

**Q2 RESULT –  
STRONG BOTTOM LINE GROWTH  
CONTINUED. THE STRENGTHENED  
BALANCE SHEET SUPPORTS  
PREPARATIONS FOR THE ATTENDO  
ACQUISITION**

**Yrjö Närhinen, CEO**

**Ilkka Laurila, CFO**



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# Q2 IN SHORT

Further improved operational efficiency supports strategy implementation in evolving markets

Strengthened balance sheet supports preparation for Attendo acquisition

Financial targets unchanged



# GROWTH CONTINUED, UNDERLYING MARGIN IMPROVED

- Revenue **+2.9%**  
EUR 189.0 Mill. (183.6)
- Adjusted EBITDA\* **+15.8%**  
EUR 25.5 Mill. (22.0)
- Adjusted EBITA\* **10.7% of revenue (9.2)**
- Net profit EUR 15.4 Mill. (2.2)
- Net debt / adjusted EBITDA\* **2.1 (4.5)**



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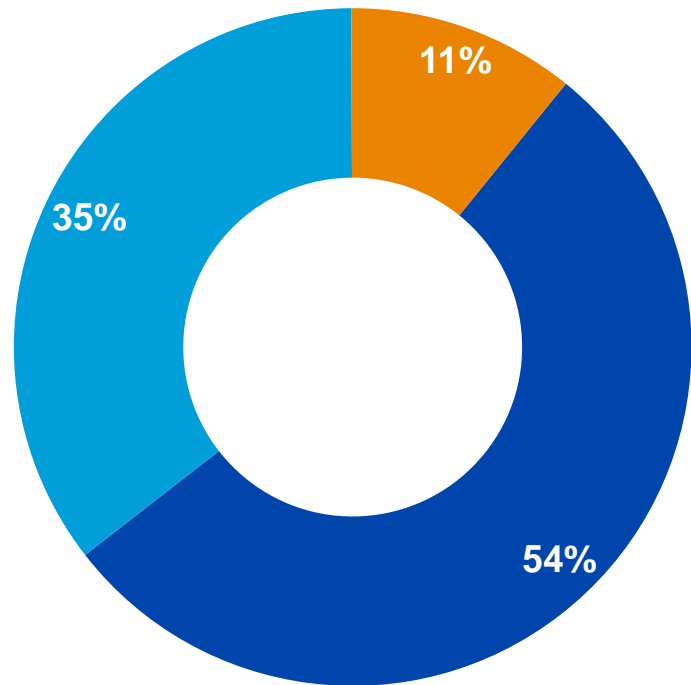


\* Alternative performance measure..  
Pori and Diacor included in the Q2 2017 figures



