

Terveystalo Q1/2021 results:

Revenue increased and result improved clearly driven by corporate customers

CEO Ville Iho

CFO Ilkka Laurila

Terveystalo

The strong performance continued and was reflected in the results

+8%

EUR 278,7 million

STRONG GROWTH IN REVENUE

Revenue increased by 8.3% to EUR 278.7 (257,4) million.

+67%

EUR 38,2 million

PROFITABILITY GROWTH ACCELERATED

Adjusted EBITA increased by 66.6% to EUR 38.2 (22.9) million and was 13.7 (8.9)% of revenue.

NPS 84

CUSTOMER SATISFACTION AT RECORD HIGH LEVEL

Net Promoter Score (NPS) for appointments improved clearly y-on-y and was all time high at 84,3.

>122,000

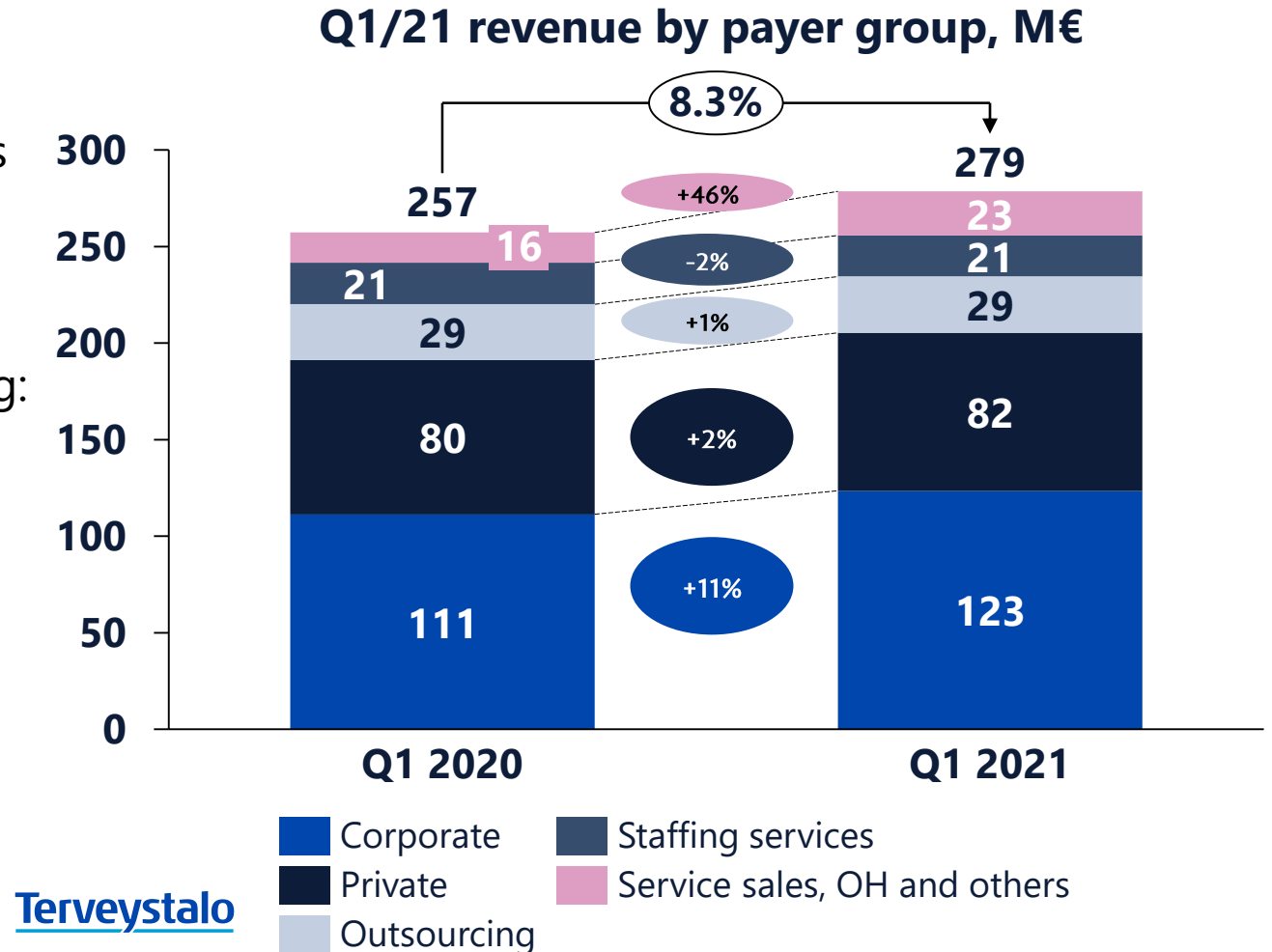
COVID-19 TESTS DURING Q1

243,000

DIGITAL VISITS DURING Q1

Revenue increased especially in corporate customers and in public occupational health and service sales

- Revenue increased in all customer groups
- Appointments associated with various infections remained at low level
- Demand for specialist appointments was nearly flat y-o-y
- Demand for well-being services remained strong: revenue increased by 16% to EUR 25.5 (21.9) million
- The number of digital appointments nearly doubled to ~243,000 (124,000) appointments
- 62 business days in January–March, compared with 63 in Q1/21



We are making progress with our growth strategy implementation

Market and share growth



The smartest platform in the industry

Opportunity: increase conversion, profit per visit, higher output from limited resources, increase visits and grow in verticals

We invest in: “the Engine room”, Focus Centers of Excellence, pricing intelligence

Grow share of wallet



The customer's health partner

Opportunity: Expand to new markets with new products, increase share of wallet

We invest in: Customer relationship and engagement

Continued M&A



Selective M&A

Opportunity: Further strengthen our capabilities, scale and service scope + enter new markets

