



Interim report

January–September 2016

Attendo AB (publ)

Interim report January–September 2016

Summary of the third quarter 2016

- Net sales increased by 5 percent to SEK 2,568m (2,455). Adjusted for currency effects¹ net sales increased by 4 percent. Adjusted for currency effects and deconsolidation of subsidiary² net sales increased by 7 percent.
- Operating profit (EBITA) decreased by 1 percent to SEK 340m (345), representing an operating margin of 13.2 percent (14.1). Adjusted for a capital gain from divestment of real-estate in the third quarter 2015 of SEK 15m, operating profit (EBITA) increased by 3 percent.
- Profit for the period amounted to SEK 224m (182), which represents a profit margin of 8.7 percent (7.4) and earnings per share⁴ diluted of SEK 1.39 (1.14).
- Operating cash flow amounted to SEK 101m (207).

Summary of the period January–September 2016

- Net sales increased by 4 percent to SEK 7,565 (7,267). Adjusted for currency effects, growth¹ was 4 percent. Adjusted for currency effects and deconsolidation of subsidiary² net sales increased by 7 percent.
- Operating profit (EBITA) increased by 6 percent to SEK 761m (718), representing an operating margin of 10.1 percent (9.9).
- Profit for the period increased to SEK 498m (295), which represents a profit margin of 6.6 percent (4.1) and earnings per share⁴ diluted of SEK 3.10 (1.84).
- Operating cash flow amounted to SEK 401m (442).

SEKm	Q3 2016 ²	Q3 2015	Change, %	Jan–Sep 2016 ²	Jan–Sep 2015	Change, %	Jan–Dec 2015
Net sales	2,568	2,455	4.6	7,565	7,267	4.1	9,831
Operating profit (EBITA)	340	345	-1.4	761	718	6.0	933
Operating margin (EBITA), %	13.2	14.1	-	10.1	9.9	-	9.5
Profit for the period	224	182	23.1	498	295	68.8	286
Profit for the period, adjusted ³	-	-	-	-	-	-	409
Earnings per share diluted ⁴ , SEK	1.39	1.14	n/a	3.10	1.84	n/a	1.79
Adjusted earnings per share, diluted ^{3,4} , SEK	1.39	1.14	n/a	3.10	1.84	n/a	2.56
Operating cash flow	101	207	-51.2	401	442	-9.3	765
Average number of employees	15,781	15,294	3.2	14,715	14,590	0.9	14,512

¹ Growth split is presented in the table Key Data on page 22.

² Deconsolidation of subsidiary Terveystal Oy (TT) as per December 31, 2015. See comments and table on page 23.

³ Profit for the full year 2015 is adjusted for costs related to the refinancing of SEK 123m, net of tax.

⁴ Earnings per share in the comparable period have been calculated based on the number of shares after the listing. See definitions page 27.

Comments by Henrik Borelius, CEO

There was continued stable growth and margin performance in the third quarter. Growth was driven mainly by the opening of new own nursing homes and by acquisitions. Attendo is increasing the pace at which it is establishing new units, and increased the number of beds under construction during the quarter from an already high level. Although there is a substantial need for new beds in elderly care, a commission appointed by the Swedish government has presented proposals that could reduce the incentive to establish new nursing homes and to develop care solutions of tomorrow.

Own Operations showed continued good growth, both organically and through acquisitions. The increase is explained mainly by new own nursing homes, by higher occupancy in our units that were under start-up during the same quarter last year, and by acquisitions. Attendo continued to invest in new nursing homes, and five units were opened in Finland during the third quarter. Construction began on a total of 14 units in Sweden and Finland, which will provide 490 new beds. The total number of beds under construction is 1,716. This is partly an effect of acquisitions, but mainly because Attendo has been successful in identifying demand and rapidly translating this into construction starts.

Net sales in *Outsourcing operations* decreased slightly compared to the third quarter of 2015, as a result of ended contracts. During the third quarter of this year, Attendo won new contracts in care of older people that will provide estimated annual revenue of SEK 70 million, and lost contracts with annual revenue of SEK 100 million. Underlying net sales in *Staffing operations* were slightly higher in the quarter compared to the corresponding period in 2015. Demand for doctors staffing is still good, but the availability of doctors to employ is a limiting factor. The markets for *Outsourcing* and *Staffing* are expected to remain challenging but stable.

A commission appointed by the Swedish government recently submitted a proposal that would result in limitations for freedom of choice in schools, and in health and social care, by restricting the opportunities for private providers. This would reduce the ability of clients to choose their own care, and would make things more difficult for local authorities that engage private providers to meet their care needs. Attendo does not believe the proposal will be implemented since there is no majority in the Swedish parliament, the proposal is probably in breach of EU legislation, and local authorities around the country require the services of private providers in the field of social welfare. The ongoing debate in Sweden stands in contrast with that in Finland, where the forthcoming SOTE reform aims to expand the proportion of private providers in health and social care in order to improve quality and freedom of choice.

Attendo's quality work in the third quarter was particularly focused on activities to meet the needs of older people for exercise and spending time outdoors. The recurring fitness "jog", called Attendolunken had record number of participants – more than 2,100 older people participated. In Finland, Attendo has arranged a concert tour – Sydämeni Tango. These concerts have become very popular and, in all, around 3,000 older people and their families have attended. Attendo has carried out values weeks, aiming to increase quality and employee engagement. Attendo also launched the care industry's first share-savings programme during the quarter. Engagement in Attendo's development work and broad co-ownership are important parts of Attendo's culture and success, and it is positive that more than 500 employees chose to participate in the programme.

In summary, Attendo demonstrated good financial performance during the quarter. The high number of beds under construction shows that we are well positioned to achieve our growth targets in the coming years.

Third quarter in brief

Net sales and operating profit

Net sales increased by 4.6 percent to SEK 2,568m (2,455) in the third quarter. Adjusted for currency effects net sales increased by 4.2 percent and adjusted for currency effects and deconsolidation of subsidiary the increase was 6.7 percent. Adjusted for currency effects and deconsolidation of subsidiary net sales increased in all geographical markets, except Denmark.

