



Humana

Q2 April – June 2017

18 August 2017

Q2 financial highlights

Key highlights

Revenue

- Operating revenue grew 9% to SEK 1,678m (1,534)
- Organic decline in the quarter of 0.8%

Operating profit

- Operating profit (EBIT) of SEK 74m (56)
- Operating margin 4.4% (3.7)

Adjusted operating profit

- Adjusting for capital gains of SEK 15m (sale-and-leaseback) adjusted operating profit was SEK 60m (58)
- Adjusted operating margin at 3.6% (3.8)



Operational highlights in Q2 (I/II)

Individual & Family - "Focus on consolidation and efficiency"



- Profitability and growth hampered by short term higher costs for unit conversion and lower utilisation during ramp-up
- Improvement in organic development as well as profitability in Q2 vs. Q1 2017
- Improvement program will continue throughout 2017 and is expected to improve margins
- We expect I&F to be back at an operating margin of 9-10% for the 2018 fiscal year

Personal Assistance - "Continued challenging market conditions"



- Tough market conditions hampers revenues
- Effects from efficiency program continues to compensate well for cost increases
- Negotiations for new collective bargain agreement ongoing



Operational highlights in Q2 (II/II)

Elderly Care -

“Full focus on own managed elderly care homes”



- To further capture good opportunities within own managed elderly care homes, Humana has decided to divest home care operation to Attendo.
- Good demand for own managed elderly care homes with four more units communicated, most recently Kungsängen (72 apts).
- Second own managed elderly care home in Växjö was successfully opened end of the quarter.

Other Nordics -

“Finland strong, Norway transitioning”



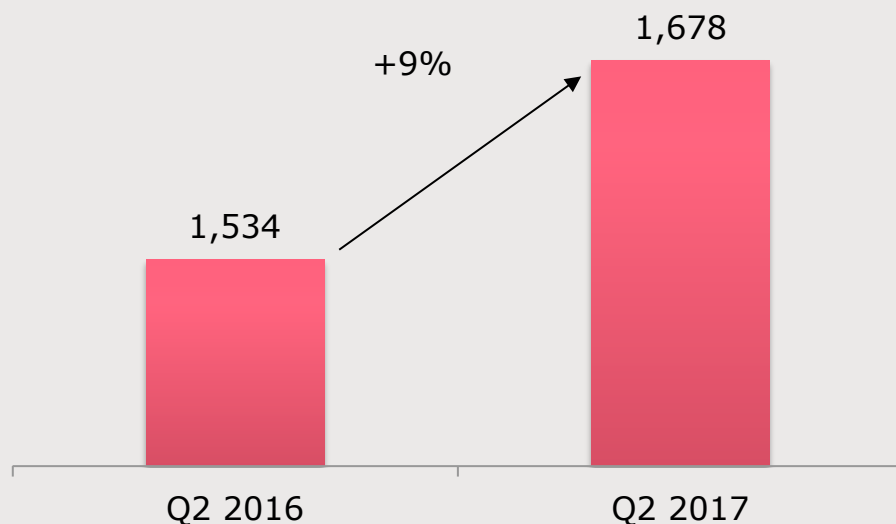
- Development in Norway impacted from declining demand for migration related services.
 - Conversion of migration facilitated by a number of new contracts won during Q2
 - We expect 2018 operating margin for Norway to be higher than the 6% overall group target
- Continued strong development in Finland.
 - Humana expands into the Finnish elderly care market as well as the market for LSS through acquisition of Nordic Senior Services Oy.
 - Implementation of SOTE reform delayed to January 1, 2020



