



Humana

Everyone is entitled to a good life.

Interim report Q4, October-December 2019

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Financial highlights Q4

Revenue and growth

- Operating revenue was SEK 1,912m (1,700), an increase by 12%
- The organic growth was 0.7% (4.8)

Operating profit

- Operating profit was SEK 71m (82), a decrease by 13%.
- Integration costs was SEK 6m
- The effects of IFRS 16 have increased EBIT by SEK 16m (-)
- Operating margin was 3.7% (4.8), a decrease compared to the same period last year

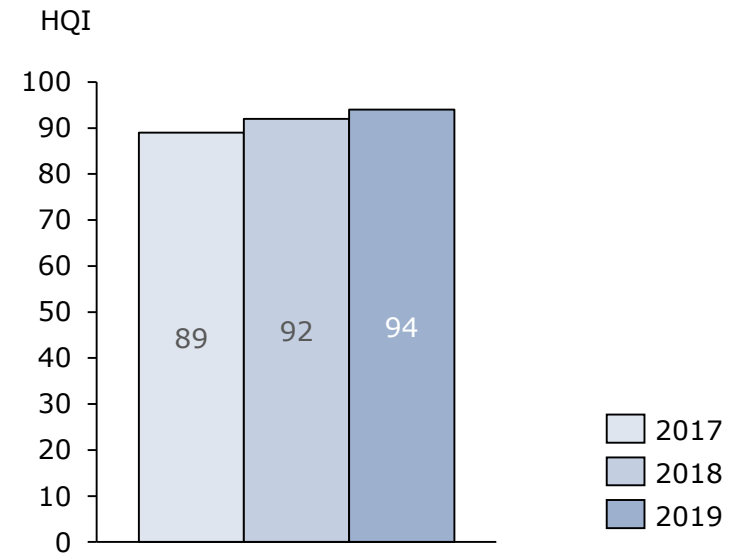
Cash flow & leverage

- Operating cash flow was SEK 220m (136)
- Net debt/EBITDA of 5.4x (3.0)



Operational highlights Q4

- Revision of financial targets
- Integration of Coronaria Hoiva completed
- Humana Quality Index was 93 in the fourth quarter and 94 for the full year (92 in 2018)



Operational highlights Q4 2019 – Individual & Family

Challenging market remains

- Weak performance in the quarter
- Municipalities squeezed finances affect the demand
- Challenges with occupancy in children and adolescents segment continuing. Problems focussed to two regions
- Internal efforts moving in the right direction. New management addressing capacity utilisation as well as flexibility in the cost base
- LSS and Adult doing well



**Individual &
Family**



Operational highlights Q4 2019 - Personal Assistance

Steady performance continues

- Stable revenues but operating profit and margin somewhat lower in the quarter
- Market declined 2.4% in 2019
- Investments in quality and efficiency paying off, compensating partly for payroll expenses increasing faster than the assistance allowance
- The customer satisfaction index was 78 for 2019, compared with 75 for 2018
- Inquiry on the personal assistant profession released in January. The government expressing its intention to strengthen the right to personal assistance clearer than in the past

Operational highlights Q4 2019 - Elderly Care

Focus on start-up and new projects

- Stable market demand with high occupancy in our units
- Start-up of the new elderly care home under own management in Kungsängen in focus. Occupancy improving well but still not profitable
- An increase in the number of satisfied customers in Humana's elderly housing: 88% in 2019 (87). The national average for all elderly housing in Sweden was 81% (National Board of Health and Welfare's national survey)





Finland

Operational highlights Q4 2019 - Elderly Care

Disappointing quarter

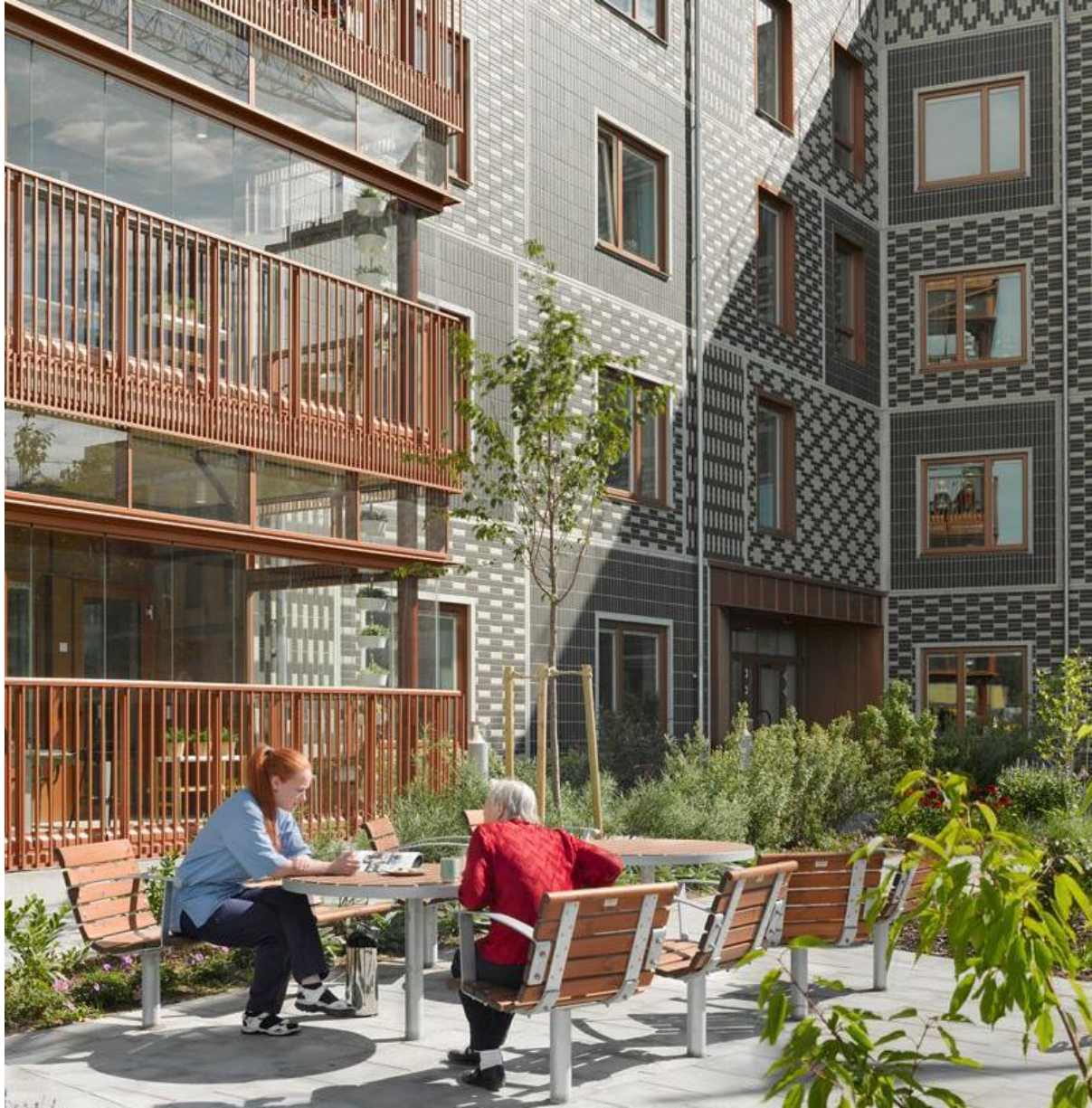
- Profitability challenges in acquired operation
 - Improvement program continuing as planned
 - The Coronaria Hoiva-operation fully integrated, including the Humana brand, during the quarter
- Increased staffing requirements and higher regulatory pressure, not reflected in compensation levels yet
- Good organic growth in I&F segments in Finland
- New Head of Finland, Anu Kallio, taking over from March, 2020