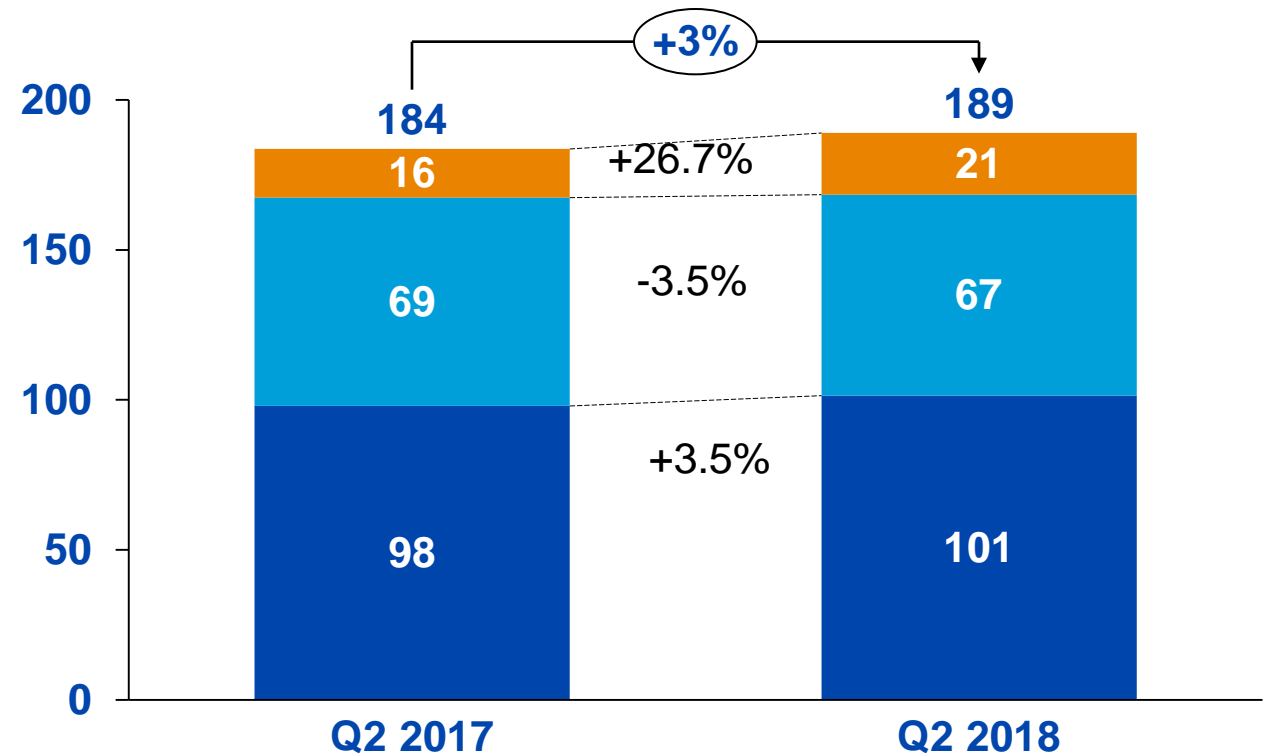
# Revenue +2.9%

Q2 revenue by customer group, %



■ Corporate ■ Private ■ Public

Q2 revenue by customer group, M€



■ Corporate ■ Private ■ Public



# INCREASED CAPACITY TIGHTENS COMPETITION

## Turku

surgical capacity +42%,  
MRI +50%

## Oulu

surgical capacity +100%,  
MRI +25%

## Kuopio

surgical capacity +30%,  
MRI +20%

## Pori

new clinics and  
expansions upcoming

## Tampere

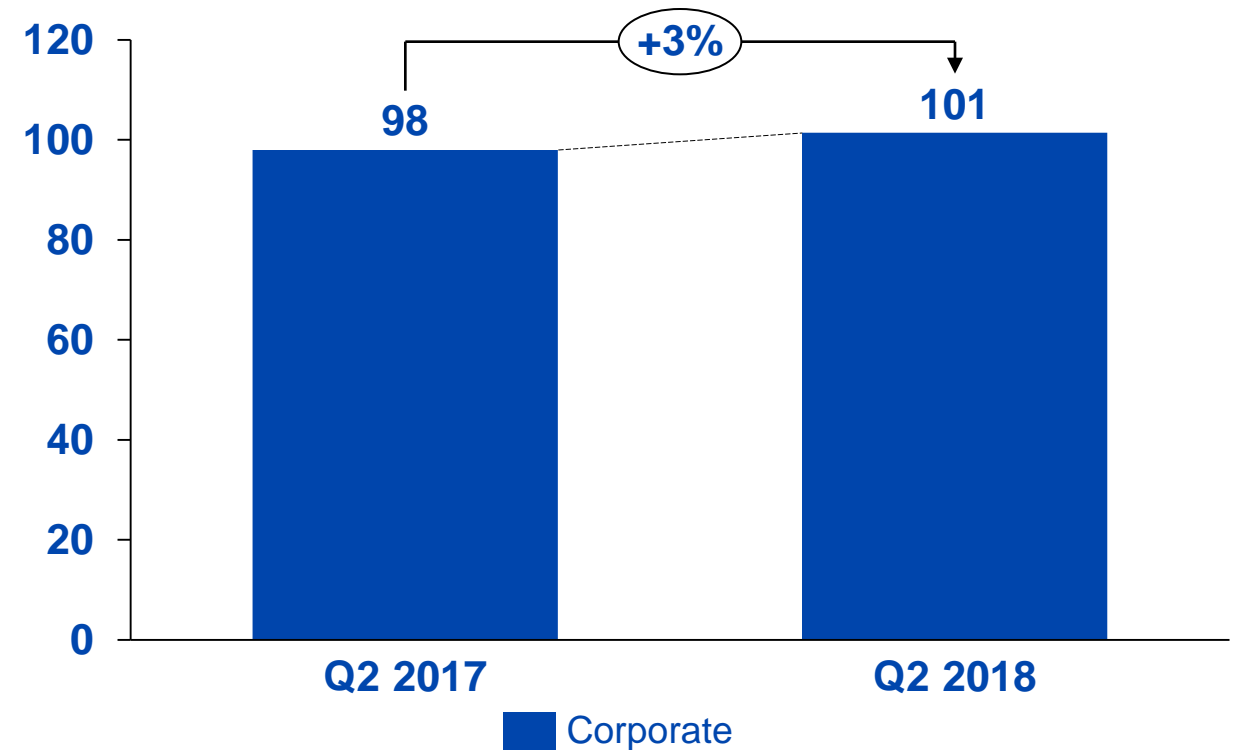
new surgical eye  
hospital opened 06/2018



# Stable development in the corporate customer group

- Revenue for Q2 increased by 3.5%, without significant impact from acquisitions.
- Growth in preventative occupational health services, well-being and digital services, demand for illness-related appointments declined vs. the comparison period.
- Q2 had one more business day than the comparison period, which increased revenue y-o-y.

