Terveystalo

LEADING THE WAY IN CUSTOMER-CENTRIC, PROACTIVE CARE

CEO Ville Iho

CFO Ilkka Laurila

Agenda

Terveystalo

1	• Terveystalo in brief
2	• Terveystalo as an investment
3	• Q&A

We are the leading private healthcare service provider in Finland

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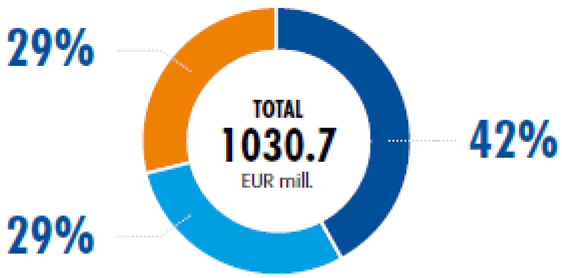
Approximately
3.7
million doctor visits in 2019

15%
of all doctor visits in Finland

Approximately
1.2
million individual customers in 2019

FINLAND'S LARGEST IN TERMS OF REVENUE AND NUMBER OF CLINICS

REVENUE BY CUSTOMER GROUP 2019



- Corporate, 42% (54%)
- Private individuals, 29% (35%)
- Public, 29% (11%)

KEY FIGURES

1,030 (745)
REVENUE EUR MILL.
2019

11.2% (11.8%)
ADJUSTED EBITA, % OF REVENUE
2019

SERVICE OFFERING

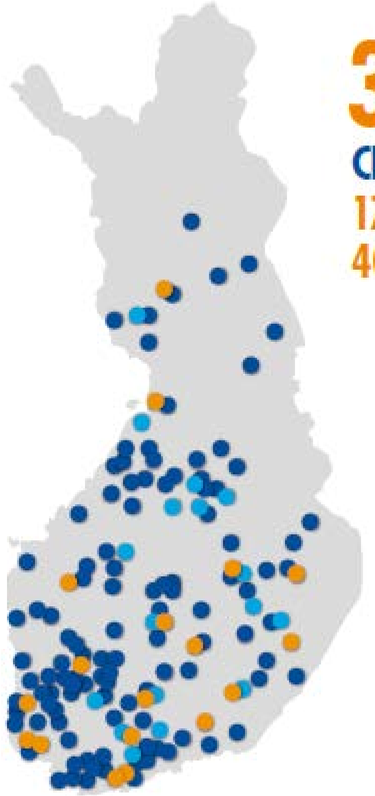
- OCCUPATIONAL HEALTH CARE
- PRIMARY AND SPECIALTY CARE
- WELL-BEING SERVICES
- IMAGING AND LABS
- DAY SURGERY
- HEALTHCARE OUTSOURCING
- HEALTHCARE STAFFING

OVER 4.7 MILLION MILLION INDIVIDUALS IN DIGITAL PATIENT RECORDS

APPROX. 800,000 MILLION USERS OF THE OMA TERVEYS ONLINE SERVICE

188,000 PERSONAL HEALTH PLANS (OMA SUUNNITELMA)

OVER 150,000 REMOTE VISITS IN 2019



300
CLINICS, OF WHICH
17 CLINIC HOSPITALS AND
40 DENTAL CLINICS

47
CLINICS WITH IMAGING SERVICES

170
CLINICS WITH PHYSIOTHERAPY

Our growth strategy

MISSION:

CHAMPIONS OF A HEALTHIER LIFE

OUR GROWTH IS BASED ON SIX STRATEGIC CHOICES:

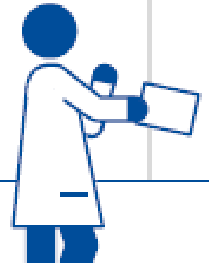
SUPERIOR CUSTOMER EXPERIENCE NPS appointments	**THE PREFERRED PARTNER TO OUR CUSTOMERS** Customer Experience quality	**THE PREFERRED EMPLOYER FOR PROFESSIONALS** ENPS	**LOCAL QUALITY LEADER WITH NATIONWIDE SCALE BENEFITS** Operational quality	**MEASURED EFFECTIVENESS** Medical quality	**RESPONSIBLE SOCIAL INNOVATOR**

FINANCIAL TARGETS:

GROWTH 6–8% annual revenue growth[1]	**PROFITABILITY** An Adjusted EBITA margin 12–13%[2]	**CAPITAL STRUCTURE** Net Debt / Adjusted EBITDA not to exceed 3.5x[3]	**DIVIDEND POLICY** At least 30 % of net profit distributed[4]

OUR STRENGTHS:

LARGEST NETWORK	**LARGEST AMOUNT OF DATA**	**SCALABILITY**	**DEVELOPMENT ORIENTED CULTURE**



1 Growth in the long term through a combination of organic growth and bolt-on acquisitions.
2 An Adjusted EBITA margin 12–13% of revenue in the medium- to long-term.
3 Indebtedness may temporarily exceed the target level, for example, in conjunction with acquisitions.
4 Taking Terveystalo's long-term development potential and financial position into account.

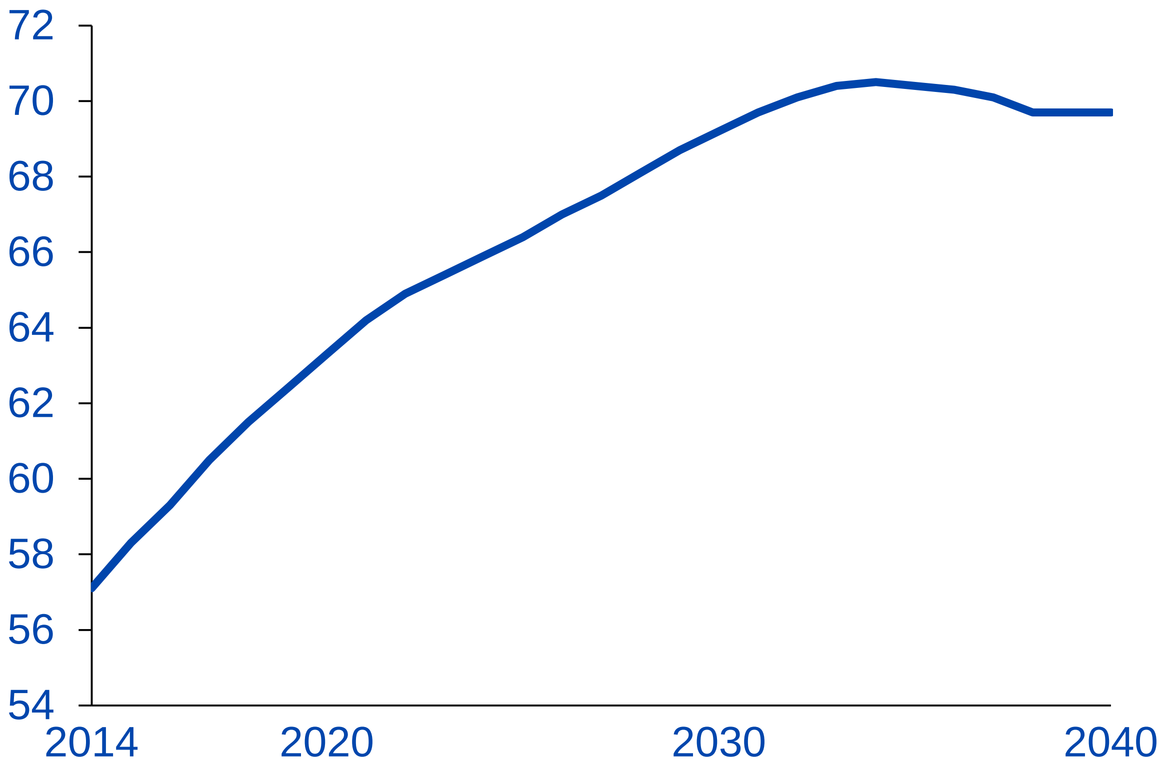
5 REASONS TO INVEST IN TERVEYSTALO

1. MEGATRENDS ACCELERATE STRUCTURAL MARKET GROWTH
2. CUSTOMIZED SERVICES FOR DIFFERENT CUSTOMER GROUPS ENABLE GROWTH IN EVOLVING MARKETS
3. COMPETITIVE ADVANTAGE FROM SCALE
4. OPPORTUNITIES TO ACCELERATE GROWTH THROUGH ACQUISITIONS
5. COMPANY CULTURE THAT ATTRACTS HEALTHCARE PROFESSIONALS

1

Finland's deteriorating dependency ratio requires more efficient use of resources

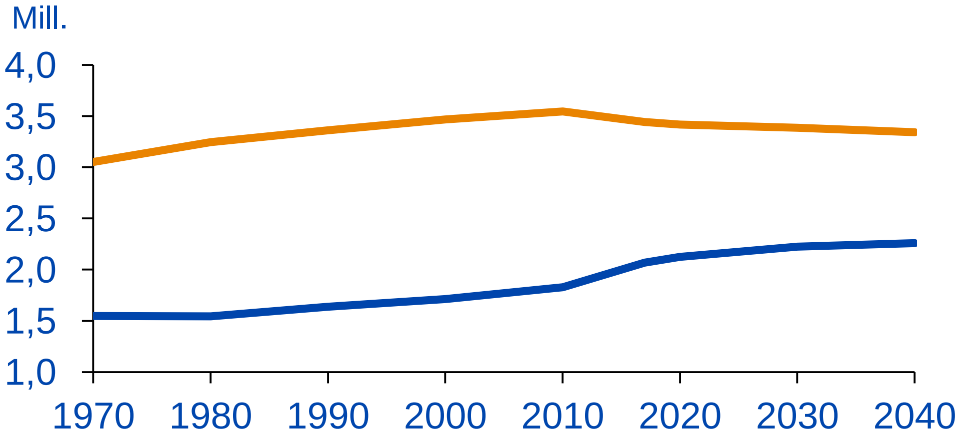
Age dependency ratio on the rise



— **Age dependency ratio**

Number of children and citizens aged +65 years in relation to 100 working age citizens

