

Q1 RESULT – STRONG TOPLINE AND BOTTOM LINE GROWTH

CEO Yrjö Närhinen

CFO Ilkka Laurila



Q1 IN SHORT

We continued to pursue our strategy

Strong growth continued, underlying margin improved

Solvency strengthened



STRONG GROWTH CONTINUED, UNDERLYING MARGIN IMPROVED

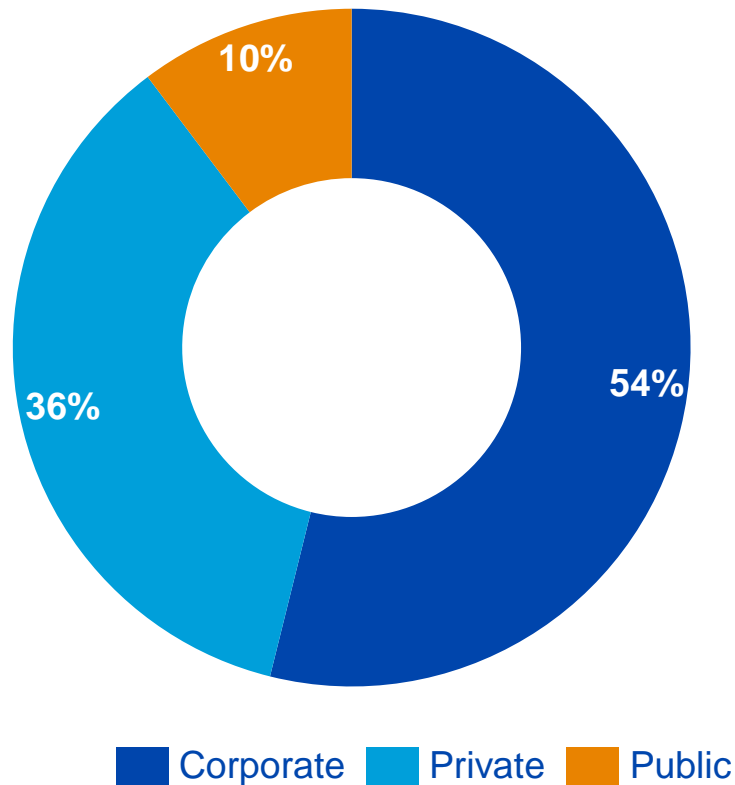
Terveystalo

- Revenue **+23%**
EUR 197.5 Mill.(160.5)
- Adjusted EBITDA **+29.1%**
30.8 Mill. Eur. (23.8)
- Adjusted EBITA **13% of net sales**
- Profit for the period **EUR 31.3 Mill. (5.9)**
- Net debt / Adjusted EBITDA **2.5 (4.8)**

