

Q1

Interim report January–March 2019



Q1

Attendo AB (publ)

Interim Report, January-March 2019¹

Summary of the first quarter 2019

- Net sales increased by 10 percent to SEK 2,878m (2,624). Adjusted for currency effects, net sales increased by 7 percent.
- Operating profit (EBITA) amounted to SEK 258m (258), corresponding to an operating margin of 9.0 percent (9.8).
- Adjusted EBITA, i.e. EBITA according to the previous accounting standard IAS 17, was SEK 160m (188), corresponding to an adjusted operating margin of 5.6 percent (7.2). For more information regarding the IFRS 16 effects, see Income Statement page 25.
- Profit for the period amounted to SEK 66m (78), corresponding to a profit margin of 2.3 percent (3.0).
- Diluted earnings per share for continuing operations were SEK 0.41 (0.49)².
- Free cash flow amounted to SEK -32m (78)³.
- The total number of beds in operation in Attendo's own homes⁴ was 15,923 (13,216), an increase by 20 percent. Occupancy in these homes was 81 percent (82).
- In the aftermath of a large number of inspections in private care homes in Finland, there has been an intensive public discussion on care for older people in the media, among politicians and other stakeholders. Attendo has launched an action programme in order to meet increased demands and ensure continued high quality and customer satisfaction. Overall, this entails increased costs of about SEK 200m in 2019, as communicated on 27 March.
- As of 2019, Attendo reports operating segments based on our two business areas, Attendo Scandinavia and Attendo Finland.

SEKm	Q1 2019	Q1 2018	Change (%)	Jan-Dec 2018
Net sales	2,878	2,624	10	10,987
Operating profit (EBITA)	258	258	0	1,008
Operating margin (EBITA), %	9.0	9.8	-	9.2
Adjusted operating profit (EBITA)	160	188	-15	711
Adjusted operating margin (EBITA), %	5.6	7.2	-	6.5
Profit for the period	66	78	-15	244
Earnings per share diluted, SEK	0.41	0.49 ²	-16	1.52
Free cash flow	-32	78 ³	-	593 ³

1. Note that all figures are reported according to the new reporting standard IFRS 16 unless otherwise specified, and previously reported figures have been restated according to the new standard unless otherwise specified. All profit and loss items presented in the report for 2018 refer to continuing operations (excluding the divested Finnish health care operations) unless other information is provided.

2. Earnings per share for divested operations in the comparison period were SEK 0.23 and earnings per share for total operations were SEK 0.72. The figures refer to both basic and diluted earnings per share.

3. Comparison period refers to total operations including the divested Finnish health care operations.

4. As of 2019, own homes are defined as nursing homes for older people and homes for people with disabilities and within social psychiatry; under own management. The figures for comparison periods have been restated.

President and CEO Martin Tivéus comments on the report

The start of 2019 has been challenging for Attendo. There are however several bright spots – we continued to make progress in home care, sales of new beds increased, we demonstrated strong growth in own operations and we sustained high and stable occupancy in our mature units. As we announced in March, Attendo has been heavily impacted by the debate on the conditions of care for older people in Finland, which led to, among other things, stricter staffing requirements that entails higher costs for the company. In addition, we still see margin pressure due to historical decisions regarding the opening pace of new units. In order to guarantee a long-term sustainable business where we are still a leader in quality and innovation, we will better balance the pace in terms of establishment of new nursing homes going forward.



Net sales increased by 10 percent during the quarter to SEK 2,878 million, while the adjusted operating profit amounted to SEK 160 million, a decrease of 15 percent. Organic growth remains high in own homes while we see a decrease in outsourcing especially, as a consequence of several contracts ended at the end of 2018 and early 2019, including some large nursing homes that the City of Stockholm chose to insource.

Our strategy to grow organically in own operations complemented by selective, smaller acquisitions, remains unchanged. In total, we opened over 400 new beds in own operations during the quarter and the total number of beds in own operations amounted to nearly 16,000 at the end of the quarter, an increase of 20 percent compared with the same period last year. In 2019, we will open approximately 2,000 beds in own operations, slightly lower than the 2,400 beds that we opened in 2018. Due to already existing commitments, an adjustment of the opening pace will be visible from 2020. The average occupancy rate is currently about 80 percent, comparing to mature units that show an occupancy of about 90 percent.

Stability in Attendo Scandinavia

Our Scandinavian operations displayed a stable result for the quarter in line with profits in the previous year. The profit improved in home care, mainly as a consequence of improved planning and processes and also acquisitions. At the same time, the marks of last year's restructuring of individual and family care are clearly visible, where we closed down a number of unprofitable operations, as well as the loss of both sales and profits of ended outsourcing contracts. During the quarter, we completed further acquisitions within home care and started construction of three new nursing homes with a total of 68 beds. We will also put great energy into improving our market position in the outsourcing market during 2019.

“Attendo continues to see good opportunities for value creation through organic growth. However, the growth pace must be better balanced than before”

Strong growth but squeezed profits in Attendo Finland

Our Finnish operations delivered growth of 30 percent during the quarter, driven primarily by new homes in own operations and acquisitions. We opened eleven nursing homes during the quarter with a total of 352 beds and started construction of a further nine units with a total of 356 beds.

Although we lower the investment pace forward from today's level to achieve a better balance between growth and profitability, we assess the Finnish market as a continued attractive and important growth market for Attendo. During the quarter, we launched an ambitious action program in Finland following the recent intensive debate on the conditions of care for older people and stricter requirements from the authorities. The program aims to meet the stricter requirements and further strengthen quality, employee commitment and customer satisfaction, and includes, among other things, more assistants on weekdays and weekends and extended teams within quality and competence development. As we previously announced, we estimate increased costs in Finland of approximately SEK 200 million in 2019, related to these measures. As our contracts in Finland expire, we intend to seek compensation for increased demands in negotiations with the municipalities. We expect a gradual price compensation, although the outlook for adjustments is limited in 2019.

Prioritised areas for 2019

As the leading private care provider in the Nordics, we work according to three fundamental objectives: to maintain high and stable technical quality of care so that our customers and local authorities have confidence in us; to achieve the highest customer satisfaction in every location; and to provide more care for money spent than municipalities' own alternatives. By meeting these objectives, we are creating value for our customers and the society in which we operate. A high level of trust and preference among local authorities, residents and their relatives is creating the long-term conditions for growth as well as high and stable occupancy in our units, thus also creating value for our shareholders.

Our focus areas in 2019, linked to our main objectives, are to strengthen our position as the leading provider of care in terms of quality and customer satisfaction, ensure a better balance between growth and profitability going forward and restore trust in the Finnish market. As a step to further improve quality and monitoring of care services, we continued the roll-out of our mobile service planning and documentation system during the quarter at our homes in Scandinavia. We have also allocated additional resources to values initiatives at the units and have begun a review of our quality improvement system and skills development model, where the goals are to increase customer satisfaction and our attractiveness as an employer.

Finally, having concentrated the business, including the establishment of two separate business areas, we are introducing segment reporting where the two business areas, Attendo Scandinavia and Attendo Finland, are reported separately. We are also presenting occupancy rates and profitability in mature units. We hope the new reporting will make it easier to understand both short-term trends and Attendo's long-term potential.