Humana Q2 2017 - Operating revenue

Operating revenue

SEK million



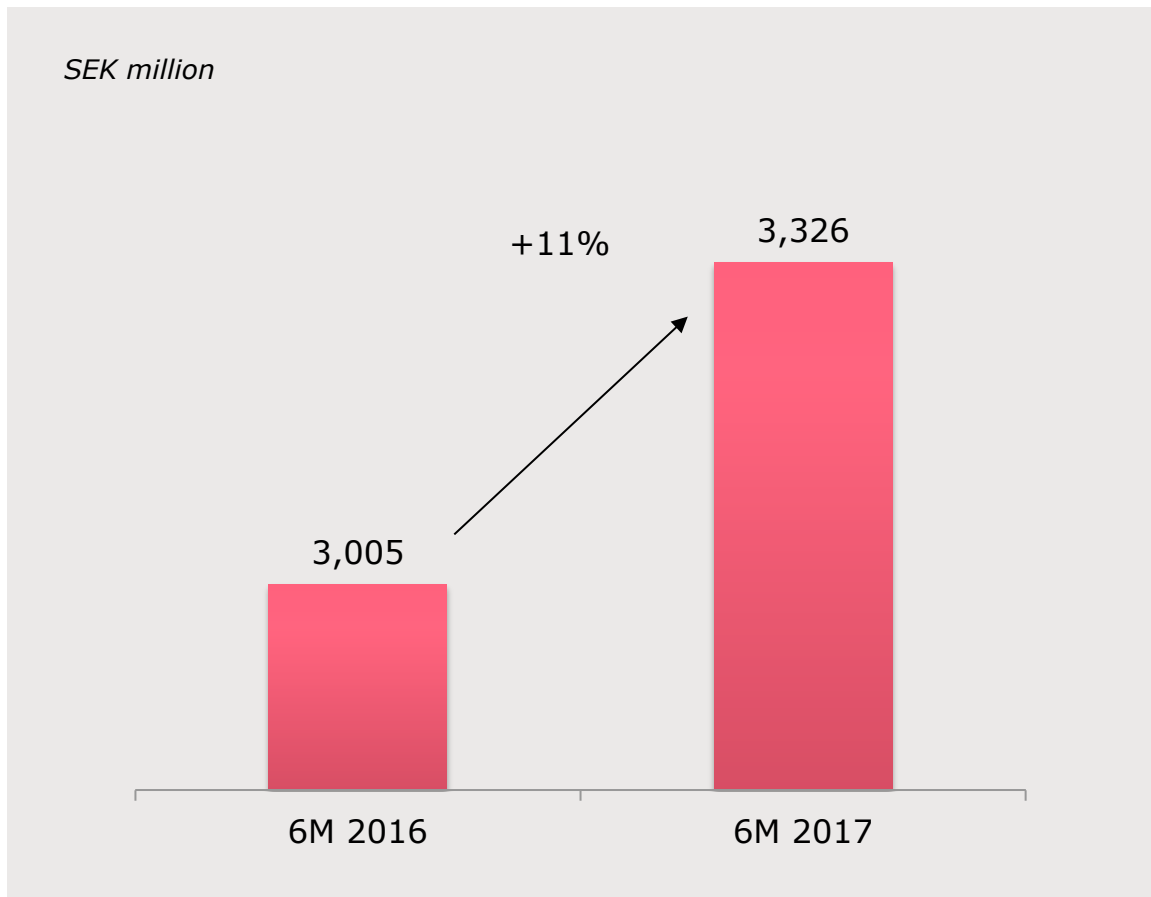
Comments

- Operating revenue increased by 9% to SEK 1,678m driven by Other Nordics
 - organic decline of 0.8% is an improvement compared with Q1
- Acquisitions contributed with SEK 138m to revenue
- Own managed operations accounted for 95% of revenue



Humana six-month period - Operating revenue

Operating revenue



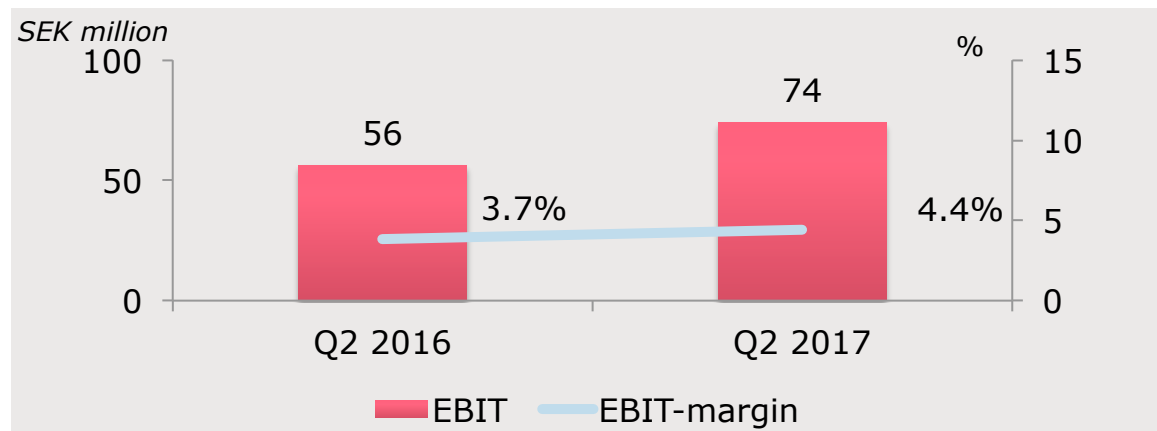
Comments

- Operating revenue increased by 11% to SEK 3,326m, an increase of SEK 321m, driven by Other Nordics
 - organic decline of 1.2%
- Acquisitions contributed with SEK 336m to revenue

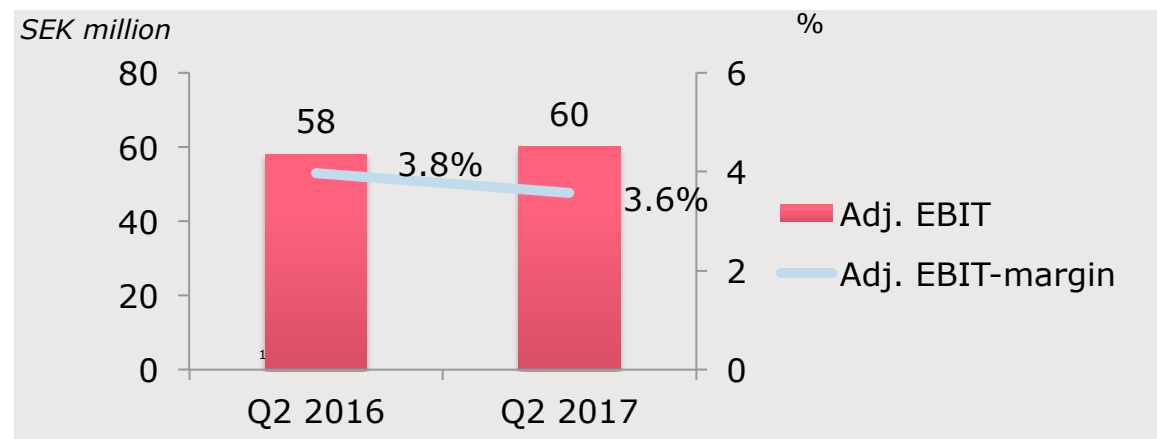


Humana Q2 2017 - Operating profit

Operating profit (EBIT)



