

# **Terveystalo Q3/2021 results: Revenue growth driven by strong, broad- based demand**

October 28, 2021

CEO Ville Iho

CFO Ilkka Laurila

**Terveystalo**

# Revenue growth in double digits, strong profitability, digital continues to grow

**+13.7%**

revenue increased  
to EUR 273.1m

REVENUE GROWTH  
CONTINUED,  
BUT WAS RESTRICTED BY  
SUPPLY

Revenue  
+16.7% vs. Q3/19

**EUR 31.5m**

Adj. EBITA

+ 1.9% y-o-y,  
+29% vs. Q3/19

Adj. EBITA margin 11.5%

COST SAVINGS WERE IN  
PLACE IN Q3/20,  
IMPACTING COMPARABLE  
MARGIN

**261,500**

Digital appointments\*

GROWTH IN DIGITAL  
CHANNELS CONTINUED,  
+32% VS. Q3/20

**EUR 0.13**

2. dividend for 2020

IN TOTAL DIVIDENDS FOR 2020  
EUR 0.26 PER SHARE

**>135,800**

Covid-19 tests

DEMAND FOR  
TESTS REMAINED  
STRONG,  
BUT STARTED TO DECLINE IN  
SEPTEMBER

**EUR 13.5m**

Share buyback program

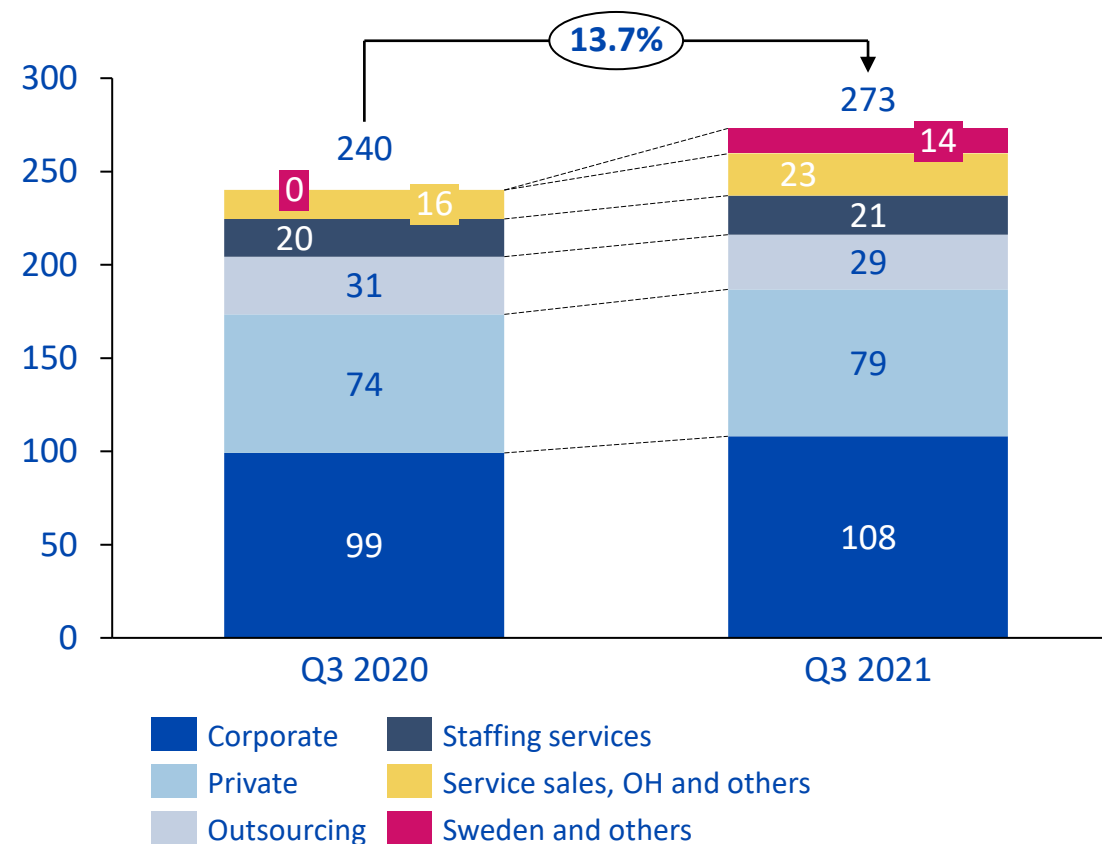
THE PURPOSE IS TO OPTIMIZE  
CAPITAL STRUCTURE

*\*Does not include digital appointments in Sweden*

# Broad-based revenue growth in Q3

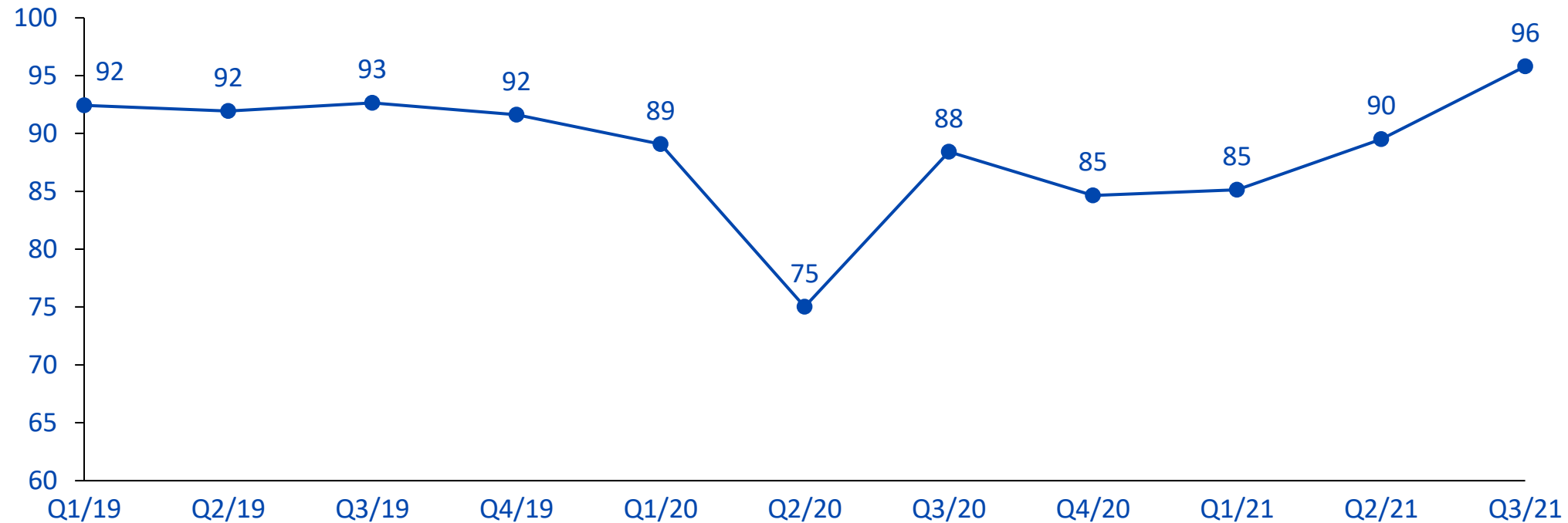
- Revenue increased in all three customer groups – broad based growth across services
- Appointment booking rates at record levels
- The number of digital appointments grew by 32% to 261,500 appointments
- Feelgood revenue incorporated for the first time in group reporting
- Number of business days flat y-o-y and vs. Q3/19 (66 days)