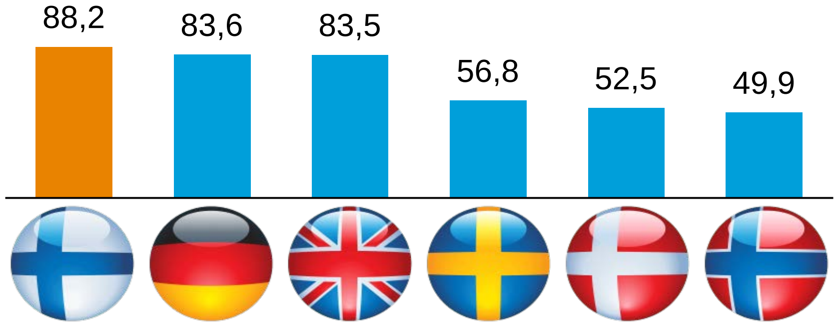
World's 2nd Fastest Aging Population



Population aged under 15 and 65 and over
Population aged 15-64

Rising Prevalence of Lifestyle Diseases

Example: Diabetics per 1,000 people (2014)[3]



1 Private provision is an established, critical and growing component of Finnish healthcare

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Private provision market is an established and growing component of the Finnish market

	Public Provision	Private Provision
Public pay	**Public pay – Public provision** **77%** **€ 10.9 Bn** Market in 2016E ***Key drivers*** *Demographics* *Ageing population* *Struggling provision*	**Public pay – Private provision** **4%** **€ 0.6 Bn** Market in 2016E ***Drivers for shift*** *Efficiency* *Quality* *Capacity* *Resources* *Public finances*
Private pay		**Private pay – Private provision** **19%** **€ 2.7 Bn** Market in 2016E ***Key drivers*** *Quality* *Availability* *Convenience* *Access to specialists* *Lifestyle trends*

…Supported by a number of factors

Long Tradition of Private Provision of Healthcare

40%
of all primary care outpatient visits in Finland are provided by private sector[(1)]

Used across **all income classes**[(2)]

Well Established Payor Mix

€

Four robust and growing payor groups

Corporate
Private Insurance
Out of Pocket
Public

Capacity Pressures on Public Provision

~50%
waited over a week for public primary healthcare service in Helsinki[(3)]
vs
Immediate access
in private healthcare

Source: NHG Report; 1) Source: KELA and Statistics Finland (2014); 2) Source: KELA; 3) Waiting times in public primary healthcare services in Helsinki (March, 2017); Source: THL

2

Occupational healthcare linked to statutory pension system - provides employers with strong incentives to invest in preventive care

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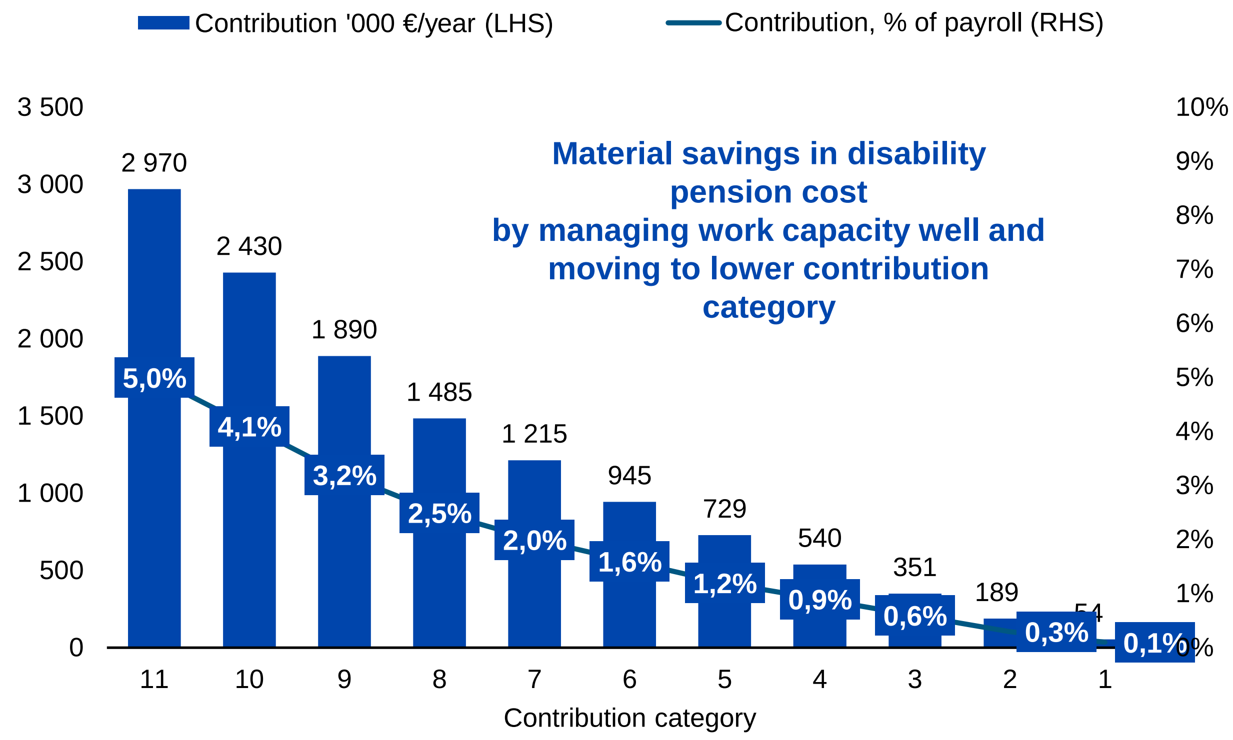
Example: Annual Disability Contribution of a Company with € 60 Million Payroll



Occupational health = population health management

Health & Safety

Preventive care

Primary healthcare

Secondary healthcare

Emphasis On Measurable Quality

Cost Efficiency is Critical

Note: An employer is categorised as a large employer in 2017 when the payroll for 2015 was at least € 2,044,500
1) Source: Ilmarinen (Large Employer's TyEL contribution 2017); 2) Employer's TyEL contribution i.e. earnings-related pension contribution and work capacity are interlinked and depending on the total payroll of an employer and disability risk

Scale and diversified payor groups provide a large customer base for cross-selling

2

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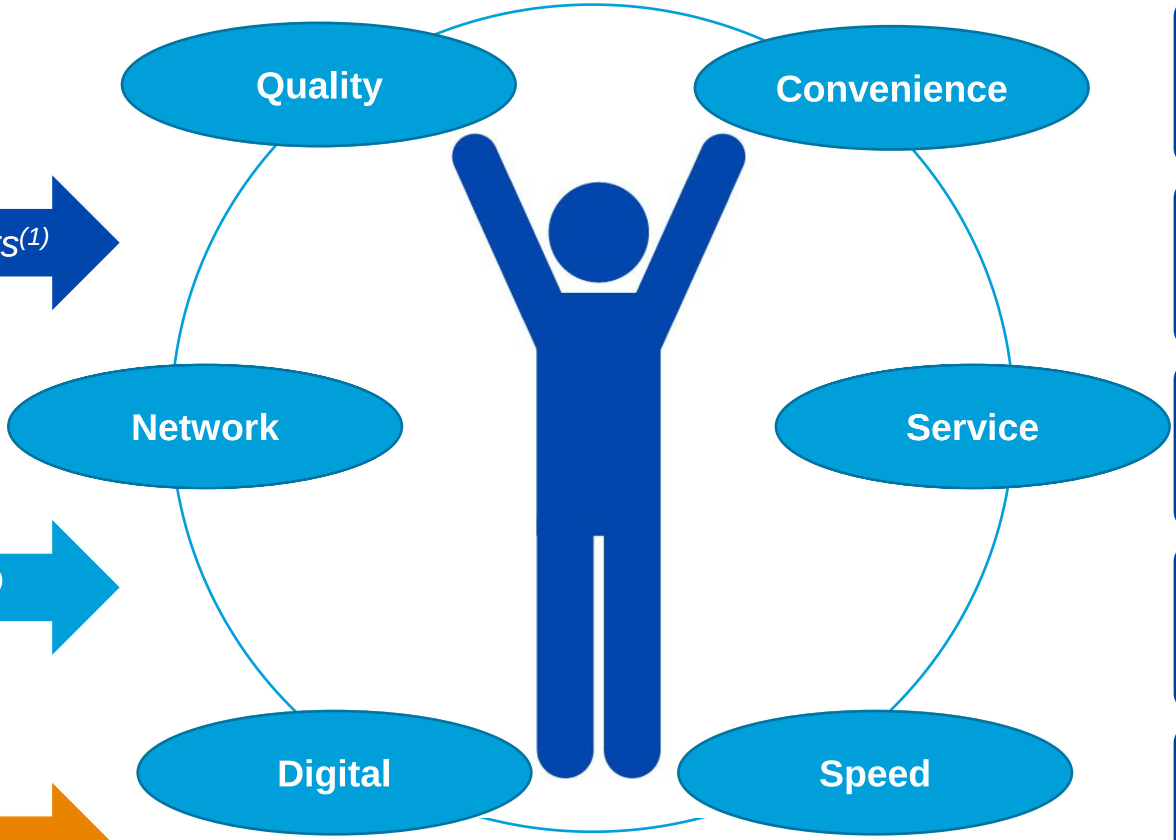
Channels Drive Large Customer Flows…