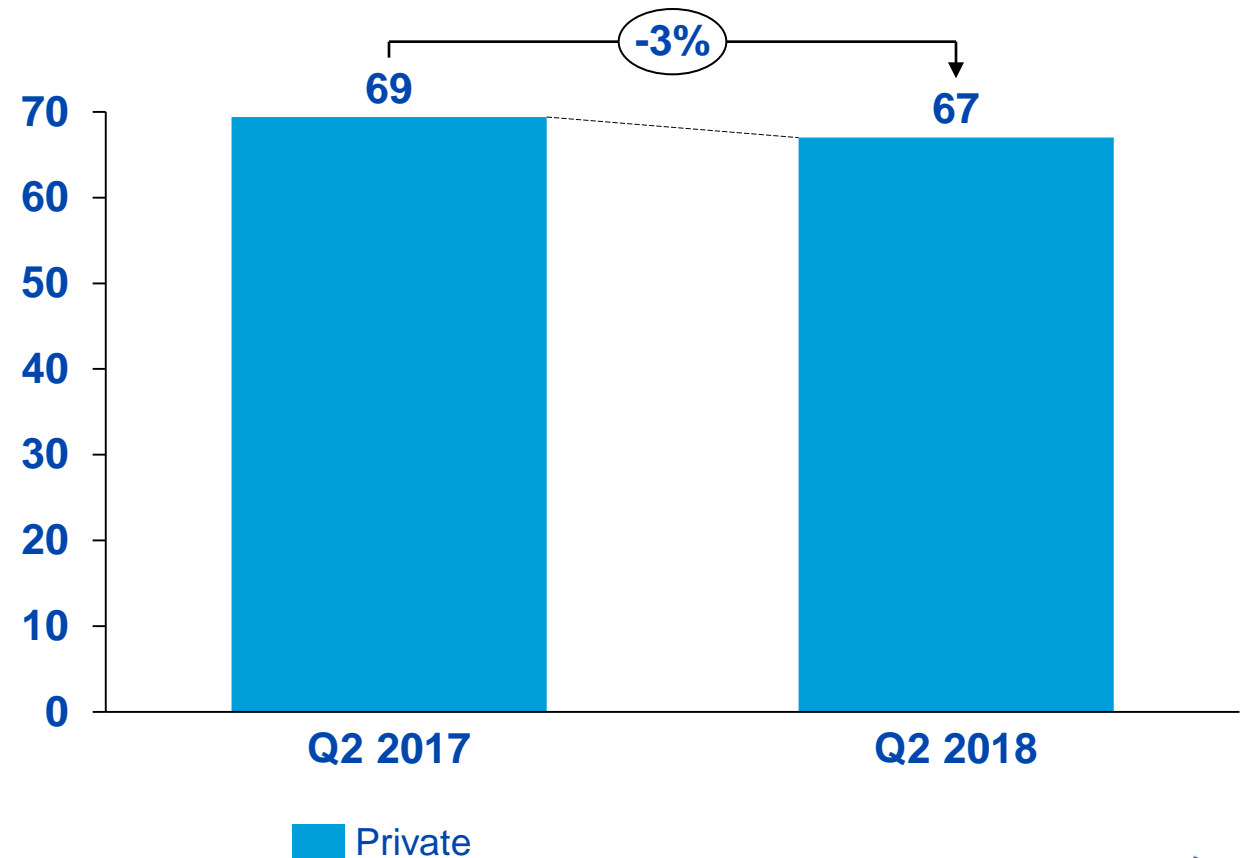
## Q2 Revenue development



# Increased market capacity is reflected in private customer group

- Revenue for Q2 decreased by 3.5%, without significant impact from acquisitions.
- Competition has intensified due to increased capacity, especially in Finland's major cities.
- The number appointments offered in specialized care showed a y-o-y decrease, the utilization rates were still high and regional differences significant.
- Net sales were reduced by the abandonment of the hedge accounting business in August 2017, welfare and digital services are growing.
- Revenue was reduced by the divestment of the fertility clinic business in August 2017, wellbeing and digital services grew.
- Q2 had one more business day than the comparison period.

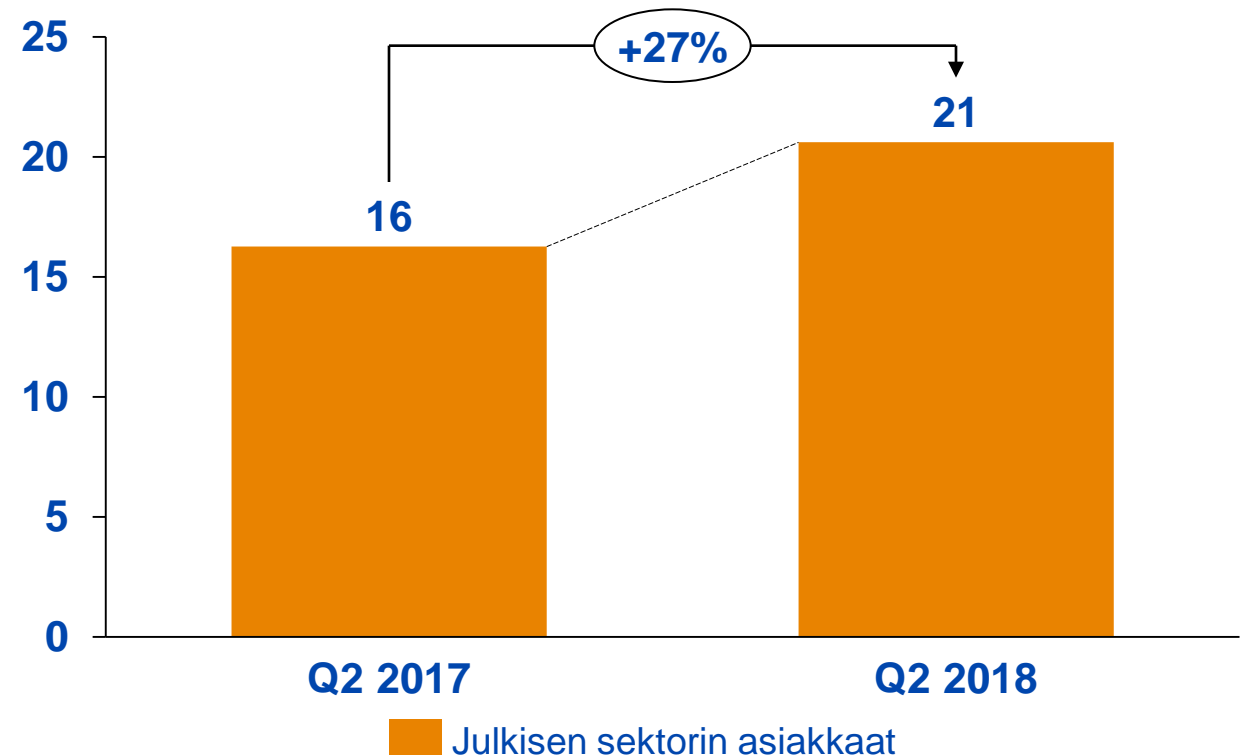
## Q2 Revenue development



# Strong organic growth in the public customer group

- Strong organic growth, revenue +26.7%.
- New outsourcing contracts in Lumijoki and Kinnula and specialized care outsourcing at Iisalmi Hospital.
- Terveystalo is participating in freedom of choice experiments in Ylä-Savo (Iisalmi, Sonkajärvi, Vieremä, Kiuruvesi), Central Uusimaa (Hyvinkää, Järvenpää, Mäntsälä), Hämeenlinna, Jyväskylä, and Kuopio. The number of freedom of choice experiments and the revenue derived from them increased substantially y-o-y.

## Q2 Revenue development





## Market review

- The demand for Terveystalo's services has remained strong and the market share continued to develop favorably in the corporate and public sector customer groups.
- However, increased capacity due to new medical centers and hospitals has intensified competition, especially in Finland's major cities. In the private customer group, the increased supply in the market is reflected in the revenue, with new clinics affecting the development of local market shares in particular.
- The social welfare and healthcare reform draft laws are still in circulation for comments and being considered by the Parliament of Finland:  
The proposed solution would enable private service providers to offer publicly funded health center services.

# Outlook for 2018

- The positive development of the domestic economy supports the corporate and private customer businesses.
- Social and healthcare reform is important to Finland and would change the environment for all healthcare providers and create opportunities, especially for those investing in meeting new customer needs.
- Terveystalo expects its markets to continue to develop favorably. However, increased capacity is estimated to impact particularly the private customer business.



