Terveystalo

STRONG GROWTH DRIVEN BY ATTENDO ACQUISITION AND GOOD UNDERLYING GROWTH

CEO Yrjö Närhinen

CFO Ilkka Laurila

Q2 HIGHLIGHTS

- Strong development in all customer groups
- Attendo Health care integration is proceeding as planned
- Strong revenue growth in preventive and well-being services continued, slight upward trend in illness-related appointments
- Remote appointments at an all time high, new solutions improve availability of services

Remote services improve access to care

- New Terveystalo Remote appointment app launched
- Chat-appointments at all time high in the summer
- Pre-bookable remote appointment as a new service improves access to care and helps in managing supply and demand, one solution to doctor shortage

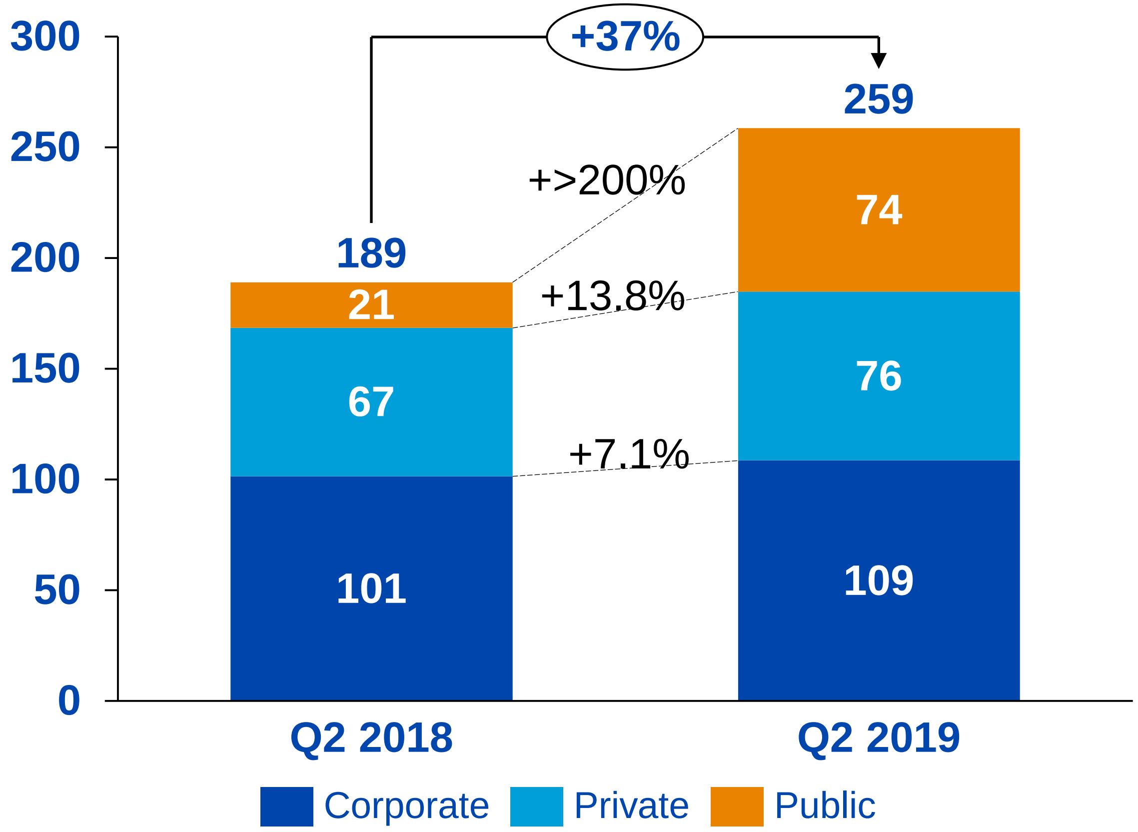
Q2: Attendo deal and solid organic growth increased revenue significantly

Terveystalo

Strong growth in all customer groups

- Corporate: Preventive and wellbeing services, particularly wellbeing and digital services, are on the rise, slight upward trend in illness-related appointments.
- In addition to acquisitions, private customer revenue was boosted by strong demand for oral health, well-being services and digital services.
- Public customer revenue more than tripled; In addition to the acquisition of Attendo Health Services, occupational health services grew significantly, steady growth in other service sales and outsourcing.
- Q2 had one business day less, which had a negative effect on revenue.

