Attendo

Year-end report
January–December 2018

Attendo AB (publ)

Year-end report, January-December 2018

Summary of the fourth quarter of 2018[1]

- Net sales increased by 15 percent to SEK 2,818m (2,457). Adjusted for currency effects, net sales increased by 12 percent.
- Operating profit (EBITA) amounted to SEK 98m (188).
- Operating profit in the fourth quarter was reduced by increased provisions of SEK 60m referring to discontinuing operations and operations expected to be loss-making in coming periods.
- Operating profit (EBITA) adjusted for non-recurring items amounted to SEK 158m, corresponding to an operating margin of 5.6 percent (7.7).
- Profit for the period amounted to SEK 18m (98) corresponding to a profit margin of 0.6 percent (4.0) and diluted earnings per share of SEK 0.11 (0.61).
- Operating cash flow[2] was SEK 155m (252).
- The number of new beds opened in own operations was 396. The total number of beds in own operations amounted to 15,684 (13,262), an increase by 18 percent. The number of beds under construction in own operations was 2,462 across 55 homes.
- The divestment of the health care operations in Finland was finalised.

Summary of the period January–December 2018[1]

- Net sales increased by 22 percent to SEK 10,987m (8,977). Adjusted for currency effects, net sales increased by 19 percent.
- Operating profit (EBITA) amounted to SEK 711 (890), corresponding to an operating margin of 6.5 percent (9.9).
- Operating profit (EBITA) adjusted for non-recurring items amounted to SEK 844m (890), corresponding to an operating margin of 7.7 percent (9.9).
- Profit for the period decreased to SEK 321m (542), corresponding to a profit margin of 2.9 percent (6.0). Diluted earnings per share amounted to SEK 2.00 (3.38).
- Operating cash flow[2] was SEK 709m (763).
- The board of directors is proposing a dividend of SEK 0.60 (1.27) per share, equal to 30 percent of net profit from continuing operations in accordance with Attendo's dividend policy.
- Attendo is expecting profit growth during coming years, but given the ongoing pace of expansion, the possibilities to increase the margin from the existing underlying level are expected to be limited in 2019 and 2020.

Mkr	Q4 2018	Q4 2017	Change, %	Jan-Dec 2018	Jan-Dec 2017	Change, %
Net sales	2,818	2,457	15	10,987	8,977	22
Operating profit (EBITA)	98	188	-48	711	890	-20
Operating margin (EBITA), %	*3.5*	*7.7*	-	*6.5*	*9.9*	-
Profit for the period	18	98	-82	321	542	-41
Earnings per share diluted, SEK	0.11	0.61	-82	2.00	3.38	-41
Operating cash flow[2]	155	252	-39	709	763	-7
Average number of employees	15,789	15,076	5	16,745	14,341	17

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

2) Refers to total operations.

CEO and President Martin Tivéus comments on the report

Continued growth in own operations

Attendo demonstrated high growth in the fourth quarter and for the full year of 2018, a result of a record-high number of new homes in own operations and acquisitions. Still, the results in the fourth quarter and full year have not been satisfactory. We have seen a significant margin impact of the many openings in combination with high costs related to closure of units.

Net sales in the contract model *Own operations* continued to increase through acquisitions and openings of new nursing homes during the last few quarters. We opened 11 homes during the fourth quarter, providing 396 beds, and a total of 2,409 beds were opened during the full year of 2018. We also began construction of 10 new homes and at the end of the year, Attendo had 2,462 beds under construction. Attendo's organic growth was 4.5 percent for the fourth quarter and 3.6 percent for the full year 2018.

Net sales in *Outsourcing* were lower compared to the fourth quarter of 2017, as a consequence of contracts ending during the latter part of 2018. We assess the outsourcing market as generally stable but challenging and, measured in contract volume, we gained as much as we lost during 2018 overall.

Continued margin pressure and increased provisions

In the fourth quarter, underlying operating profit was lower compared to the same quarter in the preceding year. Profits from units that were in a start-up phase during the comparison period, improvements in the home care operations and acquisitions had positive impact on profits. These items could however not compensate for start-up costs, unusually high project and facility related costs and lower profits from outsourcing operations. In addition, we increased provisions during the fourth quarter of 2018 by SEK 60 million related to a few individual units that we are closing down and units expected to be loss-making in upcoming period.

Operating profit and margin for the full year of 2018 were considerably lower than for 2017, primarily as a consequence of costs for units in the start-up phase and non-recurring costs.

The high rate of openings will continue in 2019 and 2020. However, the pace is lower than the peak during the 12-month period July 2017 until June 2018 when we opened approximately 2,900 beds. Our mature units in own operations continues to demonstrate stable development related to occupancy and profitability and we predict a good profit growth during the coming years. However, given the ongoing expansion and expected lower contribution from outsourcing, we expect the possibilities to increase the margins from the existing level to be limited during this period.

The increased expansion pace recent years has led to longer start-up times and thus higher costs than historically. We are carefully assessing the balance between growth opportunities and the increased exposure that the expansion entails. Going forward, we are reducing the risk exposure in connection with new projects. The constructions of new units are however long projects and units that we are currently opening are based on decisions taken years ago.

Later in 2019, we will update our long-term financial targets based on Attendo's strategic plans and reflecting the new accounting standard IFRS 16.

Continued debate about care for older people in Finland
An intense debate in media and in politics has emerged in Finland regarding the conditions of care for older people, mainly related to private providers. The debate is primarily focused on staffing ratios and quality. In recent days, Attendo has received critique relating to a newly opened nursing home, Attendo Pelimanni in Alavus. The new unit received about 50 new residents with intensive care needs in only a few weeks. The unit has temporarily got its permit suspended by the local supervisory authority in western Finland. We take this event very seriously and relevant measures have been taken.

Attendo Finland provides good and appreciated care and we are operating according to the Attendo model. This implies continuous internal quality monitoring at every single unit, a value driven culture and clear accountability on all levels. Attendo has about 400 care homes in Finland and has historically had fewer cases of criticism in relation to our size than the care sector as a whole.