Adj. EBIT and Adj. EBIT-margin



Comments

- Operating profit was SEK 74m (56). Including capital gain from sale and lease-back of SEK 15m. Acquisitions contributed with SEK 17m.
- Adjusted operating profit was SEK 60m (58 excl SEK 2m IPO costs)
- Operating profit margin of 4.4% (3.7), adjusted margin 3.6% (3.8)

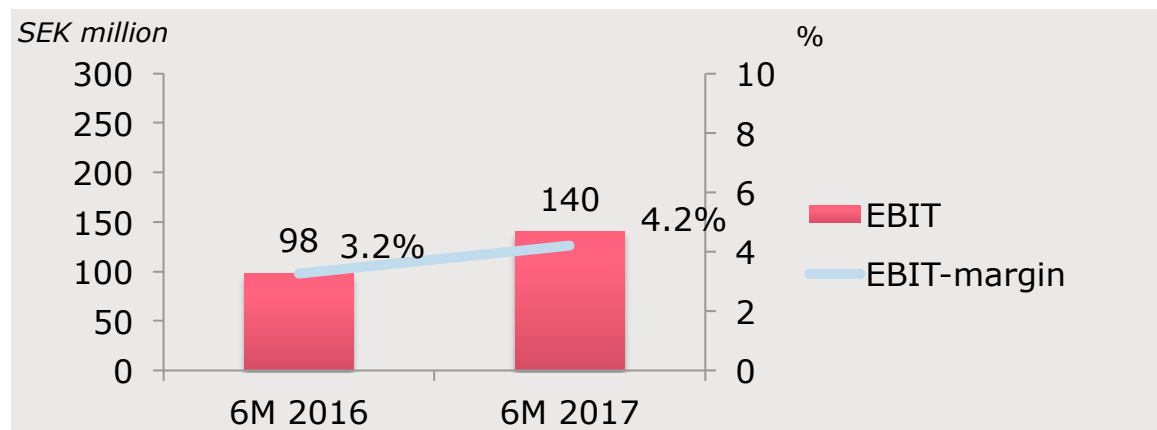
Negative impact from:

- completing the conversion of migration units in Individual & Family (I&F) with lower utilisation in those units
- continued tough market conditions for Personal Assistance
- impact from lower demand for migration related service in Norway and on-going conversion program

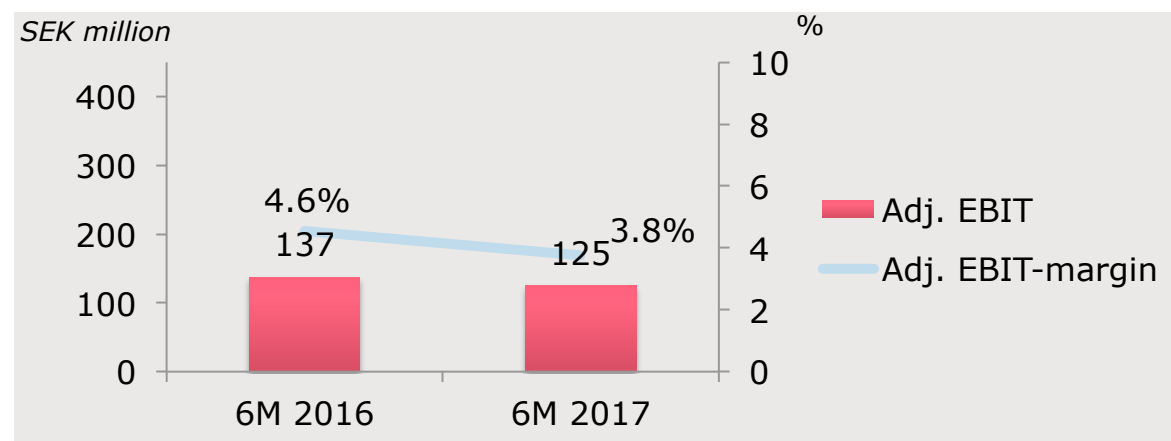


Humana six-month period 2017 - Operating profit

Operating profit (EBIT)