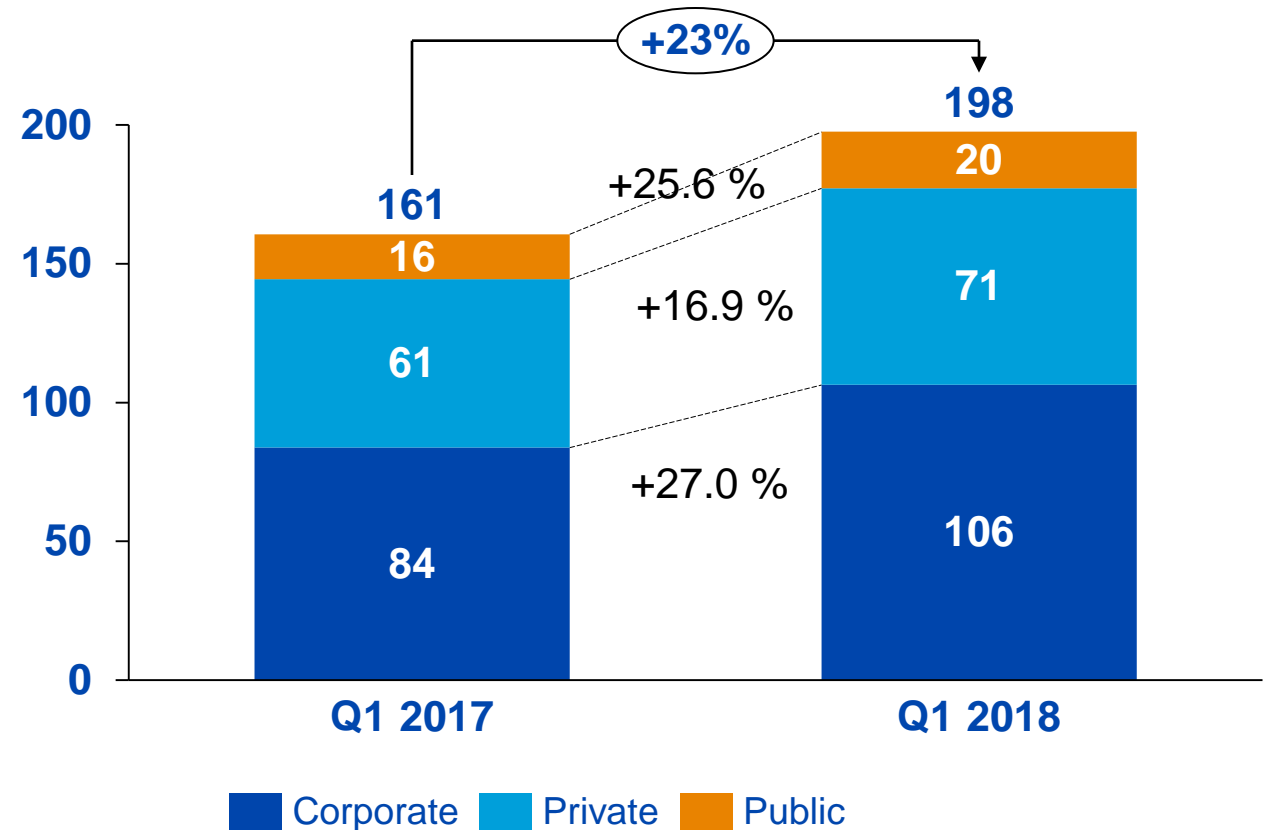


Growth in all customer groups

Q1 Revenue by payer group, %



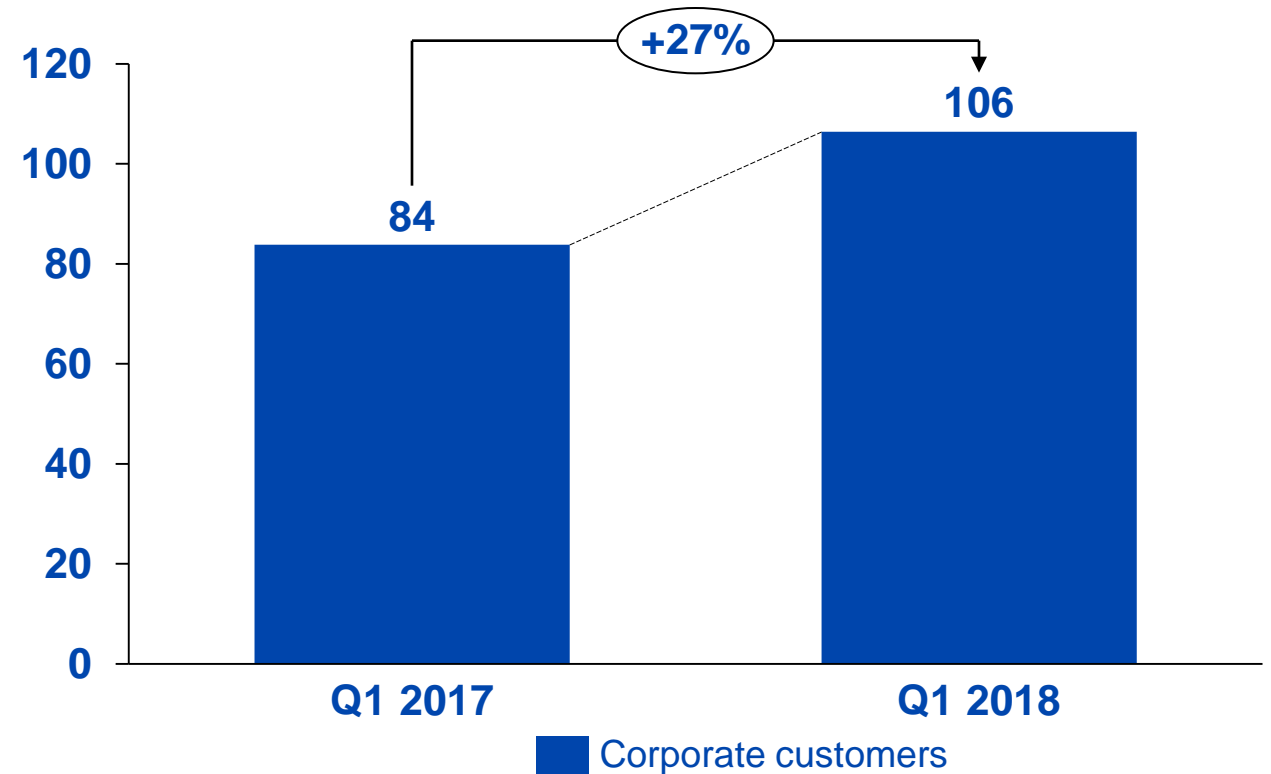
Q1 Revenue by payer group, M€



Corporate customers

- The Diacor acquisition in March 2017 continued to have a significant impact on revenue growth.
- Growth in preventative occupational health services.
- Q1 had one less business day than the comparison period, which reduced revenue y-o-y

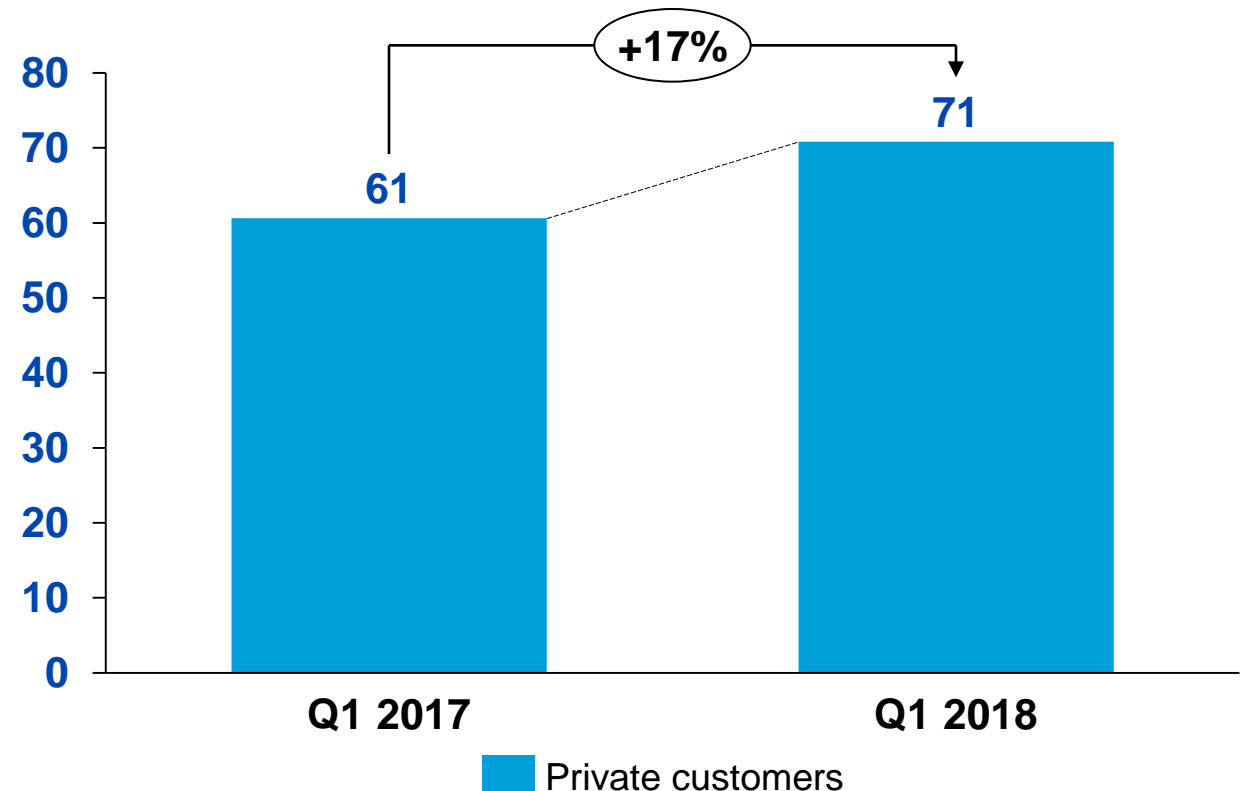
Q1 Revenue development



Private customers

- The Diacor acquisition, continued organic growth, and the expansion of the dental network contributed to top line growth
- Utilization rates at times exceptionally high, regional differences are significant
- The competitive situation, has tightened due to increased supply, particularly in major cities in Finland
- Divestments of fertility clinics in Finland had a minor effect on revenue
- Q1 had one less business day than the comparison period, which reduced revenue y-o-y