Operational highlights Q4 2019 – Other Nordics

Stable development in Norway

- Performance was stable although revenues decreased organically slightly in comparison with the strong Q4 in 2018
- Overall strong momentum in personal assistance (BPA) and disabled care housing services (HOT)
- Political discussion about private provision in Norway about youth and adolescents care continuing

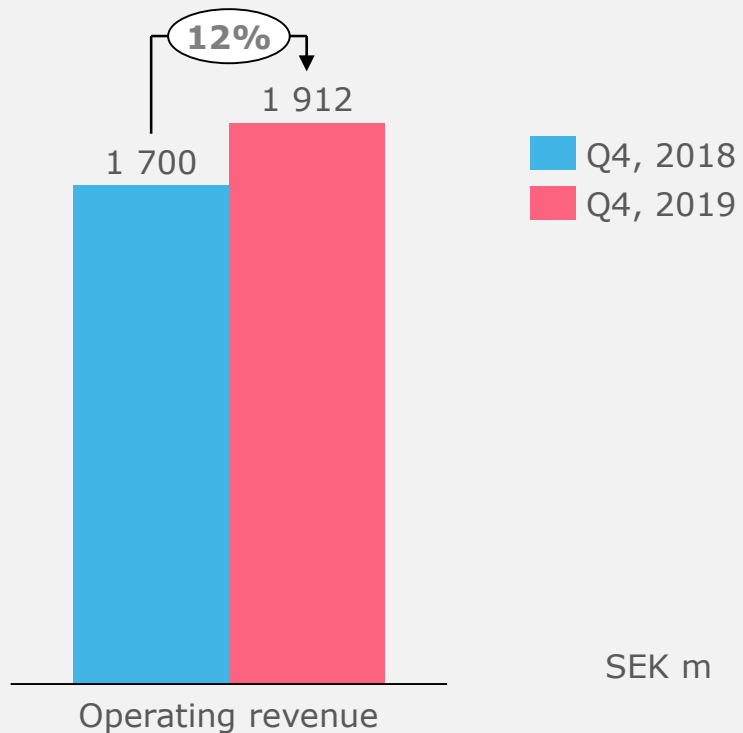




New financial targets from 2020

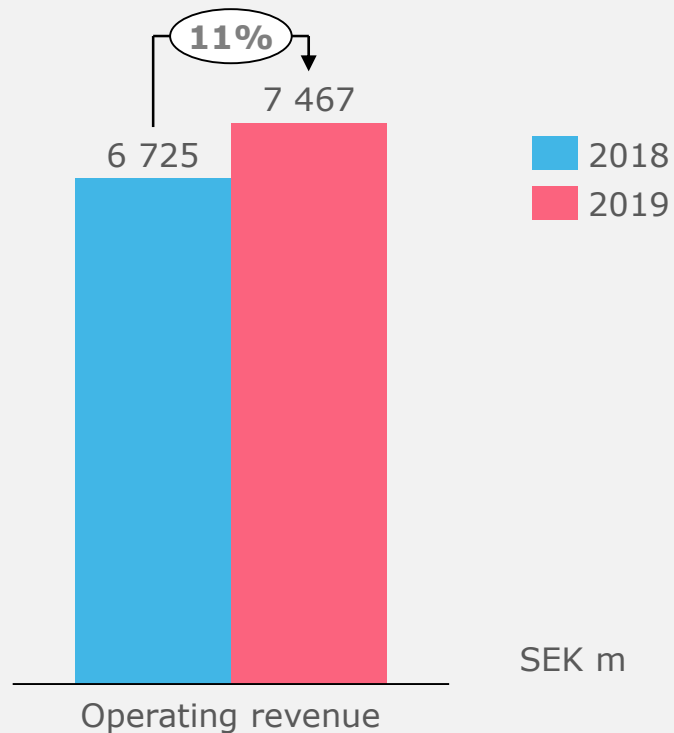
- **Profitability**
An operating margin of 7% over the medium term.
- **Revenue growth**
Annual organic revenue growth of 5% over the medium term. Bolt-on acquisitions may generate additional annual growth of 2-3 %.
- **Capital structure**
Interest-bearing net debt not exceeding 4.5 times EBITDA, i.e. operating profit before depreciation, amortisation and impairment (see Note 9b, Financial definitions and intent). Debt may temporarily exceed the target level, for example in connection with acquisitions.

Operating revenue



- The revenue growth of 12% primarily acquisition driven. Acquired operations contributed SEK 165m to revenues in the quarter, of which SEK 143m relates to revenues from Coronaria Hoiva in Finland
- Organic growth was 0.7% (4.8)