Adj. EBIT and Adj. EBIT-margin



Comments

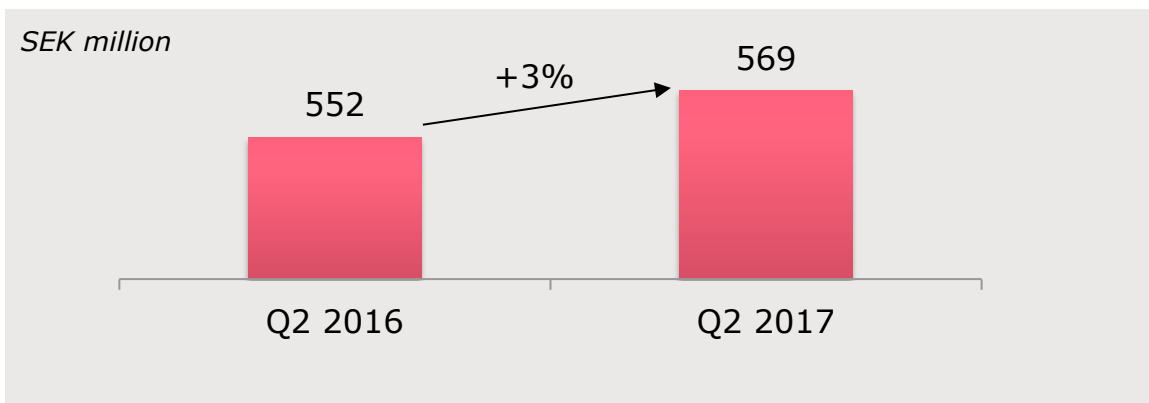
- Operating profit increased to SEK 140m (98 incl. cost of IPO SEK 40m) Acquisitions contributed with SEK 32m
- Operating profit margin of 4.2% (3.2)
Impact from:
 - capital gain from sale-and-leaseback of SEK 15m
 - higher social security costs for young employees <25 yr of age, SEK 9m
 - a lower utilisation rate for converted migration units in I&F
 - demanding market conditions for Personal Assistance
- Adj. EBIT SEK 125m (137), an adj. EBIT-margin of 3.8% (4.6), SEK 15m in capital gain 6M 2017 and SEK 40m in IPO costs in 6M 2016



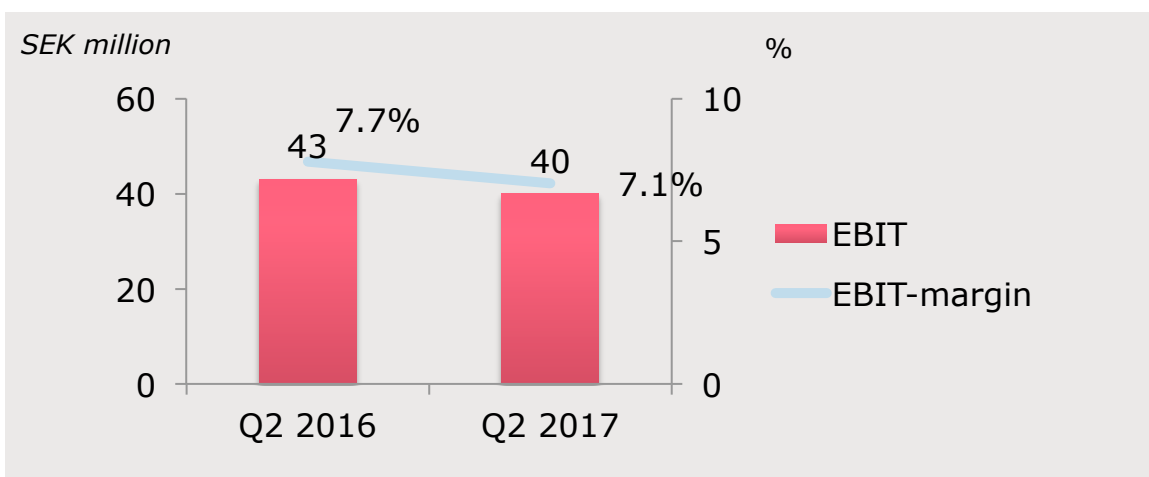
Individual & Family Q2 2017



Operating revenue



Operating profit



Comments

- Operating revenue increased by 3%
 - organic decline of -0.2% explained by lower utilisation from conversion of migration units
- Operating profit declined compared with last year to SEK 40m (43)
- Margin at 7.1% (7.7% in Q2 2016)
 - lower occupancy in converted units and fewer clients
 - program to improve efficiency and lower costs

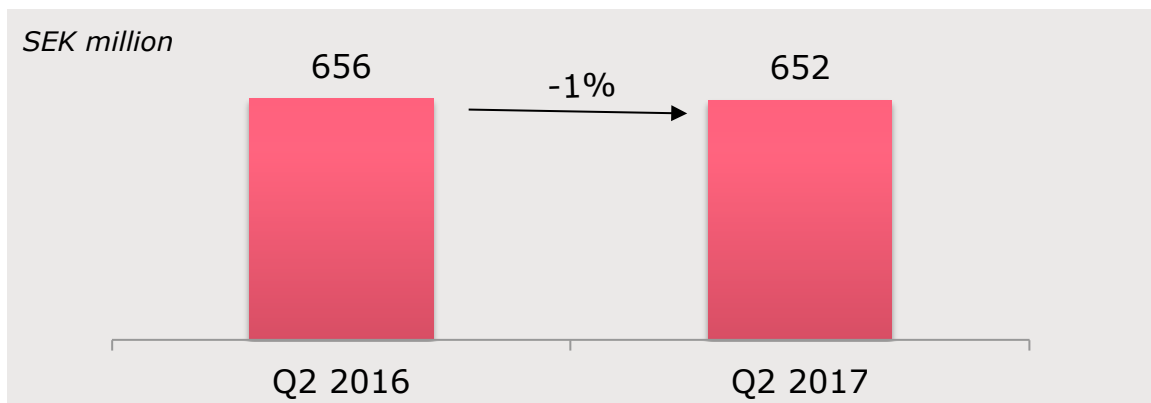
Average	Q2 2016	Q2 2017	+/-%
Clients	2,184	2,092	-4.2
Employees	2,486	2,500	+0.6