Martin Tivéus

President and CEO

First quarter review

All figures are reported according to the new reporting standard IFRS 16 unless otherwise specified, and previously reported figures have been restated according to the new standard. Attendo streamlined the business in 2018 by divesting the Finnish health care operations and merging two business areas in Scandinavia into one. As of 2019, Attendo therefore reports operating segments based on the two business areas, Attendo Scandinavia and Attendo Finland.

Net sales and operating profit

Net sales increased by 9.7 percent to SEK 2,878m (2,624) during the first quarter. Adjusted for currency effects, net sales increased by 7.2 percent. Acquired growth accounted for 5.4 percent and organic growth for 1.8 percent. Own homes demonstrated continued strong growth, driven primarily by own homes opened in Finland in 2018 and 2019. Growth was negatively affected by ended units, primarily in Outsourcing, but also in Individual and family care in Attendo Scandinavia.

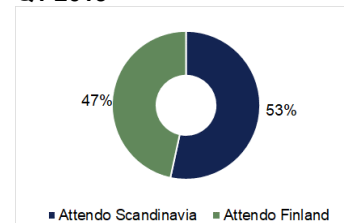
Own operations' share of total consolidated net sales continued to increase. The Own operations contract model accounted for 83 percent of total consolidated net sales during the quarter and the Outsourcing contract model accounted for 17 percent.

Operating profit (EBITA) amounted to SEK 258m (258) and the operating margin was 9.0 percent (9.8). Operating profit adjusted for currency effects was SEK 254m. Operating profit rose in Attendo Scandinavia, but decreased in Attendo Finland. Profits in the comparison quarter were negatively impacted by write-down of real estate of SEK 20m in the Attendo Scandinavia business area.

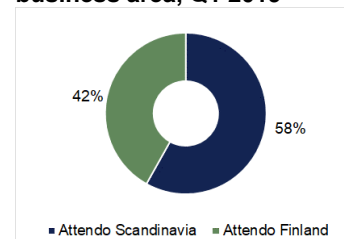
Adjusted operating profit (EBITA), i.e. EBITA according to the previous reporting standard, was SEK 160m (188) and the adjusted operating margin (EBITA) was 5.6 percent (7.2). As mentioned above, the comparison quarter was negatively affected by write-down of real estate of SEK 20m. Operating profit was negatively affected by increased costs in the Attendo Finland business area, new own homes started in 2019 and 2018, where occupancy initially is low, and the loss of profits from ended units, primarily in Outsourcing. Operating profit was positively affected by higher occupancy in own homes that started in 2017 and improved profits in home care and individual and family care in Attendo Scandinavia.

The total number of beds in operation in own homes was 15,923 (13,216), an increase by 20 percent. Occupancy in these homes was 81 percent. Mature units – i.e. units opened in 2017 or earlier, excluding Mikeva units - had an occupancy rate of about 90 percent and showed an adjusted operating margin (EBITA) of 9.7 percent on a rolling 12 months' basis (r12), including all of Attendo's administrative expenses. The number of beds under construction in Own operations was 2,401 across 53 homes.

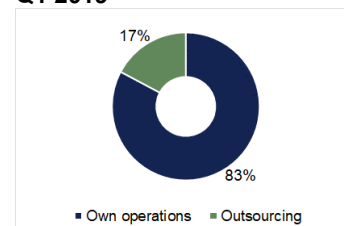
Net sales per business area, Q1 2019



Operating profit (EBITA) per business area, Q1 2019

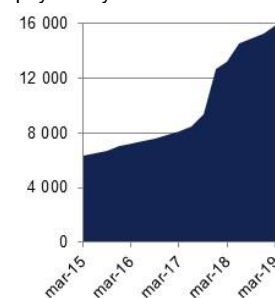


Net sales per contract model, Q1 2019



Number of beds in Own operations

Care for older people, care for people with disabilities and social psychiatry



Net financial items

Net financial items amounted to SEK -135m (-121) in the quarter, including net interest expense of SEK -17m (-24). Interest expense related to the lease liability for real estate according to IFRS 16 amounted to SEK -108m (-87).

SEKm	31 Mar 2019	31 Mar 2018	31 Dec 2018
Net interest expense (excluding lease liabilities for real estate)	-17	-24	-117
Interest expense, lease liabilities for real estate	-108	-87	-394
Other	-10	-10	-29
Net financial items	-135	-121	-540

Income tax

Tax for the period was SEK -21m (-26), corresponding to a tax rate of 24.1 percent (25.0).

Profit and earnings per share for the period

Profit for the period amounted to SEK 66m (78), corresponding to basic and diluted earnings per share of SEK 0.41 (0.49) for continuing operations. Basic and diluted earnings per share for divested operations were SEK 0 (0.23) and basic and diluted earnings per share for total operations were SEK 0.41 (0.72).

Cash flow ¹

Free cash flow was SEK -32m (78) in the first quarter, including changes in working capital of SEK -77m (-78). The lower cash flow compared to same quarter last year is mainly due to that the comparison period shows total operations including the divested Finnish health care operations.

Cash flow from operations was SEK 235m (287). Cash flow from net investments in tangible and intangible assets was SEK -63m (-50) and cash flow from assets and liabilities held for sale amounted to SEK 59m (207). Business acquisitions reduced cash flow by SEK -153m (-108). Cash flow from investing activities thus amounted to SEK -157m (49). Cash flow from financing activities was SEK -2,228m (-110). Financing activities include loan repayments of SEK -2,024m (-151) Total cash flow amounted to SEK -2,150m (226).

1. The comparison period refers to total operations including the divested Finnish health care operations.

Financial position¹

Consolidated equity as of 31 March 2019 amounted to SEK 5,905m (5,276), corresponding to diluted equity per share of SEK 36.70 (32.82). Net debt amounted to SEK 10,737m (11,323). Adjusted net debt, excluding lease liability for real estate, amounted to SEK 2,630m (4,773). The lower net debt compared to same quarter last year is due to that Attendo received cash for the divested Finnish health care operations at year-end 2018. During the quarter, Attendo repaid loans, please see section Cash Flow for further information.

SEKm	31 Mar 2019	31 Mar 2018*	31 Dec 2018
Interest-bearing liabilities	11,435	11,984	13,219
Provisions for post-employment benefits	61	57	43
Cash and cash equivalents	-759	-718	-2,896
Net debt	10,737	11,323	10,366
Lease liability real estate**	-8,107	-6,550	-7,870
Adjusted net debt	2,630	4,773	2,496

* Net debt refers to total operations, i.e., including divested operations.

** Adjustments for the residual value of cars in the amount of SEK -42m, and SEK -43m for the full year are included in the comparison period, in addition to real estate.

Interest-bearing liabilities amounted to SEK 11,435m (11,984) as of 31 March 2019. Cash and cash equivalents as of 31 March 2019 amounted to SEK 759m (718) and Attendo had SEK 1,683m (958) in unutilised credit facilities.

Net debt/EBITDA amounted to 5.3 (5.7). Adjusted net debt / adjusted EBITDA amounted to 3.0 (3.9). The reduced net debt is explained by the divestment of the Finnish health care operations.

