



# Humana

Everyone is entitled to a good life.

## Year-end report 2021

Johanna Rastad, Noora Jayasekara, 10 February 2022



**CEO**

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**Johanna  
Rastad**

## Weaker profit in Q4 rounded off a stable 2021

- Strong growth in the quarter and underlying operations stable
- Weak operating profit, mainly due to non-recurring costs in Individual & Family, investing and adapting to meet increasingly challenging client needs, and the pandemic, that burdened the end of the quarter
- Several new units started and two businesses acquired
- Full year 2021 financially solid with stable growth, profitability and debt. We are close to our financial targets, but still a way to go
- Taking office as CEO on December 17



# Financial highlights Q4 2021

## Growth

- **Revenue:** SEK 2,110m (1,948), +8% vs LY
- **Organic growth:** 3.4% (3.1)

## Profitability

- **Operating profit:** SEK 82m (101m), -19%
- **Adj. operating profit:** SEK 85m (101m), -16%
- **Operating margin:** 3.9% (5.2)

## Cash flow & leverage

- **Operating cash flow:** SEK 157m (296)
- **Net debt:** SEK 4,226 (3,511), +SEK 715m
- **Net debt/EBITDA:** 4.6x (4.3)



# Financial highlights FY 2021

## Growth

- **Revenue:** SEK 8,188m (7,797), +5% vs LY
- **Organic growth:** 3.1% (4.1)

## Profitability

- **Operating profit:** SEK 493m (471), +5%
- **Adj. operating profit:** SEK 495m (453m), +9%
- **Operating margin:** 6.0% (6.0)

## Cash flow & leverage

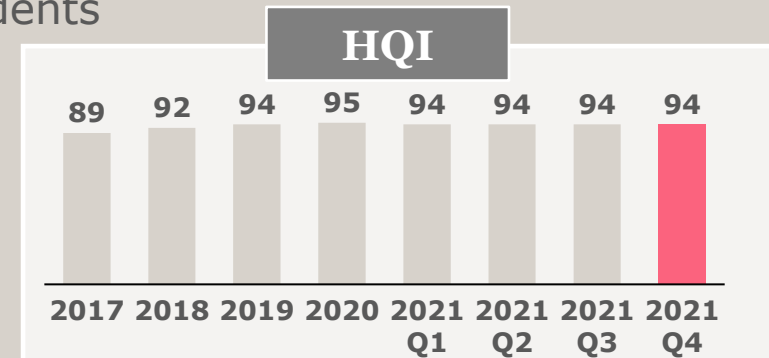
- **Operating cash flow:** SEK 785m (779)
- **Net debt:** SEK 4,226 (3,511), +SEK 715m
- **Net debt/EBITDA:** 4.6x (4.3)





## Focus on quality and method development

- Humana Quality Index, HQI, stable at 94 in Q4
- Pandemic situation under control in terms of quality (but challenges in staffing)
- Customer satisfaction at 85%
- Extensive quality assurance activities and methodology development in Individual & Family, dedicated work completed in the quarter
- New improved Humana Quality Index introduced – to strengthen operations and prevent serious incidents







## Another stable and well managed quarter

- Solid performance continued in Q4
- Slight increase in assistance hours in somewhat declining market
- Enigheten Personlig assistans acquired in November, with annual revenue of SEK 50m and 150 employees
- Recruitment and staffing increasingly a challenge, the pandemic adding pressure
- Industry focus from the authorities, IVO and the Insurance Board. Reclaim issues and company permits



## A quarter of adaptation and quality assurance

- Temporarily weak performance due to several factors
  - Closed units in Young of 15m (accruals for closed properties and staff)
  - Investments in properties, competence and methodology to meet demand for more complex clients of c. 10m
- Operations significantly affected by pandemic
- A handful of units opened in Q4
- Acquisition of Balans Behandling
- Better positioned to meet more complex demands



**Individual  
& Family**

## Strong organic growth, challenged by pandemic

- Pandemic affected staffing and occupancy negatively
- Ramp-up of the five new elderly care homes under own management continued, however slower than planned
- Three new contracts started during the quarter
- Initiating a work to increase the pace of change. Measures will be taken to achieve our objectives for the business area







## Finland

# Developing according to plan

- Operations developed according to plan despite challenges related to the pandemic
- Continued focus on organic growth
- The first regional elections to the new welfare areas in line with the SOTE reform were held in January 2022
- Individual and family company Kalliola acquired after the end of the quarter, strengthening presence in the Nyland region

## Strong momentum continued in Norway

- Strong performance continues, operationally and financially
- Growth in assistance (BPA) and a high opening pace for care homes (HOT)
- In March, the government is expected to appoint a public inquiry to study how commercial operators can be phased out in various tax-financed welfare services, and to present a zero-profit model
- As of 2022, a reform in Norway will strengthen competence through increased educational requirements within children and youths

