Terveystalo

STRONG ORGANIC GROWTH IMPROVED UNDERLYING PROFITABILITY

CFO and Interim CEO
Ilkka Laurila

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Q3 HIGHLIGHTS

- Broad scale growth across all customer groups
- New processes and digital solutions improved access to care
- Profitability (EBITA margin) improved thanks to strong sales in private and corporate customer groups
- Strong cash flow from operating activities, investments in digitalisation continued to grow

Q3: Strong organic growth and Attendo deal increased revenue significantly

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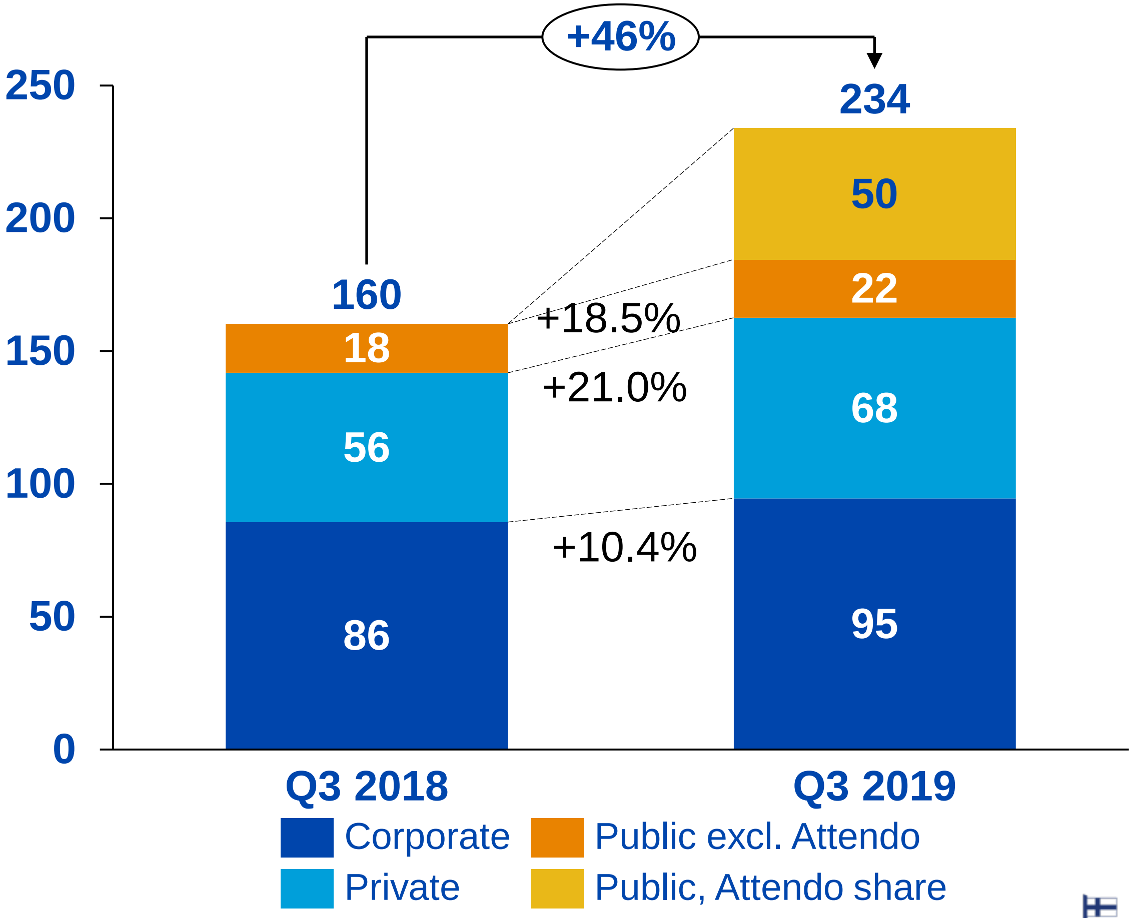
Strong growth in all customer groups

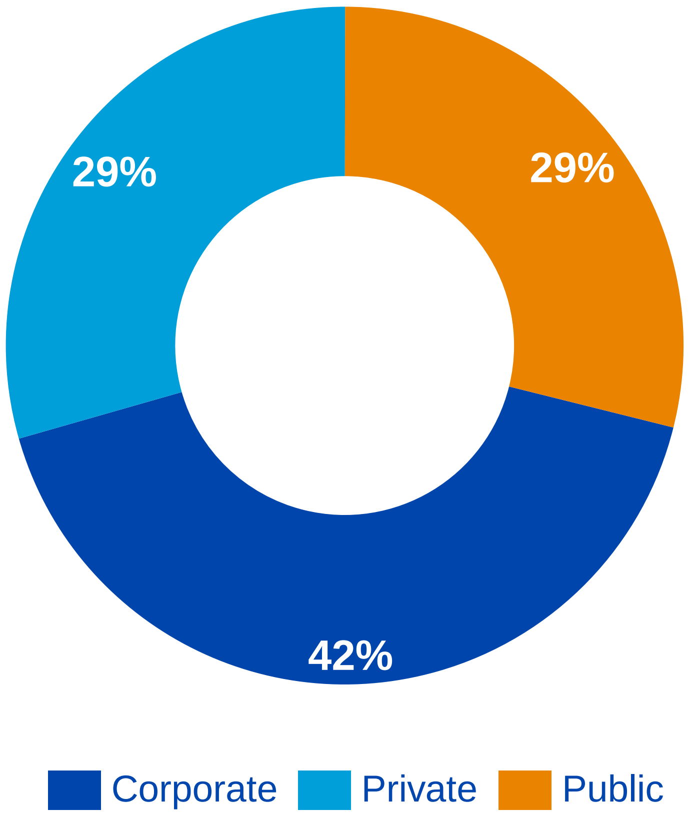
- Strong growth in preventive and well-being services within corporate customers, mental well-being services and digital services in particular increased significantly. Slight increase in illness-related appointments and surgical services
- Broad-based organic growth in private customer group in addition of Attendo health care acquisition.
- 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.
- Q3 had one business day more (66 days vs. 65 days, +1.5%), which had a positive effect on revenue.