SEKm	31 Mar 2019	31 Mar 2018	31 Dec 2018
Net debt / EBITDA	5.3	5.7	5.2
Adjusted net debt / adjusted EBITDA	3.0	3.9*	2.7

* Adjusted net debt and adjusted EBITDA for total operations, i.e., including divested operations.

Shares outstanding

The total number of shares is 161,386,592. Attendo holds 514,795 treasury shares and the total number of shares outstanding as of 31 March 2019 was thus 160,871,797.

Number of employees

The average number of employees in the first quarter was 16,370 (15,545).

1. The balance sheet items for the comparison quarter refer to total operations including the divested Finnish health care operations. The key data net debt/EBITDA is calculated for the continuing operations.

Business area Attendo Scandinavia

SEKm	Q1 2019	Q1 2018	Jan-Dec 2018
Net sales	1,537	1,594	6,367
Operating profit (EBITA)	161	140	569
Operating margin (EBITA), %	10.5	8.8	8.9
Adjusted EBITA	121	103	426
Adjusted EBITA margin, %	7.9	6.5	6.7

The quarter

Net sales in the Attendo Scandinavia business area amounted to SEK 1,537m (1,594), corresponding to growth of -3.6 percent. Adjusted for currency effects, growth was -4.0 percent. Acquisitions and more sold beds in own homes contributed to growth, but did not offset the loss of ended units, primarily in Outsourcing, but also Individual and family care.

Operating profit (EBITA) amounted to SEK 161m (140) and the operating margin (EBITA) was 10.5 percent (8.8). Operating profit (EBITA) adjusted for currency effects was SEK 162m. Profits in the comparison quarter were negatively impacted by write-down of real estate of SEK 20m in integration care.

Adjusted EBITA amounted to SEK 121m (103) and the operating margin (EBITA) was 7.9 percent (6.5). Profits in the comparison quarter were negatively impacted by write-down of real estate of SEK 20m. Higher profits in Home care resulting from acquisitions and improved planning and processes and higher profits in Individual and family care due to the close down of unprofitable units offset the lower profit contribution from Outsourcing, mainly due to ended contracts. Start-up costs for units that started in 2018 and 2019 were largely compensated by increase in profit from units that started in 2017.

Two own homes with a total of 60 beds were opened during the quarter. In the past twelve months, a total of 327 beds were opened.

Construction of three own homes with a total of 68 beds began during the quarter. At the end of the quarter, there were 908 beds under construction.

In total, Attendo won outsourcing contracts during the quarter, which have not yet started, with annual revenues of approximately SEK 5m.

Key data per quarter

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Attendo Scandinavia					
Number of beds in operation in own homes	3,326	3,603	3,603	3,636	3,633
Number of opened beds in own homes (r12)	329	433	333	273	327
Occupancy in own homes, %	88	84	85	87	86
Number of beds in own homes under construction	750	705	823	900	908
Number of beds in operation in outsourcing	3,064	2,954	2,923	2,671	2,622
Net outsourcing contracts won/lost, SEKm	86	31	-42	-53	5
Home care customers	12,142	11,395	11,285	11,334	11,454

Beds refer to nursing homes for older people, homes for people with disabilities and social psychiatry.

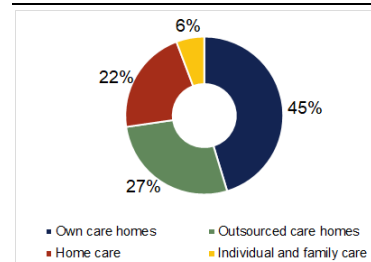
Attendo Skandinavien

53%

of net sales

Operations in Sweden, Norway and Denmark.

Net sales per service offering, Q1 2019



Business area Attendo Finland

SEKm	Q1 2019	Q1 2018	Jan-Dec 2018
Net sales	1,341	1,030	4,620
Operating profit (EBITA)	116	132	501
Operating margin (EBITA), %	8.6	12.8	10.8
Adjusted EBITA	58	99	347
Adjusted EBITA margin, %	4.3	9.6	7.5

The quarter

Net sales in the Attendo Finland business area amounted to SEK 1,341m (1,030), corresponding to growth of 30.2 percent. Adjusted for currency effects, net sales increased by 24.5 percent. The increase in net sales is primarily attributable to new homes started during 2019 and 2018 and acquisitions. Since the comparison quarter, Attendo Finland has closed down a number of units, and the residents were mainly transferred to newly built Attendo homes.

Operating profit (EBITA) amounted to SEK 116m (132) and the operating margin (EBITA) was 8.6 percent (12.8). Operating profit (EBITA) adjusted for currency effects was SEK 111m.

Adjusted EBITA amounted to SEK 58m (99) and the adjusted operating margin (EBITA) was 4.3 percent (9.6). Profits were negatively affected by cost increases and new own homes, where occupancy initially is low. In order to meet new staffing requirements and ensure high customer satisfaction, Attendo has increased staffing in many units.

Eleven own homes with a total of 352 beds were opened during the quarter. In the past twelve months, a total of 1,955 beds were opened.

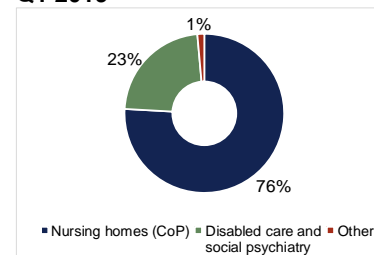
Construction of nine own homes with a total of 356 beds began during the quarter. At the end of the quarter, there were 1,493 beds under construction.

Attendo Finland

47%

of net sales
Operations in Finland

Net sales per service offering, Q1 2019



Key data per quarter

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Attendo Finland					
Number of beds in operation in own homes	9,890	10,933	11,286	11,652	12,290
Number of opened beds in own homes (r12)	1,805	2,452	2,153	2,136	1,955
Occupancy in own homes, %	80	78	79	80	80
Number of beds in own homes under construction	2,078	1,758	1,696	1,562	1,493
Number of beds in operation in outsourcing	304	304	304	304	304
Net outsourcing contracts won/lost, SEKm	-	-	-21	-	-
Home care customers	176	170	180	181	620

Beds refer to nursing homes for older people, homes for people with disabilities and social psychiatry.

Quality and employees

In the first quarter, Attendo launched an action program aimed at further strengthening quality, employee engagement and customer satisfaction in Finland. The programme includes measures to free up time for licenced nurses and auxiliary nurses for the direct care tasks, to improve and strengthen internal competence, and to increase stakeholder communication and dialogue. The programme includes, among other things more assistants on weekdays and weekends, expanded teams within quality and competence development, and ongoing external quality audits. The outcome of the program will be reported continuously during the year.

Attendo is working actively to increase transparency surrounding the systematic quality improvement pursued within the company. Attendo's combined quality and sustainability report for 2018 was published in the first quarter. The report summarises the most important advances in Attendo's prioritised sustainability areas of social development, quality and employees, as well as initiatives in the areas of human rights, anti-corruption and environmental sustainability.

The report also shows that Attendo achieved a total quality index in 2018 of 84 out of 100 according to the internal Quality Thermometer, which reflects both ongoing outcomes and quality initiatives taken during the year. The quality improvement initiatives noted included Attendo's investments in special dementia teams in home care, continued efforts to provide outdoor activities, increased focus on the mealtime experience, where local nutrition representatives are responsible for meeting customer needs and preferences.