Q3/21 revenue distribution, M€



# Strong demand is back, growth restricted by supply

Doctor appointment booking rate, %

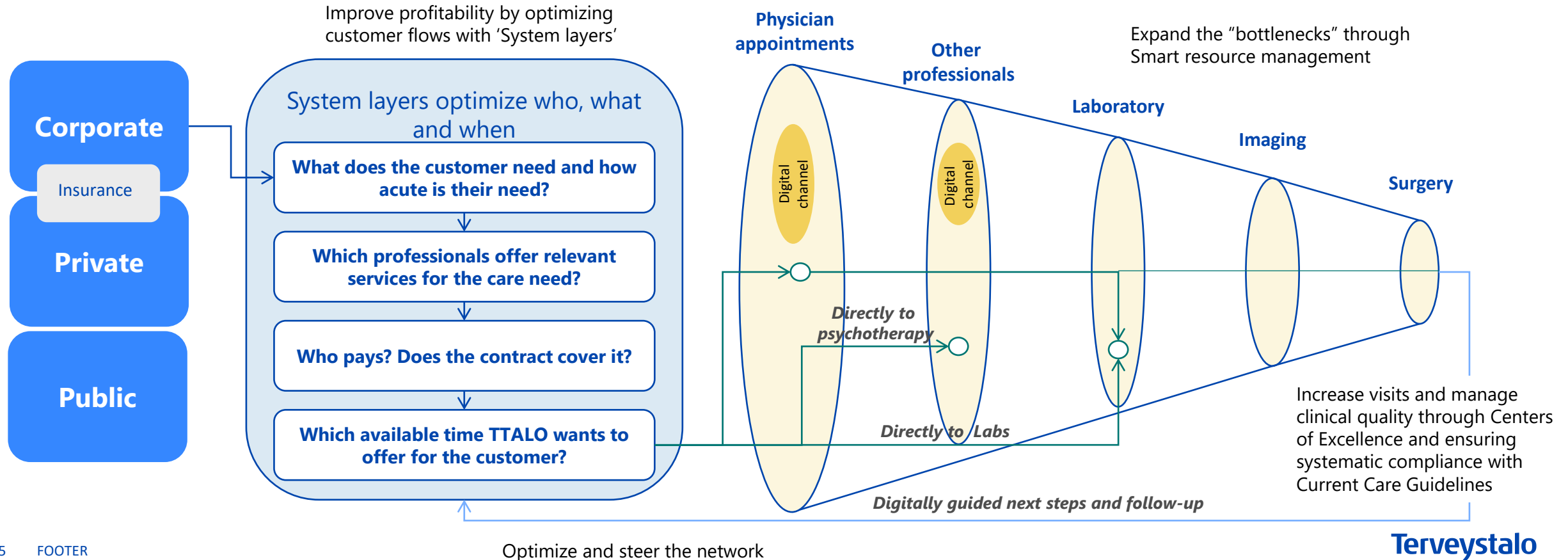


# Customer steering and smart resource management are keys to increasing supply

## Customer with a need

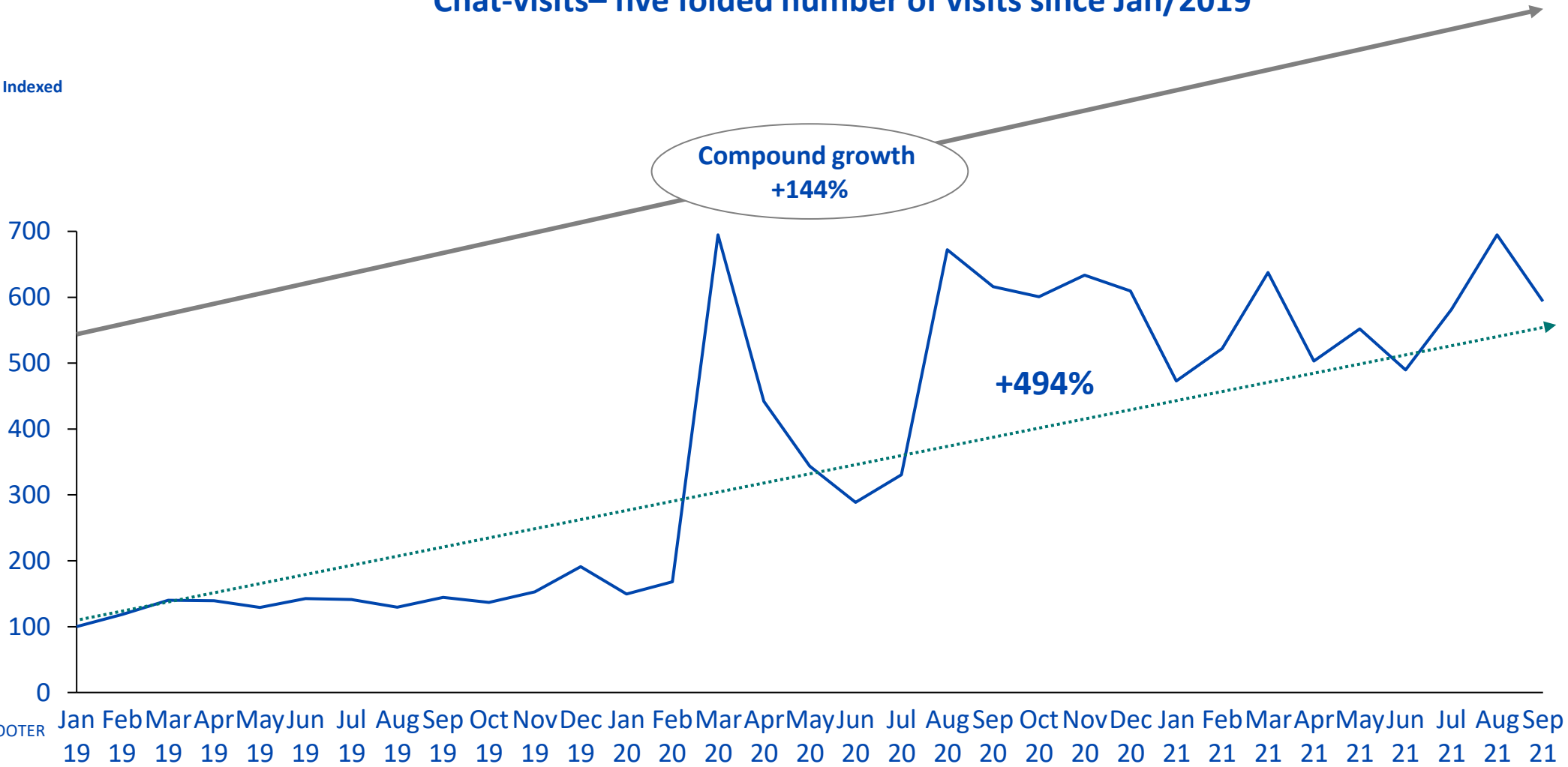
## Customer steering

## Supply – Smart Resource management



# 24/7 chat visits enable serving more customers and increasing access to care at low threshold

Chat-visits— five folded number of visits since Jan/2019



# Development of digital platform delivers results

## - assists in balancing demand and supply

**+54%**

vs. 1-9/20

**Growth in visits to  
terveystalo.com**

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

**+64%**

vs. 1-9/20

**Growth in conversion rate of  
web bookings**

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

**+19%**

vs. 1-9/20

**Growth in self-service rate  
(bookings)**

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

# New era of health - driven by data and Nordic know-how

feelgood

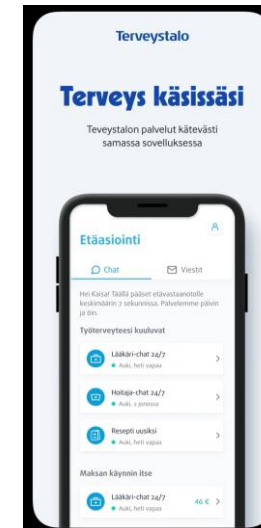
+

Terveystalo



Two industry leading platforms complement each other in terms of people, culture, competences, service offering and geographical network.