New accounting standard
As of 2019, we will implement the new accounting standard, IFRS 16 Leases. This will have material impact on Attendo's income statement and balance sheet. On page 22 in this report and in appendix, we provide a description of Attendo's implementation of the standard and pro forma presentations of income statements and balance sheets for 2018 in accordance with the new standard.

Attendo will continue to contribute to increased access and developing the quality of care services. We base our strategy on three main objectives: we will offer individualized, high-quality care, we will continue to establish new and modern nursing homes and in so doing increase access and we will offer local authorities more care for every krona spent. When we reach these goals, I am convinced that we will remain the number one provider of new nursing homes at the same time as we deliver good growth in shareholder value.

Fourth quarter in brief

Net sales and operating profit

Net sales increased by 14.7 percent to SEK 2,818m (2,457) during the fourth quarter. Adjusted for currency effects, net sales increased by 11.7 percent. Net sales rose in all geographical markets.

The growth is attributable to acquisitions, 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 21.1 percent in own operations and decreased by 7.4 percent in outsourcing operations.

Operating profit (EBITA) amounted to SEK 98m (188) and the operating margin was 3.5 percent (7.7). The profit for the fourth quarter was reduced by non-cash provisions of SEK 60m related to terminated contracts and loss-making contracts. See the next page for further comments.

Operating profit, excluding provisions, amounted to SEK 158m (188), corresponding to an operating margin of 5.6 percent. New units in own operations had negative impact on profits as occupancy is initially low. Subsequent to the comparison quarter, Attendo has opened a very high number of homes and thus has significantly more beds in the start-up phase than during the same period in 2017. Attendo is planning numerous additional openings in the next few quarters, which implies that the new own units will continue to have negative impact on profits in the coming quarters.

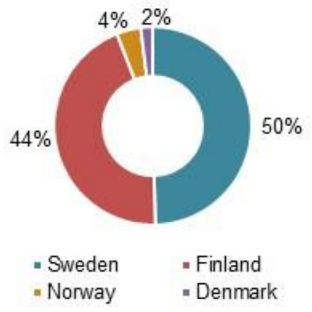
Project and facility related costs had negative impact on profit during the quarter and affected the comparison with the same quarter in the preceding year. The outsourcing operations showed lower profit than in the comparison quarter, mainly due to the loss of profits from ended units being greater than profits generated by new units, as well as slightly weaker development in existing units. Calendar effects had negative impact on profit.

Higher occupancy in homes in own operations that were in a start-up phase in the comparison quarter, higher profits in home care operations and profits generated by acquired units had positive impact on profit. The close down of parts of the individual and family care operations initiated in the second quarter is proceeding as planned. Changes in currency exchange rates had a positive effect on operating profit of SEK 2m compared to 2017.

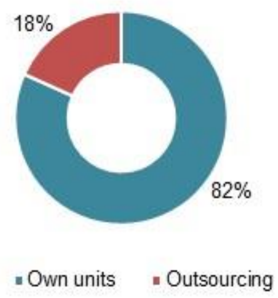
EBIT amounted to SEK 62m (158). Amortisation of acquisition-related intangible assets was SEK 6m higher than in the comparison quarter in 2017.

At the end of the fourth quarter, Attendo's total number of units was 681 (636), of which 585 in own operations. The number of beds in nursing and care homes was 18,679 (16,658), of which 15,684 in own operations. There were 55 homes and 2,462 beds under construction in own operations at the end of the period.

Net sales per country, Q4 2018

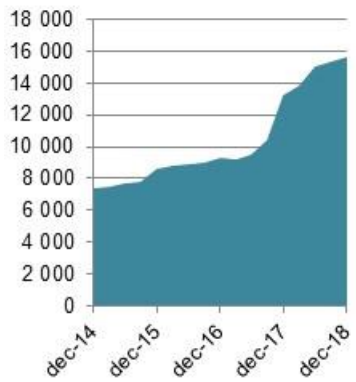


Net sales per contract model, Q4 2018



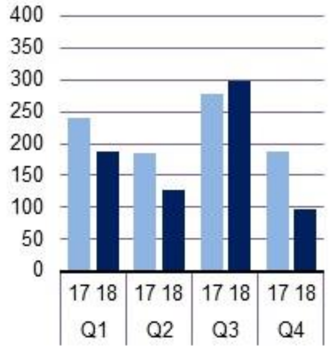
Number of beds in own units

Care for older people, people with disabilities and individuals and families



Net sales, SEKm

Operating profit (EBITA) SEKm



Provisions

In accordance with current accounting standards, Attendo makes ongoing provisions for future costs related to discontinuation of operations and anticipated losses in individual units to the extent considered necessary.

The provisions of SEK 60m during the quarter represent an increase of existing provisions and relate to the closure of units and units that have passed the start-up phase for which Attendo estimates high risk of continued losses.

The increase in provisions this quarter is related primarily to the costs of closing an old nursing home in southern Sweden and two individual and family care units, to home care operations in Denmark that are being shut down, and to a nursing home in Sweden where Attendo does not see an opportunity to secure a contract with the local authority in the near term.

Attendo's assessment is that situations may arise going forward that could entail a need for new provisions, but that the current level of provisions should not increase.

Net financial items

Net financial items amounted to SEK -38m (-23) for the quarter, including net interest expense of SEK -31m (-19). The change in net interest expense was due mainly to new loans raised in 2017 in connection with the acquisition of Mikeva.

Income tax

Income tax for the period amounted to SEK -6m (-37), corresponding to a tax rate of 25.0 percent (27.4). The high tax rate was primarily due to non-deductible losses in the Danish home care operations.

Profit and earnings per share for the period

Profit for the period amounted to SEK 18m (98), corresponding to basic and diluted earnings per share of SEK 0.11 (0.61).

January–December in brief

Net sales and operating profit

Net sales for the period increased by 22.4 percent to SEK 10,987m (8,977). Adjusted for currency effects, net sales increased by 19.0 percent. Net sales rose in all geographical markets except Denmark.

The growth is attributable mainly 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 period and contractually agreed price increases.

Net sales increased in own operations by 29.5 percent and in outsourcing by 0.7 percent.

Operating profit (EBITA) decreased to SEK 711m (890) and the operating margin decreased to 6.5 percent (9.9). Profits for the full year were negatively impacted by increased provisions and costs for non-recurring items of SEK 133m.