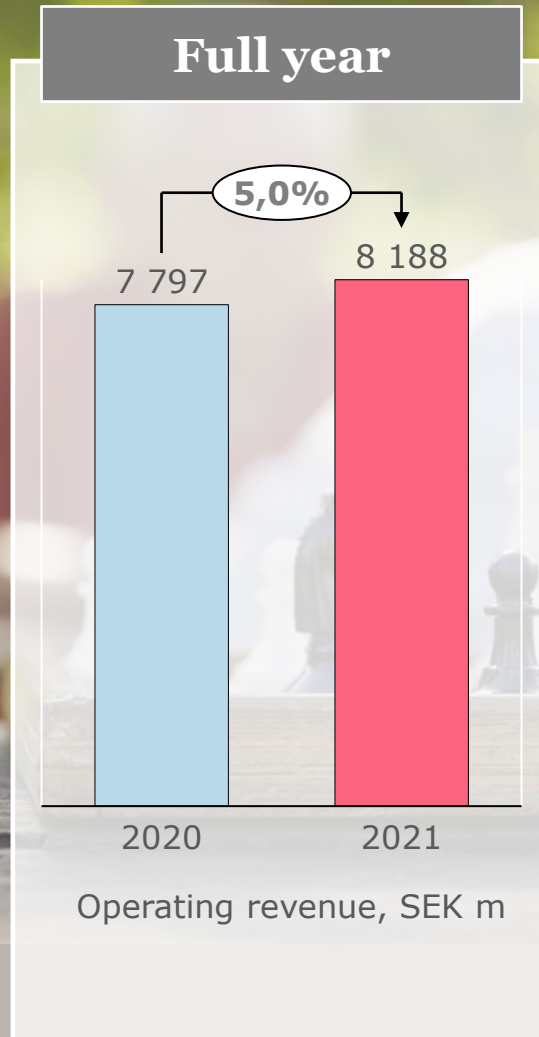
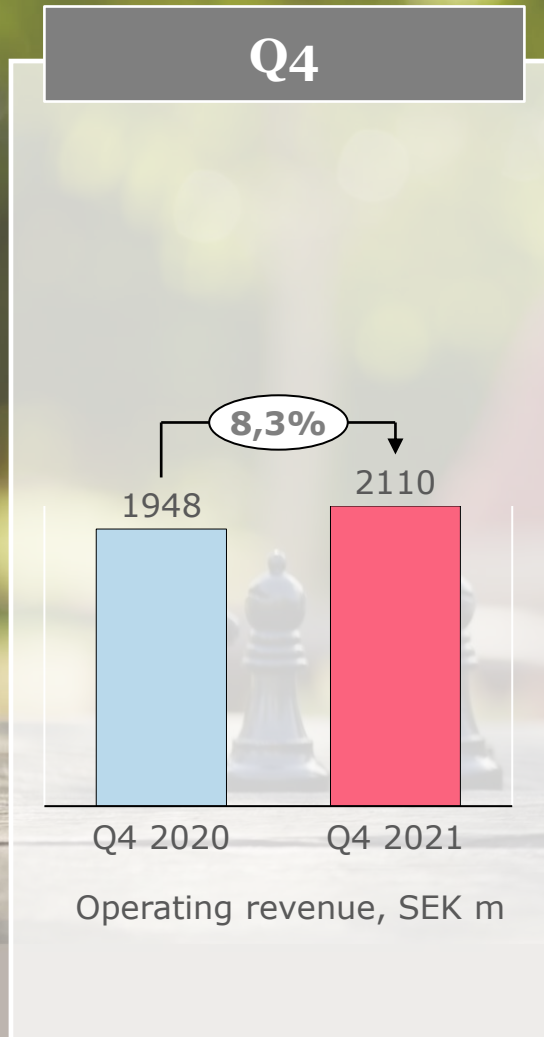