Corporate customers
~700,000 *Individual Customers*(1)

Private customers
~1,200,000 *Annual Visits*(2)

Public Sector customers
~350,000 end users (1)

…To Become Loyal Terveystalo Customers…



…To Whom Additional Services are Provided

- Family Packages
- Retiring OH Customers
- Dental
- Preventive care
- wellbeing

1) Number of end-users as of Dec 31, 2018 excluding Attendo Health care; 2) Terveystalo 2018 visits

2 Our service offering for public sector – tailored according to customer needs

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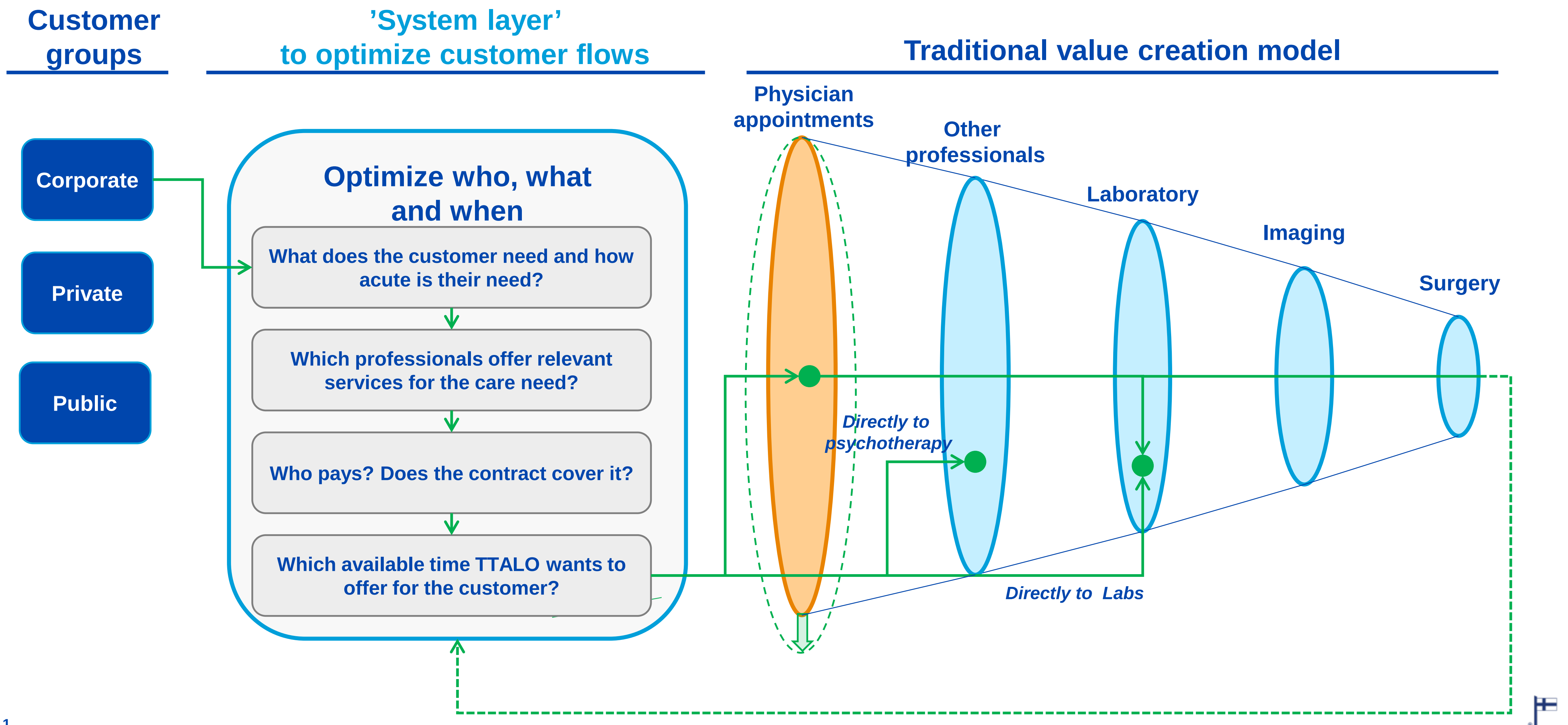
Resources ⟷ Expertise

Staffing	Service Sales	Public sector occupational health	Outsourcing	Specialty care outsourcing
				
• Personnel service • Mainly doctors and dentists • Growth area nurses	• Fee for service, including: appointments, diagnostics, imaging and hospital services customized for customers	• Service agreements, or outsourcing of public occupational healthcare units	• Provision of all of municipalities' healthcare and/or social care services	• Comprehensive, customized long-term outsourcing of secondary care services
Public facilities	*Own facilities*	*Own / Public facilities*	*Public facilities*	*Public facilities*
Examples	**Examples**	**Examples**	**Examples**	**Examples**
Almost all Finnish municipalities	Generalist/specialist appointments Screenings Imaging	Kirkkonummi Pori Ylöjärvi	Rantasalmi Kouvola Puolanka	Varkaus Iisalmi Eksote

