

Q3 RESULT – STRONG EARNINGS TREND CONTINUED

CEO Yrjö Närhinen
CFO Ilkka Laurila

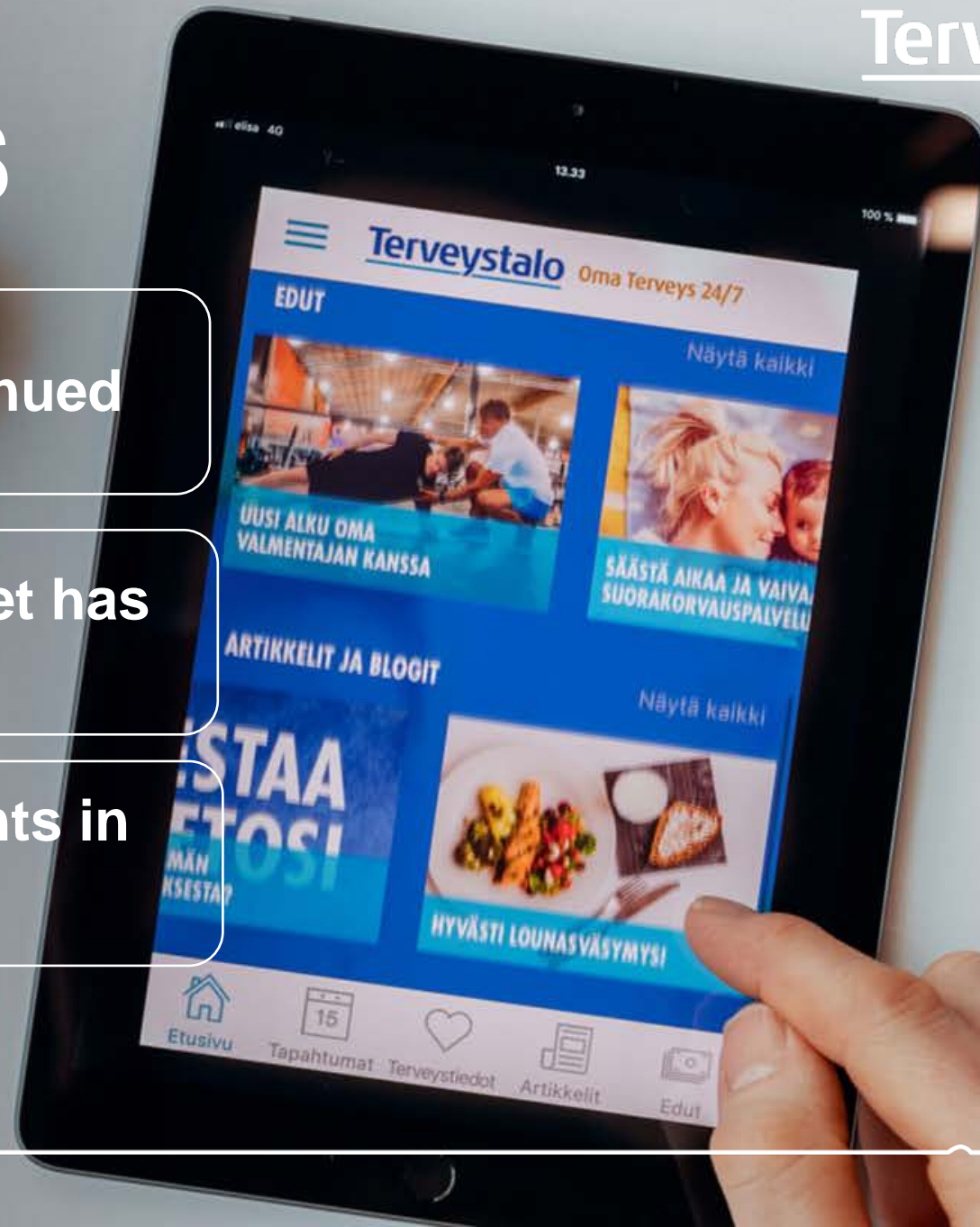


Q3 HIGHLIGHTS

Strong earnings trend continued

Capacity growth in the market has stalled

We strengthen our investments in digitalisation



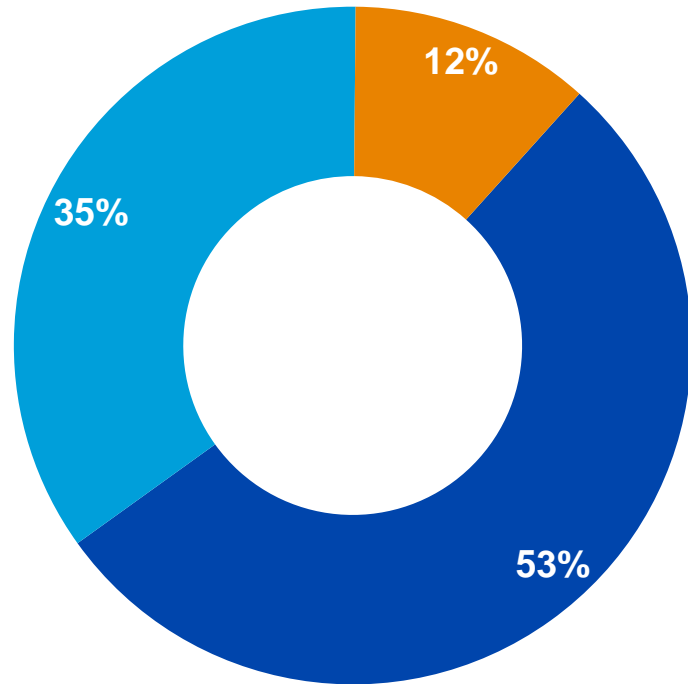
GROWTH CONTINUED, STRONG EARNINGS TREND

- Revenue +3.2 % EUR 160.3 mill. (155.4)
- Adjusted EBITDA* EUR 20.1 mill. (17.5)
- Adjusted EBITA* margin 9.2% (8.0%)
- Net result EUR 16.0 mill. (-6.9)
- Net debt / Adjusted EBITDA * down from 4.5 to 2.0