The Attendo Regions of the Year were recognised in March. The judging criteria are quality, customer satisfaction, employee job satisfaction, leadership, growth and financial performance. The Home Care South Region won the award within Attendo Scandinavia. Within Attendo Finland, the award went to the region responsible for care for people with disabilities. These two regions have been especially successful at creating high customer satisfaction and employee commitment while demonstrating profitable growth.

The Swedish Association of Local Authorities and Regions (SALAR) reported the results of the national user survey of people receiving services due to disabilities. Attendo obtained high scores, where the overall satisfaction was 86 percent (previously 84 percent) and the percentage of customers who would recommend Attendo increased from 68 to 72 percent.

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 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 and people with disabilities were slightly lower in the first quarter than in the previous quarter and the same period in 2018.

The political climate in Sweden for private care providers has improved since the parliamentary and municipal elections of 2018. Since the election, a considerably higher number of local authorities are governed by centrist or right-wing coalitions, which may over the long term entail greater opportunities for additional outsourcing contracts or open the door to own operations. However, any market growth as a direct consequence of the election results has yet to be observed.

Finland – media debate, uncertainty about the formation of a government and the SOTE reform

An intensive political and media debate broke out during the first quarter of 2019 about the conditions of care provision, with focus on staffing density and quality. Much of the discussion was centered on private providers. More than 500 private care homes were inspected by national and local supervisory authorities during the first quarter alone. The debate in the media was initially oriented towards reviewing private providers, but focus has gradually shifted to sector conditions. Finland spends considerably less on care than the other Nordic countries. Several studies show that private providers in Finland provide more preferred care at lower cost than public providers.

The local authorities' own care operations does not follow the same permit structure as the private sector and only a few units operated by local authorities have been inspected. In the aftermath of the media debate, most of the parties represented in the Finnish parliament have said that they intend to increase staffing requirements in care for older people on the national level. Attendo welcomes this, as long as all providers are compensated for increased costs.

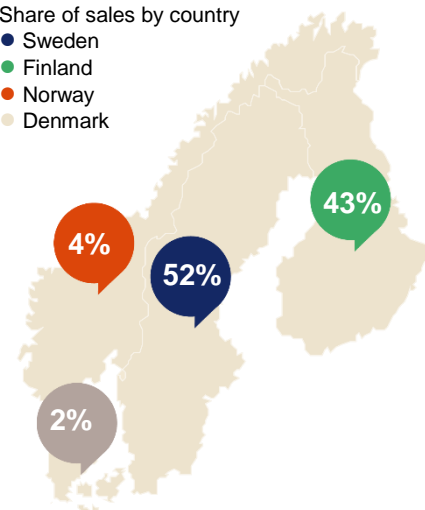
A general election was held in Finland early in the second quarter of 2019. There is not yet any new government and formation of a government may be delayed in the light of the unsettled situation in parliament.

The extensive health care and care reform ("SOTE" reform) in Finland could not be decided before the parliamentary elections, which is why there is great uncertainty about the implementation of the reform. The new government is likely to review the current form and implementation of the reform. Attendo remains supportive of a reform, but the uncertainty does not affect Attendo's opportunities to establish new operations.

Our geographies

Share of sales by country

- Sweden
- Finland
- Norway
- Denmark



Share of Attendo's net sales 2018.

Significant events in the first quarter

The situation regarding care for older people in Finland

There was an intensive public discussion of care for older people, private providers and Attendo during the quarter in the media and among politicians and other stakeholders. While this was ongoing, the authorities carried out almost 200 inspections of Attendo's operations, resulting in demands for higher staffing in some units. Permits for two units were temporarily transferred to the local authority. Attendo has launched an action programme to meet increased demands and ensure high quality and customer satisfaction. Overall, this entails increased costs of about SEK 200m in 2019, as communicated on 27 March.

Acquisitions during the first quarter

- Telkän Hoiva Oy, which provides home care and operates four nursing homes in Jyväskylä, Finland, was acquired on 1 January 2019.
- Enckelinpuiston Palvelukeskus Oy, which operates a nursing home in Kurikka, Finland, was acquired on 1 February 2019.
- An asset acquisition agreement was signed 28 February 2019 regarding the acquisition of Upplands Nursing Resurs AB's home care and home health care operations in Uppsala. The takeover is expected 1 April 2019.
- 1:a Hemtjänstkompaniet AB, which provides home care services in Greater Stockholm, was acquired on 1 March 2019.
- Pielaveden Palvelukoti Ky, a provider of social psychiatry services in Pielavesi, Finland, was acquired on 1 March 2019.
- An asset acquisition agreement was signed on 18 March 2019, by which Attendo will acquire the assets and liabilities of Debora Oy Cop Services, which operates a nursing home in Helsinki, Finland. The takeover is expected to close on 1 August 2019.

Total estimated annual sales for the acquisitions above amount to SEK 200m.

In addition, Attendo acquired a number of real estate including related care operations for older people in four municipalities in Finland with a total of approximately 140 beds.

Other financial information

Related-party transactions

Attendo has had transactions with two related parties, which in all material respects consist of Attendo leasing real estate from companies in which these parties are partners. The transactions had a value of SEK 0m (3) during the year. All related-party transactions take place on market terms.

For further details, please refer to page 67 of Attendo's 2018 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 executive salaries, directors' fees and costs for external consultants.

Net sales for the period were SEK 3m (3), and were entirely related to services rendered to subsidiaries. The loss after net financial items was SEK -8m (-4). 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 6,066 (6,245).

Seasonal and calendar effects

Attendo's profitability is affected by factors including seasonal variations, weekends and national public holidays. For Attendo, public holidays and weekends have a negative effect on profitability mainly due to wage compensation for unsocial working hours. For example, profitability is affected by Easter in either the first or second quarter, depending on the quarter in which Easter falls, while the first and fourth quarters are affected by the Christmas and New Year's holidays.

Events after the reporting date

Acquisitions after the reporting date

The family care operations of Aktiebolaget Vårljus in Stockholm were acquired through an asset acquisition on 1 April 2019.

The home care operations of AB Maria Rebecca Omsorg in Täby and Solna were acquired through an asset acquisition on 2 May 2019.

Annual general meeting

Attendo held the annual general meeting on 11 April in Danderyd, Sweden. As proposed by the board of directors, the annual general meeting approved a dividend of SEK 0.60 per share.

The annual general meeting resolved that the board will be composed of six directors and re-elected directors Ulf Lundahl (Chairman), Catarina Fagerholm, Alf Göransson, Tobias Lönnevall, Anssi Soila and Anitra Steen.

The annual general meeting also resolved in favour of a long-term incentive programme (Attendo+ 2019) directed at executive management.

Other events

Attendo has had a legal dispute with the former owners of Nøstret Bo og Omsorgssenter AS and Nøstret Kroksund AS. The parties have agreed that the owners will buy back the businesses for the same consideration paid by Attendo, plus interest. Net sales amount to approximately SEK 65 m on an annual basis and profits are limited.

