternative performance measures as additional information to financial measures defined in IFRS. Those are performance measures that the company monitors internally and they provide management, investors, securities analysts and other parties with significant additional information related to the company's results of operations, financial position and cash flows. These should not be considered in isolation or as substitute to the measures under IFRS.

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

3) A retrospective adjustment in deferred taxes is included in the comperable period´s figures.

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.

Adjusted EBITDA* = Earnings Before Interest, Taxes, Depreciation, Amortisation, impairment losses and adjustments

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

Adjusted EBITA* = Earnings Before Interest, Taxes, Amortisation, impairment losses and adjustments

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

Adjusted operating profit (EBIT)* = Earnings Before Interest, Taxes and Share of profits in associated companies, and adjustments

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

* 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

Return on equity, %	1-3/2019	1-3/2018	2018
Profit/loss for the period (LTM)	54.6	32.4	68.7
Equity (including non-controlling interest) (average)	520.5	471.1	484.5
Return on equity, %	10.5	6.9	14.2

Equity ratio, %	1-3/2019	1-3/2018	2018
Equity (including non-controlling interest)	529.3	484.9	511.8
Total assets	1390.1	931.3	1162.3
Advances received	1.7	1.5	1.8
Equity ratio, %	38.1	52.2	44.1

Gearing, %	1-3/2019	1-3/2018	2018
Interest-bearing liabilities	632.5	290.0	450.1
Interest-bearing receivables and cash and cash equivalents	56.9	43.6	36.9
Equity	529.3	484.9	511.8
Gearing, %	108.8	50.8	80.8

Net debt/Adjusted EBITDA (LTM)	1-3/2019	1-3/2018	2018
Interest-bearing liabilities	632.5	290.0	450.1
Interest-bearing receivables and cash and cash equivalents	56.9	43.6	36.9
Adjusted EBITDA (LTM)	125.9	99.3	108.9
Net debt/Adjusted EBITDA (LTM)	4.6	2.5	3.8

Adjusted EBITDA, EUR mill.	1-3/2019	1-3/2018	2018
Profit (loss) for the period	17.2	27.3	68.7
Income tax expense	4.1	-9.5	-0.5
Share of profits in associated companies	0.1	-0,0	-1.9
Net finance expenses	3.5	2.2	9.2
Depreciation, amortisation and impairment losses	22.2	10.2	41.1
Adjustments*	0.7	0.6	-7.7
Adjusted EBITDA	47.8	30.8	108.9

Adjusted EBITDA, %	1-3/2019	1-3/2018	2018
Adjusted EBITDA	47.8	30.8	108.9
Revenue	267.8	197.5	744.7
Adjusted EBITDA, %	17.9	15.6	14.6

Adjusted EBITA, EUR mill.	1-3/2019	1-3/2018	2018
Profit (loss) for the period	17.2	27.3	68.7
Income tax expense	4.1	-9.5	-0.5
Share of profits in associated companies	0.1	-0,0	-1.9
Net finance expenses	3.5	2.2	9.2
Amortisation and impairment losses	6.8	5.0	20.0
Adjustments*	0.7	0.6	-7.7
Adjusted EBITA	32.4	25.6	87.7

Adjusted EBITA, %	1-3/2019	1-3/2018	2018
Adjusted EBITA	32.4	25.6	87.7
Revenue	267.8	197.5	744.7
Adjusted EBITA, %	12.1	13.0	11.8

Adjusted operating profit (EBIT), EUR mill.	1-3/2019	1-3/2018	2018
Profit (loss) for the period	17.2	27.3	68.7
Income tax expense	4.1	-9.5	-0.5
Share of profits in associated companies	0.1	-0,0	-1.9
Net finance expenses	3.5	2.2	9.2
Adjustments*	0.7	0.6	-7.7
Adjusted operating profit (EBIT)	25.6	20.6	67.7

Adjusted operating profit, (EBIT), %	1-3/2019	1-3/2018	2018
Adjusted operating profit (EBIT)	25.6	20.6	67.7
Revenue	267.8	197.5	744.7
Adjusted operating profit (EBIT), %	9.6	10.4	9.1

EBITDA, EUR mill.	1-3/2019	1-3/2018	2018
Profit (loss) for the period	17.2	27.3	68.7
Income tax expense	4.1	-9.5	-0.5
Share of profits in associated companies	0.1	-0,0	-1.9
Net finance expenses	3.5	2.2	9.2
Depreciation, amortisation and impairment losses	22.2	10.2	41.1
EBITDA	47.1	30.1	116.6

EBITDA, %	1-3/2019	1-3/2018	2018
EBITDA	47.1	30.1	116.6
Revenue	267.8	197.5	744.7
EBITDA, %	17.6	15.3	15.7