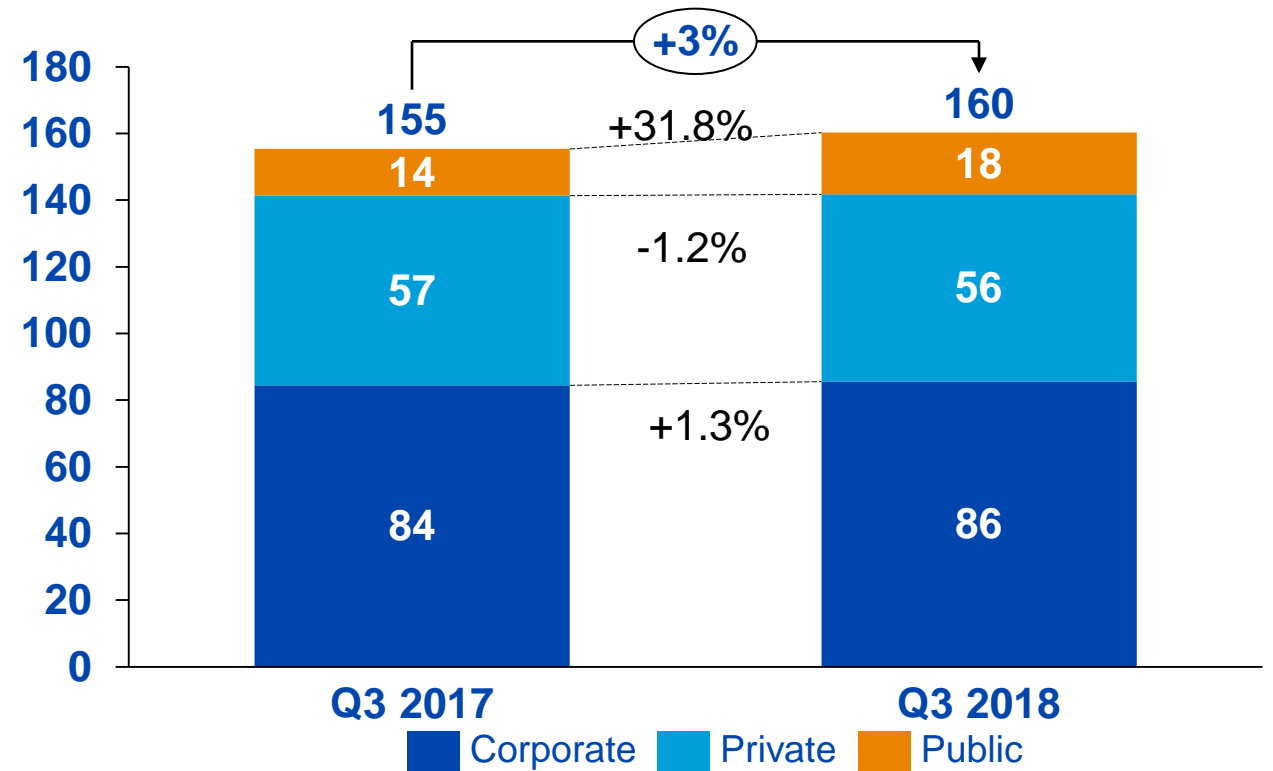
Revenue +3.2%

Q3 revenue by payor group, %



■ Corporate ■ Private ■ Public

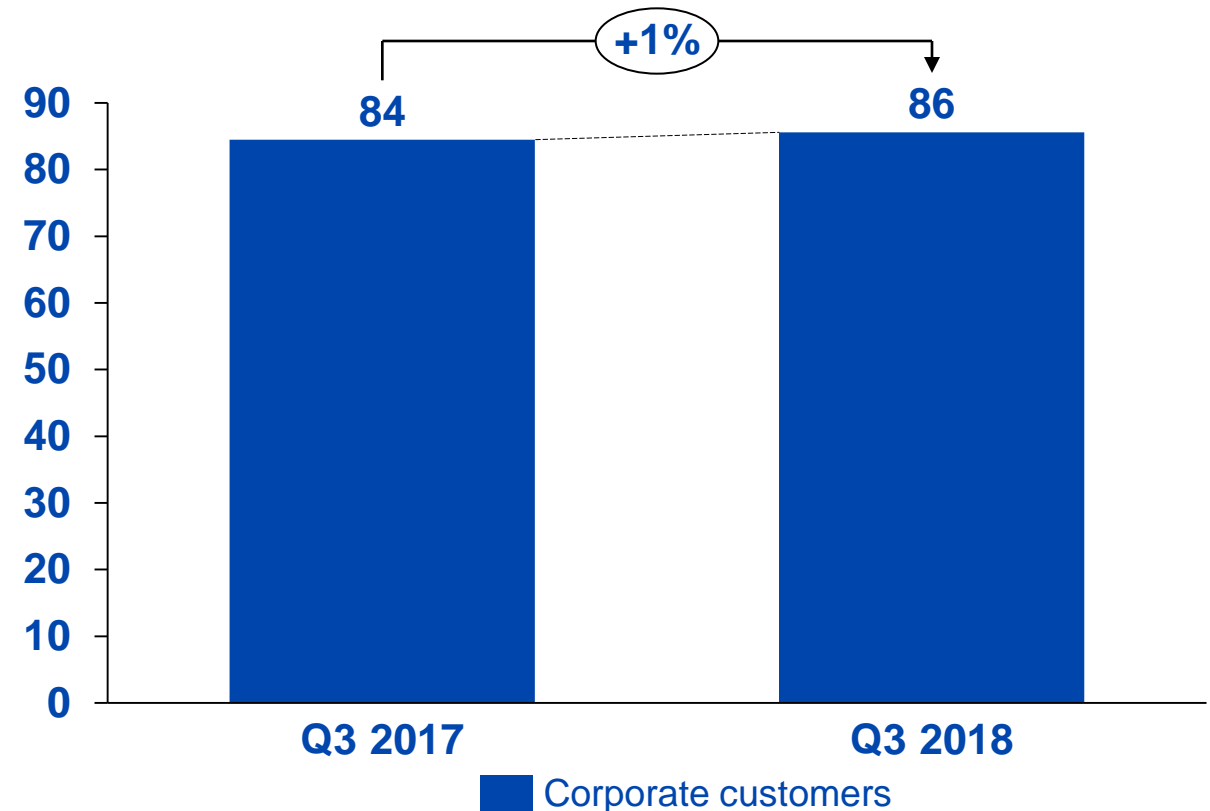
Q3 revenue by payor group, M€



Steady demand in corporate customer group

- Revenue increased by 1.3%, no significant impact from acquisitions.
- Sales of preventive OH services and wellbeing services developed favorably, the demand for illness-related appointments decreased.
- No significant change in the number of OH end customers y-o-y.
- The growth of preventive services is supported by the renewed digital Oma Suunnitelma, a personal health plan.
 - Over 150,000 plans already made with 65,000 future appointments planned.
- Strong growth in demand for digital services.