Risks and uncertainties

Attendo conducts care and health care operations in the Nordics and is exposed to a number of different risks. Attendo divides risks into external risks, operational risks and financial risks. External risks comprise risks regarding future supply and demand, 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 related to factors including 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 2018, page 24.

Finland

The supervisory authorities in Finland sharply increased the number of inspections of private nursing homes during the first quarter. The authorities have conducted around 200 inspections of Attendo's operations. Attendo received criticism at two units that resulted in temporary withdrawal of permits. Attendo has launched a comprehensive action programme applicable to all operations in Finland, as well as targeted initiatives for the homes that were criticised by the authorities. The programme includes measures to free up time for licenced nurses and auxiliary nurses for the direct care tasks, to improve and strengthen internal competence, and to increase stakeholder communication and dialogue. Measures includes, among other things more assistants on weekdays and weekends, expanded teams within quality and competence development, and ongoing external quality audits.

Intensive public discussion of care for older people, with focus on private providers, arose in the aftermath of the official inspections. This has affected the reputation of the sector and Attendo has been the subject of widespread media coverage, which has had negative impact on the brand. Attendo is working intensively with proactive media communication in order to shed light on the challenges of the sector, describe the situation, correct the circulation of inaccurate information and strengthen the company's reputation.

The conditions of care provision may be changed on the political level as a consequence of the current debate. Attendo welcomes the statements by most of the parties represented in the Finnish parliament that they intend to increase staffing requirements in care for older people at the national level. Attendo is engaged in advocacy work aimed at creating long-term solutions and equal conditions for all providers.

Accounting policies

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

This interim report has been prepared according to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act and should be read together with the annual report for 2018. The most significant accounting policies under IFRS, the reporting norm applied in preparing this interim report, are set forth in Note C1 on pages 48-52 of the annual report for 2018, which were applied to the preparation of this interim report except as specified below regarding IAS 17 Leases/IFRS 16 Leases.

Note that all profit and loss items presented in the report for 2018 refer to continuing operations (excluding the divested Finnish health care operations) unless other information is provided.

IFRS 16 became effective from 1 January 2019 and superseded IAS 17 Leases and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard is effective for reporting periods beginning on or after 1 January 2019. The company has applied the full retrospective approach and the comparison period has therefore been restated. Attendo's analysis shows that the majority of the contracts classified as leases under IFRS 16 refer to premises where Attendo runs 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, which have been recognised in the balance sheet as required under IFRS 16. The rental agreements related to real estate usually have terms of 10-15 years and those for cars have terms of 3 years. Leases for real estate also normally include one or more extension options. Because exercise of an extension option requires a new investment decision, IFRS 16 does not cover 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 the costs can be separated from the cost of rent. Attendo has taken advantage of the relief rule permitting the exclusion of leases of assets of low value, below SEK 50,000, and leases with terms of less than twelve months. Attendo has opted to apply IFRS 16 retrospectively and thus to restate the financial reporting presented for earlier periods. Disclosures of the effects of this and information regarding the transition in other respects is provided in the 2018 annual report, Note C30, and on section Income Statement with IFRS 16 impacts of this interim report.

IFRIC 23, which clarifies the reporting and measurement requirements in accounting for uncertainties in income taxes took effect in January 2019. The interpretation has had no impact on the consolidated financial statements.

Attendo streamlined the business in 2018. Actions included divesting the Finnish health care operations and merging two business areas in Scandinavia into one. Attendo has previously defined two operating segments that are continuously monitored by the chief operating decision maker, who makes decisions about the allocation of resources and assesses the operating segment's performance. However, as permitted under IFRS 8.12, Attendo has opted to report these segments on an aggregated level as one reportable segment because the segments have similar economic characteristics and are similar in terms of the customers (the contracting local authorities) using the services, the nature of the services and the methods used to provide the services, the nature of the production processes and the extent to which operations are affected by various regulatory environments and risks. Consequent upon the change in operations, Attendo will be reporting two operating segments from 2019, based on the two business areas, Attendo Scandinavia and Attendo Finland. Segment information for 2018 and the respective quarters in 2018 has been restated and presented for 2018 and the first quarter of 2018 in this interim report and for quarters 2, 3 and 4 on Attendo's website (www.attendo.com).

Other and eliminations in the segment tables refers to costs for the head office and group eliminations.

The interim information on pages 1-17 is an integrated part of this financial report. The parent company's financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation, RFR 2 Accounting for Legal Entities.

The interim report has not been reviewed by the company's auditor.

Outlook

Attendo does not publish forecasts.

Danderyd, 3 May 2019

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

Martin Tivéus

President and CEO

Consolidated Income Statement

SEKm	Q1 2019	Q1 2018	Jan-Dec 2018
Net sales	2,878	2,624	10,987
Other operating income	18	5	24
Total revenue	2,896	2,629	11,011
Personnel costs	-1,924	-1,761	-7,275
Other external costs	-446	-372	-1,737
Operating profit before amortization and depreciations (EBITDA)	526	496	1,999
Amortization and depreciation of tangible and intangible assets	-268	-238	-991
Operating profit after depreciation (EBITA)	258	258	1,008
<i>Operating margin (EBITA), %</i>	<i>9.0</i>	<i>9.8</i>	<i>9.2</i>
Amortization of acquisition related intangible assets	-36	-33	-142
Operating profit (EBIT)	222	225	866
<i>Operating margin (EBIT), %</i>	<i>7.7</i>	<i>8.6</i>	<i>7.9</i>
Net financial items	-135	-121	-540
Profit before tax	87	104	326
Income tax	-21	-26	-82
Profit for the period from continuing operations	66	78	244
<i>Profit margin, %</i>	<i>2.3</i>	<i>3.0</i>	<i>2.2</i>
Divested operations			
Profit for the period from divested operations	-	37	711
Net profit for the period	66	115	955
Profit for the period attributable to the parent company shareholders	66	115	955
Basic earnings per share, continuing operations, SEK	0.41	0.49	1.52
Diluted earnings per share, continuing operations, SEK	0.41	0.49	1.52
Basic earnings per share, total operations, SEK	0.41	0.72	5.95
Diluted earnings per share, total operations, SEK	0.41	0.72	5.94
Basic earnings per share, divested operations, SEK	-	0.23	4.43
Diluted earnings per share, divested operations, SEK	-	0.23	4.42
Average number of shares outstanding, basic, thousands	160,868	160,413	160,455
Average number of shares outstanding, diluted, thousands	160,897	160,748	160,702

Consolidated Statement of Comprehensive Income

SEKm	Q1 2019	Q1 2018	Jan-Dec 2018
Profit for the period	66	115	955
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	-12	-	6
Items that may be reclassified to profit or loss			
Exchange rate differences on translating foreign operations	50	118	-11
Other comprehensive income for the period	38	118	-5
Total comprehensive income for the period	104	233	950
Total comprehensive income attributable to the Parent company shareholders	104	233	950

