

Attendo +🌀❤️



Interim report
January–June 2018

Attendo AB (publ)

Interim report, January-June 2018

Summary of the second quarter 2018¹

- Net sales increased by 25 percent to SEK 2,743m (2,189). Adjusted for currency affects, net sales increased by 22 percent.
- Operating profit (EBITA) amounted to SEK 128m (186), corresponding to an operating margin of 4.7 percent (8.5).
- Operating profit (EBITA) for the second quarter was charged with costs of SEK 53m related to the closure of a number of units in individual and family care, mainly related to market changes.
- Operating profit (EBITA) adjusted for non-recurring items amounted to SEK 181m (186), corresponding to an operating margin of 6.6 percent (8.5).
- Profit for the period amounted to SEK 40m (111) corresponding to a profit margin of 1.5 percent (5.1) and diluted earnings per share of SEK 0.25 (0.69).
- Operating cash flow² was SEK 267m (262).
- The number of opened own beds amounted to 1,155. The total number of beds in own operations amounted to 15,064 (9,550), an increase by 58 percent. The number of beds under construction in own operations was 2,463 across 57 homes.
- Attendo entered into a binding agreement concerning the sale of the health care operations in Finland. The operations are reported as "Operation for sale" during the quarter and are thus not included in the summarising remarks.

Summary of the period January–June 2017¹

- Net sales increased by 25 percent to SEK 5,367m (4,300). Adjusted for currency effects, net sales increased by 22 percent.
- Operating profit (EBITA) amounted to SEK 316m (425), corresponding to an operating margin of 5.9 percent (9.9).
- Operating profit (EBITA) adjusted for non-recurring items amounted to SEK 389m (425), corresponding to an operating margin of 7.2 percent (9.9).
- Profit for the period decreased to SEK 132m (265), corresponding to a profit margin of 2.5 percent (6.2). Diluted earnings per share were SEK 0.82 (1.65).
- Operating cash flow² was SEK 368m (438).

SEKm	Q2 2018	Q2 2017	Change, %	Jan-jun 2018	Jan-Jun 2017	Change, %
Net sales	2,743	2,189	25	5,367	4,300	25
Operating profit (EBITA)	128	186	-31	316	425	-26
Operating margin (EBITA), %	4.7	8.5	-	5.9	9.9	-
Profit for the period	40	111	-64	132	265	-50
Earnings per share diluted, SEK	0.25	0.69	-64	0.82	1.65	-50
Operating cash flow ²	267	262	2	368	438	-16
Average number of employees	16,967	13,674	24	16,256	13,637	19

1) Note that all items related to the income statement presented in this report for 2017 and 2018 refers to continuing operations (excluding the health care operation in Finland held for sale) if not stated otherwise.

2) Refers to total operations.

CEO Pertti Karjalainen comments on the report

Attendo opened more nursing homes during the second quarter of 2018 than ever before. The new homes are laying the foundation for organic growth and future value creation, but have negative impact on profits during the start-up phase. Attendo has opened about 2,900 beds in the past 12 months, more than double the number opened in the corresponding comparison period, and corresponding to approximately 20 percent of beds in operation.

There was strong growth in sales in the contract model *Own operations*, mainly through acquisitions, but also from openings of new nursing homes in the last few quarters. Attendo opened 34 homes in own operations during the second quarter, totaling 1,155 new own beds. In pace with increased market activity, the time required to fill new homes increases. Construction of 20 new homes in Finland and Sweden began. At the end of the second quarter, Attendo had 2,463 beds under construction, more than the same period in 2017, but fewer than at the end of the first quarter of 2018.

Net sales in *Outsourcing* were higher compared to the second quarter of 2017 as a consequence of somewhat higher sales in existing contracts and contractually agreed price adjustments. The outsourcing market is assessed as stable but challenging.

Operating profit in the second quarter was significantly below the comparison quarter 2017, due to the discontinuation of operations in individual and family care, which have been assessed as non-viable over the long term. The dynamics in this market have clearly been affected by lower demand in integration care, with changes in the supply and demand situation for the whole individual and family care market.

Underlying operating profit for the second quarter of 2018 was on par with the corresponding quarter in 2017. Costs related to the large number of openings had the main negative impact on profits. Profits were also negatively affected by lower contribution from individual and family care as well as from home care operations in Denmark. Acquisitions, profits generated by units that were in the start-up phase during the comparison period and calendar affects had positive impact on profits.

During the quarter Attendo agreed to divest the health care operations in Finland to the Finnish company Terveystalo. After the divestment, Attendo will become a dedicated social care provider in the Nordics, providing us even better opportunities to grow the core business within and outside the Nordic.

There is a great need for new nursing homes capacity well into the future. Attendo is clearly leading the industry in new establishments and the investments made today will generate value for local authorities, people who need care and our shareholders in upcoming years.

Second quarter in brief

Net sales and operating profit

Net sales increased by 25.3 percent to SEK 2,743m (2,189) during the second quarter. Adjusted for currency effects, net sales increased by 21.7 percent. Net sales increased in all geographical markets except Denmark.

The growth is mainly attributable to acquisitions, but also to new homes in own operations, higher occupancy in own homes that were in a start-up phase during the comparison quarter and contractually agreed price increases.

Net sales increased by 31.7 percent in own operations and by 5.9 percent in outsourcing.

Operating profit (EBITA) amounted to SEK 128m (186) and the operating margin was 4.7 percent (8.5). Attendo has decided to close a number of units due to changed market conditions in individual and family care. All costs related to the closures amount to SEK 53m. Please see the section “own operations” for further information.