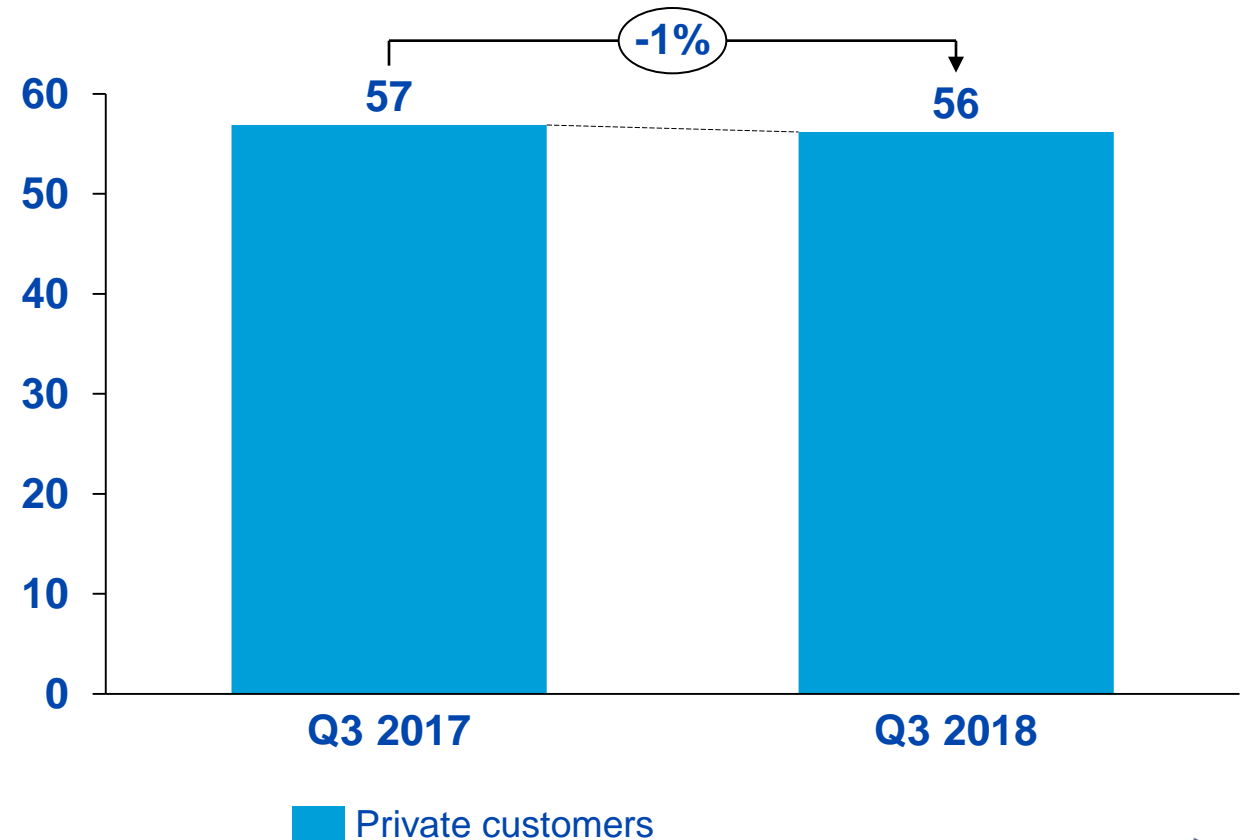
Q3 Revenue development y-o-y



The increased capacity in the market is reflected in private customer sales

- Revenue decreased by 1.2%, no significant effect from acquisitions.
- Demand growth was stable while the amount of private services used by OH end customers was flat y-o-y.
- Increased market capacity in larger cities impacted revenue, regional differences remain substantial.
- The utilization rates of physicians' appointment services remained exceptionally high, but the number of appointments offered showed a decrease y-o-y.
- Sales of diagnostic services was flat, strengthened insurance company referral lowered the volume of surgical services.
- Strong demand for wellbeing and digital services.

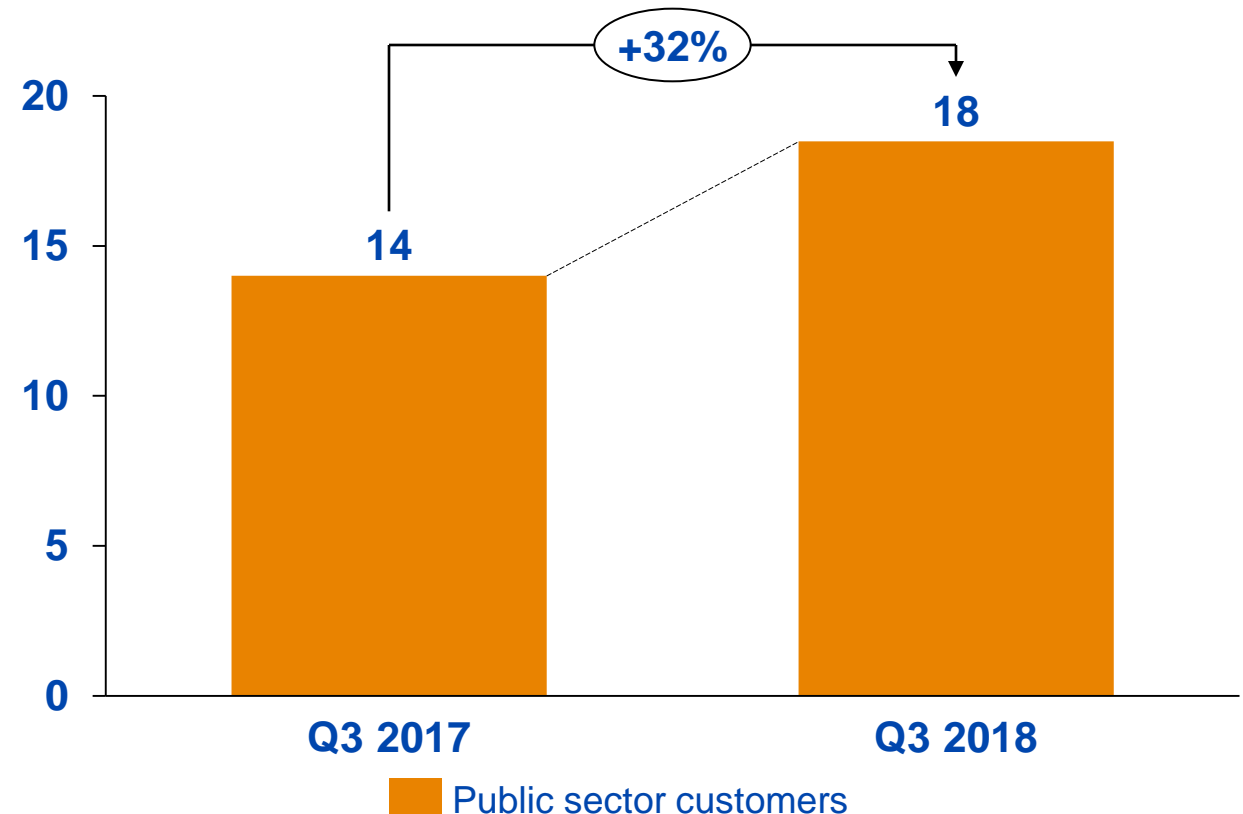
Q3 Revenue development y-o-y



Record-breaking growth in revenue from public customers

- Record-breaking growth - revenue grew by 31.8% y-o-y.
- The increase in revenue was particularly supported by new outsourcing contracts in Lumijoki and Kinnula and specialized care outsourcing at Iisalmi Hospital*.
- Terveystalo is participating in freedom of choice pilots (FoC) in Ylä-Savo (Iisalmi, Sonkajärvi, Vieremä, Kiuruvesi), Central Uusimaa (Hyvinkää, Järvenpää, Mäntsälä), Hämeenlinna, Jyväskylä, Lahti and Kuopio. The number of FoC experiments and the revenue derived from them increased substantially y-o-y.

Q3 Revenue development y-o-y



*outsourcing contracts are listed in appendix

Market review

- Strong demand continued, capacity growth has stalled.
- Increased market capacity has intensified competition, especially in Finland's major cities and is reflected in the development of private customer group sales.
- The Government's proposal for the Social and health care reform was submitted to the Parliament's Constitutional Law Committee, and it remains uncertain if the proposed reforms will be adopted for approval and implemented.
- If the proposed Sote reform is further postponed, public sector demand for different outsourcings is expected to grow, especially if the law limiting municipalities and joint municipal boards in their outsourcings and investments of social and health care services is abolished.

Market outlook

- Employment and consumer confidence remain at a high level in Finland, and the market environment is positive.
- If the government's Social and health care reform (the so-called Sote-reform) is delayed, demand for outsourcing and other services from the public sector is expected to grow.
- Corporate customers keep up a steady demand, and the relative share of preventive services is increasing.
- Demand from private customers remains at a steady level but new capacity on the market affects Terveystalo's revenue growth negatively. However, the peak of capacity growth has passed.



