

Q2

# Interim report

## January–June 2019



# Attendo AB (publ)

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



Q2

### Summary of the second quarter 2019

- Net sales increased by 9 percent to SEK 2,990m (2,743). Adjusted for currency effects, net sales increased by 8 percent.
- Operating profit (EBITA) amounted to SEK 121m (199), corresponding to an operating margin of 4.0 percent (7.3). Operating profit in the second quarter of 2018 was charged with non-recurring items of SEK 53m.
- Adjusted EBITA, i.e. EBITA according to the previous accounting standard IAS 17, was SEK 42m (128), corresponding to an adjusted operating margin of 1.4 percent (4.7).
- The profit for the period amounted to SEK -39m (21), corresponding to a profit margin of -1.3 percent (0.8). Diluted earnings per share were SEK -0.24 (0.13)<sup>2</sup>.
- Free cash flow amounted to SEK 36m (245)<sup>3</sup>.
- The total number of beds in operation in Attendo's own homes<sup>4</sup> was 16,216 (14,536), an increase by 12 percent. Occupancy in own homes was 79 percent (79).
- Adjusted for seasonal fluctuations, second quarter results have been assessed as reflecting the underlying profit run-rate.
- In July, Virpi Holmqvist was appointed as the new Business Area Director of Attendo Finland.

### Summary of the period January–June 2019

- Net sales increased by 9 percent to SEK 5,868m (5,367). Adjusted for currency effects, net sales increased by 7 percent.
- Operating profit (EBITA) amounted to SEK 379m (457), corresponding to an operating margin of 6.5 percent (8.5). Operating profit in the comparison period was charged with non-recurring items of SEK 73m.
- Adjusted EBITA, i.e. EBITA according to the previous accounting standard, was SEK 202m (316), corresponding to an adjusted operating margin of 3.4 percent (5.9).
- Profit for the period amounted to SEK 27m (99), corresponding to a profit margin of 0.5 percent (1.8). Diluted earnings per share were SEK 0.17 (0.62)<sup>2</sup>.
- Free cash flow amounted to SEK 4m (323)<sup>3</sup>.

SEKm	Q2 2019	Q2 2018	Change (%)	Jan- Jun 2019	Jan-Jun 2018	Change (%)
Net sales	2,990	2,743	9	5,868	5,367	9
Operating profit (EBITA)	121	199	-39	379	457	-17
<i>Operating margin (EBITA), %</i>	<i>4.0</i>	<i>7.3</i>	<i>-</i>	<i>6.5</i>	<i>8.5</i>	<i>-</i>
Adjusted operating profit (EBITA)	42	128	-67	202	316	-36
<i>Adjusted operating margin (EBITA), %</i>	<i>1.4</i>	<i>4.7</i>	<i>-</i>	<i>3.4</i>	<i>5.9</i>	<i>-</i>
Profit for the period	-39	21	-286	27	99	-73
Earnings per share diluted, SEK	-0.24	0.13 <sup>2)</sup>	-285	0.17	0.62 <sup>2)</sup>	-73
Free cash flow	36	245 <sup>3)</sup>	-85	4	323 <sup>3)</sup>	-99

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 comparative period were SEK 0.19 and basic and diluted earnings per share for total operations were SEK 0.32. Mid-year earnings per share for divested operations in the comparative period were SEK 0.42 and earnings per share for total operations were SEK 1.04.

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

4. 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 comparison periods have been restated.

# President and CEO Martin Tivéus comments on the report

*The first half of the year has been very challenging for Attendo's Finnish operations, which is not least visible in the second quarter. As we announced in June, we are taking forceful actions in order to restore occupancy and profitability, including strengthening management in Finland, reducing the number of openings going forward, renegotiating contracts and implementing the previously announced quality improvement programme.*

Net sales increased by 9 percent during the quarter to SEK 2,990m. Organic growth from own homes remains positive, while we are seeing a decline in outsourcing.

Operating profit (EBITA) amounted to SEK 121m, in line with the forecast we issued in mid-June. Adjusted for seasonal fluctuations, second quarter results have been assessed as reflecting the underlying profit run-rate. Given the profitability development, we take actions to strengthen the cash flow and maintain a long-term financing solution, which includes renegotiation of the current bank loans in 2019.

We opened a total of more than 600 new beds in own operations during the quarter. The total number of beds at the end of the quarter was more than 16,200, an increase of 12 percent compared with the same period last year. We are reducing the establishment rate in Finland, but due to long lead-times, there is limited scope to reduce the number of openings this year and during the first half of 2020. We expect approximately 1,800 openings in 2019 and about 1,700 opening in 2020. There will also be a gradual shift towards more openings in Scandinavia and fewer in Finland. Average occupancy is currently 79 percent, while mature units are demonstrating occupancy of around 90 percent.

## Stable underlying development in Attendo Scandinavia

Our Scandinavian operations are demonstrating underlying stable development and we have several exciting projects in the pipeline. The positive profit trend continued in home care and has stabilised in individual and family care. Sales, occupancy and profits in own homes were stable. However, revenues and profits fell sharply in outsourcing in relation to the second quarter of 2018, an effect of expired contracts with good margins and generally weak development in the area. Consequently, underlying profits for the quarter decreased compared to the corresponding quarter last year. We carried out some minor acquisitions in home care during the quarter and began construction of four new units with a total of 235 beds.

## Strong profit squeeze in Attendo Finland

Profits fell compared to the previous year and in relation to the first quarter. The main reasons are higher costs due to stricter staffing requirements and the continued high rate of openings required under already signed contracts. In addition, we have also seen very low sales of new beds during the quarter, mainly as a result of difficulties to recruit staff for new units.




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***“Underlying market demand remains stable and we expect sustained steady occupancy in mature units”***

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We have also observed longer lead times for permits to open new units and, to a certain extent, lower than expected demand for nursing home beds in certain municipalities. With continued high opening pace, weak sales have strong negative impact on occupancy and thus profits.