We invest in: Scale, scalable competencies, adjacencies and specialties

The smartest platform in the industry – solid development in many KPIs

+6%

Growth in visits to terveystalo.com

Investments in usability, Google visibility, and marketing optimization have increased visits y-o-y

+25%

Growth in conversion rate of web bookings

Improvement in web booking user experience is reflected in higher conversion rate vs. last year

+18%

Growth in self-service rate (bookings)

Clear y-o-y increase in self-service rates

Change Q1/21 vs. Q1/20

Terveystalo and Nightingale to co-operate - new services for health-conscious consumers with Finnish well-being technology

- Health awareness is a strong, growing trend. Consumers are increasingly interested in utilizing measurable data about their own health.
- We are changing the industry standards by taking a proactive role in promoting customer health and bringing science into wellness services.
- The cooperation is a proof of Terveystalo's scalable capabilities and the strength of our platform as a distribution platform for new types of services.

STRONG STRATEGIC FIT:
Customer's health partner and
The smartest platform in the industry



New subscription based well-being service to market in autumn 2021

Holistic well-being measurement

Regular measurements with Nightingale's technology give information about customer's health and encourage lifestyle change. Guidance to interpret the results and recommendations for further actions.



Digital lifestyle coaching package

A set of digital lifestyle coaching and research-based tools to increase customer's own well-being.



We are building health partnership between our customers and Terveystalo.

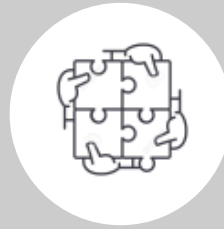
Continued selective M&A in three categories



Strengthening scalable capabilities

Internationally scalable

Capabilities that support our strategy delivery, e.g. Evalua



Growing market share in adjacencies

Cost synergies & scale

Segments where we have a small market share, such as dental, physio, mental health



Growth in specialties

Growth in new services

Niche players in specialized fields

Expanding the markets

Latest acquisitions: Helsingin Uniklinikka, Attentio, Espoon Keskusten Hammaslääkärit, Nuorten Sutela

Outlook

Outlook – The next 6 months vs. last 6 months

Market environment	<ul style="list-style-type: none">• In the short term, the market environment is still uncertain because of the changes in consumer behavior resulting from the COVID-19 pandemic, and predicting demand is challenging in the short term.• Demand for coronavirus testing is expected to remain high throughout the 1H/2021 and to decrease to a lower level during the Q3/21.• Demand for healthcare services in general is expected to grow clearly year-on-year.
Corporate customers	<ul style="list-style-type: none">• Demand for preventive and statutory occupational health services is expected to develop positively.• The recovery of demand for acute and non-urgent medical care is uncertain, owing to a reduction in general morbidity and the measures to restrict the pandemic.• Significant changes in the employment rate may be reflected in the underlying demand.
Private customers	<ul style="list-style-type: none">• Overall demand is expected to develop positively and to increase year-on-year.• However, there may be considerable differences between specialties and geographical areas in the short term because of variation in general morbidity and pandemic-related area-specific restrictive measures.• Demand for remote services is expected to continue to increase. Significant changes in consumer confidence may be reflected in the underlying demand.
Public sector	<ul style="list-style-type: none">• Stable demand is expected to continue in occupational health, service sales, and staffing services.• Revenue from outsourcing business will decrease slightly, following the planned expiry of outsourcing contracts.