## CFO highlights Q4 2021

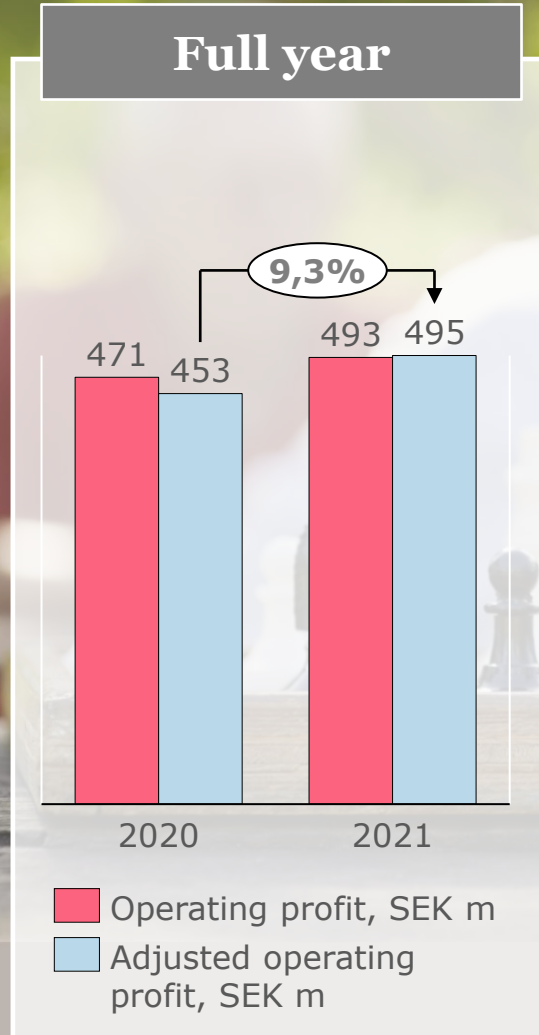
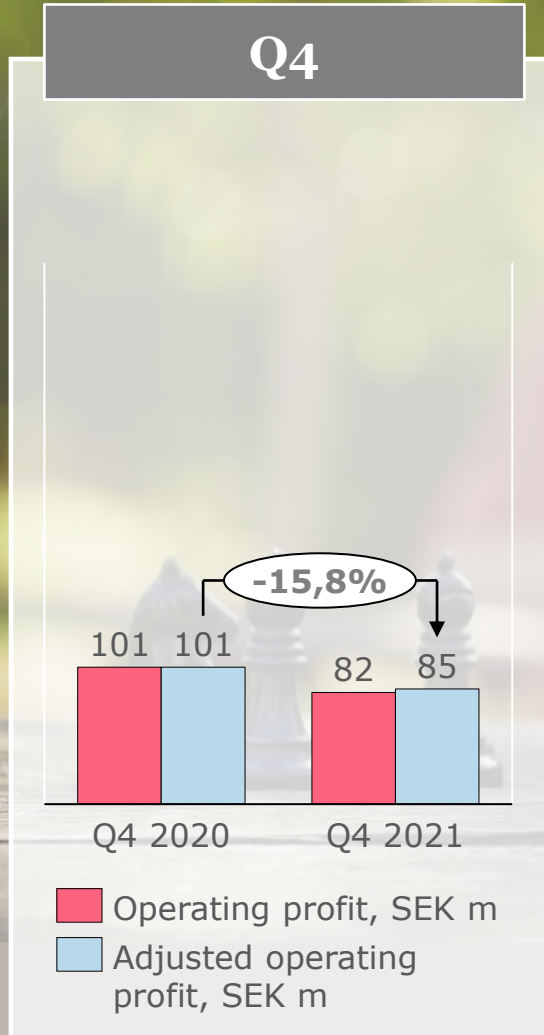
- From a financial perspective our main objectives remain: to increase predictability and stability
- Weak profit outcome in Q4, dampening positive development full year 2021
- Underlying financial stability despite challenges in Elderly Care and temporary dip in performance in Individual and Family
- New CIO to join Humana during Q1 to strengthen team and ensure continued progress within digitalisation
- No dividend proposed to be paid for the 2021 financial year



## Operating revenue

- An increase in revenues by 8.3% in Q4 and 5.0% in the full year
- Organic growth 3.4% (3.1) in Q4 and 3.1% (4.1) in the full year
- Acquired operations accounted for SEK 87m in Q4 and SEK 203m in the full year
- Negative impact from Covid-19
  - Lower occupancy in elderly care in Sweden and Finland, but also in other operations.

