

Q3

# Interim report

## January–September 2019



# Attendo AB (publ)

## Interim Report, January–September 2019<sup>1</sup>

Q3

### Summary of the third quarter 2019

- Net sales increased by 8 percent to SEK 3,013m (2,802). Adjusted for currency effects, net sales increased by 6 percent.
- Operating profit (EBITA) amounted to SEK 294m (375). Excluding capital gains from the sale of real estate in Attendo Scandinavia, EBITA amounted to SEK 263m (375), corresponding to an operating margin of 8.7 percent (13.4).
- Adjusted EBITA, i.e., EBITA according to the previous accounting standard, was SEK 204m (297).
- Profit for the period amounted to SEK 94m (149), corresponding to a profit margin of 3.1 percent (5.3). Diluted earnings per share were SEK 0.58 (0.93).<sup>2</sup>
- Free cash flow amounted to SEK 51m (153).<sup>3</sup>
- The total number of beds in operation in Attendo's own homes<sup>4</sup> amounted to 16,470 (14,889), an increase by 11 percent. Occupancy in own homes was 80 percent (81).
- After the end of the quarter, Attendo reached an agreement with a bank syndicate of three banks regarding a new long-term credit facility. This replaces existing credit facilities and provides greater flexibility linked to covenants.
- During the quarter, Attendo has tested goodwill for potential impairment. The test shows that there is no need for an impairment. See page 16.

### Summary of the period January–September 2019

- Net sales increased by 9 percent to SEK 8,881m (8,169). Adjusted for currency effects, net sales increased by 7 percent.
- Operating profit (EBITA) amounted to SEK 673m (832), corresponding to an operating margin of 7.6 percent (10.2). The third quarter of 2019 was affected by a capital gain of SEK 31m arising from the sale of real estate, while EBITA in the comparison quarter was reduced by non-recurring costs of SEK 73m.
- Adjusted EBITA, i.e., EBITA according to the previous accounting standard IAS 17, was SEK 406m (613).
- Profit for the period amounted to SEK 121m (248), corresponding to a profit margin of 1.4 percent (3.0). Diluted earnings per share were SEK 0.75 (1.54).<sup>2</sup>
- Free cash flow amounted to SEK 55m (476).<sup>3</sup>

SEKm	Q3 2019	Q3 2018	Change (%)	Jan-Sep 2019	Jan-Sep 2018	Change (%)
Net sales	3,013	2,802	8	8,881	8,169	9
Operating profit (EBITA)	294	375	-22	673	832	-19
Operating margin (EBITA), %	9.8	13.4	-	7.6	10.2	-
Adjusted operating profit (EBITA)	204	297	-31	406	613	-34
Adjusted operating margin (EBITA), %	6.8	10.6	-	4.6	7.5	-
Profit for the period	94	149	-37	121	248	-51
Earnings per share diluted, SEK	0.58	0.93	-38	0.75	1.54	-51
Free cash flow	51	153	-67	55	476	-88

1. Note that all profit and loss items in the report are presented according to IFRS 16 Leases and refer to continuing operations (excluding the Finnish health care operations, which have been sold) unless other information has been provided. For further information, see Accounting Policies.

2. Basic and diluted earnings per share for divested operations in the comparison quarter were SEK 0.24. Basic earnings per share for total operations in the comparison quarter were SEK 1.17 and diluted earnings per share were SEK 1.16. For the period of January - September in the comparison period, basic and diluted earnings per share for divested operations were SEK 0.66, while basic earnings per share for total operations were SEK 2.21 and diluted earnings per share were SEK 2.20.

3. The comparison figure refers to total operations including the divested Finnish health care operations.

4. As of 2019, homes in own operations are defined as nursing homes and homes for people with disabilities and within social psychiatry that are operated by Attendo. The figures for comparative periods have been restated.

## President and CEO Martin Tivéus comments on the report

*Attendo delivers good growth and stable results, given challenging conditions. We have initiated the turn-around programme in Finland, costs have stabilised, sales of net new beds improved slightly and we have reached an agreement with a group of banks regarding a new long-term credit facility. However, profitability in Finland remains very low and we are taking several actions to strengthen the business for the long term, improve occupancy and increase satisfaction among customers and local authorities.*

Net sales increased by 8 percent during the third quarter to SEK 3,013m. Organic growth from care homes in own operations remains positive, while we are seeing a decline elsewhere, primarily in outsourcing. EBITA excluding capital gains from the sale of real estate amounted to SEK 263m, about 30 percent lower than in the preceding year. Costs have increased structurally in 2019 as a consequence of higher staffing requirements in Finland and, at the same time, the strong expansion of recent years has led to more empty beds in our Finnish operations.

We opened a total of more than 400 new beds in own operations during the quarter and the total number of beds at the end of the quarter was around 16,500. We have sharply reduced the establishment pace in Finland, but given the long lead times in already ongoing projects, the opening pace is expected to remain high until the middle of next year. We estimate approximately 1,800 openings in 2019 and about 1,600 openings in 2020. The net increase in total beds will not be as high, however, because we are discontinuing certain units that have not been assessed as attractive in the long term. We are also carrying out a gradual shift towards more openings in Scandinavia and fewer in Finland. Average occupancy is currently 80 percent, while mature units are demonstrating occupancy of around 90 percent.

During the quarter, Attendo renegotiated its financing and we have agreed with three banks of a new long-term credit facility. In accordance with the agreement, Attendo will undertake customary financial commitments, including that Attendo must fulfil certain covenants. These covenants are more flexible compared to the present agreement. Other terms are similar to the previous agreement.

### **Attendo Scandinavia - focus on growth and quality of care**

Our Scandinavian operations demonstrated continued stable development. Profits excluding capital gains were marginally lower than profits in the comparison quarter. Sales and occupancy for own care homes improved slightly and home care operations are continuing to show positive development. Likewise, revenues and profits stabilised in outsourcing, although at a low level. Attendo won new outsourcing contracts of SEK 45m in annual income during the quarter. We are continuing to identify new opportunities to open nursing homes in own operations in Scandinavia and construction of one new nursing home began during the quarter. An active effort is in progress to continue developing Attendo's quality position in Scandinavia through improved methods, new digital tools and the roll-out of an enhanced culinary concept.




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***“We can see that our actions are effective and financial performance stabilised in the third quarter.”***

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## Attendo Finland - some signs of stabilisation

In the aftermath of the turbulence in the Finnish care market, Attendo Finland reported very weak financial performance in relation to the comparison quarter in the preceding year. This was caused by higher staffing costs due to higher staffing requirements, a large number of units in the start-up phase, a low pace of net sold beds and weak development in the acquired business Mikeva. Some stabilisation has occurred in relation to the second quarter of 2019. In addition to positive seasonal effects, costs have stabilised and sales of new beds have increased somewhat. The opportunity to recruit new employees has improved, although we expect this to be a limiting factor in being able to take in new customers in future quarters as well.

The government also announced a proposal in the third quarter to further increase the staff ratio in certain parts of care for older people by 2023. It is too early to assess the impact of this proposal as all details have not yet been clarified.

### As previously communicated, our strong measures to reverse the trend in Finland are continuing:

- We have strengthened the management with a new business area director, Virpi Holmqvist and a new Finance Director, Henna Plit.
- We carried out a reorganisation in the third quarter, in which we increased the number of regional / area managers to improve the operations.
- We have reinforced our central and regional recruitment support functions and are stepping up the recruitment of Filipino nurses to Finland.
- As our contracts in Finland expire, we are seeking compensation for the higher demands in negotiations with the contracting local authorities.
- To increase occupancy more quickly, we sharply reduce the number of new establishment projects and we close down units where the opportunities to fill beds are considered unsatisfactory.
- We have an ongoing action programme aimed at further improving quality, employee commitment and customer satisfaction in Finland.

## Highest customer satisfaction will lead to long-term success

We have a long journey ahead to re-establish trust and profitability in our Finnish operations. But we can already see that our actions are effective and financial performance is starting to stabilize in the third quarter. We have had the ambition to present updated financial targets in 2019, but considering the uncertainties in the Finnish market, we believe it makes sense to delay new commitments.