The growth is explained by new units in own operations, higher occupancy in own units which were under start-up during the comparable quarter, and acquisitions.

Net sales in own operations increased by 13.3 percent and in staffing by 9.3 percent adjusted for deconsolidation of subsidiary. Net sales in outsourcing operations decreased by 4.1 percent.

Operating profit (EBITA) amounted to SEK 340m (345) and the operating margin was 13.2 percent (14.1). During the third quarter 2015 real-estate was divested, resulting in a capital gain of SEK 15m. Adjusted for this gain, operating profit increased in the current quarter compared to the same quarter last year. The profit increase is explained by higher occupancy in own units which were under start-up during the comparable quarter, higher profitability in existing own units as a result of better planning and improved processes, as well as profits from acquired units. Several new own units have opened and the earnings from these units had a positive effect on the operating profit.

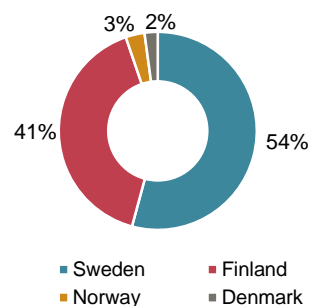
The profit loss due to ended contracts in outsourcing and staffing operations was larger than earnings from new units in these contract models. Home care operations had lower profits than during the same quarter last year.

Changes in currency exchange rates had an effect on operating profit of SEK +1m compared to the same quarter last year.

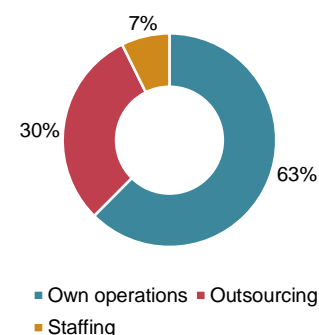
EBIT decreased to SEK 310m (333). Amortization on acquisition related intangible assets was SEK 18m higher compared to the third quarter 2015.

At the end of the third quarter, Attendo had 531 (490) units in operation, of which 382 own units. The number of beds in operation was 12,718 (11,718), of which 9,012 own units. Own units and beds under construction were 43 and 1,716 respectively.

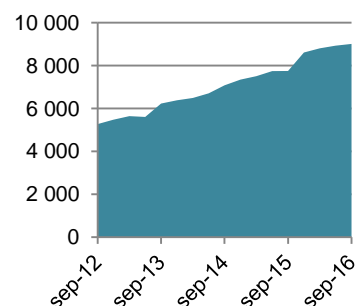
Net sales per country, Q3 2016



Net sales per contract model, Q3 2016



Number of beds in own units (Care for older people, people with disabilities and individuals and families)



Net financial items

Net financial items amounted to SEK -25m (-98) in the quarter, of which net interest amounted to SEK -15m (-87). The net interest improved, following the new share issue and refinancing in connection to the IPO, which resulted in significantly reduced borrowings and lower interest margins.

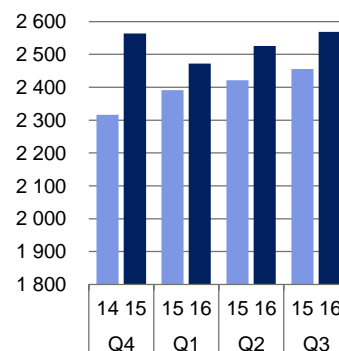
Income tax

Income tax for the quarter was SEK -61m (-53), corresponding to a tax rate of 21.4 percent (22.6).

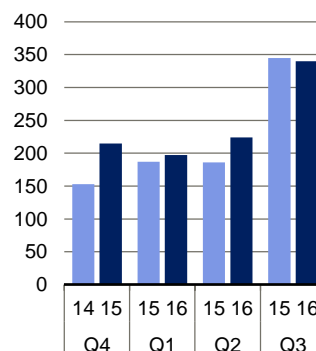
Profit for the period and EPS

Profit for the period was SEK 224m (182), representing an EPS¹ basic of SEK 1.40 (1.14) and EPS¹ diluted of SEK 1.39 (1.14).

**Net sales
SEKm**



**Operating profit (EBITA)
SEKm**



¹ Earnings per share in the comparable period have been calculated based on the number of shares after the listing. See definitions on page 27.

January–September in brief

Net sales and operating profit

Net sales increased by 4.1 percent to SEK 7,565m (7,267) during the first nine months. Adjusted for currency effects the increase was 4.3 percent and adjusted for currency effects and deconsolidation of subsidiary the increase was 7.4 percent. Adjusted for currency effects and deconsolidation of subsidiary, net sales increased in all geographical markets.

The growth is mainly explained by new units primarily in own operations, higher occupancy in own units which were under start-up in the comparable period and acquisitions.

Net sales in own operations increased by 14.2 percent and in staffing operations by 6.5 percent adjusted for deconsolidation of subsidiary. Net sales in outsourcing operations decreased by 4.5 percent.

Operating profit (EBITA) increased by 6.0 percent to SEK 761m (718) and the operating margin increased to 10.1 percent (9.9). The profit increase is mainly explained by higher occupancy in own units which were under start-up during the comparable period, higher profitability in existing own units as a result of better planning and improved processes, as well as profits from acquired units. New units had an overall positive contribution to the earnings.

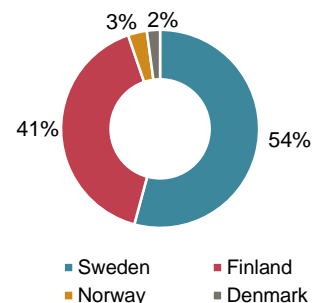
The profit loss due to ended contracts in outsourcing and staffing operations was larger than earnings from new units in these contract models.

During the third quarter 2015 real-estate was divested, resulting in a capital gain of SEK 15m in the comparable period.

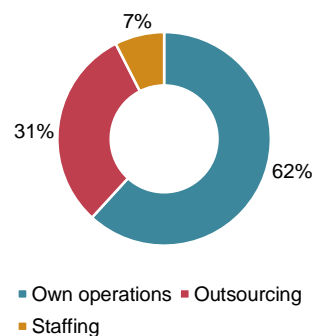
Seasonal effect, primarily due to leap day, had a positive effect on operating profit during the first nine months. Changes in currency exchange rates had an effect on operating profit of SEK -1m compared to the same period last year.

