



# Humana

Q1 January – March 2018

16 May 2018

# Q1 financial highlights

## Revenue

- Operating revenue was flat at SEK 1,648m (1,649). The home care operations now divested contributed with SEK 67m to revenue the corresponding quarter last year.
- Organic increase in the quarter of 2.3%



## Operating profit

- Operating profit (EBIT) of SEK 81m (66), an increase of 24% or SEK 15m.
- Operating margin 4.9% (4.0)

## Cash flow & net debt

- Operating cash flow declined somewhat to SEK -32m (-16) due to calendar effect resulting in higher working capital
- Net debt was lowered to SEK 1 496m (1 685)
- Net debt/EBITDA of 3.8x (4.1)



# Operational highlights in Q1 (I/IV)

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## **Individual & Family - “Profit growth from improved efficiency”**

- The positive trend for I&F continues in the quarter
- We continue to see a clear improvement in profits in the first quarter due to implemented measures
  - Operating profit increased with 29% compared with Q1 2017
- Going forward we will increasingly shift our focus to growth
- The state preparation for medical and social evaluation (SBU) has presented a report on Treatment Foster Care Oregon (TFCO) treatment in family homes and at institutional care, which shows very good treatment results and societal cost savings. Humana is the license holder in the Nordics.



**Individual  
& Family**





## Personal Assistance

# Operational highlights in Q1 (II/IV)

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### Personal Assistance - “Humana continues to gain market share”

- Number of individuals entitled to personal assistance in the market continued to decline in the first quarter
- The temporary stop to two-year reviews was implemented as of April 1 2018.
- Also in April, HFD (Supreme Administrative Court) ruled in favor of PA for individuals with certain somatic needs. This means that individuals who have lost their decisions or not received a decision may apply for PA again
- The Swedish Government in April decided to remove the demands for cost savings in the ongoing LSS investigation what is expected to contribute towards more stability in the market
- We continue to see high operational efficiency and Humana continues to gain market share
- We see positive on 2018 with a clear ambition to return to growth for the full year.



# Operational highlights in Q1 (III/IV)

## Elderly Care – “Improving utilisation in recent start-ups”

- Revenue development in the quarter impacted by last years divesture of home care operation (SEK 67m contribution to revenue in Q1 last year)
  - The solid organic growth continues, 25% driven by newly started OWM units
- Ramping up of both Åkersberga and Växjö continued to have a negative impact on profitability in Q1 – utilisation however is improving
- Clear ambition that business area, despite all new openings, is profitable in 2018



**Elderly  
Care**





## Other Nordics

# Operational highlights in Q1 (IV/IV)

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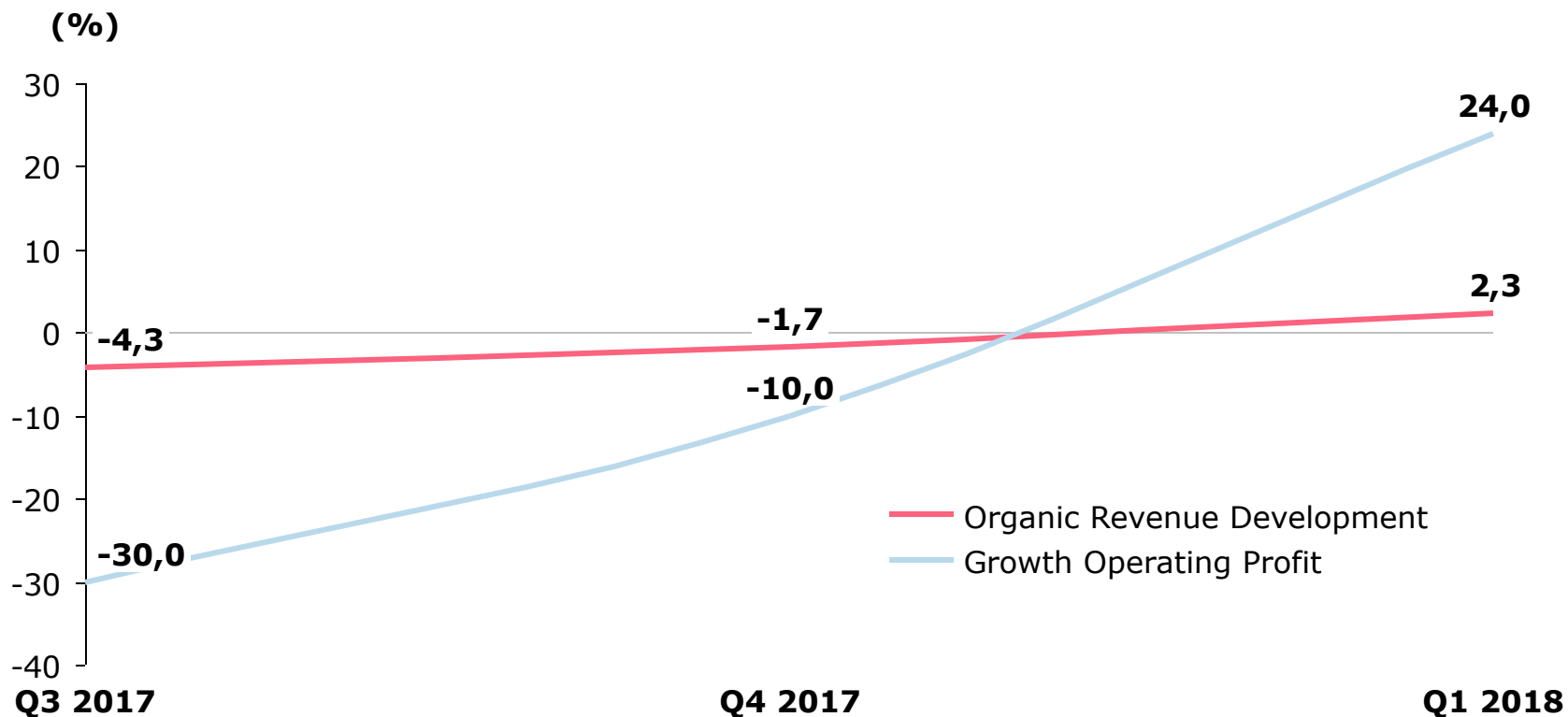
### **Other Nordics -**