There are no shortcuts in the work going forward. For a company like Attendo, the prerequisite for long-term success is the capacity to deliver high and stable quality to satisfied customers, which has been the hallmark of the company since the beginning. Customer surveys show that our care is appreciated and that we are the preferred provider in several locations. But we will not be content until we have the highest level of satisfaction in every location in which we operate - can deliver more care for money spent by local authorities, and at the same time create value for our shareholders.

Martin Tivéus, President and CEO

# Group

## July– September 2019

### Net sales and operating profit

Net sales increased by 7.5 percent to SEK 3,013m (2,802) during the quarter. Adjusted for currency effects, net sales increased by 6.2 percent. Acquired growth accounted for 4.6 percent and organic growth for 1.6 percent. Own homes demonstrated sustained strong growth, driven primarily by homes opened in Finland in 2018 and 2019. Growth was negatively impacted by ended units, primarily in outsourcing, but also in home care and individual and family care in Attendo Scandinavia. Attendo has also discontinued a number of own homes.

Own operations' share of total consolidated net sales is still rising. The own operations contract model accounted for 84 percent of total consolidated net sales during the quarter and the outsourcing contract model accounted for 16 percent.

Operating profit (EBITA) amounted to SEK 294m (375). A capital gain of SEK 31m attributable to the sale of real estate in the Attendo Scandinavia business area had a positive impact on the third quarter of 2019. Excluding the capital gain, operating profit (EBITA) amounted to SEK 263m (375), corresponding to an operating margin of 8.7 percent (13.4). Currency effects had marginal impact on profits.

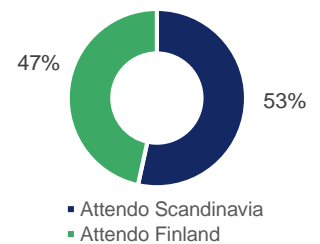
Adjusted EBITA (EBITA per the earlier standard) was SEK 204m (297). As mentioned above, the current quarter was affected by a capital gain of SEK 31m.

Operating profit in the current quarter was negatively affected by sharply increased costs due to increased staffing requirements and other related costs in the Attendo Finland business area, which amounted to nearly SEK 70m. In addition, operating profit was negatively affected by new own homes started in 2019 and 2018, where initial occupancy is low, more unsold beds and the loss of profits from ended units, primarily in outsourcing. Better financial performance in home care operations in Attendo Scandinavia, increased occupancy in own homes started in 2017 and acquisitions in both business areas had positive impact on operating profit.

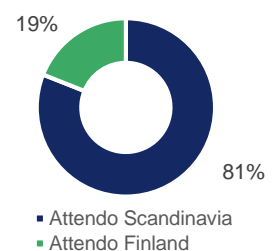
The total number of beds in operation in own homes<sup>1</sup> amounted to 16,470 (14,889), an increase by 11 percent. Occupancy in these homes was 80 percent (81). Mature units – those opened in 2017 or earlier, excluding Mikeva units, had an occupancy rate of about 90 percent and showed an adjusted EBITA margin of 7.3 percent on a rolling 12 months' basis (r12), including all of Attendo's administrative expenses. The number of beds under construction in own operations fell to 2,094 across 40 homes.

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

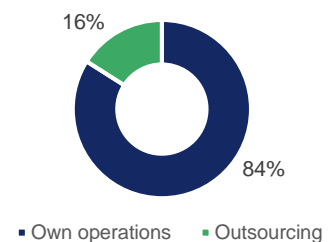
### Net sales per business area, Q3 2019



### Operating profit (EBITA) per business area, Q3 2019

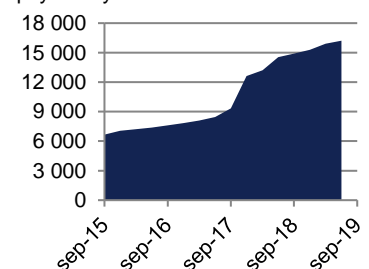


### Net sales per contract model, Q3 2019



### 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 -137m (-141) for the quarter, including net interest expense of SEK -13m (-31). Interest expense related to the lease liability for real estate related to IFRS 16 amounted to SEK -120m (-106).

## Income tax

Income tax for the period amounted to SEK -29m (-48), corresponding to a tax rate of 23.6 percent (24.4).

## Profit and earnings per share for the period

Profit for the period amounted to SEK 94m (149), corresponding to basic and diluted earnings per share of SEK 0.58 (0.93) for continuing operations. Basic and diluted earnings per share for divested operations were SEK - (0.24). Basic earnings per share for total operations were SEK 0.58 (1.17) and diluted earnings per share for total operations were SEK 0.58 (1.16).

## January–September 2019

### Net sales and operating profit

Net sales increased by 8.7 percent to SEK 8.881m (8,169) during the period. Adjusted for currency effects, net sales increased by 7.0 percent. Acquired growth accounted for 5.4 percent and organic growth for 1.6 percent. Own homes demonstrated sustained strong growth, driven primarily by homes opened in Finland in 2018 and 2019. Growth was negatively affected by ended units, primarily in outsourcing, but also in home care and individual and family care in Attendo Scandinavia. Attendo has also discontinued a number of own homes.

Operating profit (EBITA) amounted to SEK 673m (832). Operating profit adjusted for currency effects was SEK 669m. The current period was affected by a capital gain of SEK 31m, while the comparison quarter was impacted by non-recurring costs of SEK 73m in the Attendo Scandinavia business area. Excluding these items of a non-recurring nature, operating profit (EBITA) amounted to SEK 642 (905), corresponding to an operating margin of 7.2 percent (11.1). Excluding these items, profits decreased in both business areas.

Adjusted EBITA, i.e. EBITA according to the previous accounting standard, was SEK 406m (613). As mentioned above, the current period was affected by a capital gain of SEK 31m, while non-recurring costs of SEK 73m were impacted the comparison quarter.

Operating profit was negatively affected by sharply increased costs in the Attendo Finland business area as a result of higher staffing requirements, new own homes started in 2019 and 2018, where initial occupancy is low, and the loss of profits from ended units, primarily in outsourcing in Attendo Scandinavia. Operating profit was positively affected by higher occupancy in own homes that started in 2017 and acquisitions in both business areas, as well as improved profits in home care in Attendo Scandinavia.

**Net financial items**

Net financial items amounted to SEK -409m (-396) for the period, including net interest expense of SEK -44m (-86). Interest expense related to the lease liability for real estate related to IFRS 16 amounted to SEK -346m (-288).

**Income tax**

Income tax for the period amounted to SEK -38m (-82), corresponding to a tax rate of 23.9 percent (24.8).

**Profit and earnings per share for the period**

Profit for the period amounted to SEK 121m (248), corresponding to basic earnings per share of SEK 0.75 (1.55) and diluted earnings per share of SEK 0.75 (1.54) for continuing operations. Basic and diluted earnings per share for divested operations were SEK - (0.66). Basic earnings per share for total operations were SEK 0.75 (2.21) and diluted earnings per share for total operations were SEK 0.75 (2.20).

## Business Area:

**Attendo Scandinavia**

SEKm	Q3 2019	Q3 2018	Sep 30, 2019	Sep 30, 2018	Jan-Dec 2018
Net sales	1,584	1,601	4,709	4,805	6,367
Operating profit (EBITA)	252	228	543	472	569
Operating margin (EBITA), %	15.9	14.2	11.5	9.8	8.9
Adjusted EBITA	210	192	430	363	426
Adjusted EBITA margin, %	13.3	12.0	9.1	7.6	6.7

**July–September 2019**

Net sales in Attendo Scandinavia amounted to SEK 1,584m (1,601), corresponding to growth of -1.1 percent before and after currency effects. Acquisitions, increases in occupancy in own operations and contractually agreed price increases contributed to growth, but could not compensate for the loss from ended units, primarily in Outsourcing, but also Individual and family care. Attendo has also discontinued a number of home care operations since the comparison quarter that lacked the conditions for long-term profitability, which had negative impact on organic growth.