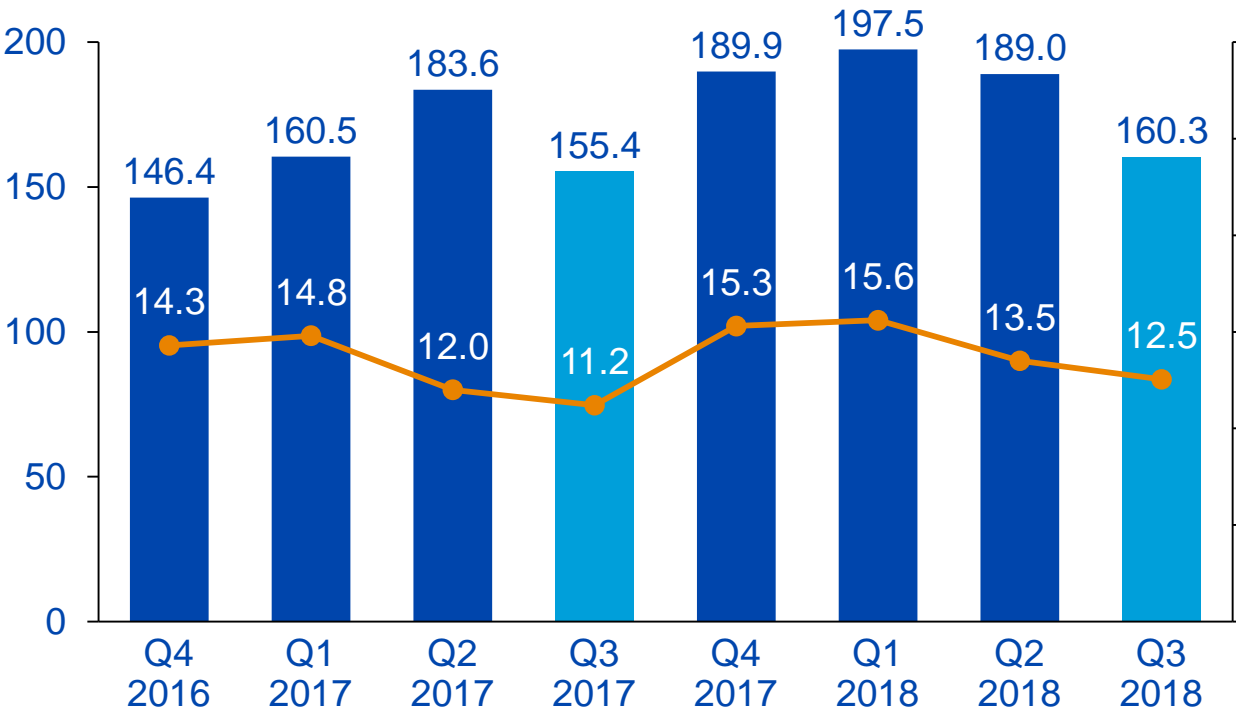
FINANCIAL PERFORMANCE

CFO Ilkka Laurila

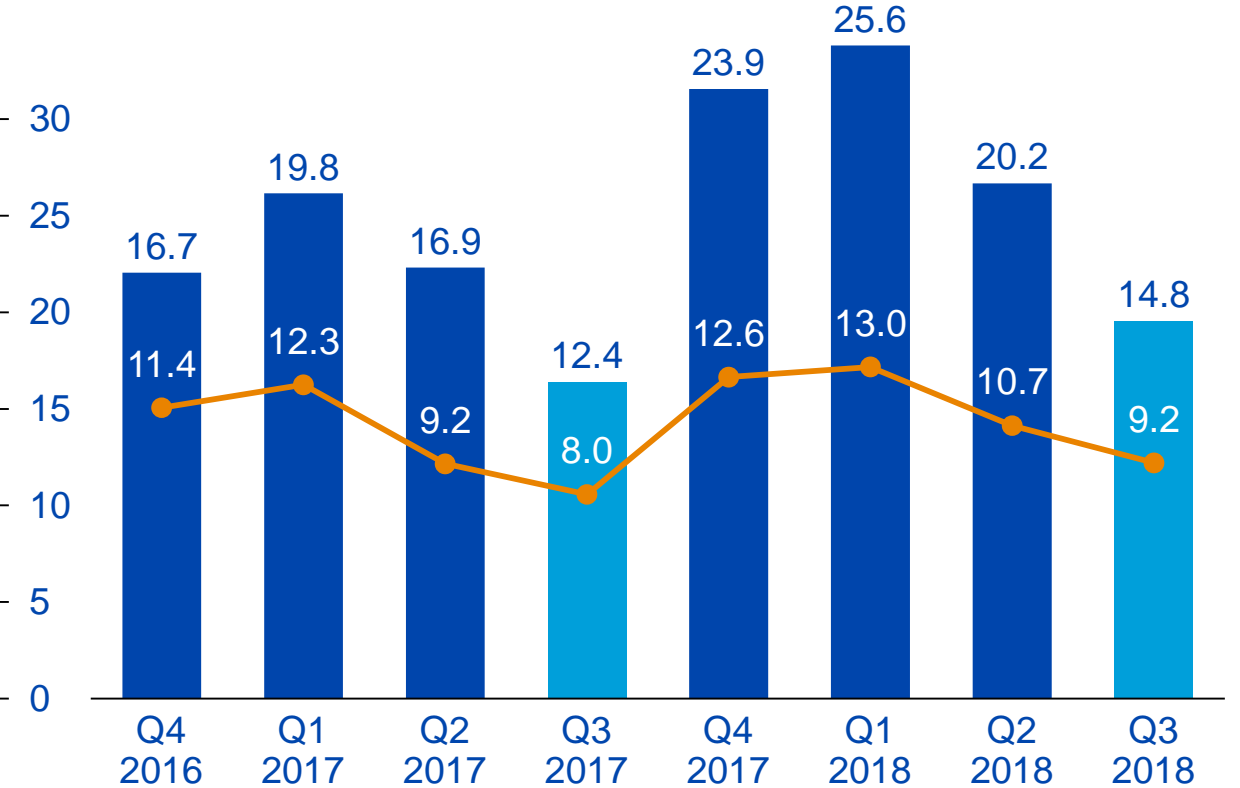


Strong earnings trend continued

Revenue, adjusted EBITDA*, %



Adjusted EBITA*, M€ and %



■ Revenue
—●— Adjusted EBITDA margin, %

■ Adjusted EBITA, M€ —●— Adjusted EBITA, %

**Alternative KPI*



Operating leverage is reflected in underlying margin performance

M€	7-9/2018	7-9/2017	Change, %	1-9/2018	1-9/2017	Change, %	2017
Revenue	160.3	155.4	3.2	546.8	499.6	9.4	689.5
Other operating income	8.8	0.7	> 200.0	17.5	1.6	> 200.0	2.1
Materials and services	-76.1	-74.6	2.0	-257.8	-235.2	9.6	-324.3
Employee benefit expenses	-43.7	-42.8	2.1	-146.2	-141.4	3.4	-189.5
Other operating expenses	-21.8	-31.2	-30.0	-70.4	-81.2	-13.4	-109.6
EBITDA	27.6	7.6	>200.0	90.0	43.4	107.3	68.2
Adjustments (*)	-7.4	9.8		-13.6	19.9		24.1
Adjusted EBITDA	20.1	17.5	15.2	76.4	63.3	20.7	92.4
Operating profit	17.3	-2.5	>200.0	59.3	14.2	>200.0	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.