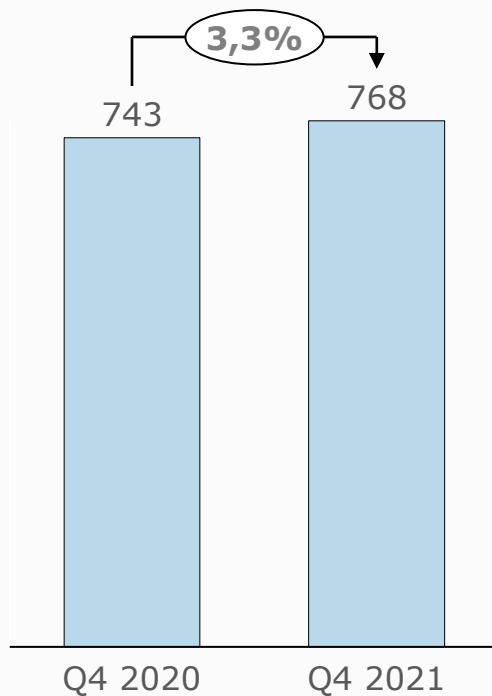




## Profitability

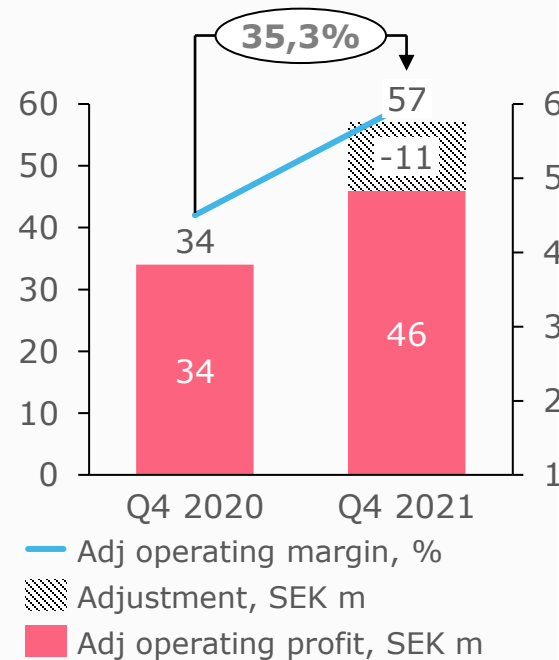
- Adjusted operating margin 4.0% (5.2) in Q4 and 6.0% (5.8) in the full year
- Adjusted operating profit declined by 15.8% in the quarter and increased by 9.3% in the full year
  - The decrease in the quarter is attributable mainly to Individual & Family, but also to Elderly Care
- Covid-19 had a negative impact in the quarter
  - Lower occupancy
  - High sickness absences and PPE
  - State subsidies did not compensate
- Effect on operating profit of leasing contracts in Q4: SEK 18m (15)

## Revenue



Operating revenue, SEK m

## Profitability



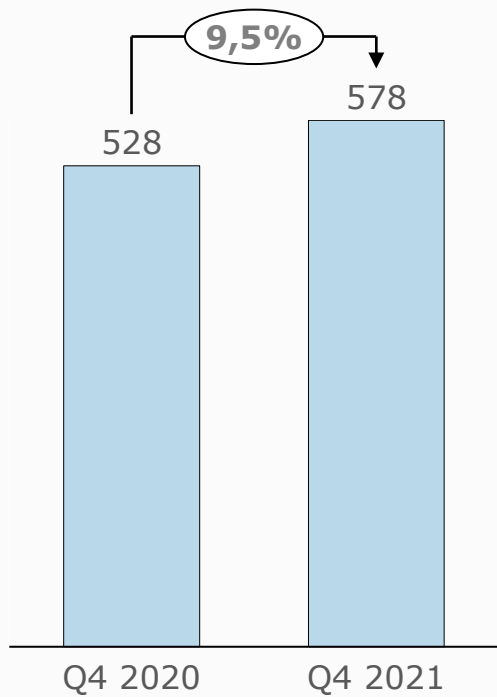
Adj operating margin, %  
 Adjustment, SEK m  
 Adj operating profit, SEK m

## Personal Assistance

- Revenue increased by 3.3%
  - Organic growth was 1.5% (3.8)
  - Higher reimbursement
  - Acquired operations contributed
- Operating profit was SEK 57m (34)
- Adjusted for a retroactive repayment of paid-in pension premiums of SEK 11m, operating profit was SEK 46m (34),
- Adjusted operating margin of 6.0% (4.5)
  - More efficient cost management
  - Positive contributions from acquisitions
  - Lower social security contributions for young employees