Operating profit (EBITA) amounted to SEK 252m (228). Profit in the current quarter was increased by a capital gain of SEK 31m regarding the sale of real estate. Excluding the capital gain, operating profit (EBITA) amounted to SEK 221m (228), corresponding to an operating margin of 14.0 percent (14.2). There were no currency effects on profit.

Adjusted EBITA amounted to SEK 210m (192).

Ended units in outsourcing operations had a negative effect on profit compared to the same quarter last year. Higher profits in home care resulting from acquisitions as well as improved planning and processes made a positive contribution to profit. Start-up costs for own homes opened in 2018 and 2019 were offset by increased profits from own homes opened in 2017.

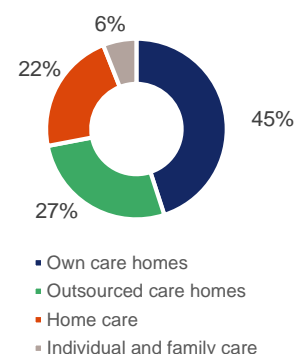
Two homes in own operations with a total of 12 beds were opened during the quarter. In the past twelve months, a total of 210 beds were opened. Attendo discontinued an own nursing home during the period since Attendo made the assessment that the nursing home is lacking long term sustainable conditions.

Construction of one unit in own operations with a total of 99 beds began during the quarter. At the end of the quarter, there were 1,146 beds under construction.

Attendo won two outsourcing contracts during the quarter, which have not yet started, with estimated annual revenues of SEK 45m.

**Attendo Scandinavia****53%**

of net sales in the quarter  
Operations in Sweden, Norway  
and Denmark.

**Sales per service offering,  
Q3 2019**



## January–September 2019

Net sales in Attendo Scandinavia amounted to SEK 4,709m (4,805), corresponding to growth of -2.0 percent. Adjusted for currency effects, growth was -2.2 percent. Acquisitions and more sold beds in own operations contributed to growth, but could not compensate for the loss from ended units, primarily in outsourcing, but also individual and family care. Attendo discontinued a number of home care operations subsequent to the comparison period that lacked the conditions for long-term profitability, which had negative impact on organic growth.

Operating profit (EBITA) amounted to SEK 543m (472). Operating profit (EBITA) adjusted for currency effects was SEK 544m. Profit in the current period was affected positively by a capital gain of SEK 31m attributable to the sale of real estate, while profit in the comparison period was impacted by non-recurring costs of SEK 73m, of which SEK 53m related to discontinuation of a number of units in individual and family care in the second quarter and write down of real estate of SEK 20m in the first quarter. Excluding these costs of a non-recurring nature, operating profit (EBITA) amounted to SEK 512m (545), corresponding to an operating margin of 10.9 percent (11.3).

Adjusted EBITA amounted to SEK 430m (363).

Profit decreased compared to the preceding year adjusted for non-recurring items in the current period and the comparison period. Ended contracts and weak development in outsourcing operations had a generally negative effect compared to the comparison period. Higher profits in home care resulting from acquisitions and improved planning and processes and higher profits in individual and family care due to the discontinuation of unprofitable operations in 2018 made a positive contribution to profit. Start-up costs for units opened in 2018 and 2019 were offset by increased profits from homes in own operations opened in 2017.

## Key data per quarter

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
<b>Attendo Scandinavia</b>					
Number of beds in operation in own homes	3,603	3,636	3,633	3,642	3,602
Number of opened beds in own homes (r12)	333	273	327	210	210
Occupancy in own homes, %	85	87	86	85	87
Number of beds in own homes under construction	823	900	908	1,059	1,146
Number of beds in operation in outsourcing	2,923	2,671	2,622	2,586	2,546
Net outsourcing contracts won/lost, SEKm	-42	-53	5	-	45
Home care customers	11,285	11,334	11,454	11,948	12,428

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

## Business Area:

**Attendo Finland**

SEKm	Q3 2019	Q3 2018	Sep 30, 2019	Sep 30, 2018	Jan-Dec 2018
Net sales	1,429	1,201	4,172	3,364	4,620
Operating profit (EBITA)	60	162	183	403	501
Operating margin (EBITA), %	4.2	13.5	4.4	12.0	10.8
Adjusted EBITA	11	120	28	293	347
Adjusted EBITA margin, %	0.8	10.0	0.7	8.7	7.5

**July–September 2019**

Net sales in the Attendo Finland business area amounted to SEK 1,429m (1,201) corresponding to growth of 19.0 percent. Adjusted for currency effects, net sales increased by 16.1 percent. The increase in net sales is primarily attributable to new own homes started during 2019 and 2018 and acquisitions. Subsequent to the comparison quarter, Attendo Finland has closed down a number of units with non-adequate standards and the majority of residents were moved to new, modern Attendo homes, but a couple of units were discontinued entirely.

Operating profit (EBITA) amounted to SEK 60m (162) and the operating margin (EBITA) was 4.2 percent (13.5). Operating profit (EBITA) adjusted for currency effects was SEK 59m. Adjusted EBITA amounted to SEK 11m (120).

Profits were negatively affected by cost increases due to higher staffing requirements in 2019 and new own homes, where occupancy is initially low. Attendo has more unoccupied beds than in the comparison quarter. In order to meet new staffing requirements and assure high customer satisfaction, Attendo has increased staffing in many operations.

In total, 14 homes in own operations with a total of 422 beds were opened during the quarter. In the past twelve months, a total of 1,657 beds were opened. Construction of two own homes with a total of 40 beds began during the quarter. The number of beds under construction continued to decrease and amounted to 948 at the end of the quarter.

**January–September 2019**

Net sales in the Attendo Finland business area amounted to SEK 4,172m (3,364) corresponding to growth of 24.0 percent. Adjusted for currency effects, net sales increased by 20.1 percent. The increase in net sales is primarily attributable to new own homes started during 2019 and 2018 and acquisitions. Since the comparison quarter, Attendo Finland has discontinued a number of units, whose residents were mainly moved to newly built Attendo homes.

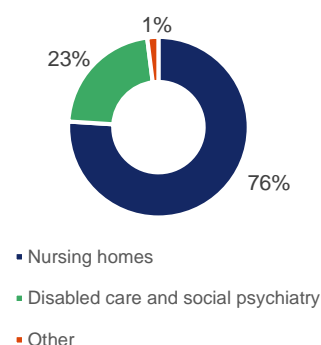
Operating profit (EBITA) amounted to SEK 183m (403) and the operating margin (EBITA) was 4.4 percent (12.0). Operating profit (EBITA) adjusted for currency effects was SEK 177m. Adjusted EBITA amounted to SEK 28m (293).

Profits were negatively affected by cost increases due to higher staffing requirements in 2019 and new own homes, where occupancy is initially low. Attendo had more unoccupied beds than in the comparison period. In order to meet new staffing requirements and assure high customer satisfaction, Attendo has increased staffing in many operations.

## Attendo Finland

**47%**

of net sales in the quarter  
Operations in Finland

**Sales per service offering  
Q3 2019**

## Key data per quarter

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
<b>Attendo Finland</b>					
Number of beds in operation in own homes	11,286	11,652	12,290	12,574	12,868
Number of opened beds in own homes (r12)	2,153	2,136	1,955	1,542	1,657
Occupancy in own homes, %	79	80	80	78	78
Number of beds in own homes under construction	1,696	1,562	1,493	1,276	948
Number of beds in operation in outsourcing	304	304	304	274	262
Net outsourcing contracts won/lost, SEKm	-21	-	-	-	-5
Home care customers	180	181	620	620	620

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

Cash flow<sup>1</sup>

## July–September 2019

Free cash flow was SEK 51m (153) during the quarter, whereof changes in working capital amounted to SEK -217m (-116). The negative change in working capital is primarily attributable to holiday payments during the quarter. The main explanations for the lower cash flow compared to the same period in the preceding year are that the comparison period shows total operations including the divested Finnish health care operations, as well as lower profits in continuing operations.

Cash flow from operating activities was SEK 241m (377). Cash flow from net investments in non-current assets was SEK 13m (-44) and cash flow from assets and liabilities held for sale amounted to SEK 242m (-59). Business acquisitions reduced cash flow by SEK -13m (-19). Cash flow from investing activities thus amounted to SEK 242m (-122). Cash used in financing activities was SEK -490m (-259). Financing activities include loan repayments of SEK 287m (-72). Total cash used amounted to SEK -7m (-4).