Solvency further strengthened

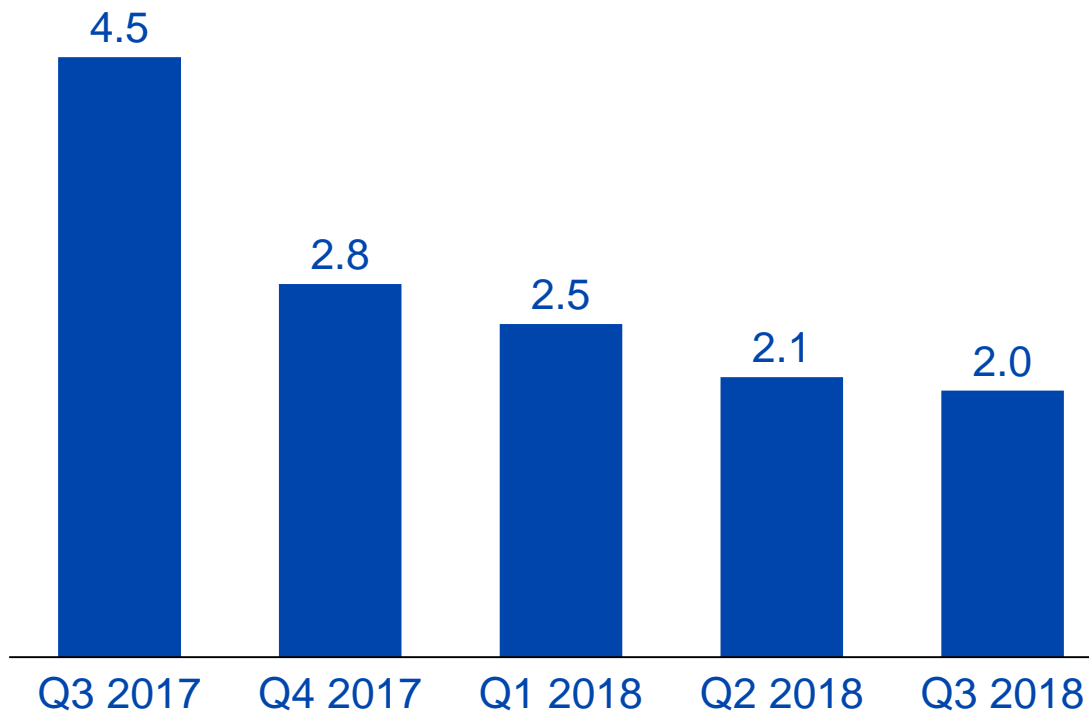
m€	30.9.2018	30.9.2017
ASSETS		
Property, plant and equipment	81.0	91.9
Goodwill	585.0	583.1
Other intangible assets	100.6	112.5
Other assets	91.4	85.1
Cash and cash equivalents	79.4	5.7
TOTAL ASSETS	937.4	878.2
EQUITY AND LIABILITIES		
TOTAL EQUITY	502.2	326.9
Interest bearing liabilities	289.9	383.5
Other liabilities	145.3	167.8
TOTAL LIABILITIES	435.2	551.3
TOTAL EQUITY AND LIABILITIES	937.4	878.2

- Total assets amounted to EUR 937.4 million (EUR 878.2 million). The growth was mainly due to the increase in cash and cash equivalents.
- Equity attributable to owners of the parent company was EUR 502.1 (326.8) million. The growth was mainly due to the new capital raised through the IPO and improved profitability.
- Gearing at the end of the review period was 41.9% (115.6) and the interest-bearing net debt was EUR 210.5 (377.8) million. 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.

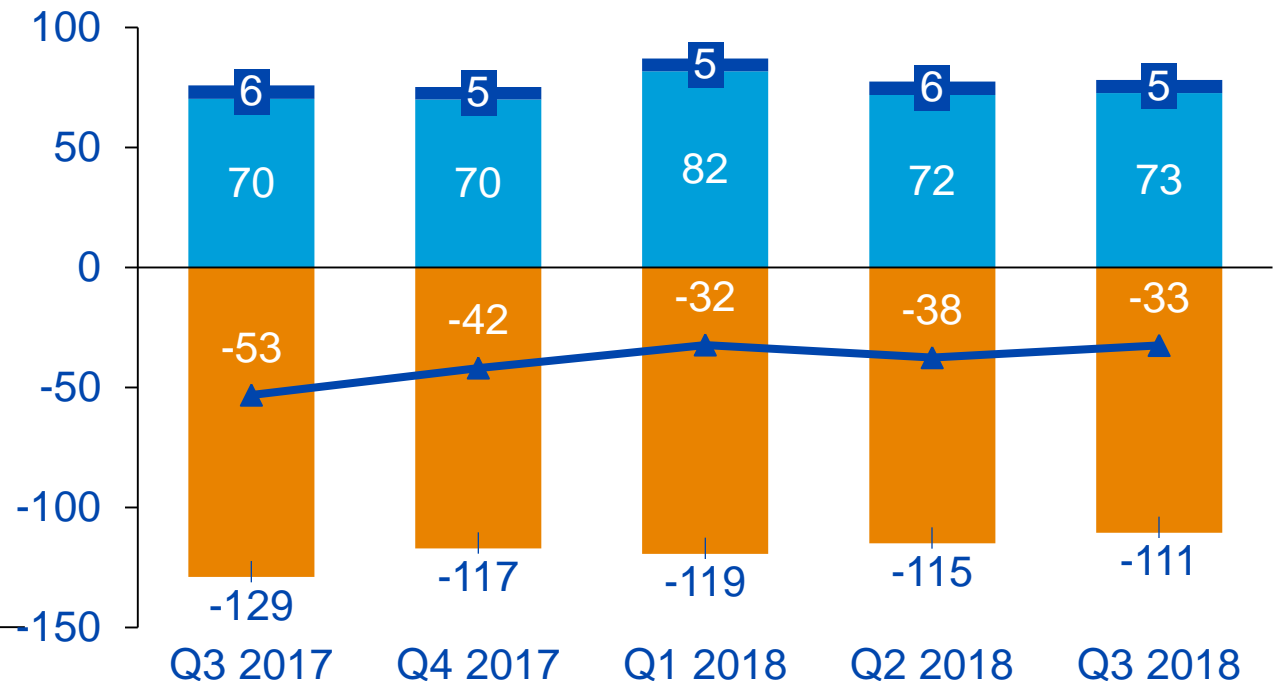


Leverage decreased, operational efficiency is reflected in the negative net working capital