Structurally, costs in Finland have increased sharply in the aftermath of stricter regulatory requirements, related to measures to comply with stricter staffing requirements and the action programme to strengthen the brand, quality and staff training. Costs for these actions and other direct measures related to manage the emerged situation amounted to almost SEK 70m in the second quarter. Difficulties in increasing occupancy and profitability in units derived from the Mikeva acquisition are additional causes of the weak profit development. As we announced in June, we are taking several actions to improve profitability and strengthen the Finnish operations:

- We are reinforcing management with a new business area director, Virpi Holmqvist. Holmqvist has outstanding experience; of the sector, as a leader, and from Attendo as a previous employee. The current business area director, Perti Karjalainen, will transition to a new role focused on sales and customer relationships.
- We will significantly reduce the number of new establishments going forward until we see clear signs of higher sales and occupancy. Considering already signed contracts, the reduction will have clear impact first in 2020 and onwards.
- Better access to qualified labor is a prerequisite for receiving new customers. We strengthen the central and regional support functions for recruitment, we have ongoing campaigns and we increase the recruitment of Philippine nurses to Finland.
- We are strengthening the sales organisation and shifting focus from new establishments to increasing occupancy in existing units. Attendo is working to terminate a few units where the potential to fill beds has been assessed as unsatisfactory.
- As our contracts expire in Finland, we seek compensation for stricter requirements in negotiations with the municipalities. The absolute majority of contracts will be renegotiated by the end of 2021. These contracts together sum up to a large part of Attendo Finland's revenues.
- As previously announced, Attendo has an ongoing action programme aimed at further improving quality, employee commitment and customer satisfaction in Finland.

## Stable occupancy in mature units

We are indeed facing a challenging period. There are no shortcuts in the work ahead. For a company like Attendo, the premise for long-term success is the ability to deliver high and stable quality with satisfied customers, which has been a hallmark of the company since it was founded. Although we have seen a drop in occupancy after the recent expansion in Finland recent years, we still see a stable occupancy in our mature units. The underlying demand for beds in elderly care is stable and growing over time. Given the actions we are now taking, I see that Attendo Finland, and thus also Attendo as a whole, should be able to return to high occupancy and profitability in a few years' time. This at the same time as we add value to the local authorities and safeguard our high customer satisfaction.

Martin Tivéus, President and CEO

# Group

## April–June 2019

### Net sales and operating profit

Net sales increased by 9.0 percent to SEK 2,990m (2,743) during the quarter. Adjusted for currency effects, net sales increased by 7.6 percent. Acquired growth accounted for 6.2 percent and organic growth for 1.4 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.

Own operations' share of total consolidated net sales continues to increase. Own operations accounted for 84 percent of total consolidated net sales during the quarter and outsourcing accounted for 16 percent.

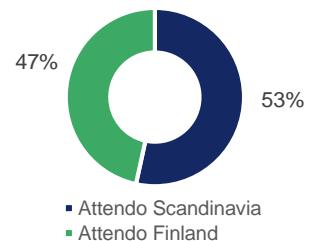
Operating profit (EBITA) amounted to SEK 121m (199) and the operating margin was 4.0 percent (7.3). Operating profit adjusted for currency effects was SEK 122m. Operating profit increased in Attendo Scandinavia, but decreased in Attendo Finland. Profits in the comparison quarter were reduced by non-recurring costs of SEK 53m in the Attendo Scandinavia business area. Both business areas were negatively affected by calendar effects of in total approximately SEK 15m, primarily because the entire Easter holiday fell in the second quarter of 2019.

Adjusted operating profit (EBITA), i.e. EBITA according to the previous accounting standard, was SEK 42m (128) and the adjusted operating margin (EBITA) was 1.4 percent (4.7). As mentioned above, profits in the comparison quarter were reduced by non-recurring costs of SEK 53m in the Attendo Scandinavia business area. Operating profit in the current quarter was negatively affected by sharply increased costs in the Attendo Finland business area, which amounted to almost SEK 70 million.

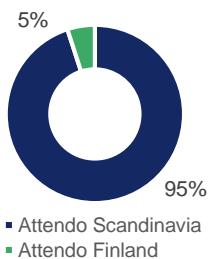
In addition profit was negatively impacted by new own homes started in 2019 and 2018, where occupancy initially is low, more unsold beds and the loss of profits from ended units, primarily in outsourcing. Operating profit was positively affected by higher occupancy in own homes that started in 2017 and acquisitions in both business areas, as well as improved profits in home care and individual and family care in Attendo Scandinavia.

The total number of beds in operation in own homes<sup>1</sup> was 16,216 (14,536), an increase by 12 percent. Occupancy in these homes was 79 percent (79). 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 8.4 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 2,335 across 50 homes.

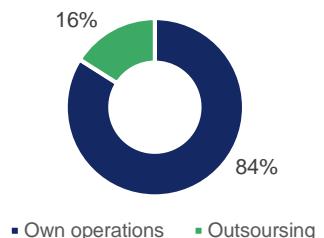
### Net sales per business area, Q2 2019



### Operating profit (EBITA) per business area, Q2 2019

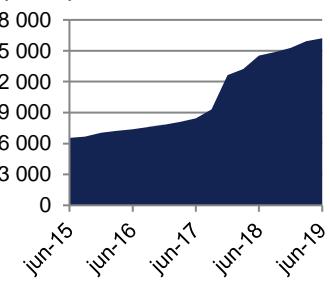


### Net sales per contract model, Q2 2019



### Number of beds in Own operations

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



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 financial items

Net financial items amounted to SEK -137m (-134) for the quarter, including net interest expense of SEK -14m (-31). Interest expense, lease liability for real estate according to IFRS 16 was SEK -118m (-95).

### Income tax

Income tax for the period amounted to SEK 12m (-8), corresponding to a tax rate of 23.5 percent (27.6).

### Profit and earnings per share for the period

The profit for the period was SEK -39m (21), corresponding to basic and diluted earnings per share of SEK -0.24 (0.13) for continuing operations. Basic and diluted earnings per share for divested operations were SEK - (0.19) and basic and diluted earnings per share for total operations were SEK -0.24 (0.32).

## January–June 2019

### Net sales and operating profit

Net sales increased by 9.3 percent to SEK 5,868m (5,367) during the period. Adjusted for currency effects, net sales increased by 7.4 percent. Acquired growth accounted for 5.8 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.

Operating profit (EBITA) amounted to SEK 379m (457) and the operating margin was 6.5 percent (8.5). Operating profit adjusted for currency effects was SEK 376m. Operating profit increased in Attendo Scandinavia, but decreased in Attendo Finland. Profits in the comparative quarter were reduced by non-recurring items of SEK 73m in the Attendo Scandinavia business area.