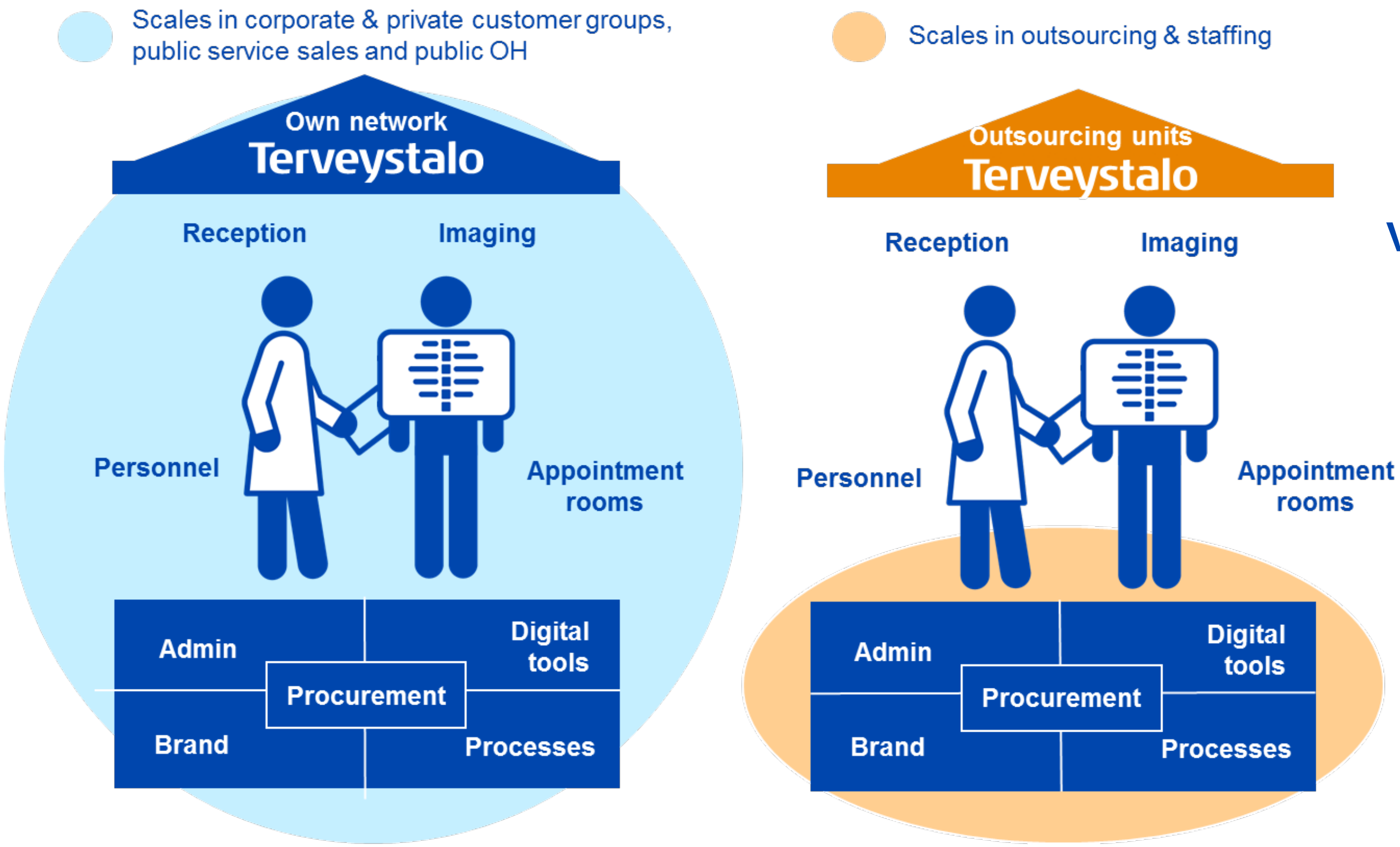
2

New solutions complement the traditional care chain and enable faster growth

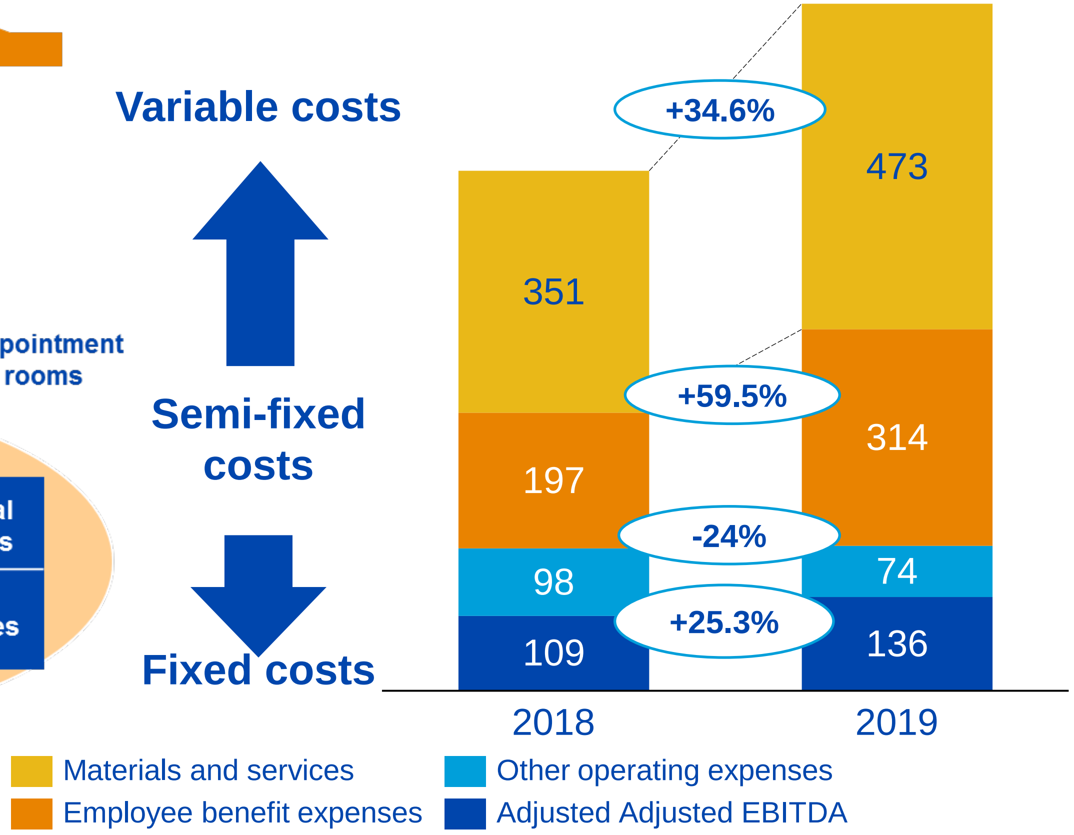


3

Extensive nationwide network offers scale benefits



Operating costs & Adjusted EBITDA before IFRS 16 impact, Mill. Eur.



4 Accelerating growth and creating value through M&A

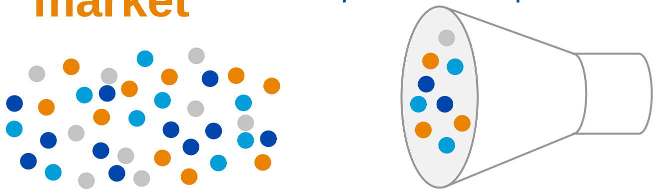
There are still opportunities for acquisitions in the market

Funnel Approach to Target Selection

Fragmented market

Several
potential acquisition targets

~200
Acquisitions



Consistently Over-Delivered on Synergies Resulting in Significant Value Creation

Projected cost synergies exceeded by 20% in healthcare acquisitions(1)

Target Categories

Healthcare Centers	Bolt-ons / dental, well-being	Care Chains, Adjacencies

Strong Track-Record in M&A Execution

Cost synergies significantly reduce pre-synergy acquisition multiples(2)

~11x EBITDA → **~5x** EBITDA

1) Comparing budgeted expected cost synergies with realized cost synergies for all healthcare acquisitions between Jan 2015-Mar 2017 (excluding Diacor and Porin LT) and the four largest acquisitions between 2011 and 2014 (excluding dental); 2) Median LTM acquisition multiples for all healthcare acquisitions between Jan 2015-Mar 2017 and the four largest acquisitions between 2011 and 2014 (excluding dental)

5 Satisfied customers and professionals

Appointments NPS 73%

Hospital services NPS 89%

88% of employees are satisfied with Terveystalo as a place of work

The most desired employer

Corporate responsibility is one of our strategic focus areas

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- The interest rate margin of our EUR 410 million financing agreement takes into account how we meet our targets for customer satisfaction, employee job satisfaction and wellbeing, and reduction in mixed waste:

KPI	Target in 2020	2019 act
NPS, appointments	74	72.5
eNPS	14	9
Mixed waste intensity (mixed waste [metric tons] relative to total revenue [100 million])	7.40	4.85

Corporate ESG Performance

Prime

RATED BY ISS ESG

WE SUPPORT UN GLOBAL COMPACT

FIBS

Terveystalo has an integrated platform with multiple avenues for growth

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- Extensive Network
- A Frontrunner in Digital Offering
- Large Loyal Customer Base
- Customer Oriented Strategy
- Preferred Employer
- Quality and Brand

Market Growth and Capturing Share

- Strong structural demand drivers
- Increasing share of private-provision
- Expanding addressable market due to technology

Aim to Increase Revenue per Customer

- Loyal customer base with frequent interaction
- Preventive care
- Expanding services to family members

Continued M&A in a Fragmented Market

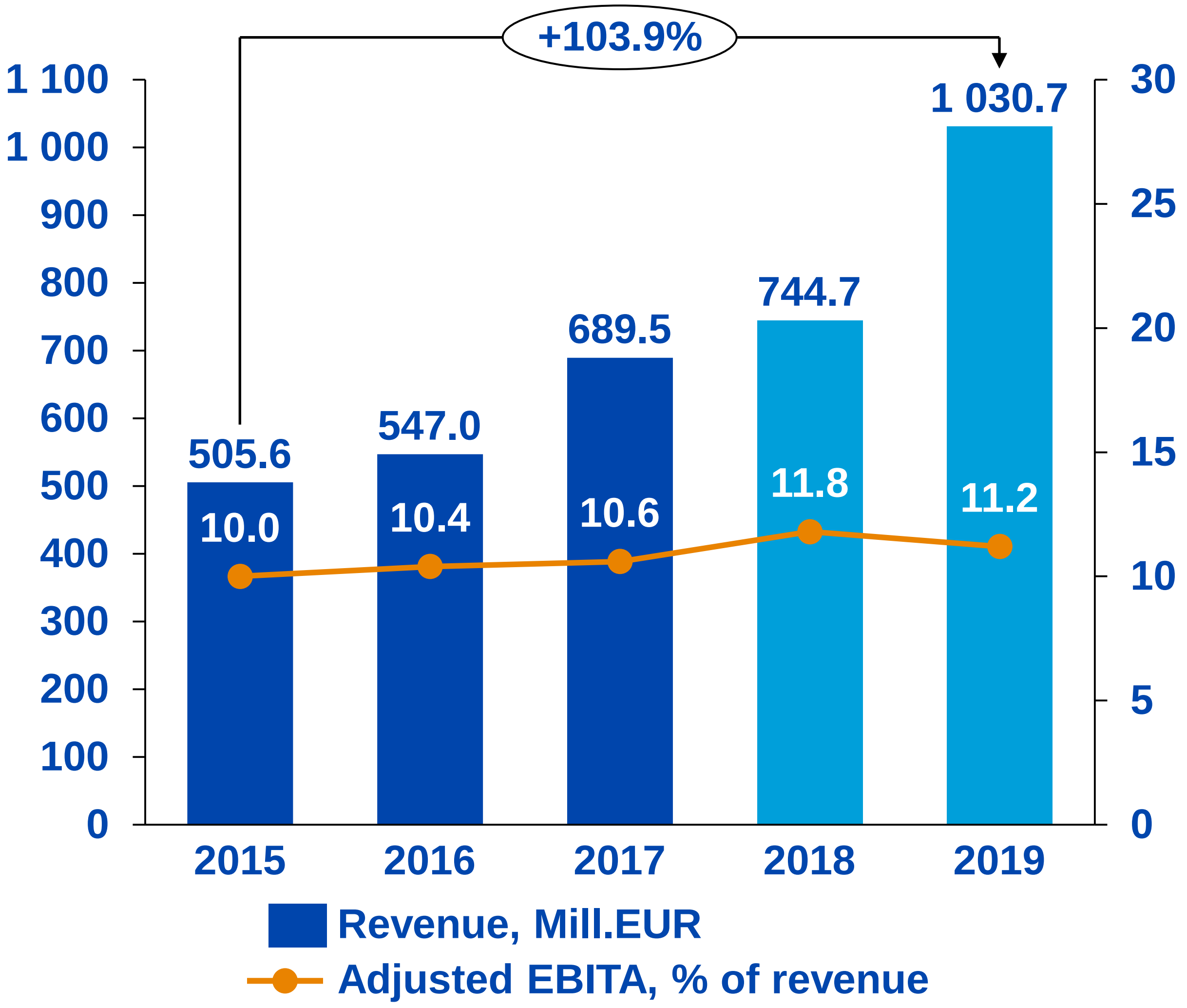
- Proven track record of sourcing, integration and synergy realisation