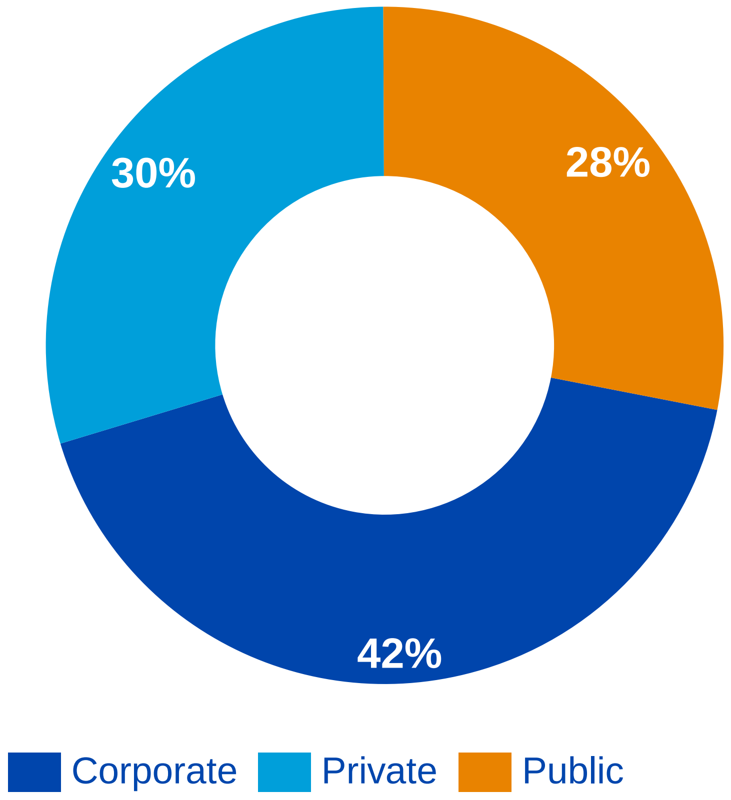
Q2 Revenue by payor group, %



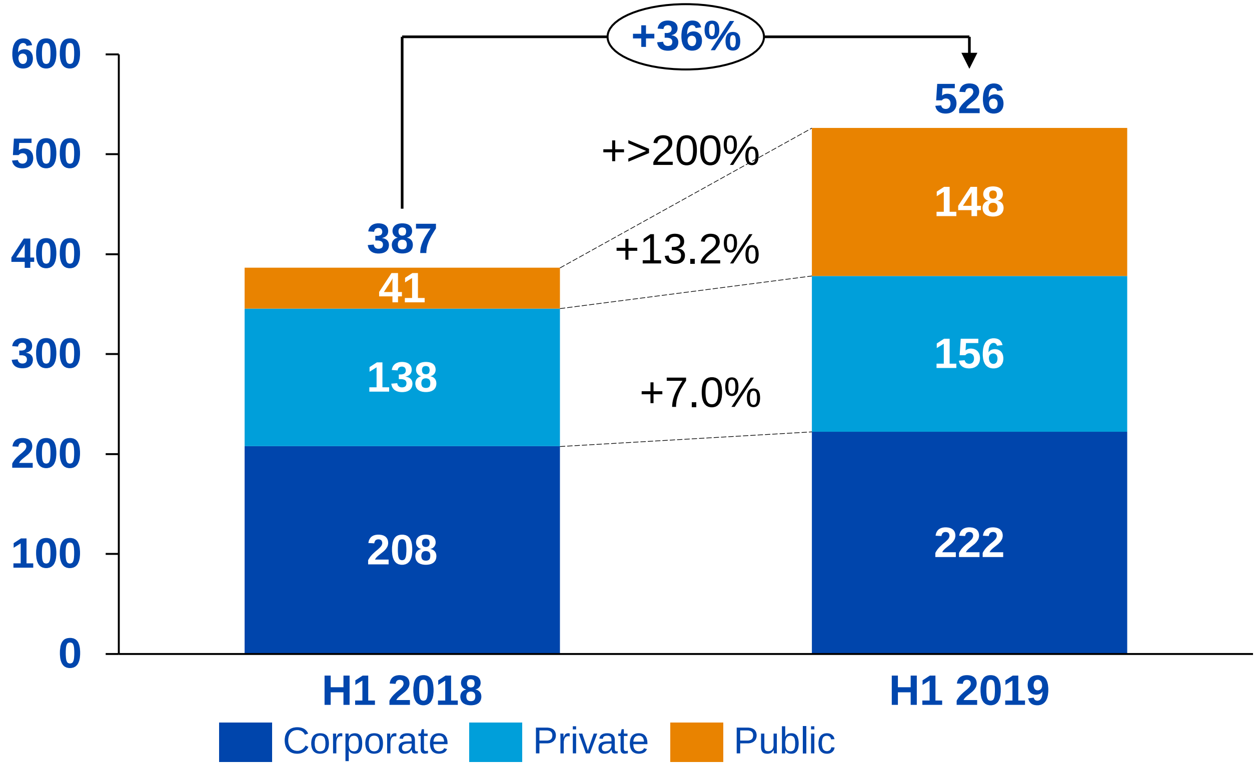
H1: Solid growth in all customer groups

Terveystalo

H1 Revenue by payor group, %



H1 Revenue by payor group, M€

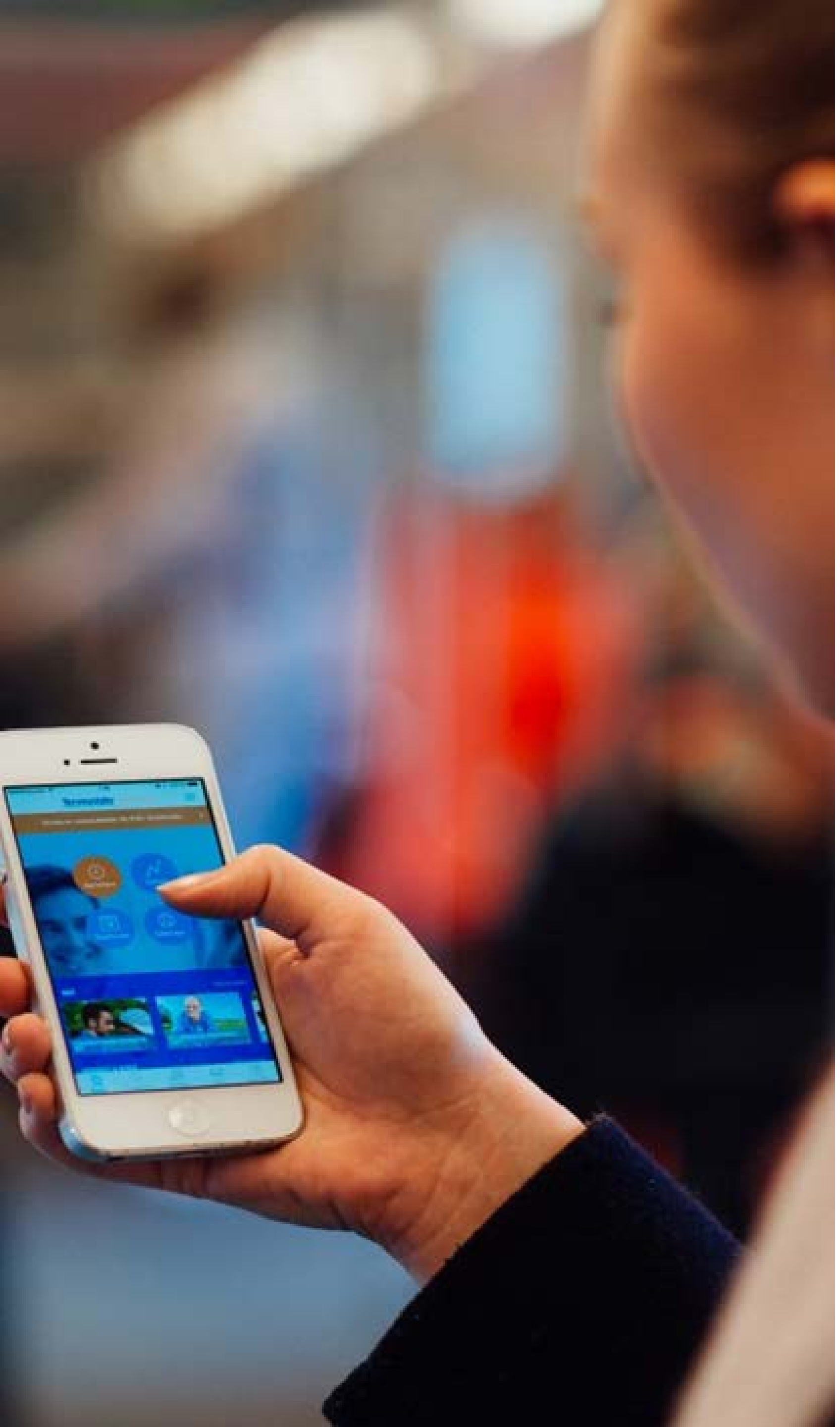


Terveystalo

Q2: Strong profitability

- Relative profitability was negatively impacted by change in sales mix, lower margin of Attendo business, negative working day impact and positive one offs in the comparison period
- **Adjusted EBITA**
  EUR 25.9 million (20.2)
- **Adjusted EBITA %**
  10% of revenue (10.7%)
- **Profit for the period***
  EUR 10.4 million (15.4)

*Figures for the reference period were impacted by the non-recurring capital gains totaling EUR 7.8 million



Terveystalo

Market review

- There were no material changes in the healthcare market during the reporting period.
- Strong demand for Terveystalo’s services among the corporate and private customer groups continued.
- It is estimated that the Government’s new health care policies will reduce the number of full outsourcings of health care services in the public sector but, on the other hand, the demand for various types of partial outsourcings and health care staffing services is expected to grow. The use of service voucher is also expected to increase.
- However, the impact is expected to be low in 2019 because of the long duration of the procurement processes.

