



Year-end report January–December 2017

Attendo AB (publ)

Year-end report, January–December 2017

Summary of the fourth quarter 2017

- Net sales increased by 13,8 percent to SEK 3,011m (2,647). Adjusted for currency effects, net sales increased by 13,7 percent.
- Operating profit (EBITA) amounted to SEK 240m (241), corresponding to an operating margin of 8.0 percent (9.1).
- Profit for the period amounted to SEK 135m (151) corresponding to a profit margin of 4.5 percent (5.7) and earnings per share diluted of SEK 0.84 (0.94).
- Operating cash flow amounted to SEK 252m (404).
- The total number of beds in homes in Own operations was 13,262 (9,280), an increase of 43 percent. The number of beds under construction in Own operations was 2,903 distributed among 77 homes.
- The Finnish care provider Mikeva was consolidated in Attendo as of 1 November.
- Henrik Borelius decided to leave his position as CEO after 18 years at Attendo. The Board of Directors has appointed Pertti Karjalainen, Business Area Director Attendo Finland Care, to acting CEO for Attendo as of March 1, 2018, until a permanent CEO is in place. Henrik Borelius will be at the disposal of the Board during the remainder of his employment period until May 19, 2018 and will remain as a board member until the Annual General Meeting 2018.

Summary of the period January–December 2017

- Net sales increased by 9,3 percent to SEK 11,157m (10,212). Adjusted for currency effects, net sales increased by 8,4 percent.
- Operating profit (EBITA) increased by 8 percent to SEK 1,084m (1,002), corresponding to an operating margin of 9.7 percent (9.8).
- Profit for the period increased to SEK 680 (649), corresponding to a profit margin of 6.1 percent (6.4). Earnings per share diluted amounted to SEK 4.24 (4.05).
- Operating cash flow amounted to SEK 763m (805).
- The board of directors is proposing a dividend of SEK 1.27 (1.22) per share.

| SEKm | Q4 2017 | Q4 2016 | Change, % | Jan–Dec 2017 | Jan–Dec 2016 | Change, % |
|------------------------------------|------------|------------|-----------|--------------|--------------|-----------|
| Net sales | 3,011 | 2,647 | 14 | 11,157 | 10,212 | 9 |
| Operating profit (EBITA) | 240 | 241 | 0 | 1,084 | 1,002 | 8 |
| <i>Operating margin (EBITA), %</i> | <i>8.0</i> | <i>9.1</i> | <i>-</i> | <i>9.7</i> | <i>9.8</i> | <i>-</i> |
| Profit for the period | 135 | 151 | -11 | 680 | 649 | 5 |
| Earnings per share diluted, SEK | 0.84 | 0.94 | -11 | 4.24 | 4.05 | 5 |
| Operating cash flow | 252 | 404 | -38 | 763 | 805 | -5 |
| Average number of employees | 16,606 | 14,602 | 14 | 15,871 | 14,824 | 7 |

Non-IFRS financial measures are reconciled to the most directly reconcilable line items in the financial statements at the end of this report

Comments by Henrik Borelius, CEO

With a record high number of establishments and acquisitions, Attendo sharply increased the number of beds in own operations during the year. At year-end 2017, Attendo had 13,262 beds in own operations, an increase by 43 percent compared to previous year. The number of units under construction remains at a very high level and is laying a foundation for continued stable growth.

Own operations showed continued stable growth in both nursing homes and homes for people with disabilities. Attendo opened 14 own homes during the quarter: 11 in Finland and 3 in Sweden. Construction began of 8 new homes in Finland and 4 in Sweden. At the end of the fourth quarter, Attendo had 2,903 beds under construction.

Net sales in *Outsourcing* increased compared to the fourth quarter 2016, due to two combinations contracts in Finland started in early 2017. Net sales in *Staffing* were lower during the quarter compared to the same period in 2016. The markets for outsourcing and staffing are expected to remain challenging, but stable.

Profit for the fourth quarter was in line with the same quarter 2016, but at a lower margin. Improvements in planning and processes, acquisitions and contributions from units that were under start-up during the comparison quarter in 2016 made positive contributions to earnings. This was offset by the negative impact on earnings from home care in Denmark, lower contributions from integration care and new homes in own operations. Attendo intends to maintain a high rate of openings in forthcoming quarters, which initially will have impact on profits. For the full year 2017, Attendo delivered 9 percent growth at an operating margin of 9.7 percent, which exceeds the company's financial targets.

There is a distinct connection between employee commitment and high quality. Attendo strives to maintain industry leading quality and to recruit committed employees who are able to deliver excellent care. Attendo earned good scores in the Swedish National Board of Health and Welfare's annual customer survey of recipients of care for older people in Sweden. Attendo's own nursing homes were given very positive assessments. Attendo will continue to work systematically to share best practices, introduce new tools and improve system support to provide more time for care and reduce administration. Employee surveys are one way of "taking the temperature" of internal commitment. The results from 2017 indicate continued high job satisfaction for Attendo as employer.

On March 1, I will leave my role as CEO after 18 fantastic years. I would like to thank all my colleagues throughout the company who drive Attendo forward every day through committed and long-term efforts. I would also like to thank all the local authorities, customers and shareholders that choose Attendo. Your trust is a key factor for our development. I am proud of what we have achieved together and I am convinced that Attendo has a strong platform for continuing to develop care for the benefit of individuals and society for a long time to come. I wish Pertti Karjalainen all the best in his new role. As one of the industry's most experienced leaders, he has all prerequisites to continue to develop Attendo further.

Fourth quarter in brief

Net sales and operating profit

Net sales increased by 13.8 percent to SEK 3,011m (2,647) during the fourth quarter. Adjusted for currency effects, net sales increased by 13.7 percent. Adjusted for currency effects, net sales rose in all geographical markets except Denmark.

