

# TERVEYSTALO PLC INTERIM REPORT

1 JANUARY–30 SEPTEMBER 2017





# ACQUISITIONS AND BROAD BASED ORGANIC GROWTH INCREASED REVENUE BY 30.4% YEAR-ON-YEAR IN THE THIRD QUARTER

## Highlights of the review period July–September 2017

- Revenue increased by 30.4% year-on-year to EUR 155.4 million (119.2)
- Adjusted\* EBITDA increased by 19.6% year-on-year to EUR 17.3 million (14.5)
- EBITDA decreased by 47.7% year-on-year to EUR 7.5 million (14.3)
- Adjusted\* EBITA was 7.9% (8.6%) of revenue
- EBITA was 1.6% (8.5%) of revenue
- Net profit amounted to EUR -6.9 million (0.8)
- Operating cash flow amounted to EUR -2.4 million (4.9)

## Highlights of the review period January–September 2017

- Revenue increased by 24.7 % year-on-year to EUR 499.6 million (400.5)
- Adjusted\* EBITDA increased by 21.5% year-on-year to EUR 63.2 million (52.0)
- EBITDA decreased by 6.9% year-on-year to EUR 43.3 million (46.5)
- Adjusted\* EBITA was 9.8% (10.0%) of revenue
- EBITA was 5.8% (8.6%) of revenue
- Net profit amounted to EUR 1.1 million (5.1)
- Net debt increased by 10.5% and was EUR 377.8 million (341.9)
- Operating cash flow amounted to EUR 32.5 million (23.9)

During the nine months ended 30 September 2017, the Group has made several business acquisitions. The financial statements of Pori Lääkäritalo Oy Group have been included in the consolidated financial statements of Terveystalo Group since the beginning of January 2017 and Diacor terveyspalvelut Oy Group since the end of March 2017.

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

EBITA = Earnings Before Interest, Taxes, Amortization and impairment losses

\* 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. Adjustments totalled EUR 9.8 (0.1) million in Q3 and EUR 19.9 (5.5) million in Jan-Sep 2017.

## Yrjö Närhinen, CEO: “Terveystalo continues its strong growth”

“In the third quarter of 2017, Terveystalo revenues continued to develop strongly, growing by 30.4% year-on-year, supported by acquisitions and broad based organic growth. The growing domestic economy, increase in the number of employed people and improved consumer confidence all contributed to strong demand, both in occupational health care and private customer groups in the review period. Solid demand and strong operational performance allowed Terveystalo to continue to grow market share.

All customer groups continued to perform strongly, partly driven by supportive market fundamentals, partly by our robust commercial performance. Both corporate and private customer groups grew strongly and the public customer group gained successfully momentum. Our digital offering is popular among customers, visible in the rapid uptake of our digital tools.

The acquisitions of Porin Lääkäritalo in January 2017 and Diacor in March 2017 contributed significantly to our growth. Integrations have progressed well in terms of personnel, processes and sites and realized synergies are well in line or ahead of original schedule. All the necessary decisions for the implementation of cost synergies have already been done and we estimate that the cost synergies from these acquisitions, EUR 14.6 million in total, will be realized almost in full by 2018.

Our third quarter adjusted EBITA margin was at 7.9% (8.6%) as our strong operational performance and timely execution of M&A integrations compensated for the most part for lower average margins deriving from M&A cases. In addition, the review period had one working day less than in the previous year, which computationally reduces revenue, especially from corporate customers. Significant acquisition, restructuring and IPO related cost items affected comparability of reported margins in the third quarter and as a result, the EBITA margin decreased by 6.9 percentage points to 1.6%.

I am very happy and satisfied with the great investor interest towards Terveystalo's IPO that was completed after the review period. I would like to thank all of the new shareholders for your



trust in private healthcare and Terveystalo. We continue from here with our determined work towards building the healthcare services and healthcare system of the future for the benefit of our customers and the society.

There is uncertainty regarding the planned healthcare and social welfare reform framework in terms of the overall market impact. The scope of the freedom of choice is currently under discussion, but the current legislative proposal which also includes specialized care, would mean a wider opening of public services to private health care providers than previously anticipated. Terveystalo is well positioned to grow in current market structure and thus the political decision to postpone the reform implementation does not impact our outlook short term.

Market trends we see impacting the healthcare industry near term are the spread of subscriber-producer model, customer empowerment and digitalization. Terveystalo is well prepared to tap on the business opportunities that these trends bring and we are committed to continuously develop our services to meet the changing customer needs and expectations."

## Outlook on 14 November 2017

The improvement in the domestic economy supports the corporate and private customer business and the company expects the market to continue to develop favourably.

## Long term financial targets

The Board of Directors has adopted the following long-term financial targets for Terveystalo.

- **Growth:** 6–8% annual growth in revenue in the long term through a combination of organic growth and bolt-on acquisitions;
- **Profitability:** An Adjusted EBITA margin <sup>(\*)</sup> 12–13% of revenue in the medium to long term;
- **Capital Structure:** Interest-bearing Net Debt <sup>\*\*</sup> / Adjusted EBITDA not to exceed 3 times. However, indebtedness may temporarily exceed the target level, for example, in conjunction with acquisitions; and
- **Dividend Policy:** The aim is to distribute at least 30% of net profit as dividends annually. The proposed dividend shall take Terveystalo's long-term development potential and financial position into account.

Any dividends to be paid in future years, their amount and the time of payment will depend on the Company's future earnings, financial condition, cash flows, investment needs, solvency and other factors.

Any financial targets discussed herein are targets only and are not, and should not be viewed as, forecasts, projections or estimates of the Company's future performance.

<sup>\*</sup> Earnings before Interest, Taxes, Amortization, impairment losses and adjustments. 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.

<sup>\*\*</sup> Net debt / adjusted EBITDA is calculated by dividing net debt (interest-bearing liabilities - interest-bearing receivables and cash equivalents) with an adjusted EBITDA of 12 months.

## KEY FIGURES

Terveystalo Group, In millions of euro	7-9/2017	7-9/2016	Change, %	1-9/2017	1-9/2016	Change, %	2016
Revenue	155.4	119.2	30.4	499.6	400.5	24.7	547.0
Adjusted EBITDA <sup>(*)</sup>	17.3	14.5	19.6	63.2	52.0	21.5	72.9
Adjusted EBITDA margin (%) <sup>(*)</sup>	11.1	12.2	-1.0%-p	12.6	13.0	-0.3%-p	13.3
Adjusted EBITA <sup>(*)</sup>	12.3	10.3	19.8	48.9	40.0	22.3	56.8
Adjusted EBITA margin (%) <sup>(*)</sup>	7.9	8.6	-0.7%-p	9.8	10.0	-0.2%-p	10.4
Net profit (Adj.) <sup>(*)</sup>	4.0	4.5	-12.2	25.8	20.3	26.8	30.3
Net profit	-6.9	0.8	> -200%	1.1	5.1	-77.8	12.7
Return on equity (ROE), %	-	-	-	0.5	3.1	-2.5%-p	5.6
Equity ratio, %	-	-	-	37.3	32.0	5.3%-p	31.7
Gearing, %	-	-	-	115.6	151.7	36.1%-p	132.6
Earnings per share	-0.02	0.00	-	0.00	0.02	-	0.04
Operating cash flow	-2.4	4.9	-148.9	32.5	23.9	36.0	64.7
Personnel (end of period)	-	-	-	4,290	3,434	24.9	3,463
Private practitioners (end of period)	-	-	-	4,503	3,370	33.6	3,448

<sup>\*</sup> 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.



## MARKET REVIEW

The healthcare services market remained stable throughout the reporting period. Terveystalo continued to gain market share in both corporate and private customers, aided by additional volume from acquisitions of Porin Lääkäritalo and Diacor.

The recovering Finnish economy, increase in the number of employed people and improved consumer confidence all contributed to strong demand in corporate and private customer groups in the review period. Successful acquisitions and good operational performance enabled Terveystalo's growth in both market share and revenue.

The government amended the schedule of the healthcare and social welfare reform after the statement of the Constitutional Law Committee in June. The reform is intended to enter into force on 1 January 2020. The aim is to hold county elections in October 2018.

The one year delay of the healthcare and social welfare reform may affect municipalities' plans to outsource their social welfare and healthcare services. Several cities and municipalities have indicated their interest in the possibility of outsourcing social and healthcare services or have started tendering process.

With its largest Clinic and Hospital network and largest occupational health care client base, Terveystalo believes it is able to continue its strong performance in the current market structure and to be an attractive partner for many cities and municipalities.

## REVENUE BY PAYER GROUP JULY–SEPTEMBER 2017

### Corporate

Corporate customers are the largest customer group of Terveystalo. Terveystalo corporate customers comprise the company's occupational healthcare customers, excluding municipal occupational healthcare customers. The company provides statutory occupational health services and other occupational health and well-being services to corporate customers of all sizes. Terveystalo is the largest provider of occupational healthcare services in Finland, based on revenue and occupational healthcare end users. Terveystalo offers occupational health services to more than 23,000 companies.

Corporate revenue for the third quarter increased by 36.5% and amounted to EUR 84.5 (61.9) million. The acquisitions of Porin Lääkäritalo in January 2017 and Diacor in March 2017 were the largest contributors to revenue growth. In addition, organic growth in occupational health care customer contract base increased the number of Terveystalo's occupational healthcare end use customers. Sales mix improvement and favourable development of preventative occupational healthcare services also contributed to revenue growth.

### Private

Private customers are the second largest customer group of Terveystalo. Private customers include private individuals,

families and retirees and private insurance customers. The company's strong brand, easy access to services without long waiting times, leading services for private individuals, families and retired people, and personalized digital services bring Terveystalo a competitive edge over public healthcare and encourage customers to invest in their own health. Private customer services are paid either by the customer himself or by the insurance company.