EBIT increased to SEK 701m (686). Amortization on acquisition related intangible assets was SEK 28m higher than in the comparable period.

Net sales per country, January-September 2016



Net sales per contract model, January-September 2016



Net financial items

Net financial items amounted to SEK -67m (-306) in the period, where of net interest amounted to SEK -46m (-264). The change is mainly explained by the same items described in the section regarding the third quarter.

Income tax

Income tax amounted to SEK -136m (-85), corresponding to a tax rate of 21.5 percent (22.4).

Profit for the period and EPS

Profit for the period was SEK 498m (295), representing an EPS¹ basic of SEK 3.11 (1.84) and EPS¹ diluted of SEK 3.10 (1.84).

¹ Earnings per share in the comparable period have been calculated based on the number of shares after the listing. See definitions on page 27.

Cash flow

Operating cash flow was SEK 101m (207) during the third quarter, where of changes in working capital amounted to SEK -202m (-125). The negative change in working capital is mainly explained by holiday payments.

Cash flow from net investments amounted to SEK -25m (-25) and cash flow from acquisitions was SEK -307m (-19). Cash flow from financing activities was SEK 213m (-8), following a net increase in utilization of credit facilities of SEK 215m mainly in connection to acquisitions.

Total cash flow for the third quarter was SEK -7m (-114).

Financial position

Consolidated equity as of September 30, 2016 amounted to SEK 4,718m (2,772), which represents a diluted equity per share of SEK 29.38 (17.33).

Net debt amounted to SEK 3,035m (4,081). Following the IPO on November 30, 2015 a refinancing transaction and new share issue of SEK 1,200m was completed, reducing Attendo's borrowings, which explains the reduced net debt.

SEKm	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Interest-bearing liabilities	3,504	5,114	3,580
Provisions for post-employment benefits	39	55	29
Cash and cash equivalents	-508	-1,088	-782
Net debt	3,035	4,081	2,827

Interest-bearing liabilities, excluding provisions for post-employment benefits, amounted to SEK 3,504m (5,114) as of September 30, 2016. Net utilization of credit facilities has increased with SEK 215m during the third quarter.

Liquid funds as per September 30, 2016 amounted to SEK 508m (1,088) and unutilized committed credit facilities amounted to SEK 891m (500).

Number of shares

As per September 30, 2016 the number of shares outstanding was 160,000,000.

Number of employees

The average number of employees was 15,781 (15,294) in the third quarter.

Own operations

Net sales in own operations amounted to SEK 1,603m (1,415) in the third quarter. The increase was 13.3 percent, of which acquired growth was 4.2 percentage points. The increase is mainly explained by new homes, higher occupancy in units that were under start-up during the comparable quarter and acquisitions.

During the quarter, Attendo opened five nursing homes in Finland with approximately 230 beds.

The number of beds under construction continued to increase during the quarter. Construction started of several new homes; two homes in Sweden with approximately 60 beds and 12 homes in Finland with a total of 430 beds, primarily care for older people.

Own operations

63%

of Net sales

Operations in Sweden, Finland,
Norway and Denmark

Units, beds and home care clients as of September 30, 2016

Own units	Total	Sweden	Finland	Norway	Denmark
Units in operation*	382	200	171	2	9
Beds in operation**	9,012	4,084	4,784	84	60
Beds under construction***	1,716	439	1,277	-	-
Home care clients	11,160	8,830	-	140	2,190

* All own units - including nursing homes, care homes, home care units and other units.

** Own nursing homes (CoP) and own care homes (care for people with disabilities, social psychiatry and individuals and families).

*** Own nursing homes (CoP) and own care homes (care for people with disabilities and social psychiatry).

Outsourcing operations

Net sales in outsourcing operations amounted to SEK 777m (810) in the third quarter. The decrease in net sales is explained by ended contracts.

During the quarter, Attendo won new, still not started contracts, with estimated annual revenue of approximately SEK 70m. Attendo lost on-going, not yet ended, contracts with estimated annual revenue of approximately SEK 100m.

During the quarter, Attendo was entrusted with the responsibility to continue operating two existing units for care for older people in Sweden with a total of 80 beds.

Outsourcing operations

30%

of Net sales
Operations in Sweden, Finland,
Norway and Denmark

Units, beds and home care clients as of September 30, 2016

Outsourcing	Total	Sweden	Finland	Norway	Denmark
Units in operations*	128	91	31	5	1
Beds in operations**	3,706	2,898	470	310	28
Home care clients	1,050	500	550	-	-

* All outsourced units including nursing homes, care homes and home care units and other units.

** Nursing homes (CoP) and care homes (care for people with disabilities, social psychiatry and individuals and families).

Staffing operations

Net sales in staffing operations amounted to SEK 188m (230) in the third quarter. Net sales in the third quarter 2015 amounted to SEK 172m excluding the deconsolidated subsidiary Terveystien Tuottajat Oy. For further information see page 23.

Staffing operations

7%

of Net sales
Operations in Finland.

Quality and employees

Quality

Attendo's quality improvement work in Sweden, Norway and Denmark in the third quarter was particularly focused on activities to meet the needs of older people for exercise and spending time outdoors. The recurring Attendolunken fitness activity, was held at 52 units, and was welcomed by residents, their families and the local communities. All in all, 2,100 residents participated, which is a new record.

In Finland, Attendo has arranged a special Tango concert tour, "*Sydämeni Tango*", catering to older people. These concerts have become very popular and, in all, around 3,000 older people and their families have attended. The tour will continue during the autumn and winter.

Quality is often a key consideration in public procurement. During the quarter, a new contract was won on quality in Ekerö Municipality, and Attendo also won re-tenders in Linköping and on the island of Gotland, where the company has operated the units on outsourcing basis.