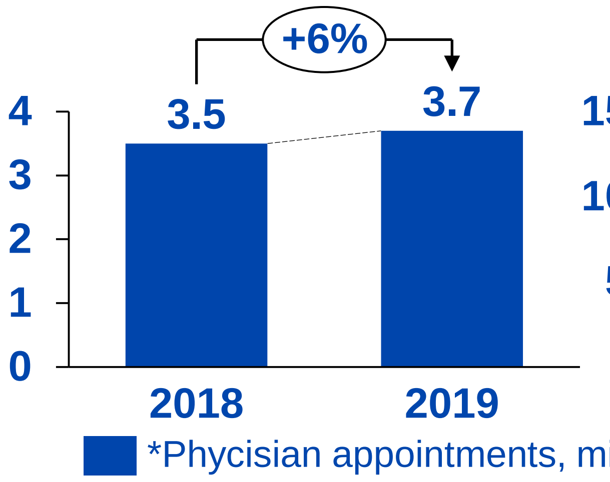
Market outlook

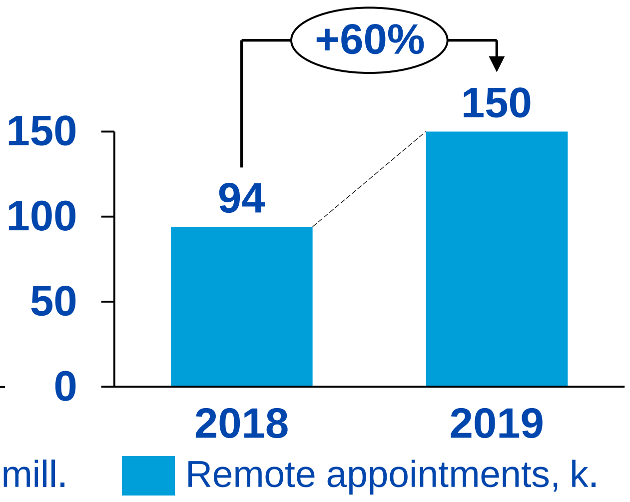
- The market environment remains favorable in spite of weakened consumer confidence.
- **Corporate customers** keep up a steady demand. Price competition is intensifying in certain customer groups in occupational health. At the same time, the relative share of preventive services is increasing, which is a trend that will be further strengthened by the change in legislation concerning Kela reimbursements at the beginning of 2020.
- **Private customer** demand also remains strong, and the trend of comprehensive well-being is creating broad growth in service demand. This is particularly reflected in growth in the demand for services other than physician appointments.
- **Public sector** demand remains strong in various service categories.

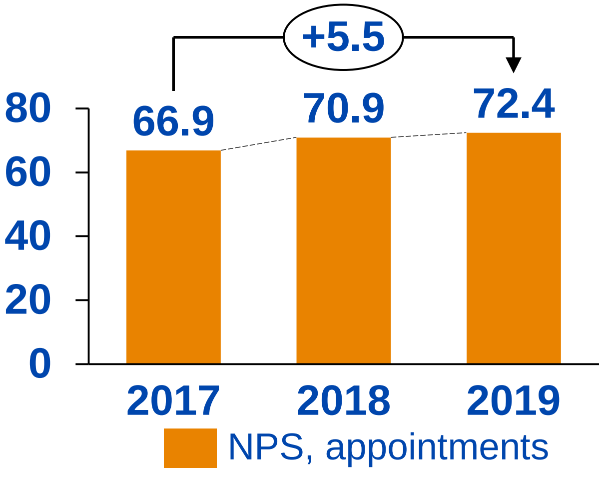
FINANCIAL PERFORMANCE

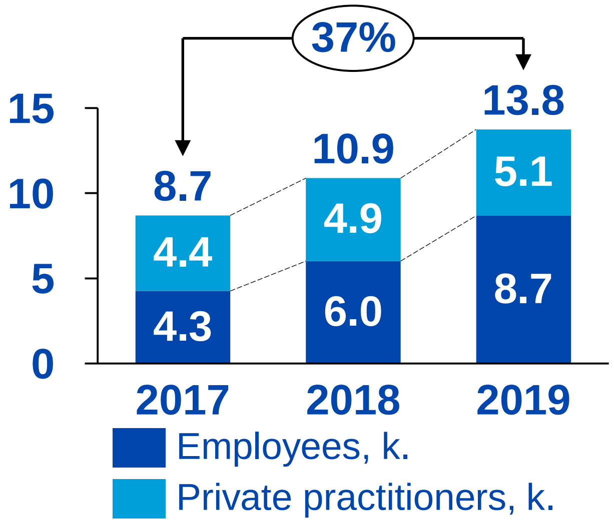
2019- A year of financial and operational excellence











*Number visits do not include public outsourcings, dental or Rela.

Increased scale, improvement in key corporate responsibility areas

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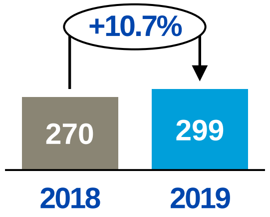
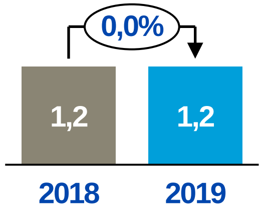
Operations

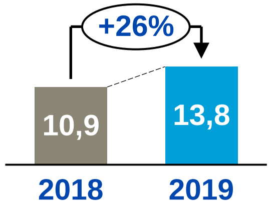
Units



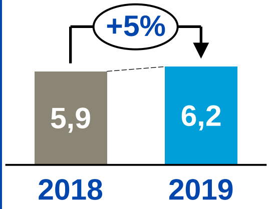
*Customers, mill.



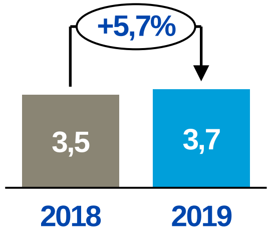
People working at TTALO, k.



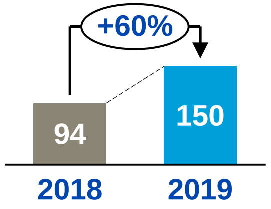
*Visits, mill.



*Visits to a physician, mill.



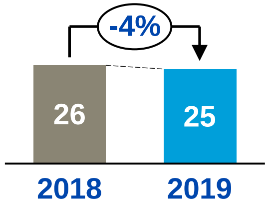
Remote appointments, k.



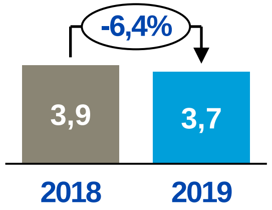
*Number of customers, and visits do not include public outsourcings, dental or Rela. Same boundary applies for people and environment KPIs

People

Accident occurrence rate



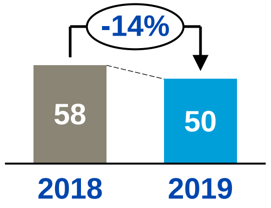
Sickness absence, %



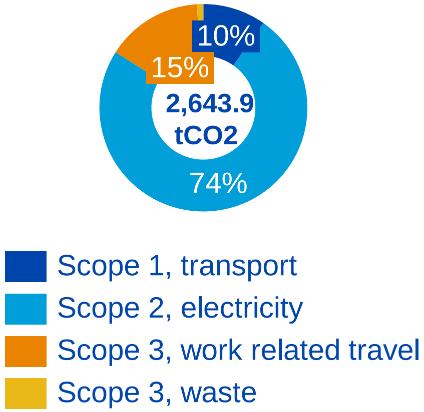
Accident occurrence refers to the ratio of accidents to hours worked. The ratio is calculated per million working hours. The national average is 39

Environment

Mixed waste, tonnes

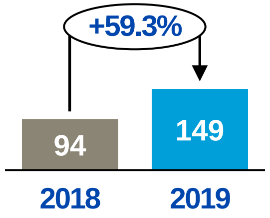


CO2 footprint

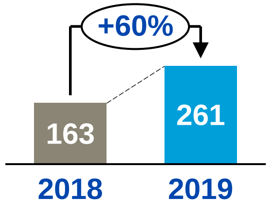


Economic

Tax footprint, mill.



Salaries and fees, mill.



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Q4 HIGHLIGHTS

- Broad scale growth across all customer groups
- New processes and digital solutions improved access to care
- Profitability (EBITA margin) remained at a strong level
- Strong cash flow from operating activities, investments in digitalisation continued to grow
- A dividend of EUR 0.26 (0.13 + 0.13) per share proposed

Q4: Strong organic growth and Attendo deal increased revenue significantly

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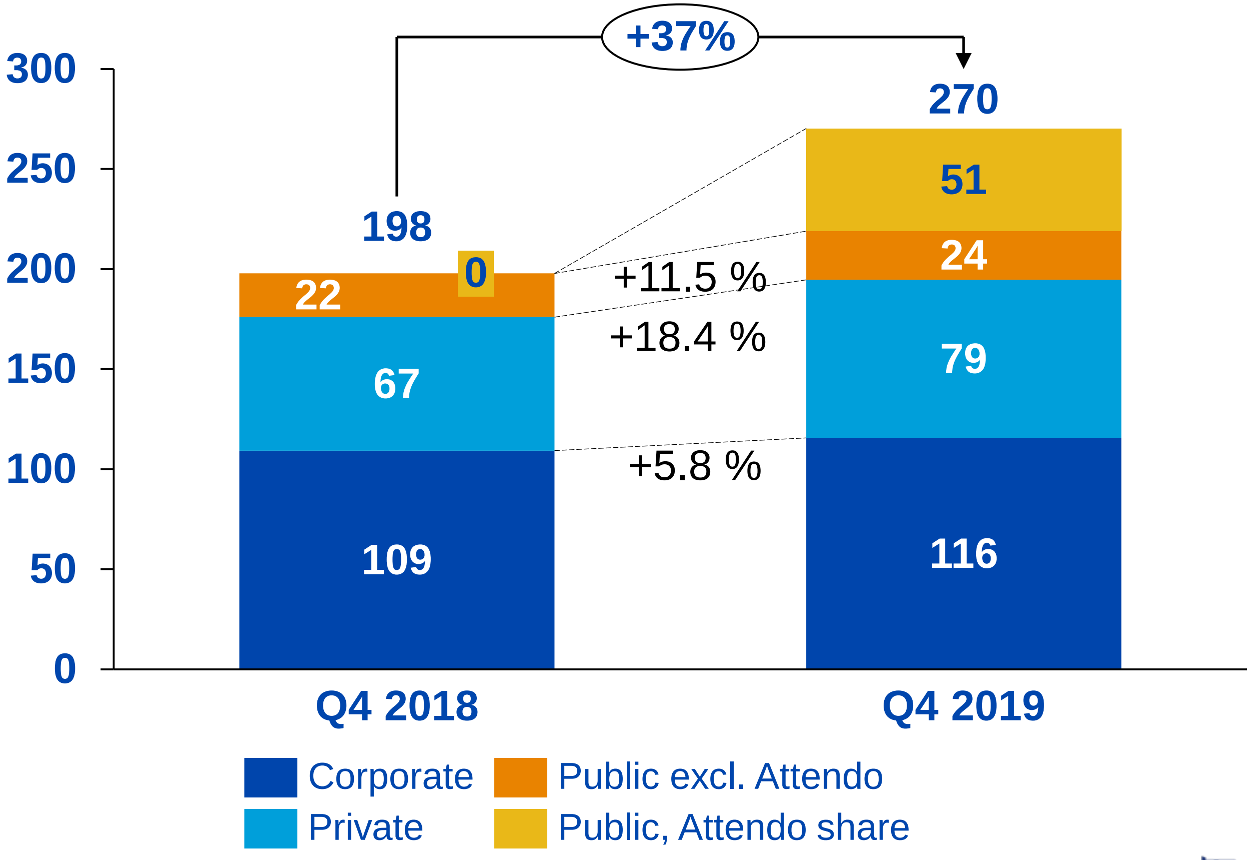
Strong growth in all customer groups