Private customer group's revenue for the reporting period increased by 30.2% and amounted to EUR 56.9 (43.7) million. The acquisitions of Porin Lääkäritalo and Diacor, stable organic development and, to a lesser effect, the expansion of the Dental network in Lahti, Forssa, Espoo and Iisalmi, all contributed to top line growth in the review period.

### Public

The Company's public customer group comprises public sector organizations in Finland, such as municipalities, municipal federations and hospital districts and occupational healthcare for municipal customers. Terveystalo's broad nationwide platform, digital offering, good reputation and a well-known brand, as well as the extensive knowledge and experience of health care throughout the healthcare chain, make Terveystalo an attractive partner for the public sector. In the public sector customer group, Terveystalo's services are mainly funded by municipalities and state budgets.

Public customer group's revenue for the reporting period increased by 2.8% and amounted to EUR 14.0 (13.6) million. Terveystalo services have strong traction in the public markets and the new occupational healthcare outsourcing contracts that commenced during the first half of 2017 contributed to revenue growth.

## REVENUE BY PAYER GROUP JANUARY–SEPTEMBER 2017

### Corporate

Corporate revenue for the reporting period amounted to EUR 266.3 (211.4) million, an increase of 26.0%. The acquisitions of Porin Lääkäritalo in January 2017 and Diacor in March 2017 were the largest contributors to revenue growth. In addition, organic growth in occupational health care customer contract base increased the number of Terveystalo's occupational healthcare end use customers. Sales mix improvement and favourable development of preventative occupational healthcare services also contributed to revenue growth.

### Private

Private customer group's revenue for the reporting period amounted to EUR 186.8 (144.0) million, an increase of 29.8%. The acquisitions of Porin Lääkäritalo and Diacor, organic growth as a result of good overall demand and, to a lesser effect, the expansion of the Dental network in Lahti, Forssa, Espoo and Iisalmi, all contributed to top line growth in the review period.



## Public

Public customer group's revenue for the reporting period increased by 2.9% and amounted to EUR 46.4 (45.1) million. Terveystalo services have strong traction in the public markets and the new occupational healthcare outsourcing contracts that commenced during the first half of 2017 contributed to revenue growth.

During the reporting period, Terveystalo won six occupational healthcare outsourcing contracts and two new social welfare and healthcare outsourcing contracts.

## CONSOLIDATED REVENUE AND RESULT

### July-September 2017

Terveystalo's revenue for the third quarter increased by 30.4% and amounted to EUR 155.4 (119.2) million. The acquisitions of Porin Lääkäritalo in January 2017 and Diacor in March 2017 were the main contributing factors in addition to stable organic growth due to good overall customer demand for Terveystalo services.

Costs for materials and services in the third quarter increased by 33.0% and amounted to EUR 74.6 (56.1) million. The increase was primarily due to volume increase from the acquisitions and to a lesser effect due to different sales mix compared to period year before.

The Group's employee benefit expenses totalled EUR 42.8 (33.4) million, an increase of 28.2% due to volume growth.

Adjusted EBITDA for the reporting period amounted to EUR 17.3 (14.5) million, an increase of 19.6%. The increase in adjusted EBITDA was primarily due to increased revenue. Adjusted EBITDA margin for the reporting period realized at 11.1% (12.2%), a decrease of 1.0 percentage points, due to the consolidation of Diacor and Porin LT, which came in at lower than group-level margins on a pre-synergy basis.

Significant acquisition, restructuring and IPO related cost items affected comparability of EBITDA that decreased by 47.7 per cent year-on-year to EUR 7.5 (14.3) million. Same cost items affected comparability of EBITA margin which decreased by 6.9 percentage points to 1.6%.

Depreciation, amortization and impairment for the period totalled EUR 10.2 (9.9) million. Amortization and impairment of intangible assets during the period was EUR 5.2 (5.7) million, of which the amortization of intangible assets allocated from the transaction price of business combinations on the date of acquisition totalled EUR 3.7 (4.5) million. Depreciation of property, plant and equipment totalled EUR 5.0 (4.2) million.

Terveystalo's operating loss for the period amounted to EUR -2.5 (4.4 profit) million, a decrease of 157.4% due to significant acquisition, restructuring and IPO related cost items that affected comparability and lower than group-level margins of consolidated businesses.

The Group's net financial expenses for the period totalled EUR 4.6 (4.8) Million.

Terveystalo's loss before tax for the reporting period amounted to EUR -7.3 (-0.3) million. Taxes for the period amounted to EUR 0.4 (1.1) million. The loss for the period amounted to EUR -6.9 (0.8 profit) million.

### January-September 2017

Revenue for January-September period amounted to EUR 499.6 (400.5) million, an increase of 24.7%. The increase was primarily due to acquisition of Porin Lääkäritalo in January 2017 and Diacor in March 2017 and organic growth due to good overall customer demand for Terveystalo services.

Costs for materials and services in January-September increased in line with the revenue growth by 24.0% and amounted to EUR 235.2 (189.6) million. The Group's employee benefit expenses totalled EUR 141.4 (115.2) million, an increase of 22.7% due to increased volume.

Adjusted EBITDA for January-September period amounted to EUR 63.2 (52.0) million, an increase of 21.5%. The increase in adjusted EBITDA was primarily due to increased revenue. Adjusted EBITDA margin for the reporting period was close to flat year-on-year at 12.6 (13.0) %.

Significant acquisition, restructuring and IPO related cost items affected comparability of EBITDA that decreased by 6.9 per cent year-on-year to EUR 43.3 (46.5) million. Same cost items affected comparability of EBITA margin which decreased by 2.8 percentage points to 5.8%.

Depreciation, amortization and impairment for the period totalled EUR 29.2 (29.0) million. Amortization and impairment of intangible assets during the period was EUR 15.0 (17.0) million, of which the amortization of intangible assets allocated from the transaction price of business combinations on the date of acquisition totalled EUR 10.9 (13.5) million. Depreciation of property, plant and equipment totalled EUR 14.2 (12.0) million.

Terveystalo's operating profit for the period decreased by 19.1% and amounted to EUR 14.2 (17.5) million. Significant acquisition, restructuring and IPO related cost items and lower than group-level margins of consolidated businesses affected comparability year-on-year.

The Group's net financial expenses for the period totalled EUR 14.5 (15.1) Million.

Terveystalo's loss before tax for the reporting period amounted to EUR -0.5 (2.4 profit) Million. Taxes for the period amounted to EUR 1.6 (2.7) million. The profit for the period amounted to EUR 1.1 (5.1) million.

## FINANCIAL POSITION AND CASH FLOW

Total assets of the Group amounted to EUR 878.2 million (EUR 705.8 million in September 2016). The increase of EUR 172.4 million or 24.4% was primarily due to the acquisitions of Diacor



Terveyspalvelut Group and Porin Lääkäritalo Group of which a total goodwill of EUR 132.5 million was recorded.

Cash and cash equivalents at the end of the period were at EUR 5.7 million (EUR 4.2 million in September 2016).

Terveystalo's operating cash flow for January-September 2017 amounted to EUR 32.5 (23.9) million. The increase of EUR 8.6 million or 36.0% was primarily due to change in net working capital.

Net cash used in investing activities in January-September 2017 increased to EUR -73.0 (-10.1) million of which acquisitions of subsidiaries had an effect of EUR -56.6 (-3.7) million.

Cash flow before financing activities in January-September 2017 was EUR -40.5 (13.9) million.

Cash flow from financing activities in January-September 2017 increased by EUR 33.3 million and was EUR 7.1 (-26.3) million. Terveystalo withdrew new long-term loans amounting to EUR 40.8 million in relation to the acquisitions of subsidiaries. In May 2016, Group refinanced its loans resulting to a decrease of EUR 3.6 million in paid interests.

Equity attributable to owners of the parent company totalled EUR 326.9 (225.4) million. The increase of EUR 101.5 million was primarily due to a 93.9 million investment in the unrestricted equity reserve of Terveystalo Oy in relation to the acquisition of Diacor terveyspalvelut Group.

Gearing at the end of the reporting period was 115.6% (151.7%). Net interest bearing debt was EUR 377.8 (341.9) million. The increase was primarily due to withdrawal of long term loan in relation to the acquisitions of subsidiaries. Net financial expenses were -14.5 (-15.1) million. The decrease of EUR 0.6 million was primarily due to the refinancing of the Group's all existing loans from financial institutions with loans with a lower interest.

Return on equity was 0.5% (3.1%). Equity ratio was 37.3% (32.0%) at the end of the reporting period.

## INVESTMENTS & ACQUISITIONS

Net investments for January-September, including M&A, amounted to EUR 171.3 (15.9) million. Group's net cash capital expenditure was EUR 11.8 million (5.1) and non-cash capital expenditure EUR 9.5 (6.1) million for the period. These investments consist mainly of investments in network and medical equipment and the increase is partially explained by integration related investments. M&A related investments were EUR 150.0 (4.7) million including EUR 93.9 million non-cash capex related to Diacor acquisition.

Terveystalo acquired the entire share capital of Porin Lääkäritalo Oy in January 2017. Founded in 1970, Porin Lääkäritalo was a locally well-known and reputable private medical center. The company's comparable\* revenue in 2016 was approximately 23.2 million euros. It employed 130 employees and 160 (private) practitioners. The company produced versatile and high quality healthcare services for individuals, businesses, municipalities and communities. The previous owners of Porin Lääkäritalo were

attending doctors. In addition to Pori, the company had a branch office in Rauma. The expertise of Porin Lääkäritalo, particularly in specialist health care, completes Terveystalo's offering in the area.

Terveystalo acquired the entire share capital of Diacor terveyspalvelut Oy on 24 March 2017. Diacor's comparable\* revenue in 2016 was approximately 131.2 million euros. Diacor employed some 700 people and approximately 800 (private) practitioners in its medical centers and a hospital. Diacor's previous owners were the Helsinki Deaconess Foundation sr, the LähiTapiola Mutual Insurance Company and LähiTapiola Mutual Life Insurance Company. Diacor was a very reputable and high quality healthcare provider that completes Terveystalo's network, especially in the highly competitive metropolitan area. The company had 13 medical centers in the Helsinki metropolitan area and a hospital as well as a medical center in Turku. At the acquisition, the Helsinki Deaconess Institute subscribed Terveystalo shares and thus became a large owner of Terveystalo.