## January–September 2019

Free cash flow during the period was SEK 55m (476), whereof changes in working capital amounted to SEK -189m (-31). The main explanations for the lower cash flow compared to the same period in the preceding year are that the comparison period shows total operations including the divested Finnish health care operations, as well as lower profits in continuing operations.

Cash flow from operating activities was SEK 771m (1,148). Cash used for net investments in non-current assets was SEK -132m (-161) and cash flow from assets and liabilities held for sale amounted to SEK 312m (307). Business acquisitions reduced cash flow by SEK -200m (-274). Divestment of a subsidiary made a positive contribution to cash flow of SEK 87m (-). Cash flow from investing activities thus amounted to SEK 67m (-128). Cash used in financing activities was SEK -3,017m (-760). Financing activities include loan repayments of SEK -2,337m (-224). Total cash used amounted to SEK -2,179m (260).

1. The comparison figures refer to total operations including the divested Finnish health care operations.

## Financial position<sup>1</sup>

Consolidated equity as of 30 September 2019 amounted to SEK 5,936m (5,303), which represents diluted equity per share of SEK 36.89 (33.00). Net debt amounted to SEK 11,277m (12,611). Adjusted net debt, excluding lease liability real estate, amounted to SEK 2,375m (4,901). Net debt is lower compared to the same quarter in the previous year because Attendo received the proceeds for the divested Finnish health care operations at the end of 2018.

SEKm	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Interest-bearing liabilities	11,989	13,078	13,219
Provisions for post-employment benefits	33	52	43
Cash and cash equivalents	-745	-519	-2,896
<b>Net debt</b>	<b>11,277</b>	<b>12,611</b>	<b>10,366</b>
Lease liability real estate*	-8,902	-7,710	-7,870
<b>Adjusted net debt</b>	<b>2,375</b>	<b>4,901</b>	<b>2,496</b>

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

Interest-bearing liabilities amounted to SEK 11,989m (13,078) on 30 September 2019. Cash and cash equivalents as of 30 September 2019 amounted to SEK 745m (519) and Attendo had SEK 1,689m (948) in unutilised committed credit facilities.

Net debt/EBITDA amounted to 5.8 (6.2). Net debt/adjusted EBITDA was 3.3 (3.8). The decrease in net debt is attributable to the sale of the Finnish health care operations.

SEKm	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Net debt / EBITDA	5.8	6.2	5.2
Adjusted net debt / adjusted EBITDA	3.3	3.8	2.7

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

Attendo has reached an agreement with a group of banks regarding a new long-term financing solution during the third quarter. For more information, see the section “Events after the reporting date” on page 17.

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

## Quality and employees

Care work at Attendo is based on our vision of *empowering the individual*, which is made a reality from day to day through our shared values of *Competence, Commitment and Care*.

Attendo Scandinavia introduced a new values organisation during the quarter to further strengthen our values and increase employee commitment. Newly appointed regional values coaches have been given responsibility for planning and structuring the values work and for supporting, training and engaging local values coaches in the units. Meetings were held with the local values coaches in the autumn to train them and plan the values work going forward.

Attendo Scandinavia has had a special theme related to work environment, where managers are encouraged to play Attendo's work environment game with their employees. The game is aimed at stimulating discussions about the local work environment and to spread knowledge about how to maintain a good work environment.

The user survey conducted by the Swedish National Board of Health and Welfare was released at the end of the quarter. The result for Attendo was broadly in line with the previous year, but we still have work ahead of us in improving customer satisfaction on some units. Four of Attendo's units achieved a 100 percent satisfaction score in the survey. A total of 34 units received satisfaction scores above 90 percent.

As of September, the new Good Food culinary concept is applied at all Attendo nursing homes in Scandinavia. The concept involves more locally prepared food and reduced usage of ready-made dishes. The first evaluations show that our residents have enjoyed a better culinary experience and the operations are seeing less waste.

The recruitment process has been reinforced in Finland, where actions included implementing a new recruitment system and increasing the number of recruitment coordinators. We have also launched an introduction portal for new employees and tested a health and safety programme aimed at improving follow-up of any occupational health problems. The day to day work in local operations has been given more and stronger support through additional team leaders and floating nurses and assistant nurses to rapidly meet needs for substitutes.

Pia Jabalak was honoured with the Attendo Nurse of the Year Award in Attendo Finland for her professionalism, positive attitude and ability to create team spirit, which has contributed to good care and a good work environment.

A new digital system for food handling has been implemented in Finland, focusing on three areas: automated temperature control, internal inspections of kitchens and better hygiene control. Attendo has also introduced new menus that follow updated national nutrition guidelines for older people.

Attendo's Sustainability and Quality Report are available at: [www.attendo.com](http://www.attendo.com)



## 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. The volumes of completed tenders in the outsourcing market for care for older people and care for people with disabilities increased slightly.

One problem in the Swedish care system is that substantial differences in the conditions for providing care are imposed on public and private providers. The Health and Social Care Inspectorate (IVO) has on several occasions in 2019 imposed higher standards for night staffing on outsourced nursing homes operated by private providers in relation to earlier staffing requirements when the homes were operated by the local authority. This can make it more difficult for local authorities to outsource care to private providers because the standards, and thus the costs, increase when private providers take over.

### Finland – government bill on increased staffing

The Finnish government has presented a bill to increase the staff ratio in 24-hour care at nursing homes from the current 0.5 to 0.7 care workers per resident. The staff ratio applies to all employees with care duties, but not administrative staff and other support functions. According to the bill, the new provisions would take full effect by 1 April 2023.

The government intends to continue the work with the comprehensive care and health care reform (the "SOTE" reform) with certain modifications. These changes will, however, lead to further delays of the reform.

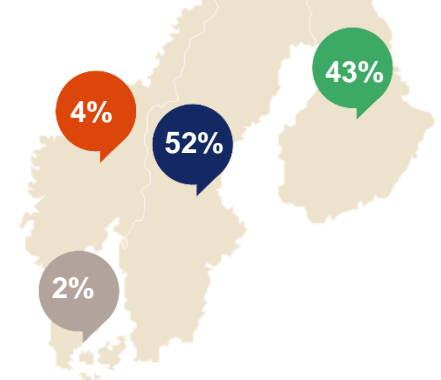
### Norway – the outcome of local elections will have negative impact on private providers

The local elections in Norway on 10 September resulted in the two largest parties, Labour and the Conservatives, being voted out of office and replaced by the Centre Party and the red/green bloc (the Green, Socialist Left and Red parties). Even though the social democratic Labour Party had the greatest losses of all parties, they are expected to govern in several of the largest municipalities in Norway, including Oslo. Labour promised in the election to deprivatise care for older people and return care provision to municipal operation, which is creating uncertainty about the future conditions for private care operations in some Norwegian municipalities.

#### Our geographies

Share of sales by country

- Sweden
- Finland
- Norway
- Denmark



Share of Attendo's net sales 2018.

## Significant events in the third quarter

### Acquisitions and divestments in the third quarter

- On 1 August 2019, Attendo acquired the nursing home operations of Debora Oy in Helsinki through an asset acquisition.

## Other information

### Shares outstanding

The total number of shares is 161,386,592. Attendo holds 507,304 treasury shares and the total number of shares outstanding as of 30 September 2019 was thus 160,879,288.

### Number of employees

The average number of employees was 16,984 (17,087) in the third quarter and 16,640 (16,533) for period January - September.

### Related-party transactions

Transactions with related parties amount to a value of SEK 0.4m (0.6) during the period. All transactions with related parties 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 salaries for executive management, fees to board of directors, and costs for external consultants.

Net sales for the period January - September were SEK 10m (8), and were entirely related to services provided to subsidiaries. The profit after net financial items was SEK -24m (-21). 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 5,954 (6,025).