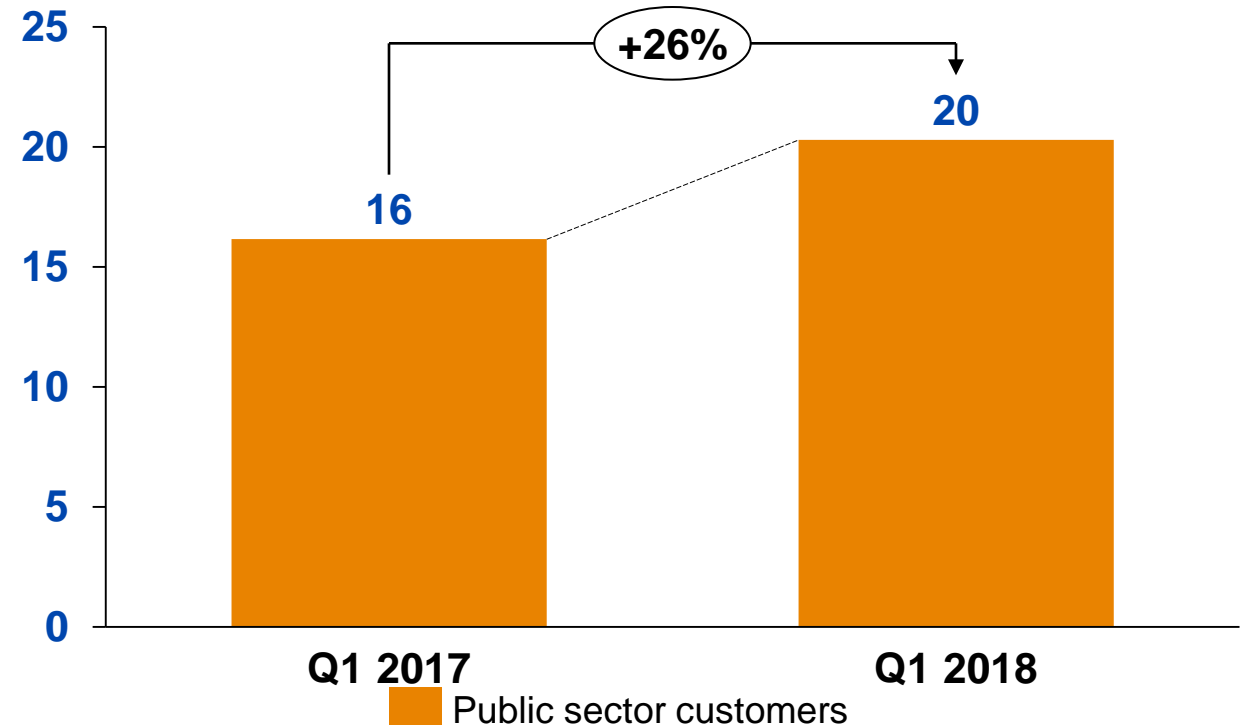
Q1 Revenue development



Public customers

- Strong organic growth
- Outsourcings in Lumijoki and Iisalmi off to a good start
- Freedom of choice experiments in Ylä-Savo (Iisalmi, Sonkajärvi, Vieremä, Kiuruvesi), Central Uusimaa (Hyvinkää, Järvenpää, Mäntsälä), Hämeenlinna, Jyväskylä, and Kuopio