# FINANCIAL PERFORMANCE

Ilkka Laurila, CFO

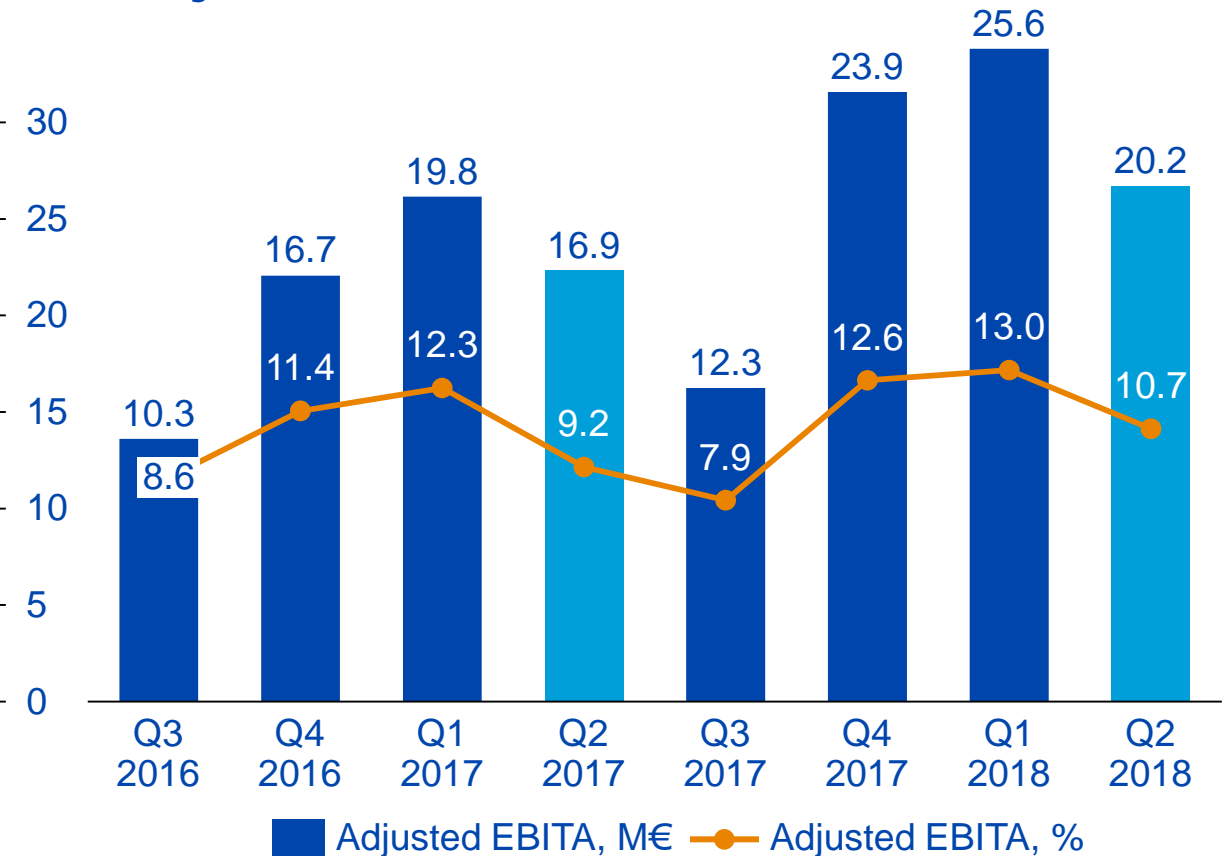


# Continued topline growth and strong profitability development

## Revenue, adjusted EBITDA\*, %



## Adjusted EBITA\*, M€ and %



\*alternative performance measure



# Very strong underlying margin performance

M€	4-6/2018	4-6/2017	Change, %	1-6/2018	1-6/2017	Change, %	2017
<b>Revenue</b>	189.0	183.6	2.9	386.5	344.2	12.3	689.5
Other operating income	8.3	0.4	> 200.0	8.7	0.9	> 200.0	2.1
Materials and services	-88.6	-86.6	2.3	-181.7	-160.7	13.1	-324.3
Employee benefit expenses	-51.6	-53.3	-3.2	-102.5	-98.6	4.0	-189.5
Other operating expenses	-24.6	-27.4	-10.1	-48.5	-50.0	-3.0	-109.6
EBITDA	32.3	16.7	93.9	62.5	35.8	74.5	68.2
Adjustments (*)	-6.8	5.3		-6.2	10.0		24.1
<b>Adjusted EBITDA</b>	25.5	22.0	15.8	56.3	45.8	22.7	92.4
Operating profit	22.1	6.2	> 200.0	42.0	16.7	151.5	28.2

■ Variable costs     
 ■ Semi fixed costs     
 ■ Fixed costs

\*Adjustments are material items outside the ordinary course of business associated with acquisition-related expenses, restructuring-related expenses, gain on sale of assets, strategic projects including the IPO, new business operations, and other items affecting comparability. Adjustments totaled EUR -6.8 (5.3) million in April-June and EUR -6.2 (10.0) million in January-June.



# Sale of the Porin Linnankulma mutual real estate company

- In April, Suomen Terveystalo Oy sold the entire share capital of Porin Linnankulma Mutual Real Estate Company.
- The debt-free purchase price was EUR ~16 million and the net debt-adjusted purchase price of the shares EUR ~7 million.
- The transaction generated a non-recurring capital gain of EUR 6.3 million in Q2.



## Divestment of Ava Clinic after the review period

- Terveystalo Group divested the entire operation of Ava Clinic in Riga, Latvia in July. Ava Clinic provides gynecological services, obstetrician services, and infertility treatment. In 2017, the unit's revenue was approximately EUR 3 million and net profit approximately EUR 1 million.
- The consolidated balance sheet for the period includes EUR 1.5 million available-for-sale assets related to this transaction and EUR 0.1 million debt related to available-for-sale long-term assets.

# Solvency further strengthened

m€	30.6.2018	30.6.2017
<b>ASSETS</b>		
Property, plant and equipment	82.1	90.8
Goodwill	584.0	582.9
Other intangible assets	103.7	116.9
Other assets	92.3	88.5
Cash and cash equivalents	71.5	20.4
<b>TOTAL ASSETS</b>	<b>933.6</b>	<b>899.5</b>
<b>EQUITY AND LIABILITIES</b>		
<b>TOTAL EQUITY</b>	<b>493.1</b>	<b>333.8</b>
Interest bearing liabilities	289.6	384.5
Other liabilities	151.0	181.2
<b>TOTAL LIABILITIES</b>	<b>440.6</b>	<b>565.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>933.6</b>	<b>899.5</b>