EBITA excluding provisions and costs for non-recurring items amounted to SEK 844m, corresponding to an operating margin of 7.7 percent. Attendo is in an expansion phase with considerably more beds opened than historically, which entails initial reductions in profits but provides the foundation for future profit growth. Due to the historically large number of openings and longer start-up period, the negative effects of new units are greater than the profit increases from units that were in the start-up phase during the comparison period. Profits were thus negatively impacted by a high number of new units in Own operations, but also by lower profit within Outsourcing, primarily due to loss of profits from ended outsourcing contracts that was larger than profits from new Outsourcing units. Individual and family care, including discontinued integration units, delivered lower profits in 2018 compared to previous years. Calendar effects had negative impact on the full year.

Profits from acquired units, higher occupancy in units that were in the start-up phase during the comparison period and improved profits in home care operations provided positive contributions to profit.

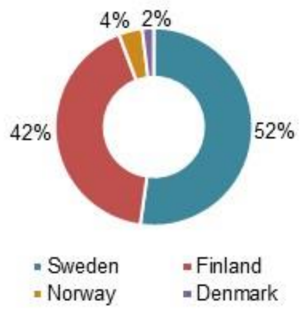
Changes in exchange rates had an overall positive effect on EBITA of SEK 19m compared to 2017.

EBIT decreased to SEK 569m (780). Amortisation of acquisition-related intangible assets was SEK 32m higher than during the comparison period in 2017.

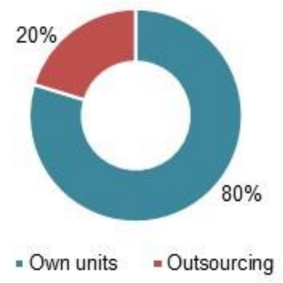
Provisions and other large non-recurring items during the year

Attendo discontinued several individual and family care operations during the year, primarily within integration. Profits during the first half of the year were consequently reduced by SEK 73m, referring to write down of real estate and close down costs. During the fourth quarter, provisions of SEK 60m negatively impacted profits, which is further described under the section “Fourth quarter in brief”.

Net sales per country, January-December 2018



Net sales per contract model, January-December 2018



Net financial items

Net financial items amounted to SEK -146m (-77) for the period, including net interest expense of SEK -117m (-61). In all material aspects, the change is attributable to the same items described in the section on the fourth quarter.

Income tax

Income tax for the period amounted to SEK -102 (-161), corresponding to a tax rate of 24.1 percent (22.9). In all material aspects, the change is attributable to the same items described in the section on the fourth quarter.

Profit and earnings per share for the period

Profit for the period was SEK 321m (542), representing basic earnings per share of SEK 2.00 (3.39) and diluted earnings per share of SEK 2.00 (3.38).

Cash flow[1]

Operating cash flow amounted to SEK 155m (252) in the fourth quarter, including changes in working capital of SEK -4m (64).

Cash flow from net investments in non-current assets was SEK -65m (-50) and cash flow from assets and liabilities held for sale amounted to SEK 15m (-134). Business acquisitions reduced cash flow by SEK -225m (-1,000). Sale of the Finnish health care operations affected cash flow by SEK 2,235m (0). Cash flow from financing activities was SEK 9m (-1,077). Total cash flow in the fourth quarter amounted to SEK 2,150m (164).

Operating cash flow for the period of January-December was SEK 709m (763) and total cash flow was SEK 2,411m (-200).

Financial position[2]

Consolidated equity as of 31 December 2018 amounted to SEK 6,211m (5,369), corresponding to diluted equity per share of SEK 38.71 (38.65).

Net debt amounted to SEK 2,496m (4,813).

SEKm	Dec 31, 2018	Dec 31, 2017
Interest-bearing liabilities	5,349	5,236
Provisions for post-employment benefits	43	52
Liquid funds	-2,896	-475
Net debt	**2,496**	**4,813**

Interest-bearing liabilities, excluding provisions for post-employment benefits, amounted to SEK 5,349m (5,236) on 31 December 2018. As a result of consideration received for the divested Finnish health care operations, cash and cash equivalents amounted to SEK 2,896m (475) as of 31 December, and Attendo had SEK 969m (1,004) in unutilised committed credit facilities. After the closing date, Attendo repaid external loans corresponding to approximately SEK 2 billion.

Number of shares

The total number of shares outstanding amounts to 161,386,592. Attendo’s holding of treasury shares amounts to 519,400, which means that the number of shares outstanding at 31 December 2018 is 160,867,192.

Number of employees

The average number of employees in the fourth quarter was 15,789 (15,076).

1 Refers to total operations.
2. 2018 refers to continuing operations (excluding the divested Finnish health care business). 2017 refers to the total business

Own operations

Net sales in own operations continued to increase during the fourth quarter to SEK 2,302m (1,901). The growth of 21.1 percent is mainly attributable to acquisitions and new homes in own operations.

A total of 11 homes with 396 beds were opened during the quarter: 10 homes in Finland with 342 beds and 1 home in Sweden with 54 beds. At the end of the period, Attendo had 15,684 beds in own operations, an increase by 18 percent since the same quarter in 2017.

Construction began during the quarter on 10 homes with a total of 379 beds: 248 beds in Finland and 131 beds in Sweden. The number of beds under construction decreased slightly compared to the preceding quarter and was 2,462 at the end of the quarter.

Attendo closed a number of homes during the quarter. Most customers have been moved to other Attendo homes, but some operations, primarily individual and family care units, have been entirely discontinued. Attendo acquired three home care operations, aimed at improving customer density and thus profitability in existing operations. In line with the strategy, a number of home care operations in Sweden assessed as lacking the prerequisites for long-term profitability have been discontinued.

Attendo opened 76 homes in 2018 with 2,409 beds and began construction of 57 homes with 2,135 beds.

Own operations

82%

of Net sales

Operations in Sweden, Finland, Norway and Denmark

Units, beds and home care customers as of 31 December, 2018

Own units	Total	Sweden	Finland	Norway	Denmark
Units in operation*	585	203	372	2	8
Beds in operation**	15,684	3,772	11,693	159	60
Beds under construction***	2,462	828	1,562	-	72
Home care customers	10,500	8,830	-	-	1,670

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

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

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

Outsourcing operations

Net sales in Outsourcing decreased by 7.2 percent to SEK 516m (556) during the quarter. The lower net sales are explained by ended contracts.