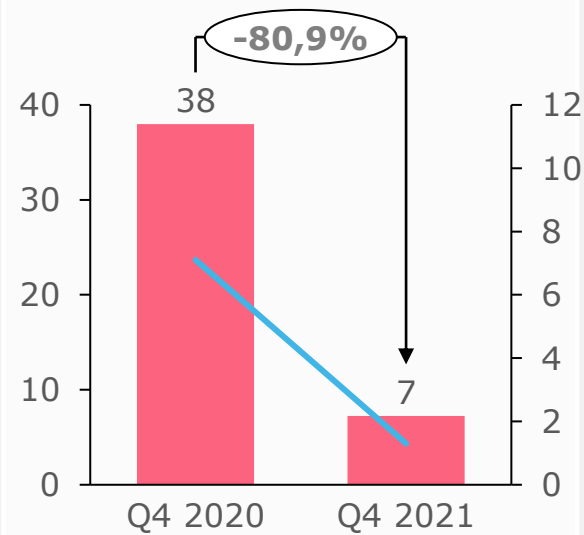


## Revenue



Operating revenue, SEK m

## Profitability



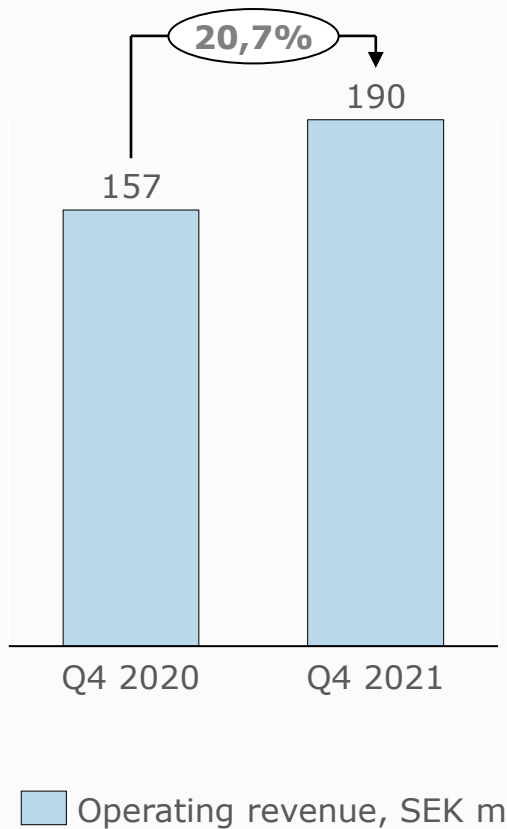
Operating margin, %

EBIT, SEK m

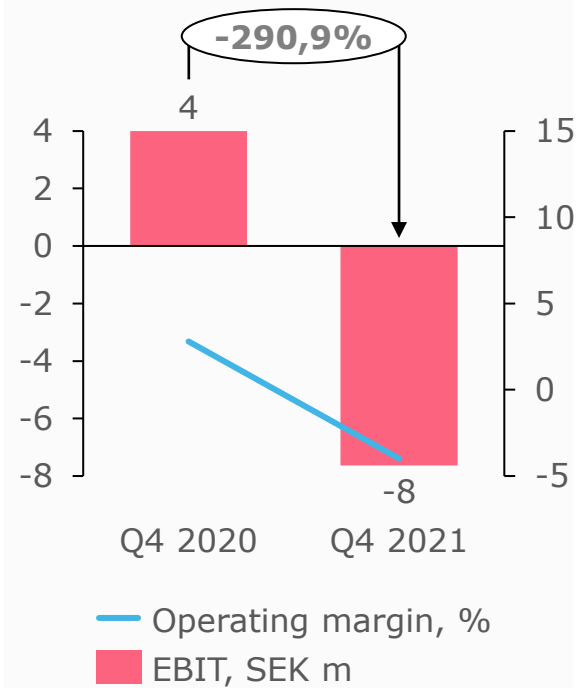
## Individual & Family

- Revenue increased by 9.5%
  - Acquisitions drive revenue increase
  - Organic growth of -2.8% (2.2) mainly due to closed operations within children and youths
- Operating profit decreased by 80.9%
  - Operating margin was 1.3% (7.1)
  - Closed units had a negative effect by SEK 15m, partly compensated for by acquired operations
  - Quality-enhancing measures in the operations and within properties had a negative effect on profit of c. 10m

## Revenue



## Profitability

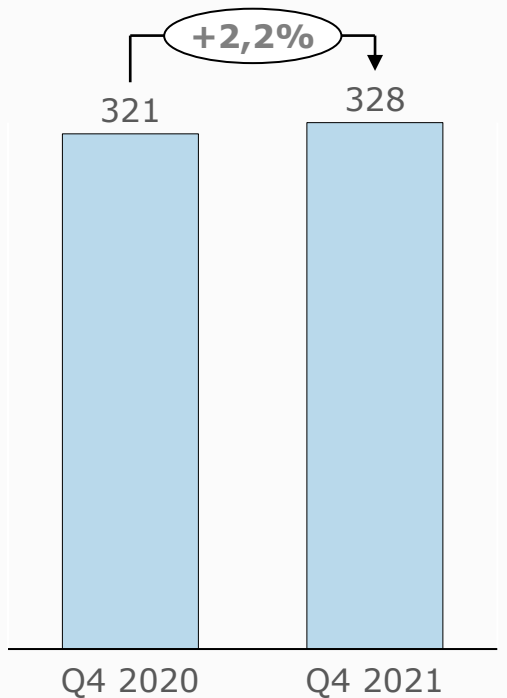


## Elderly Care

- Revenue increased by 20.7%
  - Organic growth was 20.6% (10.3)
  - Five new elderly care homes under own management
- Operating margin was -4.0% (2.8)
  - Start-up costs for the new elderly care homes
  - Improved results for established units under own management
  - Lower occupancy due to Covid-19 affected the profit