Employees

Attendo's values weeks continued during the third quarter. The aim is to raise employee awareness of the company's vision and values, and to improve their insight into the care work at the heart of Attendo's business. The values weeks are tailored to the different areas of Attendo, but normally involve activities for employees, care users, residents and patients of Attendo's operations. In Finland the theme was "Everyone wants to be seen, heard and understood". The content was designed specifically to connect with Attendo's values of Competence, Commitment and Care.

Values weeks were held in Sweden, Norway and Denmark with the theme "What do our vision and values mean for people who work at Attendo?". These weeks were preceded by an employee survey into what associations they make with each value. The corresponding values weeks in Attendo's social care operations dealt with the importance of service and going "the extra mile" for each individual.

The Attendo+ share-savings programme was launched in August. This gives permanent employees the opportunity to save into Attendo shares for a year through payroll deductions. Employees who remain in their job for three years can receive matching shares as a benefit. A total of 520 employees in four countries joined the programme. This programme is the first of its kind for Nordic care companies. In addition, a total of more than 1,000 Attendo employees are shareholders.

Attendo's quality work

Attendo's quality model rests on three pillars: satisfied individuals, systematic improvements and best available knowledge. On-going development and monitoring of the necessary procedures, processes and documentation are of great importance for the quality of all health and social care. The work is conducted by local quality coaches with the support of specialized quality functions. Recurring quality audits are conducted by Attendo, their customers and authorities.

Attendo's employees

As one of the leading social and health care companies, Attendo is a stable employer with collective agreements, contract insurance and good opportunities for personal development. Attendo values education and encourages higher education. At the same time other experiences and that the candidate shares our core values plays a big role in recruitment. To capture how satisfied the employees are with their work and their manager, regular employee surveys are conducted. The results provide important information about what works well and what needs to be improved.

Attendo's Quality reports are available on:
<http://www.attendo.com/about-attendo/focus-on-quality>

Market review

Sweden – strong demand for own operations

The demand for Attendo's own operations offering was strong during the quarter, with continued strong interest from Swedish local authorities to expand the number of nursing home beds. Contracted volumes in the outsourcing market continued to increase slightly, albeit from a low level.

A commission appointed by the Swedish government recently submitted a proposal that would result in limitations for freedom of choice in schools, and in health and social care, by restricting the opportunities for private providers. The proposals of the commission include new methods to limit freedom of choice and diversity, to regulate use of resources in private companies and to limit possibilities to participate in public tenders. Another proposal is a model for limitation of profit. The model is based on any operating profit exceeding a randomly chosen percentage of the company's contributed capital, under certain conditions, is not allowed. The proposal has met with harsh criticism from lawyers, economists and business organisations, as well as from a number of opinion leaders. Even the researcher who developed the model for the commission has distanced himself from it. A majority in the Swedish parliament has already announced its intention not to support the proposal, which aims to restrict freedom of choice. Legal investigations have shown that the profit limits proposed by the commission are not compatible with EU law.

Finland – strong demand within own operations

Own operations experienced continued high demand in Finland during the quarter. There was a low level of activity in the outsourcing market during the third quarter, but there are some of large combination contracts out for tender.

A consultation process has been launched regarding the key areas of the SOTE reform, which from 1 January 2019 will bring together responsibility for all health and social care to 18 newly created regional authorities with political autonomy. Private providers will play an important role in the new system since freedom of choice and equal terms for the private and public sectors are cornerstones of the reform. The reform will be implemented in several stages. Initially, citizens will be able to choose their provider for health and social care for a number of defined services. Any provider that wishes to participate in the market must be able to offer these services. Each individual will receive a budget to use from their provider, based on a needs assessment by each SOTE. There are a number of outstanding issues with SOTE, including how the pricing systems should be designed.

Denmark – ambition to improve provision and freedom of choice

The government has adopted a long-term welfare programme that extends until 2025. Part of the programme aims to increase the range and choice of welfare services in local authorities.

Norway – continued weak demand

Activity in the Norwegian market remains low.

The Swedish social and health care market

The Swedish social and health care system is decentralized with local authorities (290 LAs) responsible for social care and regional authorities (20 RAs) providing primary and specialist health care. Attendo's customers in Sweden are LAs responsible for providing care for older people, disabled care and social care. LAs are also responsible for the financing.

The Finnish social and health care market

The Finnish health care system is decentralized with local authorities (317 LAs) providing primary health care and social care and hospital districts (20) providing specialist care to several municipalities. Attendo's customers in Finland are LAs providing primary health care and social care, and some additional private clients in dental care and occupational health care. LAs are largely responsible for public health care financing.

Other financial information

Acquisitions in the third quarter

Samsa AB was acquired on 1 July 2016. Samsa operates homes and daytime activities for people with disabilities (LSS), care or residential homes (HVB), and one school business in grades 7-9 for students with special needs. Samsa AB has sales of approximately SEK 150 million and provides a total of 107 places in LSS and HVB, plus 5 places in a group home that will open in the autumn.

Related party transactions

Attendo has transactions with three related parties, which in all material aspects refer to property leases from companies in which those parties are shareholders. Related party transactions amounted to SEK 7m during the first nine months. All related party transactions are based on market conditions.

For further details, see Attendo's annual report 2015, page 73.

Parent Company, Attendo AB (publ)

Attendo AB's main operation is to provide management services to subsidiaries within the group and to manage shares in subsidiaries. Parent company expenses are mainly holding costs including expenses for Attendo's executive Management, board of directors and external consultancy fees.

Net sales for the first nine months were SEK 9m, all referring to management services to subsidiaries. Profit after financial items was SEK -26m. At the end of the quarter, cash and cash equivalents amounted to SEK 0m, shares in subsidiaries was SEK 6,494m and unrestricted equity amounted to SEK 6,356m at the end of the period.

Seasonal variations

Attendo's profitability is subject to seasonal variations, weekend and holiday effects. For Attendo, public holidays as well as weekends and other 'red' calendar days have negative effects on profitability mainly as an effect of wage compensation for inconvenient working hours. For example, profitability in the first and second quarters is affected by the Easter holiday, depending on in which quarter it occurs, and the fourth quarter is affected by Christmas holidays.