**“Clear improvements in Norway and solid performance in Finland with focus on growth”**

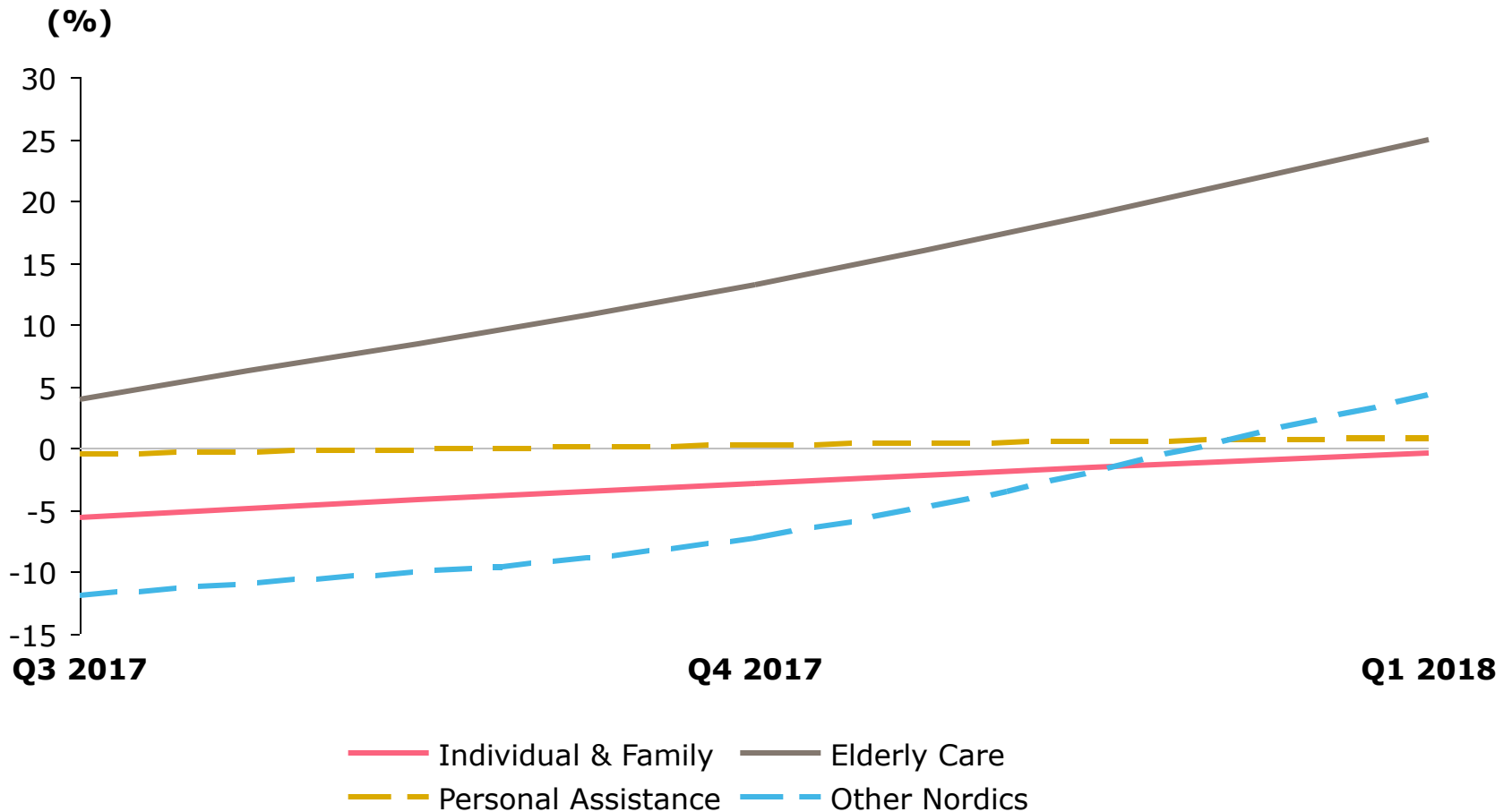
- The Norwegian operations showed improvements in the quarter as a result of:
  - Cost efficiency program starting to materialise
  - Improved processes and planning in Norwegian operations
  - Increasing demand in several parts of the business
- Continued strong momentum in Finland
  - Good demand and solid performance in all segments
  - Focus on growth