- In corporate customer group, strong growth continued in preventive occupational health services and well-being services. Mental well-being services and digital services increased significantly. Slight increase in illness-related appointments.
- Private customer group saw strong, broad based growth. In addition to well-being and digital services, the sales of diagnostics and surgical services grew as well.
- Public customer revenue more than tripled; In addition to the acquisition of Attendo Health Services, occupational health services grew significantly.
- There were 62 business days in October–December, same as in the reference period (62).

Q4 Revenue by payor group, M€



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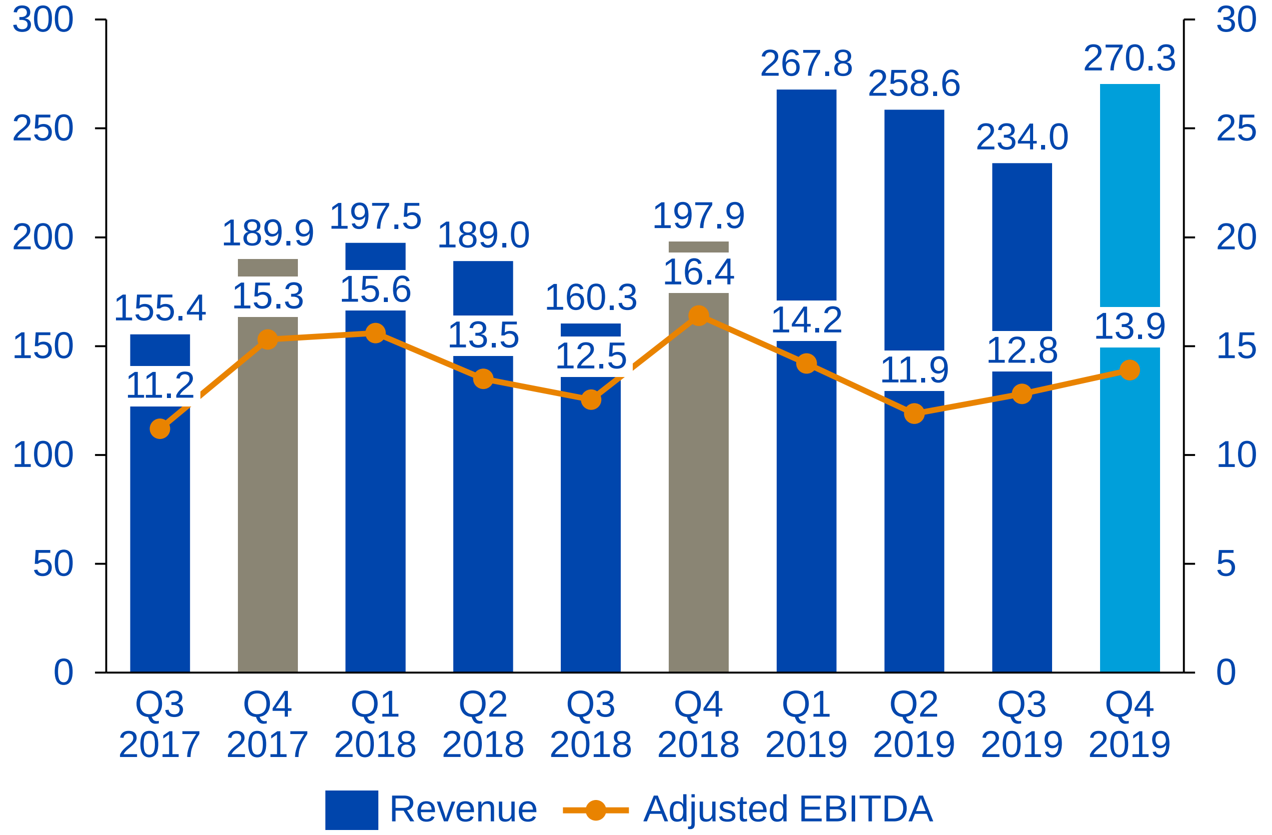
Q4: Strong profitability

- **Adjusted EBITA** before IFRS 16 impact **EUR 31.9 million** (27.1)
- **Adjusted EBITA %** before IFRS 16 impact **11.8 % of revenue** (13.7 %)
- **Profit for the period EUR 16.1 million** (10.1)

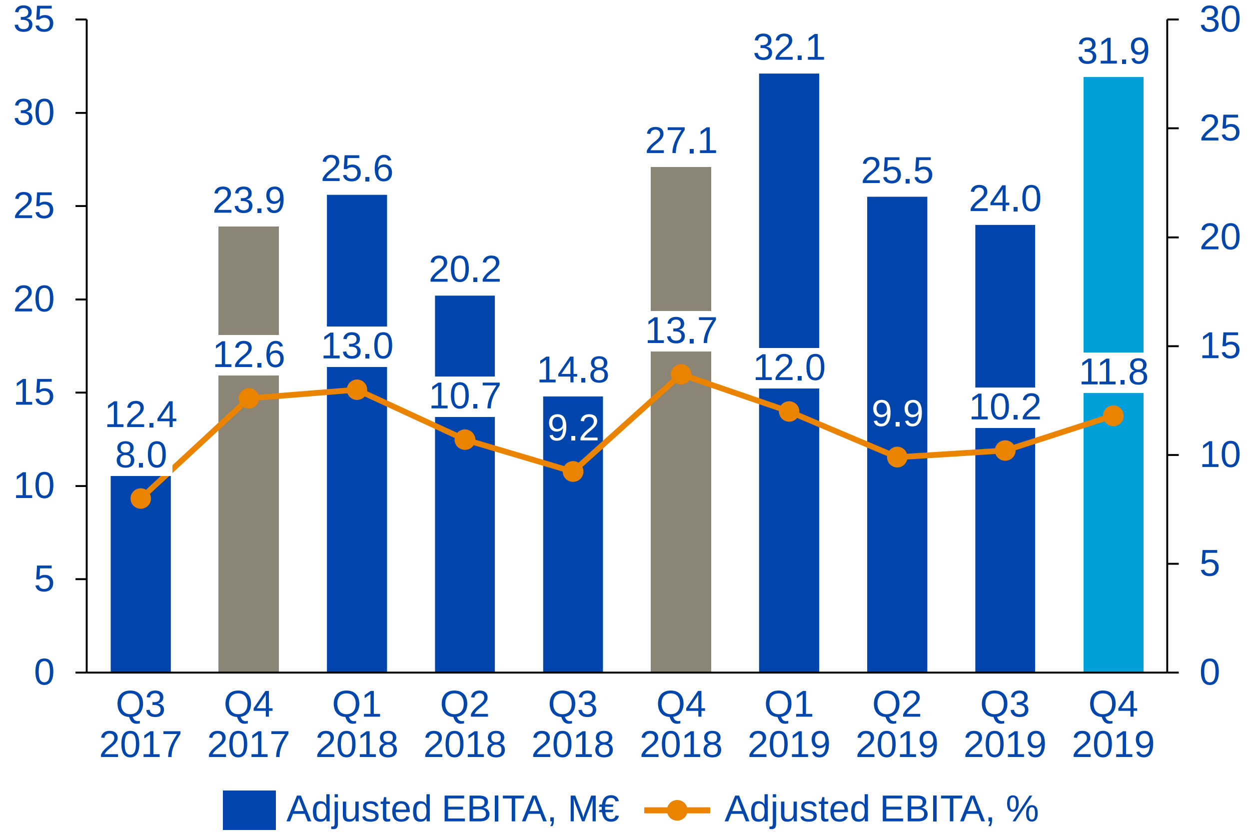
- The Board of Directors proposes that a dividend of EUR 0.13 per share be distributed and that the Board be authorized to resolve on the payment of additional EUR 0.13 dividend in the Autumn 2020, **EUR 0.26 (0.20) per share in total**.