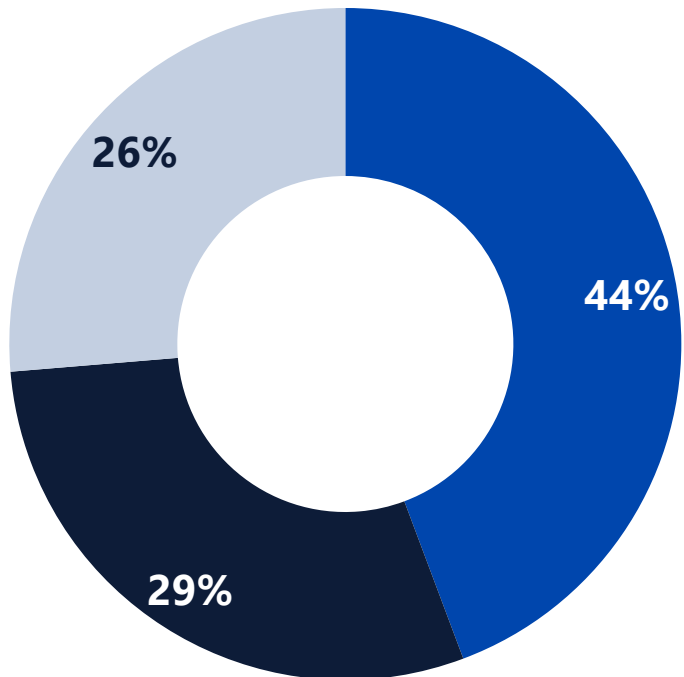
Ilkka Laurila, CFO

Financial performance

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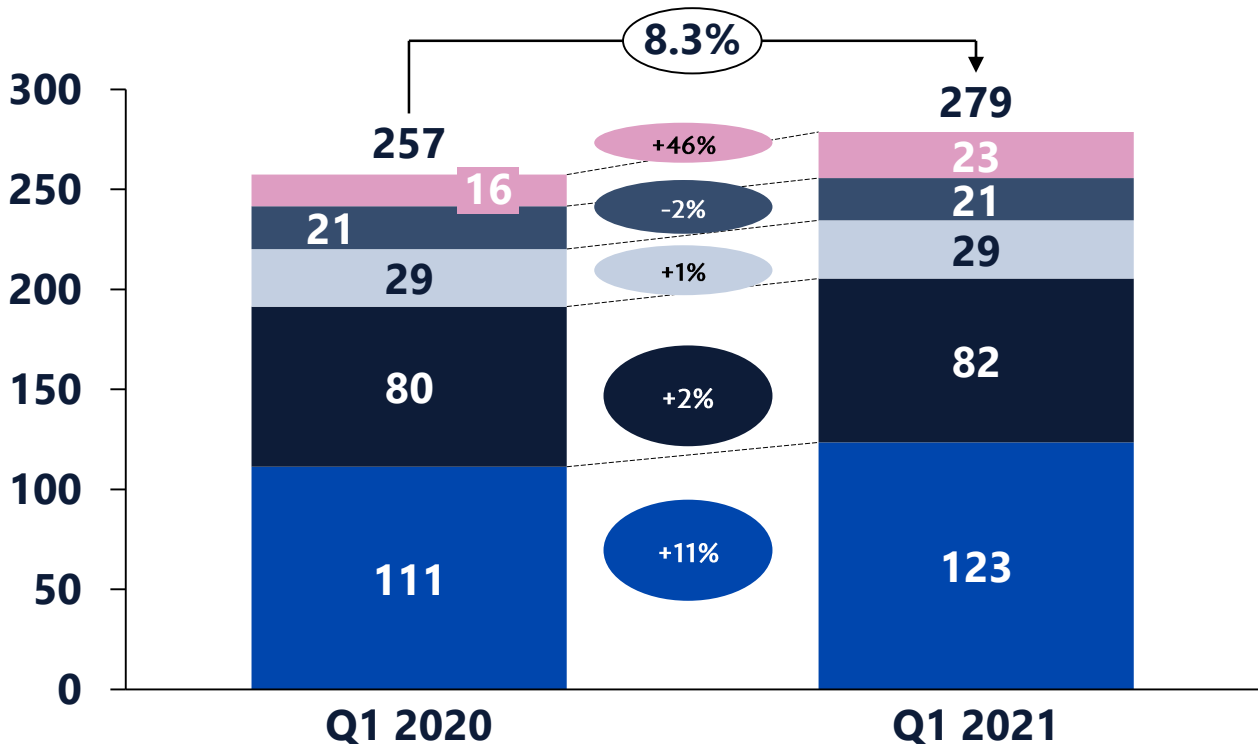
Q1/21 revenue increased in all payer groups