Operating profit (EBITA), excluding costs of discontinuing operations related to integration services and a number of individual and family care units, amounted to SEK 181m, corresponding to an operating margin of 6.6 percent (8.5). New own units have negative impact on profits as occupancy initially is low. Subsequent to the comparison quarter, Attendo has opened a record-high number of homes and thus has significantly more beds in the start-up phase than during the same period last year. Attendo is planning many additional openings in the next few quarters. As a result, new units in own operations will continue to have negative impact on profits the coming quarters.

Lower contribution from individuals and families care, including discontinued integration services units, had a negative impact on earnings year-on-year. The home care operations in Denmark also had negative effects on operating profit compared to 2017, but less than in preceding quarters.

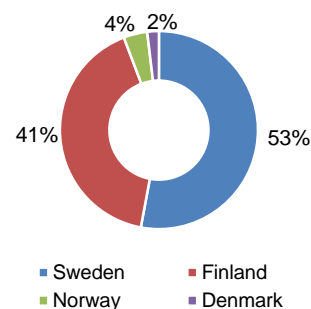
Profits generated by acquired units and higher occupancy in own homes that were under start-up during the comparison quarter contributed positively to profits.

Calendar effects also had positive effect on profits, particularly because the Easter holiday occurred only partly in the second quarter of 2018, while the holiday occurred entirely in the second quarter of 2017, resulting in lower costs for the current quarter. Changes in currency exchange rates had positive effects on operating profit of SEK 4m compared to 2017.

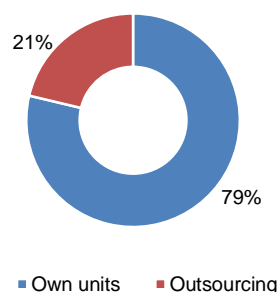
EBIT amounted to SEK 92m (158). Amortisation of acquisition-related intangible assets was SEK 8m higher than in the comparison quarter in 2017.

At the end of the second quarter, Attendo's total number of units was 682 (489), of which 583 in own operations. The number of beds in nursing and care homes was 18,365 (13,007), of which 15,064 in own operations. There were 57 homes and 2,463 beds under construction in own operations at the end of the period.

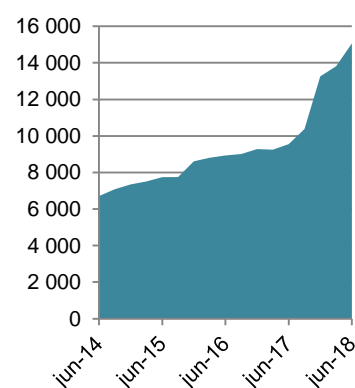
Net sales per country, Q2 2018



Net sales per contract model, Q2 2018



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



Finance net

Finance net amounted to SEK -39m (-16) for the quarter, including net interest expense of SEK -31m (-14). The increase in net interest expense was mainly due to new loans raised in 2017 in connection with the acquisition of Mikeva.

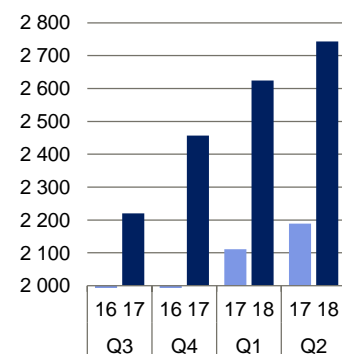
Income tax

Income tax was SEK -13m (-31), corresponding to a tax rate of 24.5 percent (21.8). The higher tax rate is mainly due to losses in the home care operations in Denmark.

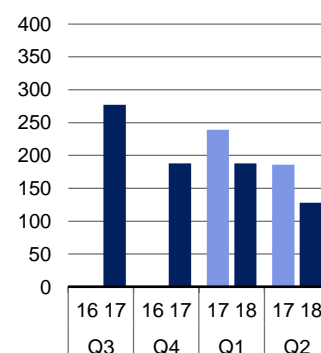
Profit and earnings per share for the period

Profit for the period amounted to SEK 40m (111), corresponding to basic earnings per share of SEK 0.25 (0.69) and diluted earnings per share of SEK 0.25 (0.69).

Net sales, SEKm



Operating profit (EBITA) SEKm



Attendo reports comparable figures adjusted for operations held for sale starting from 2017. Numbers related to 2016 have therefore been excluded from the tables.

January–June in brief

Net sales and operating profit

Net sales for the six month period increased by 24.8 percent to SEK 5,367m (4,300). Adjusted for currency effects, net sales increased by 21.9 percent. Net sales increased in all geographical markets except Denmark.

The growth is mainly attributable to acquisitions, but also to new homes in Own operations, higher occupancy in own homes that were in a start-up phase during the comparison quarter and contractually agreed price increases.

Net sales in own operations increased by 31.9 percent and in outsourcing by 4.2 percent.

Operating profit (EBITA) decreased to SEK 316m (425) and the operating margin decreased to 5.9 percent (9.9). Profits in the first six month were reduced by non-recurring costs of SEK 73m, of which SEK 20m refers to write-down of real estate in the first quarter.