Q3 Revenue by payor group, M€

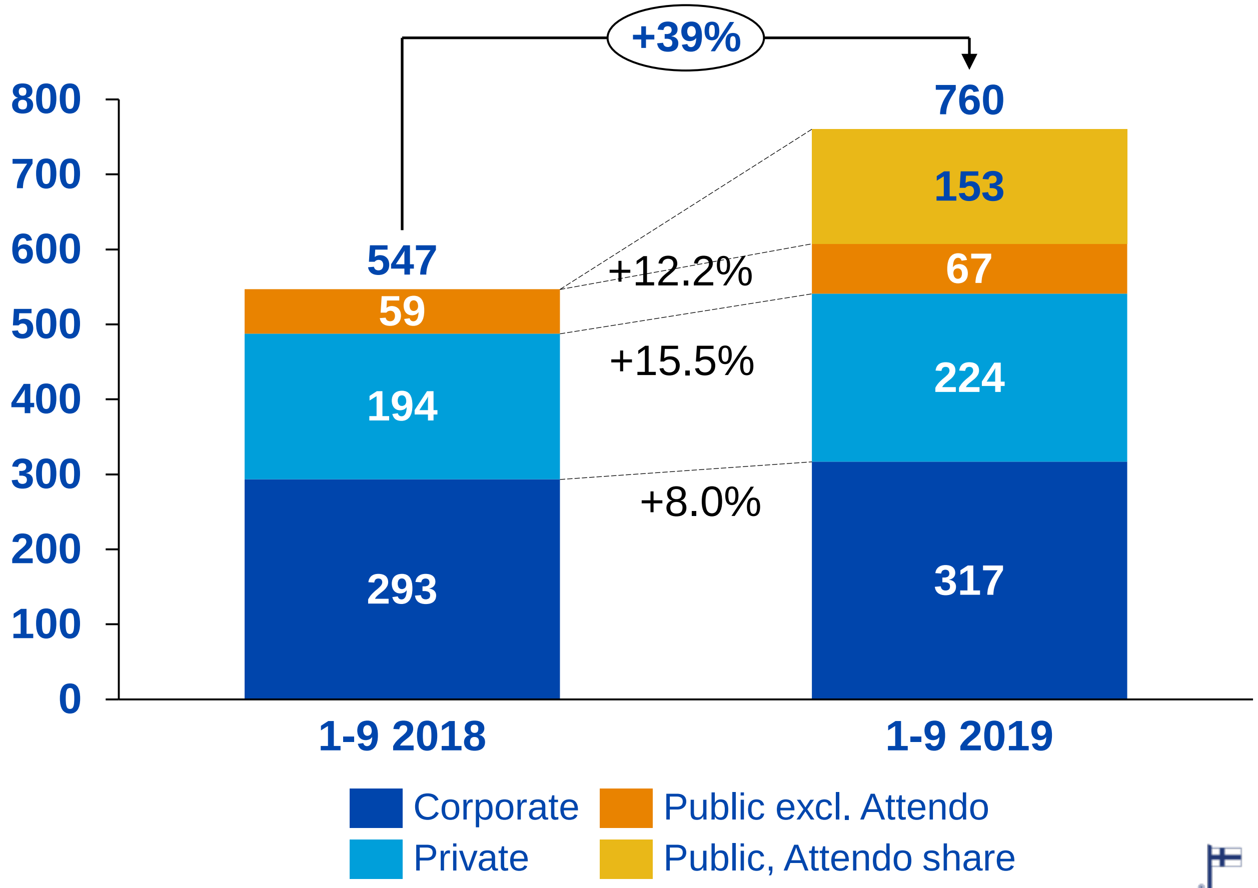


Solid growth in all customer groups

1-9 2019 Revenue by payor group, %



1-9 Revenue by payor group, M€



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Q3: Strong profitability

- Relative profitability improved thanks to strong sales in private and corporate customer groups.
- **Adjusted EBITA before IFRS 16 impact**
  24.0 million (14.8)
- **Adjusted EBITA %, before IFRS 16 impact**
  10.2% revenue (9.2 %)
- **Profit for the period***
  10.4 million (16.0)

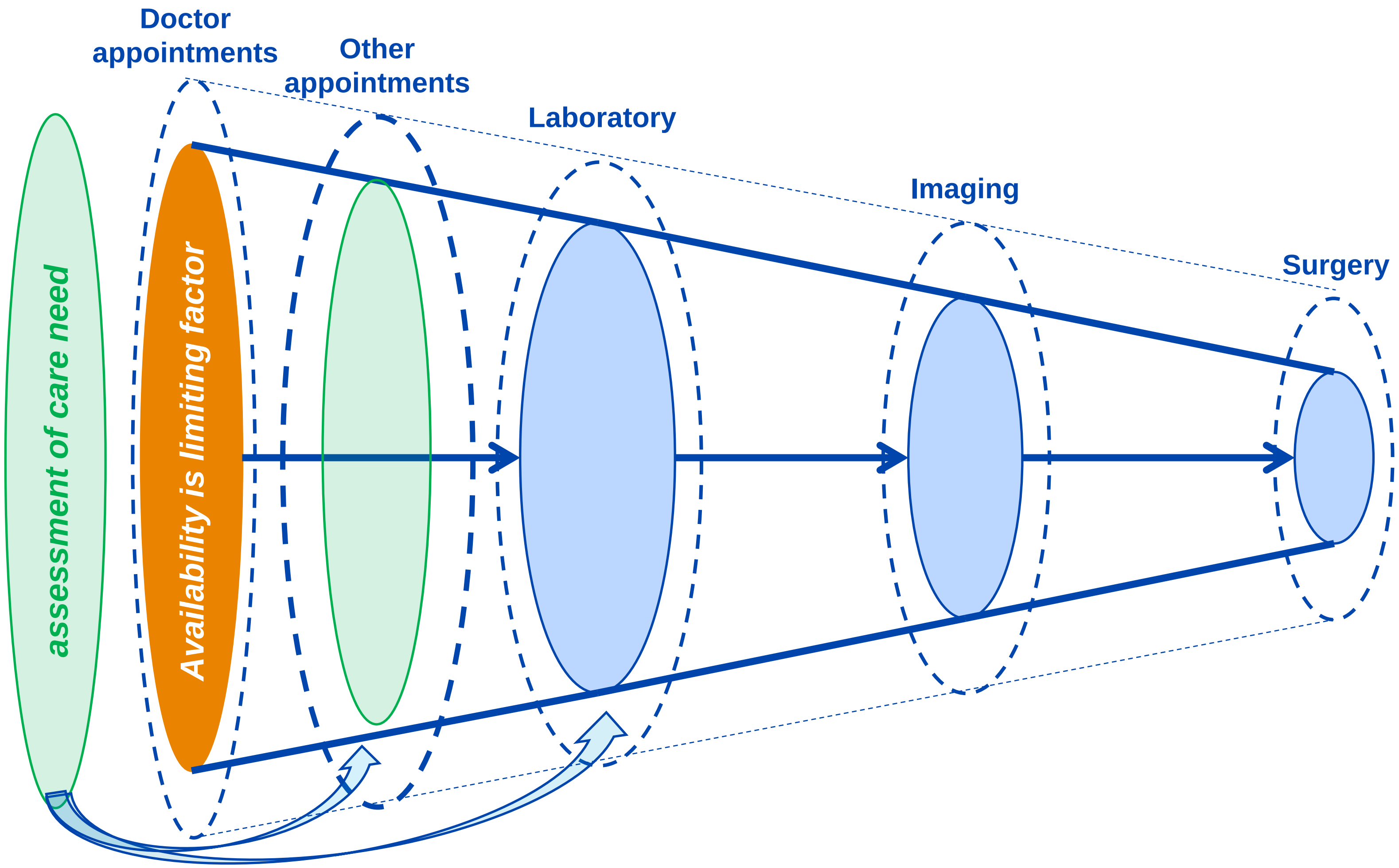
*Figures for the reference period were impacted by the non-recurring capital gains totaling EUR 8.1 million (net).

New solutions complement the traditional care chain and enable faster growth

Traditional value creation model (Fee-for-service business)

Traditionally, patient enters through a doctors appointment which is often a bottleneck with high utilization rate

New digital tools and processes help bypass or expand the bottleneck



- # of active doctors in Finland 2016*: 21,000
- Growth in # of doctors on average 300 p.a. (+1.4%)
- Of this, 9,000 end in private sector (growth of 130 p.a.)

Market outlook

- The market environment remains favorable in spite of weakened consumer confidence.
- Corporate customers keep up a steady demand and the relative share of preventive services is increasing, which will be further strengthened by the upcoming change in legislation concerning Kela reimbursements, due to be introduced at the beginning of 2020.
- Private customer demand remains at a steady level, 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.
- With the health care and social welfare reform still being delayed, public sector demand remains strong in various service categories.