EBITA, EUR mill.	1-3/2019	1-3/2018	2018
Profit (loss) for the period	17.2	27.3	68.7
Income tax expense	4.1	-9.5	-0.5
Share of profits in associated companies	0.1	-0,0	-1.9
Net finance expenses	3.5	2.2	9.2
Amortisation and impairment losses	6.8	5.0	20.0
EBITA	31.7	25.0	95.5

EBITA, %	1-3/2019	1-3/2018	2018
EBITA	31.7	25.0	95.5
Revenue	267.8	197.5	744.7
EBITA, %	11.8	12.6	12.8

Operating profit (EBIT), EUR mill.	1-3/2019	1-3/2018	2018
Profit (loss) for the period	17.2	27.3	68.7
Income tax expense	4.1	-9.5	-0.5
Share of profits in associated companies	0.1	-0,0	-1.9
Net finance expenses	3.5	2.2	9.2
EBIT	24.9	20.0	75.4

Operating profit, (EBIT), %	1-3/2019	1-3/2018	2018
EBIT	24.9	20.0	75.4
Revenue	267.8	197.5	744.7
EBIT, %	9.3	10.1	10.1

Adjustments*, EUR mill.	1-3/2019	1-3/2018	2018
Acquisition related expenses[(1]	0.4	0.1	6.6
Restructuring related expenses[(2]	0.2	0.4	1.4
Gain on sale of asset	0.0	-	-15.8
Strategic projects, new operations and other items affecting to comparability	0.1	0.1	0.1
Adjustments	0.7	0.6	-7.7

Adjusted EBITDA before IFRS 16 impact	1-3/2019	1-3/2018	2018
Profit (loss) for the period	17.2	27.3	68.7
Income tax expense	4.1	-9.5	-0.5
Share of profits in associated companies	0.1	-0,0	-1.9
Net finance expenses	3.5	2.2	9.2
Depreciation, amortisation and impairment losses	22.2	10.2	41.1
Adjustments*	0.7	0.6	-7.7
IFRS 16 rental expense adjustment	-9.8	-	-
Adjusted EBITDA before IFRS 16 impact	38.0	30.8	108.9

Adjusted EBITDA before IFRS 16 impact, %	1-3/2019	1-3/2018	2018
Adjusted EBITDA before IFRS 16 impact	38.0	30.8	108.9
Revenue	267.8	197.5	744.7
Adjusted EBITDA before IFRS 16 impact, %	14.2	15.6	14.6

Adjusted EBITA before IFRS 16 impact	1-3/2019	1-3/2018	2018
Profit (loss) for the period	17.2	27.3	68.7
Income tax expense	4.1	-9.5	-0.5
Share of profits in associated companies	0.1	-0,0	-1.9
Net finance expenses	3.5	2.2	9.2
Amortisation and impairment losses	6.8	5.0	20.0
Adjustments*	0.7	0.6	-7.7
IFRS 16 rental expense adjustment	-9.8	-	-
IFRS 16 depreciation	9.5	-	-
Adjusted EBITA before IFRS 16 impact	32.1	25.6	87.7

Adjusted EBITA before IFRS 16 impact, %	1-3/2019	1-3/2018	2018
Adjusted EBITA before IFRS 16 impact	32.1	25.6	87.7
Revenue	267.8	197.5	744.7
Adjusted EBITA before IFRS 16 impact, %	12.0	13.0	11.8

Net debt/Adjusted EBITDA (LTM) before IFRS 16 impact	1-3/2019	1-3/2018	2018
Interest-bearing liabilities	440.7	290.0	450.1
Interest-bearing receivables and cash and cash equivalents	56.9	43.6	36.9
Adjusted EBITDA (LTM)	116.1	99.3	108.9
Net debt/Adjusted EBITDA (LTM) before IFRS 16 impact	3.3	2.5	3.8

* 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).

A retrospective adjustment in deferred taxes is included in the comparable period´s figures.

16. Collateral and other contingent liabilities

EUR mill.	31 Mar 2019	31 Mar 2018	31 Dec 2018
Business mortgages	0.5	0.5	0.5
Real estate mortgages	-	11.9	-
Total	**0.5**	**12.4**	**0.5**
Securities for own debts			
Deposits	0.1	0.0	0.1
Rental deposit	0.1	-	-
Guarantees	1.2	0.5	0.8
Total	**1.3**	**0.5**	**0.9**
Other operating lease liabilities*			
Less than one year	-	30.2	37.4
Between one year and five years	-	94.5	107.5
Later	-	63.1	56.7
Total	-	**187.9**	**201.7**

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