Market outlook

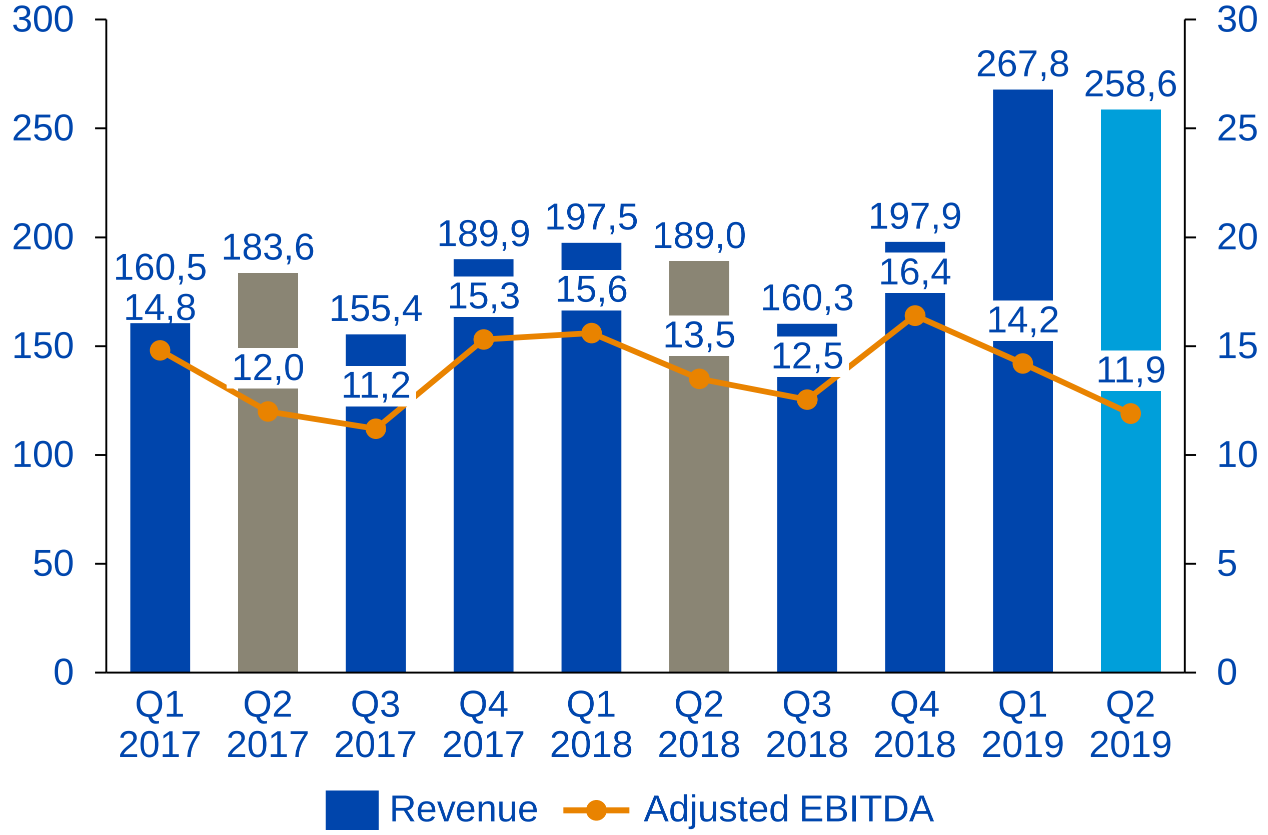
- Market environment remains positive despite weakened consumer confidence.
- With the healthcare and social welfare reform still being delayed, demand in the public sector is expected to grow.
- Corporate customers keep up a steady demand, and the relative share of preventive services is increasing.
- Private customer demand also remains at a steady level but new capacity that entered the market at beginning of 2018 still has a negative impact on Terveystalo’s revenue growth. This capacity growth has reached its peak, however.
- These views are based on the expected market development within the next six months, compared to the last six months.

FINANCIAL PERFORMANCE

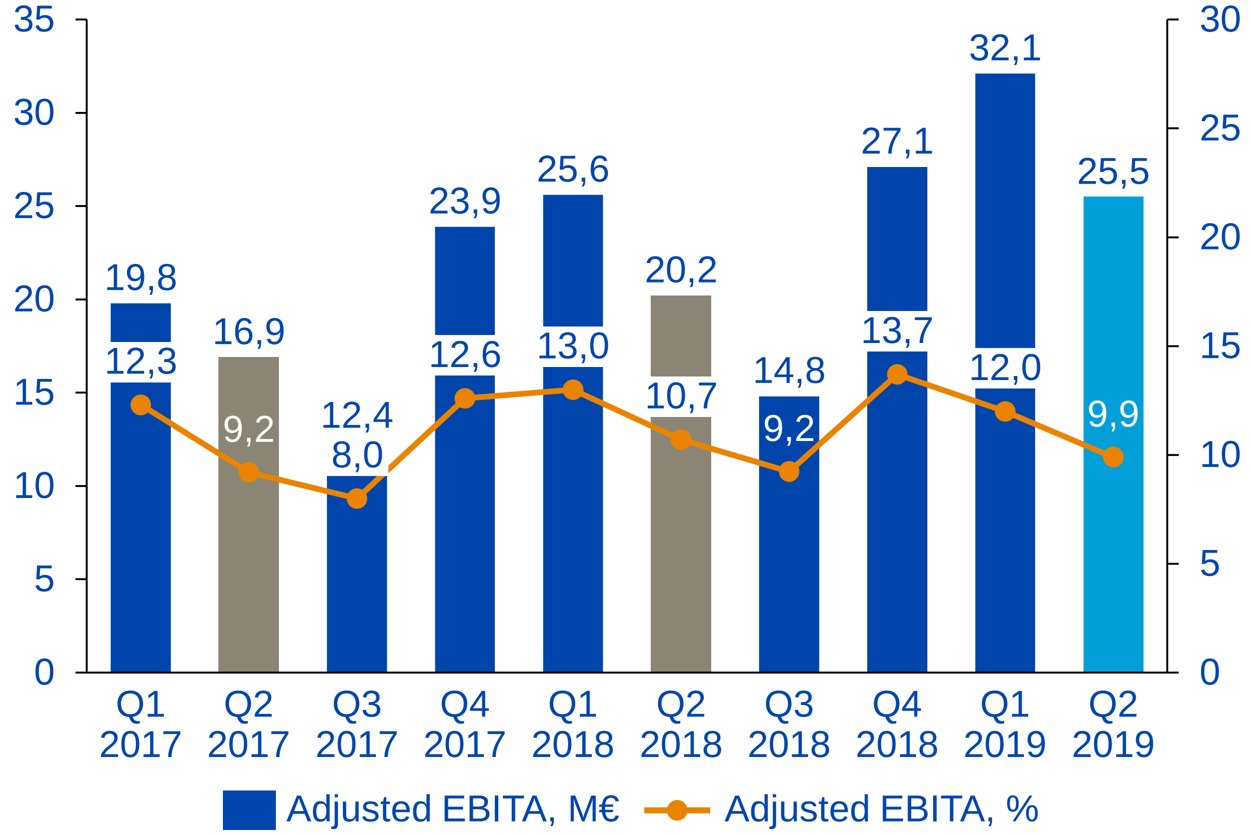
CFO Ilkka Laurila

Strong profitability despite the impact of Attendo

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



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



** Vaihtoehtoinen tunnusluku*

Operating leverage still applies, the scale has changed post Attendo

Terveystalo

M€	4-6/2019	4-6/2018	Change, %	1-6/2019	1-6/2018	Change, %	2018
Revenue	**258.6**	**189.0**	**36.8**	**526.4**	**386.5**	**36.2**	744.7
Other operating income	0.4	8.3	-95.7	0.7	8.7	-91.6	18.2
Materials and services	-119.2	-88.6	34.5	-242.9	-181.7	33.7	-351.3
Employee benefit expenses	-81.4	-51.6	57.5	-161.7	-102.5	57.7	-197.1
Other operating expenses	-15.6	-12.7	22.7	-28.9	-25.5	13.5	-52.6
Rents, leases and premises*	-4.0	-11.9	-66.0	-7.8	-23.0	-66.3	-45.3
EBITDA, comparable	28.7	32.3	-11.1	66.0	62.5	5.7	116.6
Adjustments*	2.2	-6.8		2.9	-6.2		-7.7
Adjusted EBITDA, comparable	30.9	25.5	21.3	68.9	56.3	22.5	108.9
EBIT	16.7	22.1	-24.5	41.6	42.0	-1.1	75.4

Variable costs

Semi-fixed costs, scalable on a unit level

Fixed costs, scalable on a group level

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

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

Terveystalo

m€	30.6.2019	30.6.2018	31.12.2018
ASSETS			
Property, plant and equipment	87.2	82.1	83.6
Goodwill	775.0	584.0	768.7
Other intangible assets	162.1	103.7	167.7
Other assets	294.4	92.3	105.4
Cash and cash equivalents	42.6	71.5	36.9
TOTAL ASSETS	1,361.3	933.6	1,162.3
EQUITY AND LIABILITIES			
TOTAL EQUITY	514.4	493.1	511.8
Interest bearing liabilities	615.5	289.6	450.1
Other liabilities	231.4	151.0	200.4
TOTAL LIABILITIES	846.9	440,6	650.5
TOTAL EQUITY AND LIABILITIES	1,361.3	933.6	1,162.3