### Impairment test of goodwill

During the quarter, Attendo tested goodwill for potential impairment. As in previous years, the impairment test has been done separately for Attendo Scandinavia (AS) and Attendo Finland (AF). With IFRS 16 being introduced in 2019, Attendo has significant book value assets related to long-term leases, usually over 10 years. In addition, the upcoming demographic change is expected to lead to a further increased demand for the Group's services after year five of the forecast period. Attendo has therefore used a 10-year forecast period for 2019 impairment testing.

The test shows that there is no need for an impairment, but that the margin for impairment of goodwill in Finland is considerably smaller than in previous years. When assessing goodwill in Attendo Finland, which is booked at SEK 2,865m, the assessment has been based partly on the business and action plan for the coming years and a long-term profitability level corresponding to at least 7% adjusted EBITA margin (ie EBITA margin according to previous accounting standard without IFRS16) at the end of the forecast period. For the cost of capital, 11.7% has been used for return on equity and 3.3% for interest expense before tax on interest-bearing debt. The required rate of return on equity has been substantially adjusted up from previous years' testing based on a higher risk premium. These assumptions would give 8% WACC (after tax) according to the previous accounting standard and 7.3% (after tax) with IFRS16. The reason for the difference is that IFRS16 results in a significantly higher debt ratio in the capital structure.

The assessment is sensitive to some assumptions. A sensitivity analysis shows that a long-term adjusted EBITA margin for Attendo Finland of 6% or lower would imply a need for impairment, as would a higher weighted capital cost (WACC) of 0.5 percentage points or more would imply an impairment requirement according to this sensitivity analysis. Furthermore, a reduction of the margin by 0.75% units in each respective period in the assessment would imply an impairment requirement.

In Attendo Scandinavia, there is a large margin before any impairment would be needed.

### **Seasonal and calendar effects**

Attendo's profitability is affected by factors including seasonal fluctuations, 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.

During the third quarter there are no public holidays, but the number of Saturdays and Sundays may differ between the years. In addition, the third quarter is positively affected by lower personnel costs, as employees normally take out vacation during July and August and therefore receive earned vacation pay which is reserved during the year.

## Events after the reporting date

### Changes in Attendo's executive management

Business Development Director Johan Spångö will be leaving Attendo and thus will no longer be part of executive management. Johan Spångö will leave Attendo no later than summer 2020. He will remain in his role during the transition period. A recruitment process to find his successor has started.

### New financing

After the end of the quarter, Attendo has agreed with a bank syndicate of three banks on a new long-term credit facility. This will replace the existing credit facilities arranged in conjunction with the IPO in 2015. The new agreement will include customary financial commitments, including that Attendo must fulfil certain financial performance measures (covenants). For a defined period of time, these performance measures give Attendo greater flexibility compared to the current agreements. Other terms are similar to the previous agreement.

## 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 Attendo's operations, e.g. pricing and acquisitions. Financial risks are related to factors including access to capital, 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 beginning of 2019. The authorities have conducted around 300 inspections of Attendo's operations during the year.

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.

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.

The conditions of care provision may be changed on the political level as a consequence of the current debate. 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](http://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 1-20 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.

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

## Outlook

Attendo does not publish forecasts.

Danderyd, October 24, 2019

Martin Tivéus

CEO

**Attendo's Annual reports are available on [www.attendo.com](http://www.attendo.com)**

# Auditor's limited review report (translation of the Swedish original)

Attendo AB. reg. no. 559026-7885

## Introduction

We have reviewed the condensed interim financial information (interim report) of Attendo AB as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of Review

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

## Conclusion

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

## Matter of emphasis

Without it effecting our conclusions above, we want to emphasize the disclosure regarding impairment testing of goodwill on pages 15-16 of the interim report. It is stated that Attendo tested the goodwill for impairment and that the assessment is sensitive to changes in certain specific assumptions. A change of the applied assumptions would, as described by the company, lead to an impairment relating to Attendo Finland.

Stockholm, 24 October 2019

PricewaterhouseCoopers AB

Patrik Adolfson

Authorized public accountant

# Financial reports

## Consolidated Income Statement

SEKm	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net sales	3,013	2,802	8,881	8,169	10,987
Other operating income	47	4	90	12	24
<b>Total revenue</b>	<b>3,060</b>	<b>2,806</b>	<b>8,971</b>	<b>8,181</b>	<b>11,011</b>
Personnel costs	-1,968	-1,781	-6,006	-5,413	-7,275
Other external costs	-508	-396	-1,460	-1,202	-1,737
<b>Operating profit before amortization and depreciations (EBITDA)</b>	<b>584</b>	<b>629</b>	<b>1,505</b>	<b>1,566</b>	<b>1,999</b>
<b>Amortization and depreciation of tangible and intangible assets</b>	<b>-290</b>	<b>-254</b>	<b>-832</b>	<b>-734</b>	<b>-991</b>
<b>Operating profit after depreciation (EBITA)</b>	<b>294</b>	<b>375</b>	<b>673</b>	<b>832</b>	<b>1,008</b>
<i>Operating margin (EBITA), %</i>	<i>9.8</i>	<i>13.4</i>	<i>7.6</i>	<i>10.2</i>	<i>9.2</i>
Amortization of acquisition related intangible assets	-34	-37	-105	-106	-142
<b>Operating profit (EBIT)</b>	<b>260</b>	<b>338</b>	<b>568</b>	<b>726</b>	<b>866</b>
<i>Operating margin (EBIT), %</i>	<i>8.6</i>	<i>12.1</i>	<i>6.4</i>	<i>8.9</i>	<i>7.9</i>
Net financial items	-137	-141	-409	-396	-540
<b>Profit before tax</b>	<b>123</b>	<b>197</b>	<b>159</b>	<b>330</b>	<b>326</b>
Income tax	-29	-48	-38	-82	-82
<b>Profit for the period from continuing operations</b>	<b>94</b>	<b>149</b>	<b>121</b>	<b>248</b>	<b>244</b>
<i>Profit margin, %</i>	<i>3.1</i>	<i>5.3</i>	<i>1.4</i>	<i>3.0</i>	<i>2.2</i>
<b>Divested operations</b>					
Profit for the period from divested operations	-	38	-	106	711
<b>Net profit for the period</b>	<b>94</b>	<b>187</b>	<b>121</b>	<b>354</b>	<b>955</b>
<b>Profit for the period attributable to the parent company shareholders</b>	<b>94</b>	<b>187</b>	<b>121</b>	<b>354</b>	<b>955</b>
Basic earnings per share, continuing operations, SEK	0.58	0.93	0.75	1.55	1.52
Diluted earnings per share, continuing operations, SEK	0.58	0.93	0.75	1.54	1.52
Basic earnings per share, total operations, SEK	0.58	1.17	0.75	2.21	5.95
Diluted earnings per share, total operations, SEK	0.58	1.16	0.75	2.20	5.94
Basic earnings per share, divested operations, SEK	-	0.24	-	0.66	4.43
Diluted earnings per share, divested operations, SEK	-	0.24	-	0.66	4.42
Average number of shares outstanding, basic, thousands	160,879	160,414	160,875	160,413	160,455
Average number of shares outstanding, diluted, thousands	160,910	160,592	160,910	160,687	160,702

## Consolidated Statement of Comprehensive Income

SEKm	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
<b>Profit for the period</b>	<b>94</b>	<b>187</b>	<b>121</b>	<b>354</b>	<b>955</b>
<b>Other comprehensive income for the period</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurements of defined benefit pension plans, net of tax	-1	0	-10	0	6
<b>Items that may be reclassified to profit or loss</b>					
Exchange rate differences on translating foreign operations	38	-33	119	124	-11
<b>Other comprehensive income for the period</b>	<b>37</b>	<b>-33</b>	<b>109</b>	<b>124</b>	<b>-5</b>
<b>Total comprehensive income for the period</b>	<b>131</b>	<b>154</b>	<b>230</b>	<b>478</b>	<b>950</b>
<b>Total comprehensive income attributable to the Parent company shareholders</b>	<b>131</b>	<b>154</b>	<b>230</b>	<b>478</b>	<b>950</b>