Strong profitability despite the Attendo deal and increased investments in digitalization and IT

Revenue, Adjusted EBITDA*, %
Before IFRS 16 impact (comparable)



Adjusted EBITA*, M€ and %
Before IFRS 16 impact (comparable)



** Alternative performance measure*

Operating leverage still applies, the scale has changed post Attendo

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M€	10-12/2019	10-12/2018	Change, %	2019	2018	Change, %
Revenue	270.3	197.9	36.6	1,030.7	744.7	38.4
Other operating income	0.8	0.7	15.1	2.1	18.2	-88.4
Materials and services	-122.7	-93.5	31.2	-472.9	-351.3	34.6
Employee benefit expenses	-81.8	-50.9	60.8	-314.3	-197.1	59.5
Other operating expenses	-15.6	-16.6	-6.0	-58.4	-52.6	11.0
Rents, leases and premises *	-4.0	-10.9	-63.0	-16.0	-45.3	-64.7
EBITDA, comparable	46.8	26.6	76.2	171.2	116.6	46.9
Adjustments (**	1.0	5.9		5.1	-7.7	
Adjusted EBITDA, comparable	47.8	32.5	47.1	176.3	108.9	62.0
EBIT	23.8	16.1	47.9	81.4	75.4	7.9

Variable costs

Semi-fixed costs, scalable on a unit level

Fixed costs, scalable on a group level

** The presented number is not comparable, because the rent expenses have decreased by 39.9 million euro during 1-12/2019 and 10.2 million euro during 10-12/2019 due to implementation of IFRS 16.*

*** 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 including the IPO and other items affecting comparability.*

The impact of Attendo deal and the adoption of IFRS 16 is reflected in the balance sheet

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M€	31.12.2019	31.12.2018
ASSETS		
Property, plant and equipment	86.3	83.6
Right of use assets	176.4	-
Goodwill	779.2	768.7
Other intangible assets	161.9	167.7
Other assets	114.9	105.4
Cash and cash equivalents	40.6	36.9
TOTAL ASSETS	1 359.3	1 162.3
EQUITY AND LIABILITIES		
TOTAL EQUITY	541.2	511.8
Interest bearing liabilities	588.8	450.1
Other liabilities	229.2	200.4
TOTAL LIABILITIES	818.0	650.5
TOTAL EQUITY AND LIABILITIES	1 359.3	1 162.3

IFRS 16 impact 176.4 M€

IFRS 16 impact 178.7 M€

- Total assets of the Group amounted to EUR 1,359.3 (1,162.3) million. The growth was mainly attributable to the adoption of IFRS 16.
- Equity attributable to owners of the parent company totaled EUR 541.2 (511.7) million. The growth was mainly due to improved profitability.
- Adjusted net debt before IFRS 16 impact (comparable), amounted to EUR 369.5 (413.3) million. The effect of IFRS 16 on lease-related interest-bearing debt was EUR 178.7 million.
- Adjusted net debt/adjusted EBITDA before IFRS 16 impact was 2.7 (3.8).
  Adjusted net debt/adjusted EBITDA was 3.1, well below the updated financial target of 3.5.

Deleveraging the balance sheet continues, indebtedness well below the target

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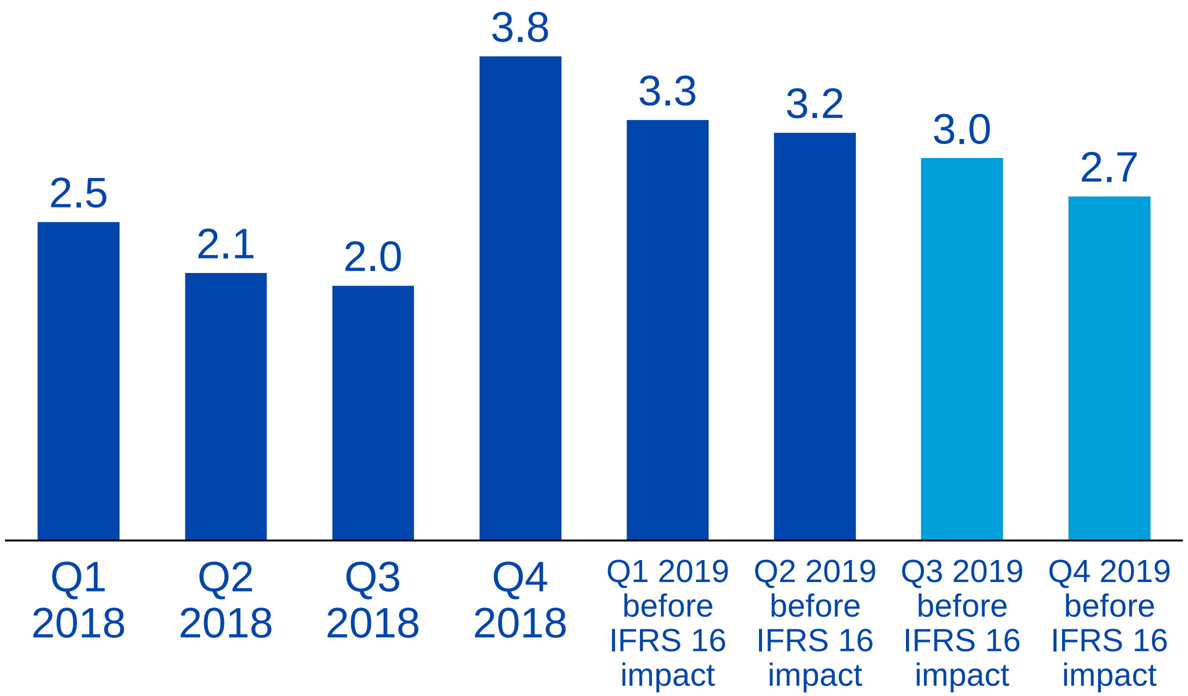
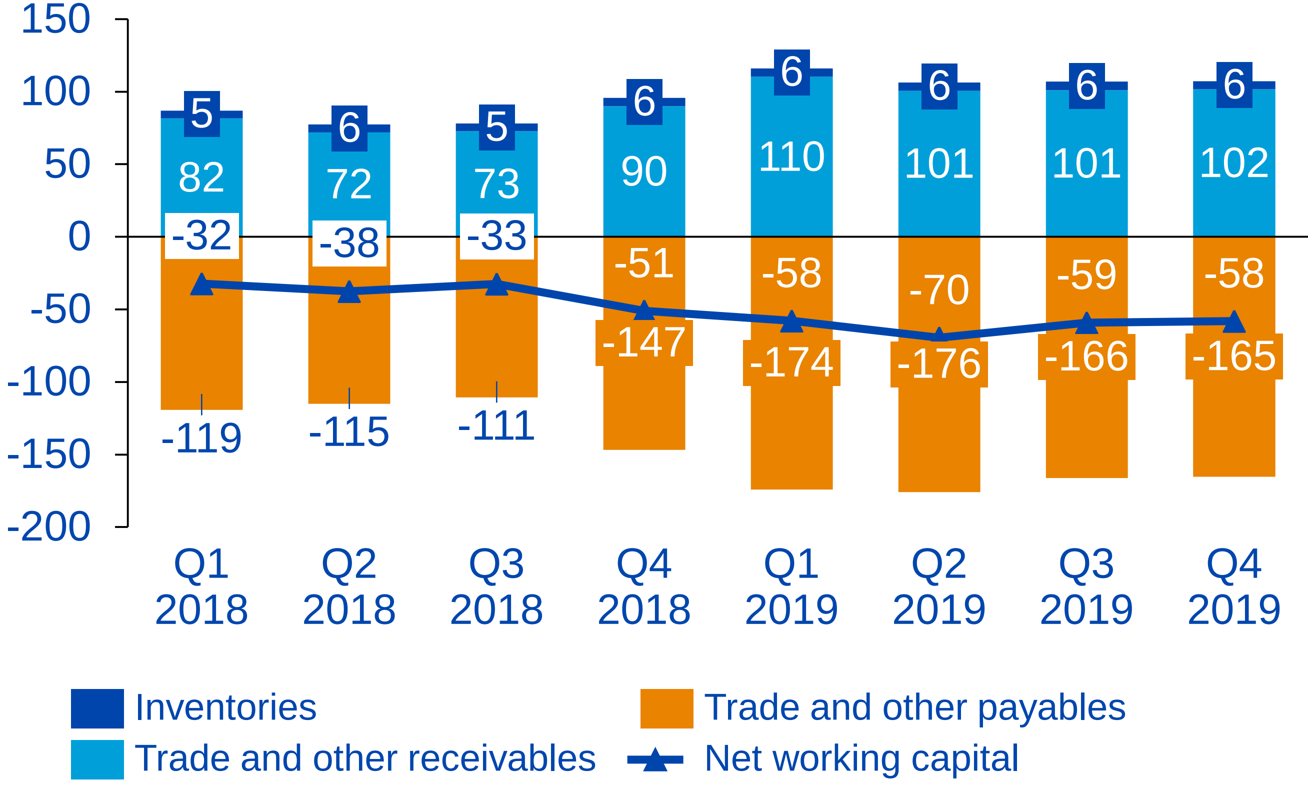
Net debt/adjusted EBITDA
(last 12 months)