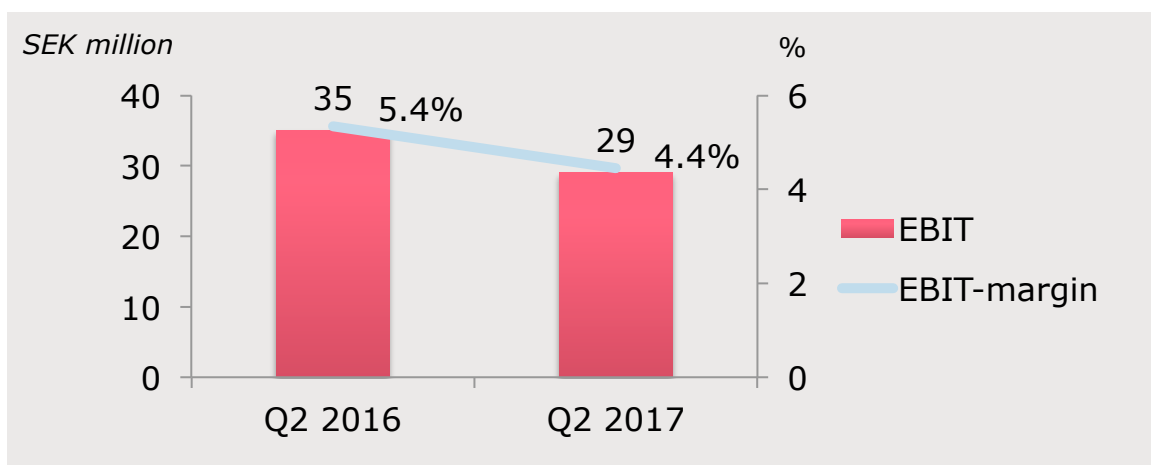
Personal Assistance Q2 2017



Operating revenue



Operating profit



Comments

- Operating revenue decreased by 1% to SEK 652m explained by:
 - fewer clients and hours compared with last year
 - tough market conditions
- Operating profit decreased to SEK 29m (35), operating margin 4.4% (5.4)
 - continued margin pressure due to higher increases in personnel cost than reimbursement levels is well compensated from the efficiency program
 - calendar effect

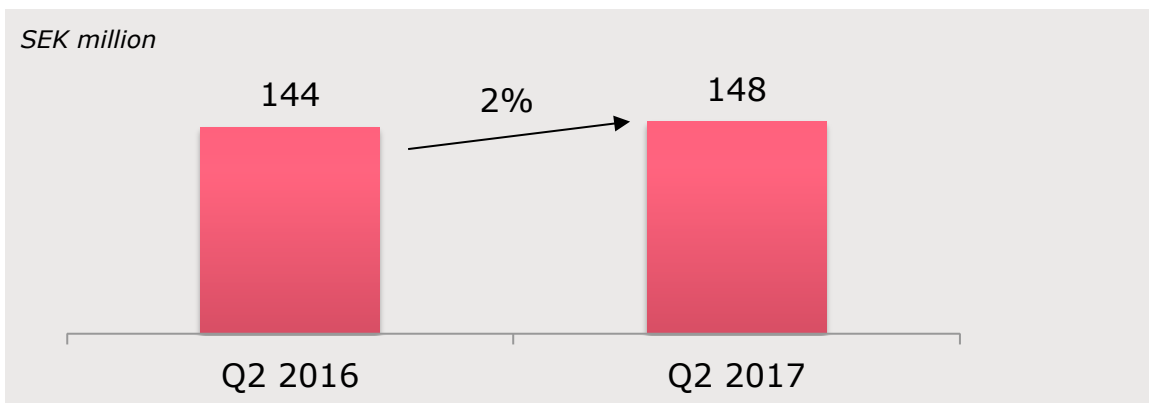
Average	Q2 2016	Q2 2017	+/-%
Clients	1,909	1,880	-1.5
Employees	5,113	5,034	-1.5