The growth is explained by acquisitions, new units, contractual price increases and higher occupancy in own homes that were under start-up during the comparison quarter.

Net sales increased in own operations by 20.0 percent and in outsourcing operations by 6.0 percent. Net sales in staffing declined by 6.9 percent.

Operating profit (EBITA) amounted to SEK 240m (241) and the operating margin was 8.0 percent (9.1).

Attendo's continuous efforts to achieve better planning and improved processes, including reduced administration, continued to have positive impact on earnings, as did profits from acquired units. Higher occupancy in own homes that were under start-up during the comparison quarter made a positive contribution to earnings.

Compared to the fourth quarter of 2016, EBITA was negatively affected by lower profit from the home care business in Denmark. Demand for integration services continued to decline, resulting in lower occupancy and discontinued operations, which had negative impact on earnings in relation to the comparison quarter.

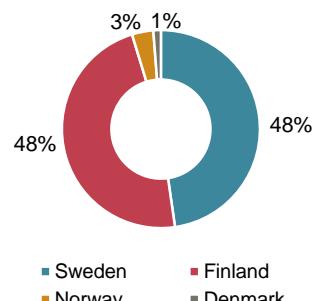
New units in own operations had negative impact on earnings since occupancy initially is low. Attendo opened a record-high number of homes during the third and fourth quarters, especially in Finland, and a high number of openings are planned in coming quarters. New units in own operations will also have impact on earnings over the next few quarters.

Calendar effects due to more public holidays in the fourth quarter compared to the same quarter in 2016 had some negative impact on earnings. Overall, exchange rate changes had a marginal negative effect on EBITA compared to 2016.

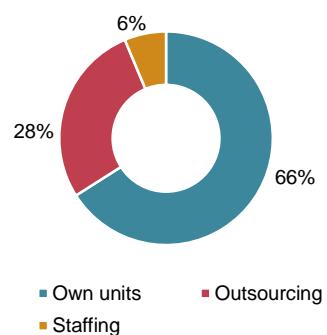
EBIT amounted to SEK 205m (210). Amortisation of acquisition-related intangible assets was SEK 4m higher than in the fourth quarter of 2016.

At the end of the fourth quarter, Attendo's total number of units was 723 (534), of which 573 in own units. The number of beds in nursing and care homes was 16,940 (12,936), of which 13,262 in own units. There were 77 own units and 2,903 beds under construction at the end of the period.

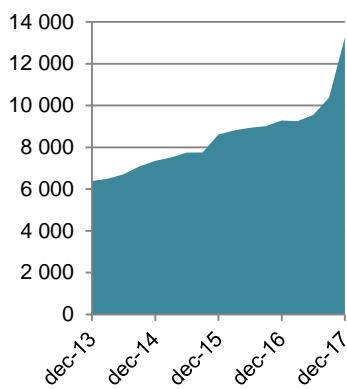
Net sales per country,
Q4 2017



Net sales per contract model,
Q4 2017



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 -23m (-16) for the quarter, including net interest expense of SEK -19m (-13). The increase in net interest expense was mainly due to new loans related to the acquisition of Mikeva.

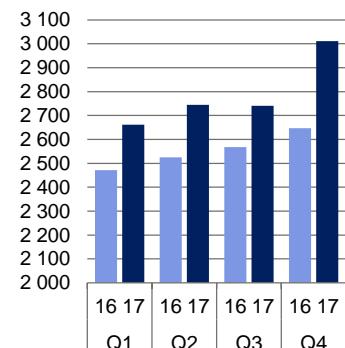
Income tax

Income tax for the quarter was SEK -47m (-43), corresponding to a tax rate of 25.8 percent (22.2) which, among other, is explained by non-deductible expenses related to acquisitions.

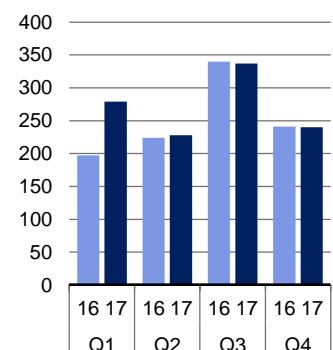
Profit for the period and earnings per share

Profit for the period amounted to SEK 135m (151), corresponding to an EPS basic of SEK 0.84 (0.94) and EPS diluted of SEK 0.84 (0.94).

Net sales, SEKm



**Operating profit (EBITA)
SEKm**



January–December in brief

Net sales and operating profit

Net sales for the full year increased by 9.3 percent to SEK 11,157m (10,212).

Adjusted for currency affects, net sales increased by 8.4 percent. Adjusted for currency effects, net sales rose in all geographical markets except Denmark.

The growth is explained by to new units, acquisitions, contractual price increases and higher occupancy in own homes that were in a start-up phase during the comparison quarter.

Net sales increased in own operations by 12.2 percent and in outsourcing operations by 6.7 percent. Net sales in staffing declined by 4.1 percent.

Operating profit (EBITA) increased by 8.2 percent to SEK 1,084m (1,002), and the operating margin declined to 9.7 percent (9.8).

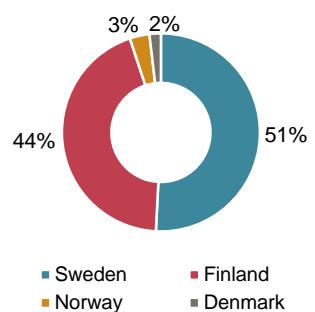
Higher earnings were delivered through better planning and improved processes, including reduced administration, acquisitions, and higher occupancy in the own homes which were under start-up in 2016.

A negative development in integration services and a weak development in home care in Denmark had negative impact on earnings compared to 2016. New own units had a negative impact on profits. The loss of profits due to ended contracts in outsourcing and staffing was larger than the profits generated by new units within these contract models.