## Consolidated Balance Sheet

SEKm	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	7,470	7,178	7,339
Other intangible assets	556	651	673
Equipment	771	470	606
Right of use assets	8,280	7,402	7,533
Financial assets	282	217	242
<b>Total non-current assets</b>	<b>17,359</b>	<b>15,918</b>	<b>16,393</b>
<b>Current assets</b>			
Trade receivables	1,036	1,081	1,050
Other current assets	532	457	437
Cash and cash equivalents	745	519	2,896
	<b>2,313</b>	<b>2,057</b>	<b>4,383</b>
Assets held for sale	121	462	446
Assets in operations held for sale, note	-	2,323	-
<b>Total current assets</b>	<b>2,434</b>	<b>4,842</b>	<b>4,829</b>
<b>Total assets</b>	<b>19,793</b>	<b>20,760</b>	<b>21,222</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>5,936</b>	<b>5,303</b>	<b>5,801</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	3,017	5,241	3,158
Long-term lease liabilities*	8,097	7,052	7,196
Provisions for post-employment benefits	33	52	43
Other provisions	93	18	54
Other non-current liabilities	124	119	162
<b>Total non-current liabilities</b>	<b>11,364</b>	<b>12,482</b>	<b>10,613</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	37	51	2,120
Short-term lease liabilities**	838	734	745
Trade payables	166	209	259
Other current liabilities	1,448	1,657	1,657
	<b>2,489</b>	<b>2,651</b>	<b>4,781</b>
Liabilities held for sale	4	27	27
Liabilities in operations held for sale	-	297	-
<b>Total current liabilities</b>	<b>2,493</b>	<b>2,975</b>	<b>4,808</b>
<b>Total equity and liabilities</b>	<b>19,793</b>	<b>20,760</b>	<b>21,222</b>

\* Long-term lease liabilities include car leases amounting to SEK 9m (10) and of SEK 8m for the full year.

\*\* Short-term lease liabilities include car leases amounting to SEK 23m (25) and SEK 21m for the full year.

## Consolidated Cash Flow Statement

Operational cash flow (alternative performance measure), SEKm	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Operating profit (EBITA)	294	428	673	981	1,196
Depreciation and amortization of tangible and intangible assets	290	258	832	747	1,008
Changes in working capital	-217	-116	-189	-31	-30
Paid income tax	12	-51	-132	-188	-226
Other non-cash items	8	-3	10	5	77
<b>Cash flow after changes in working capital</b>	<b>387</b>	<b>516</b>	<b>1,194</b>	<b>1,514</b>	<b>2,025</b>
Investments in tangible and intangible assets	-77	-53	-232	-191	-284
Divestment of tangible and intangible assets	90	9	100	30	58
<b>Operating cash flow</b>	<b>400</b>	<b>472</b>	<b>1,062</b>	<b>1,353</b>	<b>1,799</b>
Interest received/paid	-26	-33	-77	-78	-116
Interest expense for lease liabilities of real estate	-120	-106	-346	-288	-394
Repayment of lease liabilities	-203	-180	-584	-511	-696
<b>Free cash flow</b>	<b>51</b>	<b>153</b>	<b>55</b>	<b>476</b>	<b>593</b>
Net change in assets and liabilities held for sale	242	-59	312	307	322
Acquisition of operations	-13	-19	-200	-274	-499
Divestment of subsidiaries	-	-	87	-	2,235
Share issue	-	-	-	-	28
Warrants	-	-15	-	-29	-29
Dividends paid	-	-	-96	-204	-204
Change in bank overdraft facilities	-	8	-	8	-22
Repayment of loans	-287	-72	-2,337	-224	-213
New borrowings	-	-	-	200	200
<b>Total cash flow</b>	<b>-7</b>	<b>-4</b>	<b>-2,179</b>	<b>260</b>	<b>2,411</b>
Cash and cash equivalents at the beginning of the period	746	768	2,896	475	475
Effect of exchange rate changes on cash	6	-12	28	17	10
<b>Cash and cash equivalents at the end of the period</b>	<b>745</b>	<b>752</b>	<b>745</b>	<b>752</b>	<b>2,896</b>

Cash flow according to IFRS, SEKm	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Cash flow from operations	241	377	771	1,148	1,515
Cash flow from investing activities	242	-122	67	-128	1,832
Cash flow from financing activities	-490	-259	-3,017	-760	-936
<b>Total cash flow</b>	<b>-7</b>	<b>-4</b>	<b>-2,179</b>	<b>260</b>	<b>2,411</b>

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

## Consolidated Statement of Changes in Equity

SEKm	Q3 2019	Q3 2018	Jan-Dec 2018
<b>Opening balance</b>	<b>5,801</b>	<b>5,041</b>	<b>5,041</b>
<b>Total comprehensive income</b>	<b>230</b>	<b>478</b>	<b>950</b>
<b>Transactions with owners</b>			
Share issue	-	-	28
Warrants	-	-15	-15
Repurchase of own shares	-	-	0
Share-savings plan	1	3	1
Dividend	-96	-204	-204
<b>Total transactions with owners</b>	<b>95</b>	<b>262</b>	<b>-190</b>
<b>Closing balance</b>	<b>5,936</b>	<b>5,303</b>	<b>5,801</b>

## Segment in summary

SEKm	Attendo Scandinavia		Attendo Finland		Other and eliminations		Consolidated	
	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q2 2018
Net sales	1,584	1,601	1,429	1,201	-	-	3,013	2,802
Own operations	1,132	1,074	1,389	1,159	-	-	2,521	2,233
Outsourcing	452	527	40	42	-	-	492	569
Operating profit (EBITA)	252	228	60	162	-17	-16	294	375
operating margin (EBITA), %	15.9	14.2	4.2	13.5	-	-	9.8	13.4
Adjusted EBITA	210	192	11	120	-17	-16	204	297
Adjusted operating margin (EBITA), %	13.3	12.0	0.8	10.0	-	-	6.8	10.6

SEKm	Attendo Scandinavia			Attendo Finland			Other and eliminations			Consolidated		
	Jan-Sep 2019	Jan-Sep 2018	FY 2018	Jan-Sep 2019	Jan-Sep 2018	FY 2018	Jan-Sep 2019	Jan-Sep 2018	FY 2018	Jan-Sep 2019	Jan-Sep 2018	FY 2018
Net sales	4,709	4,805	6,367	4,172	3,364	4,620	-	-	-	8,881	8,169	10,987
Own operations	3,361	3,223	4,315	4,041	3,234	4,444	-	-	-	7,402	6,457	8,759
Outsourcing	1,348	1,582	2,052	131	131	176	-	-	-	1,479	1,713	2,228
Operating profit (EBITA)	543	472	569	183	403	501	-52	-44	-62	673	832	1,008
operating margin (EBITA), %	11.5	9.8	8.9	4.4	12.0	10.8	-	-	-	7.6	10.2	9.2
Adjusted EBITA	430	363	426	28	293	347	-52	-44	-62	406	613	711
Adjusted operating margin (EBITA), %	9.1	7.6	6.7	0.7	8.7	7.5	-	-	-	4.6	7.5	6.5

## Net financial items

SEKm	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net interest expense (excluding lease liabilities for real estate)	-13	-31	-44	-86	-117
Interest expense, lease liabilities for real estate	-120	-106	-346	-288	-394
Other	-4	-4	-19	-22	-29
Net financial items	-137	-141	-409	-396	-540

## Investments

SEKm	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
<b>Investments</b>					
Investments in intangible assets	6	11	12	31	35
Investments in tangible assets	71	41	220	154	229
Divestments of tangible and intangible assets	-90	-7	-100	-24	-59
<b>Total net investments</b>	<b>-13</b>	<b>45</b>	<b>132</b>	<b>161</b>	<b>205</b>
<b>Intangible assets acquired through business combination</b>					
Goodwill	-5	5	93	211	379
Customer relations	2	2	31	93	152
Other	0	0	0	0	2
<b>Total intangible assets acquired through business combination</b>	<b>-3</b>	<b>7</b>	<b>124</b>	<b>304</b>	<b>533</b>

For further information regarding acquisitions, see section Acquisitions.