Operating revenue – full year

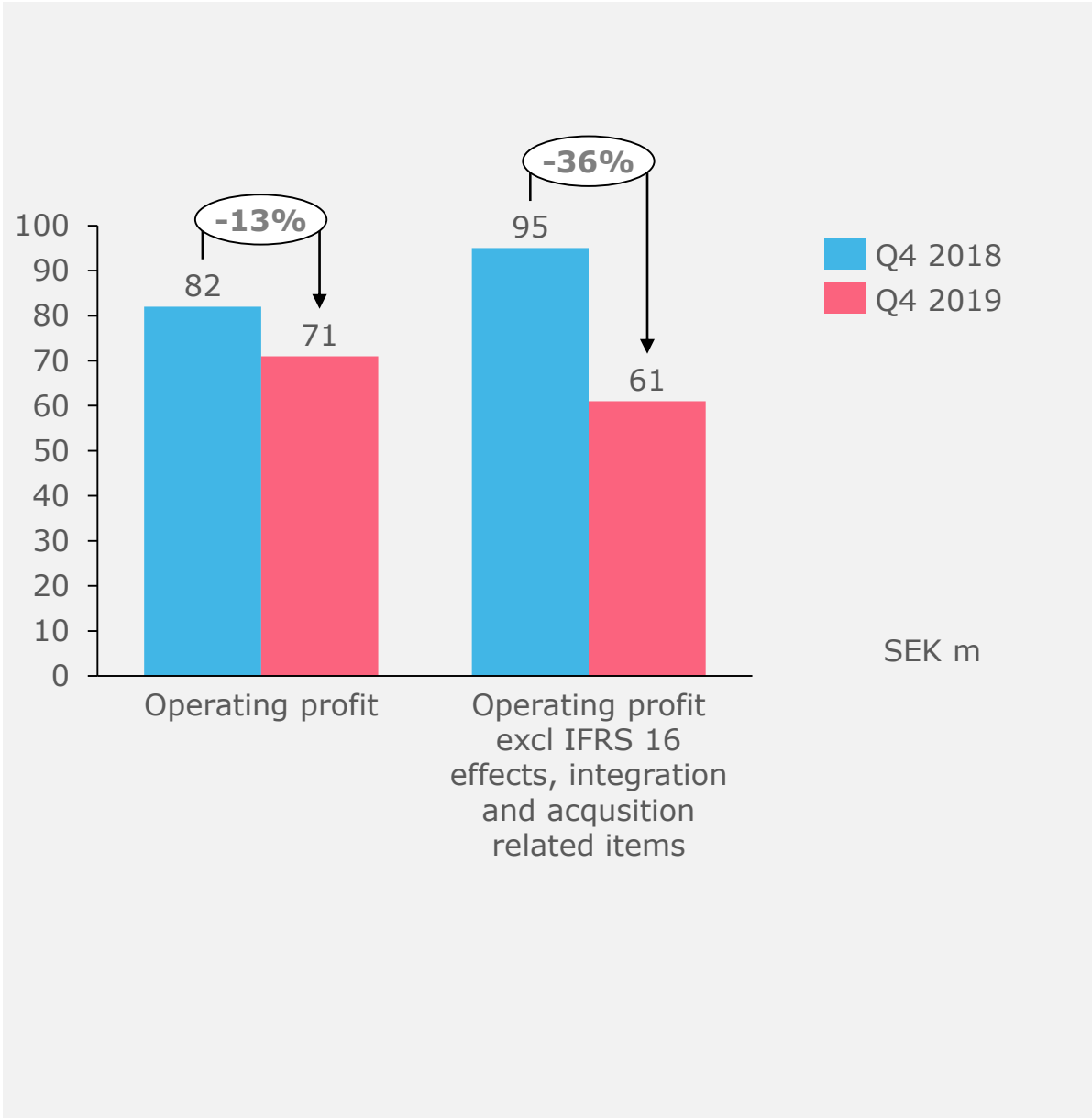


- Operating revenue grew 11% in the full year, well in line with the financial target
- Acquired operations contributed SEK 613m to revenues in the quarter, of which SEK 443m relates to revenues from Coronaria Hoiva in Finland
- Organic growth was 2.0% (3.4)

Organic growth



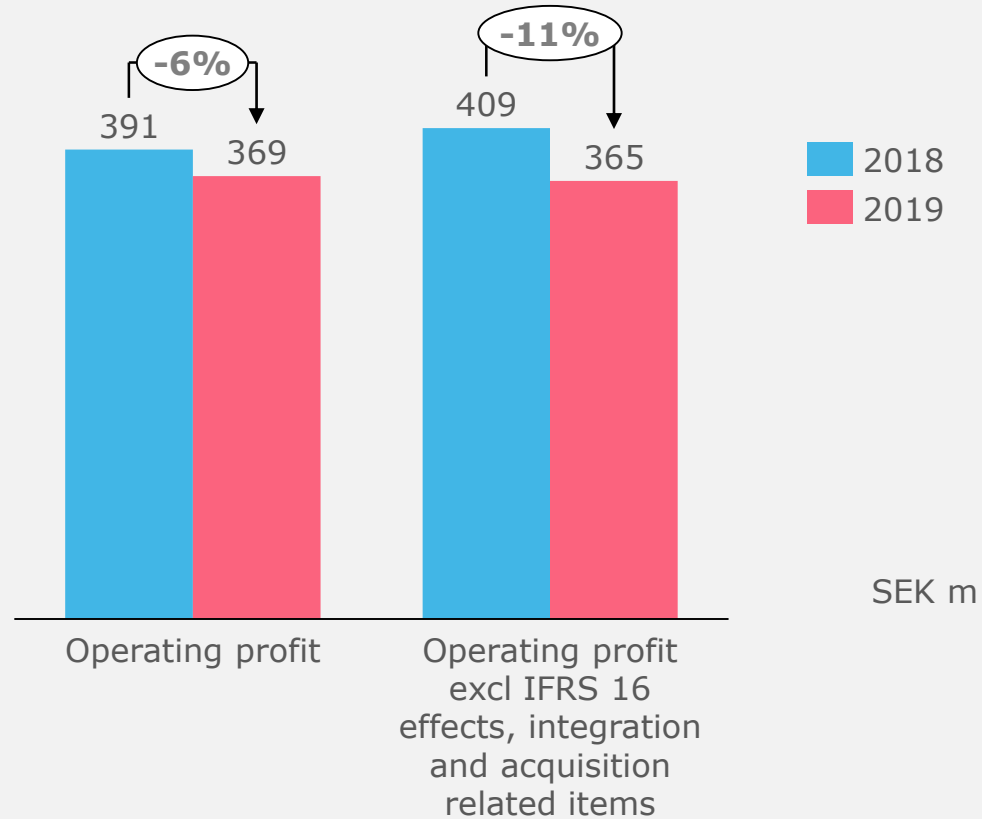
- The lower organic growth of 0,7% mainly due to lower organic growth rate in Norway and Elderly Care



Profitability

- Operating profit margin was 3.7% (4.8) and 2.9% (4.8) when excluding the effects of IFRS 16
- The effect of IFRS 16 amounted to SEK 16m (-), due to lower rental costs of SEK 83m and higher depreciations of SEK 67m (a reduction in central costs)
- Integration costs for Coronaria Hoiva were SEK 6m (0).
- Acquisition-related items amounted to SEK 0m (-13)