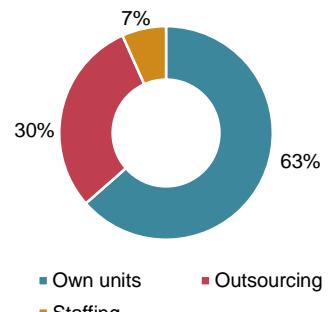
Overall, calendar effects had some negative impact on earnings for the full year compared to 2016, which is explained by the leap year day in 2016 and a few additional public holidays in 2017. Exchange rate fluctuations increased EBITA by SEK 9m compared to 2016.

EBIT rose to SEK 953m (911). Amortisation of acquisition-related intangible assets was SEK 40m higher than in 2016.

Net sales per country,
January–December 2017



Net sales per contract model,
January–December 2017



Net financial items

Net financial items amounted to SEK -77m (-83) for the period, including net interest expense of SEK -61m (-59).

Income tax

Income tax for the period amounted to SEK -196 (-179), corresponding to a tax rate of 22.4 percent (21.6).

Profit for the period and earnings per share

Profit for the period amounted to SEK 680m (649), corresponding to basic earnings per share of SEK 4.26 (4.06) and diluted earnings per share of SEK 4.24 (4.05).

Cash flow

Operating cash flow amounted to SEK 252m (404) in the fourth quarter, whereof changes in working capital amounted to SEK 64m (174).

Cash flow from net investments was SEK -50m (-54) and cash flow from assets and liabilities held for sale amounted to SEK -134m (-). Acquisitions of operations reduced cash flow by SEK -1,000m (-79) of which the main part relates to the acquisition of Mikeva.

Cash flow from financing activities was SEK 1,077m (-148) and total cash flow for the fourth quarter was SEK 164m (161).

Operating cash flow for the period of January–December was SEK 763m (805) and total cash flow was SEK -200m (-138).

Financial position

Consolidated equity as of 31 December 2017 amounted to SEK 5,369m (4,825), corresponding to diluted equity per share of SEK 33.44 (30.10).

Net debt amounted to SEK 4,813m (2,722).

| SEKm | Dec 31, 2017 | Dec 31, 2016 |
|---|-----------------|-----------------|
| Interest-bearing liabilities | 5,236 | 3,364 |
| Provisions for post-employment benefits | 52 | 28 |
| Cash and cash equivalents | -475 | -670 |
| Net debt | 4,813 | 2,722 |

Interest-bearing liabilities, excluding provisions for post-employment benefits, amounted to SEK 5,236m (3,364) on 31 December 2017. The increase was mainly due to new loans related to the acquisition of Mikeva. Cash and cash equivalents as of 31 December 2017 amounted to SEK 475m (670) and Attendo had SEK 1,004m (988) in unutilised committed credit facilities.

The annual impairment test of goodwill based on the future business plans of the cash generating units showed no impairment requirement.

Shares outstanding

The total number of shares was 160,933,098. Attendo holds 521,465 treasury shares and the total number of shares outstanding as of 31 December 2017 was 160,411,633.

Number of employees

The average number of employees in the fourth quarter was 16,606 (14,602). The average number of employees for the full year was 15,871 (14,824).

Own operations

Net sales in own operations during the fourth quarter amounted to SEK 1,987m (1,656). Growth was 20.0 percent, attributable to acquisitions and new units in own operation.

A total of 14 homes with approximately 470 beds were opened: 11 homes in Finland with approximately 360 beds and 3 homes in Sweden with approximately 110 beds. At year-end 2017, Attendo had 13,262 beds in operation, an increase by 43 percent since year-end 2016.

The Finnish care company Mikeva was consolidated in the Group as of 1 November and added in total approximately 2,900 beds in care for older people, social psychiatry and care for people with disabilities.

Demand for integration services continued to decline in the fourth quarter. Significantly lower occupancy and discontinued operations resulted in lower net sales compared to the same period in 2016. The majority of integration services operations have been discontinued or converted to other operations.

Attendo is currently reviewing the network in home care operations, which includes close down of units that lack long-term prospects. Attendo has closed a number of operations and will be closing a few additional operations in 2018. By focusing on home care areas with higher client density and where conditions are sound, profitability is expected to improve over time.

The number of beds under construction continued to increase and amounted to 2,903 at the end of the quarter, including 230 beds gained through the acquisition of Mikeva. Construction of several homes, mainly nursing homes, began during the quarter: 8 homes in Finland with approximately 240 beds and 4 homes in Sweden with approximately 170 beds.

Attendo opened 54 homes in 2017 with a total of 1,886 beds and began construction of 76 homes with 2,673 beds.

Units, beds and home care customers as of December 31, 2017

| Own units | Total | Sweden | Finland | Norway | Denmark |
|----------------------------|--------|--------|---------|--------|---------|
| Units in operation* | 573 | 219 | 343 | 3 | 8 |
| Beds in operation** | 13,262 | 3,707 | 9,332 | 163 | 60 |
| Beds under construction*** | 2,903 | 684 | 2,147 | - | 72 |
| Home care customers | 12,370 | 10,080 | - | 130 | 2,160 |

* 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).

Own operations

66%

of Net sales

Operations in Sweden, Finland, Norway and Denmark

Outsourcing operations

Net sales in outsourcing operations increased by 6.0 percent to SEK 834m (787) during the fourth quarter. The higher net sales are explained mainly by the start of new units, particularly two combination contracts in Finland that commenced in early 2017.

During the quarter, Attendo won new, not yet started, contracts with estimated annual net sales of approximately SEK 60m, and lost on-going, not yet ended, contracts with annual net sales of approximately SEK 160m.

In 2017, Attendo won new contracts with estimated annual revenue of SEK 270m and lost ongoing contracts with annual revenue of approximately SEK 510m.