Adjusted operating profit (EBITA), i.e. EBITA according to the previous accounting standard, was SEK 202m (316) and the adjusted operating margin (EBITA) was 3.4 percent (5.9). As mentioned above, profits in the comparative quarter were reduced by non-recurring costs of SEK 73m. Operating profit was negatively affected by sharply increased costs in the Attendo Finland business area, new own homes started in 2019 and 2018 where initial occupancy is low, and the loss of profits from ended units, primarily in outsourcing. Operating profit was improved by higher occupancy in own homes that started in 2017 and acquisitions in both business areas, as well as improved profits in home care and individual and family care in Attendo Scandinavia.

**Net financial items**

Net financial items amounted to SEK -272m (-255) for the period, including net interest expense of SEK -31m (-55). Interest expense lease liability for real estate according to IFRS 16 was SEK -226m (-182).

**Income tax**

Income tax for the period amounted to SEK -9m (-34), corresponding to a tax rate of 25.0 percent (25.6).

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

Profit for the period amounted to SEK 27m (99), corresponding to basic and diluted earnings per share of SEK 0.17 (0.62) for continuing operations. Basic and diluted earnings per share for divested operations were SEK - (0.42) and basic and diluted earnings per share for total operations were SEK 0.17 (1.04).

## Business Area:

# Attendo Scandinavia

SEKm	Q2 2019	Q2 2018	Jun 30, 2019	Jun 30, 2018	Jan-Dec 2018
Net sales	1,588	1,610	3,125	3,204	6,367
Operating profit (EBITA)	130	104	291	244	569
Operating margin (EBITA), %	8.2	6.5	9.3	7.6	8.9
Adjusted EBITA	99	68	220	171	426
Adjusted EBITA margin, %	6.2	4.2	7.0	5.3	6.7

## April–June 2019

Net sales in the Attendo Scandinavia business area amounted to SEK 1,588m (1,610), corresponding to growth of -1.4 percent. Adjusted for currency effects, growth was -1.5 percent. Acquisitions, more occupied beds 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. Since the comparison quarter, Attendo has also ended a number of home care operations that lacked the conditions for long-term profitability, which have had negative impact on organic growth.

Operating profit (EBITA) and EBITA adjusted for currency effects amounted to SEK 130m (104) and the operating margin (EBITA) was 8.2 percent (6.5). The comparison quarter was affected by costs of SEK 53m related to the close down of a number of individual and family care units.

Adjusted EBITA amounted to SEK 99m (68) and the operating margin (EBITA) was 6.2 percent (4.2). Profit decreased compared to the previous year, adjusted for non-recurring items in the comparison quarter. Ended units and weak development in general in outsourcing had a negative effect compared to the same quarter last year. Higher profits in home care resulting from acquisitions and improved planning and processes, as well as higher profits in individual and family care due to the close down 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 own homes opened in 2017. EBITA was negatively impacted by calendar effects compared to the second quarter of 2018, primarily due to Easter.

Three homes in own operations with a total of 84 beds were opened during the quarter. Attendo opened its first home in own operations in Denmark after the “Independent Nursing Homes Act” (*Friplejeboligloven*) was implemented. In the past twelve months, a total of 210 beds have been opened.

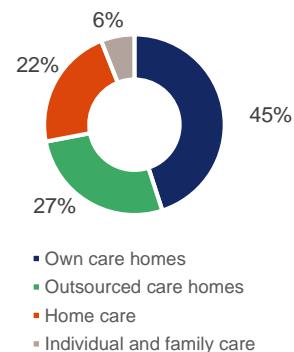
Construction of four units in own operations with a total of 235 beds began during the quarter. At the end of the quarter, there were 1,059 beds under construction.

## Attendo Scandinavia

**53%**

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

### Sales per service offering, Q2 2019



## January–June 2019

Net sales in the Attendo Scandinavia business area amounted to SEK 3,125m (3,204), corresponding to growth of -2.5 percent. Adjusted for currency effects, growth was -2.7 percent. Acquisitions and more occupied beds in own homes contributed to growth, but could not compensate for the loss from ended units, primarily in outsourcing, but also in individual and family care. Subsequent to the comparison period, Attendo has closed down a number of home care operations that lacked the conditions for long-term profitability, which have had negative impact on organic growth.

Operating profit (EBITA) amounted to SEK 291m (244) and the operating margin (EBITA) was 9.3 percent (7.6). Operating profit (EBITA) adjusted for currency effects was SEK 292m. Profit in the comparative period was reduced by non-recurring items of SEK 73m, of which SEK 53m related to the close down 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.

Adjusted EBITA amounted to SEK 220m (171) and the operating margin (EBITA) was 7.0 percent (5.3). Profit decreased compared to the previous year, adjusted for non-recurring items in the comparison period. Ended units and weak development in general in outsourcing operations had a negative effect in relation to the comparison period. Higher profits in home care due to acquisitions and improved planning and processes, as well as higher profits in individual and family care due to the close down 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 own homes opened in 2017.

## Key data per quarter

Attendo Scandinavia	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Number of beds in operation in own homes	3,603	3,603	3,636	3,633	3,642
Number of opened beds in own homes (r12)	433	333	273	327	210
Occupancy in own homes, %	84	85	87	86	85
Number of beds in own homes under construction	705	823	900	908	1,059
Number of beds in operation in outsourcing	2,954	2,923	2,671	2,622	2,586
Net outsourcing contracts won/lost, SEKm	31	-42	-53	5	-
Home care customers	11,395	11,285	11,334	11,454	11,948

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

**Business Area:**

# Attendo Finland

SEKm	Q2 2019	Q2 2018	Jun 30, 2019	Jun 30, 2018	Jan-Dec 2018
Net sales	1,402	1,133	2,743	2,163	4,620
Operating profit (EBITA)	7	109	123	241	501
Operating margin (EBITA), %	0.5	9.6	4.5	11.1	10.8
Adjusted EBITA	-41	74	17	173	347
Adjusted EBITA margin, %	-2.9	6.5	0.6	8.0	7.5

## April–June 2019

Net sales in the Attendo Finland business area amounted to SEK 1,402m (1,133), corresponding to growth of 23.7 percent. Adjusted for currency effects, net sales increased by 20.4 percent. The increase in net sales is primarily attributable to new 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.

Operating profit (EBITA) amounted to SEK 7m (109) and the operating margin (EBITA) was 0.5 percent (9.6). Operating profit (EBITA) adjusted for currency effects was SEK 8m.