DIGITAL APPOINTMENT DEMO

Development Manager, Lauri Saarivuori &
Head of Digital Health, Anette Kainu

FINANCIAL PERFORMANCE

Strong profitability despite the impact of Attendo

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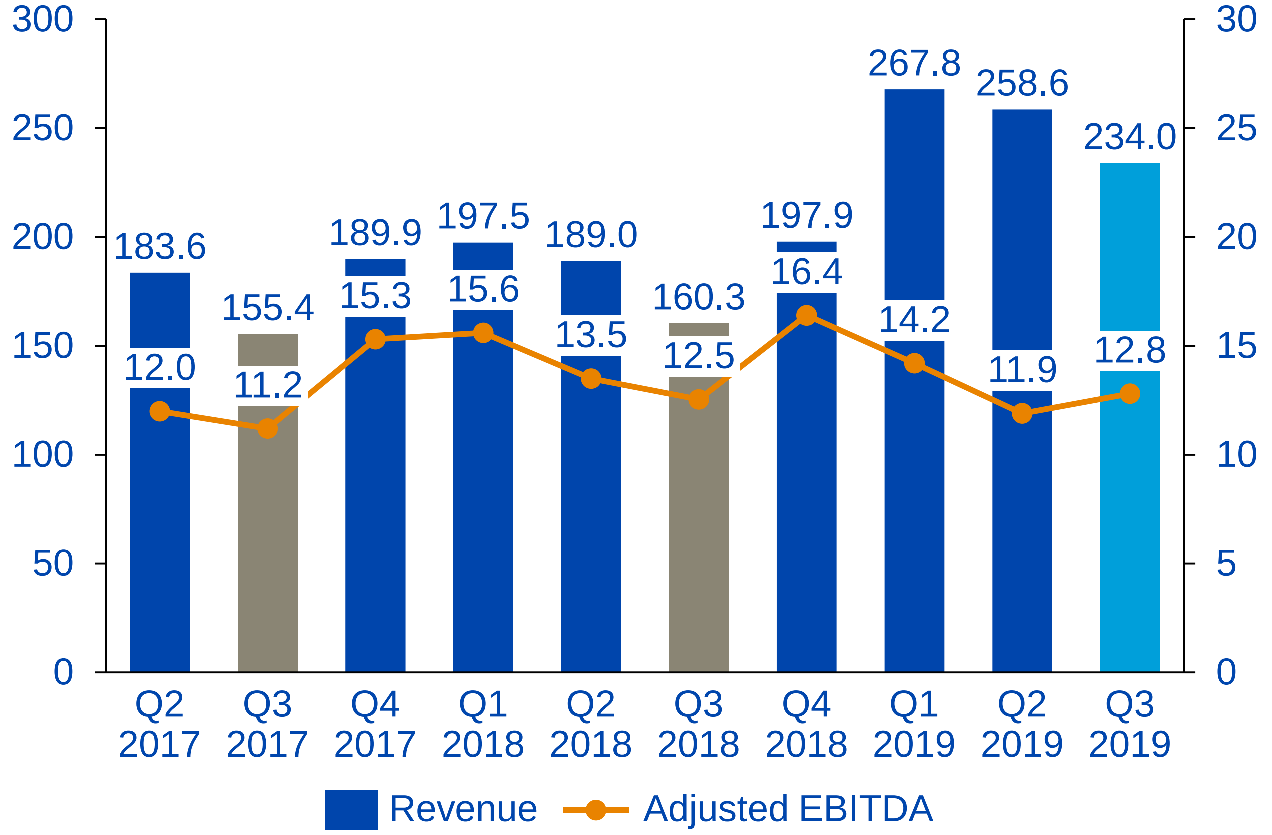
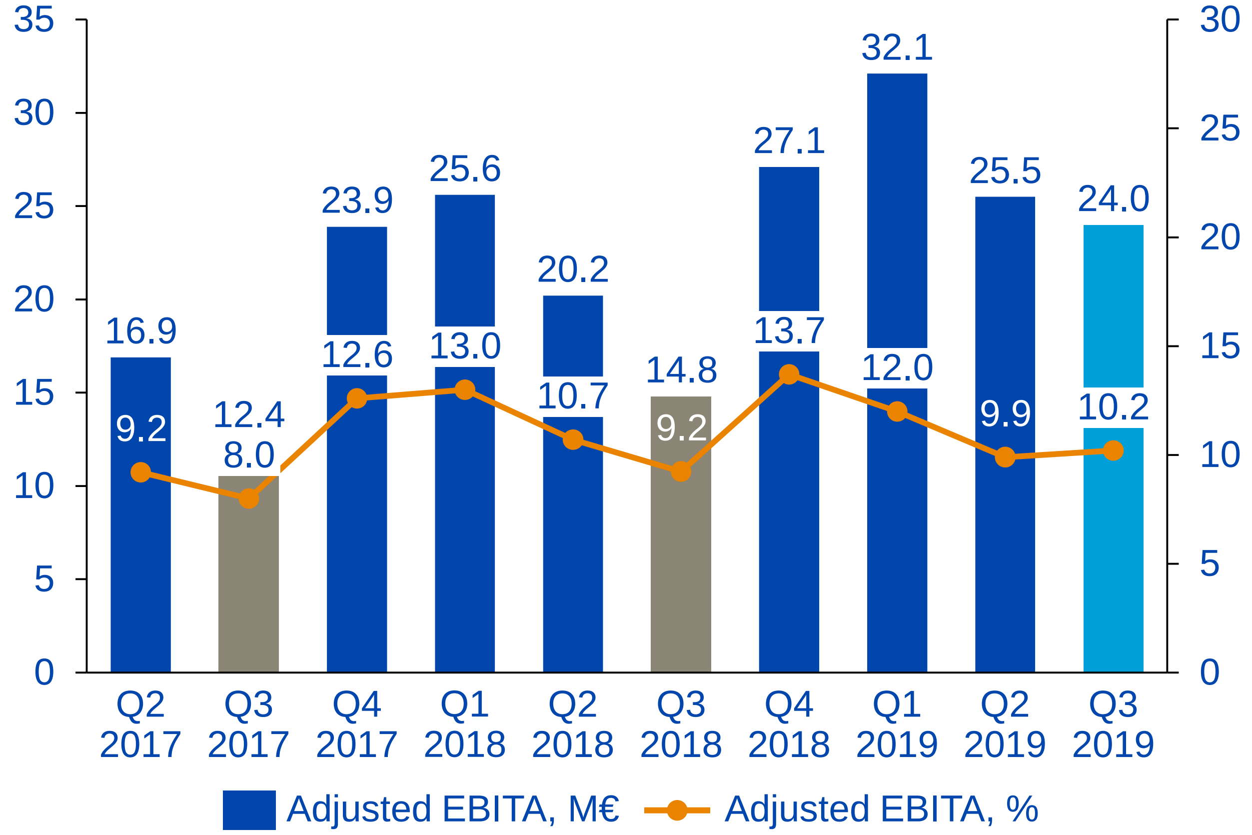
Revenue, Adjusted EBITDA*, %
Before IFRS 16 impact (comparable)