Outsourcing operations

28%

of Net sales

Operations in Sweden, Finland, Norway and Denmark

Units, beds and home care customers as of December 31, 2017

| Outsourcing | Total | Sweden | Finland | Norway | Denmark |
|----------------------|-------|--------|---------|--------|---------|
| Units in operations* | 129 | 86 | 37 | 5 | 1 |
| Beds in operations** | 3,678 | 2,754 | 586 | 310 | 28 |
| Home care customers | 1,390 | 750 | 640 | - | - |

* 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 amounted to SEK 190m (204) in the fourth quarter. The decline in net sales is explained by ended contracts and slightly lower volumes in a few existing contracts.

Staffing operations

6%

of Net sales

Operations in Finland.

Quality and employees

Attendo works continuously to improve and develop quality management. Attendo also achieved good results in the Swedish National Board of Health and Welfare's annual customer survey of recipients of care for older people in Sweden, which was published in the fourth quarter. Attendo's own nursing homes were given very high score. Attendo had higher score than average in 11 out of 13 parameters. Likewise, Attendo's home care service achieved very good scores in the survey. Attendo had higher score than average in 10 out of 14 parameters.

For several years now, Attendo has been investing in building lifestyle homes, which are nursing homes designed around special themes: Outdoor & Garden, Sport & Spa and Culture & Entertainment. Attendo's lifestyle homes received high customer satisfaction scores in the same survey: 83 percent of clients were satisfied, compared to the industry average of 81 percent.

In service companies, employees are the number-one resource for delivering high-quality services. Accordingly, Attendo considers it essential to be an attractive employer and works hard to make sure employees are happy with their personal work situation, as well as with their employer and their immediate managers. Regularly tracking employee opinion and sentiment is part of that effort. The measurements performed in the fourth quarter of 2017 show that job satisfaction and satisfaction with managers remains high and stable.

The acquisition of Finnish Mikeva was finalised in the fourth quarter and 2,600 new employees were welcomed to Attendo. The work to integrate systems and processes began immediately. Attendo has put great efforts to make employees at Mikeva feel welcome and understand Attendo's culture and approach: the Attendo Model.

Attendo's quality work

Attendo's quality model rests on three pillars: satisfied customers, 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 coordinators with the support of specialized quality functions. Recurring quality audits are conducted by Attendo, payors 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 at:

<http://www.attendo.com/about-attendo/focus-on-quality>

Market review

Sweden – strong demand within own operations

The demand for Attendo's own operations offering was good, with continued high interest from Swedish local authorities needing to expand the number of beds, mainly in care for older people. Contracted volumes in the outsourcing market in care for older people were higher in the fourth quarter of 2017 than in the third quarter, but slightly lower than in Q4 2016. Demand might be negatively impacted by the new permit requirement for outsourceings. Contracted volumes in care homes for people with disabilities rose in relation to Q3 2017 and Q4 2016 while the demand for outsourced integration care ceased.

In spring 2018, the Swedish government intends to present a bill to the Parliament that would impose a profit ban on private providers of welfare services. If the proposals would be implemented, they would weaken freedom of choice and diversity in areas including social care. The proposals have been sharply criticised by government agencies and experts, and further criticism is expected from the Council on Legislation, which is currently reviewing the proposals. Attendo believes there is no parliamentary majority behind the proposal

Finland – strong demand within own operations

The demand for Attendo's own operations offering in Finland continued on a high level. Private providers have established many more nursing homes than the local authorities in Finland during the year, and Attendo accounted for the highest share of new homes, by far. Demand in the Finnish outsourcing market increased somewhat in the latter part of 2017 due to postponement of the SOTE reform.

Early in the fourth quarter, the Finnish government announced that the main features of the major social and health care reform (the “SOTE” reform) will not be changed. The government has decided that the first active care choices in primary care will be made in 2021. Details of the reform will be presented regularly and will be submitted to Parliament for debate and decision in the spring 2018. Attendo remains optimistic about the opportunities offered by the reform for private providers.

Denmark – challenging conditions in home care services

The Danish home care services market remains challenging. Private and public providers do not operate on a level playing field. As a result, privately owned companies are exiting the market and citizens have less freedom of choice.

Norway – Attendo won the only available tender in 2017

Activity in the Norwegian market remained low. Attendo was awarded the only contract for a nursing home tendered in Norway in 2017, a contract in Stavanger. The Norwegian government intends to initiate a public inquiry to review monetary flows in private companies operating in the welfare sector. The inquiry's terms of reference have not yet been established, but Attendo believes that putting private companies under suspicion in this way is counter-productive and that the inquiry should concentrate on how freedom of choice and quality can be encouraged by levelling the playing field for private and public providers.

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 payors 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 (311 LAs) providing primary health care and social care and hospital districts (20) providing specialist care to several municipalities.

Attendo's payors in Finland are LAs providing primary health care and social care, and some additional private customers in dental care and occupational health care. LAs are largely responsible for public health care financing.

Significant events in the quarter

Acquisitions during the fourth quarter

Kårländagården AB, which operates one home for people with disabilities in Lessebo, Sweden was acquired on 1 October 2017.

Ann Stahlins Hemtjänst AB, a provider of home care services in Täby, Sweden was acquired on 1 November 2017.

Sisu AB, a provider of home care services in Stockholm, Sweden was acquired on 1 November 2017.

LSS Omsorgen, a provider of services to people with disabilities in Västerås, Härryda and Surte, Sweden was acquired on 1 December 2017.

Selman Koti Oy, which operates nursing homes in Lappeenranta, Finland, was acquired on 1 December 2017.

HoivaHovi Oy, which operates nursing homes in Mikkeli, Finland, was acquired on 1 December 2017.

Changes in Attendo's Executive Management

In November, Attendo's CEO Henrik Borelius announced that he has decided to leave his position after 18 years in the company.