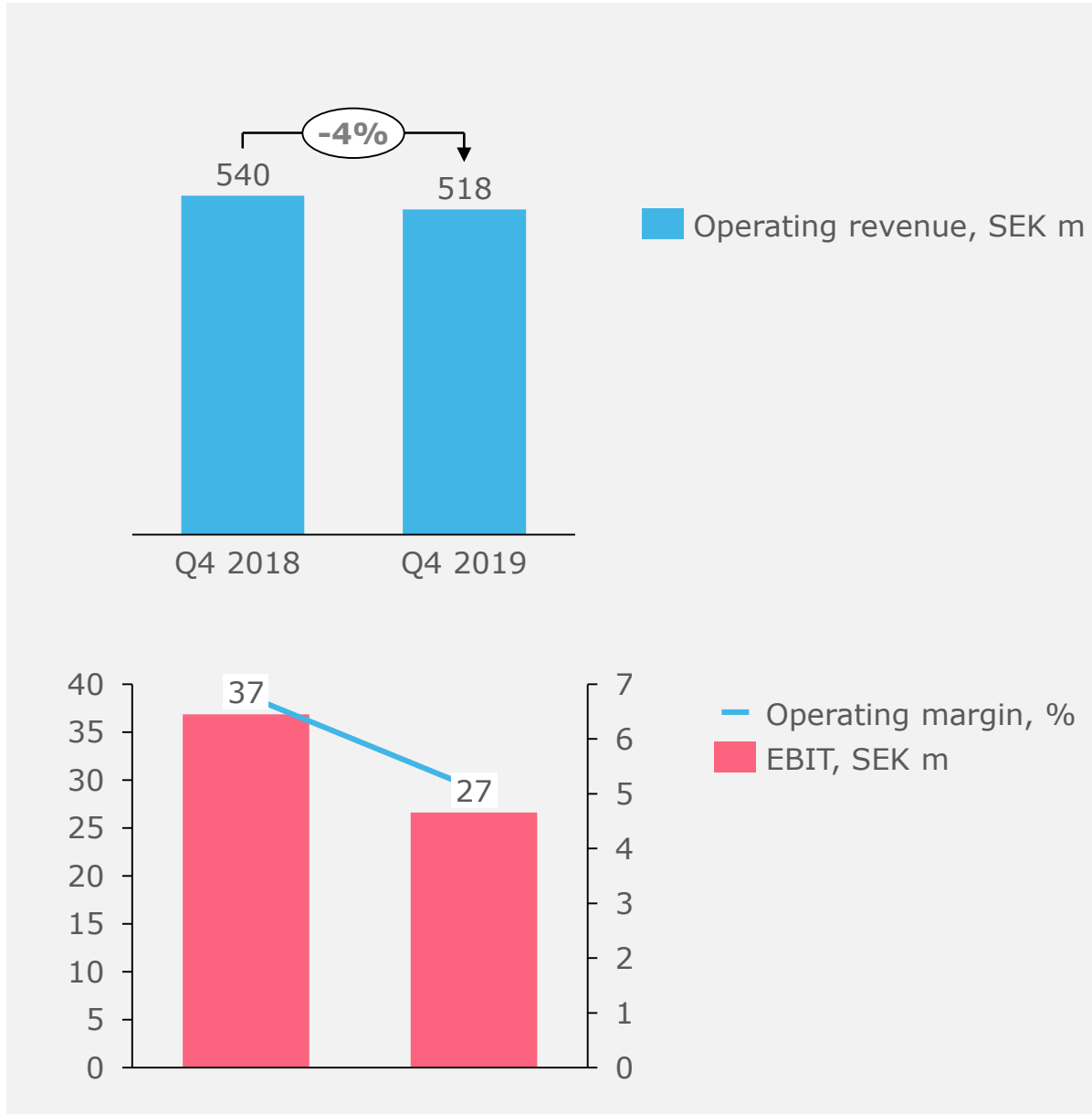
Profitability – full year



- The effects of IFRS 16 was SEK 46m (-)
- Acquisition expenses and revenues amounted to SEK -28m (-18), largely related to the acquisition of Coronaria Hoiva. Integration costs for Coronaria Hoiva were SEK 14m (-)

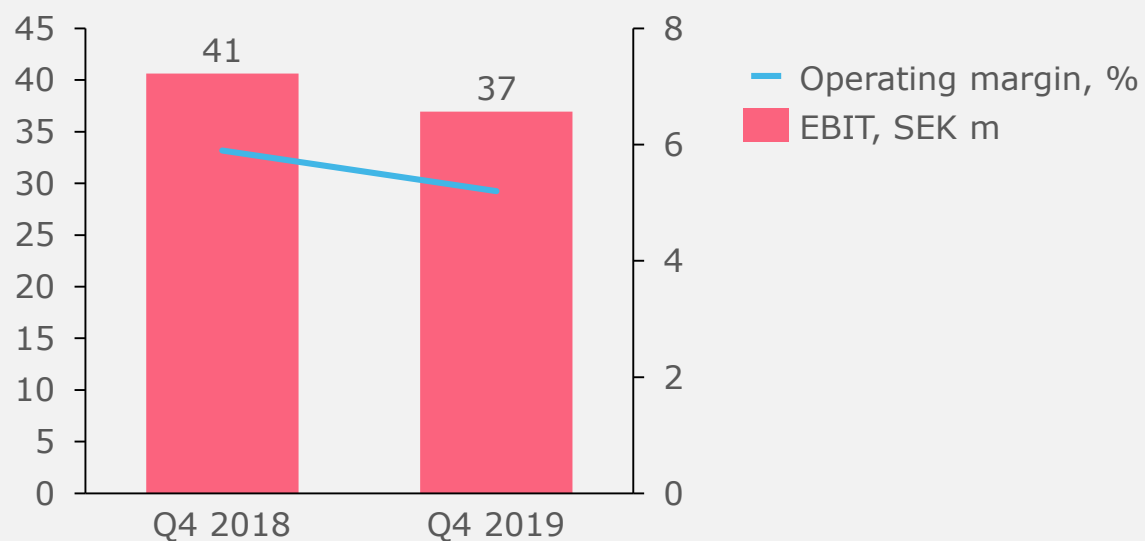
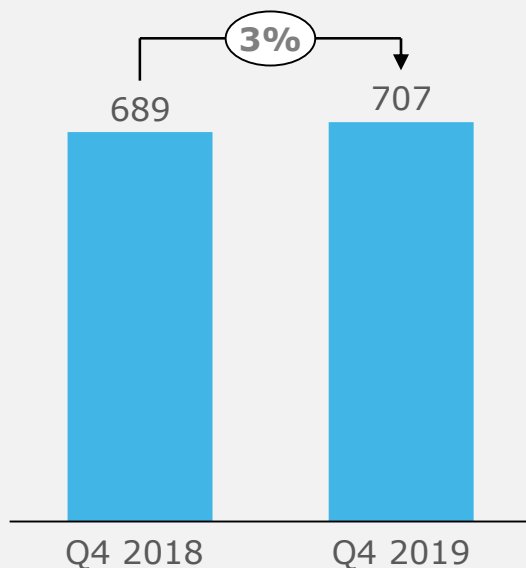
Individual & Family

- The revenue decrease is due to lower occupancy in housing solutions for children and adolescents
- Negative organic growth of -3.8% (-2.6)
- Operating margin at 5.1% (6.8), the decrease is explained by lower occupancy
- Internal efforts moving in the right direction. New management addressing capacity utilisation as well as flexibility in the cost base