Terveystalo estimates that cost synergies of EUR 14.6 million in total are realized almost in total by 2018 from these two major acquisitions.

In 2017, Terveystalo has in addition strengthened its dental business by acquiring the dental service provider, Ky Lääkitorin Hammaslääkäriasema, located in Espoo, in March as well as by acquiring the oral health operations of Data Plaza Oy, located in Turku, in April and the oral health operations of Crossdental Oy, located in Iisalmi, in May.

\*Adjusted according to Terveystalo's accounting principles

## Quality

Terveystalo is committed to a high level of quality and continuous development in its operations, with the aim to be a Nordic quality leader. Terveystalo continuously measures and monitors the quality and effectiveness of treatment, and is committed to transparent reporting of these results. In addition to clinical and operational quality, Terveystalo continuously monitors customer satisfaction in order to develop its services to meet changing customer needs and expectations. The Company has published its results in a Quality book (Laatukirja) for 2016.

Terveystalo has the SFS-EN ISO 9001:2015 quality certificate covering all its services excluding oral health. The cornerstone of the Terveystalo quality system is patient safety together with national legislation governing the field. According to an external auditor's statement (Labquality Oy), the Company is the most extensively certificated in the industry and, for example, self-auditing is far more comprehensive than required by law.

## Personnel

At the end of the reporting period, the number of personnel amounted to 4,290 (3,434), an increase of 856 persons or 24.9%. The number of private practitioners amounted to 4,503 (3,370), an increase of 1,133 persons or 33.6%. The Group's full time-equivalent personnel averaged 3,314 (2,629) persons, an increase of 685 persons or 26.1%. The increase in the Group personnel was primarily due to acquisitions of Porin Lääkäritalo in January 2017 and Diacor in March 2017.





## Shares and shareholders

At the end of reporting period, the Company had six share classes and in total 356,146,246 Shares, of which 26,369,124 were A Shares, 8,027,523 B Shares, 785,499 C Shares, 303,822,982 D Shares, 9,296,952 E Shares and 7,844,166 F Shares and none of which were held by the Company itself. Each class A Share carried 20 votes, each class B Share carried one vote, each class D Share carried 20 votes and each class E Share carried one vote at the Company's General Meeting of Shareholders. Class C and F Shares did not carry any votes. Class D, E, and F Shares had a priority right to dividends paid by the Company over class A, B, and C Shares under the conditions set forth in the Articles of Association. According to the Company's Articles of Association, holders of class A Shares had the right to request the conversion of their Shares into class B or C Shares, and holders of class D Shares had the right to request the conversion of their class D Shares into class E or F Shares. Furthermore, the Company's Articles of Association stipulated that the class B, C, D, E and F Shares were to be converted into class A Shares immediately prior to the completion of listing of the Shares.

Shares and shareholders after the IPO are discussed in events after the review period.

## Corporate governance

During the reporting period, the Board of Directors adopted the Disclosure Policy and Insider Policy of Terveystalo Plc, subject to completion of listing.

Terveystalo Extraordinary General Meeting, which was held in Helsinki on 26 September 2017, adopted decisions described hereunder.

The EGM resolved to increase the company's share capital to EUR 80,000.

The EGM resolved to amend the Articles of Association. The changes included the company's change into a public limited company and that the company's trade name was changed into Terveystalo Plc upon the registration of the Articles of Association.

The EGM adopted resolutions, subject to the company's resolution to complete the listing, on combination of share classes and amending the company's Articles of Association.

It was resolved to combine the company's share classes with the following conversion ratios:

- Class B shares. 8,027,523 class B shares were converted into class A shares so that one B share will be converted into one A share (conversion ratio 1:1).
- Class C shares. 785,499 class C shares were converted into class A shares so that one C share will be converted into one A share (conversion ratio 1:1).
- Class D shares. 303,822,982 class D shares were converted into 22,430,035 class A shares (conversion ratio 1:0.073826).
- Class E shares. 9,296,952 class E shares were converted into 686,357 class A shares (conversion ratio 1:0.073826).
- Class F shares. 7,844,166 class F shares were converted into 579,103 class A shares (conversion ratio 1:0.073826).

Following the above conversions, there were 58,877,641 class A shares in the company. It was also resolved to convert all the company's class A shares into single class shares so that a holding of one class A share was converted into a holding of one single class share (conversion ratio 1:1).

In addition, the EGM authorized the Board of Directors to resolve on the issuance of new shares without consideration in proportion to shareholdings for the purposes of increasing the total number of shares in the Company (share split), subject to the completion of the share class combination. The authorisation consisted of up to 800,000,000 new shares in the aggregate, which could be issued to all shareholders, following the combination of the company's share classes, in proportion to their holdings. The authorisation entitled the Board of Directors to resolve on all terms and conditions of the issuance of new shares without payment, including the ratio for the share issuance.

The EGM also resolved to authorize the Board of Directors to decide on a directed issuance of shares against payment for the purposes of the IPO. The authorisation consisted of up to 200,000,000 new shares in the aggregate that were issued following the combination of the company's share classes. The authorisation was used for the purposes of the IPO, which consisted of (i) a public offering to private individuals and entities in Finland, (ii) private placements to institutional investors and (iii) a personnel offering to employees of the company, and there was, therefore, a weighty financial reason to deviate from the shareholders' pre-emptive rights. It was resolved that the subscription price for new shares in the personnel offering could be lower than the subscription price for new shares in the public and institutional offerings.

The EGM also resolved to establish a Shareholders' Nomination Board and adopted the Charter of the Shareholders' Nomination Board subject to the company's resolution to complete the listing and the execution of the placing agreement. The shareholdings based on which there is the right to nominate representatives to the Shareholders' Nomination Board were determined as of the first business day of November 2017.

The EGM further resolved to authorize the Board of Directors to resolve on the repurchase of the company's own shares using the unrestricted shareholders' equity of the company. The authorization consists of up to 50,000,000 own shares, subject to the restriction that the total number of own shares held by the Company and its subsidiaries cannot exceed 10 percent of all shares. The authorization remains effective until the end of the next Annual General Meeting of Shareholders of the Company, but no later than 30 June, 2018.

The EGM further resolved to authorize the Board of Directors to resolve on an issuance of shares and/or special rights entitling to shares, either against payment or without payment, in one or several instalments, for general corporate purposes. The authorization consists of up to 125,000,000 shares in the aggregate (including the shares to be received based on special rights). The Board of Directors is authorized to resolve to issue either new shares or own shares held by the Company. The authorization could be used to finance or carry out acquisitions or other business arrangements, to strengthen the Company's balance sheet and financial position, or to other purposes



determined by the Board of Directors. The authorization would entitle the Board to decide on the terms and conditions of the issuance of the share issue and/or the granting of special rights entitling to shares, including the right to deviate from shareholders' pre-emptive subscription rights, provided that the deviation from the Company's point of view is either a weighty financial reason or a particularly weighty financial reason. The authorization is valid until the end of the next Annual General Meeting, but not longer than 30 June 2018.

## Risks and uncertainties

In the implementation of its strategy, Terveystalo is faced with various risks and opportunities. Terveystalo has a comprehensive risk management process to ensure that risks are identified and mitigated as much as possible, although many risks are not within the company's full control. To exploit value creation opportunities, Terveystalo is also prepared to take and manage risks within the limits of its risk-bearing capacity.

Areas where the company is risk averse i.e. where avoidance of risk and uncertainty is a key organization objective are unlawful behaviour, a serious risk to the health of the client or staff, a financial loss that significantly affects the company's performance, serious health, safety, security, incident or damage risks related to premises, equipment or systems, and the loss of reputation or image, which results in a significant loss of trustworthiness.

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

Strategic risks are any factors that could prevent the organization from achieving its strategic goals. These can be, among other things, external factors or changes that could endanger performance targets and affect, for example, the operating environment, market situation, demand, legislation or reputation.

Financial and personnel risks are associated with internal or external financial and financing agreements, commitments and responsibilities, staff availability, qualifications, competence maintenance and supplementation as well as occupational safety.

Operational risks result from the day-to-day tasks of the organization. They are associated with inadequate or ineffective internal processes, personnel, systems, or external factors.

Patient safety risks are associated with unexpected events that may result in adverse events or damage claims.

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

According to the company assessment, no further risks have arisen during the reporting period that would have an impact on the company's business, financial result or future outlook within the next 12 months.

## Seasonality and the effect of the number of working days

The Company experiences some seasonality in its revenue. The Company has historically generated less revenue during holiday and vacation periods, most notably in July and August. The growing proportional share of corporate and private customers increases this seasonal fluctuation. The Company's net working capital requirements generally fluctuate during the year in response to the seasonality of the business, with fluctuations also occurring due to the timing of payments related to pensions and VAT and holiday pay liabilities. The Company's net working capital typically declines during the last three months of the year. Especially when comparing quarterly development year-on-year, the amount of working days typically has an impact on revenue and result development.

## Events after the reporting period

The Initial Public Offering (IPO) of Terveystalo Plc was oversubscribed and the listing was completed as planned. The listing consisted of a share issue and a share sale. Terveystalo raised about EUR 100 million in gross assets by issuing a total of 10,281,249 new shares in the share issue. In addition, Lotta Holding I S.à r.l. ("EQT") and certain other shareholders of the company sold a total of 79,525,461 company shares (including the over-allotment option of 11,713,918 shares granted by EQT).