Net debt/Adjusted EBITDA, LTM



Net working capital

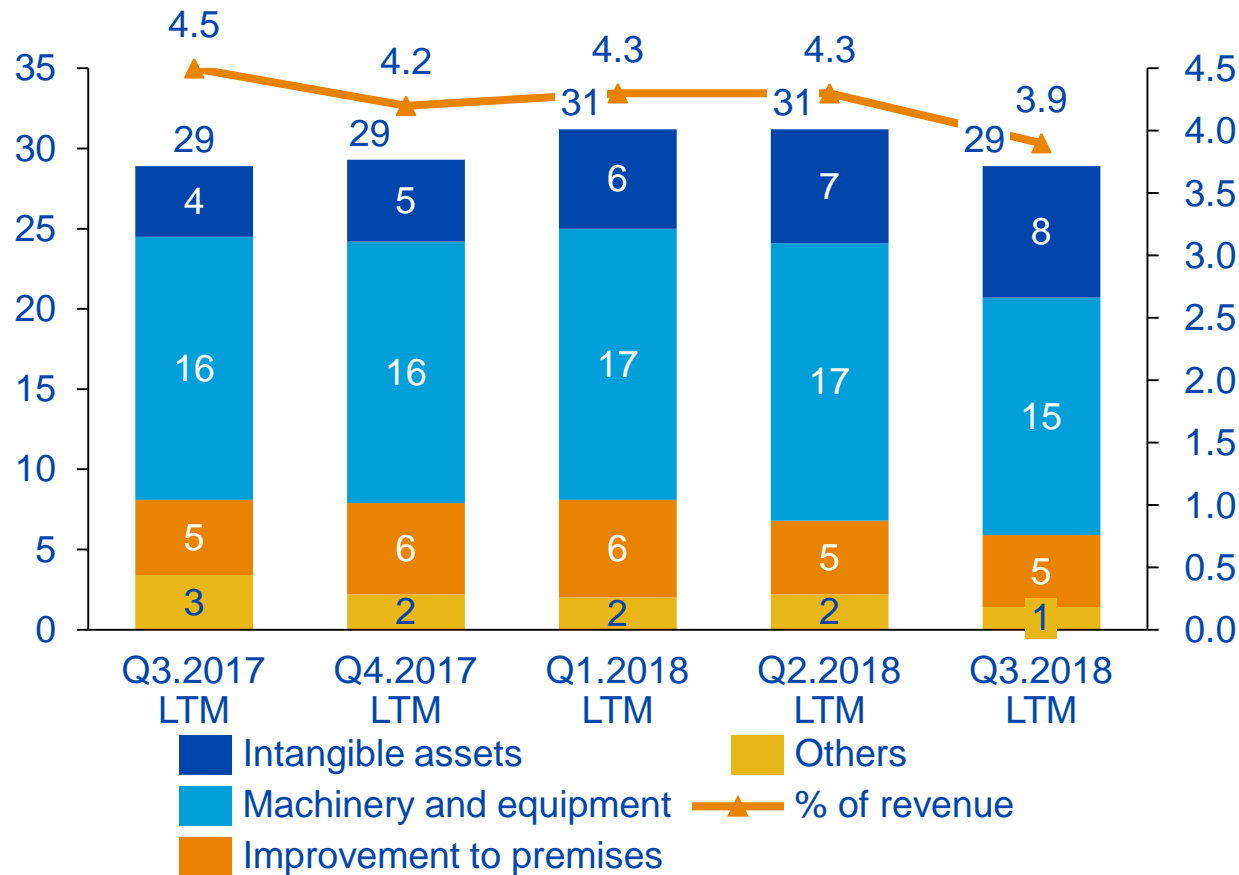


- Inventories
- Trade and other receivables
- Trade and other payables
- Net working capital

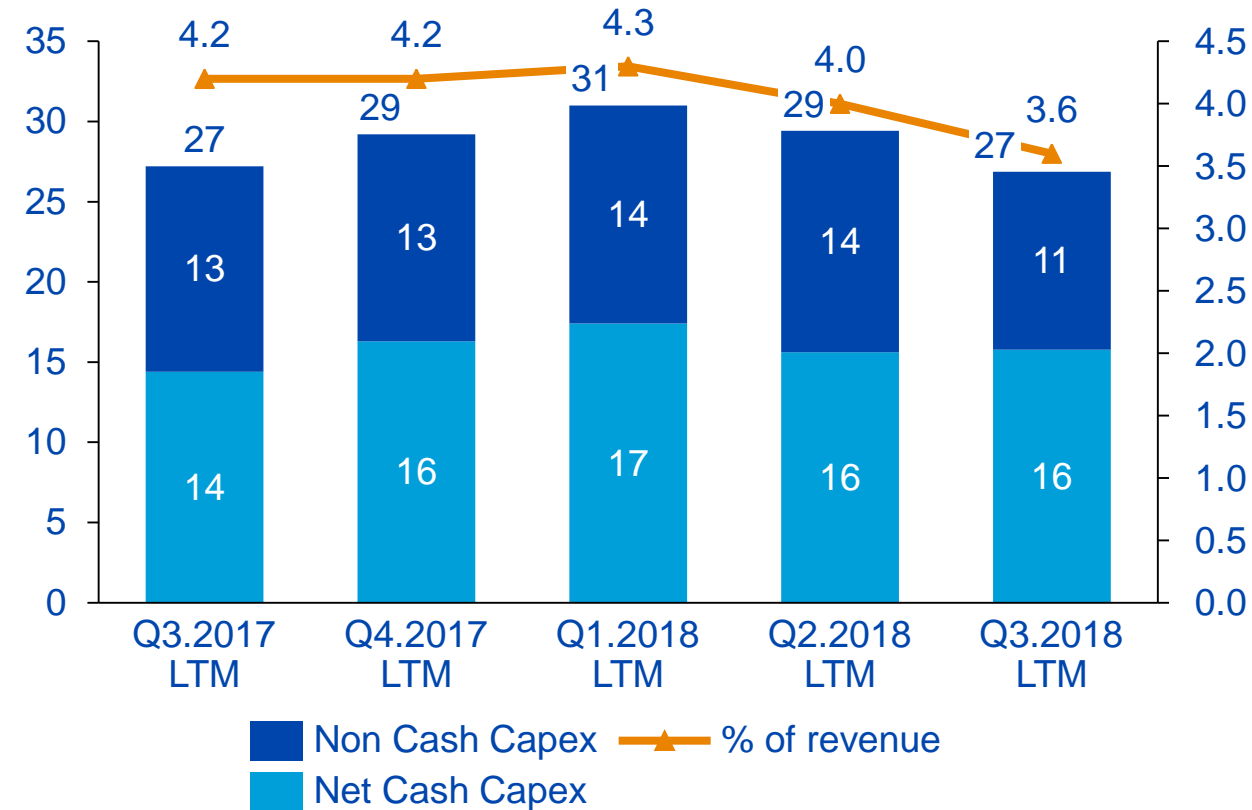


Investments (Excluding M&A)

Gross capex, M€ and %- of revenue

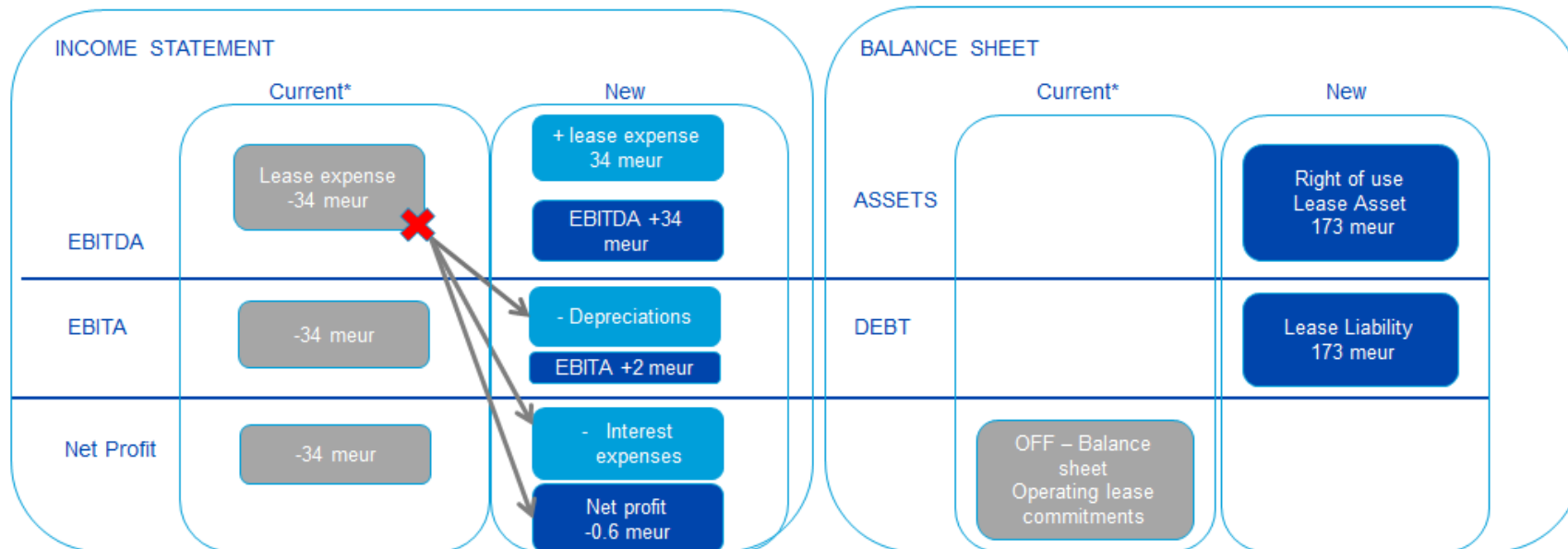


Net capex, M€ and %- of revenue



IFRS 16 Leases – the impact of standard in financial year 2019

- Terveystalo is planning to apply the IFRS 16 using the modified retrospective approach.
- At this moment the estimated preliminary value of the discounted lease liability to be recognised at 1.1.2019 is EUR 173 million and the value of right of use asset is respectively EUR 173 million based on the lease contracts that are classified under the general requirements of IFRS 16 standard and on responsibility of Terveystalo Group as per 30.9.2018
- According to the estimated preliminary calculations for financial year 1.1.-31.12.2019 based on contracts valid 30.9.2018, EBITDA will increase EUR 34 million, EBITA will increase EUR 2 million and the effect to net profit after recognizing the IFRS 16 financing expenses will be EUR - 0.6 million.