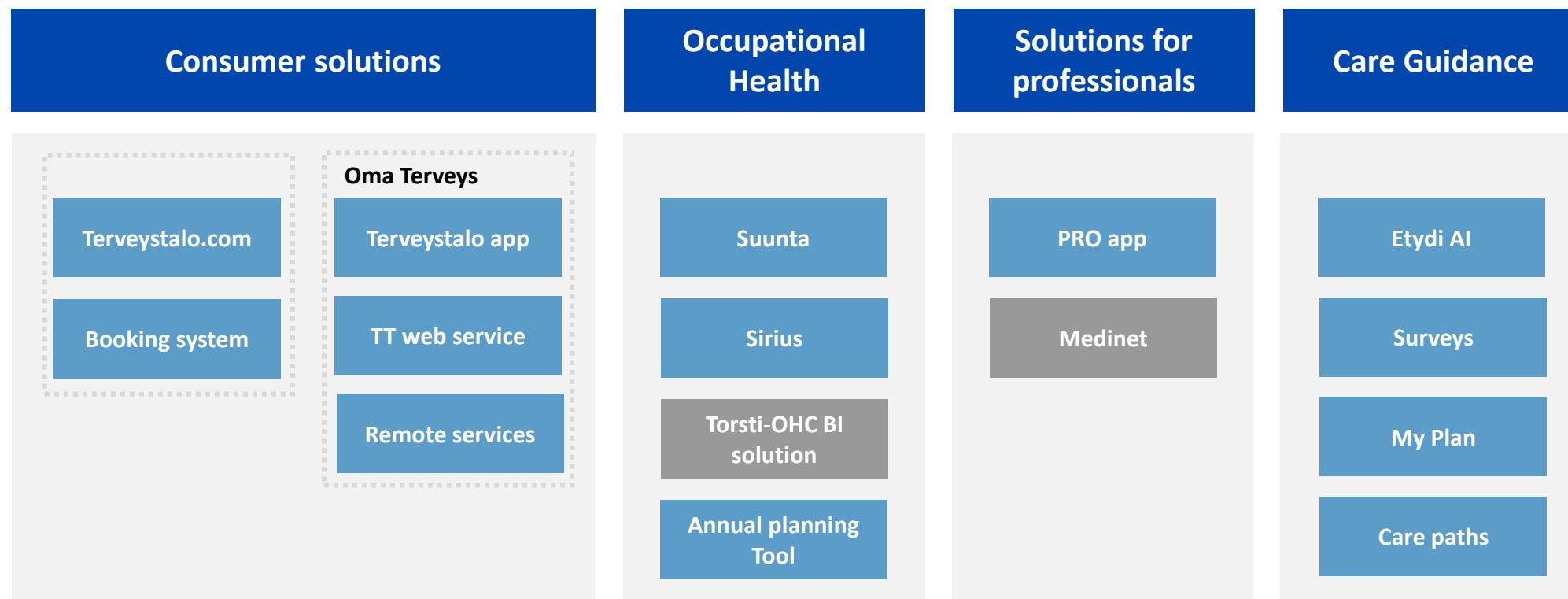
- >32,000 corporate customers
- >1.5 mill. employees covered by OHC
- > 400 units in Finland and Sweden
- > 14,800 professionals





# We see an opportunity to leverage our digital capabilities in Sweden

## TERVEYSTALO DIGITAL SUITE



**ISO 13485 quality system certificate awarded to Terveystalo as the first health service provider in Finland**

# The most attractive employer among professionals

- Terveystalo is again (for the second time) the most attractive employer
  - among professionals in the hospital and health sector
  - and the second most interesting in the field of medicine.
- We have been the most popular among students for eight years in a row.



Industry Best  
Hospital & Health Care

**Terveystalo**

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By Health/Medicine professionals  
Finland's Most Attractive Employers 2021

# Outlook

## Outlook – The next 6 months vs. last 6 months

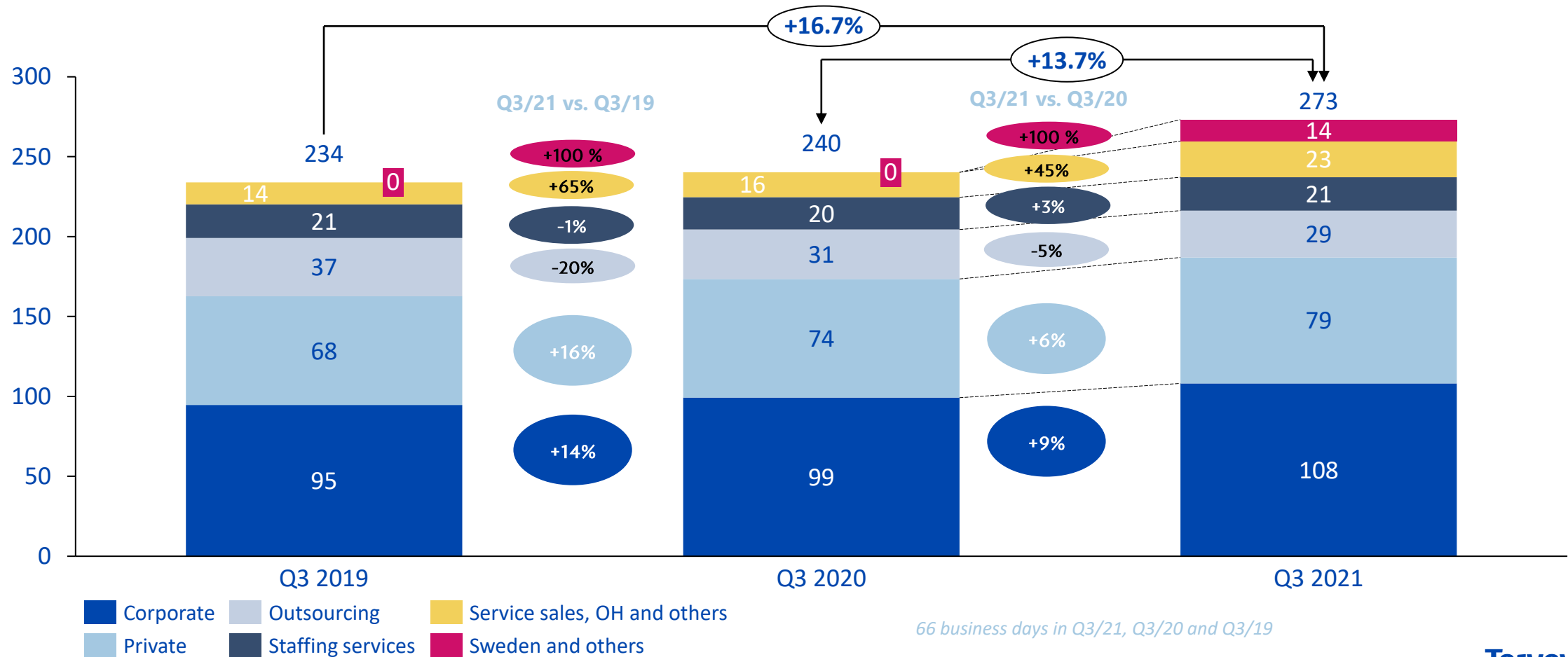
Market environment	<ul style="list-style-type: none"><li>• The market environment has normalized, and demand for health services is currently strong, but varies by service and could be restricted by supply.</li><li>• Demand for COVID-19 related services is expected to remain active, despite a decline in volumes from previous peak levels. Predicting the volume is, however, difficult.</li><li>• The overall demand for health services is expected to grow substantially.</li><li>• The demand for digital services is expected to continue to grow.</li></ul>
Corporate customers	<ul style="list-style-type: none"><li>• Demand for preventive and statutory occupational health services is expected to develop favourably.</li><li>• Demand for health care varies by service, but overall demand is strong.</li><li>• Significant changes in the employment rate may be reflected in the underlying demand.</li></ul>
Private customers	<ul style="list-style-type: none"><li>• Overall demand is expected to develop positively and grow clearly. However, demand varies between specialties.</li><li>• Significant changes in consumer confidence may be reflected in the underlying demand.</li></ul>
Public sector	<ul style="list-style-type: none"><li>• Demand from the public sector is expected to remain strong in occupational health, service sales, and staffing services.</li><li>• Revenue from the outsourcing business is expected to remain stable.</li></ul>
Sweden	<ul style="list-style-type: none"><li>• In the Swedish occupational health market, demand is expected to develop positively.</li></ul>