Adjusted EBITA amounted to SEK -41m (74) and the adjusted operating margin (EBITA) was -2.9 percent (6.5). Profits were negatively affected by cost increases and new own homes where occupancy initially is low. Attendo has more empty beds than in the comparison quarter. In order to meet new staffing requirements and ensure high customer satisfaction, Attendo has increased staffing in many operations. EBITA was negatively impacted by calendar effects, primarily due to Easter.

Fourteen own operations with a total of 541 beds were opened during the quarter. In the past twelve months, a total of 1,542 beds were opened. Construction of eight own homes with a total of 292 beds began during the quarter. At the end of the quarter, there were 1,276 beds under construction.

## January–June 2019

Net sales in the Attendo Finland business area amounted to SEK 2,743m (2,163) corresponding to a growth of 26.8 percent. Adjusted for currency effects, net sales increased by 22.4 percent. The increase in net sales is primarily attributable to new homes started during 2019 and 2018 and acquisitions. Subsequent to the comparison quarter, Attendo Finland has closed down a number of units and the majority of residents were moved to new Attendo homes.

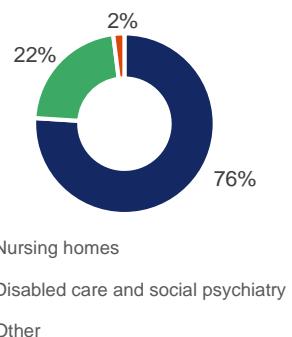
Operating profit (EBITA) amounted to SEK 123m (241) and the operating margin (EBITA) was 4.5 percent (11.1). Operating profit (EBITA) adjusted for currency effects was SEK 119m. Adjusted EBITA amounted to SEK 17m (173) and the adjusted operating margin (EBITA) was 0.6 percent (8.0). Profits were negatively affected by cost increases and new own homes where occupancy initially is low. Attendo has more empty 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  
Q2 2019**



## Key data per quarter

Attendo Finland	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Number of beds in operation in own homes	10,933	11,286	11,652	12,290	12,574
Number of opened beds in own homes (r12)	2,452	2,153	2,136	1,955	1,542
Occupancy in own homes, %	78	79	80	80	78
Number of beds in own homes under construction	1,758	1,696	1,562	1,493	1,276
Number of beds in operation in outsourcing	304	304	304	304	274
Net outsourcing contracts won/lost, SEKm	-	-21	-	-	-
<b>Home care customers</b>	<b>170</b>	<b>180</b>	<b>181</b>	<b>620</b>	<b>620</b>

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

## Cash flow<sup>1</sup>

### April–June 2019

Free cash flow was SEK 36m (245) in the quarter, whereof changes in working capital amounted to SEK 105m (163). The main explanations for the lower cash flow compared to the same quarter in the previous 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 operations was SEK 295m (484). Cash used for net investments in tangible and intangible assets was SEK -82m (-67) and cash flow from assets and liabilities held for sale amounted to SEK 11m (159). Business acquisitions reduced cash flow by SEK -34m (-147). Sale of a subsidiary made a positive contribution to cash flow of SEK 87m (0). Cash flow from investing activities thus amounted to SEK -18m (-55). Cash flow from financing activities was SEK -299m (-391). Total cash flow amounted to SEK -22m (38).

### January–June 2019

Free cash flow during the period was SEK 4m (323), whereof changes in working capital amounted to SEK 28m (85). The main explanations for the lower cash flow compared to the same period in the previous 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 operations was SEK 530m (771). Cash used for net investments in tangible and intangible assets was SEK -145m (-117) and cash flow from assets and liabilities held for sale amounted to SEK 70m (366). Business acquisitions reduced cash flow by SEK -187m (-255). Sale of a subsidiary made a positive contribution to cash flow of SEK 87m (0). This attributable to the sale of the operations in social psychiatry in Norway (Nøstret). Cash flow from investing activities thus amounted to SEK -175m (-6). Cash flow from financing activities was SEK -2,527m (-501). Financing activities include loan repayments of SEK -2,050m (-152). Total cash flow amounted to SEK -2,172m (264).

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 June 2019 amounted to SEK 5,804m (5,147), which represents diluted equity per share of SEK 36.07 (32.02). Net debt amounted to SEK 11,238m (12,322). Adjusted net debt, excluding lease liability real estate, amounted to SEK 2,640m (4,981). 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	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Interest-bearing liabilities	11,947	12,819	13,219
Provisions for post-employment benefits	37	60	43
Cash and cash equivalents	-746	-557	-2,896
<b>Net debt</b>	<b>11,238</b>	<b>12,322</b>	<b>10,366</b>
Lease liability real estate*	-8,598	-7,341	-7,870
<b>Adjusted net debt</b>	<b>2,640</b>	<b>4,981</b>	<b>2,496</b>

\* Adjustments for the residual value of cars in the amount of SEK -45m, and SEK -43m for the full year are included in the comparison period, in addition to real estate.

Interest-bearing liabilities amounted to SEK 11,947m (12,819) on 30 June 2019. Cash and cash equivalents as of 30 June 2019 amounted to SEK 746m (557) and Attendo had SEK 1,685m (963) in unutilised committed credit facilities.

Net debt/EBITDA amounted to 5.7 (6.3). Net debt/Adjusted EBITDA was 3.3 (4.0). The decrease in net debt is attributable to the sale of the Finnish health care operations.

SEKm	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Net debt / EBITDA	5.7	6.3	5.2
<b>Adjusted net debt / adjusted EBITDA</b>	<b>3.3</b>	<b>4.0*</b>	<b>2.7</b>

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

## Comments on the capital structure

Attendo's capital structure target is that adjusted net debt in relation to adjusted EBITDA (the operating surplus) should not, over the long term, exceed 3.75 (based on rolling 12 months EBITDA). The figure was 3.3 at the end of the second quarter. The company's capital structure target is also set in light of the conditions imposed on Attendo by financing banks. In the light of the company's current profit trend, there is risk that the ratio of adjusted net debt to adjusted EBITDA r12 may exceed the target level during the second half of 2019.