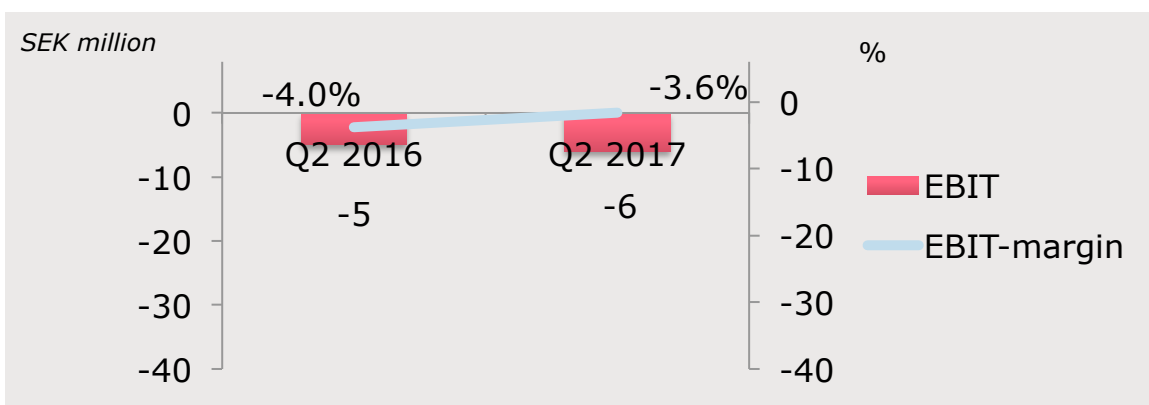
Elderly Care Q2 2017



Operating revenue



Operating profit



Comments

- Operating revenue increased by 2% in Q2 2017 to SEK 148m
 - positive effect from own managed elderly care home
 - home care operation under divestment was SEK 68m in revenue (67)
- EBIT SEK -6m (-5)
- Margin -4.0% (-3.6)
 - profitability impacted from new openings in Växjö and Åkersberga
 - home care operation lowered EBIT with SEK -4m (-2)

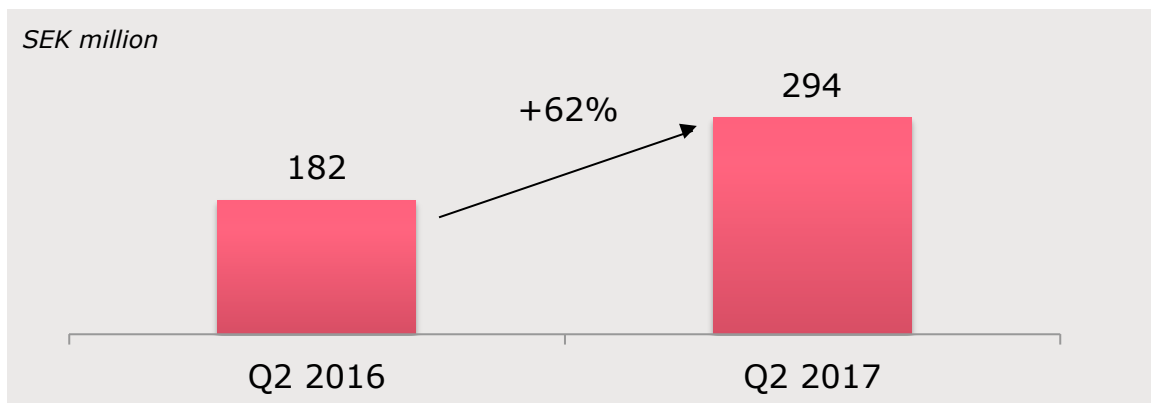
Average	Q2 2016	Q2 2017	+/-%
Clients	2,896	2,586	-10.7
Employees	1,145	1,174	+2.5



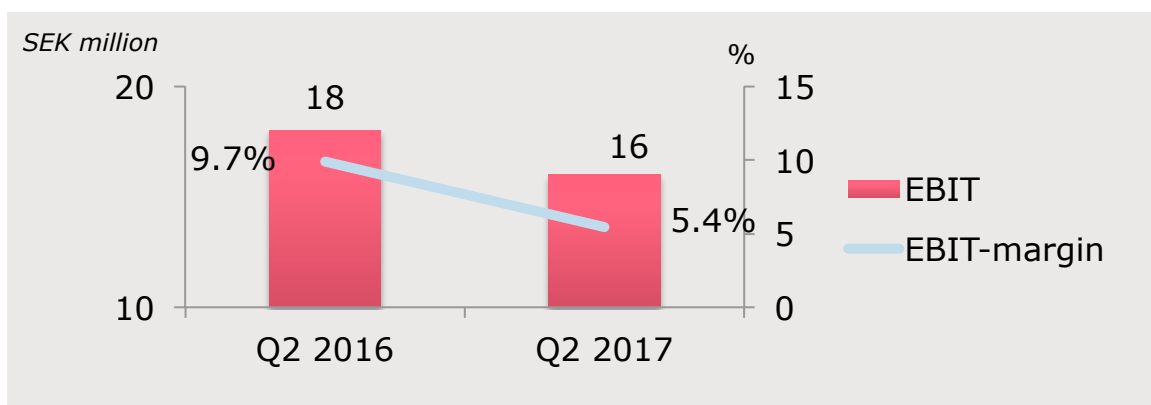
Other Nordics Q2 2017



Operating revenue



Operating profit



Comments

- Operating revenue increased 62% to SEK 294m (182), driven by acquisitions
- Organic development at constant currency of -8.6%
- Acquisitions contributed with SEK 120m to revenue increase
- Operating profit decreased to SEK 16m (18)
- Margin 5.4% (9.7)
 - immigration related services in Norway contributes less to profitability
- Conversion- and efficiency program in Norway

Average	Q2 2016	Q2 2017	+/--%
Clients	829	2,429	+186.3
Employees	697	1,347	+93.2



Central costs/other

Breakdown of central costs/other

SEK million

Costs	Q2 2016	Q2 2017
Underline central costs	17	20
Sale-and-leaseback	-	-15
IPO (P&L impact)	2	-
Cost for acquisitions	15	-
Central overhead costs	34	5

Costs	6M 2016	6M 2017
Underline central costs	31	37
Sale-and-leaseback	-	-15
IPO (P&L impact)	40	-
Cost for acquisitions	15	1
Central overhead costs	86	23

Comments

- Central costs in Q2 2017 includes SEK 15m in capital gain from sale of real estates.
- Central costs/other last year included SEK 40m in IPO costs.
- Underline central costs in Q2 2017 SEK 20m vs SEK 17m in 2016.
- Increase due to strengthening of central functions.