Exercise of warrants and change in the number of shares outstanding

Total number of shares amounts to 160 933 098 and has increased by 933,098 during the fourth quarter of 2017 upon exercise of warrants in the 2015/2017 series directed to Attendo's Executive Management.

Other financial information

Related-party transactions

Attendo has transactions with two related parties, which in all material respects consist of Attendo leasing properties from companies in which these parties are shareholders. The transactions had a value of SEK 11m (10) during the full year 2017. All related-party transactions take place on market terms.

For further details, please refer to page 67 of Attendo's annual report 2016.

Parent company, Attendo AB (publ)

The activities of the parent company are to provide services to the subsidiaries and to manage shares in subsidiaries. Parent company expenses relate mainly to salaries for the executive management, fees to the board of directors and costs for external consultants.

Net sales for the period were SEK 11m (12), and were entirely related to services provided to subsidiaries. Profit after financial items was SEK -27m (-37). At the end of the year, cash and cash equivalents amounted to SEK 0m (0), shares in subsidiaries SEK 6,494m (6,494), and non-restricted equity amounted to SEK 6,250m (6,423).

Seasonal variations

Attendo's profitability is subject to seasonal variations, weekend and holiday effects. For Attendo, public holidays and weekends have an impact due to 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 and New Year holidays.

Events after the balance sheet date

Changes in Attendo's Executive Management

The Board of Directors has appointed Pertti Karjalainen, Business Area Director Attendo Finland Care, to acting CEO for Attendo as of March 1, 2018, until a permanent CEO is in place. Henrik Borelius will be at the disposal of the Board during the remainder of his employment period until May 19, 2018 and will remain as a board member until the Annual General Meeting 2018.

Pertti Karjalainen, 48, has been employed in Attendo since 2007 and is Business Area Director for Attendo Finland Care. He is co-founder of the company MedOne that Attendo acquired in 2007.

“We are happy to appoint Pertti Karjalainen acting CEO of Attendo. Pertti Karjalainen has been 17 years in the industry, of which ten years in Attendo. He has developed the Finnish operations in a remarkable way”, says Ulf Lundahl, Chairman of the Board in Attendo.

On 5 March, Fredrik Lagercrantz will take on the position as CFO at Attendo. Fredrik Lagercrantz will also be a part of the Executive Management.

Acquisitions after the reporting date

Attendo acquired Kaijankoti Oy, a provider of care for older people in Savitaipale, Finland, on 1 January 2018.

Juuan Hoito ja Hoiva Oy, a provider of care for older people and social psychiatry in Juuka, Finland, was acquired on 1 February 2018.

Pielisen Karjalan Dementiakoti Oy, a provider of care for older people and social psychiatry in Nurmes, Finland, was acquired on 1 February 2018.

Arken, a provider of care for young adults in Vårgårda, Sweden was acquired on 1 February, 2018.

Risk management

Attendo conducts care and health care operations in the Nordics and are exposed to a number of different risks. Attendo divides risks in external risks, operational risks and financial risks. External risks comprise risks regarding competition, political risk, legal risk and reputational risk. Operational risks refer to risks directly linked to Attendo's operations e.g. pricing and acquisitions. Financial risks are, amongst others, related to currency, interest rates and liquidity.

Risk management, i.e. the work with identifying, managing and monitoring risks is an important part of Attendo's operations and well integrated in the daily work. The risks and a description of Attendo's risk management are presented in Attendo's annual report for 2016, page 21. Attendo's assessment is that no further risks have been added.

Accounting policies

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 2016. As of the first quarter of 2017, assets and liabilities attributable to certain property holdings are recognized as held for sale in accordance with IFRS 5. Otherwise the accounting policies adopted are consistent with those applied in the annual report for 2016.

IFRS 15 comes into force on January 1, 2018 and replaces IAS 18 Revenue and IAS 11 Entrepreneurship Agreements and associated SIC and IFRIC. The standard does not have any impact on the financial statements apart from increased disclosure requirements.

IFRS 9 deals with the classification, valuation and reporting of financial assets and liabilities and replaces parts of IAS 39. The standard will not have any impact on the Group's financial statements.

The interim information on page 1-15 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.

Outlook

Attendo does not report any forecast.

Danderyd, February 15, 2018

Henrik Borelius

CEO

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

This report has not been reviewed by Attendo's auditor.

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

Consolidated Income Statement

| SEKm | Q4 2017 | Q4 2016 | Jan-Dec 2017 | Jan-Dec 2016 |
|--|--------------|--------------|---------------|---------------|
| Net sales | 3,011 | 2,647 | 11,157 | 10,212 |
| Other operating income | 6 | 6 | 17 | 20 |
| Total revenue | 3,017 | 2,653 | 11,174 | 10,232 |
| Personnel costs | -1,914 | -1,700 | -7,010 | -6,533 |
| Other external costs | -818 | -676 | -2,926 | -2,564 |
| Amortization and depreciation of tangible and intangible assets | -45 | -36 | -154 | -133 |
| Operating profit (EBITA) | 240 | 241 | 1,084 | 1,002 |
| <i>Operating margin (EBITA) %</i> | 8.0 | 9.1 | 9.7 | 9.8 |
| Amortization of acquisition related intangible assets | -35 | -31 | -131 | -91 |
| Operating profit (EBIT) | 205 | 210 | 953 | 911 |
| <i>Operating margin (EBIT), %</i> | 6.8 | 7.9 | 8.5 | 8.9 |
| Net financial items | -23 | -16 | -77 | -83 |
| Profit before tax | 182 | 194 | 876 | 828 |
| Income tax | -47 | -43 | -196 | -179 |
| Profit for the period | 135 | 151 | 680 | 649 |
| <i>Profit margin %</i> | 4.5 | 5.7 | 6.1 | 6.4 |
| Profit for the period attributable to the parent company shareholders | 135 | 151 | 680 | 649 |
| Basic earnings per share, SEK | 0.84 | 0.94 | 4.26 | 4.06 |
| Diluted earnings per share, SEK | 0.84 | 0.94 | 4.24 | 4.05 |
| Average number of shares outstanding, basic, thousands | 159,816 | 159,824 | 159,784 | 159,956 |
| Average number of shares outstanding, diluted, thousands | 160,477 | 160,279 | 160,544 | 160,405 |