Attendo is addressing this situation in several ways. First, the company is taking several actions to increase profitability and assure a higher level of profit. These measures will, however, take time, and are expected to have limited effect in 2019. Attendo is also reviewing opportunities to strengthen cash flow through sales of real estate, freeing up working capital, etc. Thirdly, Attendo is engaged in discussions with the banks to review overall financing. The existing financing agreement expires in 2020 and Attendo intends to finalise a new financing agreement in 2019. Attendo has a continued good liquidity.

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 on continuing operations.

## Quality and employees

Attendo has the ambition to lead the improvement in quality of care in the countries in which we operate. During the year, Attendo initiated a long-term project to raise both technical and perceived quality in Attendo's operations. This is also an integrated part of the action programme that Attendo has commenced in Finland aimed at meeting the stricter requirements for care established in the aftermath of spring's political discussions.

As part of the revitalisation effort, Attendo's quality index will be updated to better reflect the performance of individual units as regards aspects including patient safety, regulatory compliance, reporting to the authorities, customer satisfaction and handling of complaints/feedback.

The implementation of measures in Finland during the quarter entailed higher staffing in accordance with the new requirements imposed by the supervisory authorities in connection with inspections. In addition, Attendo has strengthened the support functions in the operations. A new internal inspection programme has been launched, and both internal and external channels for expressing opinions about the operation have been established.

Attendo launched a new online tool for whistleblowing in June that makes it easier for employees to report unsatisfactory conditions in full anonymity. The tool makes it possible to report perceived shortcomings in areas including management, how people are treated and the work of individuals, over and above what Attendo is required by law to report under e.g. Lex Sarah and Lex Maria.

Attendo's Norwegian operations were praised during the quarter for their successful work with animal therapy at nursing homes in the Oslo area, which according to one study has had a calming effect and reduced needs for medication. For the fifth year in a row, Attendo Rödtvet has had a sheep pasture next to the home and both Attendo Paulus and Attendo Romsås have koi ponds. There is also a henhouse at Paulus, whose hens deliver fresh eggs to the residents every morning.

Attendo's home care in Täby was awarded the local authority's quality prize during the quarter, which was based on customer influence and customer satisfaction with the services they receive.

Attendo participated in the Pride Festivals in Oslo and Linköping during the quarter. This participation was appreciated by residents as well as Attendo employees, who consider it an important declaration of the equal worth of all human beings.

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 contracts in the outsourcing market in care for older people care and for people with disabilities were relatively low during the second quarter. However, there are many ongoing outsourcing contacts that will be completed later in 2019.

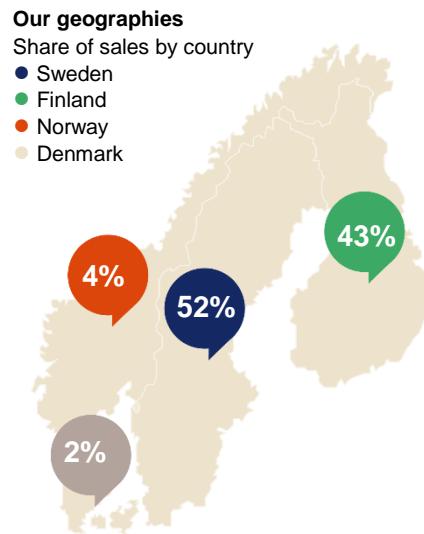
The new coalition government presented its first spring budget in April, which did not include any new resources for care for older people or any measures to achieve equal conditions in welfare services, as announced in the January agreement. At the local level, we began to see the effect of more local governments with a positive attitude towards private care providers. For example, the number of new public tenders of outsourcing contracts increased slightly from the previously low level.

## Finland – new government formed

The new government coalition supported by the left-wing, green and centrist parties agreed on a government programme, including an ambition to increase the statutory staff ratio in round-the-clock care from 0.5 to 0.7 care workers per resident. However, the government has not presented a concrete timetable or financing. It is likely that implementation is several years away. The promise has been criticised by the trades unions for being vague and unrealistic in the light of a shortage of care workers.

The number of inspections of private care homes declined sharply after the election.

The Finnish parliament was unable to enact the comprehensive care and health care reform (the “SOTE” reform) before the general election, but the new government intends to implement the reform with certain modifications.



# Significant events in the second quarter

## Acquisitions and divestments in the second quarter

- The emergency shelter and family support operations of Aktiebolaget Vårljus in Stockholm were acquired through an asset acquisition on 1 April 2019.
- Attendo acquired the Hemstyrkan home care operations in Stockholm through an asset acquisition on 18 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.
- Attendo acquired the home care operations of P&K Omsorg in Stockholm through an asset acquisition on 17 June 2019.

Attendo has had a legal dispute with the former owners of Nøstret Bo og Omsorgssenter and Nøstret Kroksund AB. The parties agreed in early 2019 that the former owners will buy back the businesses for the same consideration paid by Attendo, plus interest. The transaction was executed on 1 June 2019. Annual sales for the operations amount to about SEK 65m and generate a very limited contribution to profit.

## Attendo issued a profit forecast for the second quarter

Attendo issued a profit forecast for the second quarter of 2019 on 18 June. The forecast was issued because the company expected profit below market expectations and the company's earlier forecasts. The forecast for operating profit (EBITA) for the second quarter was approximately SEK 120m and the outcome was SEK 121m. In conjunction with this announcement, the company also announced several measures for the Finnish operations, which are also described in the CEO's comments on this report.

## Annual General Meeting

Attendo held its Annual General Meeting (AGM) on 11 April 2019 in Danderyd.

- In accordance with the board of directors proposal, the AGM resolved on a dividend of 0.60 SEK per share.
- The AGM resolved that the number of board members shall amount to six and re-elected the board Ulf Lundahl (chairman), Catarina Fagerholm, Alf Göransson, Tobias Lönnevall, Anssi Soila and Anita Steen.
- Further, the AGM resolved to adopt a long term incentive program (Attendo+ 2019) directed to the executive management group.

# Other information

## Shares outstanding

The total number of shares is 161,386,592. Attendo holds 508,600 treasury shares and the total number of shares outstanding as of 30 June 2019 was thus 160,877,992.

## Number of employees

The average number of employees was 16,566 (16,967) in the second quarter and 16,468 (16,256) in the first half.

## Related-party transactions

Attendo has transactions with two related parties, which in all material respects consist of Attendo leasing properties from companies in which these parties are partners. The transactions had a value of SEK 0m (0) during the period. 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 salaries for executive management, fees to board of directors, and costs for external consultants.