The subscription price of the offered shares was EUR 9.76 per share in the institutional offering and in the public offering, and EUR 8.79 per share in the personnel offering, corresponding to the aggregated market value of approximately EUR 1,250 million immediately after the Offering. The demand from both Finnish and international investors was strong, and the listing was oversubscribed several times. Trading of the Company's shares commenced on the Prelist of Nasdaq Helsinki Oy ("Helsinki Stock Exchange") on October 11, 2017 and on the Official List on October 13, 2017.

4,000,000 shares were allocated to private individuals and corporations in Finland in the public offering and 85,451,054 shares were allocated in private placements to institutional investors in Finland and internationally. After the completion of the listing, the total number of outstanding shares of the Company was 128,036,531 shares and the total number of shareholders rose to more than 12,000 shareholders. The share trading code of the shares is "TTALO" and ISIN code FI4000252127. The shares do not have nominal value.

The objective of the Offering and listing was to improve Terveystalo's ability to successfully pursue its strategy and invest in its business in order to remain at the forefront of developing the standards of the quality and impact of treatment and publishing of results of medical quality in Finland, which the Company expects to drive long-term growth for the Company. According to the Company, the Offering and listing serve to increase the general interest towards the Company and awareness of Terveystalo with investors, business partners and customers as well as enhance the Company's ability to attract and retain key management and employees. The listing also provides the Company an access to capital markets, broadened the ownership base in the Company, enabled the selling





Shareholder	Number of shares	% of shares and votes
1. Varma Mutual Pension Insurance Company	19,223,816	15.0
2. Lotta Holding I S.à r.l. (EQT VI)	14,510,320	11.3
3. Helsinki Deaconess Institute Foundation sr	13,470,705	10.5
4. Hartwall Capital	12,931,690	10.1
5. Rettig Group AB	12,931,690	10.1
6. Ilmarinen Mutual Pension Insurance Company	6,450,000	5.0
7. Elo Mutual Pension Insurance Company	5,122,951	4.0
8. Mandatum Life Unit-Linked	1,238,351	1.0
9. Odco Oy	1,225,000	1.0
10. OP-Suomi -sijoitusrahasto	1,090,000	0.9
Ten largest*, in total	88,194,523	68.9
Other shareholders	39,842,008	31.1
of which nominee-registered shares	20,876,188	16.3
Total	128,036,531	100.0

shareholders to partially monetize their holding, and allows for a liquid market for the shares.

The ten largest registered shareholders of Terveystalo Plc and their shares of ownership after the IPO are shown in the table above. Shareholders' holdings have been retrieved from the shareholders' register maintained by Euroclear Finland Ltd (situation as at October 16, 2017).

The non-interest bearing short-term liabilities of the Company on 30 September 2017 include a deferred purchase price of EUR 25 million related to the acquisition of the Group's operational activities from Bridgepoint Capital in 2013. The deferred purchase price was payable immediately after the listing was completed. On the basis of the company's pre-listing shareholders' commitments, the shareholders made a EUR 25 million investment without consideration in the company's invested unrestricted equity fund at the listing before the repayment of the deferred purchase price.

After the end of the reporting period Terveystalo has completed a refinancing with Nordic financial institutions. Refinancing includes a EUR 320 million committed arrangement and a EUR 130 million uncommitted arrangement enabling more flexibility for Terveystalo in following its strategy. Refinancing also leads to a significant decrease in Group's interest expenses.

Terveystalo Shareholders Nomination Board comprises the representatives of the five largest shareholders of the company on 1 November 2017 and, in addition, Chairman of the Board of Directors. The members of Terveystalo Nomination Board are as of 2 November 2017 Risto Murto, Varma Mutual Pension Insurance Company, Vesa Koskinen, Lotta Holding I S.à r.l. (EQT VI), Maija-Liisa Friman, Helsinki Deaconess Foundation sr, Ole Johansson, Hartwall Capital, Tomas von Rettig, Rettig Group Oy Ab, and Fredrik Cappelen, Chairman of the Board of Directors of Terveystalo Plc. In its organizing meeting on 2 November 2017, the Nomination Board elected Risto Murto as Chairman.

Duties of the Nomination Board include the search, preparation and presentation of member candidates for the Board of Directors, and the Board of Directors' remuneration matters. The Nomination Board will forward its proposals for the Annual

General Meeting to Terveystalo Board of Directors on 1 February 2018 at the latest.

In Helsinki, 14 November 2017  
Terveystalo Plc  
The Board of Directors

## Publication schedule for financial reporting in 2018

Terveystalo will publish the 2017 financial statement bulletin on Wednesday, 28 February 2018. The 2018 Publication schedule and the date of the 2018 Annual General Meeting will be published by the end of the year.

## Briefings

Terveystalo will hold a result press conference on 14 November 2017 at 10:30 a.m. at Terveystalo, Keskuskatu 7

(1st floor, meeting room "Atski"), 00100 Helsinki. An English-language telephone conference and webcast will begin at 11:45 a.m. Finnish time. The conference may be attended by dialling your local access number +358 (0)9 7479 0361 (Finland), +46 (0)8 5033 6574 (Sweden), +47 2100 2610 (Norway) or +44 (0)330 336 9105 (UK). The confirmation code is 7023400#. To join the live webcast, please register at: <https://slideassist.webcasts.com/starthere.jsp?ei=1169944>

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## Distribution:

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## CONDENSED CONSOLIDATED STATEMENT OF INCOME

In millions of euro	Note	7-9/2017	Restated 7-9/2016	Change, %	1-9/2017	Restated 1-9/2016	Change, %	Restated 2016
<b>Revenue</b>	5	<b>155.4</b>	<b>119.2</b>	<b>30.4%</b>	<b>499.6</b>	<b>400.5</b>	<b>24.7%</b>	<b>547.0</b>
Other operating income		0.7	0.9	-19.7%	1.6	1.8	-10.5%	7.1
Materials and services	6	-74.6	-56.1	33.0%	-235.2	-189.6	24.0%	-259.3
Employee benefit expenses	7	-42.8	-33.4	28.2%	-141.4	-115.2	22.7%	-155.5
Depreciation, amortization and impairment losses		-10.2	-9.9	2.5%	-29.2	-29.0	1.0%	-39.3
Other operating expenses	8	-31.2	-16.4	90.6%	-81.2	-51.0	59.3%	-70.4
<b>Operating profit / loss</b>		<b>-2.5</b>	<b>4.4</b>	<b>-157.4%</b>	<b>14.2</b>	<b>17.5</b>	<b>-19.1%</b>	<b>29.6</b>
Financial income		0.0	0.6	-95.1%	0.1	1.4	-92.1%	1.9
Financial expenses		-4.7	-5.3	-12.6%	-14.6	-16.5	-11.6%	-22.0
Net finance expenses		-4.6	-4.8	-2.7%	-14.5	-15.1	-4.2%	-20.1
Share of results in associated companies		-0.1	-	-	-0.1	-	-	-
<b>Profit / loss before taxes</b>		<b>-7.3</b>	<b>-0.3</b>	<b>&gt; 200%</b>	<b>-0.5</b>	<b>2.4</b>	<b>-118.8%</b>	<b>9.5</b>
Income taxes		0.4	1.1	-64.4%	1.6	2.7	-41.9%	3.2
<b>Profit / loss for the period</b>		<b>-6.9</b>	<b>0.8</b>	<b>&gt; -200%</b>	<b>1.1</b>	<b>5.1</b>	<b>-77.8%</b>	<b>12.7</b>
Profit / loss attributable to:								
Owners of the parent company		-6.9	0.8	> -200%	1.1	5.0	-77.7%	12.6
Non-controlling interests		0.0	0.0	-88.8%	0.0	0.1	-83.6%	0.1

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euro	Note	7-9/2017	7-9/2016	Change, %	1-9/2017	1-9/2016	Change, %	2016
<b>Profit / loss for the period</b>		<b>-6.9</b>	<b>0.8</b>	<b>&gt; -200%</b>	<b>1.1</b>	<b>5.1</b>	<b>-77.8%</b>	<b>12.7</b>
<b>Total comprehensive income</b>		<b>-6.9</b>	<b>0.8</b>	<b>&gt; -200%</b>	<b>1.1</b>	<b>5.1</b>	<b>-77.8%</b>	<b>12.7</b>
Total comprehensive income attributable to:								
Owners of the parent company		-6.9	0.8	> -200%	1.1	5.0	-77.7%	12.6
Non-controlling interest		0.0	0.0	-	0.0	0.1	-83.6%	0.1
<b>Earnings per share for profit / loss attributable to the shareholders of the parent company, in euro</b>								
Basic earnings per share		-0.02	0.00		0.00	0.02		0.04
Diluted earnings per share		-0.02	0.00		0.00	0.02		0.04

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



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In millions of euro	Note	30 September, 2017	30 September, 2016	31 December, 2016
<b>Assets</b>				
Non-current assets				
Property, plant and equipment	10	91.9	68.0	65.5
Goodwill	9	583.1	447.7	449.1
Other intangible assets	9	112.5	118.4	113.9
Investment properties	8	0.6	0.6	0.6
Investments in associates		0.4	0.0	-
Other receivables		0.0	0.0	0.0
Deferred tax assets		6.6	6.3	6.0
Total non-current assets		795.0	640.9	635.1
Total non-current assets				
Inventories		5.6	4.7	4.4
Trade and other receivables		70.2	55.0	53.7
Cash and cash equivalents		5.7	4.2	39.1
Total current assets		81.5	63.8	97.3
Assets held for sale		1.7	1.1	1.7
<b>Total assets</b>		<b>878.2</b>	<b>705.8</b>	<b>734.1</b>
<b>Equity and liabilities</b>				
Equity attributable to equity holders of the Company				
Share capital		0.1	0.0	0.0
Invested non-restricted equity reserve		401.8	308.0	308.0
Retained deficit		-75.1	-83.8	-76.2
Non-controlling interest		0.1	1.2	0.4
<b>Total equity</b>		<b>326.9</b>	<b>225.4</b>	<b>232.3</b>
Non-current liabilities				
Non-current financial liabilities		354.4	322.1	315.7
Deferred tax liabilities		24.8	25.8	25.0
Provisions		5.6	3.7	4.5
Other liabilities		5.6	29.4	29.5
Total non-current liabilities		390.4	381.1	374.7
Current liabilities				
Provisions		2.6	1.0	0.7
Trade and other payables		129.0	74.1	94.9
Current tax liabilities		0.1	0.4	0.0
Current financial liabilities		29.1	24.0	31.5
Total current liabilities		160.9	99.4	127.1
<b>Total liabilities</b>		<b>551.3</b>	<b>480.4</b>	<b>501.8</b>
<b>Total equity and liabilities</b>		<b>878.2</b>	<b>705.8</b>	<b>734.1</b>