# Development of Group organic revenue growth & profit growth (%)



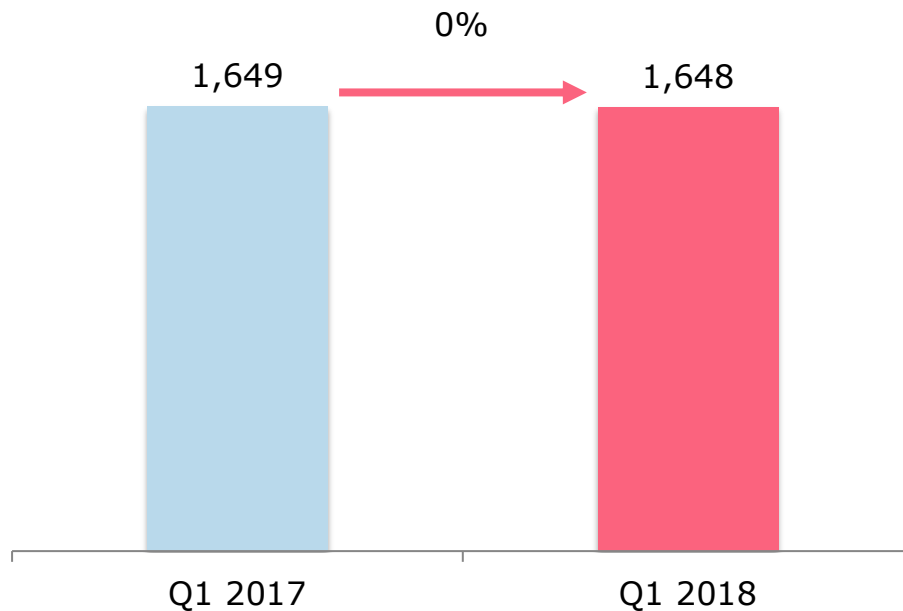
# Organic revenue development per quarter per segment (%)





## Operating revenue

SEK million



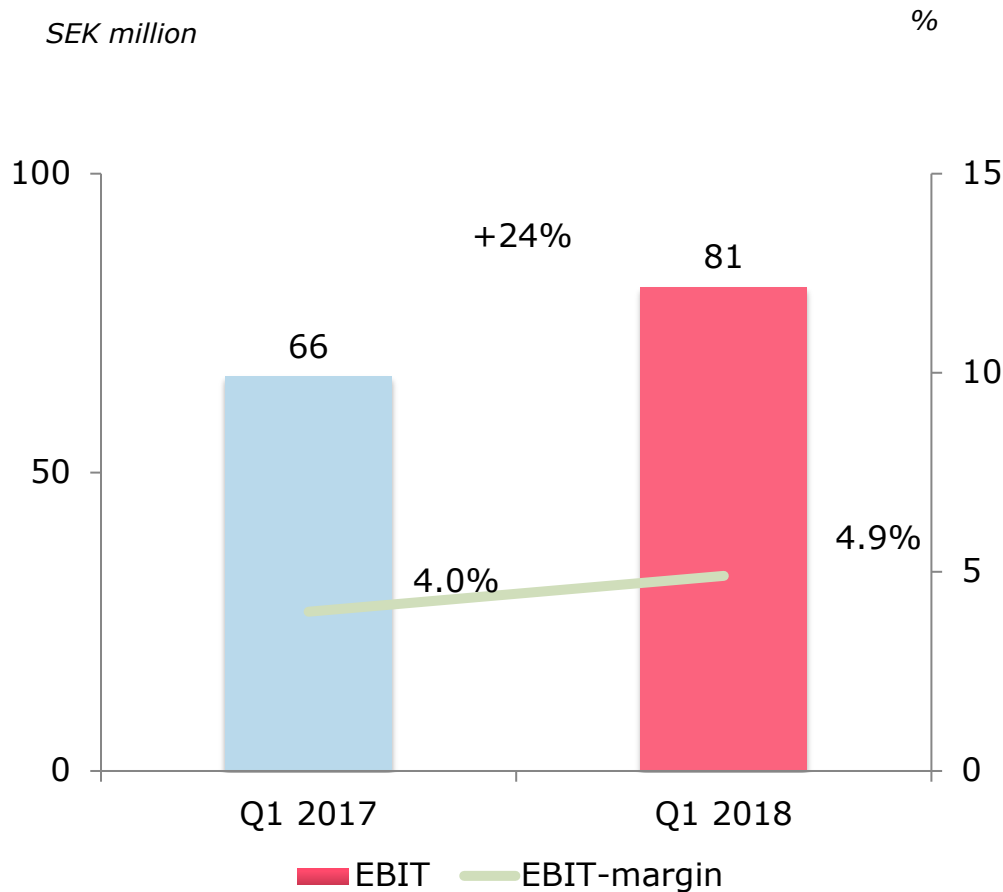
# Humana Q1 2018 - Operating revenue

## Comments

- Operating revenue was flat at SEK 1,648m. The now divested home care operations contributed with SEK 67m in Q1 2017
  - organic increase of 2.3% explained by:
    - strong organic growth within Elderly Care
    - positive contribution from organic start-ups in Finland
    - slightly higher reimbursement level within Personal Assistance