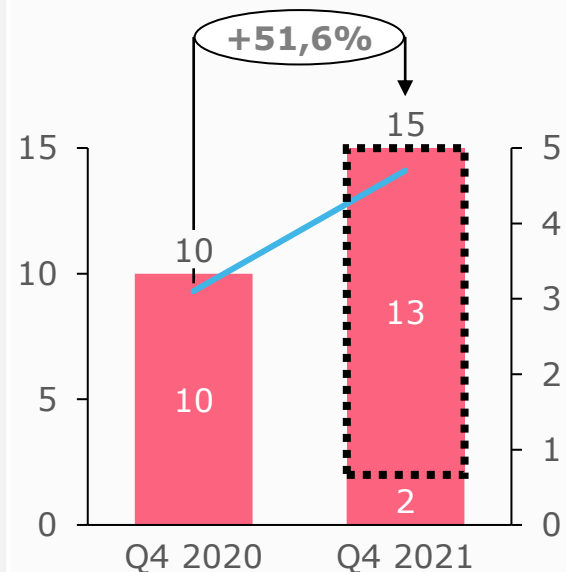


## Revenue



Operating revenue, SEK m

## Profitability

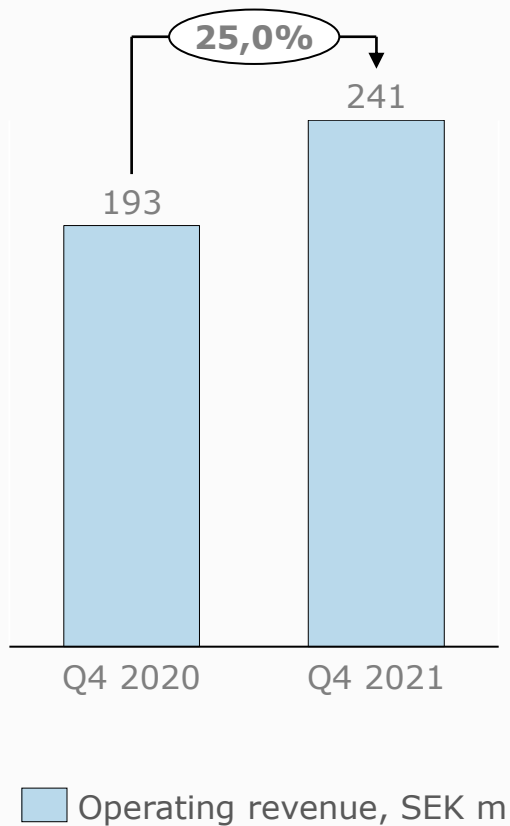


— Adj operating margin, %  
 ■ Adjustment, SEK m  
 ■ Adj operating profit, SEK m

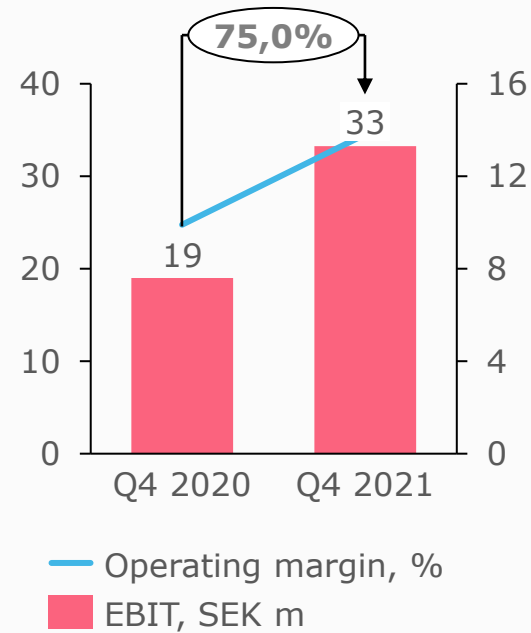
## Finland

- Revenue increase of 2.2%
  - Organic growth was 1.5% (-4.1)
  - Organic growth is primarily driven by an increased demand in the outpatient care
- Operating profit was SEK 2m (10)
- Adjusted for a settled dispute of SEK 13m, operating profit was SEK 15m (10)
- Adjusted operating margin was 4.7% (3.1)
  - Improved contractual terms in elderly care and better operational efficiency contributed