## Financial assets and liabilities

SEKm	Level	Sep 30, 2019	Sep 30, 2018*	Dec 31, 2018
<b>ASSETS</b>				
<b>Financial assets measured at fair value</b>				
Trade receivables		1,036	1,081	1,050
Cash and cash equivalents		745	519	2,896
<b>Total financial assets</b>		<b>1,781</b>	<b>1,600</b>	<b>3,946</b>
<b>LIABILITIES</b>				
<b>Financial liabilities at fair value through profit or loss</b>				
Contingent considerations	3	22	135	95
<b>Financial liabilities measured at amortised cost</b>				
Borrowings		3,054	5,292	5,278
Lease liabilities		8,935	7,786	7,941
Trade payables		166	209	259
<b>Total financial liabilities</b>		<b>12,177</b>	<b>13,422</b>	<b>13,573</b>

\* 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	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Assets pledged as collateral	71	125	115
Contingent liabilities*	5,317	5,028	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. For further information see Interim Report January-June 2018.

## Income Statement with IFRS16 impacts

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

	Q3 2019			Q3 2018			Jan-Dec, 2018		
SEKm	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	3,013		3,013	2,802		2,802	10,987		10,987
Other operating income	47	-3	44	4		4	24		24
<b>Total revenue</b>	<b>3,060</b>	<b>-3</b>	<b>3,057</b>	<b>2,806</b>	<b>-</b>	<b>2,806</b>	<b>11,011</b>	<b>-</b>	<b>11,011</b>
Personnel costs	-1,968		-1,968	-1,781		-1,781	-7,275		-7,275
Other external costs	-508	-322	-830	-396	-286	-682	-1,737	-1,081	-2,818
<b>Operating profit before amortization and depreciation (EBITDA)</b>	<b>584</b>	<b>-325</b>	<b>259</b>	<b>629</b>	<b>-286</b>	<b>343</b>	<b>1,999</b>	<b>-1,081</b>	<b>918</b>
Amortization and depreciation of tangible and intangible assets	-290	235	-55	-254	208	-46	-991	784	-207
<b>Operating profit (EBITA)</b>	<b>294</b>	<b>-90</b>	<b>204</b>	<b>375</b>	<b>-78</b>	<b>297</b>	<b>1,008</b>	<b>-297</b>	<b>711</b>
<i>Operating margin (EBITA) %</i>	<i>9.8</i>		<i>6.8</i>	<i>13.4</i>		<i>10.6</i>	<i>9.2</i>		<i>6.5</i>
Amortization of acquisition related intangible assets	-34		-34	-37		-37	-142		-142
<b>Operating profit (EBIT)</b>	<b>260</b>	<b>-90</b>	<b>170</b>	<b>338</b>	<b>-78</b>	<b>260</b>	<b>866</b>	<b>-297</b>	<b>569</b>
<i>Operating margin (EBIT) %</i>	<i>8.6</i>		<i>5.6</i>	<i>12.1</i>		<i>9.3</i>	<i>7.9</i>		<i>5.2</i>
Net financial items	-137	120	-17	-141	106	-35	-540	394	-146
<b>Profit before tax</b>	<b>123</b>	<b>30</b>	<b>153</b>	<b>197</b>	<b>28</b>	<b>225</b>	<b>326</b>	<b>97</b>	<b>423</b>
Income tax	-29	-6	-35	-48	-6	-54	-82	-20	-102
<b>Profit for the period from continuing operations</b>	<b>94</b>	<b>24</b>	<b>118</b>	<b>149</b>	<b>22</b>	<b>171</b>	<b>244</b>	<b>77</b>	<b>321</b>
<i>Profit margin %</i>	<i>3.1</i>		<i>3.9</i>	<i>5.3</i>		<i>6.1</i>	<i>2.2</i>		<i>2.9</i>
<b>Divested operations</b>									
Profit for the period from divested operations	-		-	38		38	711		711
<b>Profit for the period</b>	<b>94</b>	<b>24</b>	<b>118</b>	<b>187</b>	<b>22</b>	<b>209</b>	<b>955</b>	<b>77</b>	<b>1,032</b>
<b>Profit for the period attributable to the parent company shareholders</b>	<b>94</b>	<b>24</b>	<b>118</b>	<b>187</b>	<b>22</b>	<b>209</b>	<b>955</b>	<b>77</b>	<b>1,032</b>

\* This column shows adjusted EBITDA and adjusted EBITA.



SEKm	Jan-Sep, 2019			Jan-Sep, 2018		
	Reported	IFRS 16 effect	Excl. IFRS 16-effect*	Reported	IFRS 16 effect	Excl. IFRS 16-effect*
Net sales	8,881		8,881	8,169		8,169
Other operating income	90	-9	81	12		12
<b>Total revenue</b>	<b>8,971</b>	<b>-9</b>	<b>8,962</b>	<b>8,181</b>		<b>8,181</b>
Personnel costs	-6,006		-6,006	-5,413		-5,413
Other external costs	-1,460	-930	-2,390	-1,202	-795	-1,997
<b>Operating profit before amortization and depreciation (EBITDA)</b>	<b>1,505</b>	<b>939</b>	<b>566</b>	<b>1,566</b>	<b>795</b>	<b>771</b>
Amortization and depreciation of tangible and intangible assets	-832	672	-160	-734	576	-158
<b>Operating profit (EBITA)</b>	<b>673</b>	<b>-267</b>	<b>406</b>	<b>832</b>	<b>-219</b>	<b>613</b>
<i>Operating margin (EBITA) %</i>	<i>7.6</i>		<i>4.6</i>	<i>10.2</i>		<i>7.5</i>
Amortization of acquisition related intangible assets	-105		-105	-106		-106
<b>Operating profit (EBIT)</b>	<b>568</b>	<b>-267</b>	<b>301</b>	<b>726</b>	<b>-219</b>	<b>507</b>
<i>Operating margin (EBIT) %</i>	<i>6.4</i>		<i>3.4</i>	<i>8.9</i>		<i>6.2</i>
Net financial items	-409	346	-63	-396	288	-108
<b>Profit before tax</b>	<b>159</b>	<b>79</b>	<b>238</b>	<b>330</b>	<b>69</b>	<b>399</b>
Income tax	-38	-16	-54	-82	-14	-96
<b>Profit for the period from continuing operations</b>	<b>121</b>	<b>63</b>	<b>184</b>	<b>248</b>	<b>55</b>	<b>303</b>
<i>Profit margin %</i>	<i>1.4</i>		<i>2.1</i>	<i>3.0</i>		<i>3.7</i>
<b>Divested operations</b>						
Profit for the period from divested operations	-		-	106		106
<b>Profit for the period</b>	<b>121</b>	<b>63</b>	<b>184</b>	<b>354</b>	<b>55</b>	<b>409</b>
<b>Profit for the period attributable to the parent company shareholders</b>	<b>121</b>	<b>63</b>	<b>184</b>	<b>354</b>	<b>55</b>	<b>409</b>

## Key Data

		Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Organic growth	%	1.6	4.1	1.6	3.3	3.6
Acquired growth	%	4.6	17.3	5.4	18.4	15.4
Changes in currencies	%	1.3	4.8	1.7	3.6	3.4
Operating margin (EBITA margin) r12	%	-	-	7.3	10.3	9.2
Adjusted operating margin (EBITA margin) r12	%	-	-	4.3	7.5	6.5
Working capital*	SEKm	-	-	-45	-328	-429
Return on capital employed *	%	-	-	3.9	5.8	4.9
Net debt to equity ratio*	times	-	-	1.9	2.4	1.8
Equity to asset ratio *	%	-	-	30	26	27
Net debt / EBITDA r12	times	-	-	5.8	6.2	5.2
Adjusted net debt / adjusted EBITDA r12	times	-	-	3.3	3.8	2.7
Free cash flow	SEKm	51	153	55	476	593*
Net investments	SEKm	-13	-45	-132	-161	-205
Average number of employees		16,984	17,087	16,640	16,533	16,745
<b>Key data per share</b>						
Earnings per share, basic	SEK	0.58	0.93	0.75	1.55	1.52
Earnings per share, diluted	SEK	0.58	0.93	0.75	1.54	1.52
Equity per share, basic *	SEK	-	-	36.90	33.06	36.15
Equity per share, diluted *	SEK	-	-	36.89	33.00	36.10
Average number of shares outstanding, basic	thousands	160,879	160 414	160,875	160,413	160,455
Average number of shares outstanding, diluted	thousands	160,910	160 592	160,910	160,687	160,702
Number of shares, end of period	thousands	161,386	160 933	161,386	160,933	161,386
Number of treasury shares, end of period	thousands	507	519	507	519	519
Number of shares outstanding, end of period	thousands	160,879	160 414	160,879	160,414	160,867