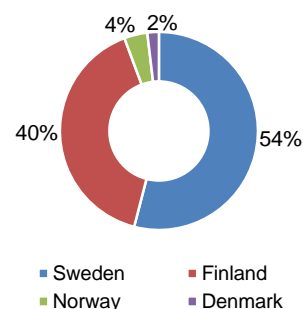
Operating profit (EBITA) excluding non-recurring costs amounted to SEK 389m, corresponding to an operating margin of 7.2 percent. Attendo is in an expansion phase with considerably more new opened beds than historically, which initially pressures profits, but enables future profit growth. Due to the large number of openings and longer start-up period than historically, the negative effects of new units are greater than the profit improvements in units that were in the start-up phase during the comparison period. Profits were thus negatively impacted by a record-high number of new units in own operations, but also by lower profits in individual and family care, including ended integration units, as well as the negative effect on profits of the home care in Denmark.

Earnings generated by acquired units, higher occupancy in units that were in the start-up phase during the comparison period and Attendo's continuous efforts to improve planning and processes all provided positive contributions to profit.

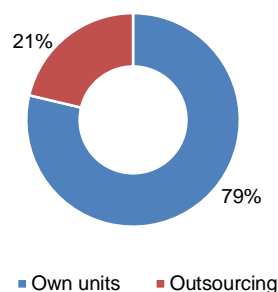
Changes in exchange rates had positive effects on operating profit of SEK 8m compared to 2017.

EBIT decreased to SEK 247m (372). Amortisation of acquisition-related intangible assets was SEK 16m higher than during the comparison period in 2017.

**Net sales per country,
January-June 2018**



**Net sales per contract model,
January-June 2018**



Net financial items

Net financial items amounted to SEK -73m (-33) in the period, of which net interest amounted to SEK -55m (-31). The change is explained by essentially the same items described in the section of the second quarter.

Income tax

Income tax amounted to SEK -42m (-74), corresponding to a tax rate of 24.1 percent (21.8). The change is explained by essentially the same item described in the section of the second quarter.

Profit for the period and EPS

Profit for the period was SEK 132m (265), representing an EPS basic of SEK 0.82 (1.66) and EPS diluted of SEK 0.82 (1.65).

Cash flow¹

Operating cash flow amounted SEK 267m (262) in the second quarter, of which changes in working capital amounted to SEK 158m (93).

Cash flow from net investments in non-current assets was SEK -67m (-54) and cash flow from assets and liabilities held for sale amounted to SEK 159m (-171). Acquisitions reduced cash flow by SEK -147m (-89). Cash flow from financing activities was SEK -219m (-26).

Total cash flow in the second quarter amounted to SEK 38m (-40).

Operating cash flow for the period of January–June was SEK 368m (438) and total cash flow was SEK 264m (-20).

Financial position¹

Consolidated equity as of 30 June 2018 amounted to SEK 5,515m (4,962), corresponding to diluted equity per share of SEK 34.31 (30.88).

Net debt amounted to SEK 4,769m (2,923).

SEKm	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Interest-bearing liabilities	5,477	3,549	5,236
Provisions for post-employment benefits	60	27	52
Liquid funds	-768	-653	-475
Net debt	4,769	2,923	4,813

Interest-bearing liabilities, excluding provisions for post-employment benefits, amounted to SEK 5,477m (3,549) on 30 June 2018. The increase was mainly due to new loans in connection with the acquisition of Mikeva. Cash and cash equivalents as of 30 June 2018 amounted to SEK 768m (653) and Attendo had SEK 963m (1,015) in unutilised credit facilities.

Shares outstanding

The total number of shares is 160,933,098. Attendo holds 519,423 treasury shares and the total number of shares outstanding as of 30 June 2018 was thus 160,413,675.

Number of employees

The average number of employees in the second quarter was 16,967 (13,674).

¹ Refers to total operations.
Interim Report January-June 2018

Own operations

Net sales in own operations amounted to SEK 2,168m (1,646) during the second quarter. The growth of 31.7 percent is attributable to acquisitions and new own nursing homes.

A total of 34 homes with 1,155 beds were opened during the quarter: 31 homes in Finland with 954 beds and 3 homes in Sweden with 201 beds. This was the highest rate of openings in Attendo's history. At the end of the period, Attendo had 15,064 beds in Own operations, an increase by 57.7 percent since the same quarter in 2017.

Demand for integration services has declined sharply, and during 2017 Attendo started to phase-out integration care units. Reduced demand for integration care has led to oversupply of care homes in the market. This, in combination with a changed purchasing pattern from local authorities, has resulted in tougher market conditions for the individual and family care market in Sweden as a whole. Attendo has converted a number of integration care units to other care units. Given the current market conditions, a large part of those converted units are no longer predicted to be long term attractive.

As a result of these factors, Attendo has taken all costs to close all remaining integration care units and a number of other individual and family care units that have been assessed as lacking conditions for sustainable profitability.

The decision covers a total of 18 units with approximately 250 beds. Attendo's assessment is that the remaining individual and family care units have attractive service offerings with high specialization and good conditions for long-term value creation.

Attendo is also reviewing its home care operations, which includes closure of units that lack long-term prospects. By focusing on home care with higher customer density and where conditions are sound, profitability is expected to improve over time.

During the quarter construction began on 20 homes, mainly nursing homes, with a total of 770 beds: 614 beds in Finland and 156 beds in Sweden. Due to the high number of openings, the number of beds under construction declined to 2,463 beds at the end of the quarter.

Units, beds and home care customers as of 30 June, 2018

Own units	Total	Sweden	Finland	Norway	Denmark
Units in operation*	583	219	354	2	8
Beds in operation**	15,064	3,867	10,974	163	60
Beds under construction***	2,463	633	1,758	-	72
Home care customers	10,610	8,970	-	-	1,640

* 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

79%

of Net sales

Operations in Sweden, Finland,
Norway and Denmark

Outsourcing operations

Net sales in outsourcing increased by 5.9 percent to SEK 575m (543) during the quarter. The increase in net sales is attributed to slightly higher sales in some existing contracts, contractually agreed price increases and currency effects.