# Financial performance

ILKKA LAURILA, CFO

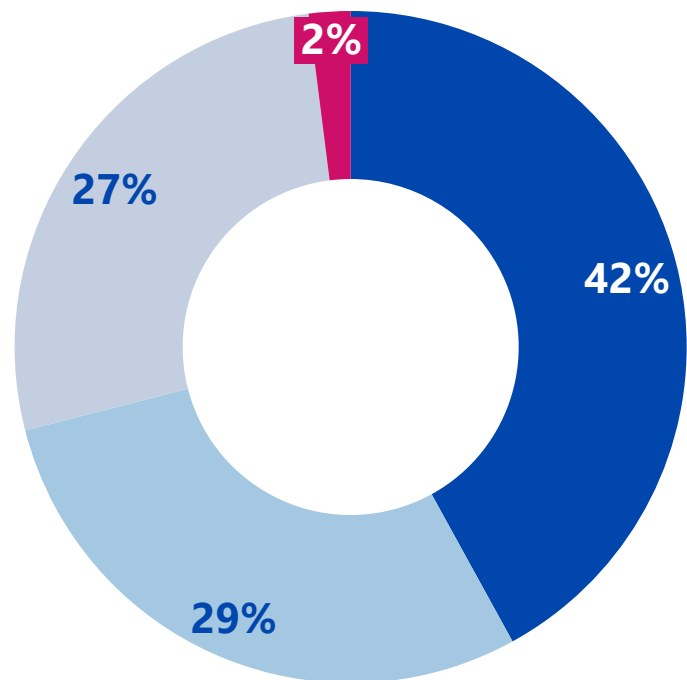
# Strong revenue growth y-o-y and vs. Q3/19