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





## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euro	Equity attributable to owners of the parent company					Non-controlling interests	Total equity
	Share capital	Invested non-restricted equity reserve	Retained deficit	Total			
Equity 1 January, 2017	0.0	308.0	-76.2	231.8	0.4		232.3
Comprehensive income							
Profit for the period	-	-	1.1	1.1	0.0		1.1
Transactions with owners							
Share capital increase	0.1	-0.1	-	-	-		-
Directed share issue <sup>*)</sup>	-	93.9	-	93.9	-		93.9
Transactions with non-controlling interests							
Change in non-controlling interests	-	-	-	-	-0.4		-0.4
<b>Equity 30 September, 2017</b>	<b>0.1</b>	<b>401.8</b>	<b>-75.1</b>	<b>326.8</b>	<b>0.1</b>		<b>326.9</b>

<sup>\*)</sup> Increase in invested non-restricted equity reserve relate to the purchase of the Diacor Group. As a part of the transaction Terveystalo Oy issued 4,382,146 new class A-shares and 43,764,100 new class D-shares to the Helsinki Deaconess Institute Foundation.

In millions of euro	Equity attributable to owners of the parent company					Non-controlling interests	Total equity
	Share capital	Invested non-restricted equity reserve	Retained deficit	Total			
Equity 1 January, 2016	0.0	308.0	-88.7	219.3	1.1		220.4
Comprehensive income							
Profit for the period	-	-	5.0	5.0	0.1		5.1
Other adjustments	-	-	-0.1	-0.1	-0.0		-0.1
<b>Equity 30 September, 2016</b>	<b>0.0</b>	<b>308.0</b>	<b>-83.8</b>	<b>224.2</b>	<b>1.2</b>		<b>225.4</b>

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



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In millions of euro	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
<b>Cash flows from operating activities</b>					
Profit before income taxes	-7.3	-0.3	-0.5	2.4	9.5
Adjustments for					
Non-cash transactions					
Depreciation, amortization and impairment losses	10.2	9.9	29.2	29.0	39.3
Change in provisions	0.7	-0.2	-0.6	2.3	2.8
Other non-cash transactions	0.4	-0.0	0.8	-0.1	-0.3
Gains and Losses on sale of property, plant, equipment and other changes	-0.3	-0.5	-0.3	-0.6	-4.7
Net finance expenses	4.6	4.8	14.5	15.1	20.1
<b>Changes in</b>					
Trade and other receivables	3.4	-3.8	0.8	-7.1	-5.4
Inventories	-0.1	0.0	-0.3	0.0	0.3
Trade and other payables	-13.5	-4.9	-10.4	-16.9	3.6
Interest received	0.0	0.0	0.1	0.1	0.1
Income taxes paid	-0.5	-0.1	-0.9	-0.3	-0.6
<b>Net cash from operating activities</b>	<b>-2.4</b>	<b>4.9</b>	<b>32.5</b>	<b>23.9</b>	<b>64.7</b>
<b>Cash flows from investing activities</b>					
Acquisition of subsidiaries, net of cash acquired	-	-	-56.6	-3.7	-4.7
Acquisition of property, plant and equipment	-2.7	-0.9	-8.8	-4.8	-7.9
Acquisition of intangible assets	-1.0	-0.8	-3.1	-2.9	-3.8
Proceeds from the disposal of subsidiaries, net of cash disposed of	-	-	-	-	4.8
Proceeds from sale of available-for-sale financial assets	-	1.6	0.1	1.8	1.8
Acquisition of business operations, net of cash acquired	-	-	-0.6	-1.0	-1.0
Proceeds of business operations, net of cash disposed of	1.1	-	1.1	-	-
Repayment of borrowings	-	-	-5.1	-0.3	-0.3
Proceeds from sale of property, plant and equipment	-	-	-	0.8	2.2
Dividends received	0.0	-	0.0	-	0.0
<b>Net cash from investing activities</b>	<b>-2.5</b>	<b>-0.1</b>	<b>-73.0</b>	<b>-10.1</b>	<b>-9.0</b>
<b>Cash flows from financing activities</b>					
Proceeds from non-current borrowings	-	-	40.8	-	-
Repayment of non-current borrowings	-7.0	-0.1	-7.0	-7.1	-14.1
Proceeds from current borrowings	8.4	6.9	20.0	15.4	25.4
Repayment of current borrowings	-4.2	-4.3	-26.9	-12.3	-14.9
Payment of finance lease liabilities	-1.3	-1.8	-4.5	-4.6	-6.0
Payment of hire purchase liabilities	-0.9	-0.8	-2.7	-1.7	-2.1
Interests and other financial expenses paid	-4.7	-4.5	-12.4	-16.0	-21.3
Acquisition of non-controlling interests	-	-	-0.3	-	-0.2
<b>Net cash from financing activities</b>	<b>-9.8</b>	<b>-4.6</b>	<b>7.1</b>	<b>-26.3</b>	<b>-33.2</b>
<b>Net change in cash and cash equivalents</b>	<b>-14.7</b>	<b>0.1</b>	<b>-33.4</b>	<b>-12.5</b>	<b>22.5</b>
Cash and cash equivalents at January 1	20.4	4.0	39.1	16.6	16.6
Cash and cash equivalents at September 30 / December 31	5.7	4.2	5.7	4.2	39.1

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



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

Terveystalo is a leading private healthcare service provider in Finland offering primary and outpatient secondary healthcare services to corporate, private and public sector customers. The Company's healthcare service offering includes general practice and specialist medical care, diagnostic services, outpatient surgery, dental services and other adjacent services, which together comprise its integrated healthcare care chain. Terveystalo has approximately 180 clinics, covering all 20 of Finland's largest cities. The Group's parent company is domiciled in Helsinki and the registered address is Jaakonkatu 3, 00100 Helsinki. A copy of the consolidated financial statements is available at the head office of the Group. All presented figures have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

## 2. BASIS OF ACCOUNTING PRINCIPLES

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting -standard, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2016. Terveystalo Group early adopted the new IFRS 15 Revenue from Contracts with Customers standard in financial year 2017 before the mandatory application date. More detailed information regarding the Group's revenue and the effects of the adoption of IFRS 15 standard as well as comparative revenue information are presented in the Group's last annual and restated consolidated financial statements as at and for the year ended 31 December 2016. In all other aspects, the accounting policies adopted are consistent with those of the annual financial statements for 2016. None of the amended standards and interpretations that became effective January 1, 2017 have had a significant impact on the Terveystalo's financial reporting.

Terveystalo Group has not yet adopted following new standards already issued by the IASB: IFRS 9 Financial Instruments (effective for financial years beginning on or after 1 January 2018): IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The impacts of IFRS 9 on Terveystalo's consolidated financial statements have been assessed and the expected impacts are not significant.

IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019): The new standard replaces the current IAS 17 -standard and related interpretations. The standard is not yet endorsed by EU. IFRS 16 requires the lessees to recognize the lease agreements as right-of-use assets and lease liabilities in the statement of financial position. The accounting model is similar to current finance lease accounting according to IAS

17. There are two exceptions available, these relate to either short term contracts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5,000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. Terveystalo has started a preliminary assessment of the impacts on its consolidated financial statements. The most significant impact identified is that Terveystalo will recognize new assets and liabilities, mainly for its current operating leases of facilities. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities reported under financing expenses. Terveystalo has not yet quantified the impacts of the adoption of IFRS 16 on its consolidated financial statements. More detailed assessments of the impacts will be done over the next twelve months. The transition alternatives has not yet been decided.

## 3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the restated consolidated financial statements as at and for the year ended 31 December 2016.

## 4. EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, The Initial Public Offering of Terveystalo Plc was oversubscribed and the listing was completed as planned. Terveystalo raised about 100 million in gross assets by issuing a total of 10,281,249 new shares. In addition, Lotta Holding I S.à r.l ("EQT") and certain other shareholders of the company sold a total of 79,525,461 Company shares (including the over-allotment option of 11,713,918 shares granted by EQT). See more information in section Events after the reporting period in this interim report.

The non-interest bearing short-term liabilities of the Company on 30 September 2017 include a deferred purchase price of EUR 25 million related to the acquisition of the Group's operational activities from Bridgepoint Capital in 2013. The deferred purchase price was payable immediately after the listing was completed. On the basis of the company's pre-listing shareholders' commitments, the shareholders made a EUR 25 million investment without consideration in the company's invested unrestricted equity fund at the listing before the repayment of the deferred purchase price.

After the end of the reporting period Terveystalo has completed a refinancing with Nordic financial institutions. Refinancing includes a EUR 320 million committed arrangement





and a EUR 130 uncommitted arrangement enabling more flexibility for Terveystalo in following its strategy. Refinancing also leads to a significant decrease in Group's interest expenses.

## 5. REVENUE

With regard to the application of the new IFRS 15 Revenue from Contract with Customers standard, Terveystalo has reviewed the revenue recognition principles and presentation in accordance with the new standard, taking into account changes in service model and way of operating. In accordance with IFRS 15 standard, revenue also includes the fees for services provided by private practitioners to private customers. The Group's distribution of revenue is based on the customer types. The Group does not have customers whose revenue exceeds 10 % of the Group's total revenue. Terveystalo offers its primary and outpatient secondary healthcare services to three distinct customer groups: corporate customers, private customers and public customers.