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€	7-9/2019	7-9/2018	Change, %	1-9/2019	1-9/2018	Change, %	2018
Revenue	**234.0**	**160.3**	**46.0**	**760.4**	**546.8**	**39.1**	**744.7**
Other operating income	0.6	8.8	-92.9	1.4	17.5	-92.3	18.2
Materials and services	-107.3	-76.1	41.0	-350.2	-257.8	35.8	-351.3
Employee benefit expenses	-70.8	-43.7	62.1	-232.5	-146.2	59.0	-197.1
Other operating expenses	-13.8	-10.5	31.8	-42.7	-36.0	18.8	-52.6
Rents, leases and premises*	-4.2	-11.4	-63.2	-12.0	-34.4	-65.2	-45.3
EBITDA, comparable	38.6	27.6	40.1	124.4	90.0	38.2	116.6
Adjustments (**	1.2	-7.4		4.1	-13.6		-7.7
Adjusted EBITDA, comparable	39.8	20.1	97.9	128.5	76.4	68.3	108.9
EBIT	16.1	17.3	-7.2	57.6	59.3	-2.9	75.4

Variable costs (Materials and services) · Semi-fixed costs, scalable on a unit level (Employee benefit expenses) · Fixed costs, scalable on a group level (Other operating expenses; Rents, leases and premises)

** The presented number is not comparable, because the rent expenses have decreased by 29.7 million euro during 1-9/2019 and 9.9 million euro during 7-9/2019 due to implementation of IFRS 16.*

*** Adjustments are material items outside the ordinary course of business associated with 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 the Attendo deal and the adoption of IFRS 16 is reflected in the balance sheet

M€	30.9.2019	30.9.2018	31.12.2018
ASSETS			
Property, plant and equipment	86.3	81.0	83.6
Goodwill	781.7	585.0	768.7
Other intangible assets	158.8	100.6	167.7
Other assets	289.6	91.4	105.4
Cash and cash equivalents	42.4	79.4	36.9
TOTAL ASSETS	1,358.8	937.4	1,162.3
EQUITY AND LIABILITIES			
TOTAL EQUITY	524.9	502.2	511.8
Interest bearing liabilities	609.9	289.9	450.1
Other liabilities	224.0	145.3	200.4
TOTAL LIABILITIES	833.9	435.2	650.5
TOTAL EQUITY AND LIABILITIES	1,358.8	937.4	1,162.3

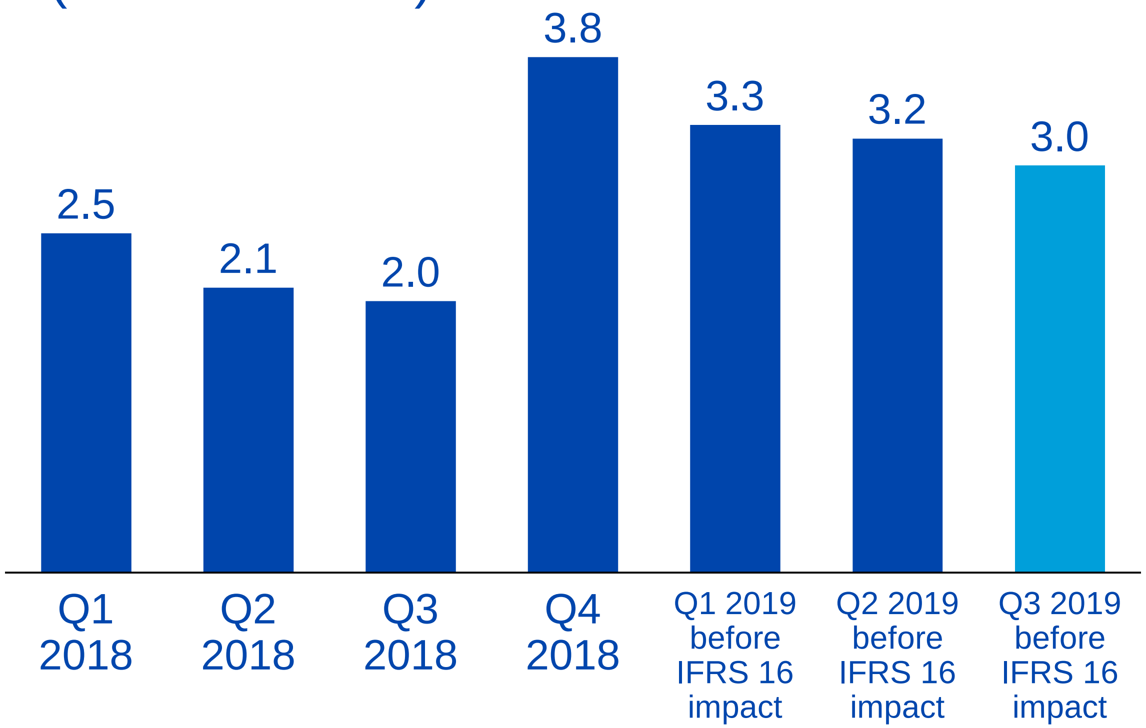
IFRS 16 impact 175.0 M€

IFRS 16 impact 176.9 M€

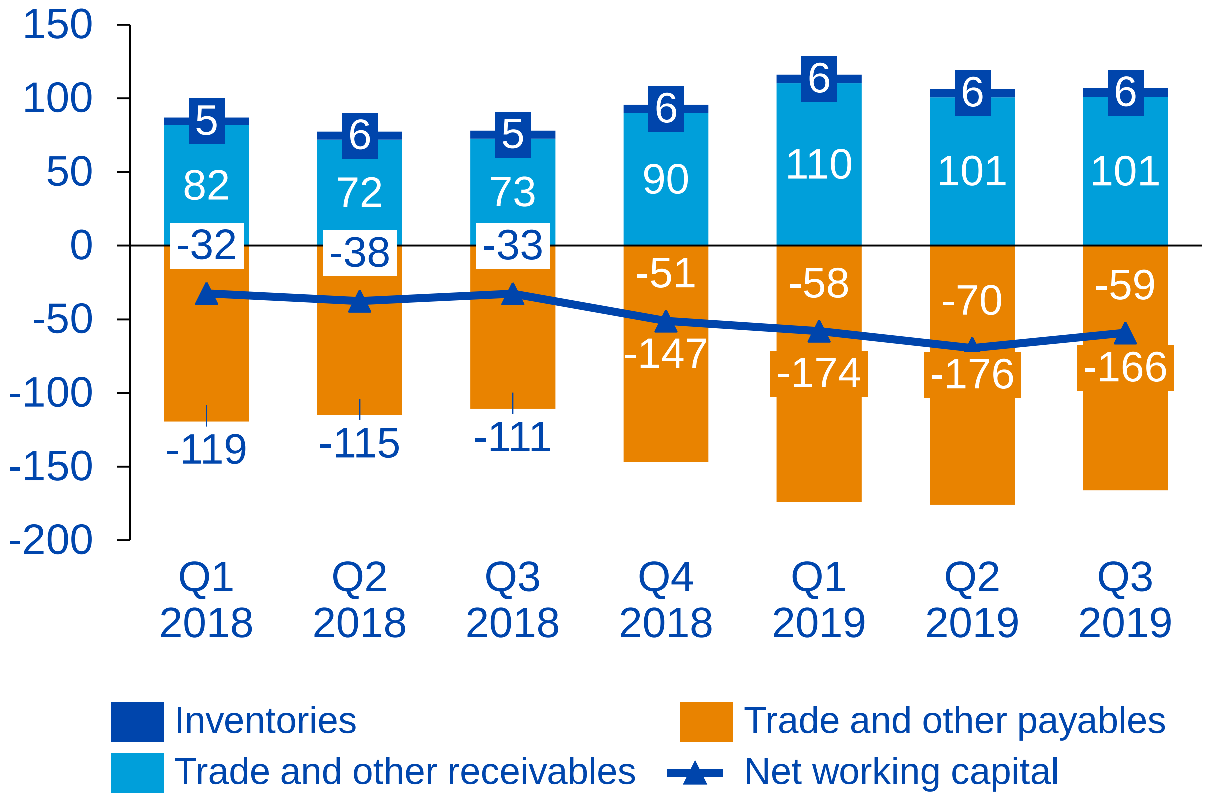
- Total assets of the Group amounted to EUR 1,358.8 (937.4) million. The growth was mainly attributable to the allocation of the purchase price to intangible assets in connection with the Attendo acquisition, the goodwill generated by the acquisition, and the adoption of IFRS 16.
- Equity attributable owners of the parent company totaled EUR 524.8 million (502.1) million. The growth was mainly due to improved profitability.
- Adjusted net debt before IFRS 16 impact (comparable), amounted to EUR 390.6 (210.5) million. The effect of IFRS 16 on lease-related interest-bearing debt was EUR 176.9 million. Net debt/adjusted EBITDA before IFRS 16 impact was 3.0 (2.0)