## Operating profit (EBIT)



# Humana Q1 2018 - Operating profit

## Comments

Operating profit was SEK 81m (66), an increase of 24%.

Positive impact from:

- lowered costs in Individual & Family and Norway
- some improvements in utilisation in the Norwegian operations

However:

- Improvement potential remains in some parts of I&F and Norway with regards to utilisation
- impact from start-ups in Elderly Care

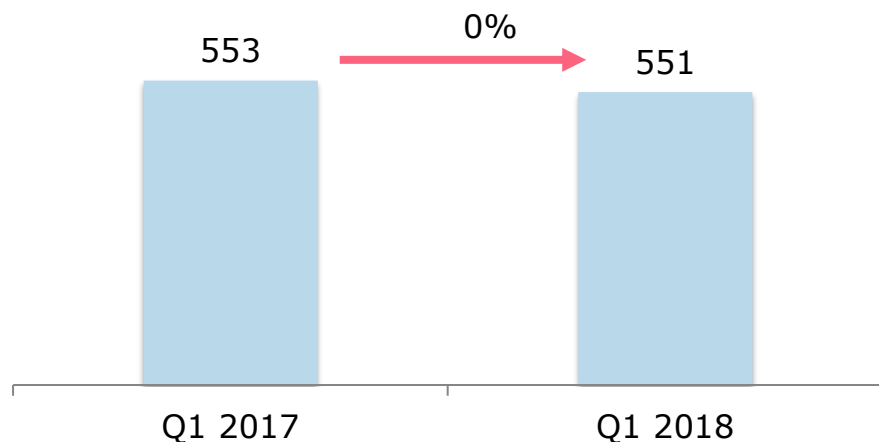




# Individual & Family – Q1 2018

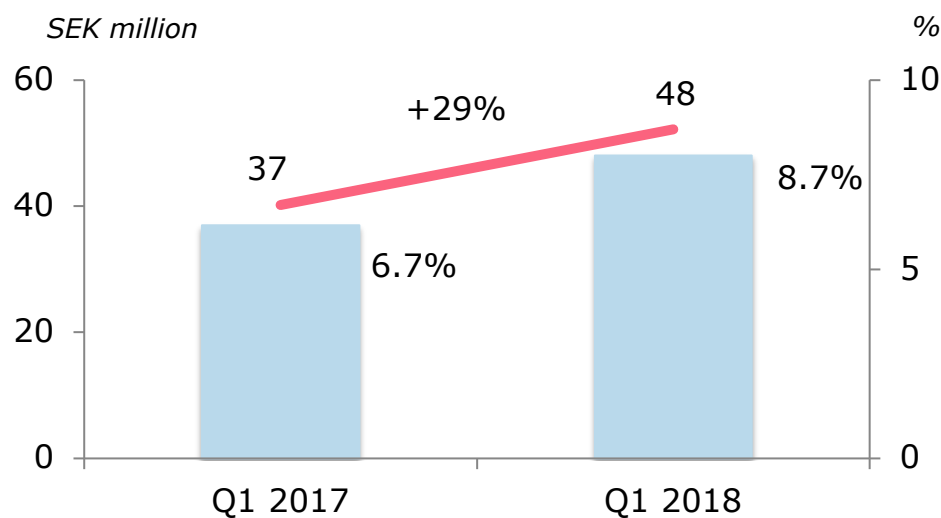
## Operating revenue

SEK million



## Operating profit (EBIT)

SEK million



EBIT EBIT-margin

## Comments

- Operating revenue was flat at SEK 551m
  - organic decrease of -0.4% explained by lower utilisation within some areas
- Operating profit increased by 29% compared with last year to SEK 48m (37), margin at 8.7% (6.7)
  - increased profitability explained by the efficiency programme resulting in a lower cost base