Q1/21 revenue by payer group, %



Corporate
Private
Public

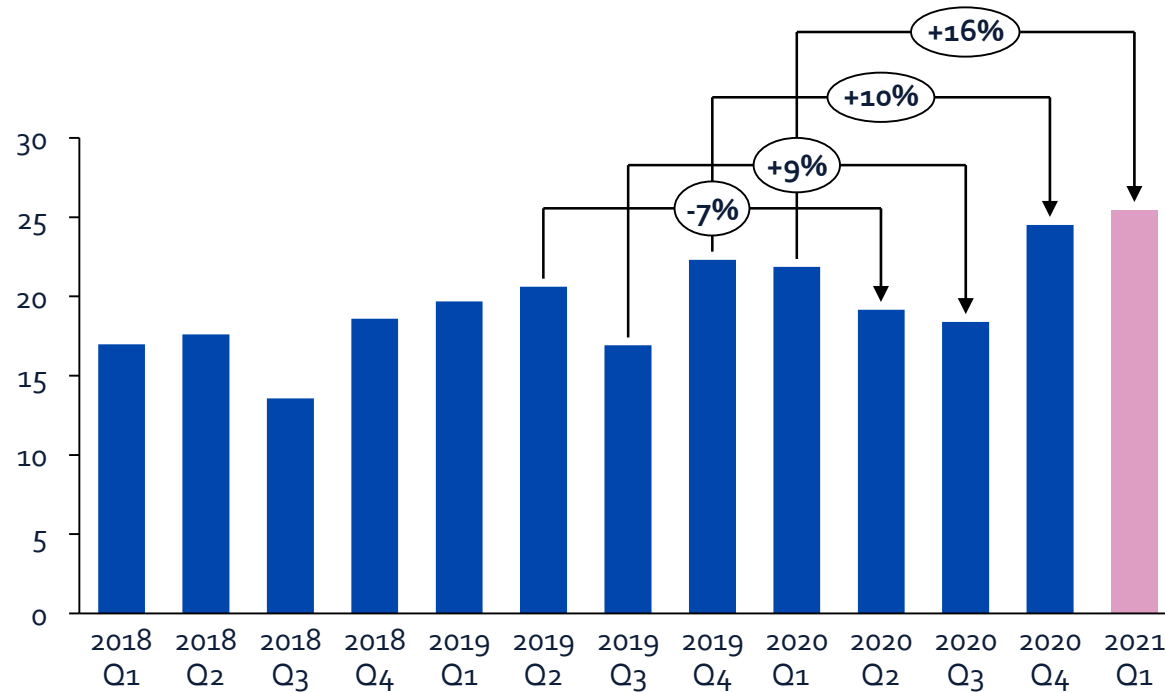
Q1/21 revenue by payer group, M€



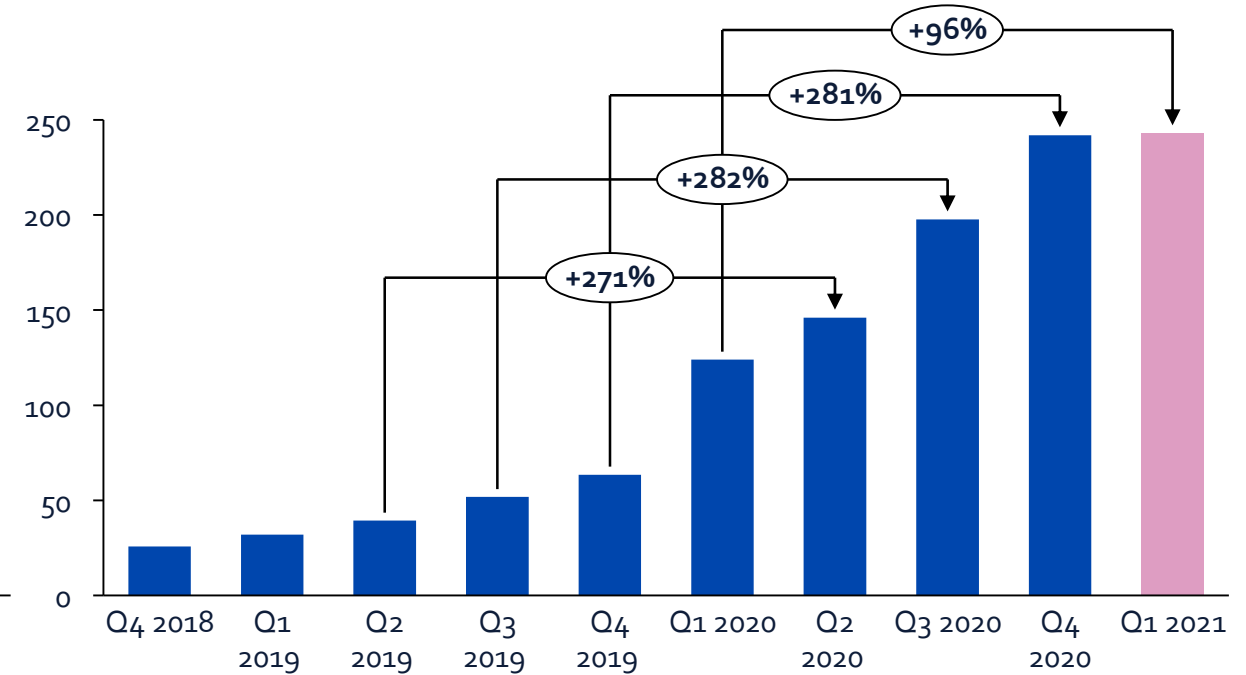
Corporate
Private
Outsourcing
Staffing services
Service sales, OH and others