IFRS 16 impact 179.9 M€

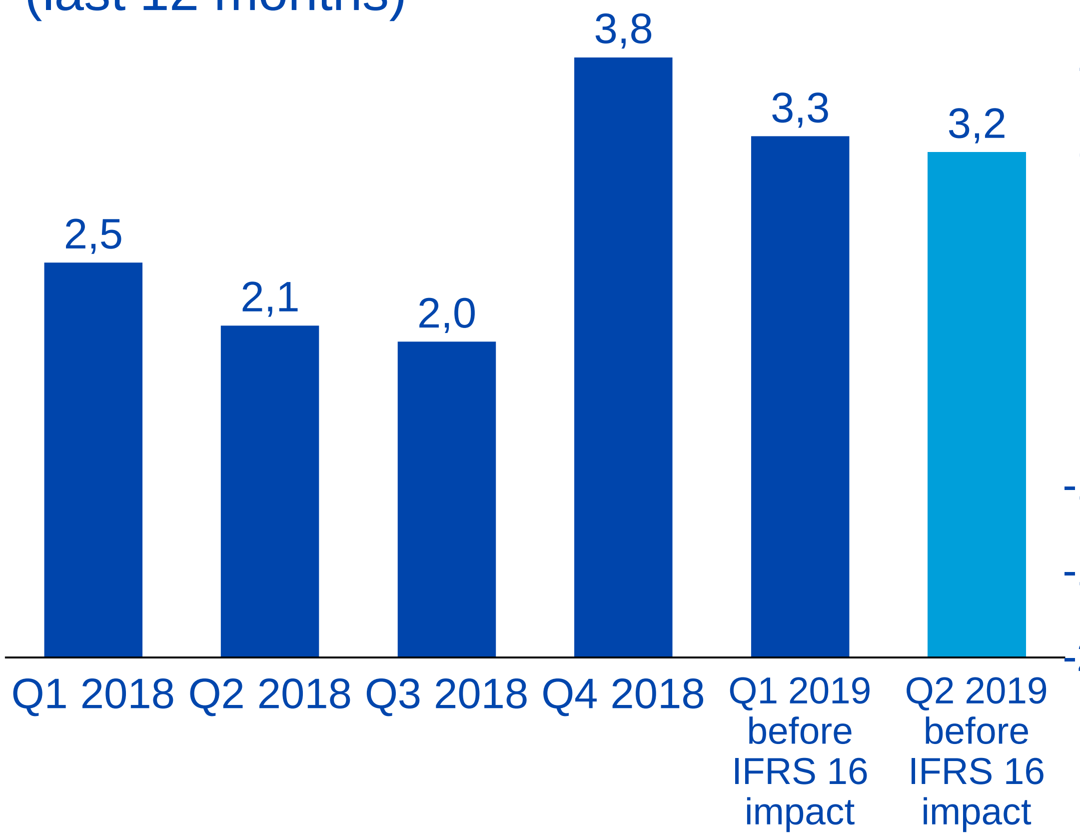
IFRS 16 impact 181.4 M€

- Total assets of the Group amounted to EUR 1,361.3 million (EUR 933.6 million). The growth was mainly attributable to the allocation of the purchase price to intangible assets in connection with the Attendo acquisition, the goodwill generated by the acquisition, and the adoption of IFRS 16.
- Equity attributable to owners of the parent company totaled EUR 514.3 (492.9) million. The growth was mainly due to improved profitability.
- Gearing at the end of the review period was 111.4 (44.2) percent, and net interest-bearing debt amounted to EUR 572.9 (218.0) million. The effect of IFRS 16 on lease-related interest-bearing debt was EUR 181.4 million.
- .

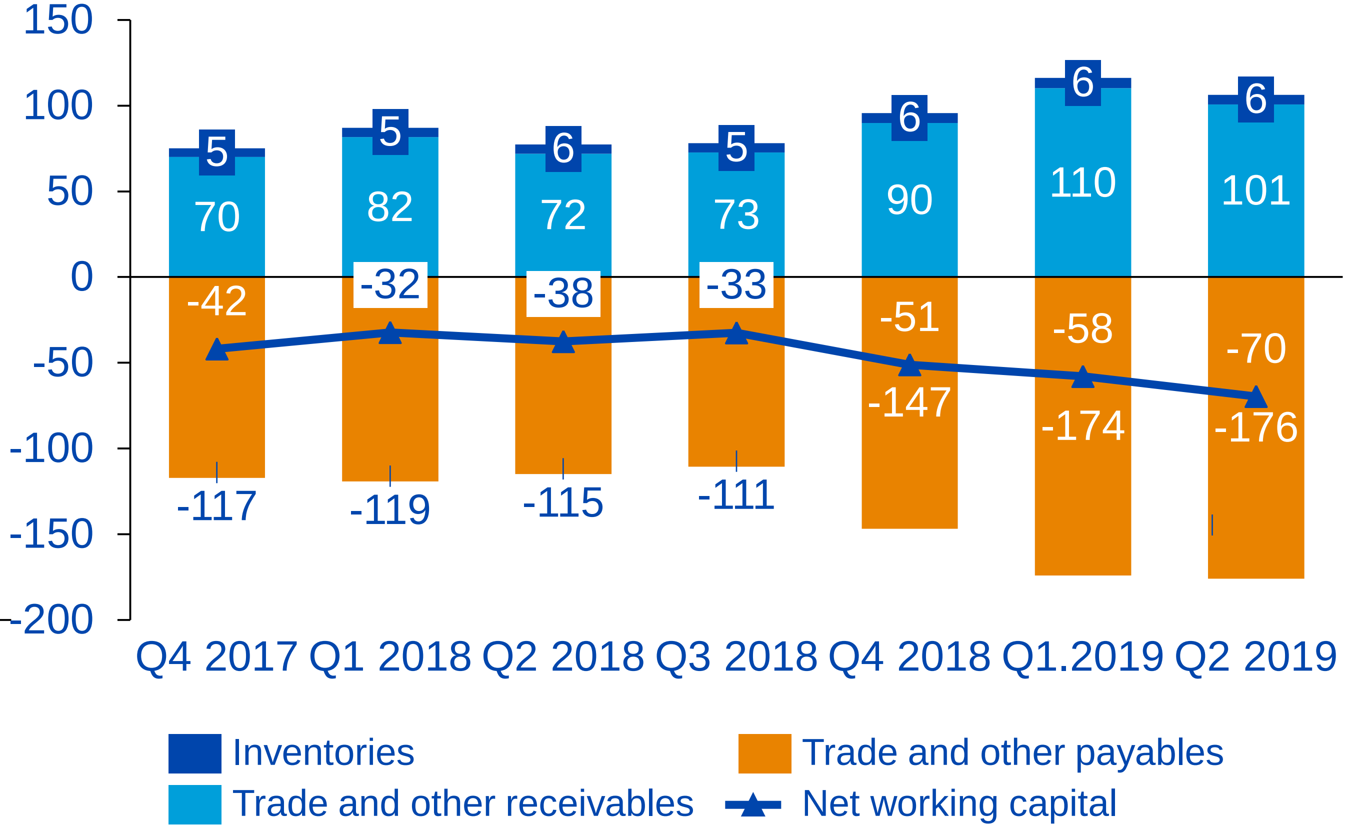
The financing of the Attendo deal and the adoption of IFRS 16 increased net debt

Terveystalo

Net debt/ adjusted EBITDA
(last 12 months)