Attendo was awarded contracts in several price- and quality-based procurement processes during the quarter. In Linköping, Attendo was entrusted to continue to operate the nursing homes Bantorget and Duvan and was granted new contracts for several care homes: Ånestad, Kvarnbacken, Brushanen, Villa Ryd, Garnisonen and Hagalund.

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

Outsourcing operations

21%

of Net sales

Operations in Sweden, Finland,
Norway and Denmark

Units, beds and home care customers as of 30 June 2018

Outsourcing	Total	Sweden	Finland	Norway	Denmark
Units in operations*	99	84	10	4	1
Beds in operations**	3,301	2,634	304	335	28
Home care customers	960	790	170	-	-

* 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

All staffing operations are held for sale and the financials from these operations are reported in the income statement as “Profit for the period from operations held for sale” and in Note 1.

Quality and employees

While quality improvement in Attendo takes place on several levels of the company, the starting point is always focusing on the needs of the individual. Focus during the quarter in Attendo's nursing homes was on outdoor activities, where the "Attendo Walk," a recurring exercise activity, was held in several locations in Scandinavia.

There can be a high threshold for people with disabilities to participating in leisure activities. Aimed at lowering those thresholds, Attendo organised an evening out for people with disabilities in the town Hämeenlinna in Finland. Attendo rented one of the biggest nightclubs in town and invited people with disabilities for an all-night event. The participants enjoyed themselves, the event was covered by the media and the local authority expressed its appreciation.

Each year, Attendo appoints the best unit in Scandinavia. This year, Attendo Solgårdsgatan group home in Gävle, Sweden, was given the award in the care category. The business is managed by the local manager Karin Löbergslil Roslund. The winner in the care for older people category was Attendo's home care in Västerås, Sweden. The business is managed by the local manager Eva Rothoff.

There is an ongoing project in Attendo where nurses from The Philippines are recruited to work in Sweden and Finland. The candidates start by working as nurse trainees in Attendo's nursing homes until they are qualified to receive a license. During the second quarter, Muriel Dela Cruz at Attendo Duvan in Linköping was the first person in the programme to obtain a Swedish nurse license.

One of Attendo's local managers, Linda Berntsson at Attendo Fiskbäck in Gothenburg, was acknowledged for outstanding leadership during the second quarter. The award is given by the Centre for Welfare Studies at the University of Borås and is intended to recognise managers in the social and health care industry for sustainable leadership. Linda Berntsson is the first manager in a private company to ever be nominated.

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 in own operations

There was good demand for Attendo's own operations offering, 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 second quarter of 2018 than in the previous quarter and the same period in 2017. Contracted volumes in care homes for people with disabilities have also increased in relation to the preceding quarter.

In June 2018, the Swedish parliament, (Riksdag) rejected the Swedish Government's Bill to restrict profits for private welfare services providers.

Finland – strong demand within own operations

Demand for Attendo's own operations remained good in Finland and is linked to the need to replace outdated capacity and underlying demand.

Preparations for the comprehensive Finnish social and health care reform (the "SOTE" reform) are ongoing. However, it is uncertain when the reform will be approved in parliament and concerning the timetable for implementation. Attendo remains optimistic about the opportunities offered by the reform for private providers. The impact of the SOTE reform will be less for social care services relative to health care services.

Denmark – challenging conditions in home care

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

Norway – continued low activity

Activity in the Norwegian market remained low and no new contracts are out for tendering.

The Swedish social and health care market

In Sweden, 290 local authorities are responsible for social care and care for older people, while 20 regional authorities (regions and county councils) provide health and dental care. Attendo's customers in Sweden are mainly local authorities responsible for social care and care for older people. Local authorities, regions and county councils are also responsible for financing health and social care.

The Finnish health and social care market

The Finnish health care system is decentralized with 311 local authorities responsible for providing primary health care, social care and care for older people, along with 20 hospital districts, each of which provide specialist care to several municipalities. Attendo's customers in Finland are mainly local authorities providing social care. As in Sweden, Finnish local authorities have far-reaching responsibility for financing welfare services.

Significant events in the quarter

Acquisitions during the second quarter

Ektorpsgården Lidingö AB, a provider of care for older people in Lidingö, Sweden, was acquired on 1 April 2018.

Vällingbygården i Stockholm AB, a provider of care for older people in Vällingby, Sweden, was acquired on 1 April 2018.

Joen Hoiva Oy, a provider of care for older people in Joensuu, Finland, was acquired on 1 May 2018.

Hoivakoti Majakka Oy, a provider of care for older people in Kokkola, Finland, was acquired on 1 May 2018.

Divestment of the health care operations in Finland

Attendo has entered into a binding agreement to sell the health care operations in Finland to Terveystalo, a leading Finnish health care provider. The health care operations are part of Attendo's Finnish business and include staffing services, primary care, dental care, occupational health care and turnkey outsourcing contracts in health and social care. The business comprises about 100 operational units with about 1,600 full-time employees. Sales in 2017 were approximately EUR 230m and contributed about EUR 20m to Attendo's EBITA. The agreed consideration amounts to EUR 233m on a cash- and debt-free basis (enterprise value).

The health care operations in Finland are reported as operations for sale as of the second quarter of 2018. See Note 1. Completion of the sale is contingent upon approval by the Finnish Competition and Consumer Authority.