The Company's corporate customer group comprises Terveystalo's corporate insurance customers and occupational healthcare customers, excluding municipal occupational healthcare customers. The customers in the corporate customer group include private sector corporations, associations, foundations and state administration and represent all main industries, such as construction, retail, manufacturing and professional industries. The Company offers services to corporate customers of all sizes, from entrepreneurs and small companies to medium and large-sized companies, including some of the largest employers in Finland.

The Company's private customers group comprises private individuals, families and retirees and private insurance customers. Some of the Company's occupational healthcare end-users also use the Company's services as private customers, such as occupation healthcare end-users with children.

The Company's public customers group comprises public sector organizations in Finland, such as municipalities, municipal federations and hospital districts and includes municipal occupational healthcare customers.

## DISAGGREGATION OF REVENUE

In millions of euro	7-9/2017	7-9/2016	Change, %	1-9/2017	1-9/2016	Change, %	2016
Corporate	84.5	61.9	36.5%	266.3	211.4	26.0%	292.3
Private	56.9	43.7	30.2%	186.8	144.0	29.8%	197.6
Public	14.0	13.6	2.8%	46.4	45.1	2.9%	57.1
<b>Total</b>	<b>155.4</b>	<b>119.2</b>	<b>30.4%</b>	<b>499.6</b>	<b>400.5</b>	<b>24.7%</b>	<b>547.0</b>

## CONTRACT BALANCES

In millions of euro	30 September, 2017	30 September, 2016	31 December, 2016
Receivables, which are included in trade and other receivables	63.7	50.9	50.6
Contract liabilities	4.5	1.1	1.0



## 6. MATERIALS AND SERVICES

In millions of euro	7-9/2017	7-9/2016	Change, %	1-9/2017	1-9/2016	Change, %	2016
Purchase of materials	-6.1	-4.4	40.0%	-20.3	-15.8	28.6%	-21.9
Change in inventories	0.1	0.0	-443.0%	0.3	0.0	> -200%	-0.3
External services	-68.6	-51.8	32.3%	-215.2	-173.9	23.7%	-237.1
<b>Total</b>	<b>-74.6</b>	<b>-56.1</b>	<b>33.0%</b>	<b>-235.2</b>	<b>-189.6</b>	<b>24.0%</b>	<b>-259.3</b>

## 7. EMPLOYEE BENEFIT EXPENSES

In millions of euro	7-9/2017	7-9/2016	Change, %	1-9/2017	1-9/2016	Change, %	2016
Salaries and fees	-34.9	-26.8	30.2%	-115.4	-92.6	24.7%	-125.8
Other personnel expenses	-7.9	-6.6	20.2%	-25.9	-22.7	14.2%	-29.7
<b>Total</b>	<b>-42.8</b>	<b>-33.4</b>	<b>28.2%</b>	<b>-141.4</b>	<b>-115.2</b>	<b>22.7%</b>	<b>-155.5</b>

## 8. OTHER OPERATING EXPENSES

In millions of euro	7-9/2017	7-9/2016	Change, %	1-9/2017	1-9/2016	Change, %	2016
Rents, leases and premises	-10.9	-7.5	46.1%	-31.1	-22.9	36.0%	-31.2
Other operating expenses	-20.3	-8.9	127.8%	-50.1	-28.1	78.4%	-39.2
<b>Total</b>	<b>-31.2</b>	<b>-16.4</b>	<b>90.6%</b>	<b>-81.2</b>	<b>-51.0</b>	<b>59.3%</b>	<b>-70.4</b>



## 9. INTANGIBLE ASSETS

1-9/2017, In millions of euro	Goodwill	Customer relation ships	Trade marks	Other intangible assets and advances paid	Total
Acquisition cost 1 January, 2017	517.1	74.5	83.0	23.7	698.4
Acquisition of subsidiaries	133.1	9.3	-	1.5	143.9
Additions	0.8	-	-	2.8	3.6
Disposals	-	-	-	0.0	0.0
<b>Acquisition cost 30 September, 2017</b>	<b>651.1</b>	<b>83.8</b>	<b>83.0</b>	<b>28.0</b>	<b>845.9</b>
Accumulated amortizations and impairment losses 1 January, 2017	-68.0	-40.9	-12.7	-13.8	-135.3
Amortization for the reporting period	-	-7.8	-3.2	-3.7	-14.7
Impairment losses	-	-	-	-0.3	-0.3
Accumulated amortizations and impairment losses 30 September, 2017	-68.0	-48.6	-15.8	-17.9	-150.3
Carrying amount 1 January, 2017	449.1	33.6	70.3	10.0	563.0
<b>Carrying amount 30 September, 2017</b>	<b>583.1</b>	<b>35.2</b>	<b>67.2</b>	<b>10.2</b>	<b>695.6</b>

1-9/2016, In millions of euro	Goodwill	Customer relation ships	Trade marks	Other intangible assets and advances paid	Total
Acquisition cost 1 January, 2016	512.3	74.5	83.0	19.1	688.9
Acquisition of subsidiaries	3.3	-	-	0.1	3.4
Additions	-	-	-	2.9	2.9
<b>Acquisition cost 30 September, 2016</b>	<b>515.7</b>	<b>74.5</b>	<b>83.0</b>	<b>22.1</b>	<b>695.3</b>
Accumulated amortizations and impairment losses 1 January, 2016	-68.0	-27.0	-8.5	-8.9	-112.4
Amortization for the reporting period	-	-10.4	-3.2	-3.3	-17.0
Accumulated amortizations and impairment losses 30 September, 2016	-68.0	-37.4	-11.6	-12.2	-129.2
Carrying amount 1 January, 2016	444.3	47.5	74.6	10.2	576.6
<b>Carrying amount 30 September, 2016</b>	<b>447.7</b>	<b>37.1</b>	<b>71.4</b>	<b>10.0</b>	<b>566.1</b>

2016, In millions of euro	Goodwill	Customer relation ships	Trade marks	Other intangible assets and advances paid	Total
Acquisition cost 1 January, 2016	512.3	74.5	83.0	19.1	688.9
Acquisition of subsidiaries	4.8	-	-	0.1	4.9
Additions	-	-	-	4.5	4.5
<b>Acquisition cost 31 December, 2016</b>	<b>517.1</b>	<b>74.5</b>	<b>83.0</b>	<b>23.7</b>	<b>698.4</b>
Accumulated amortizations and impairment losses 1 January, 2016	-68.0	-27.0	-8.5	-8.9	-112.4
Amortization for the reporting period	-	-13.9	-4.2	-4.9	-23.0
Accumulated amortizations and impairment losses 31 December, 2016	-68.0	-40.9	-12.7	-13.8	-135.3
Carrying amount 1 January, 2016	444.3	47.5	74.6	10.2	576.6
<b>Carrying amount 31 December, 2016</b>	<b>449.1</b>	<b>33.6</b>	<b>70.3</b>	<b>10.0</b>	<b>563.0</b>





## 10. PROPERTY, PLANT AND EQUIPMENT

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

1-9/2016, In millions of euro	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1 January, 2016	1.1	37.3	52.2	13.6	1.4	105.6
Acquisition of subsidiaries	-	-	0.1	0.3	0.0	0.4
Additions	-	2.6	6.7	0.8	0.8	10.9
Disposals	-0.1	-0.5	-	-	-	-0.6
Reclassifications	-	-1.1	-	-	-	-1.1
<b>Acquisition cost 30 September, 2016</b>	<b>1.0</b>	<b>38.2</b>	<b>59.0</b>	<b>14.6</b>	<b>2.3</b>	<b>115.2</b>
Accumulated depreciation and impairment losses 1 January, 2016	-	-5.9	-25.1	-3.7	-0.3	-35.0
Depreciation for the period	-	-2.2	-8.1	-1.5	-0.2	-12.0
Impairment losses	-	-	-0.1	-	-0.1	-0.2
Accumulated depreciation and impairment losses 30 September, 2016	-	-8.1	-33.3	-5.2	-0.6	-47.2
Carrying amount 1 January, 2016	1.1	31.4	27.1	9.8	1.1	70.6
<b>Carrying amount 30 September, 2016</b>	<b>1.0</b>	<b>30.0</b>	<b>25.8</b>	<b>9.4</b>	<b>1.7</b>	<b>68.0</b>

2016, In millions of euro	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1 January, 2016	1.1	37.3	52.2	13.6	1.4	105.6
Acquisition of subsidiaries	-	-	0.2	0.4	0.0	0.6
Additions	-	2.8	10.6	1.9	1.6	16.8
Disposal of subsidiaries	-0.9	-1.9	-0.1	0.0	-	-2.8
Disposals	-0.2	-0.8	-0.2	-0.1	0.0	-1.3
Reclassifications	-	-2.1	-	-	-	-2.1
<b>Acquisition cost 31 December, 2016</b>	<b>0.1</b>	<b>35.2</b>	<b>62.8</b>	<b>15.7</b>	<b>3.0</b>	<b>116.8</b>
Accumulated depreciation and impairment losses 1 January, 2016	-	-5.9	-25.1	-3.7	-0.3	-35.0
Depreciation for the period	-	-3.0	-10.7	-2.1	-0.3	-16.1
Impairment losses	-	-	-0.1	-	-0.1	-0.2
Accumulated depreciation and impairment losses 31 December, 2016	-	-8.9	-35.9	-5.8	-0.7	-51.3
Carrying amount 1 January, 2016	1.1	31.4	27.1	9.8	1.1	70.6
<b>Carrying amount 31 December, 2016</b>	<b>0.1</b>	<b>26.4</b>	<b>26.9</b>	<b>9.8</b>	<b>2.3</b>	<b>65.5</b>

## 11. BUSINESS COMBINATION

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

### Acquisition of Diacor terveyspalvelut Oy Group

On 24 March 2017 Terveystalo Healthcare Oy acquired 100 % of the shares of Diacor terveyspalvelut Oy ("Diacor"). As a part of the acquisition the Group gained also control of Eloni

Oy, a subsidiary of Diacor terveyspalvelut Oy. The acquisition strengthened Terveystalo's position as one of the leading healthcare service provider especially in Helsinki metropolitan area and Turku. The financial statements of acquired companies have been included in the consolidated financial statements of Terveystalo from the end of March, 2017.