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

## Quarterly Data

SEKm	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Total net sales	2,457	2,624	2,743	2,802	2,818	2,878	2,990	3,013
– Net sales, own operations	1,901	2,056	2,168	2,233	2,302	2,382	2,499	2,521
– Net sales, outsourcing	556	568	575	569	516	496	491	492
<b>SEKm</b>	<b>Q4 2017</b>	<b>Q1 2018</b>	<b>Q2 2018</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>
Total net sales	2,457	2,624	2,743	2,802	2,818	2,878	2,990	3,013
– Net sales Scandinavia	1,579	1,594	1,610	1,601	1,563	1,537	1,588	1,584
– Net sales Finland	878	1,030	1,133	1,201	1,255	1,341	1,402	1,429
Operating profit (EBITDA)*	-	496	441	629	433	526	395	584
Operating margin (EBITDA margin), %*	-	18.9	16.1	22.4	15.4	18.3	13.2	19.4
Operating profit (EBITA)*	-	258	199	375	176	258	121	294
Operating margin (EBITA margin), %*	-	9.8	7.3	13.4	6.3	9.0	4.0	9.8
Profit for the period *	98	78	21	149	-4	66	-39	94
Profit margin, % *	4.0	3.0	0.8	5.3	-0.1	2.3	-1.3	3.1
Earnings per share basic, SEK*	0.61	0.49	0.13	0.93	-0.02	0.41	-0.24	0.58
Earnings per share diluted, SEK*	0.61	0.49	0.13	0.93	-0.02	0.41	-0.24	0.58
Adjusted operating profit (EBITDA)	228	249	179	343	147	210	97	259
Adjusted operating margin (EBITDA margin), %	9.3	9.5	6.5	12.2	5.2	7.3	3.2	8.6
Adjusted operating profit (EBITA)	188	188	128	297	98	160	42	204
Adjusted operating margin (EBITA margin), %	7.7	7.2	4.7	10.6	3.5	5.6	1.4	6.8
Average number of employees	15,076	15,545	16,967	17,087	15,789	16,370	16,566	16,984
<b>Own operations</b>								
Number of units in operation**	534	557	583	584	585	598	599	604
Number of beds in operation***	12,635	13,216	14,536	14,889	15,288	15,923	16,216	16,470
Number of beds under construction***	2,903	2,828	2,463	2,519	2,462	2,401	2,335	2,094
Number of opened beds (r12)***	1,886	2,134	2,885	2,486	2,409	2,282	1,752	1,867
Occupancy in own homes, %***	85	82	79	81	82	81	79	80

\* 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	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net sales	3	2	10	8	11
Personnel costs	-6	-4	-20	-14	-22
Other external costs	-3	-4	-8	-9	-11
<b>Operating profit</b>	<b>-6</b>	<b>-6</b>	<b>-18</b>	<b>-15</b>	<b>-22</b>
Net financial items	-2	-2	-6	-6	-9
<b>Profit after financial items</b>	<b>-8</b>	<b>-8</b>	<b>-24</b>	<b>-21</b>	<b>-31</b>
Group contributions	-	-	-	-	31
<b>Profit before tax</b>	<b>-8</b>	<b>-8</b>	<b>-24</b>	<b>-21</b>	<b>0</b>
Income tax	-	-	-	-	0
<b>Profit for the period</b>	<b>-8</b>	<b>-8</b>	<b>-24</b>	<b>-21</b>	<b>0</b>

Profit for the period corresponds to total comprehensive income.

## Parent Company Balance Sheet

Mkr	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Shares in subsidiaries	6,494	6,494	6,494
<b>Total non-current assets</b>	<b>6,494</b>	<b>6,494</b>	<b>6,494</b>
<b>Current assets</b>			
Receivables to group companies	5	-	35
Other receivables	4	3	9
Cash and cash equivalents	0	0	0
<b>Total current assets</b>	<b>9</b>	<b>3</b>	<b>44</b>
<b>Total assets</b>	<b>6,503</b>	<b>6,497</b>	<b>6,538</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>5,955</b>	<b>6,026</b>	<b>6,075</b>
<b>Current liabilities</b>			
Liabilities to group companies	533	459	450
Other liabilities	15	12	13
<b>Total current liabilities</b>	<b>548</b>	<b>471</b>	<b>463</b>
<b>Total equity and liabilities</b>	<b>6,503</b>	<b>6,497</b>	<b>6,538</b>

# Information to shareholders and analysts

## Calendar 2019

Interim report January–December	13 February 2020
Annual Report 2019	Week 12, 2020
Interim report January–March 2020	6 May 2020
Interim report January–June 2020	23 July 2020
Interim report January–September 2020	23 October 2020

Annual General Meeting will be held 15 April 2020.

## Telephone conference

A telephone conference will be held on 24 October 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 55  
 FI: +358 981 710 521  
 UK: +44 333 300 9266

[Link to webcast](#)

## For further information please contact:

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This is information that Attendo AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above at 08.00 CET on 24 October 2019.

## Forward-looking information

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

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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 700 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 services 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.

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Own operations

**84%**

Share of net sales

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Outsourcing

**16%**

Share of net sales

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# Definitions of key data and alternative performance measures (APM)

## Explanations of financial measures

<b>Acquired growth (APM)</b>	The increase in the company's net sales from businesses and operations acquired during the past 12 months.
<b>Adjusted EBITA (APM)</b>	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.
<b>Adjusted EBITDA (APM)</b>	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.
<b>Adjusted net debt (APM)</b>	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.
<b>Adjusted operating margin (EBITA) (APM)</b>	Adjusted operating profit (EBITA) divided by net sales.
<b>Adjusted operating margin (EBITDA) (APM)</b>	Adjusted operating profit (EBITDA) divided by net sales.
<b>Capital employed</b>	Equity plus interest-bearing liabilities and provisions for post-employment benefits.
<b>Cash and cash equivalents</b>	Cash and bank balances, short term investments and derivatives with a positive fair value.
<b>Earnings per share</b>	Profit or loss for the period divided by average shares outstanding.
<b>Equity/assets ratio</b>	Equity divided by total assets.
<b>Equity per share</b>	Equity divided by average shares outstanding.
<b>Free cash flow (APM)</b>	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 operational cash flow after changes in working capital, cash flow from investments in and divestments of tangible and intangible assets, as well as received/paid interest, interest expense for lease liabilities of real estate and repayment of lease liabilities according to IFRS 16. See the Consolidated cash flow table for reconciliation.
<b>Net debt (APM)</b>	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.
<b>Net debt to equity ratio</b>	Net debt divided by equity.
<b>Net investments</b>	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.
<b>Net profit (-loss) for the period</b>	Profit or loss for the period attributable to parent company shareholders.



<b>Organic growth (APM)</b>	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.
<b>Operating margin (EBIT margin)</b>	Operating profit or loss (EBIT) divided by net sales.
<b>Operating margin (EBITA margin)</b>	Operating profit (EBITA) divided by net sales.
<b>Operating profit (EBIT) (APM)</b>	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.
<b>Operating profit (EBITA) (APM)</b>	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.
<b>Operating profit (EBITDA) (APM)</b>	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.
<b>Profit margin</b>	Profit or loss for the period divided by net sales.
<b>r12 “rolling 12 months”</b>	The sum of the period’s past 12 months.
<b>Return on capital employed (APM)</b>	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.
<b>Working capital (APM)</b>	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

<b>CoP</b>	Care for older people.
<b>Mature unit</b>	Unit opened during the calendar year of 2017 or earlier, excluding units from the acquisition of Mikeva.
<b>Occupancy</b>	The number of occupied beds divided by the number of available beds. Occupancy is a weighted average in the last month of each reporting period.

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