Deleveraging the balance sheet continues

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)

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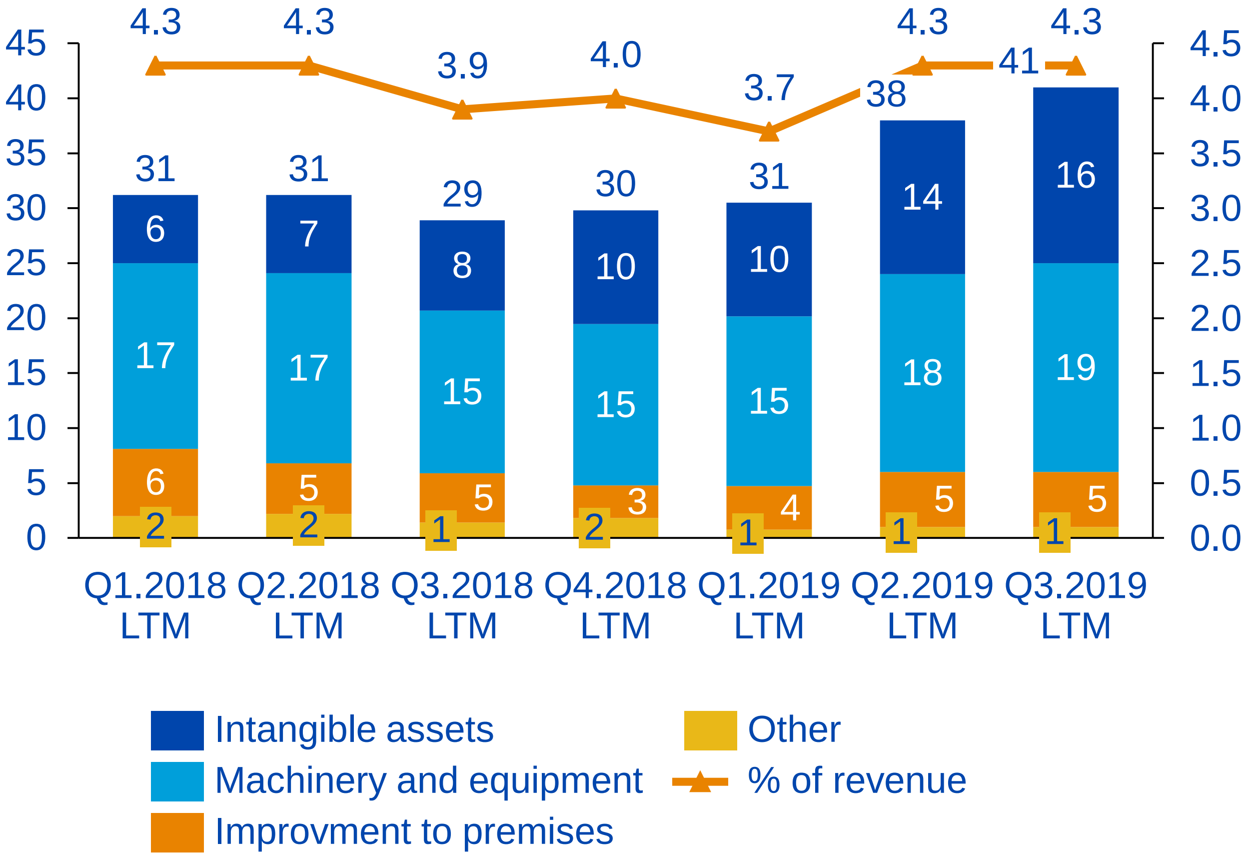
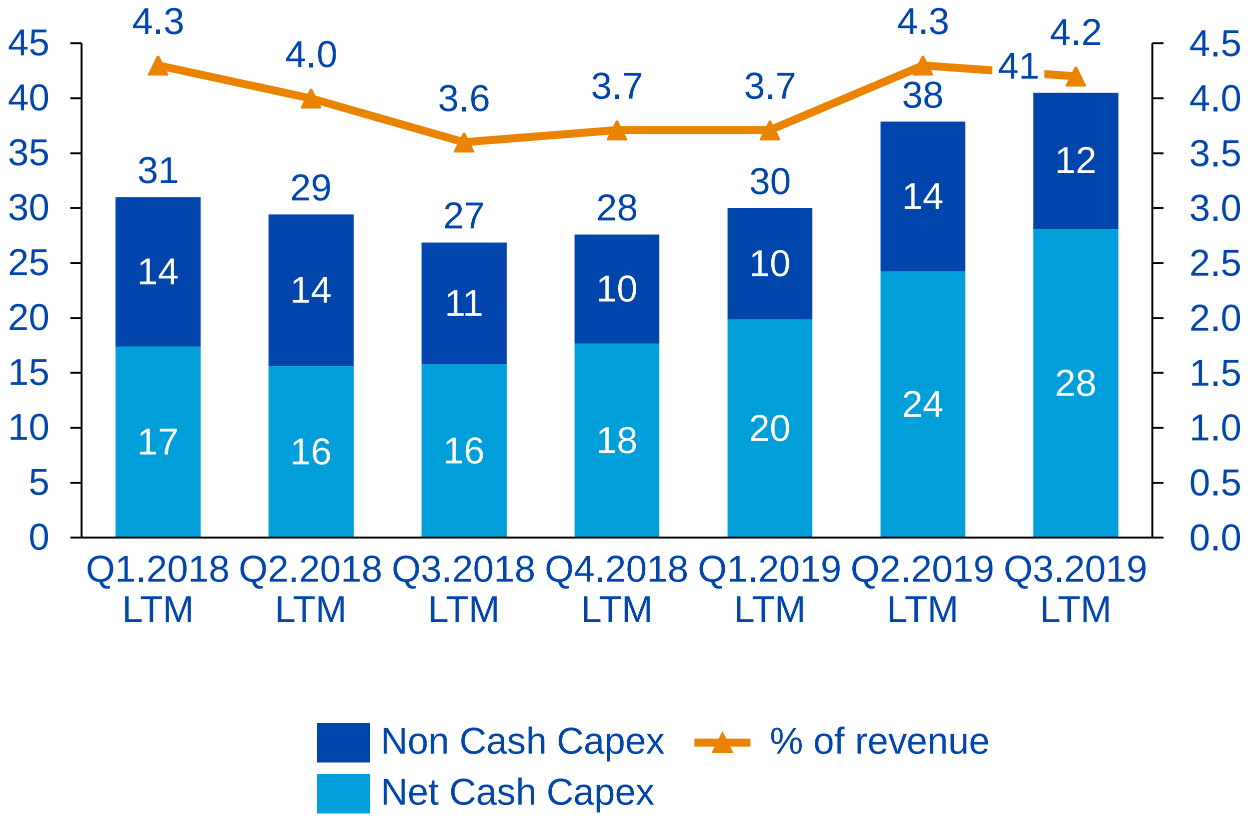
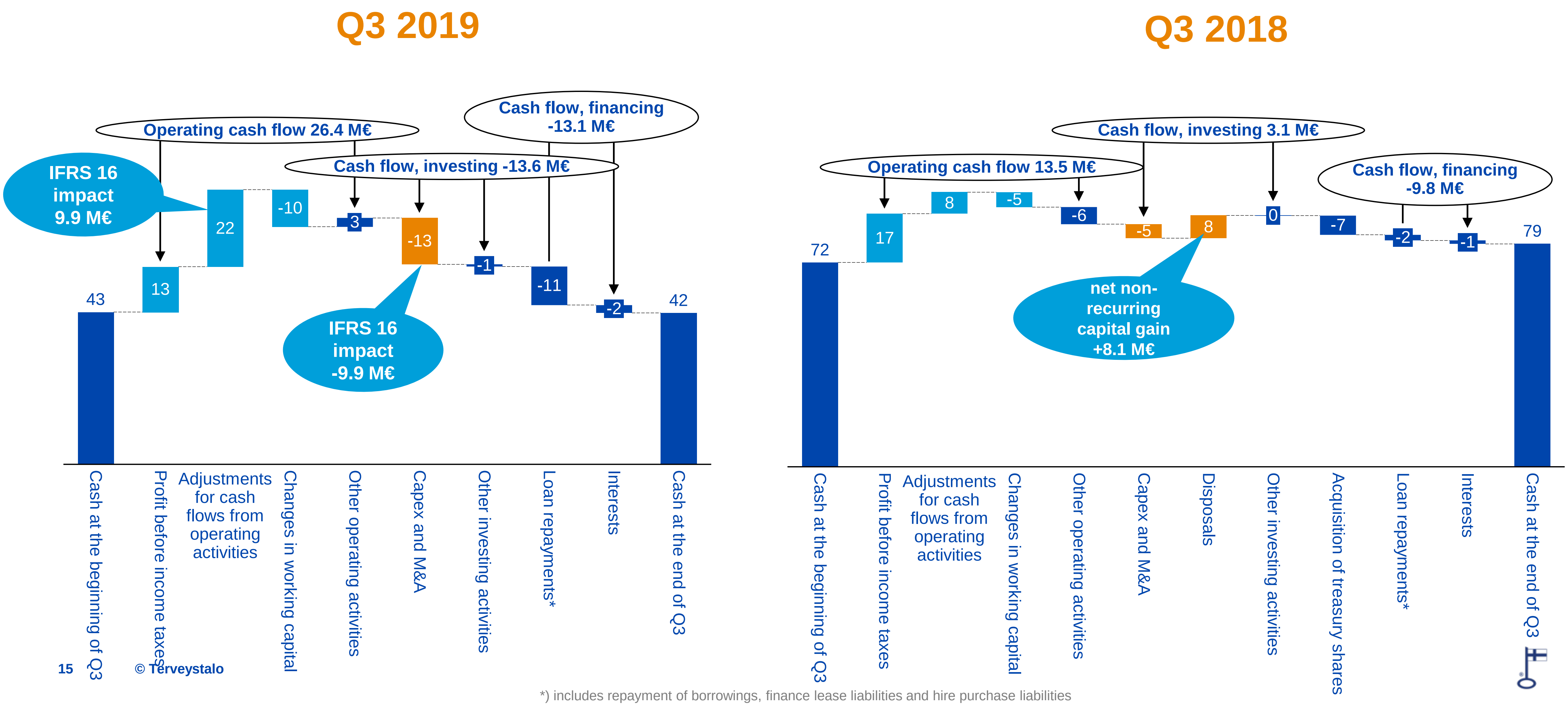
Gross capex, M€ and %- of revenue