Consolidated Balance Sheet

SEKm	Mar 31, 2019	Mar 31, 2018*	Dec 31, 2018
ASSETS			
Non-current assets			
Goodwill	7,469	8,808	7,339
Other intangible assets	640	733	673
Equipment	727	498	606
Right of use assets	7,720	6,289	7,533
Financial assets	251	202	242
Total non-current assets	16,807	16,530	16,393
Current assets			
Trade receivables	1,095	1,205	1,050
Other current assets	557	532	437
Cash and cash equivalents	759	718	2,896
	2,411	2,455	4,383
Assets held for sale	375	578	446
Total current assets	2,786	3,033	4,829
Total assets	19,593	19,563	21,222
EQUITY AND LIABILITIES			
Equity	5,905	5,276	5,801
Non-current liabilities			
Liabilities to credit institutions	3,254	5,313	3,158
Long-term lease liabilities**	7,368	5,929	7,196
Provisions for post-employment benefits	61	57	43
Other provisions	54	17	54
Other non-current liabilities	167	131	162
Total non-current liabilities	10,904	11,447	10,613
Current liabilities			
Liabilities to credit institutions	39	43	2,120
Short-term lease liabilities***	774	699	745
Trade payables	251	287	259
Other current liabilities	1,709	1,764	1,657
	2,773	2,793	4,781
Liabilities held for sale	11	47	27
Total current liabilities	2,784	2,840	4,808
Total equity and liabilities	19,593	19,563	21,222

* Refers to total operations including the divested Finnish health care operations.

* Long-term lease liabilities include car leases amounting to SEK 6m (2) and of SEK 8m for the full year.

** Short-term lease liabilities include car leases amounting to SEK 29m (33) and SEK 21m for the full year.

Consolidated Cash Flow Statement

Operational cash flow (alternative performance measure), SEKm	Q1 2019	Q1 2018*	Jan-Dec 2018*
Operating profit (EBITA)	258	310	1,196
Depreciation and amortization of tangible and intangible assets	268	243	1,008
Changes in working capital	-77	-78	-30
Paid income tax	-80	-83	-226
Other non-cash items	7	5	77
Cash flow after changes in working capital	376	397	2,025
Investments in tangible and intangible assets	-68	-62	-284
Divestment of tangible and intangible assets	5	12	58
Operating cash flow	313	347	1,799
Interest received/paid	-33	-23	-116
Interest expense for lease liabilities of real estate	-108	-87	-394
Repayment of lease liabilities	-204	-159	-696
Free cash flow	-32	78	593
Net change in assets and liabilities held for sale	59	207	322
Acquisition of operations	-153	-108	-499
Divestment of subsidiaries	-	-	2,235
Share issue	-	-	28
Warrants	-	-	-29
Dividends paid	-	-	-204
Change in bank overdraft facilities	-	-	-22
Repayment of loans	-2,024	-151	-213
New borrowings	-	200	200
Total cash flow	-2,150	226	2,411
Cash and cash equivalents at the beginning of the period	2,896	475	475
Effect of exchange rate changes on cash	13	17	10
Cash and cash equivalents at the end of the period	759	718	2,896

Cash flow according to IFRS, SEKm	Q1 2019	Q1 2018	Jan-Dec 2018
Cash flow from operations	235	287	1,515
Cash flow from investing activities	-157	49	1,832
Cash flow from financing activities	-2,228	-110	-936
Total cash flow	-2,150	226	2,411

* Refers to total operations including the divested Finnish health care operations.

Consolidated Statement of Changes in Equity

SEKm	Q1 2019	Q1 2018*	Jan-dec 2018
Opening balance	5,801	5,041	5,041
Total comprehensive income	104	233	950
Transactions with owners			
Share issue	-	-	28
Warrants	-	-	-15
Repurchase of own shares	-	-	0
Share-savings plan	-	2	1
Dividend	-	-	-204
Total transactions with owners	-	2	-190
Closing balance	5,905	5,276	5,801

* Refers to total operations including the divested Finnish health care operations.

Segment in summary

SEKm	Attendo Scandinavia			Attendo Finland			Other and eliminations			Consolidated		
	Q1 2019	Q1 2018	FY 2018	Q1 2019	Q1 2018	FY 2018	Q1 2019	Q1 2018	FY 2018	Q1 2019	Q1 2018	FY 2018
Net sales	1,537	1,594	6,367	1,341	1,030	4,620	-	-	-	2,878	2,624	10,987
Own operations	1,088	1,069	4,315	1,294	987	4,444	-	-	-	2,382	2,056	8,759
Outsourcing	449	525	2,052	47	44	176	-	-	-	496	568	2,228
Operating profit (EBITA)	161	140	569	116	132	501	-19	-14	-62	258	258	1,008
<i>operating margin (EBITA), %</i>	<i>10.5</i>	<i>8.8</i>	<i>8.9</i>	<i>8.6</i>	<i>12.8</i>	<i>10.8</i>	-	-	-	<i>9.0</i>	<i>9.8</i>	<i>9.2</i>
Adjusted EBITA	121	103	426	58	99	347	-19	-14	-62	160	188	711
<i>Adjusted operating margin (EBITA), %</i>	<i>7.9</i>	<i>6.5</i>	<i>6.7</i>	<i>4.3</i>	<i>9.6</i>	<i>7.5</i>	-	-	-	<i>5.6</i>	<i>7.2</i>	<i>6.5</i>

Investments

SEKm	Q1 2019	Q1 2018	Jan-Dec 2018
Investments			
Investments in intangible assets	4	10	35
Investments in tangible assets	64	50	229
Divestments of tangible and intangible assets	-5	-11	-59
Total net investments	63	49	205
Intangible assets acquired through business combination			
Goodwill	87	79	379
Customer relations	29	28	152
Other	0	0	2
Total intangible assets acquired through business combination	116	107	533

For further information regarding acquisitions, see section Acquisitions.

Financial assets and liabilities

SEKm	Level	Mar 31, 2019	Mar 31, 2018*	Dec 31, 2018
ASSETS				
Financial assets measured at fair value				
Trade receivables		1,095	1,205	1,050
Cash and cash equivalents		759	718	2,896
Total financial assets		1,854	1,923	3,946
LIABILITIES				
Financial liabilities at fair value through profit or loss				
Contingent considerations	3	29	144	95
Financial liabilities measured at amortised cost				
Borrowings		3,293	5,356	5,278
Lease liabilities		8,142	6,628	7,941
Trade payables		251	287	259
Total financial liabilities		11,715	12,415	13,573

* Refers to total operations including the divested Finnish health care 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 2018, 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	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Assets pledged as collateral	74	126	115
Contingent liabilities*	4,914	4,027	5,675

* Leases of assets not yet in use are reported in contingent liabilities. Contingent liabilities also include a potential outflow of resources to complete acquisitions of real estate and operations from a few local authorities in Finland.

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	Q1 2019	Q1 2018	Jan-Dec 2018
Net sales	-	576	2,316
Other operating income	-	0	1
Total revenue	-	576	2,317
Personnel costs	-	-271	-1,077
Other external costs	-	-248	-1,035
Amortization and depreciation of tangible and intangible assets	-	-5	-17
Operating profit (EBITA)	-	52	188
Amortization of acquisition related intangible assets	-	-6	-23
Operating profit (EBIT)	-	46	165
Net financial items	-	-	-
Profit before tax	-	46	165
Income tax	-	-9	-33
Profit for the period from divested operations	-	37	132
Capital gain and losses	-	-	579
Profit for the period from divested operations (total effect)	-	37	711
Exchange rate differences on translating foreign operations	-	-	-117
Total comprehensive income from divested operations	-	37	594

Cash flow, SEKm	Q1 2019	Q1 2018	Jan-Dec 2018
Cash flow from operations	-	116	164
Cash flow from investing activities	-	-1	-27
Cash flow from financing activities	-	0	0
Total cash flow from divested operations	-	115	137

Income Statement with IFRS16 impacts

The effects of the implementation of IFRS 16 leases on the income statement are shown below.