In total, Attendo won new, not yet started, contracts during the quarter with estimated annual revenue of approximately SEK 20m, and lost ongoing, not yet ended, contracts with annual revenue of approximately SEK 70m.

In 2018, Attendo won new contracts with estimated annual revenue of approximately SEK 240m and contracts with estimated annual revenue of approximately SEK 240m.

Outsourcing operations

18%

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

Units, beds and home care customers as of 31 December 2018

Outsourcing	Total	Sweden	Finland	Norway	Denmark
Units in operations*	96	81	10	4	1
Beds in operations**	2,995	2,328	304	335	28
Home care customers	1,020	840	180	-	-

* All outsourced units including nursing homes, care homes and home care units and other units.
** Nursing homes (care for older people) and care homes (care for people with disabilities, social psychiatry and individuals and families).

Staffing operations

All staffing operations are included in the divested operations and the financials from these operations are reported in the income statement as “Profit for the period from divested operations” and on page 21-22.

Quality and employees

Attendo's quality work is carried out continuously in all local operations according to a thoroughly tested model – the Quality Wheel. The wheel comprises ten different approaches and methods divided into four sub-processes – planning, implementation, monitoring and development. The results of quality work are then measured on an ongoing basis in the form of Attendo's quality index, the Quality Thermometer. Outcomes are affected by several factors but in brief, the Quality Thermometer can be described as a value measurement that shows how well the operations are delivering technical and perceived quality.

During 2018, Attendo's operations scored an average quality index of 84 percent, which is a small increase from 2017 (excluding the divested Finnish health care operations).

The annual employee survey was carried out during the fourth quarter to "take the temperature" of employee satisfaction with Attendo as an employer. The year's survey showed stable figures – the scores for both job satisfaction and satisfaction with the immediate manager were 3.9 on a scale of 1-5. The corresponding figures for 2017 were 4.0 and 3.9, respectively.

The sixth Annual Meeting for residents in Attendo's group homes (disabled care) was held in December. The annual meeting is part of Attendo's efforts to empower individuals and to adapt the care services to the customers' preferences. This year's Annual Meeting dealt with several important topics at the group homes, such as how group activities or holidays should be managed, what kind of support is available if someone gets ill, or what to do if people want to have pets at the group home.

The first new home designed according to the new AttendoHem housing concept was opened at Attendo Regalskeppsvägen in Enköping. AttendoHem is a housing form for people who receive home care and who want more security and social community in their everyday lives.

Attendo initiated a program during the quarter aimed at enhancing the mealtime experience at nursing homes in Scandinavia. The idea is to transfer to more locally produced food and increase the share of food that is prepared locally at individual homes.

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

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 2018 than in the previous quarter and the same period in 2017. Contracted volumes in care homes for people with disabilities were slightly lower in the fourth quarter.

After a lengthy government formation process, the Social Democrats and the Greens were able to form a centrist government early in the first quarter of 2019, with support from the Liberal Party and the Centre Party. As part of the agreement between these parties, the question regarding profit limitation for private operators is taken out of the political agenda. On local level we can see that the result from the election has increased the number of local authorities governed by center or right wing coalitions, which could long-term open up for more outsourcing contracts and own operations establishments.

Finland – strong demand in own operations

Demand for Attendo's own operations remained good in Finland, linked to needs to replace former capacity and underlying demand.

Preparations for the comprehensive health and care reform (the "SOTE" reform) are ongoing in Finland. However, the decisions have been delayed several times and it is uncertain when the Parliament will vote for the reform and the timing of the implementation has not yet been determined. Attendo remains optimistic about the opportunities offered by the reform for private providers.

Denmark - challenging conditions in home care services

The Danish home care market is still very challenging for private providers. Attendo is reviewing its home care operations while focusing on developing own nursing homes.

Norway – activity remains low

Activity in the Norwegian market remains low.

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 fourth quarter

Acquisitions during the fourth quarter

GG-Hoiva Oy, a provider of care for older people in Kaavi, Finland, was acquired on 1 October 2018.
Athena Omsorg, a provider of home care services in Umeå was acquired through an asset acquisition on 1 November 2018.
Splendida hemtjänst, a provider of home care services in Stockholm was acquired through an asset acquisition on 1 November 2018.
FSB Finsk Omsorg, a provider of home care services in Stockholm was acquired through an asset acquisition on 6 December 2018.

Changes in Attendo's executive management

As a consequence of the reorganisation of Attendo Scandinavia, former Business Area Director Cecilia Addamshill has left Attendo's Executive Management team. Addamshill will continue as deputy Managing Director of Attendo Scandinavia. Business Area Director Matias Pälve has also left the Executive Management team in conjunction with Attendo's divestment of the Finnish health care operations.

Exercise of warrants and change in shares outstanding

Shares outstanding increased by 453,494 to 161,386,592 during the fourth quarter of 2018 upon exercise of warrants in the 2015/2018 series directed at Executive Management of Attendo.

Divestment of Attendo's Finnish health care operations

Attendo completed the divestment of the Finnish health care operations during the quarter. The outcome of the divestment is described on page 21 of this report.

Other financial information

Related-party transactions

Attendo had transactions with two related parties, which in all material respects consisted of Attendo leasing properties from companies in which these parties are shareholders. These transactions do not exist during the full year 2018 but are reported as part of the comparable period below.

Related party transactions had a value of SEK 1m (11) 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.

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 salaries to the Executive Management team, directors' fees and costs for external consultants.Net sales for the period were SEK 11m (11), and were entirely related to services provided to subsidiaries. The company is reporting a loss after net financial items of SEK -31m (-27). 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 6,074 (6,250).

Seasonal variations and calendar effects

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

On 1 January 2019, Attendo acquired Telkän Hoiva Oy. A provider of home care operations and four nursing homes in Jyväskylä, Finland.
On 1 February 2019, Attendo acquired Enckelinpuiston Palvelukeskus Oy. A provider of care for older people in Kurikka, Finland.

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 and divested operations in accordance with IFRS 5, as from the second quarter 2018.