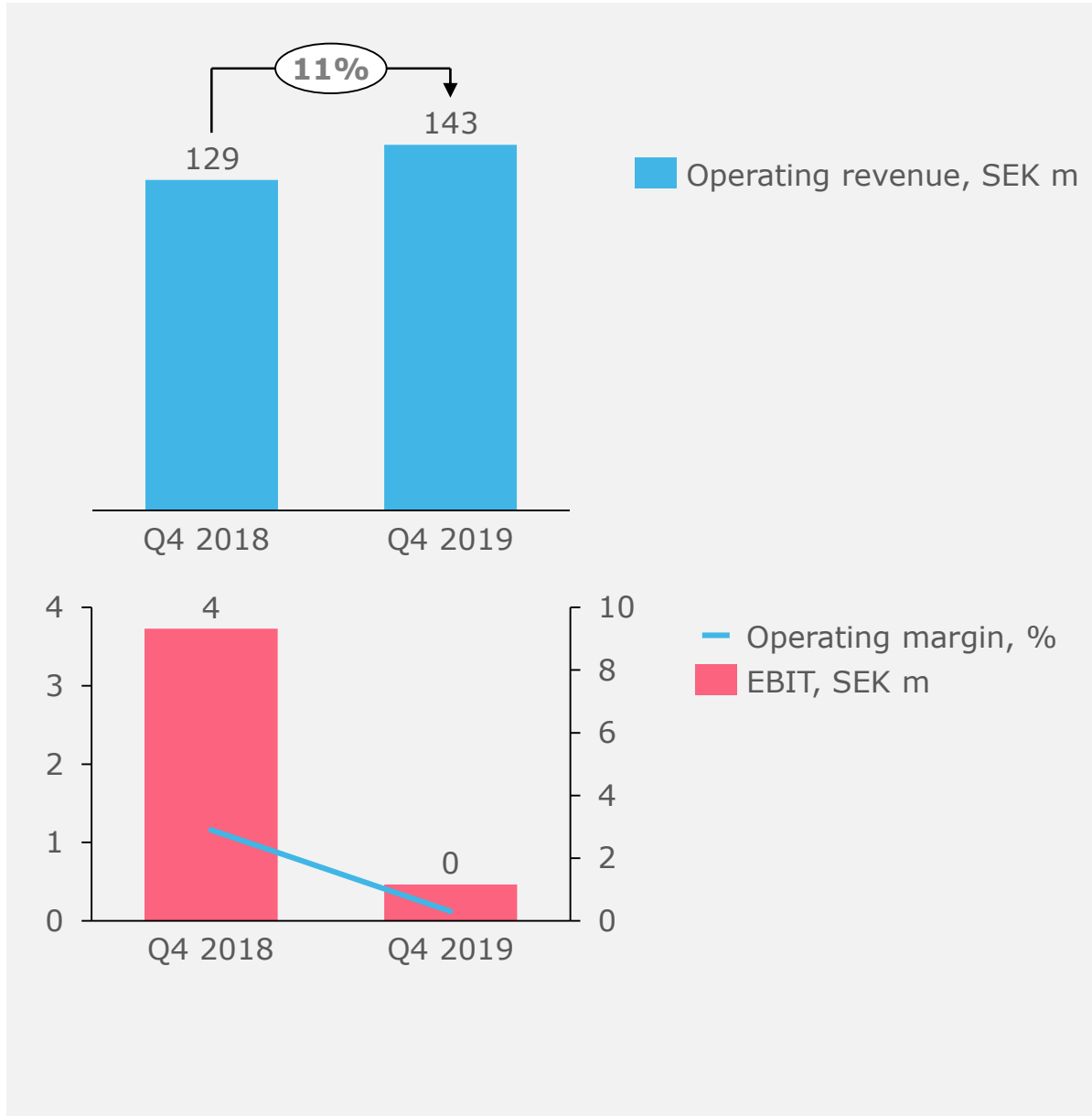
Personal Assistance

- Acquisitions, this year and last year, account for most of the increase in revenues
- Organic growth of 0.3% (2.2)
- Operating profit, EBIT, decreased by 9%, primarily attributable to payroll expenses that rose faster than the assistance allowance
- Operating margin of 5.2% (5.9)



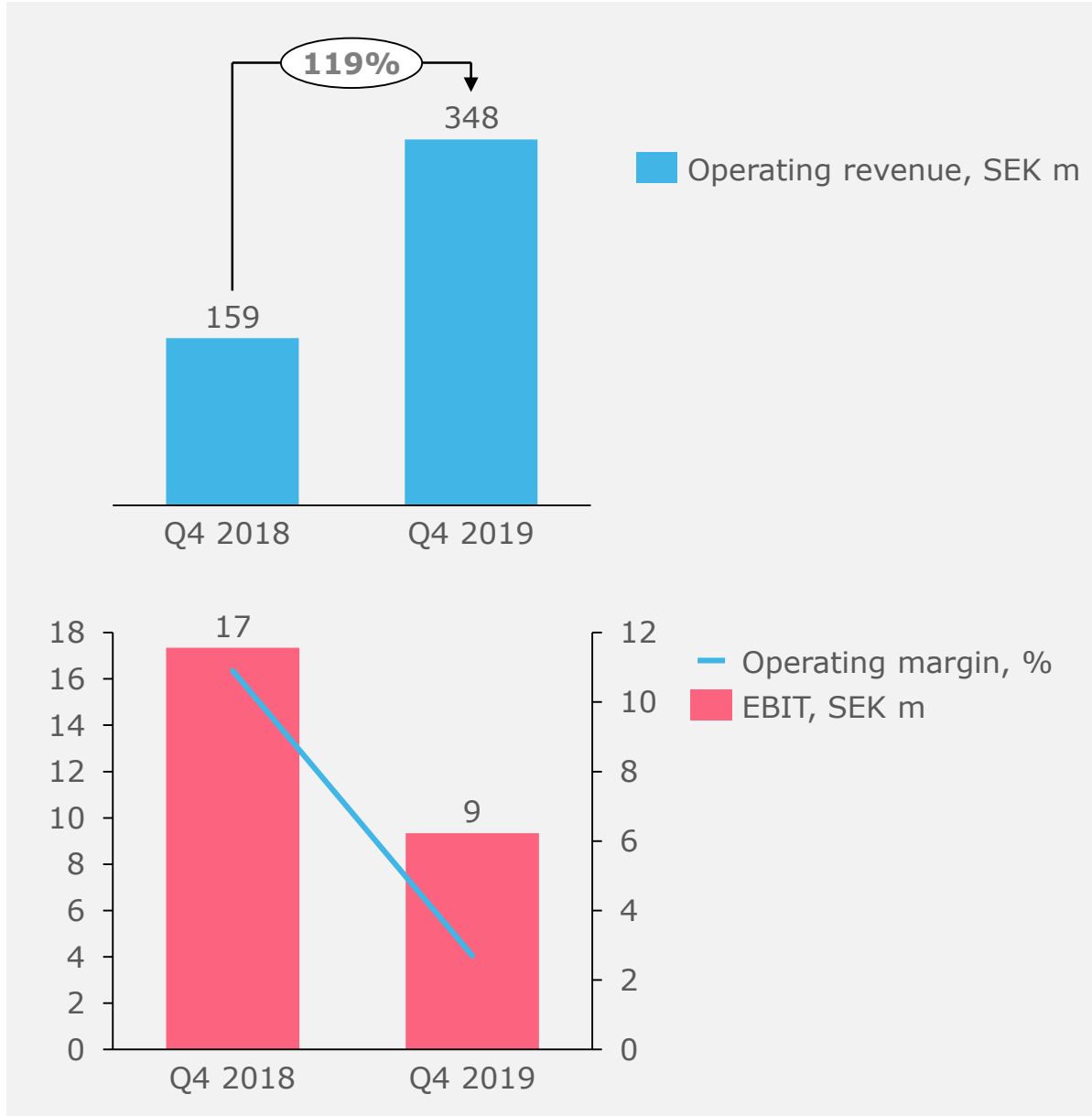
Elderly Care

- The new elderly housing units under own management in Staffanstorp and Kungsängen, as well as an increase in tendered contracts contributing to revenue increase of 11%
- Start-up costs of SEK 4m for Kungsängen, which opened in September, has a negative impact on Q4 profits
- Operating margin was 0.3% (2.9)