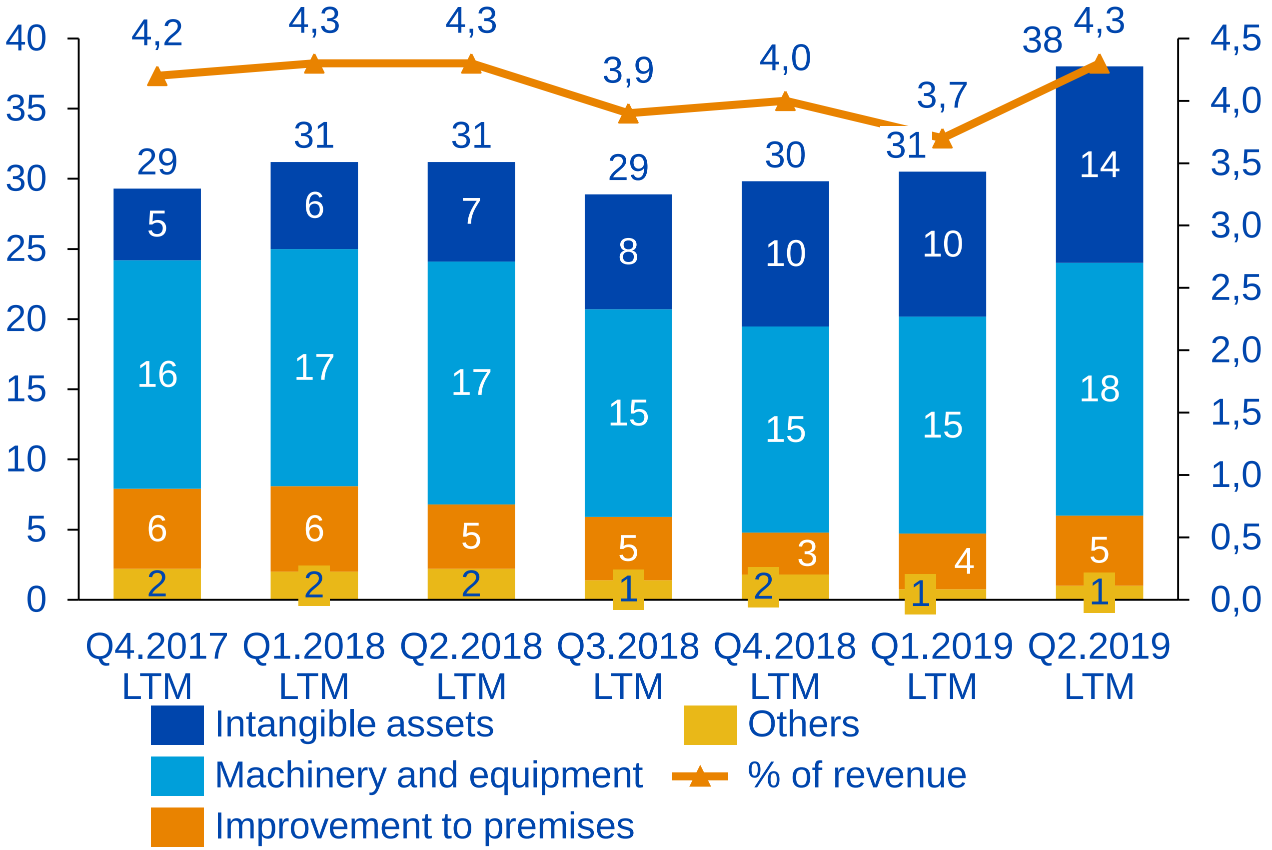
Operational efficiency is reflected in the negative net working capital