Q1 Revenue development



Market review

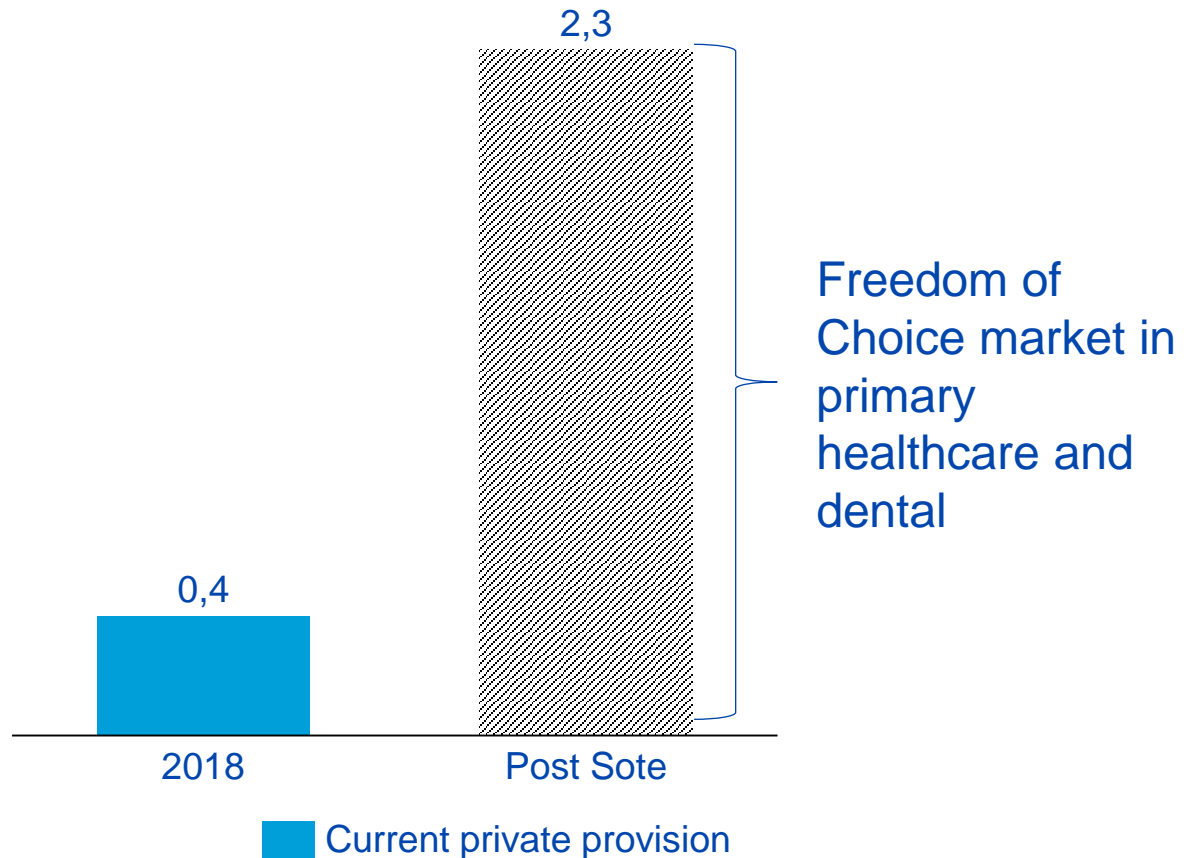
- Demand has continued strong and market share continued to develop favorably.
- The competitive situation has tightened due to increased supply, particularly in major cities in Finland.
- The social welfare and healthcare reform draft laws are in circulation for comments and being considered by the Parliament of Finland:
The proposed solution would enable private service providers to offer publicly funded health center services.

Outlook for 2018

- The positive development of the domestic economy supports the corporate and private customer businesses.
- Healthcare and social welfare reform is important to Finland and would change the environment for all healthcare 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.



Freedom of Choice market



- According to an estimate by the Ministry of Social Affairs and Health, the size of the FoC market would be approx. EUR 2.3 billion:
 - sote-centers ~EUR 1.9 billion, dental care units ~EUR 0.4 billion
- According to the ministry's calculations, private service providers' share of primary care services would increase significantly
- Terveystalo estimates the addressable market to be smaller in size than the ministry's estimate