Average	Q1 2018	Q1 2017	+/-%
Clients	2,010	2,153	-6.6
Employees	2,372	2,526	-6.1

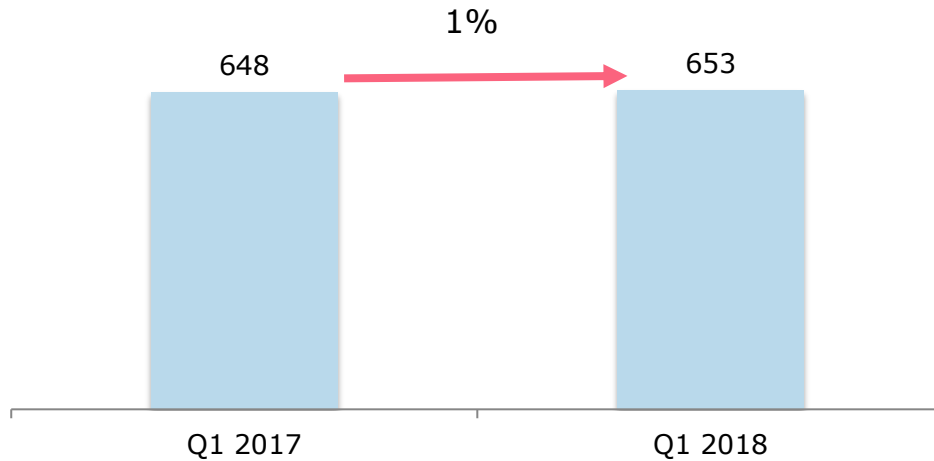




# Personal Assistance – Q1 2018

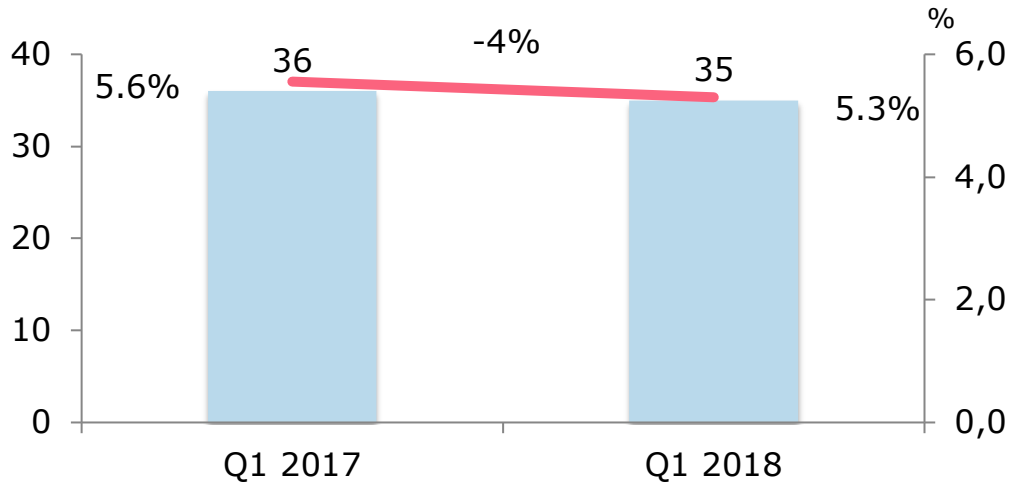
## Operating revenue

SEK million



## Operating profit (EBIT)

SEK million



## Comments

- Operating revenue marginally higher than same period last year at SEK 653m.
- Operating profit decreased somewhat to SEK 35m (36), operating margin 5.3% (5.6)