Strong trend in wellbeing and digital visits continues

WELLBEING SALES, M€

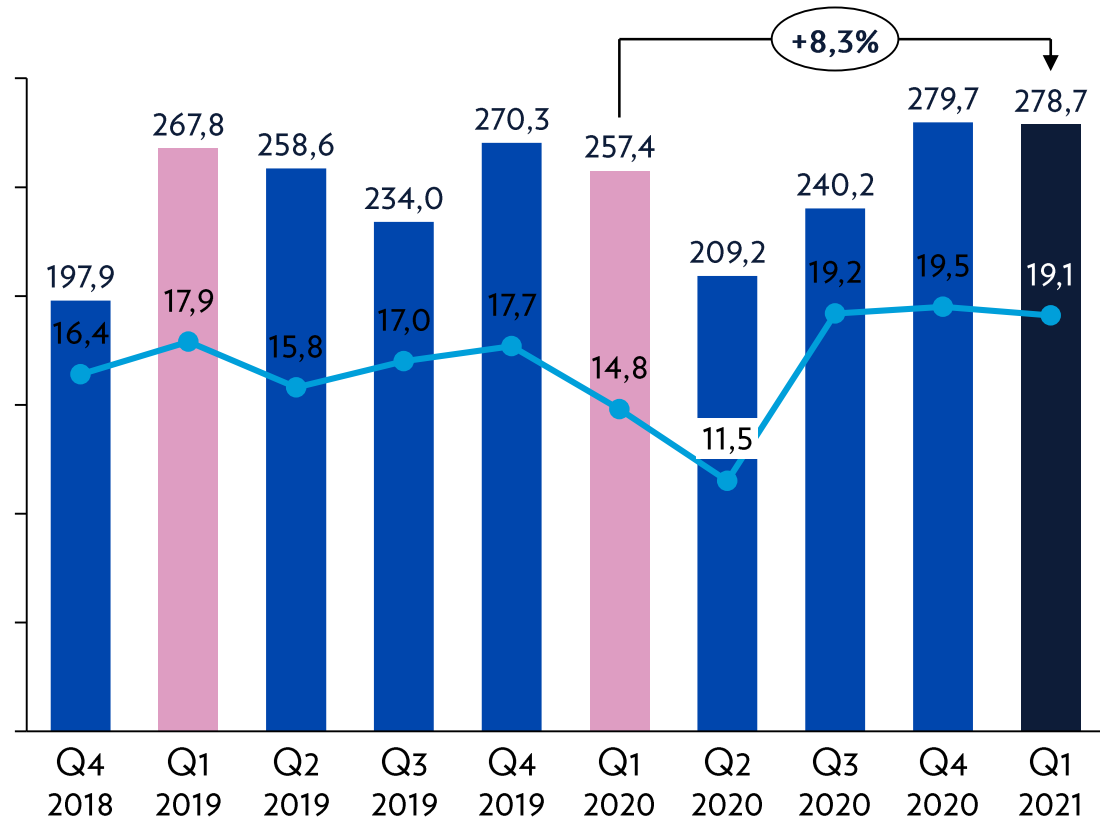


DIGITAL VISITS, THOUSANDS

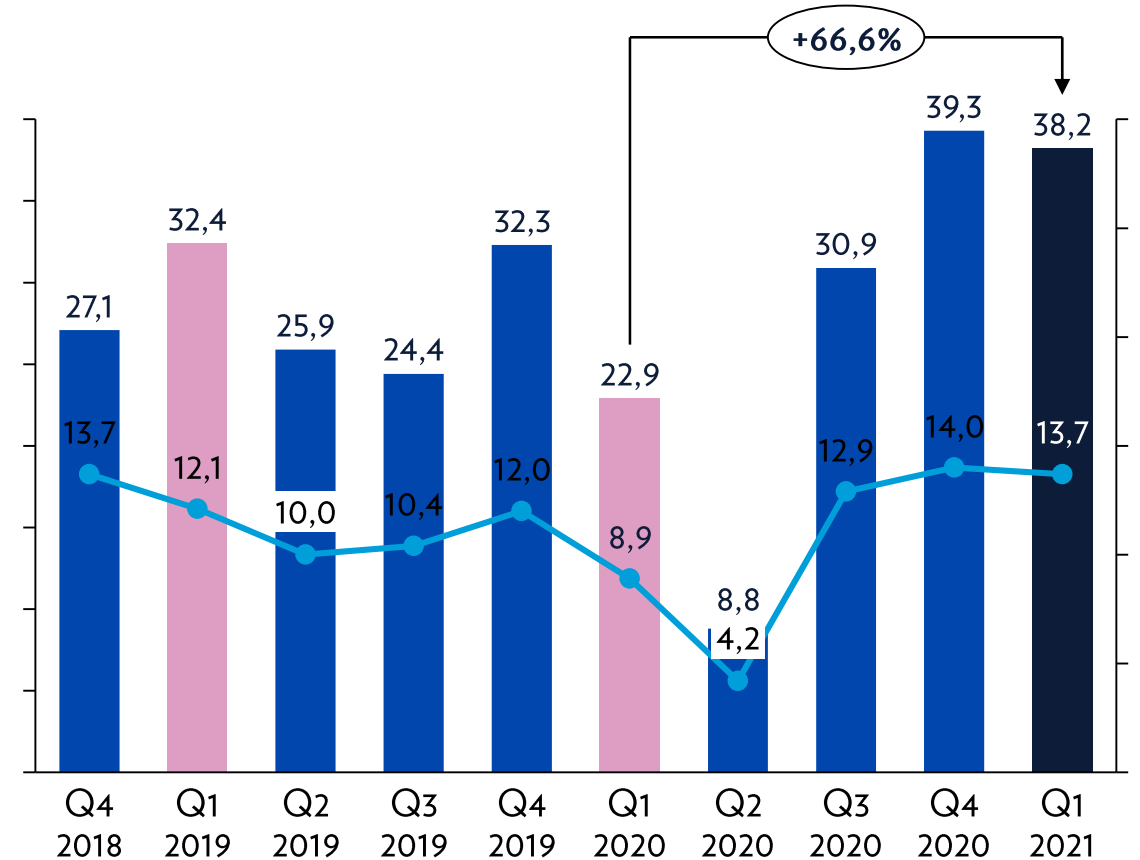


Result improved clearly y-o-y

REVENUE M €, ADJUSTED EBITDA * ** %



ADJUSTED EBITA* ** M€ AND %



■ Revenue
● Adjusted EBITDA %

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■ Adjusted EBITA, M€
● Adjusted EBITA, %

* Alternative key figure

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

Investments in digital services increased IT costs, COVID-19 related services increased personnel costs

M€	1-3/2021	1-3/2020	Change %	2020
Revenue	278,7	257,4	8,3	986,4
Other operating income	0,5	0,9	-43,7	2,7
Purchase of materials	-8,8	-9,2	-4,7	-35,5
Change in inventories	0,0	0,4	-95,0	1,3
External services	-111,4	-111,1	0,2	-413,4
Employee benefit expenses	-86,7	-82,7	4,8	-310,2
Rents. leases and premises	-3,7	-4,0	-7,3	-16,3
IT expenses	-6,9	-6,3	9,9	-25,2
Other operating expenses	-8,5	-9,5	-10,1	-31,5
EBITDA	53,2	35,9	48,3	158,3
Adjustments*	0,1	2,3	95,7	4,5
Adjusted EBITDA	53,3	38,2	39,6	162,8
EBIT	32,2	13,0	147,3	67,2

Variable costs

Semi-fixed costs. scalable on a unit level

Fixed costs. scalable on a group level

*Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses. restructuring related expenses. gain /losses on sale of assets (net). strategic projects and other items affecting comparability.