Q3/21 revenue distribution compared to Q3/19 ja Q3/20, M€

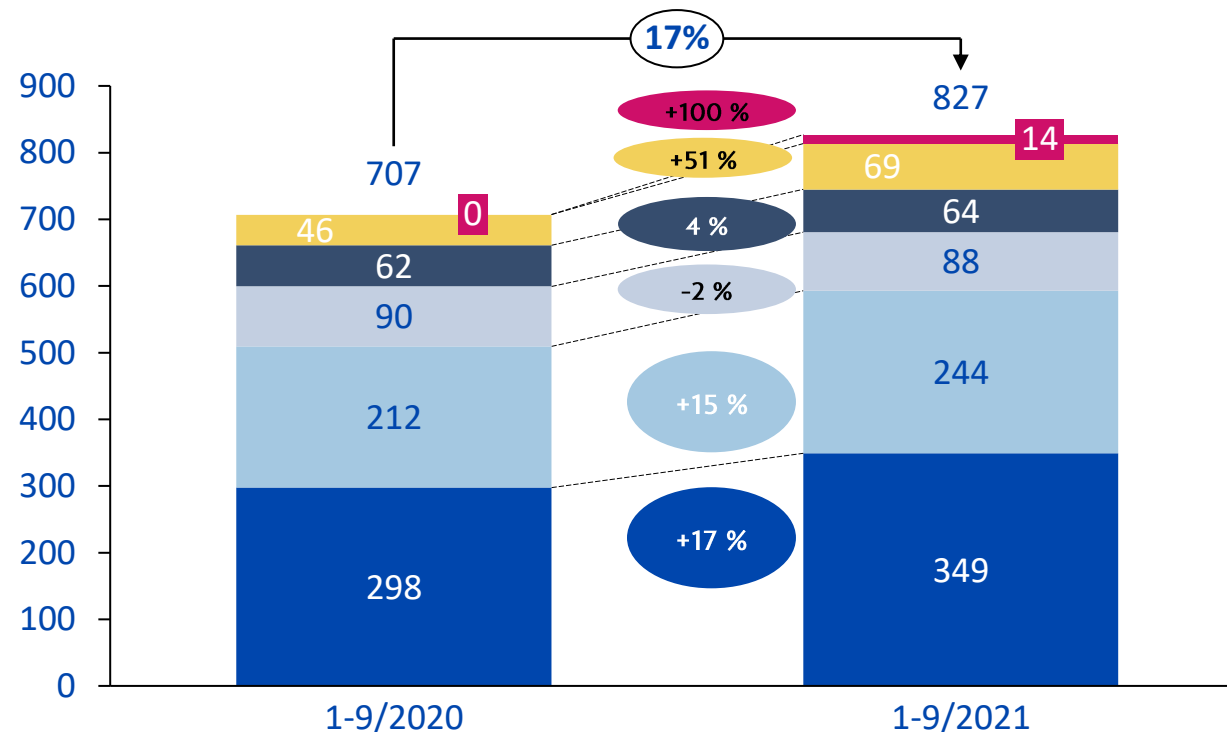


# Jan-Sep/21 revenue grew 17% y-o-y, and 9% vs. 2019

1-9/21 revenue breakdown, %

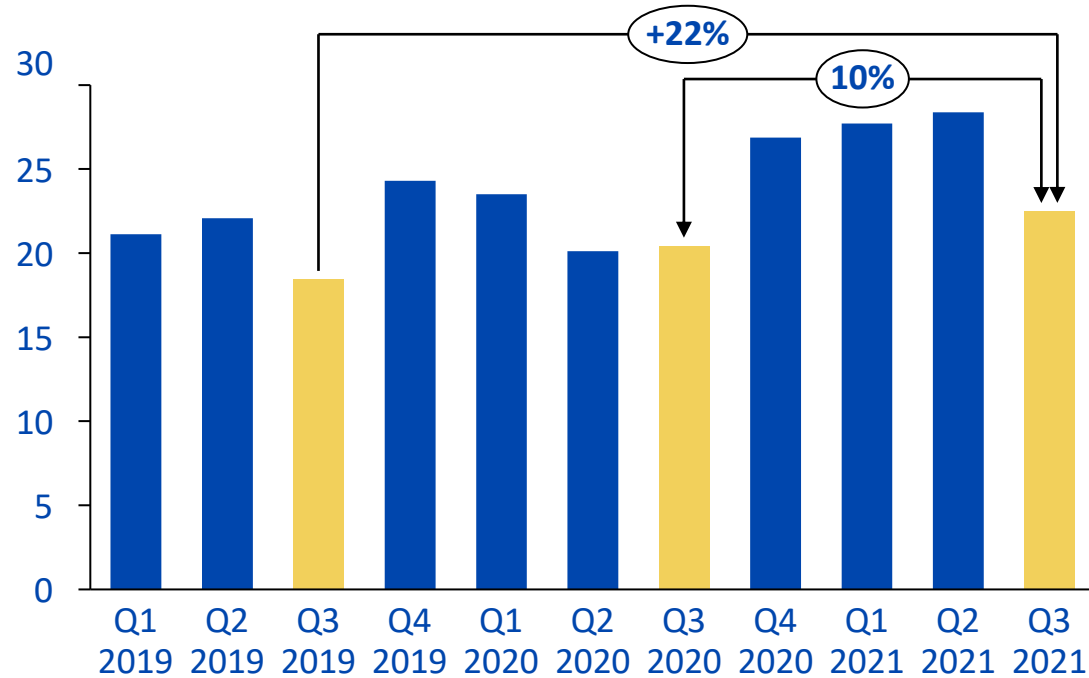


1-9/2021 revenue breakdown, M€

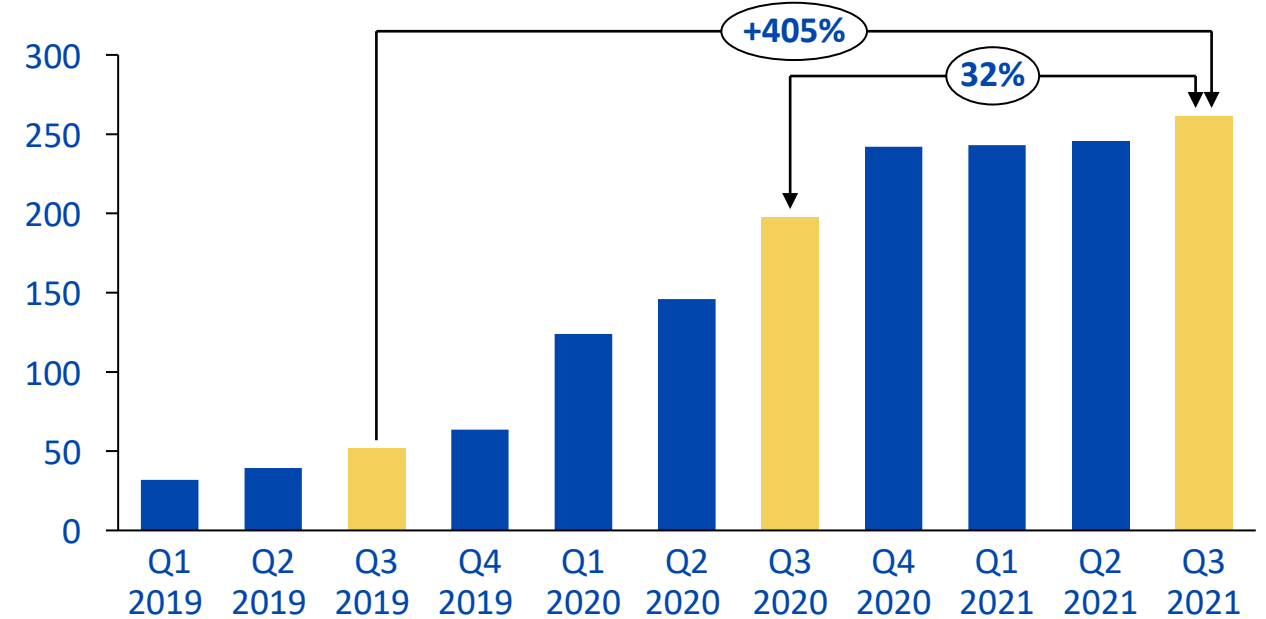


# Strong trend in well-being and digital visits continues

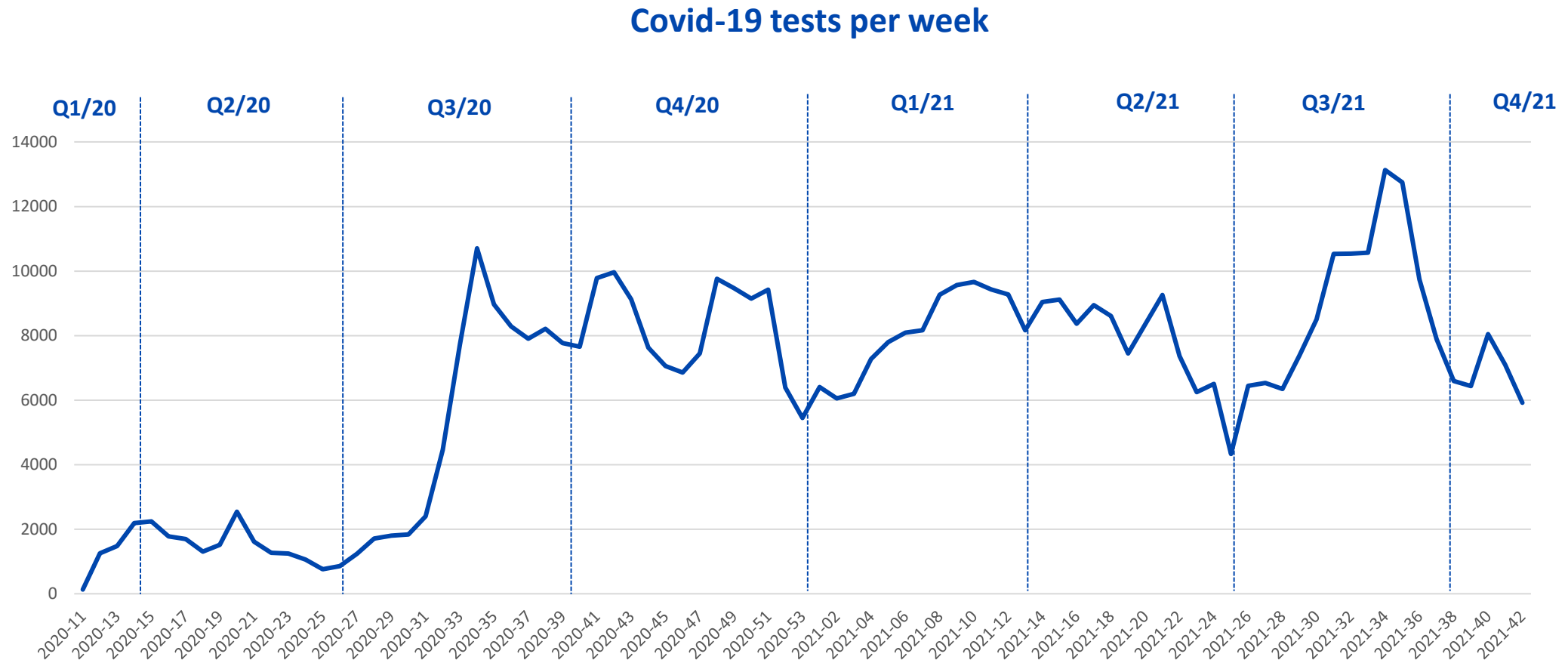
Well-being sales, MEUR



Digital visits, thousands



# The number of Covid-19 tests all time high in August



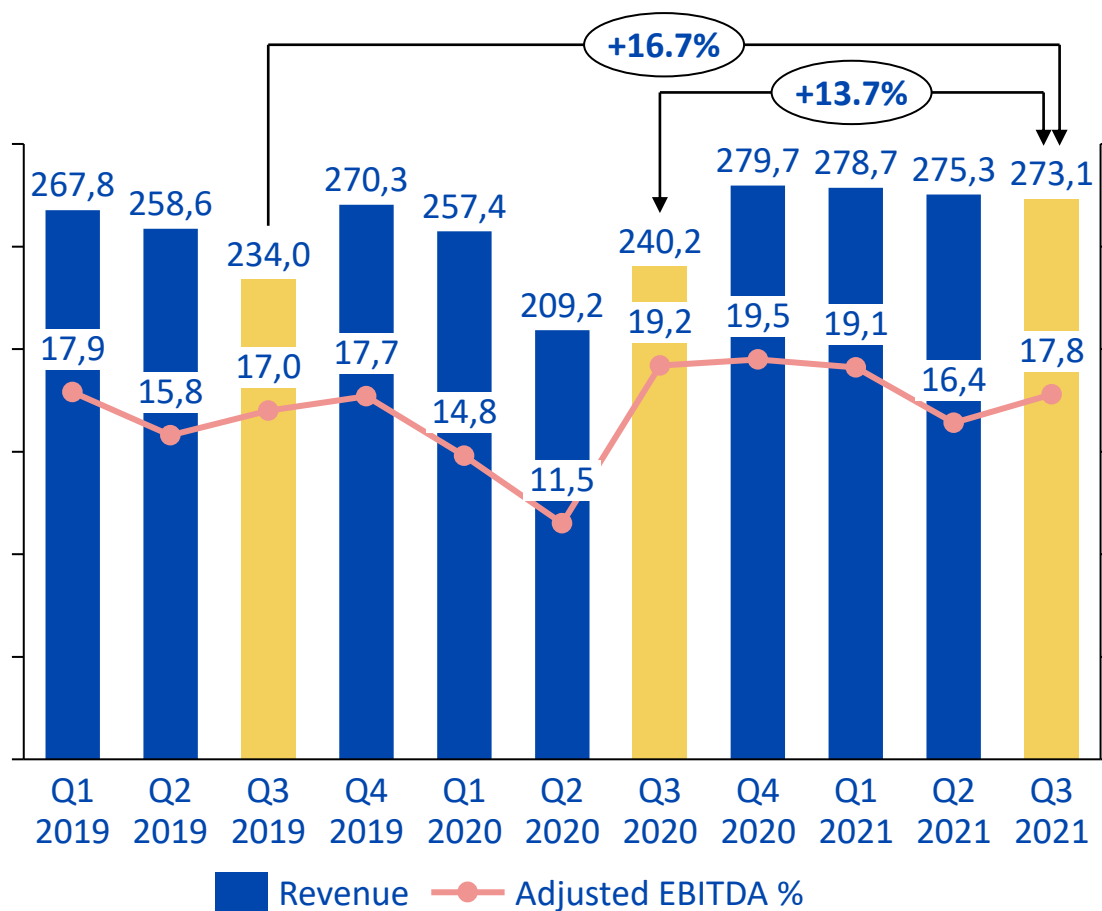
Source: <https://avoinraportointi.terveystalo.com/korona/>

Note: Reporting does not include corporate co-operations.