Consolidated Statement of Comprehensive Income

| SEKm | Q4 2017 | Q4 2016 | Jan-Dec 2017 | Jan-Dec 2016 |
|---|------------|------------|--------------|--------------|
| Profit for the period | 135 | 151 | 680 | 649 |
| Other comprehensive income for the period | | | | |
| Items that will not be reclassified to profit or loss | | | | |
| Remeasurements of defined benefit pension plans, net of tax | 8 | 6 | 2 | -1 |
| Items that may be reclassified to profit or loss | | | | |
| Exchange rate differences on translating foreign operations | 55 | -15 | 50 | 83 |
| Other comprehensive income for the period | 63 | -9 | 52 | 82 |
| Total comprehensive income for the period | 198 | 142 | 732 | 731 |
| Total comprehensive income attributable to the Parent company shareholders | 198 | 142 | 732 | 731 |

Consolidated Balance Sheet

| SEKm | Dec 31, 2017 | Dec 31, 2016 |
|---|---------------|--------------|
| ASSETS | | |
| Non-current assets | | |
| Goodwill | 8,541 | 6,872 |
| Other intangible assets | 717 | 591 |
| Equipment | 559 | 438 |
| Other non-current assets | 109 | 78 |
| Total non-current assets | 9,926 | 7,979 |
| Current assets | | |
| Trade receivables | 1,204 | 955 |
| Other current assets | 411 | 324 |
| Cash and cash equivalents | 475 | 670 |
| | 2,090 | 1,949 |
| Assets held for Sale | 786 | - |
| Total current assets | 2,876 | 1,949 |
| Total assets | 12,802 | 9,928 |
| EQUITY AND LIABILITIES | | |
| Equity | 5,369 | 4,825 |
| Non-current liabilities | | |
| Liabilities to credit institutions | 5,171 | 3,302 |
| Provisions for post-employment benefits | 52 | 28 |
| Other provisions | 11 | 11 |
| Other non-current liabilities | 131 | 112 |
| Total non-current liabilities | 5,365 | 3,453 |
| Current liabilities | | |
| Liabilities to credit institutions | 65 | 62 |
| Trade payables | 281 | 186 |
| Other current liabilities | 1,648 | 1,402 |
| | 1,994 | 1,650 |
| Liabilities for sale | 74 | - |
| Total current liabilities | 2,068 | 1,650 |
| Total equity and liabilities | 12,802 | 9,928 |

Consolidated Cash Flow Statement

| Operational cash flow, SEKm | Q4 2017 | Q4 2016 | Jan-Dec 2017 | Jan-Dec 2016 |
|---|------------|------------|--------------|--------------|
| Operating profit (EBITA) | 240 | 241 | 1,084 | 1,002 |
| Depreciation and amortization of tangible and intangible assets | 45 | 36 | 154 | 133 |
| Changes in working capital | 64 | 174 | -73 | -18 |
| Paid income tax | -55 | 8 | -207 | -140 |
| Other non-cash items | 8 | -1 | 13 | -3 |
| Cash flow after changes in working capital | 302 | 458 | 971 | 974 |
| Investments in tangible and intangible assets | -80 | -65 | -267 | -197 |
| Divestment of tangible and intangible assets | 30 | 11 | 59 | 28 |
| Operating cash flow | 252 | 404 | 763 | 805 |
| Interest received/paid | -31 | -16 | -72 | -60 |
| Free cash flow | 221 | 388 | 691 | 745 |
| Net change in assets and liabilities held for sale | -134 | - | -647 | - |
| Acquisition of operations | -1,000 | -79 | -1,262 | -477 |
| Share issue | 56 | - | 56 | - |
| Warrants | - | - | -25 | -4 |
| Dividends paid | - | - | -195 | -86 |
| Repurchase of own shares | - | -16 | -33 | -16 |
| Change in bank overdraft facilities | -42 | - | - | - |
| Repayment of loans | -595 | -132 | -618 | -590 |
| New borrowings | 1,658 | - | 1,833 | 290 |
| Total cash flow | 164 | 161 | -200 | -138 |
| Cash and cash equivalents at the beginning of the period | 304 | 508 | 670 | 782 |
| Effect of exchange rate changes on cash | 7 | 1 | 5 | 26 |
| Cash and cash equivalents at the end of the period | 475 | 670 | 475 | 670 |

| Cash flow, SEKm | Q4 2017 | Q4 2016 | Jan-Dec 2017 | Jan-Dec 2016 |
|-------------------------------------|------------|------------|--------------|--------------|
| Cash flow from operations | 271 | 442 | 899 | 914 |
| Cash flow from investing activities | -1,184 | -133 | -2,117 | -646 |
| Cash flow from financing activities | 1,077 | -148 | 1,018 | -406 |
| Total cash flow | 164 | 161 | -200 | -138 |

Consolidated Statement of Changes in Equity

| SEKm | Jan-Dec 2017 | Jan-Dec 2016 |
|---------------------------------------|-----------------|-----------------|
| Opening balance | 4,825 | 4,219 |
| Total comprehensive income | 732 | 731 |
| Transactions with owners | | |
| Share issue | 56 | - |
| Warrants | -20 | -24 |
| Repurchase of own shares | -33 | -16 |
| Share-savings plan | 4 | 1 |
| Dividend | -195 | -86 |
| Total transactions with owners | -188 | -125 |
| Closing balance | 5,369 | 4,825 |