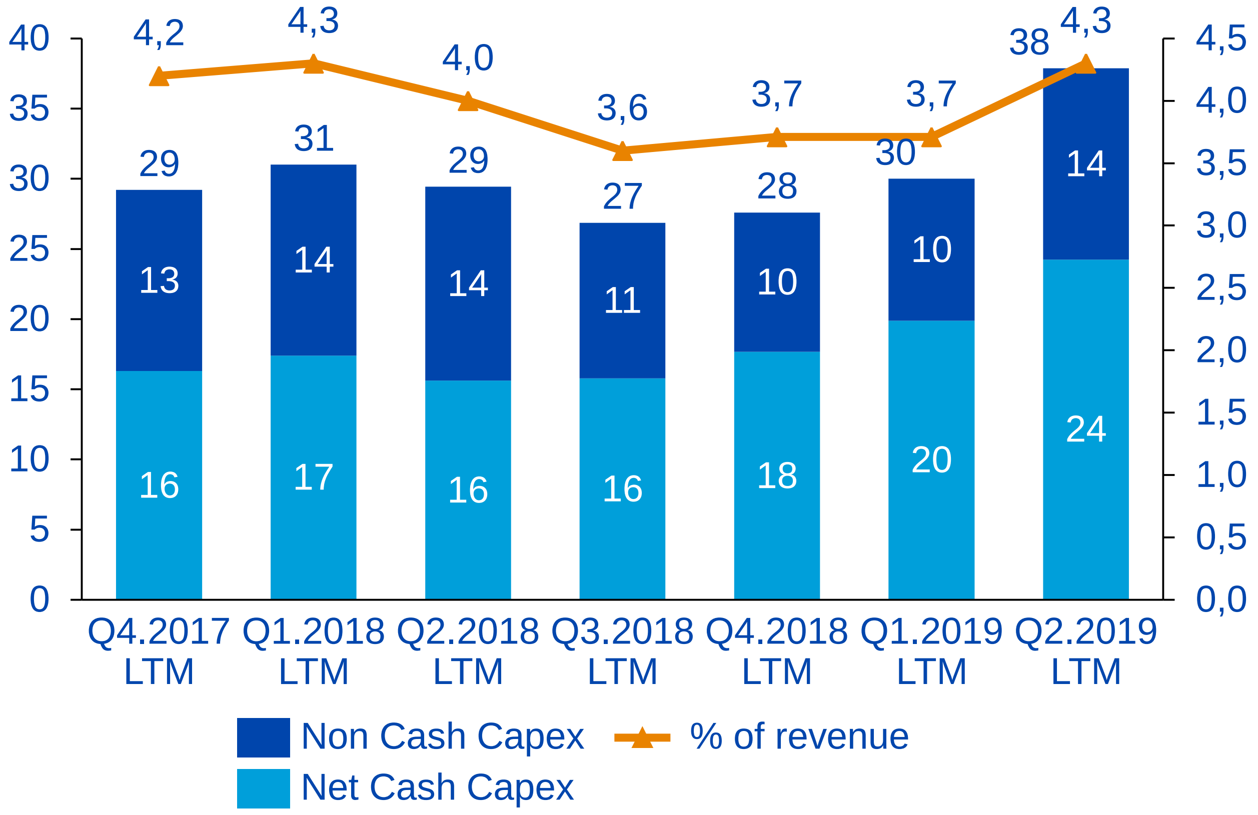
  8.8.2019

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

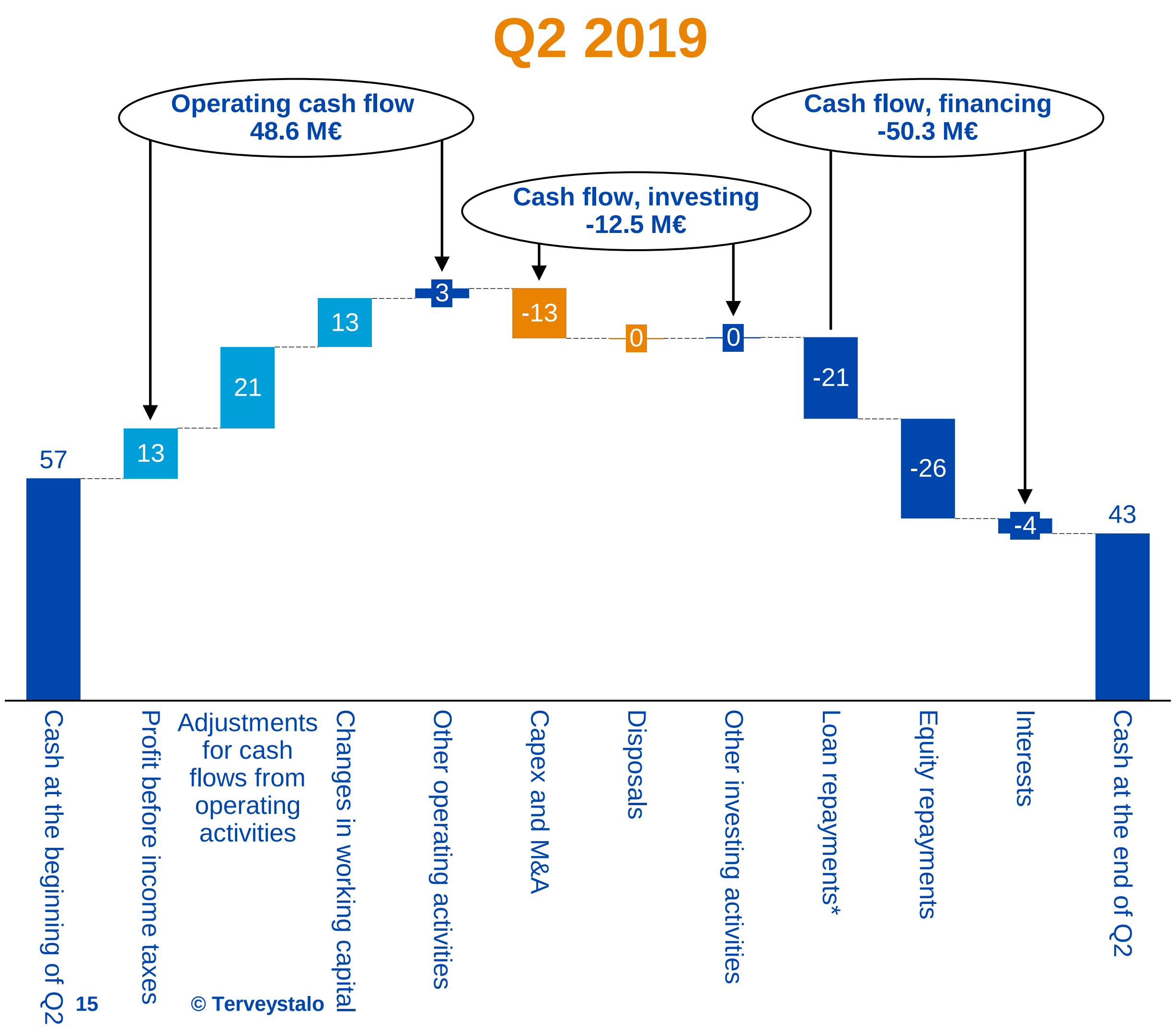
Gross capex, M€ and %- of revenue

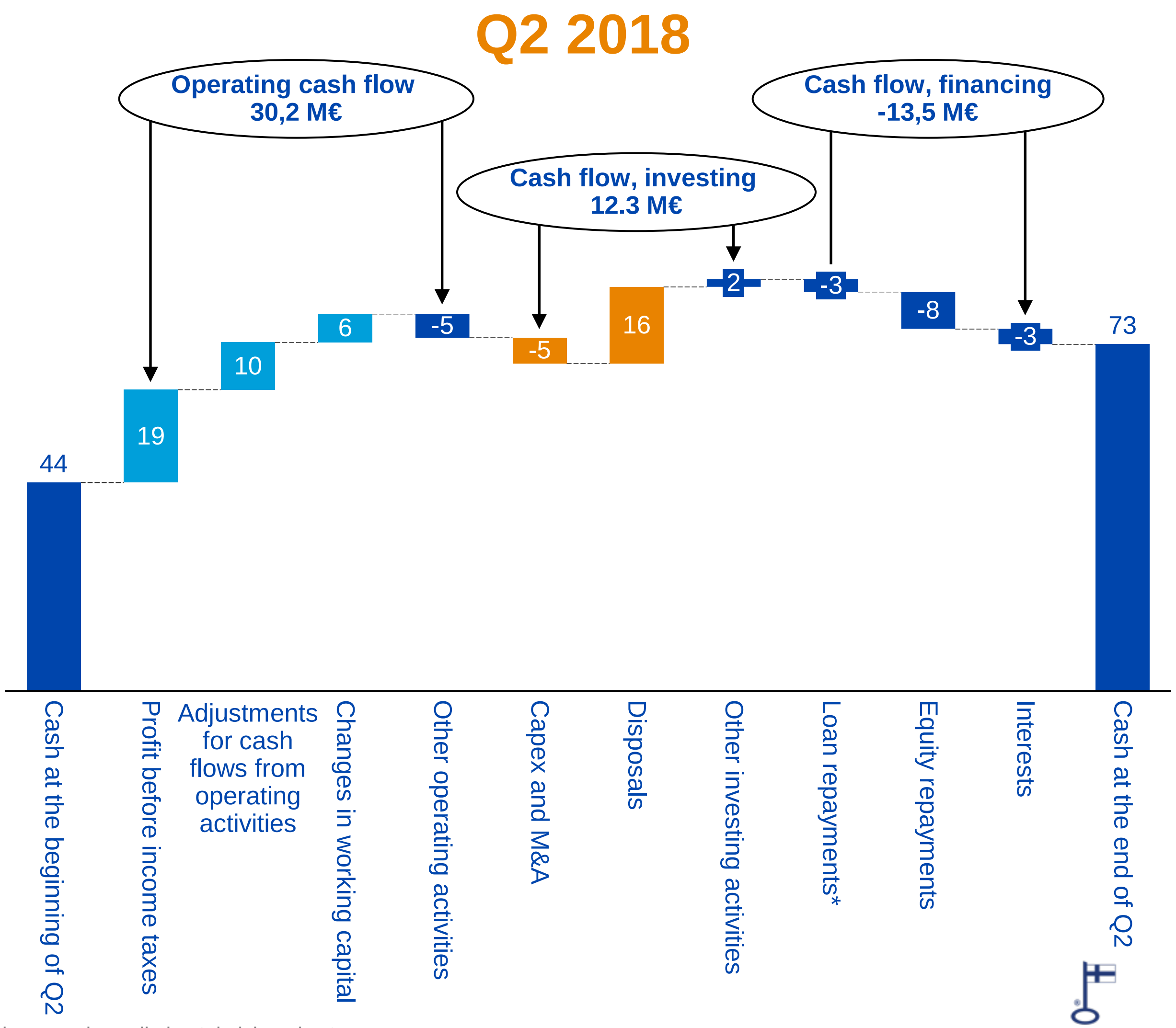


Net capex, M€ and %- of revenue



Strong operating cash flow, IFRS 16 visible in the operating cash flow and cash flow from investing activities