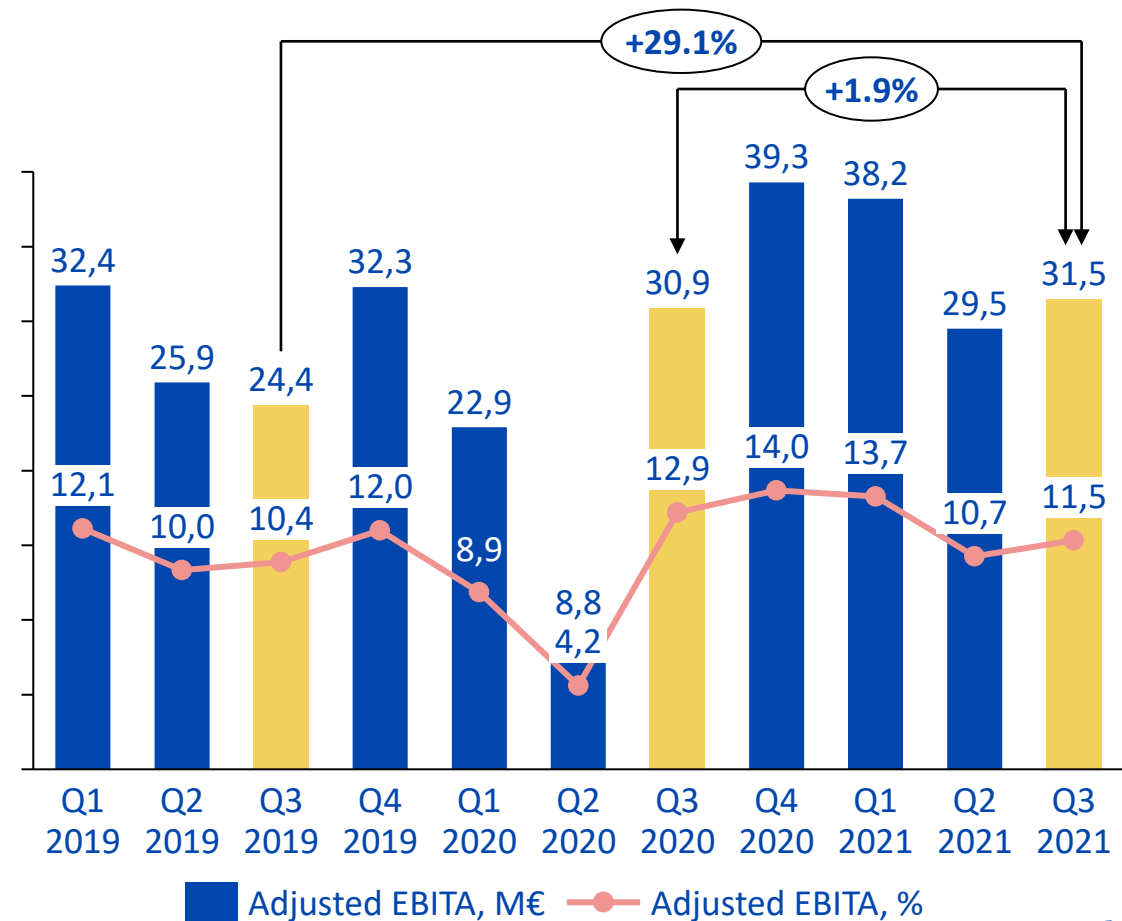


# EBITA grew slightly y-o-y and 29% vs. Q3/19

Revenue, MEUR and Adjusted EBITDA\*-%



Adjusted EBITA\*, MEUR and %



# COVID-19 related services still impacted personnel costs, cost savings lowered costs in Q3/20

M€	7-9/2021	7-9/2020	Change %	1-9/2021	1-9/2020	Change %	2020
Revenue	273.1	240.2	13.7	827.1	706.7	17.0	986.4
Other operating income	-112.2	-108.1	3.7	-352.9	-324.7	8.7	2.7
Purchase of materials	-7.3	-7.4	-2.1	-24.4	-25.9	-5.8	-35.5
Change in inventories	0.0	-0.2	-113.6	-0.2	2.3	-109.9	1.3
External services	-104.9	-100.5	4.4	-328.2	-301.0	9.0	-413.4
Employee benefit expenses	-92.1	-70.6	30.6	-268.4	-225.6	19.0	-310.2
Rents. leases and premises	-5.4	-3.7	45.7	-13.4	-12.5	7.5	-16.3
IT expenses	-7.4	-6.0	21.9	-21.5	-18.4	17.1	-25.2
Other operating expenses	-10.9	-6.7	62.2	-29.4	-22.9	28.4	-31.5
EBITDA	46.2	45.5	1.5	143.6	104.6	37.3	158.3
Adjustments*	2.4	0.6	>200.0	3.3	3.7	-9.5	4.5
Adjusted EBITDA	48.6	46.1	5.4	146.9	108.3	35.7	162.8
EBIT	21.2	22.9	-7.2	76.3	36.4	109.5	67.2

Variable costs

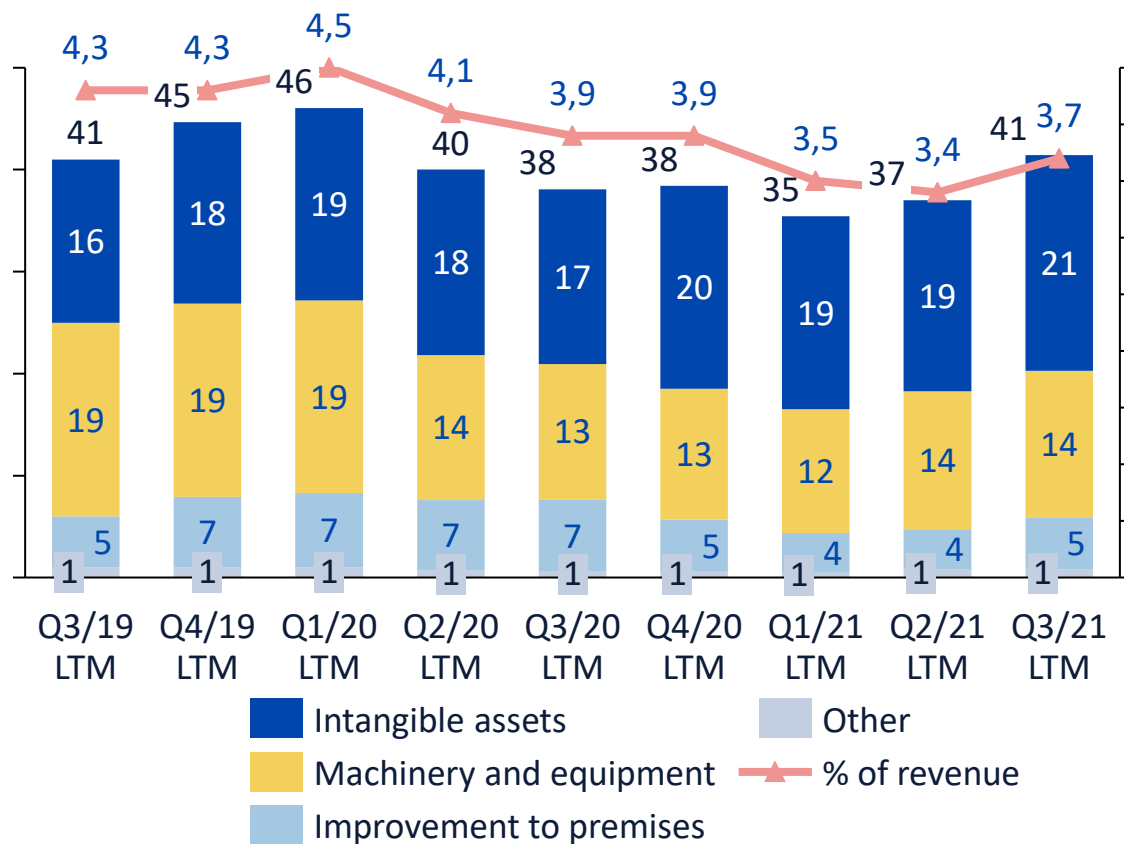
Semi-fixed costs. scalable on a unit level