Other financial information

Related-party transactions

Attendo had 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 0m (5) during the year. All related-party transactions take place on market terms. For further details, please refer to page 60 of Attendo's 2017 annual report.

Changes in Attendo's Executive Management

The board of directors appointed Martin Tivéus as the new CEO. Martin Tivéus, aged 47, joins Attendo from a role as Chief Commercial Officer at Klarna, and was previously CEO of Avanza, Evidensia Djursjukvård and Glocalnet. Martin Tivéus is also a board member of Telia Company. He studied economics at Stockholm University and the Stockholm School of Economics.

Martin Tivéus will begin his new role as the CEO of Attendo on 1 September 2018. Pertti Karjalainen will continue serving as CEO for Attendo until Martin Tivéus begins his employment.

Annual General Meeting

Attendo held its Annual General Meeting (AGM) 12 April 2018 in Danderyd. In accordance with the board of directors proposal, the AGM resolved on a dividend of 1.27 SEK per share. The AGM resolved that the number of board members shall amount to six and re-elected the board Ulf Lundahl (chairman), Catarina Fagerholm, Tobias Lönnevall, Anssi Soila, Anitra Steen, and resolved to elect Alf Göransson as new board member. The board members Mona Boström and Henrik Borelius had informed that they were not available for re-election.

Further, the AGM resolved to adopt a long term incentive program (Attendo+ 2018) directed to some key employees.

Parent company, Attendo AB (publ)

The business of the parent company is to provide services to the subsidiaries and manage shares in subsidiaries. The company's expenses relate mainly to executive salaries, directors' fees and costs for external consultants.

Net sales for the period were SEK 6m (6), and were entirely related to services provided to subsidiaries. The company is reporting a loss after net financial items of SEK -13m (-14). At the end of the quarter, cash and cash equivalents amounted to SEK 0m (0), shares in subsidiaries to SEK 6,494m (6,494), and non-restricted equity to SEK 6,033 (6,215).

Seasonal variations

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

Events after the balance sheet date

Acquisitions after the reporting date

Hoivakoti Mäntytuuli Oy, a provider of care for older people in Alajärvi, Finland, was acquired on 1 July 2018.

Seniorikoti Kultaharju Oy, a provider of care for older people in Lappeenranta, Finland, was acquired on 1 July 2018.

Divestment of Attendo's Finnish health care operations

The Finnish Competition and Consumer Authority has communicated that the review of Terveystalo's acquisition of Attendo's health care operations has moved into the second phase. A decision is expected in the second half of 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 Attendos 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 2017, page 20. 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 2017. The Finnish Health Care operations are reported as operations held for sale in accordance with IFRS 5, as from the second quarter 2018.

IFRS 15 came into force on January 1, 2018 and replaced 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 material 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.

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

Outlook

Attendo does not report any forecast.

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.

The Board of Directors and the CEO certify that this half year report gives a fair view of the operation, profit and financial position of the parent company and the group, and that it describes all significant risks and uncertainties related to the parent company and group.

Danderyd, on July 26, 2018

Ulf Lundahl
Chairman of the Board

Catarina Fagerholm
Board member

Alf Göransson
Board member

Tobias Lönnevall
Board member

Anssi Soila
Board member

Anitra Steen
Board member

Arja Pohjamäki
Board member
Union representative

Pertti Karjalainen
CEO

Note that all profit and loss items for 2017 and 2018 in the report relate to the continuing operations (i.e. excluding the Finnish health care operations held for sale) unless otherwise stated.

Consolidated Income Statement

SEKm	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Net sales	2,743	2,189	5,367	4,300	8,977
Other operating income	3	6	8	9	17
Total revenue	2,746	2,195	5,375	4,309	8,994
Personnel costs	-1 871	-1 511	-3,632	-2,928	-6,039
Other external costs	-696	-466	-1,315	-894	-1,931
Amortization and depreciation of tangible and intangible assets	-51	-32	-112	-62	-134
Operating profit (EBITA)	128	186	316	425	890
<i>Operating margin (EBITA) %</i>	<i>4.7</i>	<i>8.5</i>	<i>5.9</i>	<i>9.9</i>	<i>9.9</i>
Amortization of acquisition related intangible assets	-36	-28	-69	-53	-110
Operating profit (EBIT)	92	158	247	372	780
<i>Operating margin (EBIT), %</i>	<i>3.4</i>	<i>7.2</i>	<i>4.6</i>	<i>8.7</i>	<i>8.7</i>
Net financial items	-39	-16	-73	-33	-77
Profit before tax	53	142	174	339	703
Income tax	-13	-31	-42	-74	-161
Profit for the period from continuing operations	40	111	132	265	542
<i>Profit margin %</i>	<i>1.5</i>	<i>5.1</i>	<i>2.5</i>	<i>6.2</i>	<i>6.0</i>
Operations held for sale					
Profit for the period from operations held for sale, note 1	31	30	68	57	138
Net profit for the period	71	141	200	322	680
Profit for the period attributable to the parent company shareholders	71	141	200	322	680
Basic earnings per share, SEK	0.25	0.69	0.82	1.66	3.39
Diluted earnings per share, SEK	0.25	0.69	0.82	1.65	3.38
Average number of shares outstanding, basic, thousands	160,414	159,801	160,413	159,800	159,784
Average number of shares outstanding, diluted, thousands	160,722	160,763	160,737	160,668	160,544