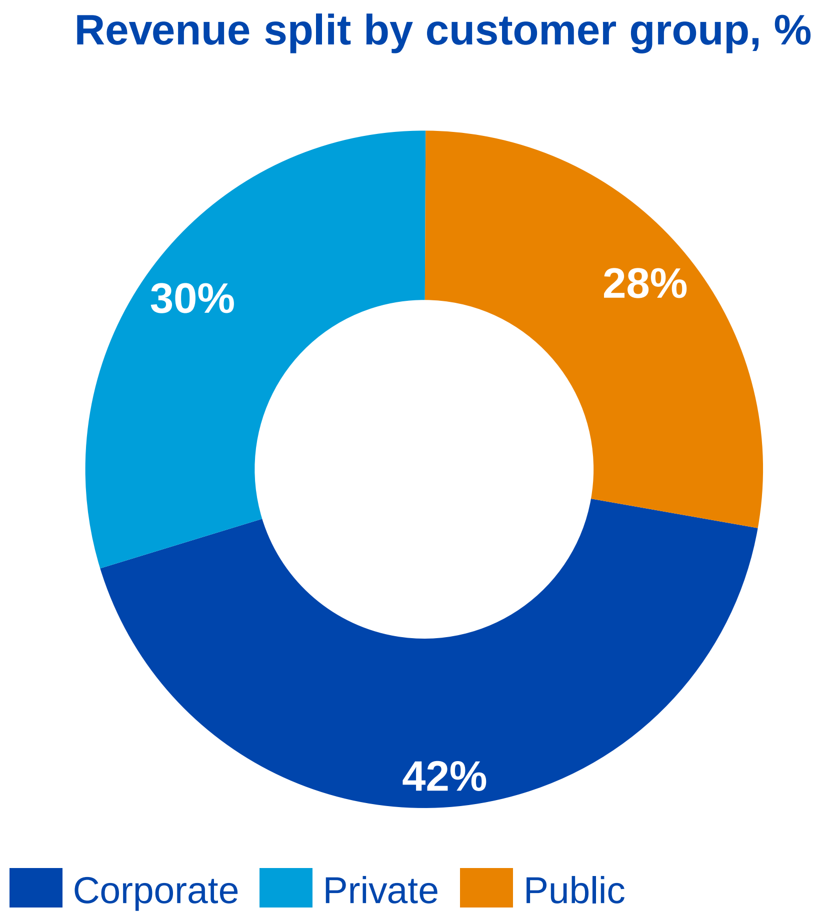


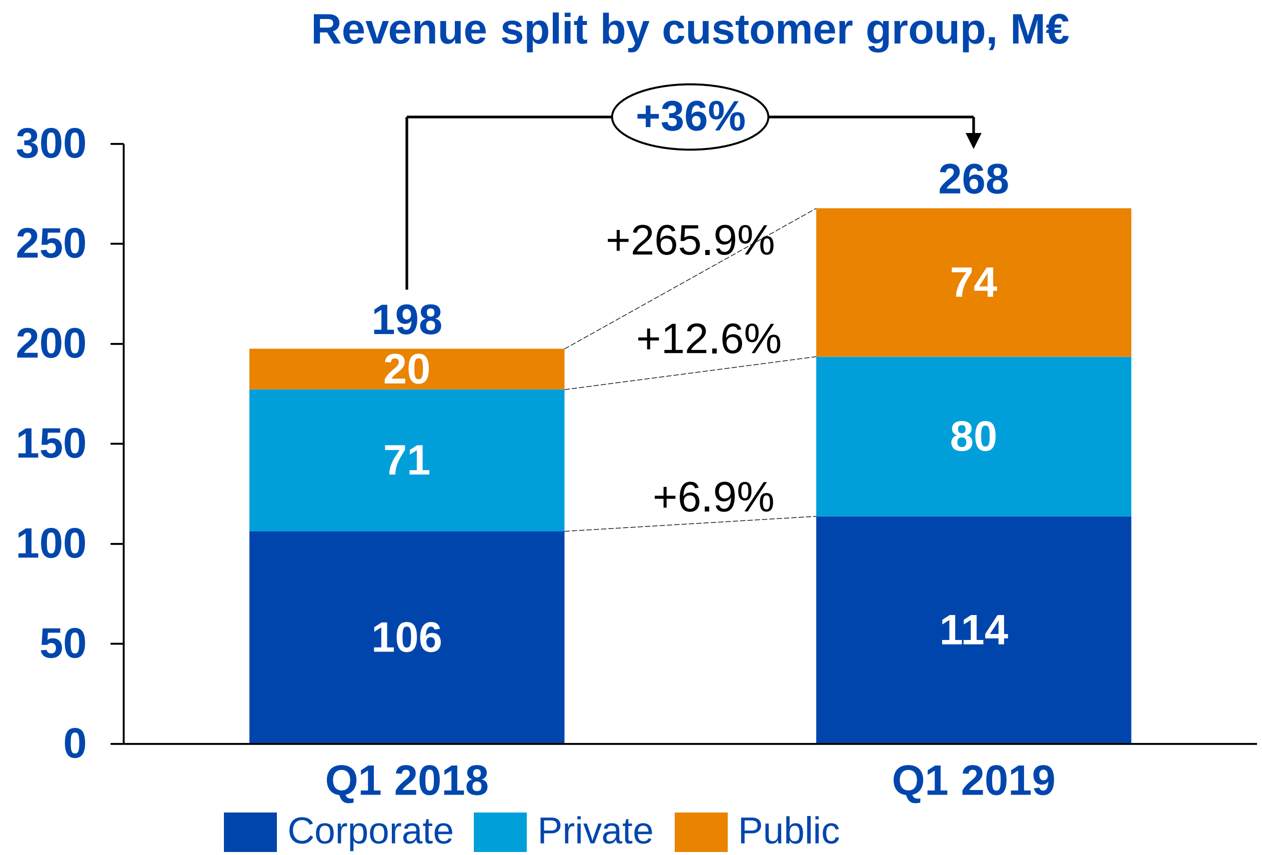
*) sisältää lainojen, rahoitusleasingvelkojen ja osamaksuvelkojen takaisinmaksut

Q & A

terveystalo.com
#terveystalo

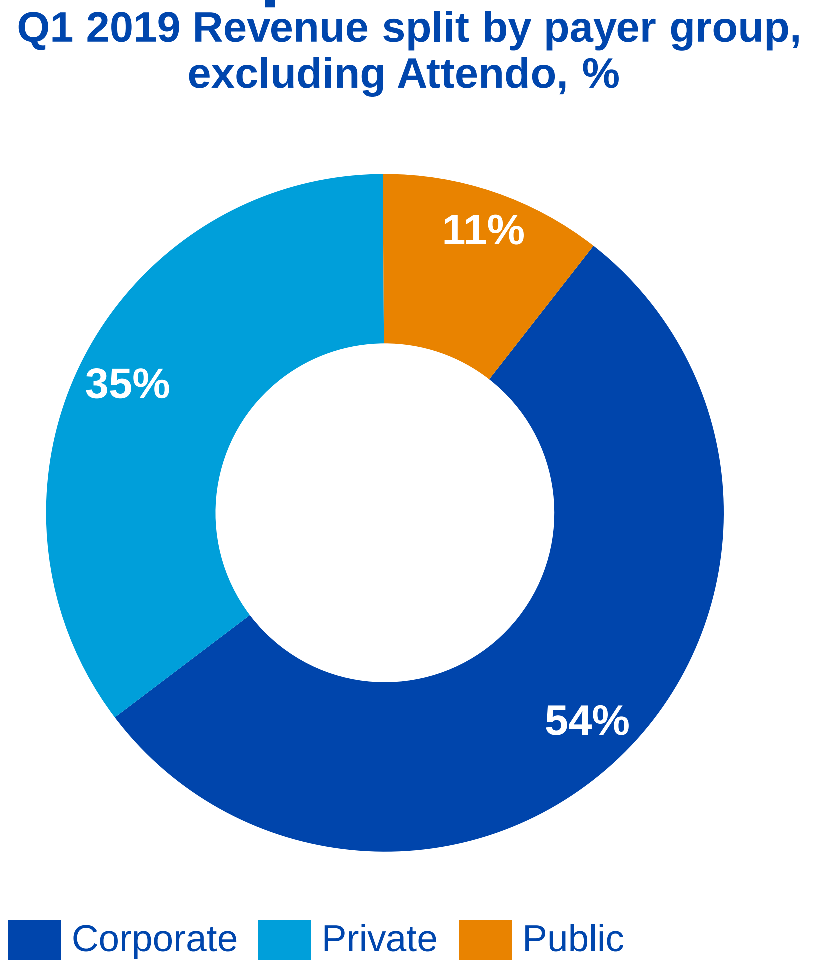
Q1: The Attendo deal had a significant impact on revenue