Changes in Attendo's Executive Management

On 22 August 2016, Andreas Koch was appointed Communications and Investor Relations Director and joined Attendo's executive management team.

On 1 September 2016, Johan Spångö was appointed Business Development Director and joined Attendo's executive management, replacing Fredrik Mossberg.

On 14 September 2016, Attendo announced an organisational change, gathering all its operations in care for older people in Scandinavia under the Business Area Director Ammy Wehlin. Following the reorganisation, Margareta Nyström left her role on Attendo's executive management team and her position at Attendo.

Decision to repurchase shares

During the third quarter the board decided to repurchase shares, in accordance with the resolution of the annual general meeting, in order to ensure delivery under the Attendo+ share-savings programme

Events after the end of the reporting period

New business area director for Attendo Finland Health Care

Attendo has appointed Matias Pälve as Business Area Director for Attendo Finland Health Care and as a member of the executive management team. Matias Pälve succeeds Antti Ylikorkala, who has decided to leave Attendo. Matias Pälve took up his new position on 1 November 2016.

Completed repurchases of shares

During the period October 5-17, 200,000 shares were purchased as part of assuring Attendo's undertaking in accordance with the Attendo+ share-savings programme.

Following the purchases, Attendo's holding of its own shares amounted to 200,000. The total number of shares in Attendo is 160,000,000.

The repurchases were administered by Skandinaviska Enskilda Banken, which took trading decisions independently of Attendo with regard to the timings.

Risks and risk management

Risks are inherent in Attendo's business and it is part of the daily work to manage these risks, to prevent damage and to limit the damage that does occur. Attendo operates within the care and health care sector in competition with a number of major and several smaller operators, which entails risk both related to price development and growth. This requires that Attendo continuously develops its business in order to offer the clients best possible care and health care from a quality perspective to a for the customers competitive price.

The majority of the care and health care conducted on the market where Attendo operates are provided by local authorities. The choice of production model is dependent on political decisions, which means that opportunities for future growth are controlled by politicians' view of how care and health care should be provided. Political decisions resulting in a change in legislation can have a significant impact on Attendo's business. The legislative process in the countries where Attendo operates is transparent and changes are well known prior to implementation.

A commission appointed by the Swedish government recently submitted a proposal that would result in limitations for freedom of choice in schools, and in health and social care, by restricting the opportunities for private providers. The proposals of the commission include new methods to limit freedom of choice and diversity, to regulate use of resources in private companies and to limit possibilities to participate in public tenders. Another proposal is a model for limitation of profit. The model is based on any operating profit exceeding a randomly chosen percentage of the company's contributed capital, under certain conditions, is not allowed. Attendo does not believe the proposal will be implemented since there is no majority in the Swedish parliament, the proposal is probably in breach of EU legislation, and local authorities around the country require the services of private providers in the field of social welfare.

The Finnish care and health care system will undergo a significant change when the planned SOTE reform comes into force as per January 1, 2019. This implies that a new administrative level with 18 regions with responsibility for care and health care is implemented. Attendo follows the work with the SOTE reform but it is still difficult to assess its impact on Attendo's operation, result and financial position.

Quality and safety requirements within care and health care are demanded by various stakeholders, in particular clients, relatives and customers. In addition Attendo has very high internal quality requirements on its operations. Constant work with quality and safety improvements for clients and patients is crucial for Attendo's success and is a key area within the Group's strategic activities. A large number of Attendo's customer contracts extend over several years why the pricing of these contracts are deemed as a financial risk. The own units operations are conducted in own homes and premises which means that Attendo enters the long rental agreements. If the demand for Attendo's services is low the long rental agreements are deemed as a financial risk. Attendo uses internally developed proven models and processes aiming to minimize risk both for pricing errors and that Attendo enter rental agreements in regions with unfavorable demand.

Attendo is in its operations exposed to various financial risks, including the effects of changes in prices on the credit and capital markets and currency risks. Financial risks are managed by a central finance department.

For further information of risks see Attendo's annual report 2015 page 48.

Accounting principles

The group applies International Financial Reporting Standards (IFRS) as adopted by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups.

This interim report has been prepared according to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act and shall be read together with the annual report for 2015. The accounting policies adopted are consistent with those in the annual report for 2015.

The interim information on page 1-16 is an integrated part of this financial report.

The parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The accounting policies adopted are consistent with those in the annual report for 2015.

Attendo AB (publ) was adopted as parent company in October 2015 why income statement and balance sheet for some of the comparable periods are missing.

Outlook

Attendo does not report any forecast.

Danderyd, November 11, 2016

Henrik Borelius

CEO

Attendo's Annual reports are available on www.attendo.com

This is a translation of the Swedish interim report. In the event of differences the Swedish interim report shall prevail.

Report of Review (Translation of Swedish Original)

Review report over Interim Financial Statements (Interim report) prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act.

Introduction

We have reviewed the condensed interim financial information (interim report) of Attendo AB (publ) (corporate ID nr 559026-7885) as of 30 September 2016 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We have conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 11 November 2016

PricewaterhouseCoopers AB

Patrik Adolfson

Authorized public accountant

Consolidated Income Statement

SEKm	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Net sales	2,568	2,455	7,565	7,267	9,831
Other operating income	4	23	14	34	39
Total revenue	2,572	2,478	7,579	7,301	9,870
Personnel costs	-1,573	-1,577	-4,833	-4,892	-6,552
Other external costs	-626	-520	-1,888	-1,585	-2,241
Amortization, depreciation and impairment of tangible and intangible assets	-33	-36	-97	-106	-144
Operating profit (EBITA)	340	345	761	718	933
<i>Operating margin (EBITA) %</i>	<i>13.2</i>	<i>14.1</i>	<i>10.1</i>	<i>9.9</i>	<i>9.5</i>
Amortization and impairment of acquisition related intangible assets	-30	-12	-60	-32	-46
Operating profit (EBIT)	310	333	701	686	887
<i>Operating margin (EBIT), %</i>	<i>12.1</i>	<i>13.6</i>	<i>9.3</i>	<i>9.4</i>	<i>9.0</i>
Net financial items	-25	-98	-67	-306	-537
Profit before tax	285	235	634	380	350
Income tax	-61	-53	-136	-85	-64
Profit for the period	224	182	498	295	286
<i>Profit margin %</i>	<i>8.7</i>	<i>7.4</i>	<i>6.6</i>	<i>4.1</i>	<i>2.9</i>
Profit for the period attributable to the parent company shareholders	224	182	498	295	286
Basic earnings per share ¹ , SEK	1.40	1.14	3.11	1.84	1.79
Diluted earnings per share ¹ , SEK	1.39	1.14	3.10	1.84	1.79
Basic average number of shares ¹ , thousands	160,000	160,000	160,000	160,000	160,000
Diluted average number of shares ¹ , thousands	160,842	160,000	160,609	160,000	160,083