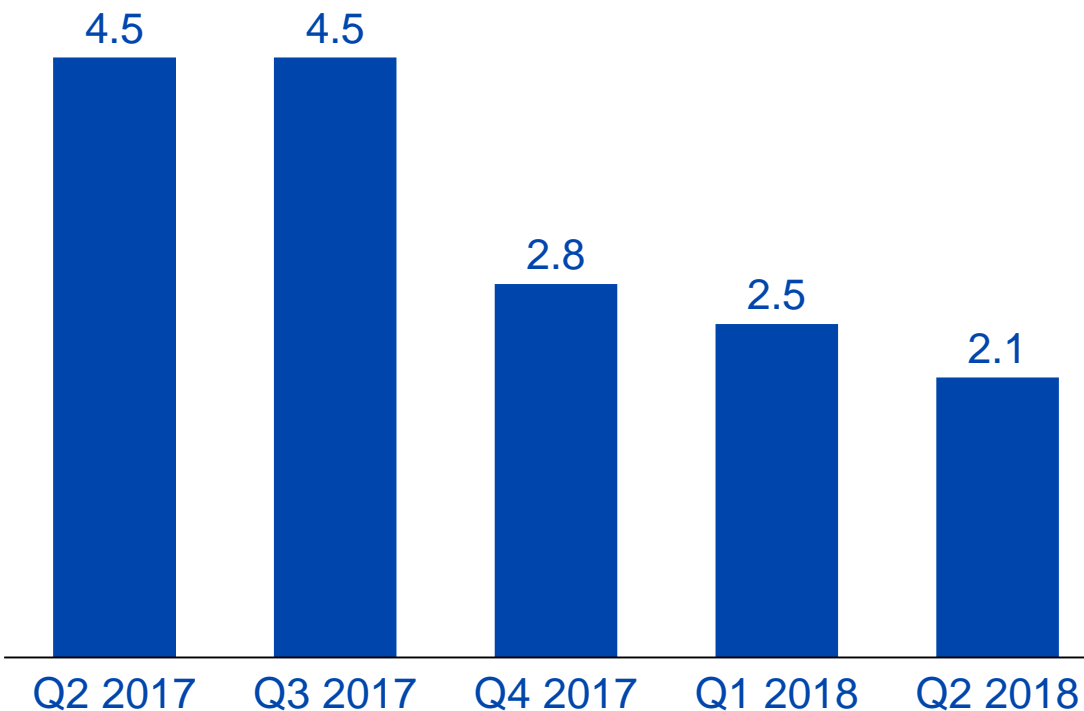
- Total assets at the end of the period were EUR 933.6 million (899.5). The increase resulted mainly from an increase in cash and cash equivalents.
- Equity attributable to owners of the parent company totaled EUR 492.9 (333.7) million. The increase resulted mainly from the new capital raised through the IPO as well as improved profitability.
- Gearing was 44.2% (109.1%). Net interest-bearing debt was EUR 218.0 (364.1) million. The decrease was mainly due to the equity raised through the share issue carried out in connection with the IPO as well as the repayment of loans.