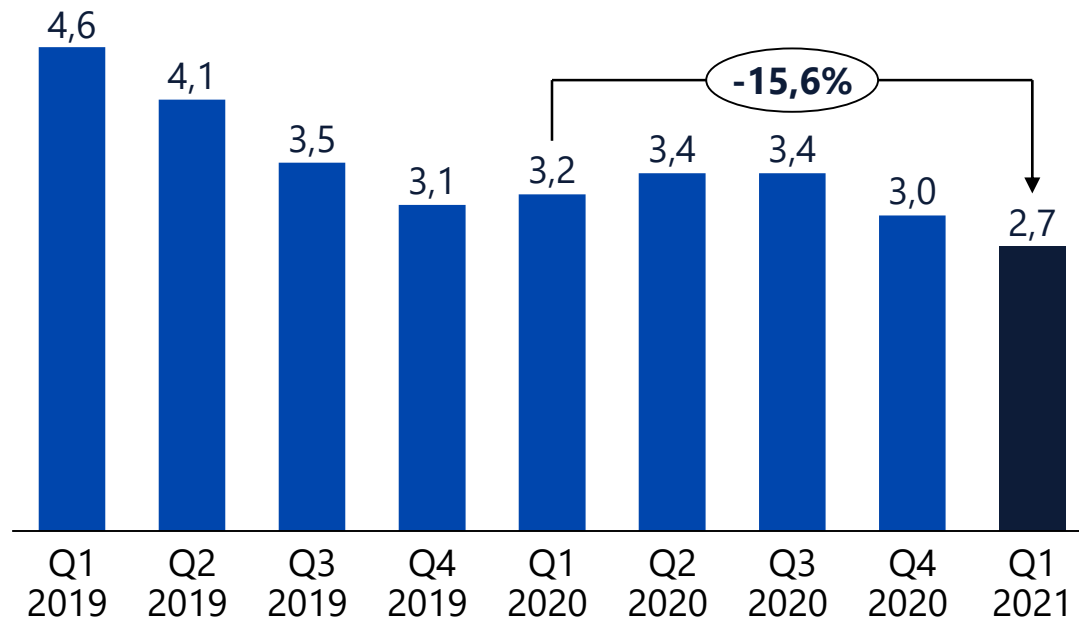
Liquidity at a good level

m€	31.03.2021	31.03.2020	31.12.2020
ASSETS			
Property, plant and equipment	67,0	70,4	67,6
Right of use assets	168,2	187	172,4
Goodwill	786,1	779,7	781,8
Other intangible assets	149,8	158,5	152,2
Other assets	123,9	114,2	110,0
Cash and cash equivalents	86,7	51,5	77,1
TOTAL ASSETS	1 381,7	1 361,3	1 361,0
EQUITY AND LIABILITIES			
TOTAL EQUITY	579,1	550,3	571,4
Interest bearing liabilities	389,5	389,8	389,5
Other liabilities	174,5	192,3	178,5
Lease liabilities	238,5	228,8	221,7
TOTAL LIABILITIES	802,6	811,1	789,6
TOTAL EQUITY AND LIABILITIES	1 381,7	1 361,3	1 361,0

- Cash and cash equivalents EUR 86.7 (51.5) million
- Total assets EUR 1,381.7 (1,361.3) million
- Equity attributable to owners of the parent company EUR 579.1 (550.3) million
 - The increase was due to an increase in retained earnings
- Net debt EUR 477.1 (530.6) million
 - Excl. IFRS 16 impact EUR 302.6 (338.3)
- Net debt / adjusted EBITDA 2.7 (3.2)
 - Excl. IFRS 16 impact EUR 2.3 (2.8)