Net capex, M€ and %- of revenue



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



*) includes repayment of borrowings, finance lease liabilities and hire purchase liabilities

Corporate responsibility is one of our strategic focus areas

- We see increasing investor interest for ESG themes
- For 2019, we will publish our first Corporate responsibility report according to GRI
- Terveystalo achieved a Prime status from ISS ESG, indicating that we meet the high responsibility standards of ISS ESG in our industry

Corporate ESG Performance

Prime

RATED BY ISS ESG

Financial reporting and IR events and roadshows

Financial reporting

- Terveystalo Plc Stock Exchange Release 11 October 2019 at 9:00 a.m. EEST
- In 2020, Terveystalo Plc will publish financial reports as follows:
  - Financial Statements Bulletin 2019 on Thursday, 13 February 2020
  - Annual Report 2019 on week 9, 2020
  - Interim report for January-March 2020 on Wednesday, 6 May 2020
  - Half-Year Report for January-June 2020 on Thursday, 6 August 2020
  - Interim report for January-September 2020 on Thursday, 29 October 2020
- AGM 2020 is held on Thursday, 2 April, 2020 in Helsinki.

Upcoming IR events

- SEB Q3 Investor Lunch on
  1 November 2019 in Helsinki
- Carnegie Healthcare seminar
  14 November 2019 in Helsinki
- SEB Welfare and Healthcare seminar
  11 December 2019 in Stockholm