IFRS 15 "revenues from contracts with customers" 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 was applied as of January 1, 2018 and has not had any material impact on the Group's financial statements.

IFRS 16 Leases became effective as of January 1, 2019, superseding IAS 17 and associated SIC and IFRIC. IFRS 16 requires all assets and liabilities attributable to leases to be recognised as assets and liabilities on the balance sheet, unless the lease term is twelve months or less or the underlying asset has a low value. Reporting is based on the principle that the lessee has the right to use an asset during a specific period of time and a simultaneous obligation to pay for that right. The Group has several operating leases, primarily for premises and cars, and thus the new leasing standard will have significant impact on Attendo's financial statements. For further information about the effect of IFRS 16 on Attendo's financial statements, please see page 22 and the appendix to this report.

The interim information on page 1-16 is an integrated part of this financial report. The parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

Outlook

Attendo does not report any forecast.

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

Danderyd, February 14, 2019

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

Martin Tivéus

President and CEO

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

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

Consolidated Income Statement

SEKm	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	2,818	2,457	10,987	8,977
Other operating income	12	6	24	17
Total revenue	**2,830**	**2,463**	**11,011**	**8,994**
Personnel costs	-1,862	-1,668	-7,275	-6,039
Other external costs	-821	-567	-2,818	-1,931
Amortization and depreciation of tangible and intangible assets	-49	-40	-207	-134
Operating profit (EBITA)	**98**	**188**	**711**	**890**
Operating margin (EBITA) %	*3.5*	*7.7*	*6.5*	*9.9*
Amortization of acquisition related intangible assets	-36	-30	-142	-110
Operating profit (EBIT)	**62**	**158**	**569**	**780**
Operating margin (EBIT), %	*2.2*	*6.4*	*5.2*	*8.7*
Net financial items	-38	-23	-146	-77
Profit before tax	**24**	**135**	**423**	**703**
Income tax	-6	-37	-102	-161
Profit for the period from continuing operations	**18**	**98**	**321**	**542**
Profit margin %	*0.6*	*4.0*	*2.9*	*6.0*
Divested operations				
Profit for the period from divested operations, page 21	605	*37*	711	138
Net profit for the period *	**623**	**135**	**1,032**	**680**
Profit for the period attributable to the parent company shareholders*)	**623**	**135**	**1,032**	**680**
Basic earnings per share, continuing operations, SEK	0.11	0.61	2,00	3.39
Diluted earnings per share, continuing operations, SEK	0.11	0.61	2,00	3.38
Basic earnings per share, total operations, SEK	3.88	0.84	6.43	4.26
Diluted earnings per share, total operations, SEK	3.88	0.84	6.42	4.24
Basic earnings per share, divested operations, SEK	3.77	0.23	4.43	0.87
Diluted earnings per share, divested operations, SEK	3.76	0.23	4.42	0.86
Average number of shares outstanding, basic, thousands	160,577	159,816	160,455	159,784
Average number of shares outstanding, diluted, thousands	160,736	160,477	160,702	160,544

*) Includes divested operations

Consolidated Statement of Comprehensive Income

SEKm	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Profit for the period	**623**	**135**	**1,032**	**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	6	8	6	2
Items that may be reclassified to profit or loss				
Exchange rate differences on translating foreign operations	-135	55	-6	50
Other comprehensive income for the period	**-129**	**63**	**0**	**52**
Total comprehensive income for the period	**494**	**198**	**1,032**	**732**
Total comprehensive income attributable to the Parent company shareholders	**494**	**198**	**1,032**	**732**

Consolidated Balance Sheet

SEKm	Dec 31, 2018	Dec 31, 2017
ASSETS		
Non-current assets		
Goodwill	7,339	8,541
Other intangible assets	673	717
Equipment	677	559
Other non-current assets	137	109
Total non-current assets	**8,826**	**9,926**
Current assets		
Trade receivables	1,050	1,204
Other current assets	544	411
Cash and cash equivalents	2,896	475
	4,490	**2,090**
Assets held for sale	446	786
Assets in divested operations	-	-
Total current assets	**4,936**	**2,876**
Total assets	**13,762**	**12,802**
EQUITY AND LIABILITIES		
Equity	**6,211**	**5,369**
Non-current liabilities		
Liabilities to credit institutions	3,211	5,171
Provisions for post-employment benefits	43	52
Other provisions	54	11
Other non-current liabilities	162	131
Total non-current liabilities	**3,470**	**5,365**
Current liabilities		
Liabilities to credit institutions	2,138	65
Trade payables	259	281
Other current liabilities	1,657	1,648
	4,054	**1,994**
Liabilities held for sale	27	74
Liabilities in divested operations	-	-
Total current liabilities	**4,081**	**2,068**
Total equity and liabilities	**13,762**	**12,802**

Consolidated Cash Flow Statement

Refers to total operations, for divested operations, see page 22

Operational cash flow, SEKm	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Operating profit (EBITA)	137	240	899	1,084
Depreciation and amortization of tangible and intangible assets	53	45	224	154
Changes in working capital	-4	64	-39	-73
Paid income tax	-38	-55	-226	-207
Other non-cash items	72	8	77	13
Cash flow after changes in working capital	**220**	**302**	**935**	**971**
Investments in tangible and intangible assets	-93	-80	-284	-267
Divestment of tangible and intangible assets	28	30	58	59
Operating cash flow	**155**	**252**	**709**	**763**
Interest received/paid	-38	-31	-116	-72
Free cash flow	**117**	**221**	**593**	**691**
Net change in assets and liabilities held for sale	15	-134	322	-647
Acquisition of operations	-225	-1,000	-499	-1,262
Divestment of subsidiaries	2,235	-	2,235	-
Share issue	28	56	28	56
Warrants	-	-	-29	-25
Repurchase of own shares	-	-	-	-33
Dividends paid	-	-	-204	-195
Change in bank overdraft facilities	-30	-42	-22	-618
Repayment of loans	11	-595	-213	-
New borrowings	-	1,658	200	1,833
Total cash flow	**2,151**	**164**	**2,411**	**-200**
Cash and cash equivalents at the beginning of the period	752	304	475	670
Effect of exchange rate changes on cash	-7	7	10	5
Cash and cash equivalents at the end of the period	**2,896**	**475**	**2,896**	**475**