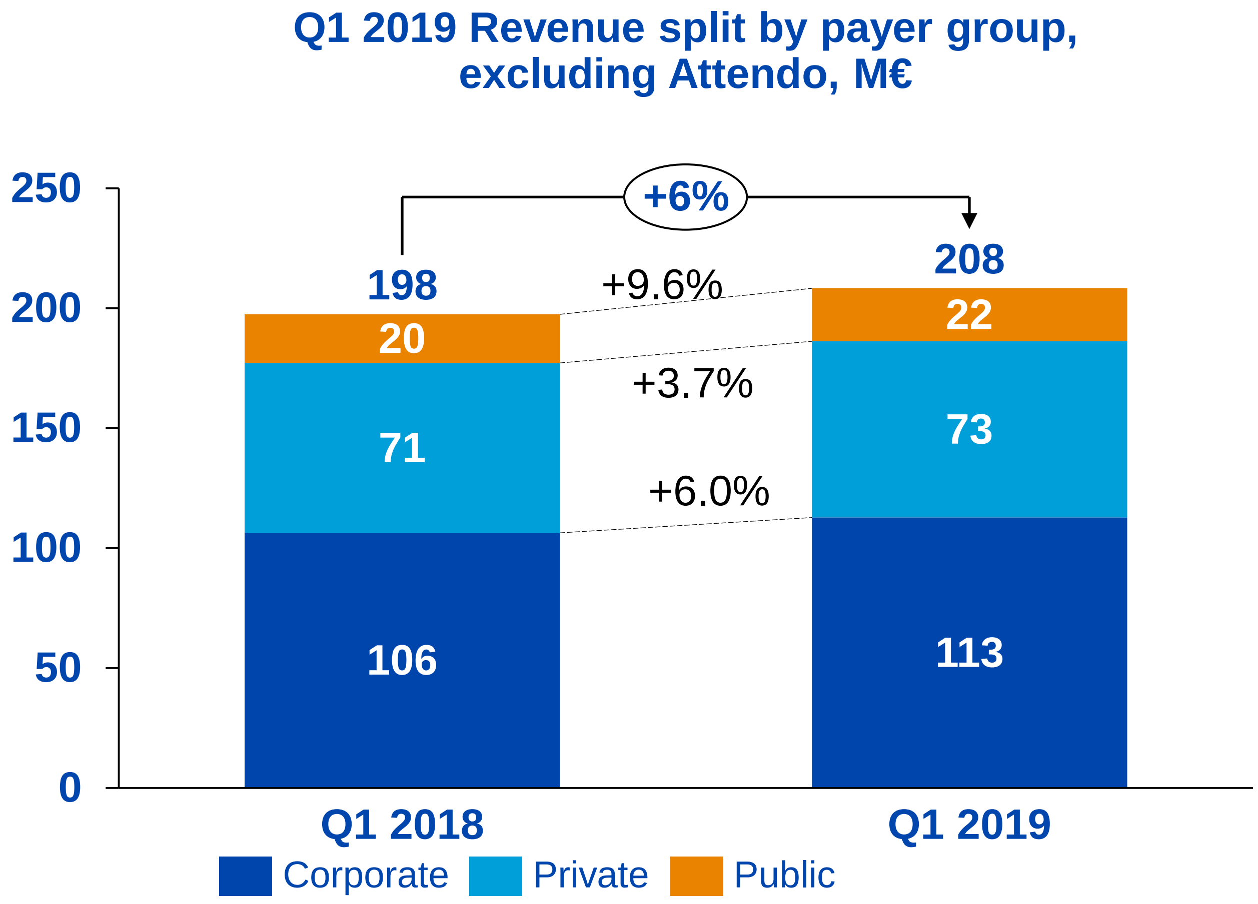




Terveystalo

Q1: Stable revenue growth in all payer groups, excluding the Attendo impact





IFRS 16 impact on reported figures

EUR mill.	H1/2019 Reported	H1/2019 IFRS 16 impact	H1/2019 Before IFRS 16 impact	H1/2018 Reported
Revenue	526.4	-	526.4	386.5
EBITDA	**85.8**	**19.8**	**66.0**	**62.5**
Adjusted EBITDA	**88.7**	**19.8**	**68.9**	**56.3**
Depreciation	**-44.2**	**-19.1**	**-25.2**	**-20.4**
Adjusted EBITA	58.3	0.7	57.6	45.8
Financial expenses (net)	-7.3	-1.8	-5.5	-5.1
Profit/loss before taxes	34.2	-1.1	35.3	37.2
Taxes	-6.6	0.3	-6.9	5.5
Net profit/loss	27.6	-0.8	28.4	42.6
Assets	**1,361.3**	**179.9**	1,181.4	933.6
Financial liabilities	**615.5**	**181.4**	434.1	289.6
Cash flow from operating activities	**97.7**	**19.8**	77.9	48.6

Key Figures

Terveystalo

M€	4-6/ 2019	4-6/ 2018	Change, %	1-6/ 2019	1-6/ 2018	Change, %	2018
Revenue	258.6	189.0	36.8	526.4	386.5	36.2	744.7
Adjusted EBITDA[1) 2)]	40.9	25.5	60.5	88.7	56.3	57.7	108.9
Adjusted EBITDA, %[1) 2)]	15.8	13.5	-	16.9	14.6	-	14.6
Adjusted EBITA[1) 2)]	25.9	20.2	28.2	58.3	45.8	27.3	87.7
Adjusted EBITA, % [1) 2)]	10.0	10.7	-	11.1	11.9	-	11.8
EBIT [2)]	16.7	22.1	-24.5	41.6	42.0	-1.1	75.4
Profit for the period[2)]	10.4	15.4	-32.6	27.6	42.6	-35.3	68.7
Net debt [2)]	-	-	-	572.9	218.0	162.7	413.3
Net debt/Adjusted EBITDA (LTM) [1) 2) 3)]	-	-	-	4.1	2.1	-	3.8
ROE, %[1)]	-	-	-	10.5	8.8	-	14.2
Equity ratio, %[1) 2)]	-	-	-	37.8	52.9	-	44.1
Gearing)% [1) 2)]	-	-	-	111.4	44.2	-	80.8
EPS[2)]	0.08	0.12	-	0.22	0.33	-	0.54
Operating cash flow[2)]	48.6	30.2		97.7	48.6		100.6
Personnel (end of period)				7,165	4,531	58.1	6,018
Private practitioners (end of period)				5,000	4,629	8.1	4,877
Number of working days	60	61	-1.6	123	124	-0.8	251

Before IFRS 16 impact (comparable), EUR million	4-6/ 2019	4-6/ 2018	Muutos, %	1-6/ 2019	1-6/ 2018	Muutos, %	2018
Adjusted EBITDA [1)]	30.9	25.5	21.3	68.9	56.3	22.5	108.9
Adjusted EBITDA, % [1)]	11.9	13.5	-	13.1	14.6	-	14.6
Adjusted EBITA [1)]	25.5	20.2	26.1	57.6	45.8	25.7	87.7
Adjusted EBITA, % [1)]	9.9	10.7	-	10.9	11.9	-	11.8
Adjusted net debt	-	-	-	391.4	218.0	79.5	413.3
Adjusted net debt/adjusted EBITDA) (last) 12 months [1) 3)]	-	-	-	3.2	2.1	-	3.8

1) Alternative performance measure. Additional information in note 14.
2) Not comparable because of the adoption of IFRS 16.
3) Last 12 months EBITDA includes six-month impact of the Attendo acquisition