Q & A

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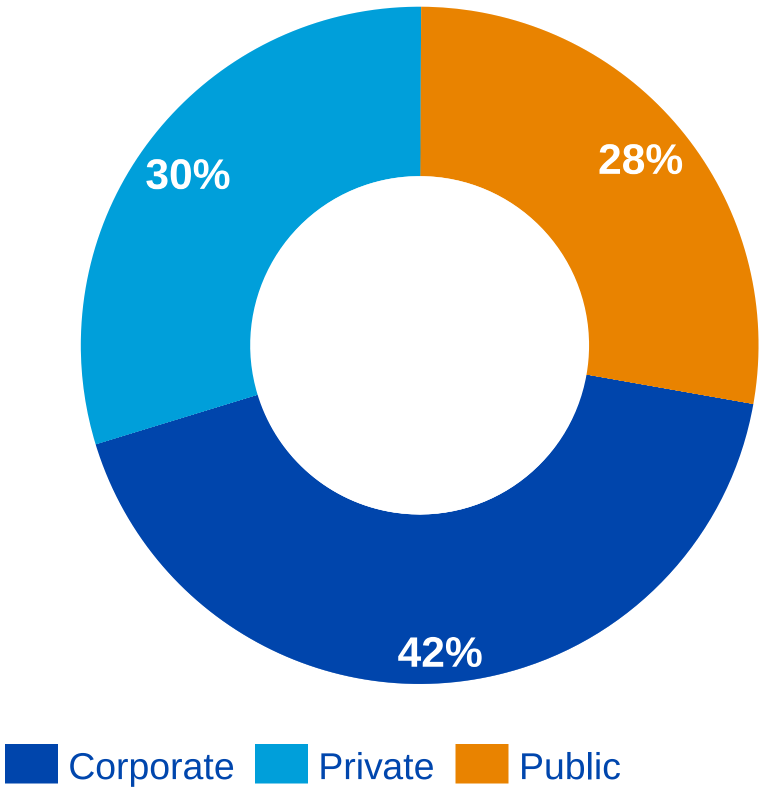
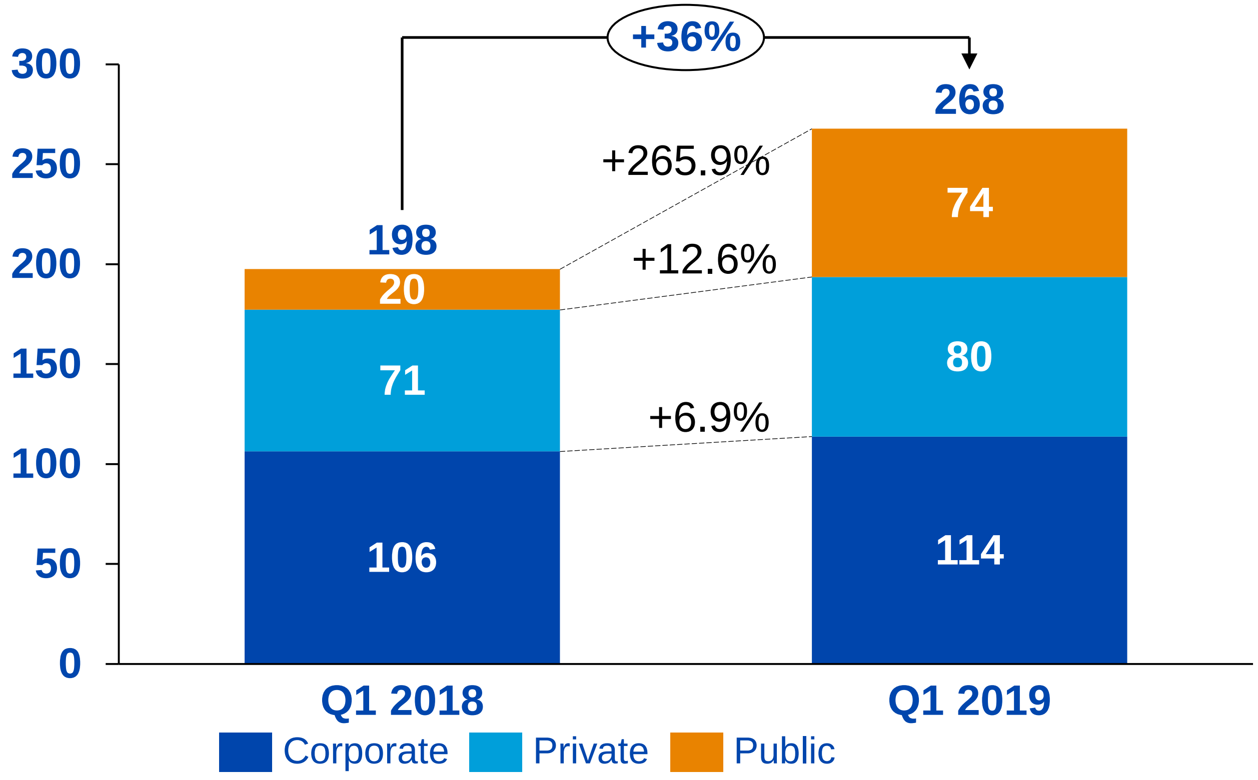
Q1: The Attendo deal had a significant impact on revenue

Revenue split by customer group, %



Revenue split by customer group, M€



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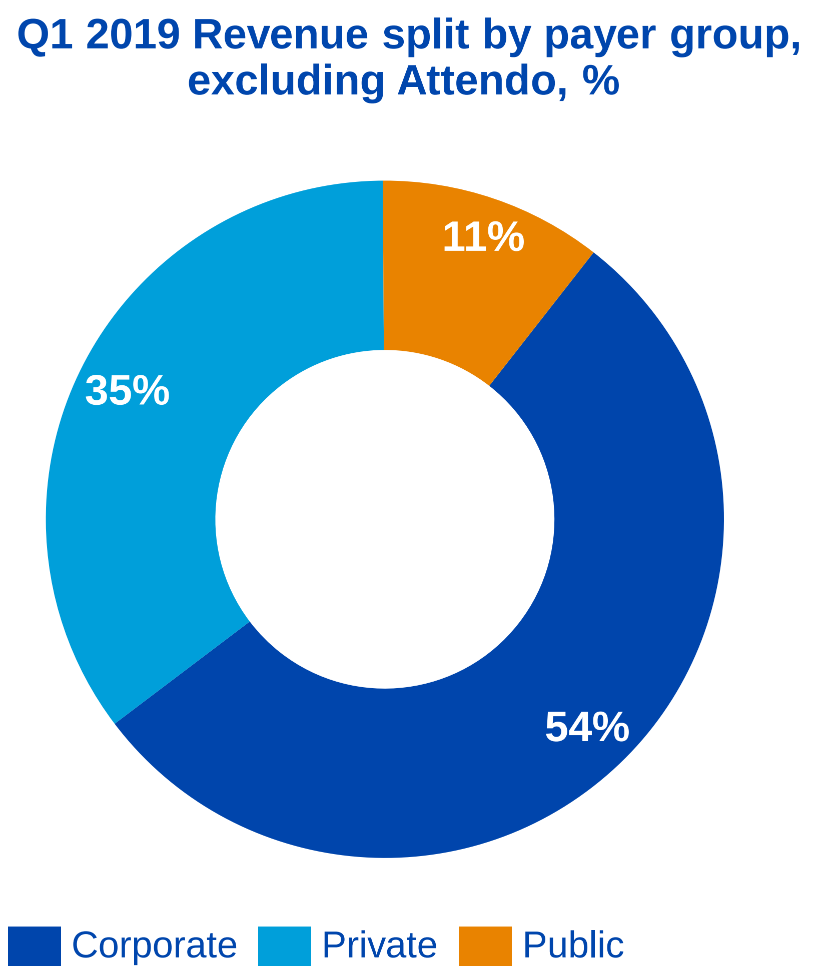
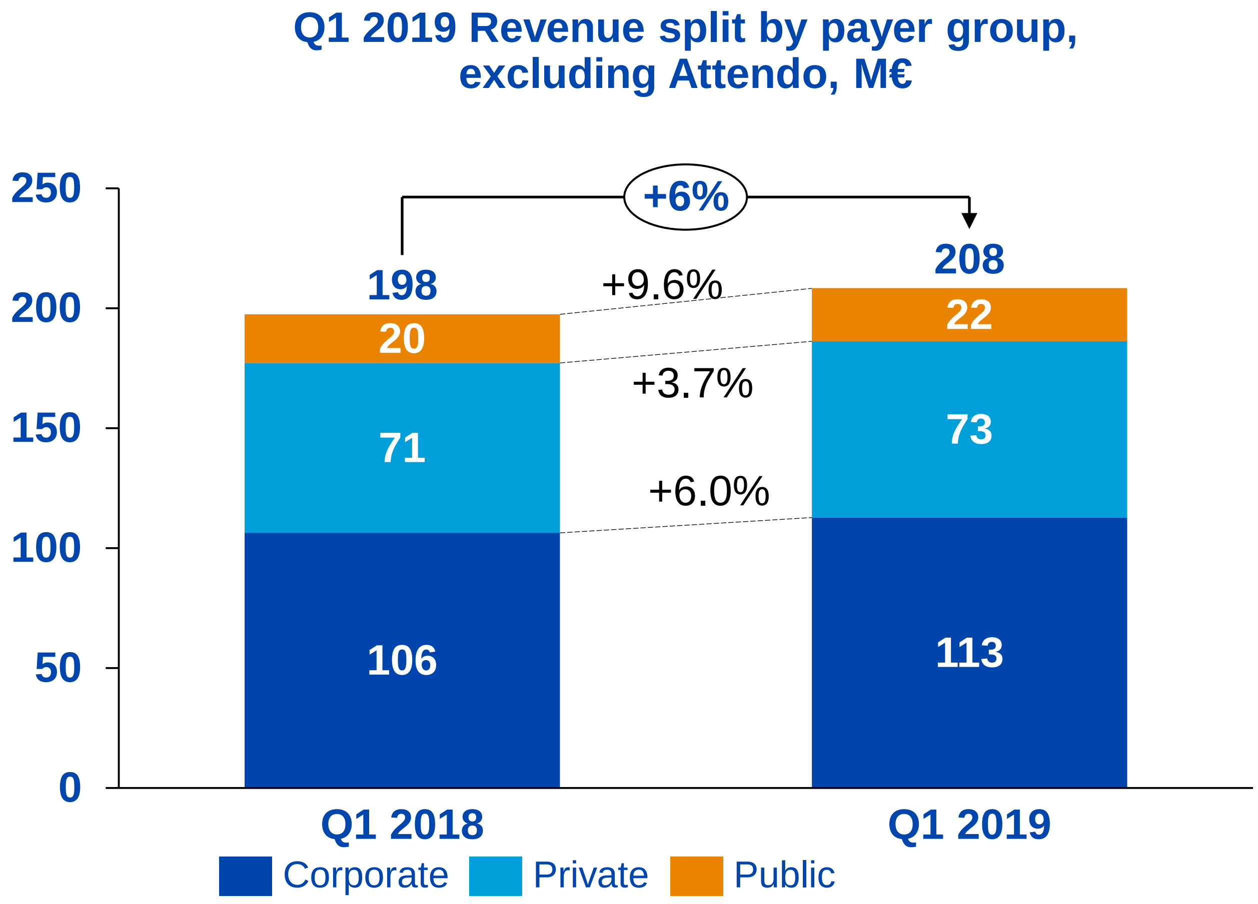
Q1: Stable revenue growth in all payer groups, excluding the Attendo impact