Average	Q1 2018	Q1 2017	+/-%
Clients	1,835	1,876	-2.2
Employees	4,920	4,957	-0.7



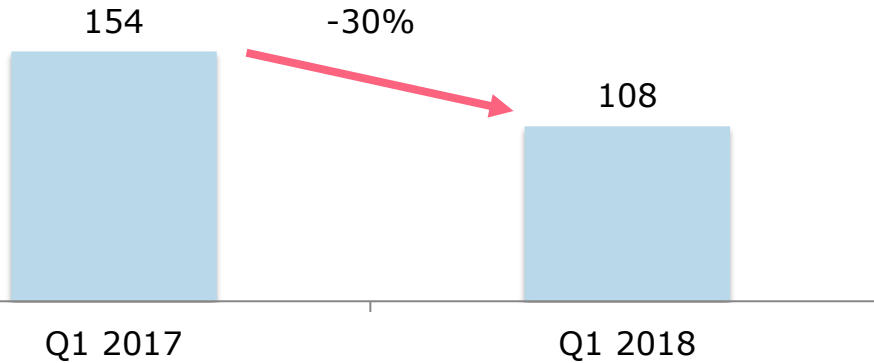
Humana

EBIT EBIT-margin

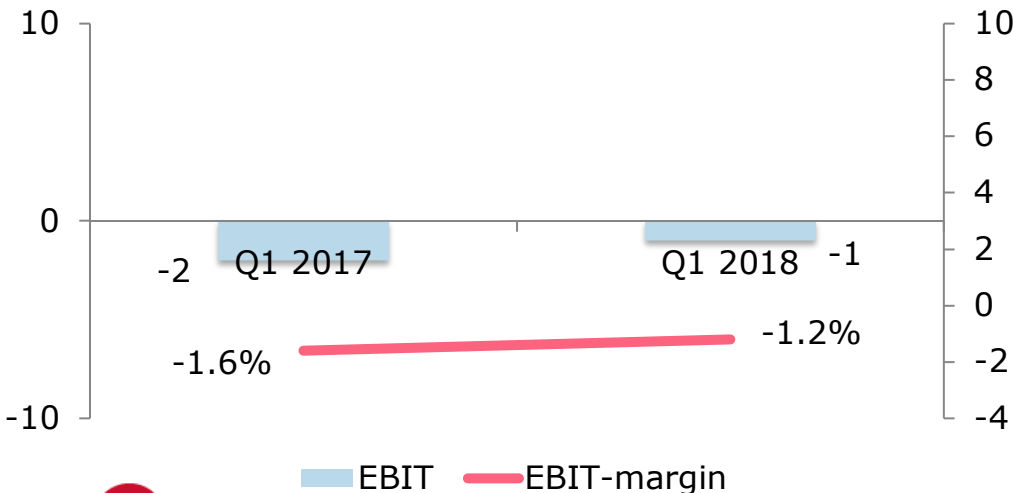


# Elderly Care – Q1 2018

## Operating revenue SEK million



## Operating profit (EBIT) SEK million



## Comments

- Operating revenue decreased by 30% in Q1 2018 to SEK 108m but organic growth of 24.9% from own managed elderly care homes. The revenue decrease is explained by the sale of home care operations.
- Operating loss of SEK -1m (-2), an improving trend
- Margin -1.2% (-1.6)
  - profitability still negatively impacted from new openings in Växjö and Åkersberga, but utilisation is improving compared with Q4 2017

Average	Q1 2018	Q1 2017	+/-%
Clients	674	2,719	-75.2
Employees	731	1,234	-40.8



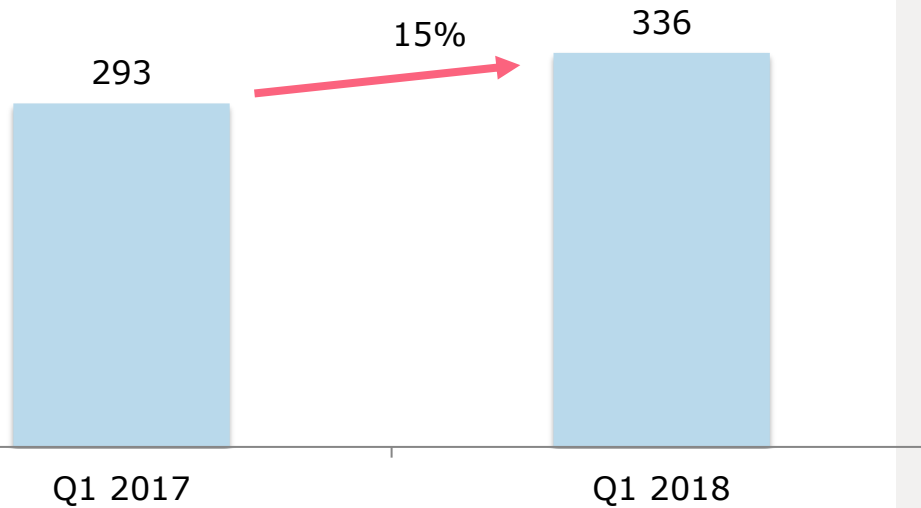


# Other Nordics – Q1 2018

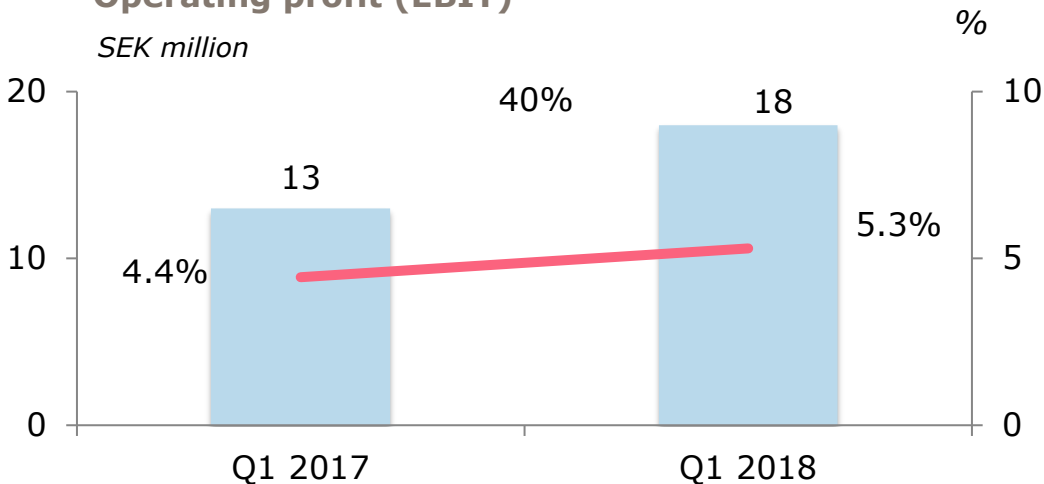
## Comments

- Operating revenue increased 15% to SEK 336m (293), driven by organic expansion in Finland. Organic increase at constant currency of 4.2%.
- Operating profit increased to SEK 18m (13), margin 5.3% (4.4). The increase is explained by solid development and good revenue demand in Finland.