Cash flow, SEKm	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Cash flow from operations	181	271	819	899
Cash flow from investing activities	1,960	-1.184	1,832	-2,117
Cash flow from financing activities	9	1,077	-240	1,018
Total cash flow	**2,150**	**164**	**2,411**	**-200**

Consolidated Statement of Changes in Equity

SEKm	Jan-Dec 2018	Jan-Dec 2017
Opening balance	**5,369**	**4,825**
Total comprehensive income	**1,032**	**732**
Transactions with owners		
Share issue	28	56
Warrants	-15	-20
Repurchase of own shares	0	-33
Share-savings plan	1	4
Dividend	-204	-195
Total transactions with owners	**-190**	**-188**
Closing balance	**6,211**	**5,369**

Net sales by country

SEKm	Sweden		Finland		Norway		Denmark		Group	
	Q4 2018	Q3 2017	Q4 2018	Q3 2017	Q4 2018	Q3 2017	Q4 2018	Q3 2017	Q4 2018	Q3 2017
Net sales service area	1,396	1,437	1,255	878	112	105	55	37	2,818	2,457
- Care for older people	1,041	1,053	954	663	93	85	55	37	2,143	1,838
- Care	355	384	301	215	19	20	-	-	675	619
Net sales contract model	1,396	1,437	1,255	878	112	105	55	37	2,818	2,457
- Own operations	1,007	994	1,211	838	40	38	44	30	2,302	1,900
- Outsourcing	389	443	44	40	72	67	11	7	516	557

SEKm	Sweden		Finland		Norway		Denmark		Group	
	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales service area	5,736	5,664	4,620	2,747	424	359	207	207	10,987	8,977
- Care for older people	4,276	4,061	3,470	2,185	366	339	207	207	8,319	6,792
- Care	1,460	1,603	1,150	562	58	20	-	-	2,668	2,185
Net sales contract model	5,736	5,664	4,620	2,747	424	359	207	207	10,987	8,977
- Own operations	3,998	3,868	4,444	2,601	145	110	172	185	8,759	6,764
- Outsourcing	1,738	1,796	176	146	279	249	35	22	2,228	2,213

Investments

SEKm	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Investments				
Investments in intangible assets	4	0	35	26
Investments in tangible assets	75	79	229	224
Divestments of tangible and intangible assets	-35	-30	-59	-57
Total net investments	**44**	**49**	**205**	**193**
Intangible assets acquired through business combination				
Goodwill	168	1,360	379	1,568
Customer relations	59	187	152	243
Other	2	13	2	13
Total intangible assets acquired through business combination	**229**	**1,560**	**533**	**1,824**

For further information regarding acquisitions, see page 14. The table above does not contain investments within the divested Finnish health care operations.

Pledged assets and contingent liabilities

SEKm	Dec 31, 2018	Dec 31, 2017
Assets pledged as collateral	115	133
Contingent liabilities	185	-

The contingent liabilities refers to a potential outflow of resources in order to complete future acquisitions of real estate and operations from some Finnish Local Authorities.

Financial assets and liabilities

SEKm	Nivå	Dec 31, 2018	Dec 31, 2017*
ASSETS			
Loans and receivables			
Trade receivables		1,050	1,204
Cash and cash equivalents		2,896	475
Total financial assets		**3,946**	**1,679**
LIABILITIES			
Financial liabilities at fair value through profit or loss			
Contingent considerations	3	95	132
Other financial liabilities			
Borrowings/leasing liabilities		5,349	5,236
Trade payables		259	281
Total financial liabilities		**5,703**	**5,649**

*) Includes divested operations

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.

Divested operations

On May 17, 2018 Attendo communicated that a binding agreement had been signed regarding a divestment of the Finnish health care operation to Terveystalo. The divestment was completed on December 28, 2018 after approval from the Finnish Competition Authority. The divestment resulted in a capital gain in the fourth quarter of SEK 579m after transaction and separation costs. The capital gain includes recycled exchange rate differences, previously accounted for in other comprehensive income of SEK 117m. The recycling of exchange rate differences has no effect on total equity. The divested operation has since the second quarter 2018 been reported as operations held for sale in the income statements for 2017 and 2018 and the balance sheet from second quarter 2018.

Income statement, SEKm	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	581	554	2 316	2,180
Other operating income	0	0	1	0
Total revenue	**581**	**554**	**2 317**	**2,180**
Personnel costs	-273	-246	-1,077	-971
Other external costs	-265	-251	-1,035	-995
Amortization and depreciation of tangible and intangible assets	-4	-5	-17	-20
Operating profit (EBITA)	**39**	**52**	**188**	**194**
Amortization of acquisition related intangible assets	-6	-5	-23	-21
Operating profit (EBIT)	**33**	**47**	**165**	**173**
Net financial items	-	-	-	-
Profit before tax	**33**			**173**
Income tax	-7	-10	-33	-35
Profit for the period from divested operations	**26**	**37**	**132**	**138**
Capital gain and losses	579	-	579	-
Profit for the period from divested operations (total effect)	**605**	**37**	**711**	**138**
Exchange rate differences on translating foreign operations	-117	-	-117	-
Total comprehensive income from divested operations	**488**	**37**	**594**	**138**

Cash flow, SEKm	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Cash flow from operations	-51	25	164	134
Cash flow from investing activities	-26	-1	-27	-17
Cash flow from financing activities	0	0	0	0
Total cash flow from divested operations	**-77**	**24**	**137**	**117**

Implementation of IFRS 16 Leases

IFRS 16 shall be applied as of 1 January 2019. Implementation of the standard requires that essentially all leases will be recognised on the balance sheet, as there is no longer any distinction between operating leases and finance leases. IFRS 16 requires all assets and liabilities attributable to leases, unless the lease term is twelve months or less or the underlying asset has a low value, are recognised as assets and liabilities on the balance sheet. The accounting is based on the view that the lessee has the right to control the use of an identified asset (the right of use asset) during a specific period of time and a simultaneous obligation to pay for that right (a lease liability). Exceptions are permitted for short-term leases and leases of low value. Attendo has chosen to apply the retrospective approach and has thus restated the comparison figures as if the standard had always been applied.