FINANCIAL PERFORMANCE

CFO Ilkka Laurila

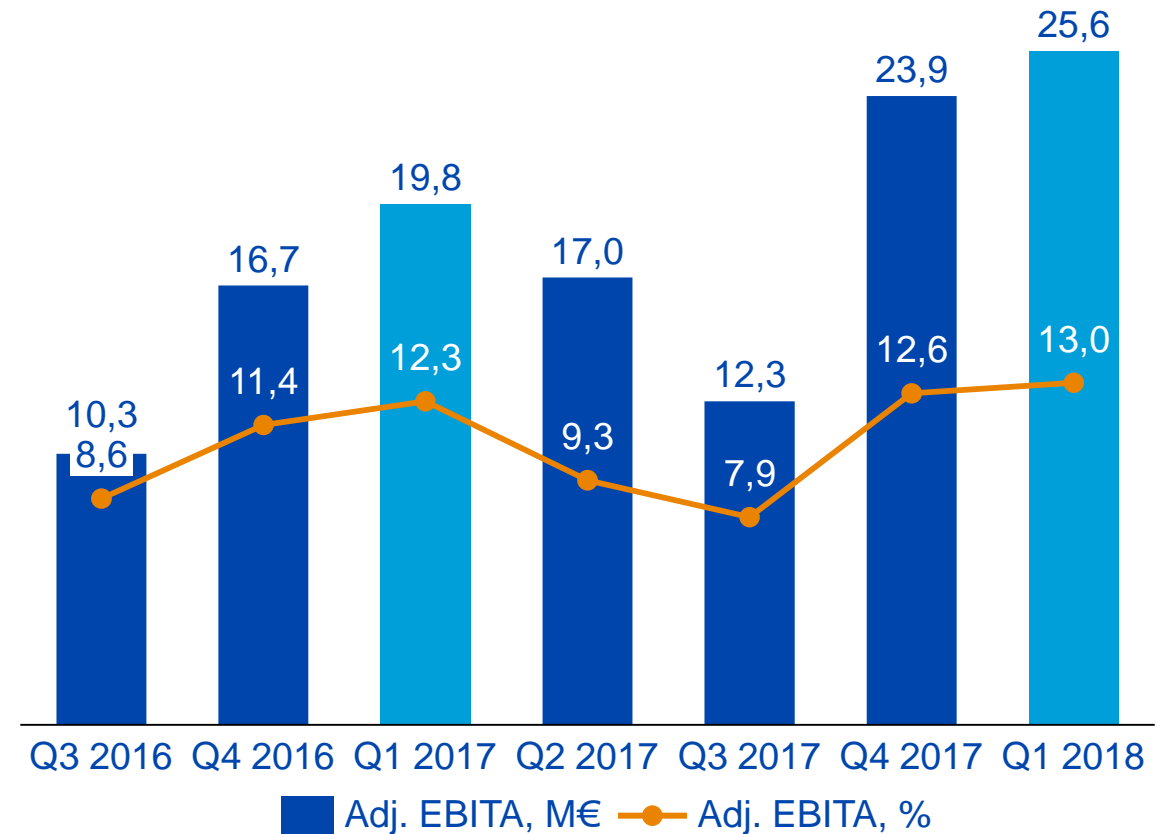


Continued topline growth and strong margin development

Revenue, adjusted EBITDA*, %



Adjusted EBITA*, M€ ja %



* Alternative performance measure



Strong underlying margin performance

M€	1-3/2018	1-3/2017	Change, %	2017
Revenue	197.5	160.5	23.0	689.5
Other operating income	0.5	0.5	-2.4	2.1
■ Materials and services	-93.1	-74.1	25.7	-324.3
■ Employee benefit expenses	-50.9	-45.2	12.5	-189.5
■ Other operating expenses	-23.9	-22.6	5.7	-109.6
EBITDA	30.1	19.1	57.6	68.2
Adjustments (*)	0.6	4.7		24.1
Adjusted EBITDA	30.8	23.8	29.1	92.4
Operating profit	20	10.5	89.7	28.2

■ Variable costs
 ■ Semi-fixed costs
 ■ Fixed costs

*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. Adjustments totaled EUR 0.6 (4.7) million in January–March.



Recognition of deferred tax assets based on outstanding tax losses EUR 13 million

- In its tax audit report, the Finnish Tax Authority concluded that the audit did not cause any action.
- Terveystalo recognized deferred tax assets based on outstanding tax losses amounting to EUR 13 million.
- Terveystalo has reported its tax footprint since 2015. The tax footprint for 2017 is presented in the company's Annual Review 2017.



Sale of the Porin Linnankulma mutual real estate company

- In April, Suomen Terveystalo Oy sold the entire share capital of Porin Linnankulma Mutual Real Estate Company.
- The debt-free purchase price was EUR ~16 million and the net debt-adjusted purchase price of the shares EUR ~7 million.
- The company estimates that the transaction will generate a non-recurring capital gain of approximately EUR 6 million in Q2.