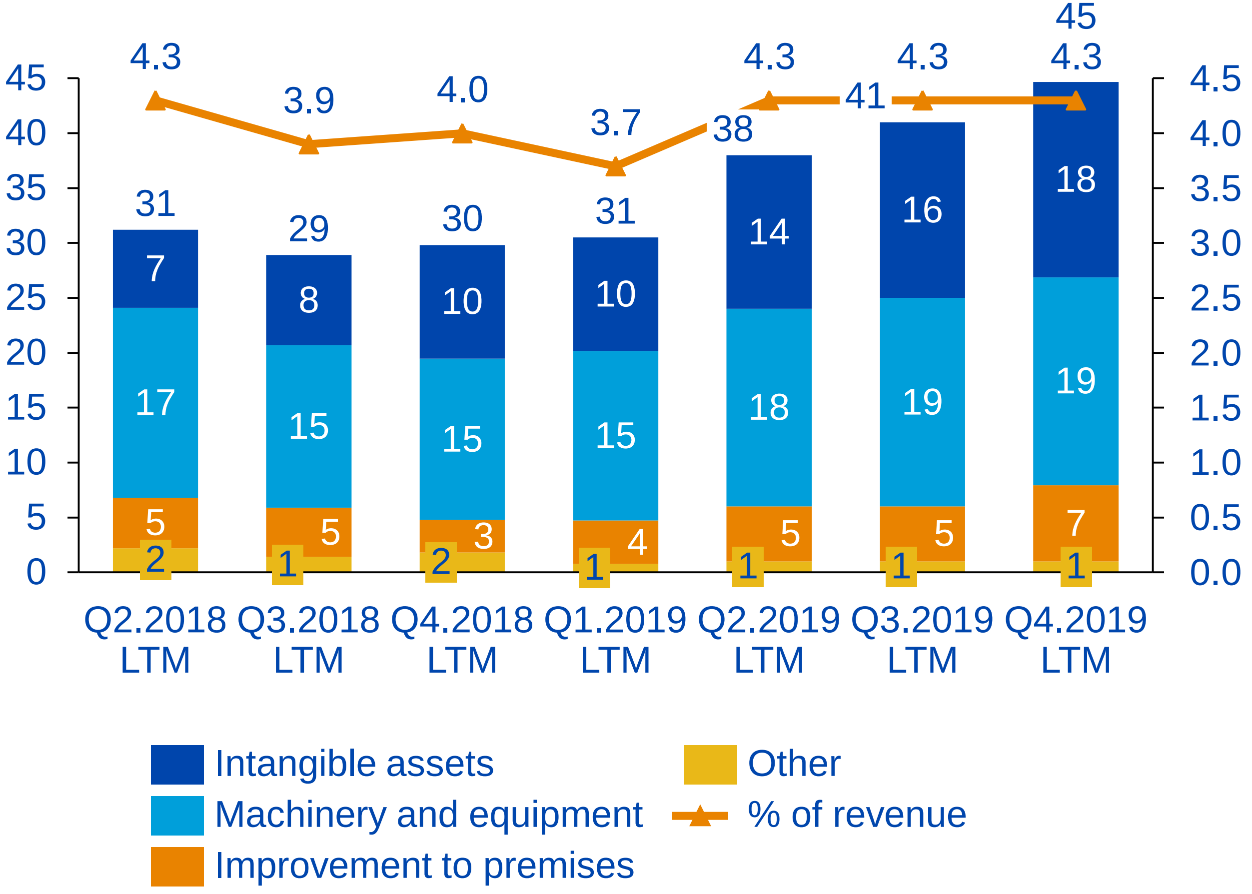


Operational efficiency is reflected in the negative net working capital

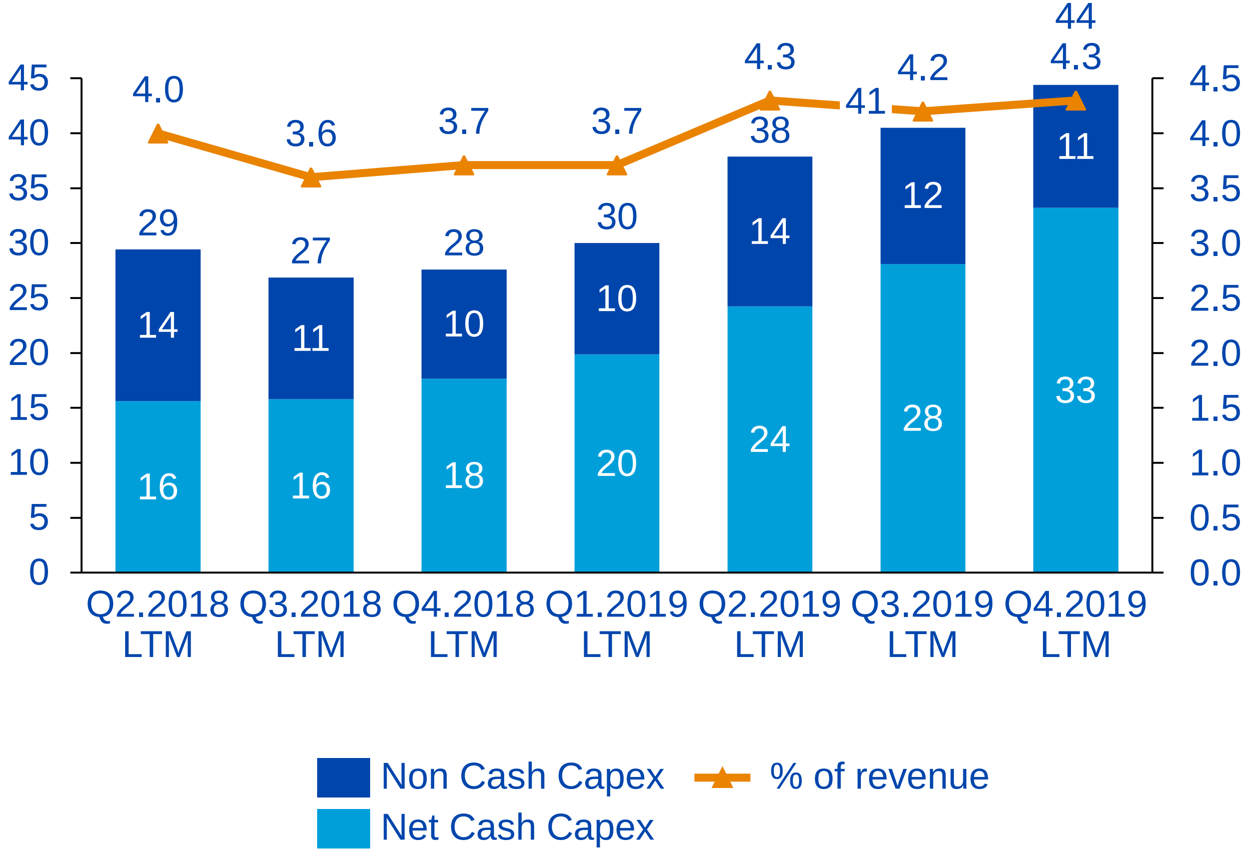


The share of intangible investments continue to grow (excluding M&A)

Gross capex, M€ and %- of revenue



Net capex, M€ and %- of revenue



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Key figures

EUR million	10-12/2019	10-12/2018	change, %	2019	2018	change, %
Revenue	270.3	197.9	36.6	1,030.7	744.7	38.4
Adjusted (EBITDA) * 1) 2)	47.8	32.5	47.1	176.3	108.9	62.0
Adjusted (EBITDA), % * 1) 2)	17.7	16.4	-	17.1	14.6	-
EBITDA 1) 2)	46.8	26.6	76.2	171.2	116.6	46.9
EBITDA, % 1) 2)	17.3	13.4	-	16.6	15.7	-
Adjusted earnings before interest, taxes and amortization (EBITA) * 1) 2)	32.3	27.1	19.2	115.1	87.7	31.2
Adjusted earnings before interest, taxes and amortization (EBITA), % * 1) 2)	12.0	13.7	-	11.2	11.8	-
EBIT 2)	23.8	16.1	47.9	81.4	75.4	7.9
Net profit 2) 3)	16.1	10.1	59.6	54.1	68.7	-21.3
Net debt 2)	-	-	-	548.2	413.3	32.7
Net debt/Adjusted EBITDA (last 12 months) * 1) 2)	-	-	-	3.1	3.8	-
Return on equity (ROE), % 1) 2)3)	-	-	-	10.3	14.2	-
Equity ration, % 1) 2)	-	-	-	39.9	44.1	-
Gearing, % 1) 2)	-	-	-	101.3	80.8	-
Earnings per share (€) 2) 3)	0.13	0.08	-	0.43	0.54	-
Operating cash flow 2)	49.5	38.6	28.2	173.6	100.6	72.5
Personnel (end of period)	-	-	-	8,685	6,018	44.3
Private practitioners (end of period)	-	-	-	5,068	4,877	3.9
Number of working day	62	62		251	251	

Before IFRS 16 impact (comparable), EUR million	10-12/2019	10-12/2018	change, %	2019	2018	change, %
Adjusted EBITDA * 1)	37.6	32.5	15.6	136.4	108.9	25.3
Adjusted EBITDA, % * 1)	13.9	16.4	-	13.2	14.6	-
Adjusted EBITA * 1)	31.9	27.1	17.5	113.4	87.7	29.3
Adjusted EBITA, % * 1)	11.8	13.7	-	11.0	11.8	-
Adjusted net debt * 1)	-	-	-	369.5	413.3	-10.6
Net debt/adjusted EBITDA (last 12 months) * 1)	-	-	-	2.7	3.8	-

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

1) Alternative performance measure. Additional information is provided in notes 13 and 14.
2) Not comparable because of the adoption of IFRS 16.
The adoption of IFRS 16 had a significant effect on adjusted EBITDA, which increased by EUR 10.2 million in October–December and by EUR 39.9 million in January–December. The impact of IFRS 16 on earnings before interest, taxes, and amortization (EBITA) was not material. Operating cash flow increased due to the impact of IFRS 16 by EUR 39.9 million in January–December. In addition, the adoption of IFRS 16 increased interest-bearing lease liabilities by EUR 178.7 million.
3) The net profit of the January–December reference period was improved by a non-recurring deferred tax asset of EUR 13.0 million related to confirmed losses and non-recurring capital gains, totaling EUR 15.9 million.