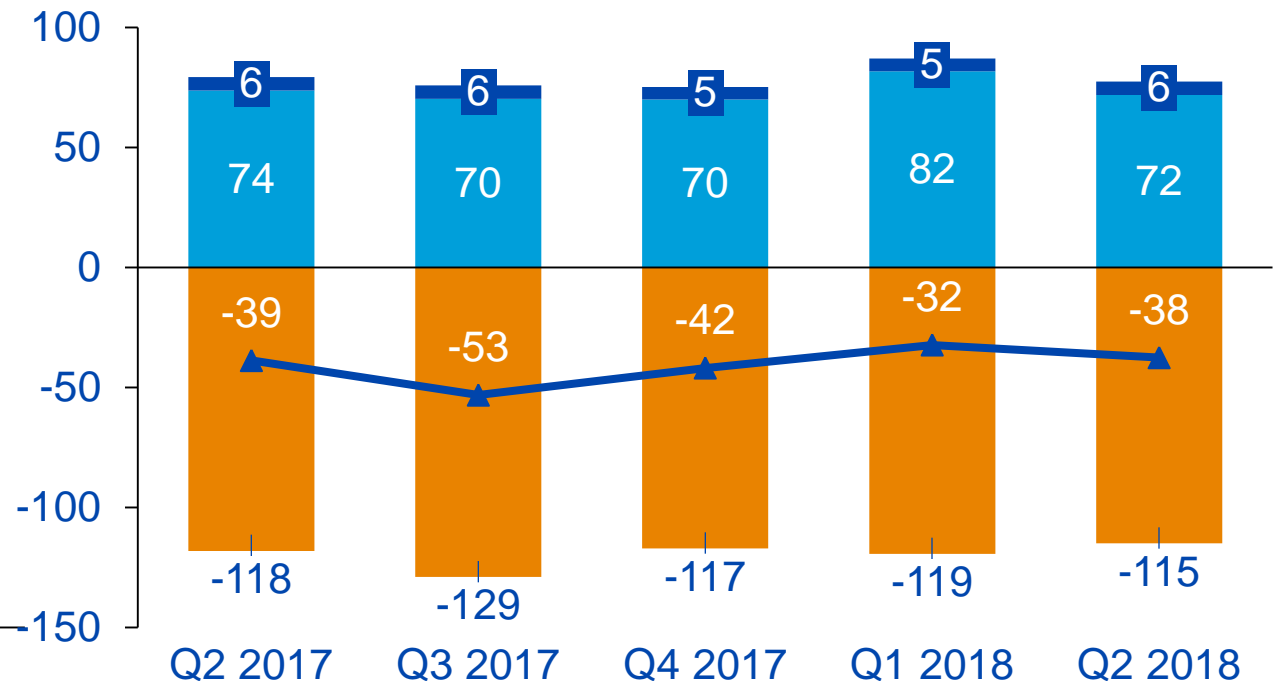


# Leverage decreased, operational efficiency is reflected in the negative net working capital

Net debt/ Adjusted EBITDA, LTM



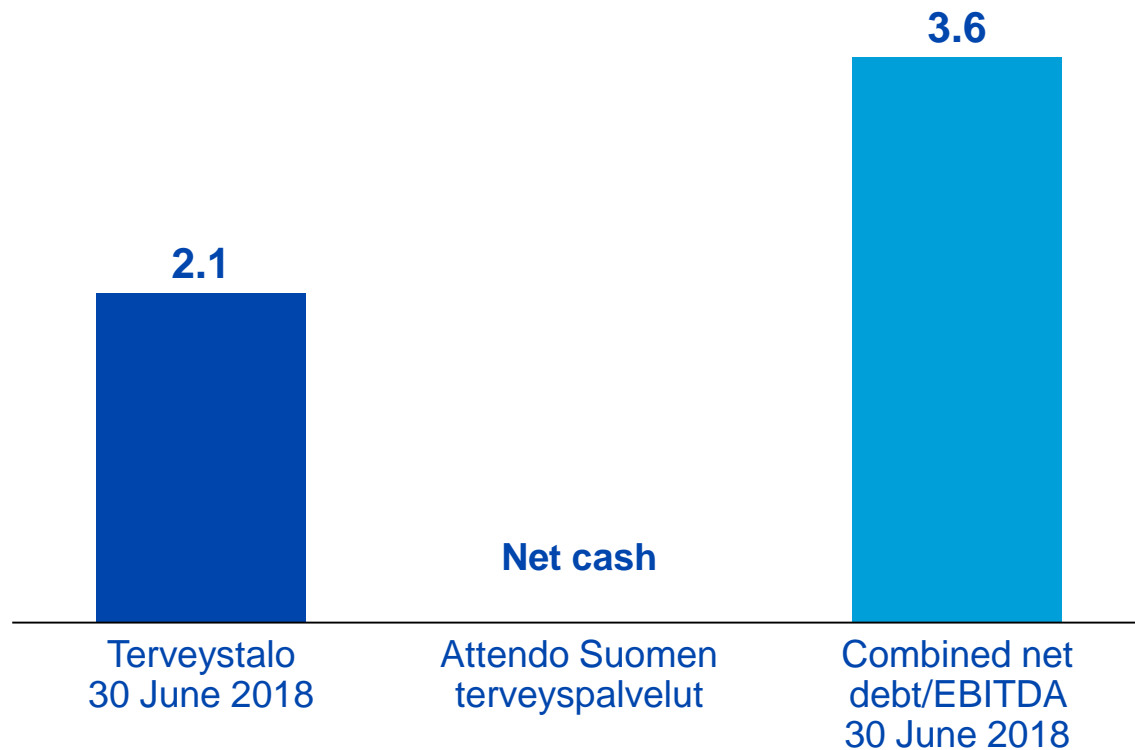
Net working capital



- Inventories
- Trade and other receivables
- Trade and other payables
- ▲— Net working capital



# Attendo impact on leverage



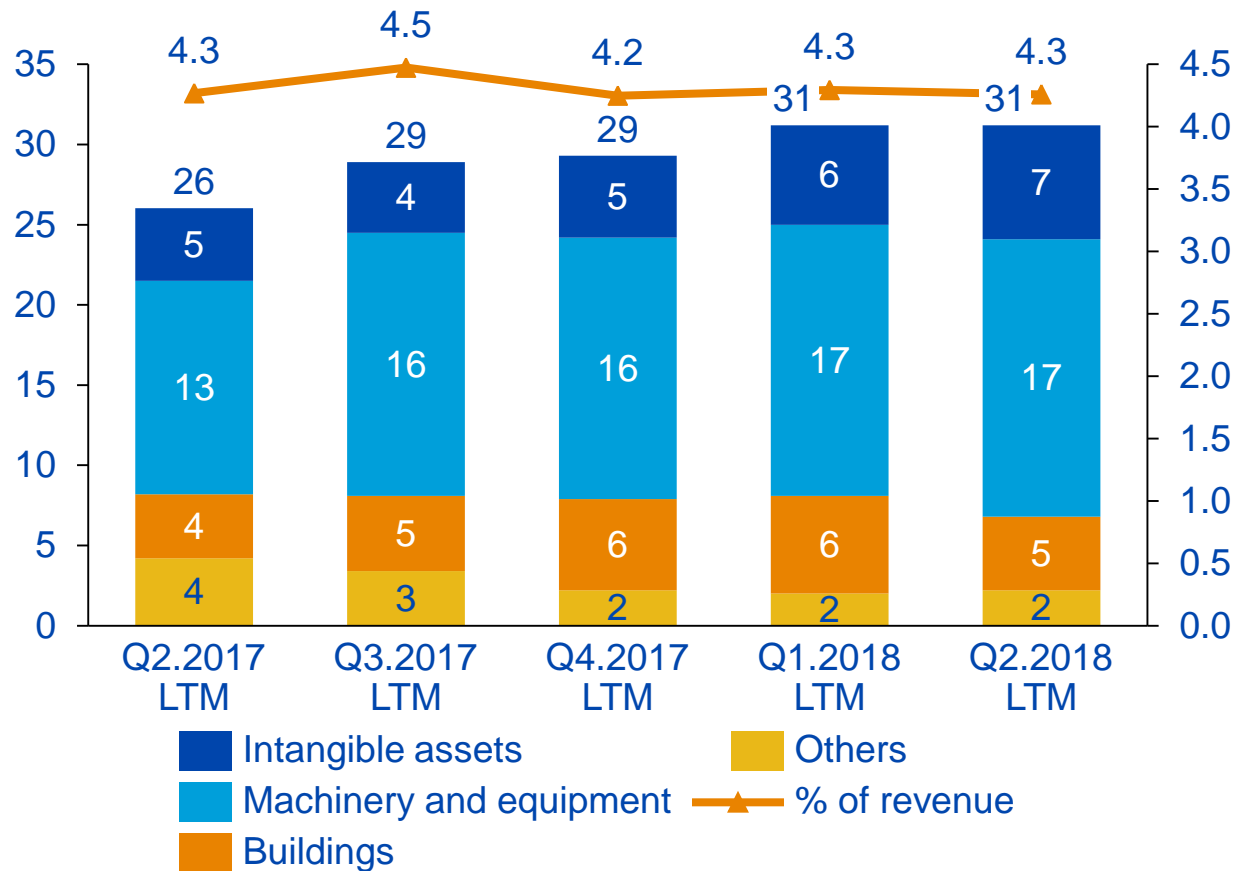
- Terveystalo is financially well-prepared for the Transaction
- Based on the illustrative aggregated financial information, Terveystalo would have had a preliminary aggregated net debt of EUR 451 million with implied net debt to LTM EBITDA of 3.6x as of 30 June 2018, excluding synergies

*The aggregated combined financial information is for illustrative purposes only. The aggregated combined financial information is based on a hypothetical situation and should not be viewed as pro forma financial information as purchase price allocation, transaction costs and differences in accounting principles have not been taken into account.*