Cash flow stable with positive impact from sale-and-leaseback

Breakdown of cash flow			Comments
<i>SEK million</i>			
	Q2 2016	Q2 2017	
Operating cash flow before changes in working capital	67	89	<ul style="list-style-type: none"> Cash flow for the quarter was SEK 99m vs. SEK -238m last year. The change is explained by: <ul style="list-style-type: none"> – no acquisitions during the quarter – sale of real estate SEK +132m – approx. SEK 9m negative impact on working capital from changed payment terms in Personal Assistance – lower investments, SEK 12m
Changes in working capital	0	-19	
Underline cash flow from operations	67	70	
Financial items, net	-10	-21	
Income tax paid	-27	-29	
Cash flow from operating activities	30	20	
Acquisitions, net cash impact	-425	0	
Divestments, net cash impact	0	132	
Investments	-38	-26	
Cash flow from investing activities	-463	106	
Cash flow from financing activities	195	-27	
Cash flow for the period	-238	99	



Financial targets



Humana

Revenue growth

- Annual growth rate in the medium term of 8-10 percent, achieved through organic growth as well as bolt-on acquisitions

Profitability

- EBIT margin in the medium term of approximately 6 percent

Capital structure

- The net debt in relation to EBITDA is not to exceed 3.0x
- Leverage may however temporarily, for example in relation to acquisitions, exceed the target level

Dividend policy

- 30 percent of net profits are to be distributed
- The dividend proposal shall take into account Humana's long-term development potential and its financial position





Humana

Q & A



Humana

Appendix

Consolidated income statement

	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jul-Jun	Jan-Dec
SEK M	2017	2016	2017	2016	2016/17	2016
Net revenue	1 663	1 534	3 312	3 005	6 669	6 362
Other revenue	15	0	15	0	15	0
Operating revenue	1 678	1 534	3 326	3 005	6 684	6 362
Other external costs	-258	-234	-514	-445	-1 032	-963
Personnel costs	-1 331	-1 216	-2 643	-2 387	-5 220	-4 964
Depreciation	-15	-11	-29	-21	-58	-50
Other operating costs	0	-17	-1	-55	-2	-57
Operating costs	-1 604	-1 478	-3 187	-2 908	-6 312	-6 033
Operating profit	74	56	140	98	371	329
Financial revenue	0	2	2	6	8	11
Financial costs	-18	-17	-41	-89	-92	-140
Unrealised changes in value of derivatives	2	7	9	14	22	27
Profit before tax	58	49	109	28	309	228
Income tax	-9	-15	-20	-10	-69	-58
Net profit for the period	48	34	89	18	241	170
Of which, attributable to:						
Owners of the Parent Company	48	34	89	18	241	170
Net profit for the period	48	34	89	18	241	170



Consolidated balance sheet

SEK M	Jun 30 2017	Jun 30 2016	Dec 31 2016
Assets			
Non-current assets			
Goodwill	3 080	3 038	3 089
Other intangible assets	12	15	13
Property, plant and equipment	370	329	405
Financial assets	8	10	6
Total non-current assets	3 471	3 393	3 514
Current assets			
Trade receivables	483	530	523
Other current receivables	551	151	459
Cash and cash equivalents	468	393	465
Assets held for sale	43	-	-
Total current assets	1 545	1 073	1 446
TOTAL ASSETS	5 016	4 466	4 960
Equity and liabilities			
Equity			
Share capital	1	1	1
Additional paid-in capital	1 091	1 091	1 091
Retained earnings	694	475	634
Equity attributable to owners of the parent company	1 785	1 567	1 726
Non-current liabilities			
Interest-bearing liabilities	1 350	1 392	1 405
Deferred tax liabilities	82	70	78
Total non-current liabilities	1 432	1 462	1 484
Current liabilities			
Interest-bearing liabilities	680	315	687
Trade payables	85	100	103
Other current liabilities	996	1 022	960
Liabilities directly associated with the assets held for sale	38	-	-
Total current liabilities	1 799	1 437	1 750
TOTAL EQUITY AND LIABILITIES	5 016	4 466	4 960