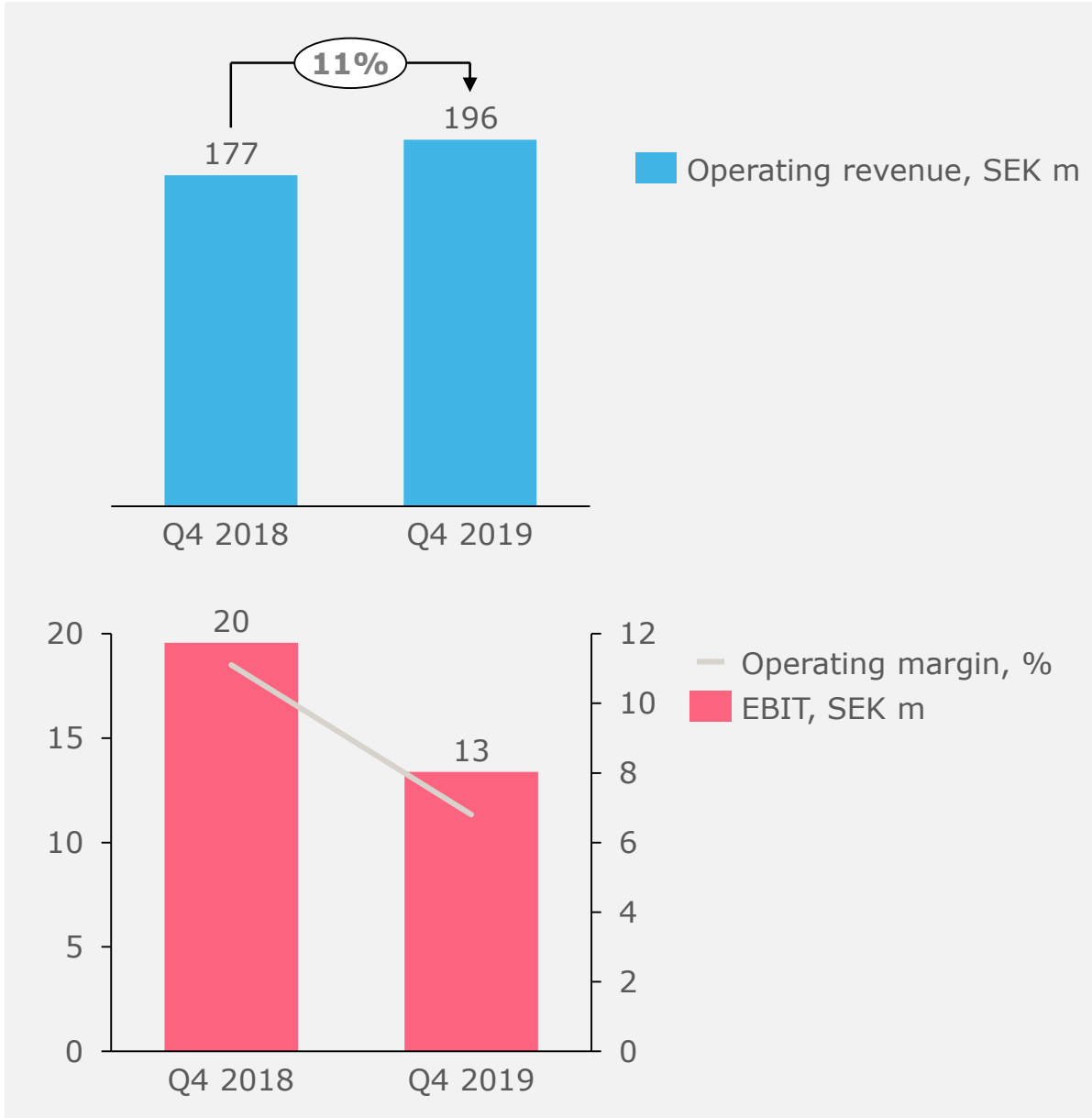
Finland

- The acquisition of Coronaria Hoiva contributed SEK 143m to revenues
- Organic growth at 10.7% (6.9) explained by the opening of new individual and family care units and a higher number of customers
- Operating margin was 2.7% (10.9)
- Openings of new units in Finland had a somewhat negative impact on the margin
- Integration costs amounted to SEK 6m, but the main driver of the weak performance comes from the newly acquired elderly care operation where occupancy and efficiency needs to improve



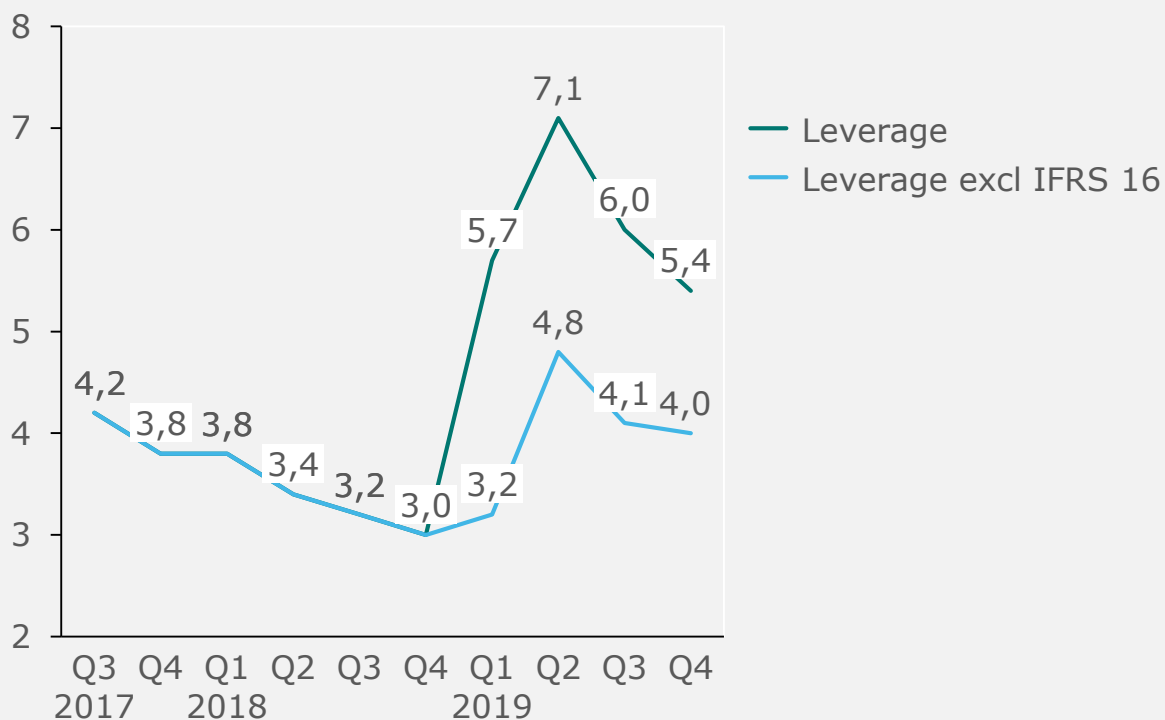
Norway

- Revenue increase explained by currency effects
- Organic growth at -0.7% (19.0). The negative organic growth in the quarter is attributable to a lower number of customers than during the comparative period as a result of the closure of unprofitable units. Organic growth at 4.2% (7.6) for the full year
- Operating margin was 6.8% (11.1)



Financial position

Net debt/EBITDA



- Net debt increased to SEK 3,712m (1,378)
- With the IFRS 16 effects excluded net debt increased to 1,577m (1,378) thanks to good cash flow and sale of real estate

Cash flow

	Q4 2019	Q4 2019 <i>excl IFRS 16</i>	Q4 2018
Cash flow from operating activities before changes in working capital	157	73	102
Changes in working capital	133	133	88
Cash flow from operating activities	289	206	191
Financial items, net	-44	-24	-22
Income tax paid	-25	-25	-25
Cash flow from operating activities, net	220	156	144
Acquisitions of subsidiaries, net cash impact	0	0	-53
Sales of Real Estate	63	63	0
Investments	-69	-69	-55
Cash flow from investing activities	-7	-7	-108
Cash flow from financing activities	-70	-1	-27
Cash flow for the period	144	148	9

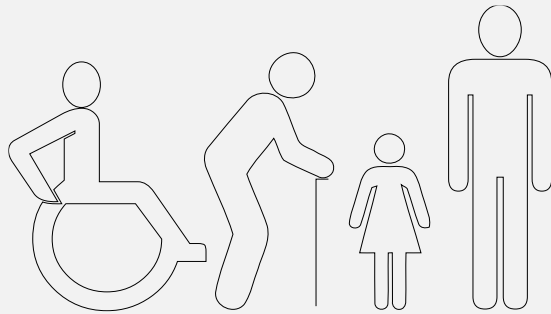
- Good working capital driven by good collections at year end
- Cash flow from investing activities relates to real estate, both investments and sale and leaseback

Thank you!