Consolidated Statement of Comprehensive Income

SEKm	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Profit for the period	224	182	498	295	286
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit pension plans, net of tax	1	9	-7	9	10
Items that may be reclassified to profit or loss					
Cash flow hedges, net of tax	-	6	-	13	15
Exchange rate differences on translating foreign operations	47	16	98	-11	-44
Other comprehensive income for the period	48	31	91	11	-19
Total comprehensive income for the period	272	213	589	306	267
Total comprehensive income attributable to the Parent company shareholders	272	213	589	306	267

¹ Earnings per share in the comparable period have been calculated based on the number of shares after the listing. See definitions on page 27.

Consolidated Balance Sheet

SEKm	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
ASSETS			
Non-current assets			
Goodwill	6,883	6,544	6,472
Other intangible assets	589	318	304
Property, Plant and Equipment	418	447	382
Other non-current assets	107	84	89
Total non-current assets	7,997	7,393	7,247
Current assets			
Trade receivables	834	774	901
Other current assets	587	720	357
Cash and cash equivalents	508	977	782
Total current assets	1,929	2,471	2,040
Total assets	9,926	9,864	9,287
EQUITY AND LIABILITIES			
Equity	4,718	2,772	4,219
Non-current liabilities			
Liabilities to credit institutions	3,438	4,818	3,554
Provisions for post-employment benefits	39	55	29
Other provisions	10	7	9
Other non-current liabilities	124	408	62
Total non-current liabilities	3,611	5,288	3,654
Current liabilities			
Liabilities to credit institutions	66	293	26
Trade payables	130	152	205
Other current liabilities	1,401	1,359	1,183
Total current liabilities	1,597	1,804	1,414
Total equity and liabilities	9,926	9,864	9,287

Consolidated Cash Flow Statement

Operational cash flow, SEKm	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Operating profit (EBITA)	340	345	761	718	933
Depreciation and amortization of tangible and intangible assets	33	36	97	106	144
Changes in working capital and other items	-202	-125	-192	-195	-4
Paid income tax	-46	-16	-148	-51	-86
Other non-cash items	1	-8	-2	-17	-57
Cash flow after change in working capital	126	232	516	561	930
Investments in tangible and intangible assets	-33	-36	-132	-159	-212
Divestment of tangible and intangible assets	8	11	17	40	47
Operating cash flow	101	207	401	442	765
Interest received/paid	-14	-74	-44	-218	-292
Free cash flow	87	133	357	224	473
Acquisition of operations	-307	-19	-398	-112	-128
Divestment of operations	-	8	-	8	15
Share redemption TT (cash and cash equivalents)	-	-8	-	-217	-139
New share issue	-	-	-	-	1,160
Warrants	-4	-	-4	-	12
Dividends paid	-	-	-86	-	-
Repayment of loans	-73	-	-458	-	-5,202
New borrowings	290	-	290	-	3,531
Total cash flow	-7	114	-299	-97	-278
Cash and cash equivalents at the beginning of the period	504	856	782	1 084	1 084
Effect of exchange rate changes on cash	11	7	25	-10	-24
Cash and cash equivalents at the end of the period	508	977	508	977	782
Cash flow, SEKm	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Cash flow from operations	112	158	472	343	638
Cash flow from investing activities	-332	-36	-513	-223	-417
Cash flow from financing activities	213	-8	-258	-217	-499
Total cash flow	-7	114	-299	-97	-278

Consolidated Statement of Changes in Equity

SEKm	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Opening balance	4,219	2,569	2,569
Total comprehensive income	589	306	267
Transactions with owners			
Share issue	-	-	1,169
Warrants	-4	-	9
Share save plan	0	-	-
Dividends paid	-86	-	-
Total transactions with owners	-90	-	1,178
Transactions with non-controlling interests			
Revaluation of share option liability	-	-103	205
Total Transactions with non-controlling interests	-	-103	205
Closing balance	4,718	2,772	4,219

Investments

SEKm	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Investments					
Investments in intangible assets	4	4	18	24	34
Investments in tangible assets	29	32	114	135	178
Divestments of tangible and intangible assets	-8	-11	-17	-40	-47
Total net investments	25	25	115	119	165
Intangible assets acquired through business combination					
Goodwill	224	-	280	16	17
Customer relations	68	22	327	104	109
Other	2	-	2	-	-
Total intangible assets acquired through business combination	294	22	609	120	126

For further information regarding acquisitions, see page 13.

Financial assets and liabilities

SEKm	Level	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
ASSETS				
Financial assets at fair value through profit or loss				
Derivatives (currency swap)	2	-	111	-
Loans and receivables				
Trade receivables		834	774	901
Cash and cash equivalents		508	977	782
Total financial assets		1,342	1,862	1,683
LIABILITIES				
Derivatives used for hedge-accounting				
Derivatives (interest swap)	2	-	3	-
Financial liabilities at fair value through profit or loss				
Share option liability	3	-	313	-
Contingent considerations	3	26	54	43
Other financial liabilities				
Borrowings		3,504	5,111	3,580
Trade payables		130	152	205
Total financial liabilities		3,660	5,633	3,828

The table shows the Group's significant financial assets and liabilities. Asset and liabilities accounted for as loans and receivables, and other financial liabilities are carried at amortized cost. Fair value for all financial assets and liabilities are equal to the carrying value. For complete table and further information see Attendo's Annual report 2015, note 23.