Attendo provides care services through two contract models: own operations and outsourcing. In the own operations contract model, Attendo provides care services on Attendo's own premises, i.e., premises that Attendo in most cases rents from external property owners. In outsourcing, Attendo provides care services in the local authorities' premises and thus has no rental agreements for these premises. A lease under IFRS 16 is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Attendo's analysis shows that the majority of the contracts classified as leases under IFRS 16 refer to premises where Attendo provides services under the contract model own operations, cars used in home care operations and a few other assets.

As of 31 December 2018, Attendo had about 600 rental agreements related to premises that in accordance with IFRS 16 will be reported in the balance sheet. These leases constitute the majority of the leased assets and liabilities. The rental agreements related to premises usually have terms of 10-15 years and those for cars have terms of 3 years. Leases for premises also normally include one or more extension options. Because exercise of an extension option requires a new investment decision, IFRS 16 does not apply to the calculation of the extension option until a decision to continue the operation is made.

Variable costs, such as property tax, VAT and other variable property costs, such as the costs of maintenance, electricity, heat and water, etc., are excluded from the lease liability calculation to the extent those costs can be separated from the cost of rent. Attendo is using an external benchmark for public properties yields as the discount rate to calculate the lease liability (the present value of future lease payments) related to properties. The yield requirement differs among geographical areas and Attendo's leases have consequently been categorized based on their geographical location. For 2018, an interest rate of 4.9-5.75 percent is used for property leases in Sweden, 4.1-5.6 percent in Finland, 4.75-7 percent in Denmark and 4.0-5.25 percent in Norway. The discount rate for Attendo's leased cars in Sweden is based on the interest in the respective lease contract and in Denmark on the incremental borrowing rate amounting to 2.16 percent in 2018.

The majority of Attendo's leases contain some form of annual indexation, main part using the consumer price index. In Finland there are some leases for which indexation is based on occupancy. Attendo has applied the exemption permitting the exclusion of leases of assets of low value, below SEK 50,000, and leases with terms of less than twelve months. Commitments according to IFRS 16 only contain leasing contracts which has been taken into use. This is a difference compared to the current disclosures of future minimum lease payments, see note K7 in the Annual Report 2017. Consequently do not the IFRS 16 disclosures contain leasing contracts of low value, or shorter than 12 months, or signed leasing contracts that will be taken into use in future periods.

The consequence from implementing IFRS 16 is that both assets and liabilities increase significantly in accordance with what has been described above. At the same time, the operating profit before amortizations and depreciations (EBITDA) increases considerably given that main part of the rental payments no longer will be reported as other external costs. Also the operating profit (EBITA) increases but not with the same amount, since it contains depreciations and impairment of the right of use asset. The profit for the period is however negatively affected, which is a consequence of the aging structure in Attendo's contract portfolio. Attendo is in an expansion phase with several lease contracts still relatively early during the contract cycle and thereby charged with a higher interest expense compared to leasing contracts during the latter part of the contract cycle. Implementation of IFRS 16 has for one single lease contract no positive nor negative impact on the net profit for the period. Attendo's financing agreements are not affected by the implementation of IFRS 16 since they are regulated based on a principle of unchanged accounting standard ("frozen GAAP").

As Attendo has chosen to apply the full retrospective approach, the transition to IFRS 16 will occur on 1 January 2018 and all balance sheets and income statements as of that date and later have been restated. The income statement and balance sheet items affected by the transition to IFRS 16 upon implementation, i.e., the opening balance on 1 January 2018 and the full year 2018, are shown on the next page. The opening balance sheet and complete income statements and balance sheets for all quarters in 2018 are available on Attendo's website.

Income Statement recalculated according to IFRS 16

SEKm	2018-12-31 Reported	IFRS 16 Adjustment	Full year 2018 Restated
Net sales	10,987		10,987
Other operating revenue	24		24
Total revenue	**11,011**		**11,011**
Personnel costs	-7,275		-7,275
Other external costs	-2,818	1,081	-1,737
Operating profit before amortization and depreciations (EBITDA)	**918**	**1,081**	**1 999**
Amortization and depreciation of tangible and intangible assets	-207	-784	-991
Operating profit (EBITA)	**711**	**297**	**1,008**
Amortization of acquisition related intangible assets	-142		-142
Operating profit (EBIT)	**569**	**297**	**866**
Net financial items	-146	-394	-540
Profit before tax	**423**	**-97**	**326**
Income tax	-102	20	-82
Profit for the period from continuing operations	**321**	**-77**	**244**
Divested operations			
Profit for the period from divested operations	711	-	711
Profit for the period	**1,032**	**-77**	**955**
Profit for the period attributable to the parent company shareholders	**1,032**	**-77**	**955**

Balance sheets recalculated according to IFRS 16

SEKm	Opening balance Jan 01, 2018	IFRS 16 Adjustment	Opening balance Jan 01, 2018. Restated	Dec 31, 2018 Reported	IFRS 16 Adjustment	Dec 31, 2018 Restated
ASSET						
Total non-current assets						
Equipment	559	-82	477	677	-71	606
Right of Use asset	-	5,664	5,664	-	7,533	7,533
Other non-current assets	109	84	193	137	105	242
Total other non-current assets	**9,926**	**5,666**	**15,592**	**8,826**	**7,567**	**16,393**
Other current assets	411	-98	313	544	-107	437
Total current asset	**2,876**	**-98**	**2,778**	**4,936**	**-107**	**4,829**
Total asset	**12,802**	**5,568**	**18,370**	**13,762**	**7,460**	**21,222**
EQUITY AND **LIABILITIES**						
Equity	**5 369**	**-328**	**5,041**	**6,211**	**-410**	**5,801**
Non-current liabilities						
Other non-current liabilities	5,171	-63	5,108	3,211	-53	3,158
Non-current lease liabilities	-	5,338	5,338	-	7,196	7,196
Total non-current liabilities	**5,365**	**5,275**	**10,640**	**3,470**	**7,143**	**10,613**
Current liabilities						
Other current liabilities	65	-19	46	2,138	-18	2,120
Current lease liabilities	-	640	640	-	745	745
Total current liabilities	**2,068**	**621**	**2,689**	**4,081**	**727**	**4,808**
Total equity and liabilities	**12,802**	**5,568**	**18,370**	**13,762**	**7,460**	**21,222**