Net sales for the period were SEK 7m (6), and were entirely related to services provided to subsidiaries. The profit after net financial items was SEK -16m (-13). 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 5,961 (6,033).

## 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. 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

## New business area director in Finland

Attendo has appointed Virpi Holmqvist as the new business area director of the Finnish operations and member of executive management. Born in 1970, Virpi Holmqvist has an MSc in Economics and Business Administration from the Hanken School of Economics, Helsinki. Immediately prior to joining Attendo, Holmqvist served as CEO of Touhula Group, the leading daycare provider in Finland. She has also had prominent roles within the Pihlajalinna health care group, including finance manager, and COO of the business area for primary care and care services. Holmqvist previously worked for Attendo Finland during 2008-2015 in roles including CFO and head of combination contracts.

Holmqvist will take up her position by 1 November 2019. In conjunction, the current business area director for Attendo Finland, Pertti Karjalainen, will transition to a role responsible for sales, business and property development as well as contacts with municipalities and authorities.

# 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 first quarter. The authorities have conducted more than 250 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 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.

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

## Outlook

Attendo does not publish forecasts.

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

Danderyd, on July 19, 2019

Ulf Lundahl  
*Chairman of the Board*

Catarina Fagerholm  
*Board member*

Alf Göransson  
*Board member*

Tobias Lönnevall  
*Board member*

Anssi Soila  
*Board member*

Anitra Steen  
*Board member*

Arja Pohjamäki  
*Board member*  
*Union representative*

Martin Tivéus  
*President and CEO*

# Financial reports

## Consolidated Income Statement

SEKm	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net sales	2,990	2,743	5,868	5,367	10,987
Other operating income	25	3	43	8	24
<b>Total revenue</b>	<b>3,015</b>	<b>2,746</b>	<b>5,911</b>	<b>5,375</b>	<b>11,011</b>
Personnel costs	-2,114	-1,871	-4,038	-3,632	-7,275
Other external costs	-506	-434	-952	-806	-1,737
<b>Operating profit before amortization and depreciations (EBITDA)</b>	<b>395</b>	<b>441</b>	<b>921</b>	<b>937</b>	<b>1,999</b>
<b>Amortization and depreciation of tangible and intangible assets</b>	<b>-274</b>	<b>-242</b>	<b>-542</b>	<b>-480</b>	<b>-991</b>
<b>Operating profit after depreciation (EBITA)</b>	<b>121</b>	<b>199</b>	<b>379</b>	<b>457</b>	<b>1,008</b>
<i>Operating margin (EBITA), %</i>	<i>4.0</i>	<i>7.3</i>	<i>6.5</i>	<i>8.5</i>	<i>9.2</i>
Amortization of acquisition related intangible assets	-35	-36	-71	-69	-142
<b>Operating profit (EBIT)</b>	<b>86</b>	<b>163</b>	<b>308</b>	<b>388</b>	<b>866</b>
<i>Operating margin (EBIT), %</i>	<i>2.9</i>	<i>5.9</i>	<i>5.2</i>	<i>7.2</i>	<i>7.9</i>
Net financial items	-137	-134	-272	-255	-540
<b>Profit before tax</b>	<b>-51</b>	<b>29</b>	<b>36</b>	<b>133</b>	<b>326</b>
Income tax	12	-8	-9	-34	-82
<b>Profit for the period from continuing operations</b>	<b>-39</b>	<b>21</b>	<b>27</b>	<b>99</b>	<b>244</b>
<i>Profit margin, %</i>	<i>-1.3</i>	<i>0.8</i>	<i>0.5</i>	<i>1.8</i>	<i>2.2</i>
<b>Divested operations</b>					
Profit for the period from divested operations	-	31	-	68	711
<b>Net profit for the period</b>	<b>-39</b>	<b>52</b>	<b>27</b>	<b>167</b>	<b>955</b>
<b>Profit for the period attributable to the parent company shareholders</b>	<b>-39</b>	<b>52</b>	<b>27</b>	<b>167</b>	<b>955</b>
Basic earnings per share, continuing operations, SEK	-0.24	0.13	0.17	0.62	1.52
Diluted earnings per share, continuing operations, SEK	-0.24	0.13	0.17	0.62	1.52
Basic earnings per share, total operations, SEK	-0.24	0.32	0.17	1.04	5.95
Diluted earnings per share, total operations, SEK	-0.24	0.32	0.17	1.04	5.94
Basic earnings per share, divested operations, SEK	-	0.19	-	0.42	4.43
Diluted earnings per share, divested operations, SEK	-	0.19	-	0.42	4.42
Average number of shares outstanding, basic, thousands	160,877	160,414	160,872	160,413	160,455
Average number of shares outstanding, diluted, thousands	160,909	160,722	160,909	160,737	160,702

## Consolidated Statement of Comprehensive Income

SEKm	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
<b>Profit for the period</b>	<b>-39</b>	<b>52</b>	<b>27</b>	<b>167</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	3	-	-9	-	6
<b>Items that may be reclassified to profit or loss</b>					
Exchange rate differences on translating foreign operations	31	39	81	157	-11
<b>Other comprehensive income for the period</b>	<b>34</b>	<b>39</b>	<b>72</b>	<b>164</b>	<b>-5</b>
<b>Total comprehensive income for the period</b>	<b>-5</b>	<b>91</b>	<b>99</b>	<b>324</b>	<b>950</b>
<b>Total comprehensive income attributable to the Parent company shareholders</b>	<b>-5</b>	<b>91</b>	<b>99</b>	<b>324</b>	<b>950</b>