Appendix

Humana at a glance




Critical actor in the Nordic welfare



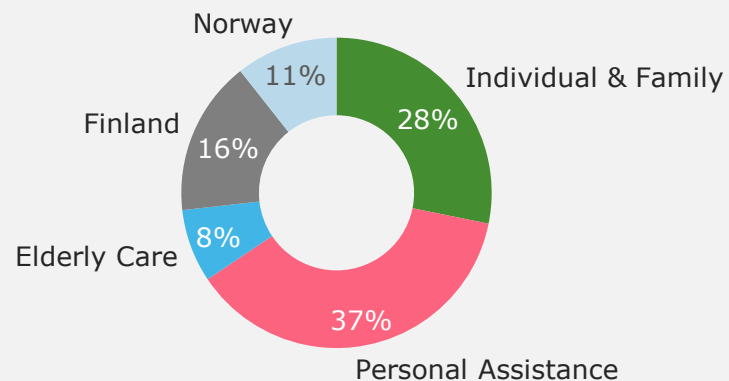
9,000
Customers

16,000
Employees

Market leading positions in the Nordics

-  **1** Individual & Family
-  **1** Personal Assistance
-  Elderly Care

Operations and revenue split

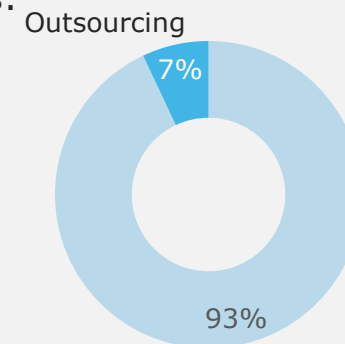


7,467
Revenues

369
EBIT
SEK m, 2019

Clear focus on full responsibility

Split of revenues:



Full responsibility and customer choice

Consolidated income statement

SEK m	Note	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
		2019	2018	2019	2018
Net revenue		1,902	1,700	7,446	6,714
Other operating revenue		10	1	21	11
Operating revenue	3	1,912	1,700	7,467	6,725
Other external expenses	8	-261	-265	-958	-1,044
Personnel costs		-1,495	-1,320	-5,784	-5,202
Depreciation/amortisation	8	-86	-21	-327	-70
Other operating expenses		0	-13	-28	-19
Operating expenses		-1,841	-1,619	-7,097	-6,334
Operating profit		71	82	369	391
Finance income		18	0	125	1
Finance expenses	8	-59	-16	-246	-76
Unrealised changes in value of derivatives		0	0	0	1
Profit before tax		30	67	249	317
Income tax	8	-12	-15	-61	-72
Net profit for the period		18	51	187	245
Attributable to:					
Parent Company shareholders		19	52	188	246
Non-controlling interests		0	-1	-1	-1
Net profit for the period		18	51	187	245
Earnings per share, SEK, before dilution	5, 8	0.35	0.97	3.54	4.62
Earnings per share, SEK, after dilution	5, 8	0.35	0.97	3.54	4.62
Average number of shares, thousands		53,140	53,140	53,140	53,140

Income statement excluding effects of IFRS 16

SEK m	Oct-Dec	IFRS 16	Excl.	Oct-Dec	Jan-Dec	IFRS 16	Excl.	Jan-Dec
	2019	effect	IFRS 16	2018	2019	effect	IFRS 16	2018
		Oct-Dec	Oct-Dec			Jan-Dec	Jan-Dec	
		2019	2019			2019	2019	
Operating revenue	1,912	0	1,912	1,700	7,467	0	7,467	6,725
Other external expenses	-261	83	-344	-265	-958	300	-1,258	-1,044
Personnel costs	-1,495	-	-1,495	-1,320	-5,784	-	-5,784	-5,202
Depreciation/amortisation	-86	-67	-18	-21	-327	-253	-74	-70
Other operating expenses	0	-	0	-13	-28	-	-28	-19
Operating expenses	-1,841	16	-1,858	-1,619	-7,097	46	-7,143	-6,334
Operating profit	71	16	55	82	369	46	323	391
Finance income	18	-	18	0	125	-	125	1
Finance expenses	-59	-20	-40	-15	-246	-71	-175	-76
Unrealised changes in value of derivatives	0	-	0	0	0	-	0	1
Profit before tax	30	-3	34	67	249	-25	273	317
Income tax	-12	1	-13	-16	-61	5	-67	-72
Net profit for the period	18	-3	21	51	187	-19	207	245
Earnings per share before and after dilution	0.35	-0.05	0.40	0.97	3.54	-0.36	3.91	4.62

Consolidated balance sheet

SEK m	Not e	31 Dec 2019	31 Dec 2018
Assets			
Non-current assets			
Goodwill	4	3,897	3,168
Other intangible assets		5	8
Property, plant and equipment		377	560
Right-of-use assets		2,089	0
Financial assets		33	9
Total non-current assets		6,401	3,745
Current assets			
Trade and other receivables		834	847
Other current receivables		160	112
Cash and cash equivalents		836	514
Total current assets		1,830	1,473
TOTAL ASSETS		8,231	5,218

SEK m	Not e	31 Dec 2019	31 Dec 2018
Equity and liabilities			
Equity			
Share capital		1	1
Other paid-in capital		1,096	1,094
Reserves		29	28
Retained earnings		1,158	1,007
Equity attributable to Parent Company shareholders		2,284	2,130
Equity attributable to non-controlling interests		22	17
Total equity		2,305	2,147
Non-current liabilities			
Non-current lease liabilities		1,902	0
Other interest-bearing liabilities		1,769	1,259
Deferred tax liabilities		71	73
Total non-current liabilities		3,741	1,333
Current liabilities			
Current lease liabilities		270	0
Other interest-bearing liabilities		607	633
Trade payables		129	121
Other current liabilities		1,178	985
Total current liabilities		2,185	1,739
TOTAL EQUITY AND LIABILITIES		8,231	5,218

Consolidated cash flow statement

SEK m	Note	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Profit before tax	8	30	67	249	317
Adjustments for:					
Depreciation/amortisation	8	86	21	327	70
Net financial items	8	41	15	121	74
Other non-cash items		0	0	0	0
Cash flow from operating activities before change in working capital		157	102	697	461
Change in working capital		133	88	126	-18
Cash flow from operating activities		289	191	823	443
Net financial items paid	8	-44	-22	-120	-53
Income tax paid		-25	-25	-71	-58
Net cash flow from operating activities		220	144	631	332
Acquisition of subsidiaries, net cash impact		0	-53	-483	-86
Disposal of subsidiaries, net cash impact		0	0	0	4
Disposal of properties		63	0	388	0
Investments in other non-current assets, net		-69	-55	-228	-158
Cash flow from investing activities		-7	-108	-323	-240
Proceeds from new borrowings		0	1	795	145
Repayment of borrowings		-1	-27	-494	-279
Amortisation of lease liabilities	8	-69	0	-250	0
Dividend paid		0	0	-37	-32
Cash flow from financing activities		-70	-27	14	-166
Cash flow for the period		144	9	322	-74
Cash and cash equivalents at start of period		703	511	514	584
Exchange differences		-11	-6	0	3
Cash and cash equivalents at end of period		836	514	836	514