Consolidated Statement of Comprehensive Income

SEKm	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Profit for the period	71	141	200	322	680
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	-	-	-	-	2
Items that may be reclassified to profit or loss					
Exchange rate differences on translating foreign operations	42	21	164	16	50
Other comprehensive income for the period	42	21	164	16	52
Total comprehensive income for the period	113	162	364	338	732
Total comprehensive income attributable to the Parent company shareholders	113	162	364	338	732

Consolidated Balance Sheet

SEKm	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
ASSETS			
Non-current assets			
Goodwill	7,207	7,008	8,541
Other intangible assets	687	554	717
Equipment	552	439	559
Other non-current assets	105	72	109
Total non-current assets	8,551	8,073	9,926
Current assets			
Trade receivables	1,042	944	1,204
Other current assets	602	460	411
Cash and cash equivalents	557	653	475
	2,201	2,057	2,090
Assets held for sale	397	277	786
Assets in operations held for sale, note 1	2,333	-	-
Total current assets	4,931	2,334	2,876
Total assets	13,482	10,407	12,802
EQUITY AND LIABILITIES			
Equity	5,515	4,962	5,369
Non-current liabilities			
Liabilities to credit institutions	5,409	3,479	5,171
Provisions for post-employment benefits	60	27	52
Other provisions	18	10	11
Other non-current liabilities	123	107	131
Total non-current liabilities	5,610	3,623	5,365
Current liabilities			
Liabilities to credit institutions	68	70	65
Trade payables	199	150	281
Other current liabilities	1,740	1,582	1,648
	2,007	1,802	1,994
Liabilities held for sale	19	20	74
Liabilities in operations held for sale, note 1	331	-	-
Total current liabilities	2,357	1,822	2,068
Total equity and liabilities	13,482	10,407	12,802

Consolidated Cash Flow Statement

Refers to total operations, for operations held for sale, see note 1

	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Operational cash flow, SEKm					
Operating profit (EBITA)	172	228	412	507	1,084
Depreciation and amortization of tangible and intangible assets	55	37	121	72	154
Changes in working capital	158	93	81	53	-73
Paid income tax	-54	-35	-137	-97	-207
Other non-cash items	3	-7	8	-4	13
Cash flow after changes in working capital	334	316	485	531	971
Investments in tangible and intangible assets	-76	-66	-138	-116	-267
Divestment of tangible and intangible assets	9	12	21	23	59
Operating cash flow	267	262	368	438	763
Interest received/paid	-22	-16	-45	-33	-72
Free cash flow	245	246	323	405	691
Net change in assets and liabilities held for sale	159	-171	366	-213	-647
Acquisition of operations	-147	-89	-255	-167	-1,262
Warrants	-14	-13	-14	-13	-25
Share issue	-	-	-	-	56
Repurchase of own shares	-	-	-	-	-33
Dividends paid	-204	-195	-204	-195	-195
Repayment of loans	-1	7	-152	-12	-618
New borrowings	-	175	200	175	1,833
Total cash flow	38	-40	264	-20	-200
Cash and cash equivalents at the beginning of the period	718	689	475	670	670
Effect of exchange rate changes on cash	12	4	29	3	5
Cash and cash equivalents at the end of the period	768	653	768	653	475

	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Cash flow, SEKm					
Cash flow from operations	312	300	440	498	899
Cash flow from investing activities	-55	-314	-6	-473	-2,117
Cash flow from financing activities	-219	-26	-170	-45	1,018
Total cash flow	38	-40	264	-20	-200

Consolidated Statement of Changes in Equity

SEKm	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Opening balance	5,369	4,825	4,825
Total comprehensive income	364	338	732
Transactions with owners			
Share issue	-	-	56
Warrants	-15	-7	-20
Repurchase of own shares	-	-	-33
Share-savings plan	1	1	4
Dividend	-204	-195	-195
Total transactions with owners	-218	-201	-188
Closing balance	5,515	4,962	5,369

Net sales by country

SEKm	Sweden			Finland			Norway			Denmark			Group		
	Q2 2018	Q2 2017	FY 2017	Q2 2018	Q2 2017	FY 2017	Q2 2018	Q2 2017	FY 2017	Q2 2018	Q2 2017	FY 2017	Q2 2018	Q2 2017	FY 2017
Net sales service area	1,452	1,419	5,664	1,133	628	2,747	106	84	359	52	58	207	2,743	2,189	8,977
- Care for older people	1,083	999	4,061	847	511	2,185	93	84	339	52	58	207	2,075	1,652	6,792
- Care	369	420	1,603	286	117	562	13	-	20	-	-	-	668	537	2,185
Net sales contract model	1,452	1,419	5,664	1,133	628	2,747	106	84	359	52	58	207	2,743	2,189	8,977
- Own operations	1,002	979	3,868	1,088	592	2,601	34	22	110	44	53	186	2,168	1,646	6,764
- Outsourcing	450	440	1,796	45	36	146	72	62	249	8	5	22	575	543	2,213

SEKm	Sweden			Finland			Norway			Denmark			Group		
	Jan-Jun 2018	Jan-Jun 2017	FY 2017	Jan-Jun 2018	Jan-Jun 2017	FY 2017	Jan-Jun 2018	Jan-Jun 2017	FY 2017	Jan-Jun 2018	Jan-Jun 2017	FY 2017	Jan-Jun 2018	Jan-Jun 2017	FY 2017
Net sales service area	2,900	2,795	5,664	2,163	1,223	2,747	203	169	359	101	113	207	5,367	4,300	8,977
- Care for older people	2,155	1,977	4,061	1,610	998	2,185	178	169	338	101	113	207	4,044	3,257	6,792
- Care	745	818	1,603	553	225	562	25	-	20	-	-	-	1,323	1,043	2,185
Net sales contract model	2,900	2,795	5,664	2,163	1,223	2,747	203	169	359	101	113	207	5,367	4,300	8,977
- Own operations	1,995	1,904	3,868	2,074	1,152	2,601	69	44	110	86	103	185	4,224	3,203	6,764
- Outsourcing	905	891	1,796	89	71	146	134	125	249	15	10	22	1,143	1,097	2,213