## Operating revenue SEK million



## Operating profit (EBIT) SEK million



Average	Q1 2018	Q1 2017	+/-%
Clients	2,895	2,135	+35.6
Employees	1,435	1,306	+9.9



# Cash flow – key highlights

SEK million

	Q1 2017	Q1 2018
<b>Operating cash flow before changes in working capital</b>	<b>80</b>	<b>97</b>
Changes in working capital	-57	-114
<b>Underline cash flow from operations</b>	<b>23</b>	<b>-17</b>
Financial items, net	-18	-5
Income tax paid	-10	-8
<b>Cash flow from operating activities</b>	<b>-5</b>	<b>-30</b>
Acquisitions, net cash impact	-16	0
Investments	-39	-14
<b>Cash flow from investing activities</b>	<b>-55</b>	<b>-14</b>
<b>Cash flow from financing activities</b>	<b>-49</b>	<b>-51</b>
<b>Cash flow for the period</b>	<b>-108</b>	<b>-95</b>

## Comments

- Cash flow from operating activities for the quarter was SEK -17m vs. SEK 23m last year.
- Investments in the quarter driven mainly by Other Nordics.
- The decrease in working capital is explained by:
  - negative calendar effect (Easter) and therefore customer payments were delayed to early April





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Q & A





Humana

Appendix

# Financial targets

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## Revenue growth

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



## Profitability

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- EBIT margin in the medium term of approximately 6 percent



## Capital structure

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- 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

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- 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



# Consolidated income statement

SEK M	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/18	Jan-Dec 2017
Net revenue	1 648	1 649	6 541	6 542
Other revenue	0	0	14	14
<b>Operating revenue</b>	<b>1 648</b>	<b>1 649</b>	<b>6 556</b>	<b>6 557</b>
Other external costs	-262	-256	-1 022	-1 016
Personnel costs	-1 288	-1 312	-5 121	-5 145
Depreciation	-15	-14	-61	-60
Other operating costs	0	-1	-19	-19
<b>Operating costs</b>	<b>-1 566</b>	<b>-1 583</b>	<b>-6 224</b>	<b>-6 241</b>
<b>Operating profit</b>	<b>81</b>	<b>66</b>	<b>332</b>	<b>316</b>
Financial revenue	0	2	2	4
Financial costs	-24	-23	-80	-79
Unrealised changes in value of derivatives	0	7	2	9
<b>Profit before tax</b>	<b>58</b>	<b>52</b>	<b>257</b>	<b>250</b>
Income tax	-12	-11	-58	-57
<b>Net profit for the period</b>	<b>45</b>	<b>40</b>	<b>199</b>	<b>194</b>
<b>Of which, attributable to:</b>				
Owners of the Parent Company	45	40	199	194
<b>Net profit for the period</b>	<b>45</b>	<b>40</b>	<b>199</b>	<b>194</b>
Earnings per ordinary share, SEK, before dilution	0,85	0,76	3,74	3,64
Earnings per ordinary share, SEK, after dilution	0,85	0,76	3,74	3,64
Average number of ordinary share, thousands	53 140	53 140	53 140	53 140



# Consolidated balance sheet

SEK M	31 Mar 2018	31 Mar 2017	31 Dec 2017
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	3 142	3 092	3 104
Other intangible assets	9	12	10
Property, plant and equipment	421	450	413
Financial assets	9	8	8
<b>Total non-current assets</b>	<b>3 581</b>	<b>3 563</b>	<b>3 535</b>
<b>Current assets</b>			
Trade receivables and other receivables	924	902	842
Other current receivables	134	149	99
Cash and cash equivalents	497	359	584
<b>Total current assets</b>	<b>1 555</b>	<b>1 411</b>	<b>1 525</b>
<b>TOTAL ASSETS</b>	<b>5 137</b>	<b>4 973</b>	<b>5 060</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	1	1	1
Additional paid-in capital	1 093	1 091	1 092
Retained earnings	872	672	797
<b>Equity attributable to owners of the parent company</b>	<b>1 966</b>	<b>1 764</b>	<b>1 891</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	1 306	1 365	1 345
Deferred tax liabilities	72	82	73
<b>Total non-current liabilities</b>	<b>1 378</b>	<b>1 447</b>	<b>1 417</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	687	680	680
Trade payables	75	72	93
Other current liabilities	1 031	1 010	979
<b>Total current liabilities</b>	<b>1 792</b>	<b>1 762</b>	<b>1 752</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5 137</b>	<b>4 973</b>	<b>5 060</b>