Valuation technique

Level 2: The fair value of interest rate and currency swaps is determined by discounting the estimated cash flows. Discounting is based on quoted market rates on comparable instruments at the balance sheet date.

Level 3: The fair value of option liability is determined by the valuation principles established by the European Venture Capital Association (EVCA). The option liability was settled in connection to the listing. Fair value of contingent considerations are based on estimated outcome from the contractual clauses in the share purchase agreement.

Pledged assets and contingent liabilities

SEKm	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Assets pledged as collateral	201	6,749	141
Contingent liabilities	-	-	-

Key Data

		Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Net sales	SEKm	2,568	2,455	7,565	7,267	9,831
Organic growth	%	1.8	4.8	2.8	4.4	5.6
Acquired growth	%	2.4	1.9	1.5	1.9	1.9
Changes in currencies	%	0.4	0.9	-0.2	1.7	1.2
Operating profit (EBITA)	SEKm	340	345	761	718	933
Operating margin (EBITA)	%	13.2	14.1	10.1	9.9	9.5
Profit for the period	SEKm	224	182	498	295	286
Profit margin	%	8.7	7.4	6.6	4.1	2.9
Working capital	SEKm	-110	-125	-110	-125	-130
Return on capital employed ²	%	11.2	10.6	11.2	10.6	11.4
Net debt to equity ratio	times	0.6	1.5	0.6	1.5	0.7
Equity to asset ratio	%	48	28	48	28	45
Operating cash flow	SEKm	101	207	401	442	765
Net investments	SEKm	-25	-25	-115	-119	-165
Average number of employees		15,781	15,294	14,715	14,590	14,512
Key data per share						
Earnings per share ¹ , basic	SEK	1.40	1.14	3.11	1.84	1.79
Earnings per share ¹ , diluted	SEK	1.39	1.14	3.10	1.84	1.79
Equity per share ¹ , basic	SEK	-	-	29.49	17.33	26.37
Equity per share ¹ , diluted	SEK	-	-	29.38	17.33	26.36
Average number of outstanding shares ¹ , basic	thousands	160,000	160,000	160,000	160,000	160,000
Average number of outstanding shares ¹ , diluted	thousands	160,842	160,000	160,609	160,000	160,083
Number of outstanding shares ¹ at end of the period	thousands	160,000	160,000	160,000	160,000	160,000

Quarterly Data

SEKm	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
Total net sales	2,316	2,391	2,421	2,455	2,564	2,472	2,525	2,568
- Net sales, own operations	1,280	1,322	1,354	1,415	1,498	1,511	1,557	1,603
- Net sales, outsourcing	776	818	803	810	805	769	775	777
- Net sales, staffing	260	251	264	230	261	192	193	188

SEKm	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
Total net sales	2,316	2,391	2,421	2,455	2,564	2,472	2,525	2,568
- Net sales Sweden	1,238	1,248	1,257	1,282	1,339	1,332	1,369	1,392
- Net sales Finland	972	1,037	1,049	1,051	1,088	1,009	1,024	1,038
- Net sales Norway	60	60	61	65	78	77	78	82
- Net sales Denmark	46	46	54	57	59	54	54	56
Operating profit (EBITA)	153	187	186	345	215	197	224	340
Operating margin (EBITA), %	6.6	7.8	7.7	14.1	8.4	8.0	8.9	13.2
Profit for the period	-27	57	56	182	-9	128	146	224
Profit margin, %	-1.2	2.4	2.3	7.4	-0.4	5.2	5.8	8.7
Earnings per share ¹ basic, SEK	-0.17	0.36	0.35	1.14	-0.06	0.80	0.91	1.40
Earnings per share ¹ , diluted, SEK	-0.17	0.36	0.35	1.14	-0.06	0.80	0.91	1.39
Average number of employees	13,918	14,097	14,378	15,294	14,285	14,061	14,304	15,781

¹ Earnings per share in the comparable period have been calculated based on the number of shares after the listing. See definitions page 27.

² As from the first quarter 2016 return on capital employed is calculated based on EBIT, see definition on page 27. To improve comparison, the comparable periods previously calculated on EBITA has been restated.

Redemption of shares in the subsidiary Terveiden Tuottajat Oy

The subsidiary Terveiden Tuottajat Oy (TT) was deconsolidated as of 31 December 2015, which means that TT is included in the Group's income statement during the full year 2015, but not in the balance sheet as of 31 December 2015. Net sales from TT were fully recognized in the contract model Staffing. The table below shows the impact on key measures with TT fully consolidated and deconsolidated.

SEKm	Q3 2015		Jan-Sep 2015		Jan-Dec 2015	
	Excl. TT	Incl. TT	Excl. TT	Incl. TT	Excl. TT	Incl. TT
Net sales	2,397	2,455	7,060	7,267	9,546	9,831
Operating profit (EBITDA)	373	381	800	824	1,044	1,077
Operating profit (EBITA)	345	345	717	718	931	933
Operating margin (EBITA,) %	14.4	14.1	10.2	9.9	9.8	9.5
Operating profit (EBIT)	332	333	684	686	885	887
Profit for the period	182	182	295	295	286	286
Net debt	4,096	4,081	4,096	4,081	2,827	2,756
Working capital	-35	-125	-35	-125	-130	- 270
Net investments	-23	-25	-109	-119	152	165

Parent Company Income Statement

SEKm	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	17 Sep- 31 Dec 2015
Net sales	2	-	9	-	3
Employee costs	-5	-	-15	-	-5
Other external costs	-4	-	-19	-	-32
Operating profit	-7	-	-25	-	-34
Finance net	0	-	-1	-	-
Profit before tax	-7	-	-26	-	-34
Tax on profit for the period	0	-	0	-	7
Profit for the period	-7	-	-26	-	-27

Attendo AB (publ) was incorporated on September 17, 2015 and became the ultimate parent company of the Group on October 23, 2015. The company has not conducted any operation prior to the acquisition of Attendo Group and thus lacks history and income statement and balance sheet for the comparable periods in this interim report.