Investments

| SEKm | Q4 2017 | Q4 2016 | Jan-Dec 2017 | Jan-Dec 2016 |
|--|--------------|-----------|--------------|--------------|
| Investments | | | | |
| Investments in intangible assets | 0 | 9 | 30 | 27 |
| Investments in tangible assets | 80 | 56 | 237 | 170 |
| Divestments of tangible and intangible assets | -30 | -11 | -59 | -28 |
| Total net investments | 50 | 54 | 208 | 169 |
| Intangible assets acquired through business combination | | | | |
| Goodwill | 1,360 | 5 | 1,568 | 285 |
| Customer relations | 187 | 29 | 245 | 356 |
| Other | 13 | 7 | 13 | 9 |
| Total intangible assets acquired through business combination | 1,560 | 41 | 1,826 | 650 |

For further information regarding acquisitions, see page 13.

Financial assets and liabilities

| SEKm | Level | Dec 31, 2017 | Dec 31, 2016 |
|---|-------|--------------|--------------|
| ASSETS | | | |
| Loans and receivables | | | |
| Trade receivables | | 1,204 | 955 |
| Cash and cash equivalents | | 475 | 670 |
| Total financial assets | | 1,679 | 1,625 |
| LIABILITIES | | | |
| Financial liabilities at fair value through profit or loss | | | |
| Contingent considerations | 3 | 132 | 122 |
| Other financial liabilities | | | |
| Borrowings/financial leasing | | 5,236 | 3,364 |
| Trade payables | | 281 | 186 |
| Total financial liabilities | | 5,649 | 3,672 |

The table shows the Group's significant financial assets and liabilities. Assets and liabilities recognized as loans and receivables, and other financial liabilities are valued 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, note 23.

Valuation technique

Level 3: The fair value of contingent considerations is based on estimated outcome from the contractual clauses in the share purchase agreements.

Acquisition of Mikeva

As of November 1 2017, Mikeva, a leading provider of care in Finland is consolidated in Attendo. The acquisition strengthens Attendo's position in social psychiatry and care for people with disabilities and geographically complements Attendo's offering in care for older people in Finland.

During 2017 Mikeva had net sales amounting to 113.5 MEUR and an operating profit (EBITA) of 3.7 MEUR. During the period 1 November – 31 December, net sales amounted to 19 MEUR and EBITA to 0.7 MEUR. At the end of 2017 Mikeva had approximately 2 900 beds in operation. The purchase price allocation is preliminary.

| Preliminary purchase price allocation | | Mikeva |
|--|--|---------------|
| SEKm | | 2017 |
| Enterprise value | | 1,445 |
| Repaid subsidiary loan | | -553 |
| Purchase consideration at date of acquisition | | 892 |
| Identifiable acquired assets and liabilities | | |
| Cash and cash equivalents | | 22 |
| Property, plant and equipment | | 47 |
| Customer relationships | | 153 |
| Intangible assets | | 13 |
| Deferred tax assets | | 30 |
| Trade receivables and other receivables | | 110 |
| Trade payables and other liabilities | | -708 |
| Deferred tax liabilities | | -30 |
| Total identifiable net assets | | -363 |
| Goodwill | | 1,255 |

Pledged assets and contingent liabilities

| SEKm | Dec 31, 2017 | Dec 31, 2016 |
|------------------------------|---------------------|---------------------|
| Assets pledged as collateral | | |
| Contingent liabilities | 133 | 159 |

Key Data

| | | Q4 2017 | Q4 2016 | Jan-Dec 2017 | Jan-Dec 2016 |
|---|-----------|---------|---------|--------------|--------------|
| Net sales | SEKm | 3,011 | 2,647 | 11,157 | 10,212 |
| Organic growth | % | 0.8 | -1.5 | 2.4 | 1.7 |
| Acquired growth | % | 12.9 | 2.4 | 6.0 | 1.7 |
| Changes in currencies | % | 0.1 | 2.3 | 0.9 | 0.5 |
| Operating profit (EBITA) | SEKm | 240 | 241 | 1,084 | 1,002 |
| Operating margin (EBITA) | % | 8.0 | 9.1 | 9.7 | 9.8 |
| Profit for the period | SEKm | 135 | 151 | 680 | 649 |
| Profit margin | % | 4.5 | 5.7 | 6.1 | 6.4 |
| Working capital | SEKm | -314 | -309 | -314 | -309 |
| Return on capital employed | % | 10.1 | 11.4 | 10.1 | 11.4 |
| Net debt to equity ratio | times | 0.9 | 0.6 | 0.9 | 0.6 |
| Equity to asset ratio | % | 42 | 49 | 42 | 49 |
| Operating cash flow | SEKm | 252 | 404 | 763 | 805 |
| Net investments | SEKm | -50 | -54 | -208 | -169 |
| Average number of employees | | 16,606 | 14,602 | 15,871 | 14,824 |
| Key data per share | | | | | |
| Earnings per share, basic | SEK | 0.84 | 0.94 | 4.26 | 4.06 |
| Earnings per share, diluted | SEK | 0.84 | 0.94 | 4.24 | 4.05 |
| Equity per share, basic | SEK | - | - | 33.60 | 30.19 |
| Equity per share, diluted | SEK | - | - | 33.44 | 30.10 |
| Average number of shares outstanding, basic | thousands | 159,816 | 159,824 | 159,784 | 159,956 |
| Average number of shares outstanding, diluted | thousands | 160,477 | 160,279 | 160,544 | 160,405 |
| Number of shares, end of period | thousands | 160,933 | 160,000 | 160,933 | 160,000 |
| Number of treasury shares, end of period | thousands | 521 | 200 | 521 | 200 |
| Number of shares outstanding, end of period | thousands | 160,412 | 159,800 | 160,412 | 159,800 |