Investments

SEKm	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Investments					
Investments in intangible assets	12	9	20	6	13
Investments in tangible assets	61	53	113	97	237
Divestments of tangible and intangible assets	-6	-12	-17	-21	-57
Total net investments	67	50	116	82	193
Intangible assets acquired through business combination					
Goodwill	127	47	206	111	1,568
Customer relations	63	13	91	28	243
Other	-	-	-	-	13
Total intangible assets acquired through business combination	190	60	297	139	1,824

For further information regarding acquisitions, see page 13.

Financial assets and liabilities

SEKm	Level	Jun 30, 2018	Jun 30, 2017*	Dec 31, 2017*
ASSETS				
Loans and receivables				
Trade receivables		1,042	944	1,204
Cash and cash equivalents		557	653	475
Total financial assets		1,599	1,597	1,679
LIABILITIES				
Financial liabilities at fair value through profit or loss				
Contingent considerations	3	150	100	132
Other financial liabilities				
Borrowings/leasing liabilities		5,477	3,549	5,236
Trade payables		199	150	281
Total financial liabilities		5,826	3,799	5,649

*) Includes operations held for sale

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 2017, note C23.

Valuation technique

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

Pledged assets and contingent liabilities

SEKm	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Assets pledged as collateral	129	149	133
Contingent liabilities	-	-	-

Note 1 Operations held for sale

Assets and liabilities related to the Finnish healthcare business have been reported as held for sale. Exchange rate differences related to hedge accounting will be allocated in connection with the divestment.

Analysis of profit from operations held for sale	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Net sales	593	555	1 169	1,105	2,180
Other operating income	1	0	1	0	0
Total revenue	594	555	1 170	1,105	2,180
Personnel costs	-280	-248	-551	-501	-971
Other external costs	-266	-260	-514	-512	-995
Amortization and depreciation of tangible and intangible assets	-4	-5	-9	-10	-20
Operating profit (EBITA)	44	42	96	82	194
Amortization of acquisition related intangible assets	-5	-5	-11	-11	-21
Operating profit (EBIT)	39	37	85	71	173
Net financial items	-	-	-	-	-
Profit before tax	39	37	85	71	173
Income tax	-8	-7	-17	-14	-35
Profit for the period from operations held for sale	31	30	68	57	138

	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Cash flow, SEKm					
Cash flow from operations	-14	5	102	70	134
Cash flow from investing activities	0	-6	-1	-14	-17
Cash flow from financing activities	0	0	0	0	0
Total cash flow from operations held for sale	-14	-1	101	56	117
			Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Balance sheet, SEKm					
Assets in operations held for sale					
Intangible assets			1,864	-	-
Equipment			28	-	-
Other non-current assets			7	-	-
Current assets			434	-	-
Total assets			2,333	-	
Liabilities in operations held for sale					
Non-current liabilities			14	-	-
Provisions			-	-	-
Trade payables and other current liabilities			317	-	-
Total liabilities			331	-	-

Key Data

		Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Net sales	SEKm	2,743	2,189	5,367	4,300	8,977
Organic growth	%	2.9	1.2	2.9	1.3	0.9
Acquired growth	%	18.8	5.1	19.0	4.6	7.4
Changes in currencies	%	3.6	1.6	2.9	1.3	0.6
Operating profit (EBITA)	SEKm	128	186	316	425	890
Operating margin (EBITA)	%	4.7	8.5	5.9	9.9	9.9
Profit for the period	SEKm	40	111	132	265	542
Profit margin	%	1.5	5.1	2.5	6.2	6.0
Working capital *	SEKm	-389	-328	-389	-328	-314
Return on capital employed *	%	8.6	11.8	8.6	11.8	10.1
Net debt to equity ratio* *	times	0.9	0.6	0.9	0.6	0.9
Equity to asset ratio *	%	41	48	41	48	42
Operating cash flow *	SEKm	267	262	368	438	763
Net investments	SEKm	-67	-50	-116	-82	-193
Average number of employees		16,967	13,674	16,256	13,637	14,341
Key data per share						
Earnings per share. Basic	SEK	0.25	0.69	0.82	1.66	3.39
Earnings per share. Diluted	SEK	0.25	0.69	0.82	1.65	3.38
Equity per share, basic *	SEK	-	-	34.38	31.05	33.60
Equity per share, diluted *	SEK	-	-	34.31	30.88	33.44
Average number of shares outstanding, basic	thousands	160,414	159,801	160,413	159,800	159,784
Average number of shares outstanding, diluted	thousands	160,722	160,763	160,737	160,668	160,544
Number of shares, end of period	thousands	160,933	160,000	160,933	160,000	160,933
Number of treasury shares, end of period	thousands	519	197	519	197	521
Number of shares outstanding, end of period	thousands	160,414	159,803	160,414	159,803	160,412

* Includes operations held for sale

Quarterly Data

SEKm	Q3 2016*	Q4 2016*	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Total net sales	2,568	2,647	2,111	2,189	2,220	2,457	2,624	2,743
- Net sales, own operations	1,603	1,656	1,557	1,646	1,661	1,901	2,056	2,168
- Net sales, outsourcing	777	787	554	543	559	556	568	575
- Net sales, staffing	188	204	-	-	-	-	-	-