# Consolidated cash flow statement

SEK M	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/18	Jan-Dec 2017
<b>Profit before tax</b>	<b>58</b>	<b>52</b>	<b>257</b>	<b>250</b>
<b>Adjustment for:</b>				
Depreciation	15	14	61	60
Financial items, net	24	14	75	66
<b>Cash flow from operating activities before changes in working capital</b>	<b>97</b>	<b>80</b>	<b>393</b>	<b>376</b>
Changes in working capital	-114	-57	-98	-41
<b>Cash flow from operating activities</b>	<b>-17</b>	<b>23</b>	<b>294</b>	<b>335</b>
Financial items, net	-5	-18	-51	-64
Income tax paid	-8	-10	-28	-30
<b>Cash flow from operating activities, net</b>	<b>-30</b>	<b>-5</b>	<b>216</b>	<b>241</b>
Acquisition of subsidiaries, net cash impact	0	-16	-26	-42
Sales of subsidiaries, net cash impact	0	0	133	133
Investments in other non-current assets, net	-14	-39	-126	-151
<b>Cash flow from investing activities</b>	<b>-14</b>	<b>-55</b>	<b>-20</b>	<b>-60</b>
Proceeds from new borrowings	0	7	0	7
Repayment of borrowings	-51	-56	-51	-56
Dividend	0	0	-27	-27
<b>Cash flow from financing activities</b>	<b>-51</b>	<b>-49</b>	<b>-77</b>	<b>-75</b>
<b>Cash flow for the period</b>	<b>-95</b>	<b>-108</b>	<b>119</b>	<b>106</b>
<b>Cash and cash equivalents at start of period</b>	<b>584</b>	<b>465</b>	<b>359</b>	<b>465</b>
Exchange rate difference in cash/cash equivalents	8	3	18	13
<b>Cash and cash equivalents at end of period</b>	<b>497</b>	<b>359</b>	<b>497</b>	<b>584</b>



# Key ratios

	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/18	Jan-Dec 2017
Operating revenue	1 648	1 649	6 556	6 557
EBIT, %	4,9%	4,0%	5,1%	4,8%
Interest-bearing net debt, SEK M	1 496	1 685	1 496	1 440
Return on capital employed, %	2,1%	1,8%	8,4%	8,2%
Equity/assets ratio, %	38,3%	35,5%	38,3%	37,4%
Operating cash flow	-32	-16	168	184
Interest-bearing net debt/Adjusted EBITDA 12 months, times	3,8x	4,1x	3,8x	3,8x
Average number full-time employees Individual & Family	2 372	2 526	2 444	2 483
Average number full-time employees Personal Assistance	4 920	4 957	5 088	5 097
Average number full-time employees Elderly Care	731	1 234	902	1 028
Average number full-time employees Other Nordic	1 435	1 306	1 404	1 372
Average number full-time employees Central functions	23	23	23	23
Total average number full-time employees	9 481	10 046	9 862	10 003
Number of full-time employees on the closing date	9 207	9 708	9 207	9 503
Average number of customers Individual & Family	2 010	2 153	2 028	2 064
Average number of customers Personal Assistance	1 835	1 876	1 855	1 866
Average number of customers Elderly Care	674	2 719	1 435	1 946
Average number of customers Other Nordic	2 895	2 135	2 631	2 441
Total average number of customers	7 414	8 884	7 949	8 316
Average number of ordinary shares on the closing date, 000s	53 140	53 140	53 140	53 140
Equity per ordinary share, SEK	37	33	37	36



# Segments financials

## Operating revenue by business area

SEK M	Jan-Mar	Jan-Mar	%	Apr-Mar	Jan-Dec	%
	2018	2017		2017/18	2017	
Individual & Family	551	553	0%	2 209	2 212	0%
Personal Assistance	653	648	1%	2 625	2 621	0%
Elderly Care	108	154	-30%	476	521	-9%
Other Nordics	336	293	15%	1 231	1 188	4%
Other revenue	0	0	n/a	14	14	0%
<b>Total operating revenue</b>	<b>1 648</b>	<b>1 649</b>	<b>0%</b>	<b>6 556</b>	<b>6 557</b>	<b>0%</b>

## Organic growth by business area

%	Jan-Mar	Jan-Mar	%	Apr-Mar	Jan-Dec
	2018	2017		2017/18	2017
Individual & Family	-0,4%	-2,6%		-2,6%	-2,8%
Personal Assistance	0,7%	-2,7%		-0,1%	-0,9%
Elderly Care	24,9%	7,4%		11,7%	12,2%
Other Nordics, constant currency	4,2%	-5,7%		-5,7%	-5,4%
<b>Total organic growth, constant currency rate</b>	<b>2,3%</b>	<b>-1,9%</b>		<b>-0,9%</b>	<b>-1,3%</b>

## Operating profit per business area

SEK M	Jan-Mar	Jan-Mar	%	Apr-Mar	Jan-Dec	%
	2018	2017		2017/18	2017	
Individual & Family	48	37	29%	201	191	6%
Personal Assistance	35	36	-4%	159	160	-1%
Elderly Care	-1	-2	n/a	-17	-18	n/a
Other Nordics	18	13	40%	67	62	8%
Central costs/other	-18	-18	n/a	-79	-79	n/a
<b>Total operating profit</b>	<b>81</b>	<b>66</b>	<b>24%</b>	<b>332</b>	<b>316</b>	<b>5%</b>