Quarterly Data

| SEKm | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 |
|-----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total net sales | 2,472 | 2,525 | 2,568 | 2,647 | 2,661 | 2,744 | 2,741 | 3,011 |
| - Net sales, own operations | 1,511 | 1,557 | 1,603 | 1,656 | 1,648 | 1,733 | 1,729 | 1,987 |
| - Net sales, outsourcing | 769 | 775 | 777 | 787 | 825 | 824 | 832 | 834 |
| - Net sales, staffing | 192 | 193 | 188 | 204 | 188 | 187 | 180 | 190 |

| SEKm | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total net sales | 2,472 | 2,525 | 2,568 | 2,647 | 2,661 | 2,744 | 2,741 | 3,011 |
| - Net sales Sweden | 1,332 | 1,369 | 1,392 | 1,388 | 1,376 | 1,419 | 1,432 | 1,437 |
| - Net sales Finland | 1,009 | 1,024 | 1,038 | 1,114 | 1,145 | 1,183 | 1,167 | 1,432 |
| - Net sales Norway | 77 | 78 | 82 | 86 | 85 | 84 | 85 | 105 |
| - Net sales Denmark | 54 | 54 | 56 | 59 | 55 | 58 | 57 | 37 |
| Operating profit (EBITA) | 197 | 224 | 340 | 241 | 279 | 228 | 337 | 240 |
| Operating margin (EBITA). % | 8.0 | 8.9 | 13.2 | 9.1 | 10.5 | 8.3 | 12.3 | 8.0 |
| Profit for the period | 128 | 146 | 224 | 151 | 181 | 141 | 223 | 135 |
| Profit margin. % | 5.2 | 5.8 | 8.7 | 5.7 | 6.8 | 5.1 | 8.1 | 4.5 |
| Earnings per share basic, SEK | 0.80 | 0.91 | 1.40 | 0.94 | 1.13 | 0.88 | 1.40 | 0.84 |
| Earnings per share diluted, SEK | 0.80 | 0.91 | 1.39 | 0.94 | 1.13 | 0.88 | 1.39 | 0.84 |
| Average number of employees | 14,061 | 14,304 | 15,781 | 14,602 | 15,130 | 15,204 | 16,545 | 16,606 |

Parent Company Income Statement

| SEKm | Q4 2017 | Q4 2016 | Jan-Dec 2017 | Jan-Dec 2016 |
|-------------------------------------|-----------|------------|--------------|--------------|
| Net sales | 2 | 3 | 11 | 12 |
| Personnel costs | -5 | -6 | -24 | -21 |
| Other external costs | -2 | -7 | -10 | -26 |
| Operating profit | -5 | -10 | -23 | -35 |
| Finance net | -1 | -1 | -4 | -2 |
| Profit after financial items | -6 | -11 | -27 | -37 |
| Group contributions | 25 | 110 | 25 | 110 |
| Profit before tax | 19 | 99 | -2 | 73 |
| Income tax | - | -16 | - | -16 |
| Profit for the period | 19 | 83 | -2 | 57 |

Profit for the period corresponds to total comprehensive income

Parent Company Balance Sheet

| SEKm | Dec 31, 2017 | Dec 31, 2016 |
|-----------------------------------|--------------|--------------|
| ASSETS | | |
| Non-current assets | | |
| Shares in subsidiaries | 6,494 | 6,494 |
| Total non-current assets | 6,494 | 6,494 |
| Current assets | | |
| Receivables on group companies | 28 | 114 |
| Other receivables | 1 | 2 |
| Cash and cash equivalents | 0 | 0 |
| Total current assets | 29 | 116 |
| Total assets | 6,523 | 6,610 |
| EQUITY AND LIABILITIES | | |
| Equity | 6,251 | 6,424 |
| Current liabilities | | |
| Liabilities to group companies | 256 | 165 |
| Other liabilities | 16 | 21 |
| Total current liabilities | 272 | 186 |
| Total equity and liability | 6,523 | 6,610 |

Information to shareholders and analysts

Calendar 2018

| | |
|----------------------------------|-----------------|
| Annual General Meeting 2018 | 12 April 2018 |
| Interim report January-March | 4 May 2018 |
| Interim report January-June | 26 July 2018 |
| Interim report January-September | 9 November 2018 |

Telephone conference

A telephone conference will be held today, 15 February 2018 at 10.00 (CET) with Attendo's CEO Henrik Borelius and Acting CFO Rebecca Ericsson Birck. For participation please dial in on the following number:

SE: +46 8 566 425 09
FI: +358 9 817 104 94
UK: +44 20 30 08 98 04

[Link to webcast:](#)

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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.

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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 700 units in operation, in more than 200 municipalities. The company has more than 24,000 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 payors 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 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 | Equity plus interest bearing liabilities. |
| Earnings per share | Profit for the period in relation to the average number of shares outstanding. |
| Equity/asset ratio | Equity as a percentage of total assets. |
| Equity per share | Equity in relation to the average number of shares outstanding. |
| 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 and excluding investments and disposals of assets held for sale. |
| Number of shares | 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 cash flow | Cash flow from operations adjusted for investments and divestments of intangible and tangible assets and paid and received interest. |
| 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 margin | Profit for the period as a percentage of net sales. |
| Return on capital employed | Operating profit (EBIT) rolling 12 months as a percentage of average capital employed. |
| Working capital | Current assets excluding liquid funds and interest bearing assets, less non- interest bearing current liabilities and provisions. Assets and liabilities held for sale are excluded from the working capital. |

Explanations to operational measures

| | |
|----------------------|--|
| New unit | Unit in operation less than 12 months. |
| Existing unit | Unit in operation more than 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 policies on page 15 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. Attendo's 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 21.