Key Data

		Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	SEKm	2,818	2,457	10,987	8,977
Organic growth	%	4.5	-0.7	3.6	0.9
Acquired growth	%	7.2	15.8	15.4	7.4
Changes in currencies	%	3.0	0.0	3.4	0.6
Operating profit (EBITA)	SEKm	98	188	711	890
Operating margin (EBITA)	%	3.5	7.7	6.5	9.9
Profit for the period	SEKm	18	98	321	542
Profit margin	%	0.6	4	2.9	6.0
Working capital *	SEKm	-322	-314	-322	-314
Return on capital employed */**	%	6.6	10.1	6.6	10.1
Net debt to equity ratio* *	times	0.4	0.9	0.4	0.9
Equity to asset ratio *	%	45	42	45	42
Operating cash flow *	SEKm	155	252	709	763
Net investments	SEKm	-44	-49	-205	-193
Average number of employees		15,789	15,076	16,745	14,341
Key data per share					
Earnings per share. Basic	SEK	0.11	0.61	2.00	3.39
Earnings per share. Diluted	SEK	0.11	0.61	2.00	3.38
Equity per share, basic *	SEK	-	-	38.71	33.60
Equity per share, diluted *	SEK	-	-	38.65	33.44
Average number of shares outstanding, basic	thousands	160,577	159,816	160,455	159,784
Average number of shares outstanding, diluted	thousands	160,736	160,477	160,702	160,544
Number of shares, end of period	thousands	161,386	160,933	161,386	160,933
Number of treasury shares, end of period	thousands	519	521	519	521
Number of shares outstanding, end of period	thousands	160,867	160,412	160,867	160,412

* Includes divested operations

** Current period’s profits include divested operations

Quarterly Data

SEKm	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Total net sales	2,111	2,189	2,220	2,457	2,624	2,743	2,802	2,818
- Net sales, own operations	1,557	1,646	1,661	1,901	2,056	2,168	2,233	2,302
- Net sales, outsourcing	554	543	559	556	568	575	569	516
- Net sales, staffing	-	-	-	-	-	-	-	-

SEKm	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Total net sales	2,111	2,189	2,220	2,457	2,624	2,743	2,802	2,818
- Net sales Sweden	1,376	1,419	1,432	1,437	1,448	1,452	1,441	1,396
- Net sales Finland	595	628	646	878	1,030	1,133	1,201	1,255
- Net sales Norway	85	84	85	105	97	106	109	112
- Net sales Denmark	55	58	57	37	49	52	51	55
Operating profit (EBITA)	239	186	277	188	188	128	297	98
Operating margin (EBITA). %	*11.3*	*8.5*	*12.5*	*7.7*	*7.2*	*4.7*	*10.6*	*3.5*
Profit for the period	154	111	179	98	92	40	171	18
Profit margin. %	*7.3*	*5.1*	*8.1*	*4.0*	*3.5*	*1.5*	*6.1*	*0.6*
Earnings per share basic, SEK	0.96	0.69	1.12	0.61	0.57	0.25	1.07	0.11
Earnings per share diluted, SEK	0.96	0.69	1.11	0.61	0.57	0.25	1.06	0.11
Average number of employees	13,600	13,674	15,015	15,076	15,545	16,967	17,087	15,789

Parent Company Income Statement

SEKm	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	3	2	11	11
Personnel costs	-8	-5	-22	-24
Other external costs	-2	-2	-11	-10
Operating profit	**-7**	**-5**	**-22**	**-23**
Finance net	-3	-1	-9	-4
Profit after financial items	**-10**	**-6**	**-31**	**-27**
Group contributions	31	25	31	25
Profit before tax	**21**	**19**	**0**	**-2**
Income tax	0	-	0	-
Profit for the period	**21**	**19**	**0**	**-2**

Profit for the period corresponds to total comprehensive income

Parent Company Balance Sheet

SEKm	Dec 31, 2018	Dec 31, 2017
ASSETS		
Non-current assets		
Shares in subsidiaries	6,494	6,494
Total non-current assets	**6,494**	**6,494**
Current assets		
Receivables to group companies	35	28
Other receivables	9	1
Cash and cash equivalents	0	0
Total current assets	**44**	**29**
Total assets	**6,538**	**6,523**
EQUITY AND LIABILITIES		
Equity	**6,075**	**6,251**
Current liabilities		
Liabilities to group companies	450	256
Other liabilities	13	16
Total current liabilities	**463**	**272**
Total equity and liabilities	**6,538**	**6,523**

Information to shareholders and analysts

Calendar

Annual General Meeting	11 April 2019
Interim report, January-March	3 May 2019
Interim report January-June	19 July 2019
Interim report January-September	24 October 2019

Telephone conference

A telephone conference will be held on February 14, 2019 at 10.00 (CET) with Attendo's CEO Martin Tivéus and CFO Fredrik Lagercrantz. For participation please dial in on the following number:

SE: +46 8 566 42 705
FI: +358 981 710 522
UK: +44 3 333 009 262

Link to webcast: https://tv.streamfabriken.com/attendo-q4-2018

For further information please contact

Fredrik Lagercrantz
CFO
Tel. +46 8 586 252 00

Andreas Koch
Communications and IR Director
Tel. +46 70 509 77 61

Disclosure on publication

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

Forward-looking information

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

Attendo AB (publ)
Vendevägen 85A
182 91 Danderyd

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

Company number:
559026-7885

Introduction to Attendo

Attendo is the leading private provider of care services in the Nordics. The company has operations in Sweden, Finland, Norway and Denmark. Attendo is the largest private provider of care for older people in Sweden and Finland. Attendo is a locally based company and has more than 700 units in operation, in more than 200 municipalities. The company has approximately 24,000 employees. With the vision of empowering the individual Attendo provides services within care for older people, care for people with disabilities, social psychiatry as well as individual and family care.

Attendo provides care and health care through two 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 as well as individuals and families.
- 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 as well as individuals and families.

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.

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 C31in 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.