## Revenue



## Profitability



## Norway

- Revenue increase of 25.0%
  - Organic growth was 17.5% (9.8)
  - Increase in customers in personal assistance and the care home segment
- Operating profit increased by 75.0%
  - Operating margin for the quarter was 13.8% (9.9)
  - The increase is due to a greater number of customers and higher operational efficiency



## Underlying central costs

SEK m	Q4 2020	Q4 2021
<b>Underlying central costs</b>	<b>20</b>	<b>27</b>
Acquisition related costs	0	1
Effects of IFRS16	-15	-18
Sales of real estate	-1	0
<b>Central overhead costs</b>	<b>4</b>	<b>10</b>

## Central costs

- Underlying central costs above last year
- Positive effects of IFRS 16 of SEK 18 m on central costs (and operating profit) in the quarter

## Leverage, development



## Financial position

- Interest-bearing net debt increased, year-on-year, by SEK 715m to SEK 4,226m (3,511)
  - Net debt increased due to, acquisitions, increased lease liabilities, and share buybacks
- Leverage, interest-bearing net debt in relation to adj. EBITDA, was 4.6x (4.3)
  - Leverage slightly above target mainly due to increased lease liabilities



## Operating cash flow

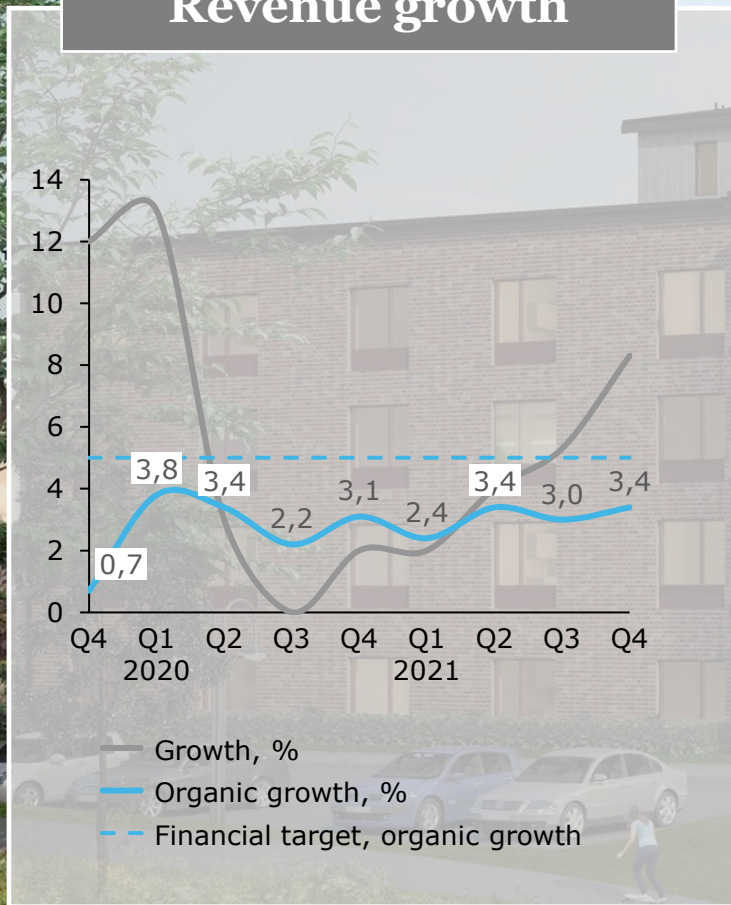
SEK m	Q4 2020	Q4 2021
<b>Operating profit</b>	<b>101</b>	<b>82</b>
Depreciation, amortisation and impairment	95	126
Changes in working capital	129	-21
Investments in other non-current assets, net	-29	-31
<b>Operating cash flow</b>	<b>296</b>	<b>157</b>