IFRS 16 impact on reported figures

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EUR mill.	1-9/2019 Reported	1-9/2019 IFRS 16 impact	1-9/2019 Before IFRS 16 impact	1-9/2018 Reported
Revenue	760.4	-	760.4	546.8
EBITDA	**124.4**	**29.7**	**94.7**	**90.0**
Adjusted EBITDA	**128.5**	**29.7**	**98.8**	**76.4**
Depreciation	-66.8	-28.5	-38.3	-30.7
Adjusted EBITA	**82.7**	**1.2**	**81.6**	**60.6**
Financial expenses (net)	-10.8	-2.6	-8.2	-7.1
Profit/loss before taxes	**46.9**	**-1.5**	**48.4**	**54.3**
Taxes	-8.9	0.4	-9.3	4.4
Net profit/loss	**38.0**	**-1.1**	**39.1**	**58.7**
Assets	1,358.8	175.0	1,183.8	937.4
Financial liabilities	609.9	176.9	433.0	289.9
Cash flow from operating activities	124.1	29.7	94.4	62.1

Key figures

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EUR million	7–9/2019	7–9/2018	Change, %	1–9/2019	1–9/2018	Change,%	2018
Revenue	234.0	160.3	46.0	760.4	546.8	39.1	744.7
Adjusted EBITDA 1) 2)	39.8	20.1	97.9	128.5	76.4	68.3	108.9
Adjusted EBITDA, % 1) 2)	17.0	12.5	-	16.9	14.0	-	14.6
EBITDA 1) 2)	38.6	27.6	40.1	124.4	90.0	38.2	116.6
EBITDA, % 1) 2)	16.5	17.2	-	16.4	16.5	-	15.7
Adjusted earnings before interest, taxes and amortization (EBITA) 1) 2)	24.4	14.8	64.9	82.7	60.6	36.5	87.7
Adjusted earnings before interest, taxes and amortization (EBITA), % 1) 2)	10.4	9.2	-	10.9	11.1	-	11.8
Earnings before interest and taxes (EBIT) 2)	16.1	17.3	-7.2	57.6	59.3	-2.9	75.4
Net profit 2) 3)	10.4	16.0	-34.8	38.0	58.7	-35.2	68.7
Net debt 2)	-	-	-	567.5	210.5	169.6	413.3
Net debt/adjusted EBITDA (last 12 months) 1) 2)	-	-	-	3.5	2.0	-	3.8
Return on equity (ROE), % 1) 2) 3)	-	-	-	9.3	13.5	-	14.2
Equity ratio, % 1) 2)	-	-	-	38.7	53.7	-	44.1
Gearing, % 1) 2)	-	-	-	108.1	41.9	-	80.8
Earnings per share 2) 3)	0.08	0.13	-	0.30	0.46	-	0.54
Operating cash flow 2)	26.4	13.5	96.3	124.1	62.1	100.0	100.6
Personnel (end of period)	-	-	-	7,262	4,482	62.0	6,018
Private practitioners (end of period)	-	-	-	5,082	4,729	7.5	4,877
Number of working days	66	65		189	189		251

Before IFRS 16 impact (comparable), EUR million	7–9/2019	7–9/2018	Change, %	1–9/2019	1–9/2018	Change,%	2018
Adjusted EBITDA 1)	29.9	20.1	48.7	98.8	76.4	29.4	108.9
Adjusted EBITDA, % 1)	12.8	12.5	-	13.0	14.0	-	14.6
Adjusted EBITA 1)	24.0	14.8	61.9	81.6	60.6	34.5	87.7
Adjusted EBITA, % 1)	10.2	9.2	-	10.7	11.1	-	11.8
Adjusted net debt 1)	-	-	-	390.6	210.5	85.6	413.3
Net debt/adjusted EBITDA (last 12 months) 1)	-	-	-	3.0	2.0	-	3.8

Adjustments are material items outside the ordinary course of business, associated with acquisition-related expenses, restructuring-related expenses, gain /losses on sale of assets (net), strategic projects, and other items affecting comparability.
1) Alternative performance indicator. Additional information in note 14.
2) Not comparable because of the adoption of IFRS 16.
Adoption of IFRS 16 had a significant effect on adjusted EBITDA, which increased by EUR 9.9 million in July–September and by EUR 29.7 million in January–September. Operating cash flow increased due to the impact of IFRS 16 by EUR 29.7 million in January–September. In addition, the adoption of IFRS 16 increased interest-bearing lease liabilities by EUR 176.9 million.
3) The net profit of the January–September 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 (net).
4) EBITDA for the last 12 months includes a nine-month impact of the Attendo acquisition and the effect of IFRS 16.