Solvency strengthened

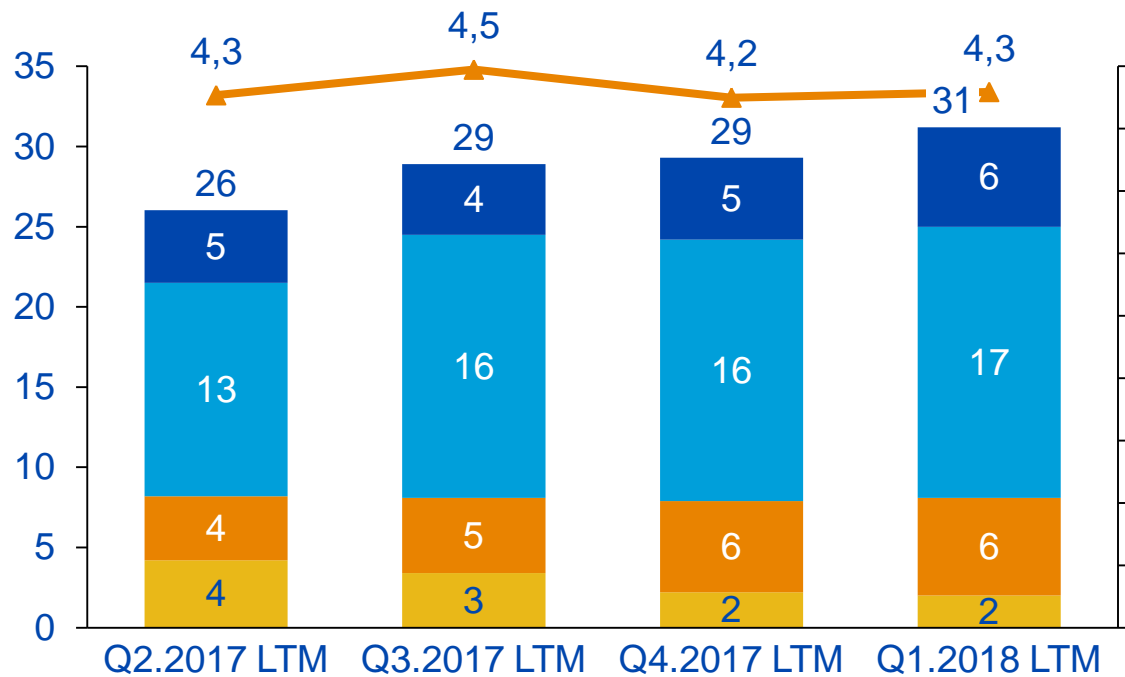
m€	31.3.2018	31.3.2017
ASSETS		
Property, plant and equipment	82.0	89.3
Goodwill	584.1	582.5
Other intangible assets	106.0	120.8
Other assets	119.7	92.3
Cash and cash equivalents	43.6	10.9
TOTAL ASSETS	935.4	895.8
EQUITY AND LIABILITIES		
TOTAL EQUITY	489	332
Interest bearing liabilities	290.0	390.8
Other liabilities	156.4	173.0
TOTAL LIABILITIES	446.4	563.8
TOTAL EQUITY AND LIABILITIES	935.4	895.8

- Total assets were 935.4 M€ (895.8 M€). The increase was mainly due to the increase in cash and the recognition of deferred tax assets based on outstanding tax losses of EUR 13 million.
- Equity attributable to owners of the parent company was EUR 488.9 (331.5) million. The growth was mainly due to the new capital raised in the IPO.
- Gearing was 50.3 (114.4)%. Net interest-bearing debt was EUR 246.4 (379.9) million. The decrease was mainly due to the equity raised through the share issue carried out in connection with the IPO as well as the repayment of loans.
- Diacor is included in the figures for the comparative period.