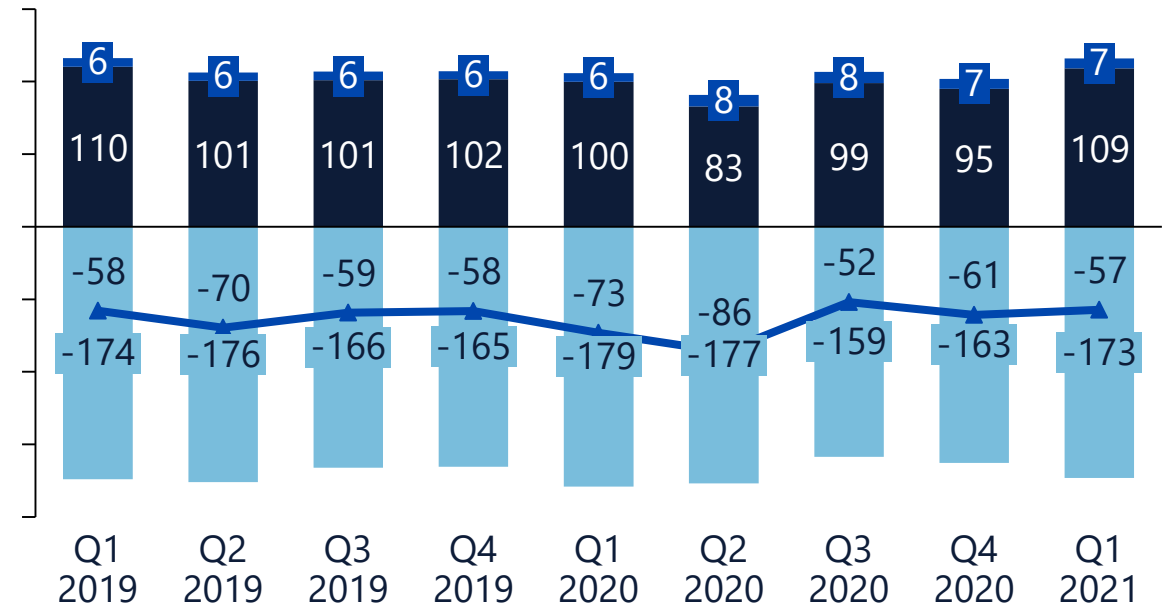
Indebtedness below target

**NET DEBT/ADJUSTED EBITDA
(LAST 12 MONTHS)***



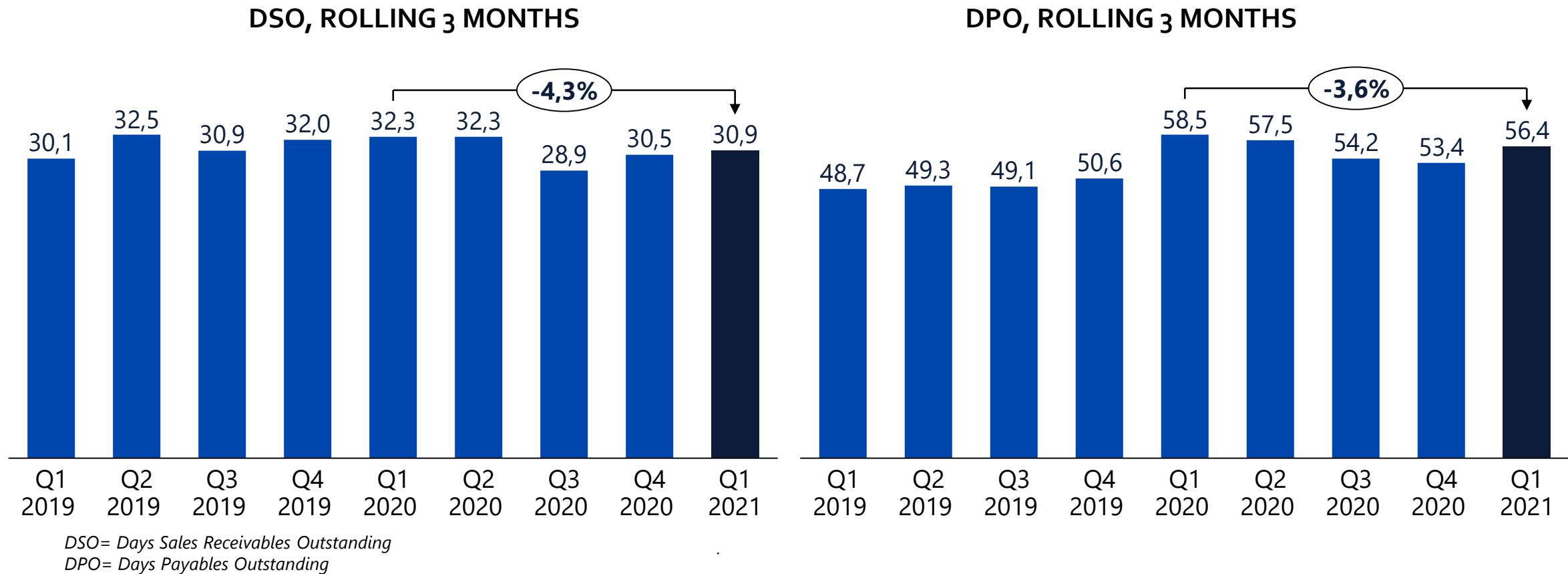
*Figures include the effect of IFRS 16 from 2019 onwards.

**OPERATIONAL EFFICIENCY IS REFLECTED IN THE
NEGATIVE NET WORKING CAPITAL**



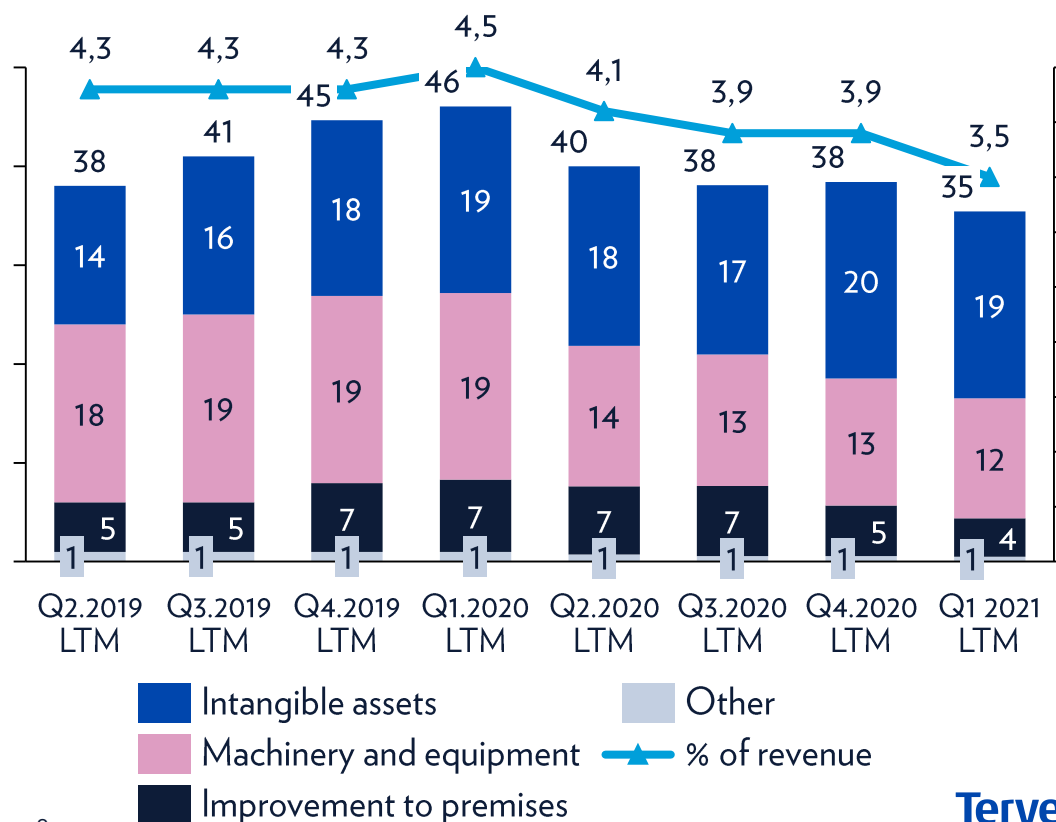
■ Inventories ■ Trade and other payables
■ Trade and other receivables —▲— Net working capital