Key ratios

	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/17	Jan-Dec 2016
Operating revenue	1 678	1 534	3 326	3 005	6 684	6 362
EBIT, %	4,4%	3,7%	4,2%	3,2%	5,6%	5,2%
Interest-bearing net debt, SEK M	1 561	1 314	1 561	1 314	1 561	1 628
Return on capital employed, %	1,9%	1,8%	3,7%	3,1%	9,8%	8,9%
Equity/assets ratio, %	35,6%	35,1%	35,6%	35,1%	35,6%	34,8%
Operating cash flow	45	29	28	58	-184	-134
Interest-bearing net debt/Adjusted EBITDA 12 months, times	3,8x	3,5x	3,8x	3,5x	3,8x	3,9x
Average number full-time employees Individual & Family	2 500	2 486	2 513	2 463	2 552	2 528
Average number full-time employees Personal Assistance	5 034	5 113	4 996	5 152	5 120	5 198
Average number full-time employees Elderly Care	1 174	1 145	1 204	1 209	1 246	1 248
Average number full-time employees Other Nordic	1 347	697	1 327	577	1 294	920
Average number full-time employees Central functions	23	18	23	18	22	19
Total average number full-time employees	10 079	9 459	10 063	9 419	10 234	9 912
Number of full-time employees on the closing date	10 055	9 965	10 055	9 965	9 965	10 091
Average number of customers Individual & Family	2 092	2 184	2 122	2 194	2 130	2 165
Average number of customers Personal Assistance	1 880	1 909	1 878	1 918	1 884	1 904
Average number of customers Elderly Care	2 586	2 896	2 653	3 010	2 827	3 006
Average number of customers Other Nordic	2 429	829	2 282	535	2 160	1 286
Total average number of customers	8 987	7 818	8 935	7 656	9 000	8 361
Average number of ordinary shares on the closing date, 000s	53 140	53 140	53 140	49 870	53 140	51 514
Equity per ordinary share, SEK	34	29	34	31	34	34



Consolidated cash flow statement

SEK M	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/17	Jan-Dec 2016
Profit before tax	58	49	109	28	309	228
Adjustment for:						
Depreciation	15	11	29	21	58	50
Financial items, net	17	7	31	70	62	101
Cash flow from operating activities before changes in working capital	89	67	169	119	429	379
Changes in working capital	-19	0	-76	-5	-445	-372
Cash flow from operating activities	70	67	93	114	-15	8
Financial items, net	-21	-10	-39	-54	-84	-99
Income tax paid	-29	-27	-39	-52	-56	-70
Cash flow from operating activities, net	20	30	16	7	-155	-161
Acquisition of subsidiaries, net cash impact	0	-425	-16	-442	-48	-474
Sales of subsidiaries, net cash impact	132	0	132	0	132	0
Investments in other non-current assets, net	-26	-38	-65	-55	-150	-142
Cash flow from investing activities	106	-463	51	-497	-66	-616
Proceeds from new borrowings	0	232	7	1 619	357	1 969
Repayment of borrowings	0	-37	-56	-1 678	-56	-1 678
Dividend	-27	0	-27	0	-27	0
New share issue	0	0	0	442	0	442
Cash flow from financing activities	-27	195	-75	383	274	733
Cash flow for the period	99	-238	-9	-106	53	-44
Cash and cash equivalents at start of period	359	631	465	501	393	501
Cash flow for the period	99	-238	-9	-106	53	-44
Exchange rate difference in cash/cash equivalents	10	0	13	-2	23	8
Cash and cash equivalents at end of period	468	393	468	393	468	465



Segment financials

Operating revenue by business area

	Apr-Jun			Jan-Jun			Jul-Jun		Jan-Dec	
SEK M	2017	2016	%	2017	2016	%	2016/17	2016	%	
Individual & Family	569	552	3%	1 123	1 101	2%	2 236	2 214	1%	
Personal Assistance	652	656	-1%	1 301	1 323	-2%	2 623	2 645	-1%	
Elderly Care	148	144	2%	302	287	5%	594	580	2%	
Other Nordics	294	182	62%	587	294	99%	1 216	924	32%	
Total operating revenue	1 663	1 534	8%	3 312	3 005	10%	6 669	6 362	5%	

Organic growth by business area

	Apr-Jun		Jan-Jun		Jul-Jun		Jan-Dec	
%	2017	2016	2017	2016	2016/17	2016	2016	
Individual & Family	-0,2%	6,6%	-1,3%	7,4%	-0,3%	4,4%		
Personal Assistance	-0,6%	-2,3%	-1,6%	-0,4%	-2,3%	-1,6%		
Elderly Care	2,5%	-0,6%	4,9%	-2,0%	2,7%	-1,0%		
Other Nordics , local currency	-8,6%	12,8%	-5,4%	11,7%	7,5%	7,0%		
Total organic growth, constant currency rate	-0,8%	2,0%	-1,2%	2,9%	-0,3%	1,1%		

Operating profit per business area

	Apr-Jun			Jan-Jun			Jul-Jun		Jan-Dec	
SEK M	2017	2016	%	2017	2016	%	2016/17	2016	%	
Individual & Family	40	43	-5%	77	98	-21%	190	211	-10%	
Personal Assistance	29	35	-18%	65	74	-12%	142	151	-6%	
Elderly Care	-6	-5	n/a	-8	-11	n/a	-4	-6	n/a	
Other Nordics	16	18	-9%	29	22	31%	96	89	8%	
Central costs/other	-5	-34	n/a	-23	-86	n/a	-53	-115	n/a	
Total Operating profit	74	56	32%	140	98	43%	371	329	13%	