Fixed costs. scalable on a group level

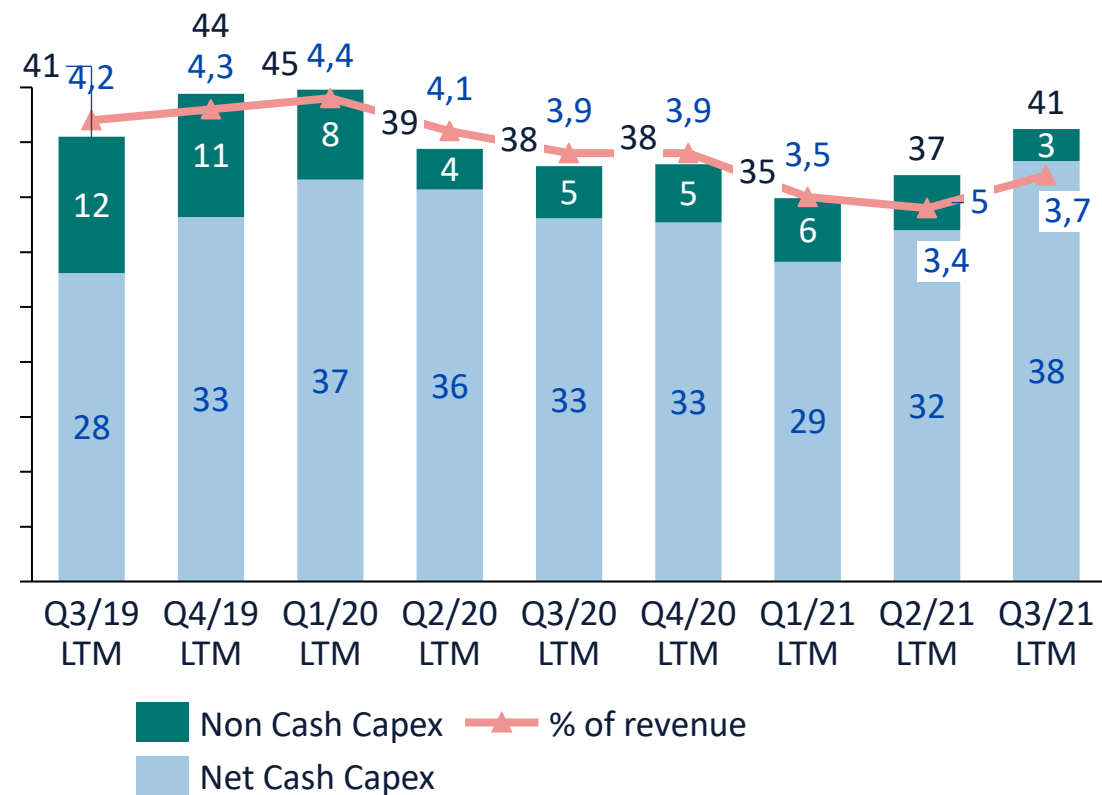
\*Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses, restructuring related expenses, gain /losses on sale of assets (net), strategic projects and other items affecting comparability.

# Intangible investments increased y-o-y (excluding M&A)

Gross capex, MEUR and %- of revenue



Net capex, MEUR and %- of revenue



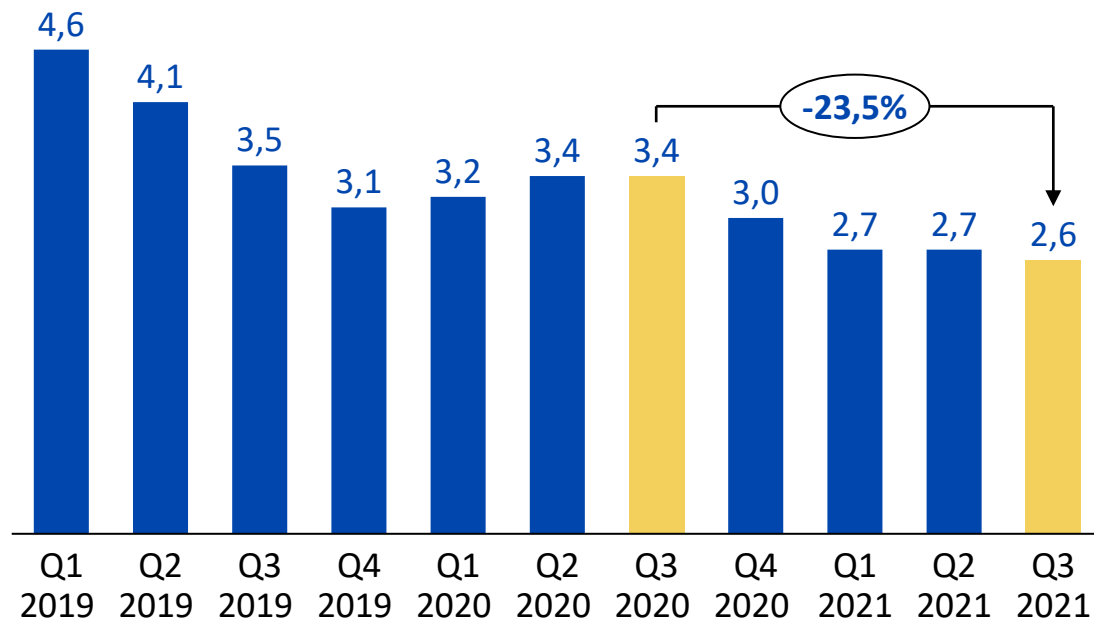
# Feelgood has been consolidated since the end of June 2021

MEUR	30.09.2021	30.09.2020	31.12.2020
<b>ASSETS</b>			
Property, plant and equipment	70.5	68.5	67.6
Right of use assets	168.7	172.3	172.4
Goodwill	835.5	780.0	781.8
Other intangible assets	167.3	150.9	152.2
Other assets	143.2	114.5	110.1
Cash and cash equivalents	39.2	64.8	77.1
<b>TOTAL ASSETS</b>	<b>1,424.4</b>	<b>1,351.0</b>	<b>1,361.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>TOTAL EQUITY</b>	<b>612.2</b>	<b>548.9</b>	<b>571.4</b>
Interest bearing liabilities	394.4	414.7	389.5
Lease liabilities	174.6	178	178.4
Other liabilities	243.2	209.3	221.7
<b>TOTAL LIABILITIES</b>	<b>812.3</b>	<b>802.1</b>	<b>789.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,424.4</b>	<b>1,351.0</b>	<b>1,361.0</b>

- Cash and cash equivalents EUR 39.2 (64.8) million
- Total assets EUR 1 424.4 (1 351.0) million
- Equity attributable to owners of the parent company EUR 610.5 (548.9) million
  - The increase was due to an increase in retained earnings
- Net debt EUR 529.8 (528.0) million
- Net debt / adjusted EBITDA 2.6 (3.4)
- A new (in Q2) short-term financing agreement of EUR 70 million, under which EUR 55 million was drawn down during the review period.