SEKm	Q1 2019			Q1 2018			Jan-Dec, 2018		
	Reported	IFRS 16 effect	Excl. IFRS 16-effect*	Reported	IFRS 16 effect	Excl. IFRS 16-effect*	Reported	IFRS 16 effect	Excl. IFRS 16-effect*
Net sales	2,878	-	2,878	2,624	-	2,624	10,987	-	10,987
Other operating income	18	-4	14	5	-	5	24	-	24
Total revenue	2,896	-4	2,892	2,629	-	2,629	11,011	-	11,011
Personnel costs	-1,924	-	-1,924	-1,761	-	-1,761	-7,275	-	-7,275
Other external costs	-446	-312	-758	-372	-247	-619	-1 737	-1,081	-2,818
Operating profit before amortization and depreciation (EBITDA)	526	-316	210	496	-247	249	1,999	-1,081	918
Amortization and depreciation of tangible and intangible assets	-268	218	-50	-238	177	-61	-991	784	-207
Operating profit (EBITA)	258	-98	160	258	-70	188	1,008	-297	711
<i>Operating margin (EBITA) %</i>	<i>9.0</i>		<i>5.6</i>	<i>9.8</i>		<i>7.2</i>	<i>9.2</i>		<i>6.5</i>
Amortization of acquisition related intangible assets	-36	-	-36	-33	-	-33	-142	-	-142
Operating profit (EBIT)	222	-98	124	225	-70	155	866	-297	569
<i>Operating margin (EBIT) %</i>	<i>7.7</i>		<i>4.3</i>	<i>8.6</i>		<i>5.9</i>	<i>7.9</i>		<i>5.2</i>
Net financial items	-135	108	-27	-121	87	-34	-540	394	-146
Profit before tax	87	10	97	104	17	121	326	97	423
Income tax	-21	-2	-23	-26	-3	-29	-82	-20	-102
Profit for the period from continuing operations	66	8	74	78	14	92	244	77	321
<i>Profit margin %</i>	<i>2.3</i>		<i>2.6</i>	<i>3.0</i>		<i>3.5</i>	<i>2.2</i>		<i>2.9</i>
Divested operations									
Profit for the period from divested operations	-	-	-	37	-	37	711	-	711
Profit for the period	66	8	74	115	14	129	955	77	1,032
Profit for the period attributable to the parent company shareholders	66	8	74	115	14	129	955	77	1,032

* This column shows adjusted EBITDA and adjusted EBITA.

Key Data

		Q1 2019	Q1 2018	Jan-Dec 2018
Organic growth	%	1.8	2.9	3.6
Acquired growth	%	5.4	19.3	15.4
Changes in currencies	%	2.5	2.2	3.4
Operating margin (EBITA margin) r12	%	9.0	11.8	9.2
Adjusted operating margin (EBITA margin) r12	%	6.1	8.8	6.5
Working capital	SEKm	-308	-314*	-429
Return on capital employed	%	5.0	6.4*	4.9
Net debt to equity ratio	times	1.8	2.2*	1.8
Equity to asset ratio	%	30	27*	27
Net debt / EBITDA r12	times	5.3	5.7	5.2
Adjusted net debt / adjusted EBITDA r12	times	3.0	3.9*	2.7
Free cash flow	SEKm	-32	78*	593*
Net investments	SEKm	-63	-49	-205
Average number of employees		16,370	15,545	16,745
Key data per share				
Earnings per share, basic	SEK	0.41	0.49	1.52
Earnings per share, diluted	SEK	0.41	0.49	1.52
Equity per share, basic	SEK	36.71	32.89*	36.15
Equity per share, diluted	SEK	36.70	32.82*	36.10
Average number of shares outstanding, basic	thousands	160,868	160,413	160,455
Average number of shares outstanding, diluted	thousands	160,897	160,748	160,702
Number of shares, end of period	thousands	161,386	160,933	161,386
Number of treasury shares, end of period	thousands	515	519	519
Number of shares outstanding, end of period	thousands	160,871	160,414	160,867

* The comparison period includes the divested Finnish health care operations.

Quarterly Data

SEKm	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Total net sales	2,189	2,220	2,457	2,624	2,743	2,802	2,818	2,878
– Net sales, own operations	1,646	1,661	1,901	2,056	2,168	2,233	2,302	2,382
– Net sales, outsourcing	543	559	556	568	575	569	516	496

SEKm	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Total net sales	2,189	2,220	2,457	2,624	2,743	2,802	2,818	2,878
– Net sales Scandinavia	1,561	1,574	1,579	1,594	1,610	1,601	1,563	1,537
– Net sales Finland	628	646	878	1,030	1,133	1,201	1,255	1,341
Operating profit (EBITDA)*	-	-	-	496	441	629	433	526
Operating margin (EBITDA margin), %*	-	-	-	18.9	16.1	22.4	15.4	18.3
Operating profit (EBITA)*	-	-	-	258	199	375	176	258
Operating margin (EBITA margin), %*	-	-	-	9.8	7.3	13.4	6.3	9.0
Profit for the period *	111	179	98	78	21	149	-4	66
Profit margin, % *	5.1	8.1	4.0	3.0	0.8	5.3	-0.1	2.3
Earnings per share basic, SEK*	0.69	1.12	0.61	0.49	0.13	0.93	-0.02	0.41
Earnings per share diluted, SEK*	0.69	1.11	0.61	0.49	0.13	0.93	-0.02	0.41
Adjusted operating profit (EBITDA)	218	309	228	249	179	343	147	210
Adjusted operating margin (EBITDA margin), %	10.0	13.9	9.3	9.5	6.5	12.2	5.2	7.3
Adjusted operating profit (EBITA)	186	277	188	188	128	297	98	160
Adjusted operating margin (EBITA margin), %	8.5	12.5	7.7	7.2	4.7	10.6	3.5	5.6
Average number of employees	13,674	15,015	15,076	15,545	16,967	17,087	15,789	16,370
Own operations								
Number of units in operation**	388	422	534	557	583	584	585	598
Number of beds in operation***	8,446	9,326	12,635	13,216	14,536	14,889	15,288	15,923
Number of beds under construction***	2,378	2,757	2,903	2,828	2,463	2,519	2,462	2,401
Number of opened beds (r12)***	1,134	1,625	1,886	2,134	2,885	2,486	2,409	2,282
Occupancy in own homes, %***	88	85	85	82	79	81	82	81

* Figures for 2017 have not been restated according to IFRS 16.