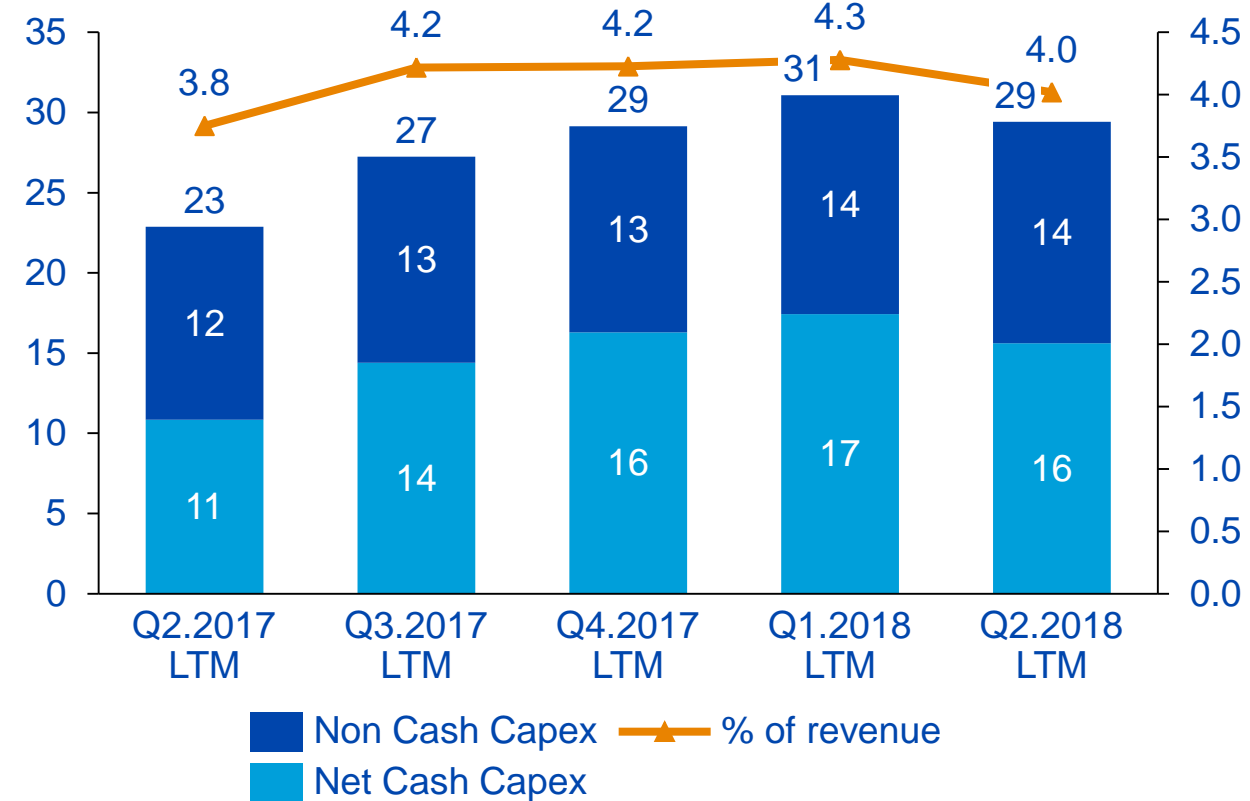


# Investment level (Excluding M&A)

## Gross capex, M€ and %- of revenue



## Net capex, M€ and %- of revenue



# Q3 reporting, IR events and roadshows

Interim report for Jan-Oct 2018 is published on Wednesday, 14 November 2018

## Q2 events and roadshows

- 21 August: Lunch for Institutional Investors in Helsinki (SEB)
- 22 August: Roadshow in Stockholm (SEB)
- 6 September one-on-one day for institutional investors in Helsinki (OP)
- 12-13 September: Roadshow in London and Paris (Danske Bank)

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



Thank you!



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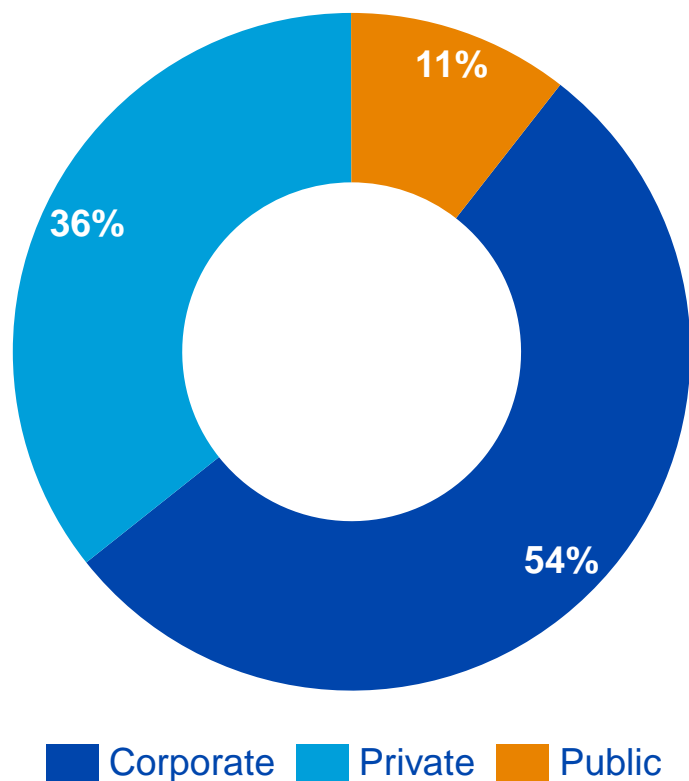
# Increased capacity tightens competition. Examples:

	Mehiläinen	Pihlajalinna	Pohjola	
Turku	5/ 2017 Mehiläinen acquired Neon medical center	1/ 2018 Pihlajalinna opened a new central hospital	5/2018 Pohjola opened a new central hospital	Total surgical capacity + 42%, MRI + 50%
Oulu	8/2015 Mehiläinen opened a new clinic 12/2017 health center opened	1/2018 Pihlajalinna opened a new hospital	5/2017 Pohjola opened a new hospital	Total surgical capacity +100%, MRI +25%
Pori	Mehiläinen has announced that it will expand its operations in Pori by the end of 2018	Pihlajalinna has announced that it will open a clinic in Pori by the end of 2018	Pohjola Terveystalo has announced that it will open a clinic in Pori by the end of 2018	MediPori expanded its facilities
Tampere	No changes	No changes	8/2016 a new hospital	Surgical Eye Clinic ÖGA opened 06/2018
Kuopio	Limited activity	Limited activity	8/2017 a new hospital	Total surgical capacity +30%, MRI +20%