## Cash flow

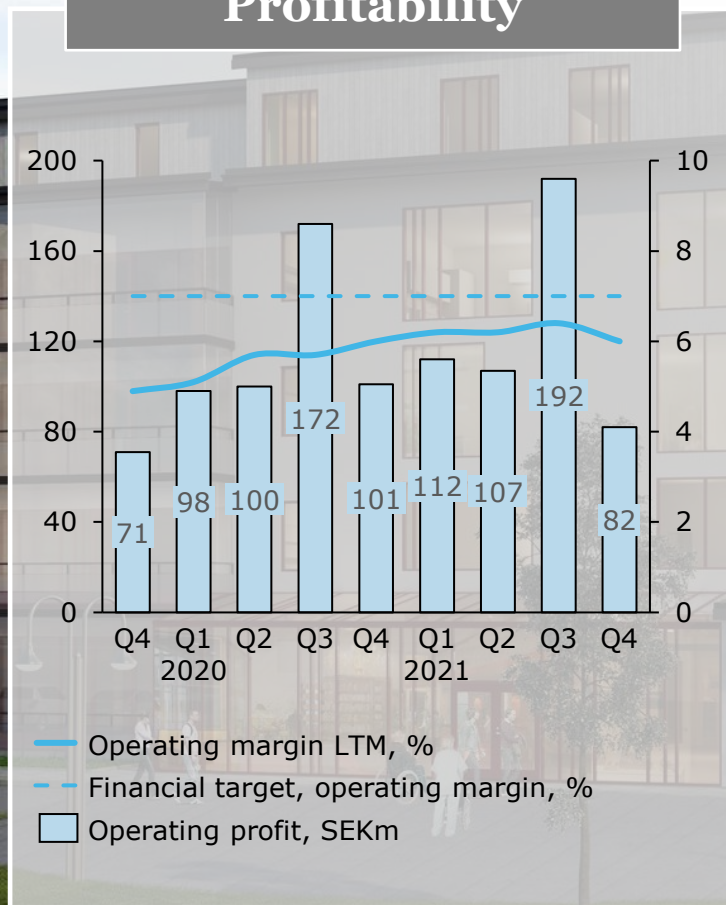
- Operating cash flow in Q4 amounted to SEK 157m (296)
  - The lower cash flow is mainly due to changes in working capital
- Cash flow for the quarter SEK 15m (-199), where
  - Net cash flow from operating activities was SEK 145m (266)
  - Cash flow from investing activities was SEK -48m (-38)
  - Cash flow from financing activities was SEK -82m (-428)

# Financial targets and development

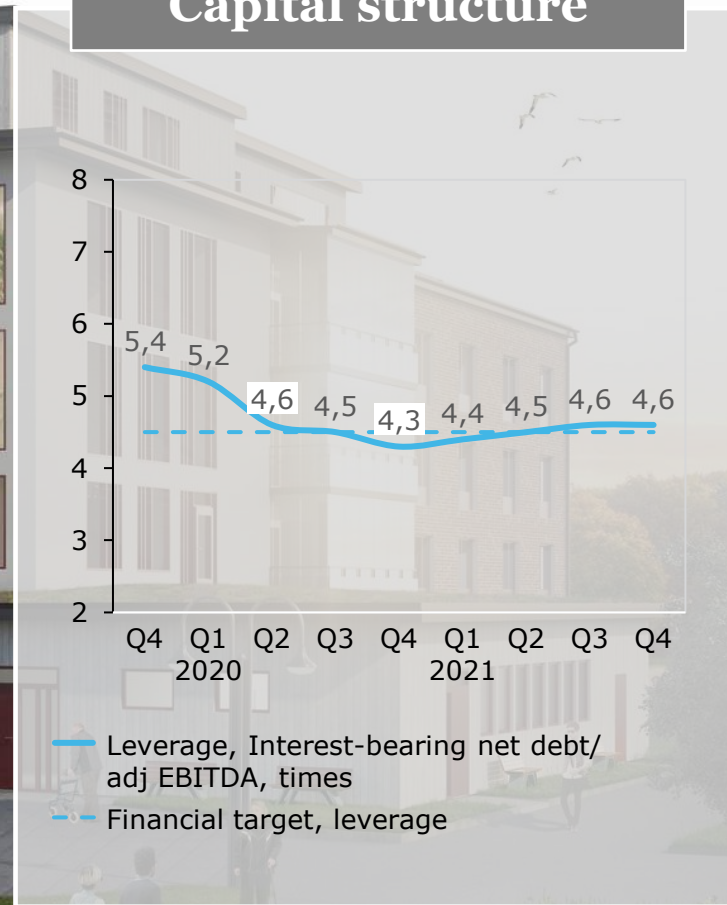
## Revenue growth



## Profitability



## Capital structure







**CEO**

**Johanna  
Rastad**

## Summary

- A quarter with strong growth and stable underlying operations
- Weak result, explained primarily by non-recurring costs in Individual & Family and by effects of the pandemic
- Adaptation of operations to meet complex demands, investing in the future
- Several acquisitions and a strong M&A pipeline

Priorities going forward:

- New Quality Index, a part of Humana Quality Model - improving quality measurement and follow-up
- Continued focus on sustainable value creation
- Drive organic growth coupled with accretive add-on acquisitions





# Thanks!

## Financial calendar

Annual and Sustainability report 2021	4 April 2022
Interim report Jan-Mar, Q1 2022	5 May 2022
2022 Annual General Meeting	10 May 2022
Interim report Jan-Jun, Q2 2022	18 Aug 2022
Interim report Jan-Sep, Q3 2022	10 Nov 2022

## Further information

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