Working capital turnover developed positively

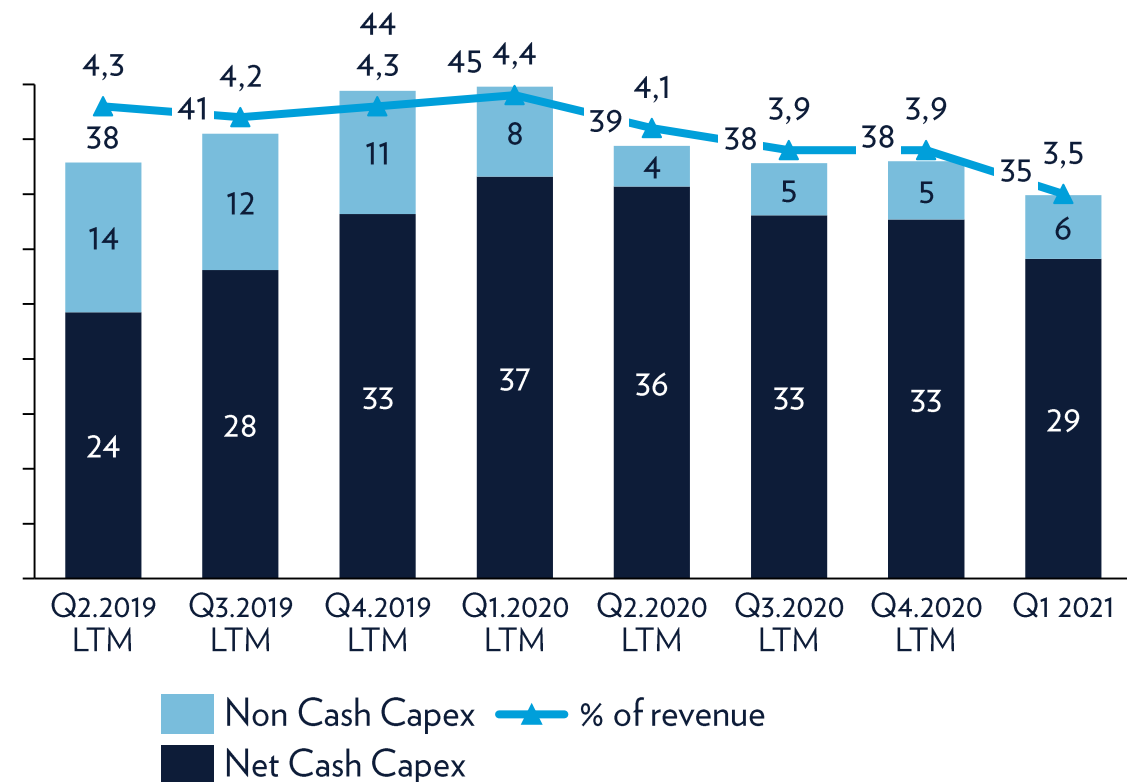


The share of intangible investments continues to grow (excluding M&A)

GROSS CAPEX, M€ AND %- OF REVENUE



NET CAPEX, M€ AND %- OF REVENUE



Financial calendar in 2021



- Half-Year Report for January-June 2021 on Friday, 16 July 2021
- Interim report for January-September 2021 on Thursday, 28 October 2021

Q & A

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Kohti parempaa.

Key Figures

Terveystalo Group, EUR million	1-3/ 2021	1-3/ 2020	Change, %	2020
Revenue	278,7	257,4	8,3	986,4
Adjusted EBITDA * 1)	53,3	38,2	39,6	162,8
Adjusted EBITDA, % * 1)	19,1	14,8	-	16,5
EBITDA 1)	53,2	35,9	48,3	158,3
EBITDA, % 1)	19,1	13,9	-	16,1
Adjusted earnings before interest. taxes and amortization (EBITA) * 1)	38,2	22,9	66,6	101,9
Adjusted EBITA, % * 1)	13,7	8,9	-	10,3
EBITA 1)	38,0	20,6	84,7	97,4
EBITA, % 1)	13,6	8,0	-	9,9
Adjusted EBIT * 1)	32,4	15,4	110,8	71,6
Adjusted EBIT, % * 1)	11,6	6,0	-	7,3
EBIT	32,2	13,0	147,3	67,2
EBIT, %	11,6	5,1	-	6,8
Return on equity (ROE), % 1)	10,6	8,4	-	8,2
Equity ratio, % 1)	42,0	40,5	-	42,1
Earnings per share (EUR)	0,19	0,07	171,4	0,36
Gearing, % 1)	82,4	96,4	-	85,9
Net debt/adjusted EBITDA (last 12 months) 1)	2,7	3,2	-	3,0

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

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

Key Figures

Terveystalo Group, EUR million	1-3/ 2021	1-3/ 2020	Change, %	2020
Average personnel in person-years	5 170	5 051	2,3	4 900
Personnel (end of period)	8 427	8 711	-3,3	8 253
Private practitioners (end of period)	5 051	5 132	-1,6	5 057
Adjusted EBITDA, excluding IFRS 16 ^{*1)}	133,1	121,7	9,4	118,0
Net debt, excluding IFRS 16	302,6	338,3	-10,6	312,4
Adjusted net debt/ adjusted EBITDA, excluding IFRS 16 (last 12 months) ^{*1)}	2,3	2.8	-	2,6
Quality index ²⁾	97,9	94,0	4,1	94,2
Net Promoter Score (NPS), appointments	84,0	73,8	-	82,8

^{*)} 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.

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²⁾ The quality index consists of seven effectiveness indicators that describe the clinical and experienced quality, access to care, and the proportion of preventive care.

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