* The current status is demonstrated according to the valid IAS 17 standard.



Financial reporting in 2019 and Q3 IR events and roadshows

Financial reporting in 2019

- Financial Statements Bulletin 2018 on Thursday, 14 February 2019
- Annual Report 2018 during week 9
- Interim Report January-March 2019 on Thursday, 9 May 2019
- Half-Year Report 2019 on Thursday, 8 August 2019
- Interim Report January-September 2019 on Thursday, 31 October 2019

Q3 IR events and roadshows

- Jefferies London Healthcare Conference 15 November
- Roadshow Frankfurt-Geneva-Zürich (Carnegie) 22-23 November
- SEB Healthcare Seminar Stockholm 11 December
- SEB Nordic Seminar Copenhagen 9 January 2019

Q & A



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Public outsourcing contracts

Contract	Contract commencement	Contract termination	Contract duration		Tender price EUR pa.
Kinnula	1.10.2017	30.9.2032	15 years	0 months	1,948,000
Lumijoki	1.1.2018	30.11.2022	4 years	11 months	5,199,490
Rantasalmi	1.1.2015	31.12.2020	6 years	0 months	15,200,196
Eksote	1.4.2016	30.3.2023	7 years	0 months	2,830,000
Tervola*	1.10.2018	31.12.2028	10 years	3 months	1,568,658

- Tender price does not include potential price increases, customer fees and/or impact of right of use of ICT, facilities and care utensil

* The tender price for outsourced services is capitation based, at EUR 507 per customer

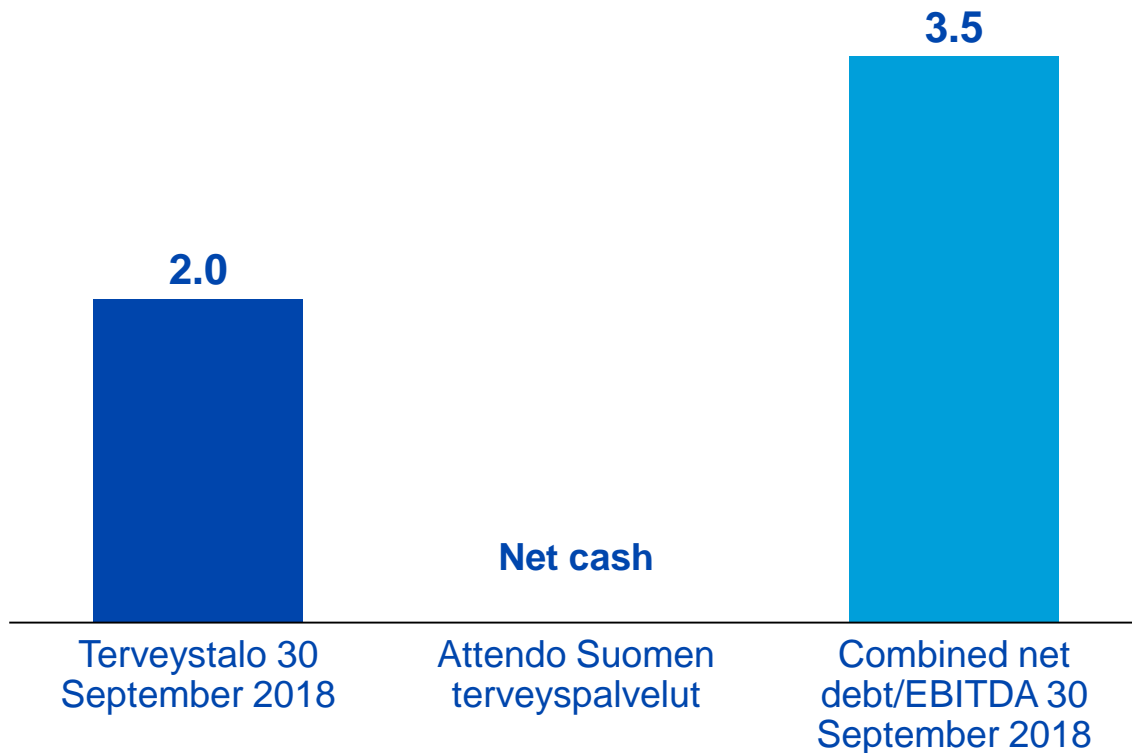


Divestment of Ava Clinic

- 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.
- Terveystalo recognized a capital gain of EUR 8.4 million in the third quarter, primarily from the sale of the shares in the Ava Clinic. The capital gain has a non-recurring positive impact on the company's result.



Attendo impact on leverage



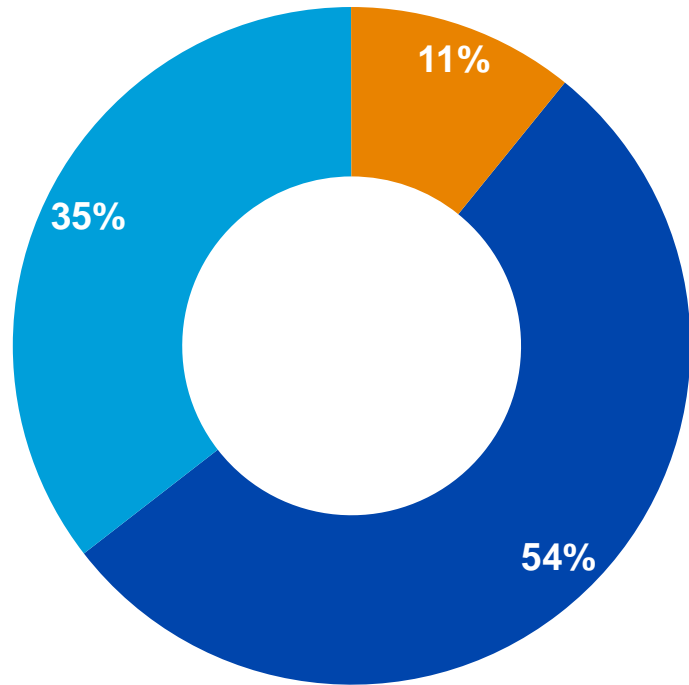
- Terveystalo is financially well-prepared for the Transaction
- Based on the illustrative aggregated financial information, Terveystalo would have had a preliminary aggregated net debt of EUR 451 million with implied net debt to LTM EBITDA of 3.5x as of 30 September 2018, excluding synergies

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.