## Consolidated Balance Sheet

SEKm	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	7,429	7,207	7,339
Other intangible assets	582	687	673
Equipment	801	474	606
Right of use assets	8,172	7,061	7,533
Financial assets	255	199	242
<b>Total non-current assets</b>	<b>17,239</b>	<b>15,628</b>	<b>16,393</b>
<b>Current assets</b>			
Trade receivables	1,078	1,042	1,050
Other current assets	621	499	437
Cash and cash equivalents	746	557	2,896
	<b>2,445</b>	<b>2,098</b>	<b>4,383</b>
Assets held for sale	381	397	446
Assets in operations held for sale, note	-	2,233	-
<b>Total current assets</b>	<b>2,826</b>	<b>4,828</b>	<b>4,829</b>
<b>Total assets</b>	<b>20,065</b>	<b>20,456</b>	<b>21,222</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>5,804</b>	<b>5,147</b>	<b>5,801</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	3,276	5,357	3,158
Long-term lease liabilities*	7,824	6,702	7,196
Provisions for post-employment benefits	37	60	43
Other provisions	55	18	54
Other non-current liabilities	158	123	162
<b>Total non-current liabilities</b>	<b>11,350</b>	<b>12,260</b>	<b>10,613</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	38	43	2,120
Short-term lease liabilities**	808	717	745
Trade payables	250	199	259
Other current liabilities	1,792	1,740	1,657
	<b>2,888</b>	<b>2,699</b>	<b>4,781</b>
Liabilities held for sale	23	19	27
Liabilities in operations held for sale	-	331	-
<b>Total current liabilities</b>	<b>2,911</b>	<b>3,049</b>	<b>4,808</b>
<b>Total equity and liabilities</b>	<b>20,065</b>	<b>20,456</b>	<b>21,222</b>

\* Long-term lease liabilities include car leases amounting to SEK 7m (5) and of SEK 8m for the full year.

\*\* Short-term lease liabilities include car leases amounting to SEK 27m (29) and SEK 21m for the full year.

## Consolidated Cash Flow Statement

Operational cash flow (alternative performance measure), SEKm	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Operating profit (EBITA)	121	243	379	553	1,196
Depreciation and amortization of tangible and intangible assets	274	246	542	489	1,008
Changes in working capital	105	163	28	85	-30
Paid income tax	-64	-54	-144	-137	-226
Other non-cash items	-5	3	2	8	77
<b>Cash flow after changes in working capital</b>	<b>431</b>	<b>601</b>	<b>807</b>	<b>998</b>	<b>2,025</b>
Investments in tangible and intangible assets	-87	-76	-155	-138	-284
Divestment of tangible and intangible assets	5	9	10	21	58
<b>Operating cash flow</b>	<b>349</b>	<b>534</b>	<b>662</b>	<b>881</b>	<b>1,799</b>
Interest received/paid	-18	-22	-51	-45	-116
Interest expense for lease liabilities of real estate	-118	-95	-226	-182	-394
Repayment of lease liabilities	-177	-172	-381	-331	-696
<b>Free cash flow</b>	<b>36</b>	<b>245</b>	<b>4</b>	<b>323</b>	<b>593</b>
Net change in assets and liabilities held for sale	11	159	70	366	322
Acquisition of operations	-34	-147	-187	-255	-499
Divestment of subsidiaries	87	-	87	-	2,235
Share issue	-	-	-	-	28
Warrants	-	-14	-	-14	-29
Dividends paid	-96	-204	-96	-204	-204
Change in bank overdraft facilities	-	-	-	-	-22
Repayment of loans	-26	-1	-2,050	-152	-213
New borrowings	-	-	-	200	200
<b>Total cash flow</b>	<b>-22</b>	<b>38</b>	<b>-2,172</b>	<b>264</b>	<b>2,411</b>
Cash and cash equivalents at the beginning of the period	759	718	2,896	475	475
Effect of exchange rate changes on cash	9	12	22	29	10
<b>Cash and cash equivalents at the end of the period</b>	<b>746</b>	<b>768</b>	<b>746</b>	<b>768</b>	<b>2,896</b>
<b>Cash flow according to IFRS, SEKm</b>	<b>Q2 2019</b>	<b>Q2 2018</b>	<b>Jan-Jun 2019</b>	<b>Jan-Jun 2018</b>	<b>Jan-Dec 2018</b>
Cash flow from operations	295	484	530	771	1,515
Cash flow from investing activities	-18	-55	-175	-6	1,832
Cash flow from financing activities	-299	-391	-2 527	-501	-936
<b>Total cash flow</b>	<b>-22</b>	<b>38</b>	<b>-2 172</b>	<b>264</b>	<b>2,411</b>

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

## Consolidated Statement of Changes in Equity

SEKm	Q2 2019	Q2 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>99</b>	<b>324</b>	<b>950</b>
<b>Transactions with owners</b>			
Share issue	-	-	28
Warrants	-	-15	-15
Repurchase of own shares	-	-	0
Share-savings plan	-	1	1
Dividend	-96	-204	-204
<b>Total transactions with owners</b>	<b>-96</b>	<b>-218</b>	<b>-190</b>
<b>Closing balance</b>	<b>5,804</b>	<b>5,147</b>	<b>5,801</b>

## Segment in summary

SEKm	Attendo Scandinavia			Attendo Finland			Other and eliminations		Consolidated		
	Q2 2019	Q2 2018		Q2 2019	Q2 2018		Q2 2019	Q2 2018		Q2 2019	Q2 2018
<b>Net sales</b>	<b>1,588</b>	<b>1,610</b>		<b>1,402</b>	<b>1,133</b>		-	-		<b>2,990</b>	<b>2,743</b>
Own operations	1,141	1,080		1,358	1,088		-	-		2,499	2,168
Outsourcing	447	530		44	45		-	-		491	575
<b>Operating profit (EBITA)</b>	<b>130</b>	<b>104</b>		<b>7</b>	<b>109</b>		<b>-16</b>	<b>-14</b>		<b>121</b>	<b>199</b>
<i>operating margin (EBITA), %</i>	8.2	6.5		0.5	9.6		-	-		4.0	7.3
<b>Adjusted EBITA</b>	<b>99</b>	<b>68</b>		<b>-41</b>	<b>74</b>		<b>-16</b>	<b>-14</b>		<b>42</b>	<b>128</b>
<i>Adjusted operating margin (EBITA), %</i>	6.2	4.2		-2.9	6.5		-	-		1.4	4.7