The following table summarizes the acquisition date fair values of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition. The statement of financial position has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respects.

### CONSIDERATION TRANSFERRED

In millions of euro

Cash	19.8
Shares	93.9
<b>Total consideration transferred</b>	<b>113.7</b>

### IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

In millions of euro

Cash and cash equivalents	6.2
Intangible assets	7.6
Property, plant and equipment	12.7
Inventories	0.7
Trade and other receivables	15.9
Trade and other payables	-16.2
Provisions	-0.0
Deferred tax liabilities	-1.5
Interest bearing liabilities	-13.5
<b>Total identifiable net assets acquired</b>	<b>12.0</b>
<b>Goodwill</b>	<b>101.7</b>

The acquisition resulted a goodwill amounting to EUR 101.7 million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved from integrating acquired businesses into Terveystalo's existing operations. The recognized goodwill is not deductible for tax purposes. The fair values of Diacor's intangible assets (customer relationships) are still provisional pending on the completion of the fair value measurements of customer relationships. The fair value of the acquired trade and other receivables amounts to EUR 15.9 million for which the risk of impairment has been deemed non-significant. The Group incurred acquisition-related expenses of EUR 2.5 million related to consulting, valuation or equivalent

services. The expenses have been included in other operating expenses. From the acquisition, revenue of EUR 55.6 million and profit of EUR 0.1 million is recognised in year 2017 to the Group's consolidated results. If the acquisition had occurred on 1 January 2017, management estimates that the Group's consolidated revenue for the nine months ended on 30 September 2017 would have been EUR 534.2 million and the consolidated profit for the period would have been EUR 2.2 million. As part of the acquisition, Terveystalo made certain commitments that are comparable to contingent consideration. Management estimates that the realization of these commitments is unlikely.



## Acquisition of Porin Lääkäritalo Oy Group

On 2 January 2017 Terveystalo Healthcare Oy acquired 100 % of the shares of Porin Lääkäritalo Oy. As a part of the acquisition, the Group also gained control of the subsidiaries Koy Porin Linnankulma, Curia Oy and Porin Lääkärikeskus Oy. Porin Lääkärikeskus owns 7.79 % of the shares of Porin Lääkäritalo. The acquisition strengthened Terveystalo's position as one of the leading healthcare service provider in the Pori region. The financial statements of the acquired companies have been

included in the consolidated financial statements of Terveystalo from the date of acquisition.

The following table summarizes the acquisition date fair values of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition. The statement of financial position has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respects.

## CONSIDERATION TRANSFERRED

In millions of euro

Cash	43.4
<b>Total consideration transferred</b>	<b>43.4</b>

## IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

In millions of euro

Cash and cash equivalents	2.3
Intangible assets	2.0
Property, plant and equipment	11.4
Inventories	0.1
Trade and other receivables	1.6
Trade and other payables	-2.4
Provisions	0.0
Deferred tax liabilities	-0.4
Interest bearing liabilities	-2.1
<b>Total identifiable net assets acquired</b>	<b>12.5</b>
<b>Goodwill</b>	<b>30.9</b>

The acquired property, plant and equipment is valued at fair value based on market prices for similar items when they are available. As part of these acquisitions, the Group has acquired customer relationships. The fair value of the relationships and customer contracts, which are included in other intangible assets, has been determined based on the discounted net cash flows of the existing customer relationships. As a result of the acquisition a goodwill amounting to EUR 30.9 million has been recognized. The goodwill is attributable to synergies expected from the acquisition as well as personnel know-how. The recognized goodwill is not deductible for tax purposes. The fair values of the

acquired intangible assets of Porin Lääkäritalo are still provisional pending on the completion of an independent valuation of the fair value measurements of customer relationships. The fair value of the acquired trade and other receivables amounts to EUR 1.6 million for which the risk of impairment has been deemed non-significant. The Group incurred acquisition-related expenses of EUR 0.8 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses. From the acquisition, revenue of EUR 17.0 million and profit of EUR 0.9 million is recognised in year 2017 to the Group's consolidated results.



## Other business combinations

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

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

On 2 May 2017 Suomen Terveystalo Oy acquired the dental business from Crossdental Oy as an asset deal.

The 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 net assets have been adjusted to correspond Terveystalo Group's accounting principles in all material respects.

## CONSIDERATION TRANSFERRED

In millions of euro

Cash	1.4
Contingent consideration	0.3
<b>Total consideration transferred</b>	<b>1.7</b>

## IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

In millions of euro

Cash and cash equivalents	0.2
Property, plant and equipment	0.7
Inventories	0.1
Trade and other receivables	0.0
Trade and other payables	-0.4
Interest bearing liabilities	-0.5
<b>Total identifiable net assets acquired</b>	<b>0.1</b>
<b>Goodwill</b>	<b>1.7</b>

The acquired property, plant and equipment is valued at fair value based on market prices for similar items when they are available. As a result of these business combinations, goodwill amounting to EUR 1.7 million has been recognized. The recognized goodwill is attributable to synergies expected from acquisitions as well as personnel know-how. The recognised goodwill is not deductible for tax purposes. The fair value of the acquired trade and other receivables amounts to EUR 0.04 million, for which the risk of impairment has been deemed non-significant. The Group has incurred acquisition-related

expenses of EUR 0.02 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses. From these other business combinations, revenue of EUR 1.7 million and profit of EUR 0.2 million is recognised in year 2017 to the Group's consolidated results. If these other acquisitions had occurred on 1 January 2017, management estimates that the Group's consolidated revenue for the nine months ended 30 September 2017 would have been EUR 500.7 million and consolidated profit would have been EUR 1.2 million.





## 12. GROUP'S KEY FINANCIAL RATIOS

<b>Terveystalo Group, EUR million</b>	<b>7-9/2017</b>	<b>7-9/2016</b>	<b>Change, %</b>	<b>1-9/2017</b>	<b>1-9/2016</b>	<b>Change, %</b>	<b>2016</b>
Revenue	155.4	119.2	30.4	499.6	400.5	24.7	547.0
Adjusted EBITDA <sup>*)</sup>	17.3	14.5	19.6	63.2	52.0	21.5	72.9
Adjusted EBITDA, % <sup>*)</sup>	11.1	12.2	-1.0%-p	12.6	13.0	-0.3%-p	13.3
Adjusted EBITA <sup>*)</sup>	12.3	10.3	19.8	48.9	40.0	22.3	56.8
Adjusted EBITA, % <sup>*)</sup>	7.9	8.6	-0.7%-p	9.8	10.0	-0.2%-p	10.4
EBITDA <sup>*)</sup>	7.5	14.3	-47.7	43.3	46.5	-6.9	68.9
EBITDA, % <sup>*)</sup>	4.8	12.0	-7.2%-p	8.7	11.6	-2.9%-p	12.6
EBITA <sup>*)</sup>	2.5	10.1	-75.5	29.1	34.5	-15.8	52.7
EBITA, % <sup>*)</sup>	1.6	8.5	-6.9%-p	5.8	8.6	-2.8%-p	9.6
Operating profit (EBIT) <sup>*)</sup>	-2.5	4.4	-157.4	14.2	17.5	-19.1	29.6
Operating profit (EBIT), % <sup>*)</sup>	-1.6	3.7	-5.3%-p	2.8	4.4	-1.5%-p	5.4
Adjusted net income <sup>*)</sup>	4.0	4.5	-12.2	25.8	20.3	26.8	30.3
Return on equity (ROE), % <sup>*)</sup>	-	-	-	0.5	3.1	-2.5%-p	5.6
Equity ratio, % <sup>*)</sup>	-	-	-	37.3	32.0	5.3%-p	31.7
Earnings per share (€)	-0.02	0.00	-	0.00	0.02	-	0.04
Gearing, % <sup>*)</sup>	-	-	-	115.6	151.7	-36.1%-p	132.6
Net debt** / Adjusted EBITDA (LTM) <sup>*)</sup>	-	-	-	4.5	4.6	-2.8	4.2
Total assets	-	-	-	878.2	705.8	24.4	734.1
Average personnel FTE	-	-	-	3,314	2,629	26.1	2,605
Personnel (end of period)	-	-	-	4,290	3,434	24.9	3,463
Private practitioners (end of period)	-	-	-	4,503	3,370	33.6	3,448

<sup>\*)</sup> Alternative performance measure. In the Company's view, the alternative performance measures 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.