Parent Company Balance Sheet

SEKm	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
ASSETS			
Non-current assets			
Shares in subsidiaries	6,494	-	6,494
Deferred tax asset	16	-	16
Total non-current assets	6,510	-	6,510
Current assets			
Receivables on group companies	5	-	0
Other receivables	2	-	7
Cash and cash equivalents	0	-	0
Total current assets	7	-	7
Total assets	6,517	-	6,517
EQUITY AND LIABILITIES			
Equity	6,357	-	6,472
Current liabilities			
Liabilities to group companies	144	-	23
Other liabilities	16	-	22
Total current liabilities	160	-	45
Total equity and liability	6,517	-	6,517

Calendar and contacts

Calendar

- 15 February 2017, Year-end report 2016
- 6 April 2017, Annual General Meeting
- 5 May 2017, Interim report January – March 2017
- 27 July 2017, Interim report January- June 2017
- 27 October 2017, Interim report January- September 2017

Contacts

Henrik Borelius

CEO

Tel. +46 8 586 252 00

Tomas Björksiöö

CFO

Tel. +46 8 586 252 00

Andreas Koch

Communications and IR Director

Tel. +46 70 509 77 61

Disclosure on publication

The information in this report is what Attendo is required to disclose under Sweden's Securities Market Act and/or the Financial Instruments Trading Act.

Forward-looking information

This report contains forward-looking information based on current expectations of the Attendo's management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared to what is stated in the forward-looking information, due to such factors as changed market conditions for Attendo's services and more general conditions regarding business cycles, market and competition, changes in legal requirements and other political measures, and fluctuation in exchange rates.

Attendo AB (publ)

Vendevägen 85A
182 91 Danderyd

Tel +46 8 586 251 00
Fax +46 8 586 250 01
www.attendo.com

Company number:
559026-7885

Introduction to Attendo

Attendo is the leading private provider of care services in the Nordics. The company has operations in Sweden, Finland, Norway and Denmark.

Attendo is the largest private provider of care for older people in Sweden and Finland, and outsourced health care in Finland. Attendo is a locally based company and has more than 500 units in operation, in more than 200 municipalities. The company has more than 19,000 employees. With the vision of empowering the individual Attendo provides services within care for older people, care for people with disabilities, individual and families and health care.

Attendo provides care and health care through three contract models:

- Own operations, where Attendo provides services in own controlled units/premises or provides services in customer choice models. Attendo has own units within care for older people, people with disabilities, individuals and families, as well as dental care and occupational health care.
- Outsourcing operations, where Attendo provides services in publicly controlled units/premises or provides home care services based on outsourcing contracts. Attendo has outsourced units for care for older people, people with disabilities, individuals and families and health care.
- Staffing, where Attendo provides medical personnel such as general practitioners, specialists, dentists and nurses for health care.

Local authorities (mainly municipalities) are Attendo's customers for a large majority of the service offerings, but contract types and duration of contracts vary depending on service model and service offering. Own operations are based on framework agreements and outsourcing operations are based on outsourcing contracts, following a tender process. The customer contract period is typically 2-5 years. Staffing operations are normally based on framework agreements or direct contracts with durations of up to 4 years.

Definitions

Explanations to financial measures

Acquired growth	Increase in net sales related to companies or operations acquired the last 12 months.
Capital employed	Total assets less non-interest bearing liabilities.
Earnings per share	Profit for the period in relation to the average number of shares.
Equity/asset ratio	Equity as a percentage of total assets.
Equity per share	Equity in relation to the average number of shares.
Liquid funds	Cash/cash equivalents, short term investments and derivatives with a positive fair value.
Net debt	Interest bearing liabilities and provisions for post-employment benefits less liquid funds.
Net debt to equity ratio	Net debt as a percentage of total equity.
Net investments	Net of investments and disposals of intangible and tangible assets excluding acquisition related assets.
Number of shares	Shares outstanding as of September 30, 2016. In order to facilitate comparisons, all key measures in the comparable periods have been calculated based on the number of shares after the listing.
Operating margin (EBIT)	Operating profit (EBIT) as a percentage of net sales.
Operating margin (EBITA)	Operating profit (EBITA) as a percentage of net sales.
Operating profit (EBIT)	Profit before net financial items and income tax.
Operating profit (EBITA)	Profit before amortization of acquisition related intangible assets, net financial items and income tax.
Organic growth	Increase of net sales excluding acquisitions and currency effects.
Profit for the period	Profit/loss for the period attributable to parent company shareholders.
Profit for the period adjusted	Profit/loss for the period adjusted for financing costs in connection with the initial public offering.
Profit margin	Profit for the period as a percentage of net sales.
Return on equity	Profit for the period (LTM) in relation to average equity.
Return on capital employed	Operating profit (EBIT) as a percentage of average capital employed.
Working capital	Current assets less liquid funds and interest bearing assets, less short term liabilities and non- interest bearing provisions.

Explanations to operational measures

Home care client	An individual that receives planned and unplanned support such as service and personal care connected to the everyday life and health care at home.
New unit	Unit in operation <12 months.
Existing unit	Unit in operation >12 months.
LA	Local Authority
CoP	Care for Older People

Financial measures not defined in IFRS

The financial reports of the Attendo Group are prepared according to IFRS. See further information regarding accounting principles on page 16 in this interim report. According to IFRS there are only a few financial measures that are defined. As from the second quarter 2016, Attendo has applied ESMA's (European Securities and Markets Authority) new guidelines for Alternative Performance Measures.

An Alternative Performance Measure is, in short, a financial measure of historical or future profit development, financial position or cash flow that are not defined or specified in IFRS. To support the Executive Managements' and other stakeholders analysis of the Groups development, Attendo presents some financial measures not defined in IFRS. This information is complementary information to IFRS and does not replace financial measures defined in IFRS. Attendos definitions of financial measures not defined in IFRS can differ from other companies' definitions. All Attendo's definitions are included above. Calculation of all financial measures can be reconciled to items in the income statement and balance sheet, and information on page 22.