** Refers to all units in Own operations.

*** Nursing homes for older people, homes for people with disabilities and social psychiatry.

Parent Company Income Statement

SEKm	Q1 2019	Q1 2018	Jan-dec 2018
Net sales	3	3	11
Personnel costs	-7	-4	-22
Other external costs	-2	-2	-11
Operating profit	-6	-3	-22
Net financial items	-2	-1	-9
Profit after financial items	-8	-4	-31
Group contributions	-	-	31
Profit before tax	-8	-4	0
Income tax	-	-	0
Profit for the period	-8	-4	0

Profit for the period corresponds to total comprehensive income.

Parent Company Balance Sheet

SEKm	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
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	4	3	35
Other receivables	9	3	9
Cash and cash equivalents	0	0	0
Total current assets	13	6	44
Total assets	6,507	6,500	6,538
EQUITY AND LIABILITIES			
Equity	6,067	6,246	6,075
Current liabilities			
Liabilities to group companies	428	241	450
Other liabilities	12	13	13
Total current liabilities	440	254	463
Total equity and liabilities	6,507	6,500	6,538

Information to shareholders and analysts

Calendar 2019

Interim report January-June	19 July 2019
Interim report January-September	24 October 2019

Telephone conference

A telephone conference will be held on 3 May 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 8 505 583 53
FI: +358 981 710 521
UK: +44 3 333 009 262

[Link to webcast](#)

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 85B
182 91 Danderyd

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

Company number:
559026-7885

Attendo's operations

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 care provider in Sweden and Finland. Attendo is a locally based company and has more than 600 units in operation in more than 200 municipalities. The company has about 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 and care for individuals and families.

Attendo provides services through two business areas, Attendo Scandinavia and Attendo Finland.

Attendo provides care and health care under two contract models:

- Own operations, where Attendo provides services in own controlled units/premises or provides home care in customer choice models. Attendo has own units within care for older people, people with disabilities, social psychiatry and care for 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, care for people with disabilities and care for individuals and families.

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

Own operations

83%

Share of net sales

Outsourcing

17%

Share of net sales

Definitions of key data and alternative performance measures (APM)

Explanations of financial measures

Acquired growth (APM)	The increase in the company's net sales from businesses and operations acquired during the past 12 months.
Adjusted EBITA (APM)	See the definition of operating profit (EBITA) below. Adjusted operating profit (EBITA) is operating profit according to the previous reporting standard IAS 17, i.e. excluding the effects of the implementation of IFRS 16. Car leases were reported as finance leases under the previous standard. Consequently, it is the effects of leases of real estate under IFRS 16 that differentiate operating profit from adjusted operating profit. See the income statement including effects of IFRS 16 for more information.
Adjusted EBITDA (APM)	See the definition of operating profit (EBITDA) below. Adjusted operating profit (EBITDA) is operating profit according to the previous accounting standard IAS 17, i.e., excluding the effects of the implementation of IFRS 16. Car leases were reported as finance leases under the previous standard. Consequently, it is the effects of leases of real estate under IFRS 16 that differentiate operating profit from adjusted operating profit. See the income statement including effects of IFRS 16 for more information.
Adjusted net debt (APM)	See the definition of net debt below. Adjusted net debt is net debt according to the previous reporting standard IAS 17, i.e., excluding the IFRS 16 effect on lease liabilities attributable to right-of-use assets for real estate. See the table showing net debt calculation for more information.
Adjusted operating margin (EBITA) (APM)	Adjusted operating profit (EBITA) divided by net sales.
Adjusted operating margin (EBITDA) (APM)	Adjusted operating profit (EBITDA) divided by net sales.
Capital employed	Equity plus interest-bearing liabilities and provisions for post-employment benefits.
Cash and cash equivalents	Cash and bank balances, short term investments and derivatives with a positive fair value.
Earnings per share	Profit or loss for the period divided by average shares outstanding.
Equity/assets ratio	Equity divided by total assets.
Equity per share	Equity divided by average shares outstanding.

Free cash flow (APM)	Free cash flow is a measure of the cash and cash equivalents the group generates in operating activities and investing activities. The performance measure is defined as cash flow from operating activities, and investments in and divestments of tangible and intangible assets, as well as received/paid interest and amortization of right-of-use assets recognized according to IFRS 16. See the Consolidated cash flow table for reconciliation.
Net debt (APM)	Net debt is a way of describing the group's indebtedness and its ability to repay its debt with cash and cash equivalents if all debts were to be due for payment today. Net debt is defined as interest-bearing liabilities plus provisions for post-employment benefits minus cash and cash equivalents. Net debt is presented both including and excluding lease liabilities attributable to right-of-use assets for real estate. See the section Financial position in this report for a reconciliation of net debt.
Net debt to equity ratio	Net debt divided by equity.
Net investments	The net of investments in and divestments of tangible and intangible assets, excluding acquisitions and divestment of operations as well as investments in and divestments of assets held for sale.
Net profit (-loss) for the period	Profit or loss for the period attributable to parent company shareholders.
Organic growth (APM)	Attendo reports organic growth as a performance measure to show underlying sales development excluding acquisitions and currency effects. The performance measure is calculated as sales growth excluding acquisitions and changes in exchange rates. See Note C33 in the 2018 annual report for a reconciliation of the performance measure on a full year basis.
Operating margin (EBIT margin)	Operating profit or loss (EBIT) divided by net sales.
Operating margin (EBITA margin)	Operating profit (EBITA) divided by net sales.
Operating profit (EBIT) (APM)	Attendo reports operating profit (EBIT) as a performance measure because it shows the development of operating activities independent of financing. Operating profit (EBIT) refers to profit before financial items and tax. See the Consolidated income statement for a reconciliation of EBIT.
Operating profit (EBITA) (APM)	Operating profit (EBITA) is used as a performance measure because it shows the development of operating activities without the effect of amortisation and impairments of intangible assets from acquired companies and independently of financing. Operating profit (EBITA) refers to profit before amortisation of acquisition-related intangible assets, financial items and tax. See the Consolidated income statement for a reconciliation of EBITA.
Operating profit (EBITDA) (APM)	Attendo reports operating profit (EBITDA) as a performance measure because it shows the development of operating activities independent of financing and investments. Operating profit (EBITDA) refers to profit or loss before depreciation, amortisation and impairments. See the Consolidated income statement for a reconciliation of EBITDA.
Profit margin	Profit or loss for the period divided by net sales.
r12 “rolling 12 months”	The sum of the period’s past 12 months.

Return on capital employed (APM)	Attendo reports return on capital employed because it shows profits in relation to the capital used in operations. The definition of return on capital employed is operating profit (EBIT) for the past 12 months divided by average capital employed.
Working capital (APM)	Working capital is a key performance measurement for optimising cash generation. The performance measure is defined as current assets excluding cash and cash equivalents and current interest-bearing assets minus current non-interest-bearing liabilities and provisions. Assets and liabilities held for sale are not included in working capital. See Note C33 in the 2018 annual report for a reconciliation of the performance measure on a full year basis.

Explanations of operating measures

CoP	Care for older people.
Mature unit	Unit opened during the calendar year of 2017 or earlier, excluding units from the acquisition of Mikeva.
Occupancy	The number of occupied beds divided by the number of available beds. Occupied beds refers to physical presence in the care home. Occupancy is a weighted average in the last month of each reporting period.