<sup>\*\*) Terveystalo raised about EUR 100 million in gross assets in the IPO after the reporting period.</sup>

During the nine months ended 30 September 2017, the Group has made several business acquisitions. The financial statements of Pori Lääkäritalo Oy Group have been included in the consolidated financial statements of Terveystalo Group since the beginning of January 2017 and Diacor terveystalvolut Oy Group since the end of March 2017



# 13. CALCULATION OF FINANCIAL RATIOS AND ALTERNATIVE PERFORMANCE MEASURES

## Financial ratios

$$\text{Earnings per share, (€)} = \frac{\text{Profit for the period attributable to owners of the parent company}}{\text{Average number of shares during the period}}$$

## Alternative performance measures

$$\text{Return on equity, \%} = \frac{\text{Profit/loss for the period (annualised)}}{\text{Equity (including non-controlling interest) (average)}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{Equity (including non-controlling interest)}}{\text{Total assets - advances received}} \times 100$$

$$\text{Gearing, \%} = \frac{\text{Interest-bearing liabilities - interest bearing receivables and cash and cash equivalents}}{\text{Equity}} \times 100$$

$$\text{Net debt / Adjusted EBITDA (LTM) }^{*}) = \frac{\text{Interest-bearing liabilities - interest-bearing receivables and cash and cash equivalents}}{\text{Adjusted EBITDA (LTM)}}$$

$$\text{Adjusted EBITDA }^{*}) = \text{Earnings Before Interest, Taxes, Depreciation, Amortization, impairment losses and adjustments}$$

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

$$\text{Adjusted EBITA }^{*}) = \text{Earnings Before Interest, Taxes, Amortization, impairment losses and adjustments}$$

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

$$\text{EBITDA} = \text{Earnings Before Interest, Taxes, Depreciation and Amortization and impairment losses}$$

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

$$\text{EBITA} = \text{Earnings Before Interest, Taxes, Amortization and impairment losses}$$

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

$$\text{Operating profit (EBIT)} = \text{Earnings Before Interest and Taxes}$$

$$\text{Operating profit (EBIT), \%} = \frac{\text{Earnings Before Interest and Taxes}}{\text{Revenue}} \times 100$$

$$\text{Adjusted net income }^{*}) = \text{Profit (loss) for the period + amortization of intangible assets identified in business combinations (PPA amortization, net of tax) + adjustments (net of tax)}$$

<sup>\*)</sup> 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.



## 14. RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

In millions of euro unless otherwise indicated

Return on equity, %	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Profit/loss for the period (annualised)	-	-	1.5	6.8	12.7
Equity (including non-controlling interest) (average)	-	-	279.6	222.9	226.3
Return on equity, %	-	-	0.5	3.1	5.6

Equity ratio, %	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Equity (including non-controlling interest)	-	-	326.9	225.4	232.3
Total assets	-	-	878.2	705.8	734.1
Advances received	-	-	1.3	1.1	1.0
Equity ratio, %	-	-	37.3	32.0	31.7

Gearing, %	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Interest-bearing liabilities	-	-	383.5	346.1	347.2
Interest-bearing receivables and cash and cash equivalents	-	-	5.7	4.2	39.1
Equity	-	-	326.9	225.4	232.3
Gearing, %	-	-	115.6	151.7	132.6

Net debt / Adjusted EBITDA (LTM), In millions of euro	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Interest-bearing liabilities	-	-	383.5	346.1	347.2
Interest-bearing receivables and cash and cash equivalents	-	-	5.7	4.2	39.1
Adjusted EBITDA (LTM)	-	-	84.0	73.9	72.9
Net debt / Adjusted EBITDA (LTM)	-	-	4.5	4.6	4.2

Adjusted EBITDA, In millions of euro	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Profit (loss) for the period	-6.9	0.8	1.1	5.1	12.7
Income tax expense	-0.4	-1.1	-1.6	-2.7	-3.2
Net finance expenses	4.6	4.8	14.5	15.1	20.1
Depreciation, amortization and impairment losses	10.2	9.9	29.2	29.0	39.3
Adjustments (*)	9.8	0.1	19.9	5.5	4.0
Adjusted EBITDA	17.3	14.5	63.2	52.0	72.9

Adjusted EBITDA, %	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Adjusted EBITDA	17.3	14.5	63.2	52.0	72.9
Revenue	155.4	119.2	499.6	400.5	547.0
Adjusted EBITDA, %	11.1	12.2	12.6	13.0	13.3

Adjusted EBITA, In millions of euro	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Profit (loss) for the period	-6.9	0.8	1.1	5.1	12.7
Income tax expense	-0.4	-1.1	-1.6	-2.7	-3.2
Net finance expenses	4.6	4.8	14.5	15.1	20.1
Amortization and impairment losses	5.2	5.7	15.0	17.0	23.1
Adjustments (*)	9.8	0.1	19.9	5.5	4.0
Adjusted EBITA	12.3	10.3	48.9	40.0	56.8



Adjusted EBITA, %	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Adjusted EBITA	12.3	10.3	48.9	40.2	56.8
Revenue	155.4	119.2	499.6	400.5	547.0
Adjusted EBITA, %	7.9	8.6	9.8	10.0	10.4

EBITDA, In millions of euro	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Profit (loss) for the period	-6.9	0.8	1.1	5.1	12.7
Income tax expense	-0.4	-1.1	-1.6	-2.7	-3.2
Net finance expenses	4.6	4.8	14.5	15.1	20.1
Depreciation, amortization and impairment losses	10.2	9.9	29.2	29.0	39.3
EBITDA	7.5	14.3	43.3	46.5	68.9

EBITDA, %	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
EBITDA	7.5	14.3	43.3	46.5	68.9
Revenue	155.4	119.2	499.6	400.5	547.0
EBITDA, %	4.8	12.0	8.7	11.6	12.6

EBITA, In millions of euro	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Profit (loss) for the period	-6.9	0.8	1.1	5.1	12.7
Income tax expense	-0.4	-1.1	-1.6	-2.7	-3.2
Net finance expenses	4.6	4.8	14.5	15.1	20.1
Amortization and impairment losses	5.2	5.7	15.0	17.0	23.1
EBITA	2.5	10.1	29.1	34.5	52.7

EBITA, %	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
EBITA	2.5	10.1	29.1	34.5	52.7
Revenue	155.4	119.2	499.6	400.5	547.0
EBITA, %	1.6	8.5	5.8	8.6	9.6

Operating profit (EBIT), In millions of euro	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Profit (loss) for the period	-6.9	0.8	1.1	5.1	12.7
Income tax expense	-0.4	-1.1	-1.6	-2.7	-3.2
Share of profits in associated companies	0.1	0.0	0.1	0.0	-
Net finance expenses	4.6	4.8	14.5	15.1	20.1
EBIT	-2.5	4.4	14.2	17.5	29.6



Operating profit (EBIT), %	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
EBIT	-2.5	4.4	14.2	17.5	29.6
Revenue	155.4	119.2	499.6	400.5	547.0
EBIT, %	-1.6	3.7	2.8	4.4	5.4

Adjusted net income, In millions of euro	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Profit (loss) for the period	-6.9	0.8	1.1	5.1	12.7
PPA amortization	3.7	4.5	10.9	13.5	18.0
Tax related to PPA amortization	-0.7	-0.9	-2.2	-2.7	-3.6
Adjustments <sup>(*)</sup>	9.8	0.1	19.9	5.5	4.0
Tax related to adjustments	-2.0	-0.0	-4.0	-1.1	-0.8
Adjusted net income	4.0	4.5	25.8	20.3	30.3

<sup>(*)</sup> Adjustments, In millions of euro	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Acquisition related expenses <sup>(1)</sup>	8.3	0.1	14.8	0.5	0.2
Restructuring related expenses <sup>(2)</sup>	1.4	0.4	4.6	4.8	6.2
Gain on sale of asset	-0.3	-0.5	-0.3	-0.5	-4.6
Strategic projects, new operations and other items affecting comparability	0.5	0.2	0.8	0.7	2.2
Adjustments	9.8	0.1	19.9	5.5	4.0

<sup>(\*)</sup> 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)





## 15. COLLATERAL AND OTHER CONTINGENT LIABILITIES

In millions of euro	30 September, 2017	30 September, 2016	31 December, 2016
<b>Liabilities secured by mortgages and pledged shares</b>			
Loans from financial institutions <sup>1)</sup>	357.2	323.3	314.2
Unused overdraft facilities	43.5	55.5	98.2
<b>Total</b>	<b>400.7</b>	<b>378.8</b>	<b>412.4</b>
<b>Business mortgages</b>	<b>992.1</b>	<b>992.5</b>	<b>992.0</b>
Real estate mortgages	11.9	-	-
Carrying amount of the pledged shares	416.2	308.0	308.0
<b>Total</b>	<b>1,420.2</b>	<b>1,300.5</b>	<b>1,300.0</b>
<b>Securities for own debts</b>			
Deposits	1.9	1.4	37.0
Rental deposit	1.6	0.1	0.1
Guarantees	0.9	0.9	0.9
<b>Total</b>	<b>4.4</b>	<b>2.4</b>	<b>38.0</b>
<b>Other operating lease liabilities <sup>2)</sup></b>			
Less than one year	30.6	25.1	22.5
Between one year and five year	96.0	82.6	70.3
Later	70.2	67.5	64.0
<b>Total</b>	<b>196.7</b>	<b>175.2</b>	<b>156.8</b>

The Group is obligated to audit value added tax depreciations it has made on a property investment if the taxable use of the property decreases during the auditing period. The maximum amount of the responsibility is EUR 0.1 million on 30.9.2017 (EUR 0.0 million on 30.9.2016 and EUR 0.0 million on 31.12.2016).

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

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



## TERVEYSTALO IN BRIEF

Terveystalo is a leading private healthcare service provider in Finland offering primary and outpatient secondary healthcare services to corporate, private and public sector customers. The Company's healthcare service offering includes general practice and specialist medical care, diagnostic services, outpatient surgery, dental services and other adjacent services, which comprise its integrated healthcare care chain. The Company also offers a suite of digital healthcare services. Terveystalo is able to provide nationwide reach through its approximately 180 clinics, covering all 20 of Finland's largest cities, together with its digital platforms.

Terveystalo's operations are driven by its scale and supported by centralized functions and standardized operating practices. At the core of Terveystalo's strategy is a focus on providing medical quality and positive customer experiences, maintaining a competent and satisfied base of healthcare professionals and developing a variety of customized digital tools.

In 2016, the Company had approximately 1.0 million individual customers as well as approximately 2.7 million doctor visits, accounting for 12 percent of the total doctor visits in Finland. The Company's customers are divided into three groups: corporate customers, who the Company partners with to provide, for example, occupational healthcare services to their employees, private customers and public customers, who the Company partners with to provide public healthcare services and occupational healthcare services to municipal employees. Terveystalo had approximately 4,445 employees (including part-time employees) and approximately 4,400 private practitioners as at June 30, 2017.





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