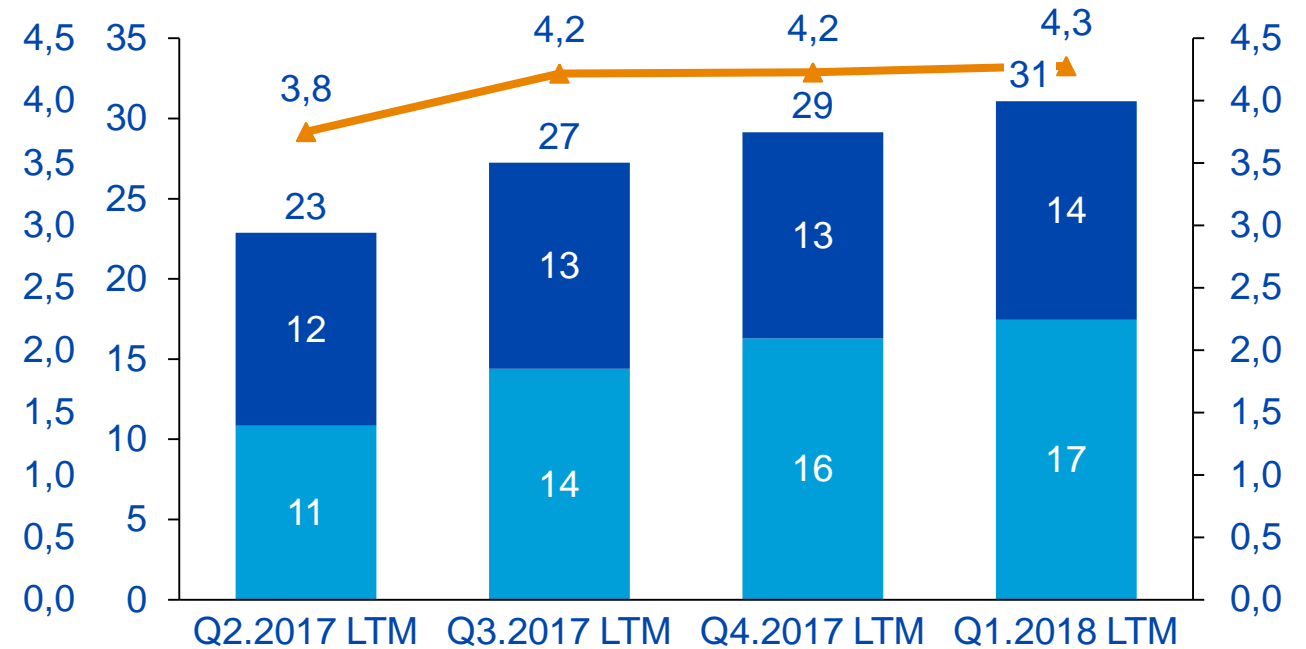


Investment level (Excluding M&A)

Gross capex, M€ and %- of revenue



Net capex, M€ and %- of revenue



- Intangible assets
- Machinery and equipment
- Buildings
- Others
- % of revenue

- Non Cash Capex
- Net Cash Capex
- % of revenue



Positive net working capital development - Improved operational efficiency

	M€	1-3/2018	1-3/2017	2017
	Cash at the beginning	33.0	39.1	39.1
Cash flows from operating activities	Profit before income taxes	17.7	5.6	3.9
	Adjustments for non-cash and financial items	12.0	13.1	64.2
	Changes in working capital	-11.3	-11.9	2.3
	Other operating activities	-0.1	-0.5	-0.5
	Net cash from operating activities	18.4	6.4	70.0
Cash flows from investing activities	Capex and M&A	-4.8	-59.2	-97.7
	Disposals	0.2	-	0.1
	Other investing activities	-	-5.1	-5.1
	Net cash from investing activities	-4.6	-64.3	-102.7
Cash flows from financing activities	Proceeds from loans	-	52.4	317.8
	Loan repayments	-0.7	-15.9	-376.5
	Interests and other items*	-2.3	-6.7	85.2
	Net cash from financing activities	-3.0	29.7	26.5
	Net change in cash and cash equivalents	10.8	-28.2	-6.1
	Cash and cash equivalents relating non-current assets held for sale	0.2	-	-
	Cash at the end	43.6	10.9	33.0

Key Figures

Terveystalo Group, m€	1-3/2018	1-3/2017	Change, %	2017
Revenue	197.5	160.5	23	689.5
Adjusted EBITDA (*)	30.8	23.8	29.1	92.4
Adjusted EBITDA margin (%) (*)	15.6	14.8	-	13.4
EBITDA (*)	30.1	19.1	57.6	68.2
EBITDA margin (%) (*)	15.3	11.9	-	9.9
Adjusted EBITA (*)	25.6	19.8	29.5	73
Adjusted EBITA margin (%) (*)	13	12.3	-	10.6
Net profit	31.3	5.9	> 200.0	7.2
Net debt	246.1	379.9	-35.2	256.4
Net debt/adjusted EBITDA (last 12 months) (*)	2.5	4.8	-48.6	2.8
Return on equity (ROE), % (*) (***)	6.9	5.6	-	2.1
Equity ratio, % *)	52.4	37.1	-	50.7
Gearing, % (*)	50.3	114.4	-	56.1
Earnings per share (**)	0.24	0.05	-	0.06
Operating cash flow	18.4	6.4	185.9	70
Personnel (end of period)	4,396	4,524	-2.8	4,265
Private practitioners (end of period)	4,553	4,395	3.6	4,431

(* Alternative performance measure. Additional information in note 14.

(** The weighted average number of shares takes into account the effect of the consolidation of shares and the share split. Comparison figures have been adjusted accordingly.

(***In consequence of concluded tax audit ROE's profit for the period (LTM) includes fully recognized deferred tax assets EUR 13.0 million relating to outstanding tax losses carried forward.

Diacor is combined with figures for the comparative period for the balance sheet and personnel as of 31 March 2017.

Reporting in 2018

- Half year report 2018 is published on Friday, 17 August 2018
- Interim report for Jan-Oct 2018 is published on Wednesday, 14 November 2018

August						
M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

November						
M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		



Thank you!



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