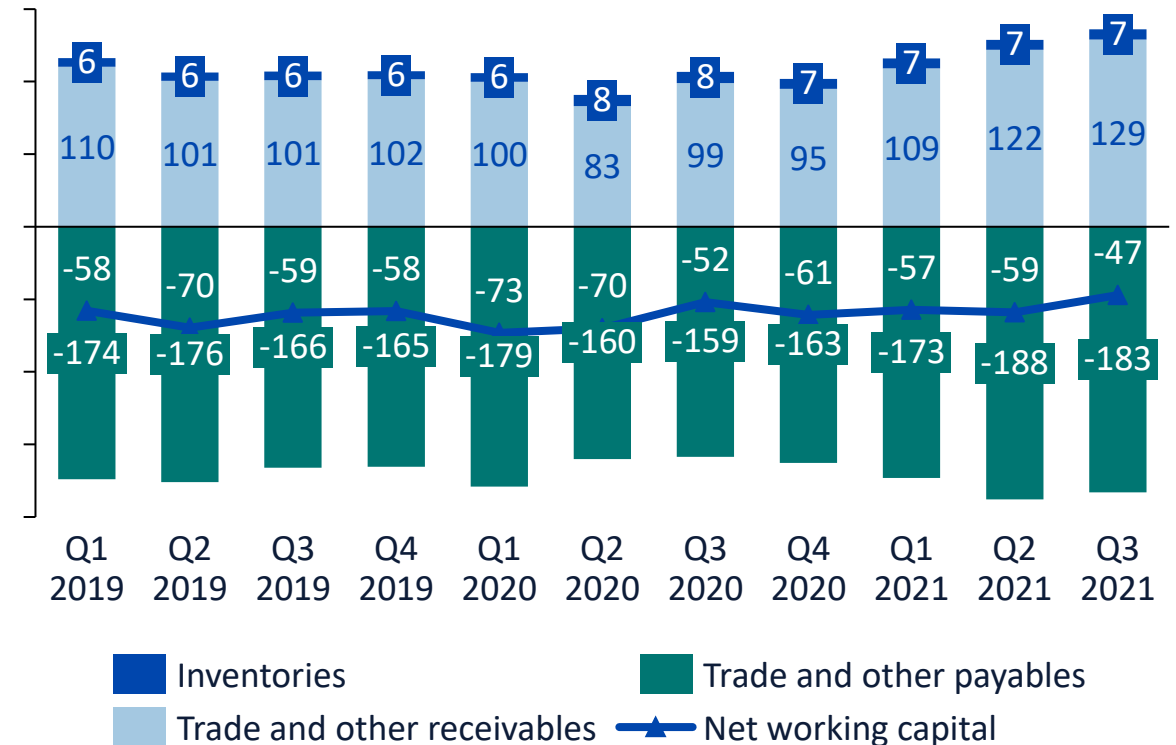
# Indebtedness below target

Net debt/Adjusted EBITDA (LTM)\*



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

Operational efficiency is reflected in the negative net working capital



# Second dividend for 2020 and launch of share payback program

## Share buyback program

- The purpose of the share buyback program is to optimize the Company's capital structure through reduction of capital.
- The repurchase of own shares will reduce the Company's unrestricted equity.
- The total purchase price of all Terveystalo shares to be acquired max. EUR 13,5 million.
- Max. 1,000,000 shares corresponding to approximately 0.8% of the total number of shares.
- The repurchases will start at the earliest on 29 October 2021 and end by 6 April 2022.

## Second dividend for financial year 2020

- The Board of Directors resolved to pay a second dividend of EUR 0.13 for the company's financial year 2020 based on the authorization given by the AGM.
- The total amount of dividends paid for 2020 will be EUR 0.26 per share (i.e. EUR 33 million).
- The dividend record date is 1 November, 2021.
- The payment date is 10 November, 2021.

# Q&A



# Key figures

<b>Terveystalo Group, EUR million</b>	<b>7-9/ 2021</b>	<b>7-9/ 2020</b>	<b>Change, %</b>	<b>1-9/ 2021</b>	<b>1-9/ 2020</b>	<b>Change %</b>	<b>2020</b>
Revenue	273.1	240.2	13.7	827.1	706.7	17.0	986.4
Adjusted EBITDA * 1)	48.6	46.1	5.4	146.9	108.3	35.7	162.8
Adjusted EBITDA, % * 1)	17.8	19.2	-	17.8	15.3	-	16.5
EBITDA 1)	46.2	45.5	1.5	143.6	104.6	37.3	158.3
EBITDA, % 1)	16.9	19.0	-	17.4	14.8	-	16.1
Adjusted earnings before interest. taxes and amortization (EBITA) * 1)	31.5	30.9	1.9	99.1	62.6	58.3	101.9
Adjusted EBITA, % * 1)	11.5	12.9	-	12.0	8.9	-	10.3
EBITA 1)	29.1	30.3	-4.0	95.8	58.9	62.6	97.4
EBITA, % 1)	10.7	12.6	-	11.6	8.3	-	9.9
Adjusted EBIT * 1)	23.6	23.4	0.7	79.6	40.1	98.6	71.6
Adjusted EBIT, % * 1)	8.6	9.7	-	9.6	5.7	-	7.3
EBIT	21.2	22.9	-7.2	76.3	36.4	109.5	67.2
EBIT, %	7.8	9.5	-	9.2	5.1	-	6.8
Return on equity (ROE), % 1)	-	-	-	13.0	7.2	-	8.2
Equity ratio, % 1)	-	-	-	43.1	40.7	-	42.1
Earnings per share (EUR)	0.11	0.13	-9.7	0.43	0.18	133.9	0.36
Net debt	-	-	-	529.8	528.0	0.3	490.9
Gearing, % 1)	-	-	-	86.5	96.2	-	85.9
Net debt/adjusted EBITDA (last 12 months) 1)	-	-	-	2.6	3.4	-	3.0
Total assets	-	-	-	1,424.4	1,351.0	5.4	1,361.0
Adjusted EBITDA (last 12 months), excluding IFRS 16*1)	-	-	-	155.7	111.1	40.1	118.0
Net debt, excluding IFRS 16	-	-	-	355.1	349.9	1.5	312.4
Adjusted net debt/adjusted EBITDA (last 12 months), excluding IFRS 16*1)	-	-	-	2.3	3.1	-	2.6
Average personnel in person-years	-	-	-	5,645	5,023	12.4	4,900
Personnel (end of period)	-	-	-	9,622	8,226	17.0	8,253
Private practitioners (end of period)	-	-	-	5,191	5,210	-0.4	5,057

\*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.

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.

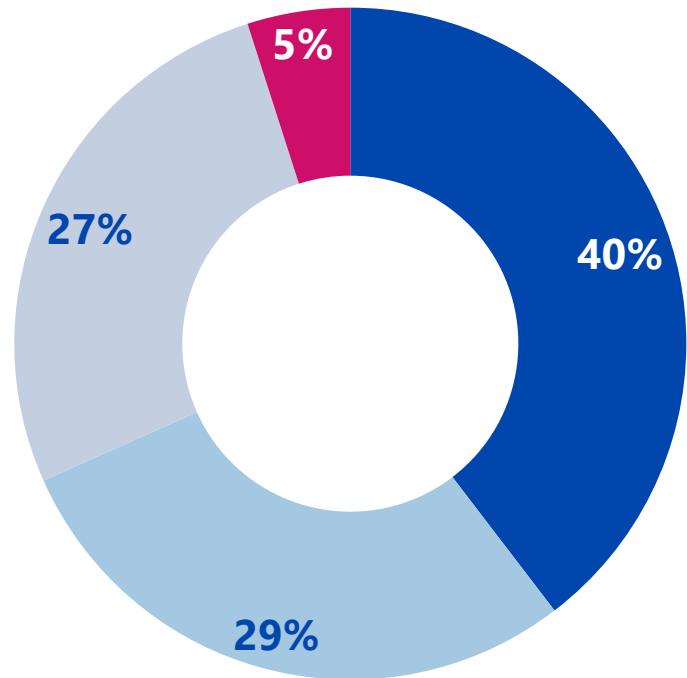


# Feelgood AB – key figures

SEK, thousand	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
Revenue	204,393	213,110	138,429	220,230	208,448	185,825	125,102	204,733	193,469	206,243
EBITDA	24,371	28,626	-1,612	34,157	24,155	18,486	-464	38,926	20,775	27,167
EBIT	12,921	16,570	-13,704	21,594	11,184	2,778	-13,004	21,787	4,854	11,048
Result before taxes	12,010	15,563	-14,648	20,381	10,301	1,940	-13,814	20,005	3,639	10,136
EBITDA-margin	11.9 %	13.4 %	-1.2 %	15.5 %	11.6 %	9.9 %	-0.4 %	19.0 %	10.7 %	13.2 %
EBIT-margin	6.3 %	7.8 %	-9.9 %	9.8 %	5.4 %	1.5 %	-10.4 %	10.6 %	2.5 %	5.4 %

# Q3/21 revenue by payor group

Q3/21 revenue by payor group, %



Q3/2021 revenue split, M€