Cash flow excluding effects of IFRS 16

	Oct-Dec	IFRS 16	Excl.	Oct-Dec	Jan-Dec	IFRS 16	Excl.	Jan-Dec
SEK m	2019	effect	IFRS 16	2018	2019	effect	IFRS 16	2018
	2019	Oct-Dec	Oct-Dec	2018	2019	Jan-Dec	Jan-Dec	2018
		2019	2019			2019	2019	
Profit before tax	30	3	34	67	249	25	273	317
Adjustments for:								
Depreciation/amortisation	86	-67	18	21	327	-253	74	70
Net financial items	41	-20	21	15	121	-71	50	74
Other non-cash items	0	-	0	0	0	-	0	0
Cash flow from operating activities	289	-83	206	191	823	-300	523	443
Net financial items paid	-44	20	-24	-22	-120	71	-50	-53
Income tax paid	-25	-	-25	-25	-71	-	-71	-58
Net cash flow from operating activities	220	-64	156	144	631	-229	402	332
Financing activities								
Proceeds from new borrowings	0	-	0	1	795	-	795	145
Repayment of borrowings	-1	-	-1	-27	-494	-	-494	-279
Amortisation of lease liabilities	-69	69	0	-	-250	250	0	0
Dividend paid	0	-	0	0	-37	-	-37	-32
Cash flow from financing activities	-70	69	-1	-27	14	250	264	-166

1) According to IFRS 16, lease payments are divided between amortisation of lease liabilities and interest expenses. In comparison with 2018, this means a positive effect on cash flow from operating activities, since depreciation of right-of-use assets is reversed as non-cash, while the greater part of lease payments are recognised as amortisation of interest-bearing liabilities in cash flow from financing activities.

Key ratios

	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Operating revenue	1,912	1,700	7,467	6,725
Operating margin, %	3.7%	4.8%	4.9%	5.8%
Interest-bearing net debt, SEK mi	3,712	1,378	3,712	1,378
Return on capital employed, %	1.0%	2.0%	5.4%	9.7%
Equity/assets ratio, %	28.0%	41.1%	28.0%	41.1%
Operating cash flow, SEK m	220	136	595	285
Interest-bearing net debt/adjusted EBITDA, 12 months, times	5.4x	3.0x	5.4x	3.0x
Excluding IFRS 16 effects:				
Operating revenue	1,912	1,700	7,467	6,725
Operating margin, %	2.9%	4.8%	4.3%	5.8%
Interest-bearing net debt, SEK mi	1,577	1,378	1,577	1,378
Return on capital employed, %	1.2%	2.0%	6.8%	9.7%
Equity/assets ratio, %	37.8%	41.1%	37.8%	41.1%
Operating cash flow, SEK m	137	136	296	285
Interest-bearing net debt/adjusted EBITDA, 12 months, times	4.0x	3.0x	4.0x	3.0x

	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Average number full-time employees Individual & Family	1 894	2 324	2 026	2 396
Average number full-time employees Personal Assistance	4 842	5 032	4 909	5 068
Average number full-time employees Elderly Care	784	799	847	776
Average number full-time employees Finland	1 709	786	1 538	767
Average number full-time employees Norway	799	776	799	742
Average number full-time employees Central func. incl Dk	59	54	56	33
Total average number full-time employees	10 087	9 770	10 175	9 782
Number of full-time employees on the closing date	10 093	9 729	10 093	9 729
Average number of customers Individual & Family	1 765	1 899	1 829	1 955
Average number of customers Personal Assistance	1 890	1 861	1 869	1 833
Average number of customers Elderly Care	795	753	794	691
Average number of customers Finland	4 228	2 736	3 628	2 635
Average number of customers Norway	295	322	300	317
Average number of customers Denmark	72	104	83	35
Total average number of customers	9 044	7 676	8 503	7 466
Average number of ordinary shares on the closing date, 000s	53 140	53 140	53 140	53 140
Equity per ordinary share, SEK	43	40	43	40
Earnings per share, SEK, after dilution	0,35	0,97	3,54	4,62
Dividend per share, SEK			0,70	0,70

Segments financials

Operating revenue by business area

SEK m	Oct-Dec	Oct-Dec	%	Jan-Dec	Jan-Dec	%
	2019	2018		2019	2018	
Individual & Family	518	540	-4%	2,095	2,188	-4%
Personal Assistance	707	689	3%	2,783	2,668	4%
Elderly Care	143	129	11%	564	457	23%
Finland	348	159	119%	1,204	648	86%
Norway	196	177	11%	794	746	7%
Other 2)	1	6	-82%	26	19	39%
Total operating revenue	1,912	1,700	12%	7,467	6,725	11%

Organic growth by business area 1)

%	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2019	2018	2019	2018
Individual & Family	-3.8%	-2.6%	-4.0%	-1.3%
Personal Assistance	0.3%	2.2%	0.9%	0.7%
Elderly Care	10.6%	40.7%	23.3%	33.4%
Finland	10.7%	6.9%	9.6%	12.7%
Norway	-0.7%	19.0%	4.2%	7.6%
Total organic growth	0.7%	4.8%	2.0%	3.4%

Segments financials, cont'd

Operating profit by business area

SEK m	Oct-Dec	Oct-Dec	%	Jan-Dec	Jan-Dec	%
	2019	2018		2019	2018	
Individual & Family	27	37	-28%	168	196	-14%
Personal Assistance	37	41	-9%	154	151	2%
Elderly Care	0	4	-88%	13	9	42%
Finland	9	17	-46%	49	68	-29%
Norway	13	20	-32%	59	55	7%
Other 2) 3) 4)	-16	-37	n/a	-72	-88	n/a
Total operating profit	71	82	-13%	369	391	-6%

Excluding IFRS 16 effects (affects Central costs):

Total operating profit	55	82	-33%	323	391	-17%
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Operating margins by business area

%	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
	2019	2018		2019	2018	
Individual & Family	5.1%	6.8%		8.0%	9.0%	
Personal Assistance	5.2%	5.9%		5.5%	5.7%	
Elderly Care	0.3%	2.9%		2.3%	2.0%	
Finland	2.7%	10.9%		4.0%	10.5%	
Norway	6.8%	11.1%		7.4%	7.3%	
Total operating margin	3.7%	4.8%		4.9%	5.8%	

Excluding IFRS 16 effects:

Total operating margin	2.9%	4.8%		4.3%	5.8%	
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1) Organic growth is calculated as revenue growth for comparable companies that Humana owned during the comparative period.

2) Operating profit for Q2 2018 includes the positive effect of additional consideration settlements of SEK 9m, with associated acquisition costs of SEK 5m. Operating profit and operating revenue for Q4 2019 include the positive effect of additional purchase considerations of SEK 7m. Operating profit for 2019 includes the positive effect of additional purchase considerations of SEK 12m and capital gains of SEK 4m on properties.

3) Operating profit for 2019 includes SEK 28m in acquisition costs, SEK 0m in Q4, and SEK 14m in integration costs, SEK 6m in Q4. Operating profit for full-year 2018 includes SEK 18m in acquisition costs, SEK 5m in Q2 and SEK 13m in Q4.

4) Operating profit for 2019 includes net IFRS 16 effects of SEK 46m (-), SEK 16m (-) in Q4.

Central costs

Central costs, SEK m	Q4 2019	Q4 2018	2019	2018
Underlying central costs	31	23	100	81
Acquisition related costs	0	13	28	18
Revaluation of earn out	0	0	-5	-9
Effects of IFRS 16	-16	-	-46	-
Sales of Finnish company	-	-	0	-2
Sales of Real estate	0	-	-4	-
Denmark	1	1	0	0
Central overhead costs	16	37	72	88



Financial calendar

Interim report Jan-Mar 2020	7 May 2020
AGM 2020	7 May 2020
Interim report Apr-Jun 2020	20 Aug 2020
Interim report Jul-Sep 2020	6 Nov 2020
Interim report Oct-Dec 2020	11 Feb 2021

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