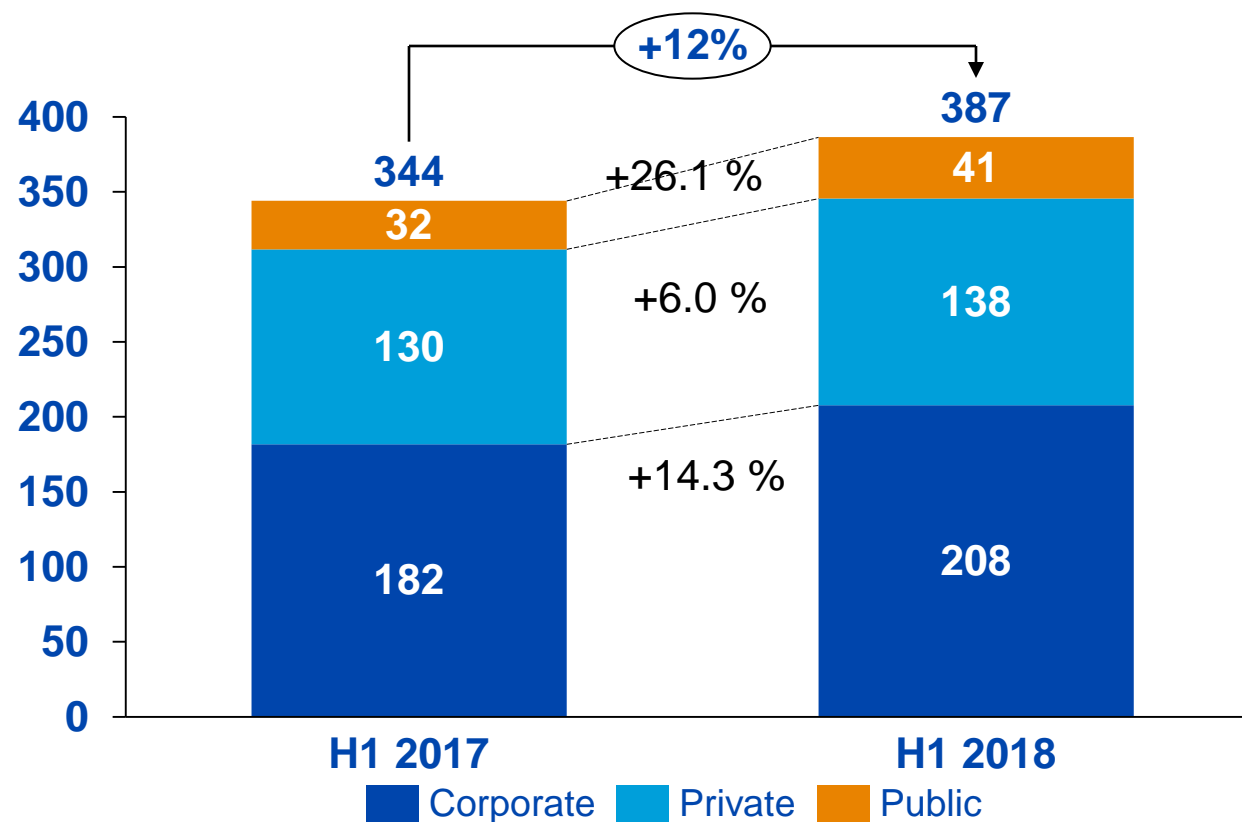


# H1: Growth in all customer groups

H1 revenue by customer group, %



H1 revenue by customer group, M€



# Key Figures

<b>Terveystalo Group, EUR million</b>	<b>4-6/2018</b>	<b>4-6/2017</b>	<b>Change, %</b>	<b>1-6/2018</b>	<b>1-6/2017</b>	<b>Change, %</b>	<b>2017</b>
Revenue	189,0	183,6	2,9	386,5	344,2	12,3	689,5
Adjusted EBITDA *) **)	25,5	22,0	15,8	56,3	45,8	22,7	92,4
Adjusted EBITDA, % *) **)	13,5	12,0	-	14,6	13,3	-	13,4
EBITDA *)	32,3	16,7	93,9	62,5	35,8	74,5	68,2
EBITDA, % *)	17,1	9,1	-	16,2	10,4	-	9,9
Adjusted EBITA *) **)	20,2	16,9	19,6	45,8	36,7	25,0	73,0
Adjusted EBITA, % *) **)	10,7	9,2	-	11,9	10,6	-	10,6
EBITA *)	27,0	11,6	134,0	52,0	26,6	95,5	48,8
EBITA, % *)	14,3	6,3	-	13,5	7,7	-	7,1
Operating profit (EBIT) *)	22,1	6,2	>200,0	42,0	16,7	151,5	28,2
Operating profit (EBIT), % *)	11,7	3,4	-	10,9	4,9	-	4,1
Return on equity (ROE), %*) ****)	-	-	-	8,8	5,8	-	2,1
Equity ratio, % *)	-	-	-	52,9	37,2	-	50,7
Earnings per share (€) ***) ****)	0,12	0,02	-	0,33	0,07	-	0,06
Gearing, % *)	-	-	-	44,2	109,1	-	56,1
Net debt/ Adjusted EBITDA (LTM) *) **)	-	-	-	2,1	4,5	-	2,8
Personnel (end of period)	-	-	-	4 531	4 445	1,9	4 265
Private practitioners (end of period)	-	-	-	4 629	4 400	5,2	4 431

\*) *Alternative performance measure. Terveystalo presents alternative performance measures as additional information to financial measures defined in IFRS. Those are performance measures that the company monitors internally and they 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. These should not be considered in isolation or as substitute to the measures under IFRS.*

\*\*) *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.*

\*\*\*) *The effects of share conversion and share split have been taken into account in the weighted average number of shares. Comparative figures have been adjusted accordingly.*



# Q2 Cash flow