*) Includes operations held for sale

SEKm	Q3 2016*	Q4 2016*	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Total net sales	2,568	2,647	2,111	2,189	2,220	2,457	2,624	2,743
- Net sales Sweden	1,392	1,388	1,376	1,419	1,432	1,437	1,448	1,452
- Net sales Finland	1,038	1,114	595	628	646	878	1,030	1,133
- Net sales Norway	82	86	85	84	85	105	97	106
- Net sales Denmark	56	59	55	58	57	37	49	52
Operating profit (EBITA)	340	241	239	186	277	188	188	128
Operating margin (EBITA). %	13.2	9.1	11.3	8.5	12.5	7.7	7.2	4.7
Profit for the period	224	151	154	111	179	98	92	40
Profit margin. %	8.7	5.7	7.3	5.1	8.1	4.0	3.5	1.5
Earnings per share basic, SEK	1.40	0.94	0.96	0.69	1.12	0.61	0.57	0.25
Earnings per share diluted, SEK	1.39	0.94	0.96	0.69	1.11	0.61	0.57	0.25
Average number of employees	15,781	14,602	13,600	13,674	15,015	15,076	15,545	16,967

*) Includes operations held for sale

Parent Company Income Statement

SEKm	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Net sales	3	3	6	6	11
Personnel costs	-6	-6	-10	-13	-24
Other external costs	-3	-5	-5	-6	-10
Operating profit	-6	-8	-9	-13	-23
Finance net	-3	-0	-4	-1	-4
Profit after financial items	-9	-8	-13	-14	-27
Group contributions	-	-	-	-	25
Profit before tax	-9	-8	-13	-14	-2
Income tax	-	-	-	-	-
Profit for the period	-9	-8	-13	-14	-2

Profit for the period corresponds to total comprehensive income

Parent Company Balance Sheet

SEKm	June 30, 2018	June 30, 2017	Dec 31, 2017
ASSETS			
Non-current assets			
Shares in subsidiaries	6,494	6,494	6,494
Total non-current assets	6,494	6,494	6,494
Current assets			
Receivables to group companies	8	5	28
Other receivables	3	3	1
Cash and cash equivalents	0	0	0
Total current assets	11	8	29
Total assets	6,505	6,502	6,523
EQUITY AND LIABILITIES			
Equity	6,034	6,216	6,251
Current liabilities			
Liabilities to group companies	461	272	256
Other liabilities	10	14	16
Total current liabilities	471	286	272
Total equity and liabilities	6,505	6,502	6,523

Information to shareholders and analysts

Calendar

Interim report January-September	9 November 2018
Year-end report January-December	14 February 2019

Telephone conference

A telephone conference will be held today, 26 July 2018 at 10.00 (CET) with Attendo's CEO Pertti Karjalainen and CFO Fredrik Lagercrantz. For participation please dial in on the following number:

SE: +46 8 566 426 96
FI: +358 981 710 492
UK: +44 203 008 9807

[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 of key figures and alternative performance measures

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 (alternative performance measure)	Net debt is a way to describe the Group's indebtedness and its ability to repay its debt with cash if all debts were cancelled today. Net debt is defined as interest bearing liabilities and provisions for post-employment benefits less liquid funds. See the section "Financial position" in this report for a reconciliation of net debt.
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. Investments and disposals of assets held for sale are not included in Net investments.
Operating cash flow (alternative performance measure)	Operating cash flow is a measure of the cash generated by the Group in its ongoing operations. Operating cash flow is defined as cash flow from operating activities adjusted for investments and divestments of tangible and intangible assets as well as paid and received interest. See note C31 in the annual report 2017 for a reconciliation of the measure on a full year basis.
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) (alternative performance measure)	Attendo uses operating profit (EBIT) as an internal key figure as it shows the development of the ongoing operations regardless of funding. It is defined as profit before net financial items and income tax. See the consolidated income statement for a reconciliation of EBIT.
Operating profit (EBITA) (alternative performance measure)	Operating income (EBITA) is used as a key figure since it shows the development of the ongoing operations without influence from depreciation and amortization of acquisition related intangible assets and regardless of funding. Operating profit (EBITA) is defined as profit before amortisation of acquisition related intangible assets, net financial items and income tax. See the consolidated income statement for a reconciliation of EBITA.
Organic growth (alternative performance measure)	In order to show the underlying development of sales excluding acquisitions and currency effects, Attendo reports organic growth. Organic growth is defined as increase of net sales excluding acquisitions and currency effects. See note C31 in the annual report 2017 for a reconciliation of Organic growth on a full year basis.
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 (alternative performance measure)	Attendo has chosen to report the return on capital employed as it shows profits from the operations in relation to the capital used in the operations. Operating profit (EBIT) is defined as operating profit (EBIT) rolling 12 months as a percentage of average capital employed. See note C31 in the annual report 2017 for a reconciliation of the key figure on a full year basis.
Working capital (alternative performance measure)	Working capital is an important key to optimizing cash generation. It is defined as current assets less liquid funds and short term interest bearing assets, minus short-term non-interest bearing liabilities and provisions. Assets and liabilities held for sale are excluded from the working capital. See note C31 in the annual report 2017 for a reconciliation of Working Capital on a full year basis.

Explanations to operational measures

New unit	Unit in operation less than 12 months.
Existing unit	Unit in operation more than 12 months.