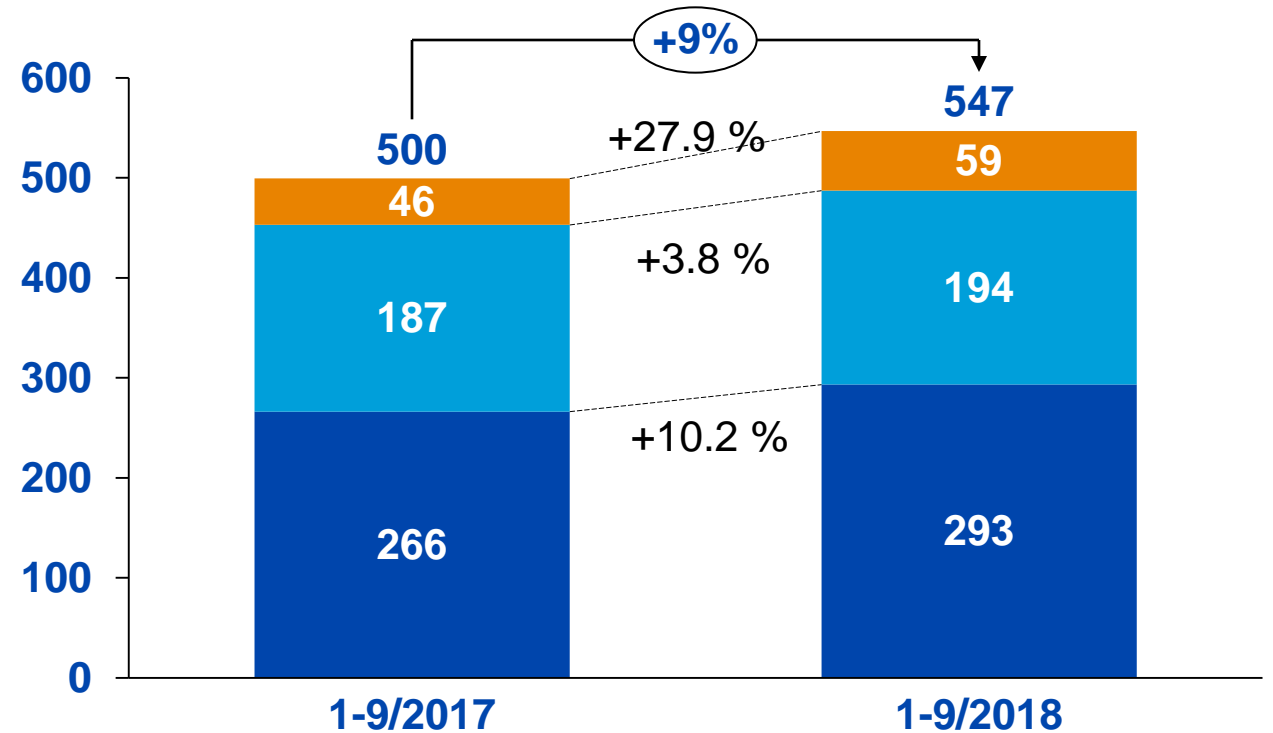
YTD Growth in all customer groups

Jan-Sep revenue by payor group, %



■ Corporate ■ Private ■ Public

Jan-Sep revenue by payor group, M€



■ Corporate ■ Private ■ Public



Key Figures

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Adjusted EBITDA *	20.1	17.5	15.2	76.4	63.3	20.7	92.4
Adjusted EBITDA, % *	12.5	11.2	-	14.0	12.7	-	13.4
EBITDA *	27.6	7.6	> 200.0	90.0	43.4	107.3	68.2
EBITDA, % *	17.2	4.9	-	16.5	8.7	-	9.9
Adjusted EBITA *	14.8	12.4	19.4	60.6	49.1	23.6	73.0
Adjusted EBITA, % *	9.2	8.0	-	11.1	9.8	-	10.6
EBIT	17.3	-2.5	> 200.0	59.3	14.2	> 200.0	28.2
Net profit	16.0	-6.9	> 200.0	58.7	1.1	> 200.0	7.2
Net debt	-	-	-	210.5	377.8	-44.3	256.4
Net debt/adjusted EBITDA (last 12 months) *	-	-	-	2.0	4.5	-	2.8
Return on equity (ROE), %*	-	-	-	13.5	3.1	-	2.1
Equity ratio, % *)	-	-	-	53.7	37.3	-	50.7
Gearing, %*	-	-	-	41.9	115.6	-	56.1
Earnings per share**	0.13	-0.06	-	0.46	0.01	-	0.06
Operating cash flow	13.5	-2.4	> 200%	62.1	32.5	91.1	70.0
Personnel (end of period)	-	-	-	4.482	4.290	4.5	4,265
Private practitioners (end of period)	-	-	-	4.729	4.503	5.0	4,431

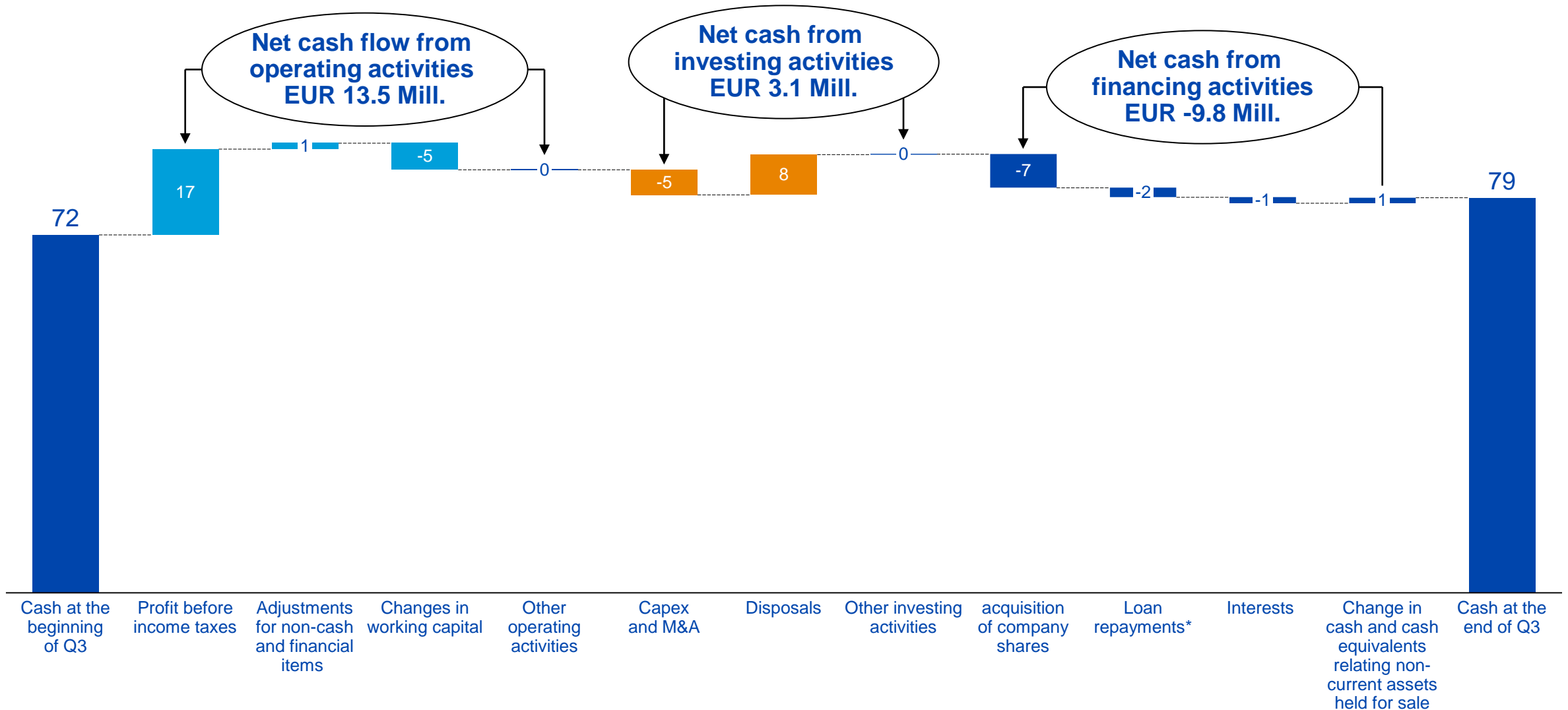
* Alternative performance measure. Additional information in note 14.

** The effects of share conversion and share split have been taken into account in the weighted average number of shares.

Diacor is included in the consolidated figures for the comparison period for the balance sheet and personnel as of March 31, 2017.



Q3 Cash Flow



YTD Cash Flow