SEKm	Attendo Scandinavia			Attendo Finland			Other and eliminations			Consolidated		
	Jan-Jun 2019	Jan-Jun 2018	FY 2018	Jan-Jun 2019	Jan-Jun 2018	FY 2018	Jan-Jun 2019	Jan-Jun 2018	FY 2018	Jan-Jun 2019	Jan-Jun 2018	FY 2018
<b>Net sales</b>	<b>3,125</b>	<b>3,204</b>	<b>6,367</b>	<b>2,743</b>	<b>2,163</b>	<b>4,620</b>	-	-	-	<b>5,868</b>	<b>5,367</b>	<b>10,987</b>
Own operations	2,229	2,149	4,315	2,652	2,075	4,444	-	-	-	4,881	4,224	8,759
Outsourcing	896	1,055	2,052	91	89	176	-	-	-	987	1,144	2,228
<b>Operating profit (EBITA)</b>	<b>291</b>	<b>244</b>	<b>569</b>	<b>123</b>	<b>241</b>	<b>501</b>	<b>-35</b>	<b>-28</b>	<b>-62</b>	<b>379</b>	<b>457</b>	<b>1,008</b>
<i>operating margin (EBITA), %</i>	9.3	7.6	8.9	4.5	11.1	10.8	-	-	-	6.5	8.5	9.2
<b>Adjusted EBITA</b>	<b>220</b>	<b>171</b>	<b>426</b>	<b>17</b>	<b>173</b>	<b>347</b>	<b>-35</b>	<b>-28</b>	<b>-62</b>	<b>202</b>	<b>316</b>	<b>711</b>
<i>Adjusted operating margin (EBITA), %</i>	7.0	5.3	6.7	0.6	8.0	7.5	-	-	-	3.4	5.9	6.5

## Net financial items

SEKm	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net interest expense (excluding lease liabilities for real estate)	-14	-31	-31	-55	-117
Interest expense, lease liabilities for real estate	-118	-95	-226	-182	-394
Other	-5	-8	-15	-18	-29
<b>Net financial items</b>	<b>-137</b>	<b>-134</b>	<b>-272</b>	<b>-255</b>	<b>-540</b>

## Investments

SEKm	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
<b>Investments</b>					
Investments in intangible assets	2	10	6	20	35
Investments in tangible assets	85	63	149	113	229
Divestments of tangible and intangible assets	-5	-6	-10	-17	-59
<b>Total net investments</b>	<b>82</b>	<b>67</b>	<b>145</b>	<b>116</b>	<b>205</b>
<b>Intangible assets acquired through business combination</b>					
Goodwill	11	127	98	206	379
Customer relations	0	63	29	91	152
Other	0	-	0	-	2
<b>Total intangible assets acquired through business combination</b>	<b>11</b>	<b>190</b>	<b>127</b>	<b>297</b>	<b>533</b>

For further information regarding acquisitions, see section Acquisitions.

## Financial assets and liabilities

SEKm	Level	Jun 30, 2019	Jun 30, 2018*	Dec 31, 2018
<b>ASSETS</b>				
<b>Financial assets measured at fair value</b>				
Trade receivables		1,078	1,042	1,050
Cash and cash equivalents		746	557	2,896
<b>Total financial assets</b>		<b>1,824</b>	<b>1,599</b>	<b>3,946</b>
<b>LIABILITIES</b>				
<b>Financial liabilities at fair value through profit or loss</b>				
Contingent considerations	3	29	150	95
<b>Financial liabilities measured at amortised cost</b>				
Borrowings		3,314	5,400	5,278
Lease liabilities		8,632	7,419	7,941
Trade payables		250	199	259
<b>Total financial liabilities</b>		<b>12,225</b>	<b>13,168</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	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Assets pledged as collateral	76	129	115
Contingent liabilities*	4,899	4,694	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.

	Q2 2019			Q2 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*
<b>SEKm</b>									
Net sales	2,990		2,990	2,743	-	2,743	10,987	-	10,987
Other operating income	25	-2	23	3	-	3	24	-	24
<b>Total revenue</b>	<b>3,015</b>	<b>-2</b>	<b>3,013</b>	<b>2,746</b>	<b>-</b>	<b>2,746</b>	<b>11,011</b>	<b>-</b>	<b>11,011</b>
Personnel costs	-2,114		-2,114	-1,871	-	-1,871	-7,275		-7,275
Other external costs	-506	-296	-802	-434	-262	-696	-1 737	-1,081	-2,818
<b>Operating profit before amortization and depreciation (EBITDA)</b>	<b>395</b>	<b>-298</b>	<b>97</b>	<b>441</b>	<b>-262</b>	<b>179</b>	<b>1,999</b>	<b>-1,081</b>	<b>918</b>
Amortization and depreciation of tangible and intangible assets	-274	219	-55	-242	191	-51	-991	784	-207
<b>Operating profit (EBITA)</b>	<b>121</b>	<b>-79</b>	<b>42</b>	<b>199</b>	<b>-71</b>	<b>128</b>	<b>1,008</b>	<b>-297</b>	<b>711</b>
<i>Operating margin (EBITA) %</i>	4.0		1.4	7.3		4.7	9.2		6.5
Amortization of acquisition related intangible assets	-35		-35	-36	-	-36	-142	-	-142
<b>Operating profit (EBIT)</b>	<b>86</b>	<b>-79</b>	<b>7</b>	<b>163</b>	<b>-71</b>	<b>92</b>	<b>866</b>	<b>-297</b>	<b>569</b>
<i>Operating margin (EBIT) %</i>	2.9		0.2			3.4	7.9		5.2
Net financial items	-137	118	-19	-134	95	-39	-540	394	-146
<b>Profit before tax</b>	<b>-51</b>	<b>40</b>	<b>-12</b>	<b>29</b>	<b>24</b>	<b>53</b>	<b>326</b>	<b>97</b>	<b>423</b>
Income tax	12	-8	4	-8	-5	-13	-82	-20	-102
<b>Profit for the period from continuing operations</b>	<b>-39</b>	<b>32</b>	<b>-8</b>	<b>21</b>	<b>19</b>	<b>40</b>	<b>244</b>	<b>77</b>	<b>321</b>
<i>Profit margin %</i>	-1.3		-0.3	0.8		1.5	2.2		2.9
<b>Divested operations</b>									
Profit for the period from divested operations	-	-	-	31	-	31	711	-	711
<b>Profit for the period</b>	<b>-39</b>	<b>32</b>	<b>-8</b>	<b>52</b>	<b>19</b>	<b>71</b>	<b>955</b>	<b>77</b>	<b>1,032</b>
<b>Profit for the period attributable to the parent company shareholders</b>	<b>-39</b>	<b>32</b>	<b>-8</b>	<b>52</b>	<b>19</b>	<b>71</b>	<b>955</b>	<b>77</b>	<b>1,032</b>

\* This column shows adjusted EBITDA and adjusted EBITA.

SEKm	Jan-Jun, 2019			Jan-Jun, 2018		
	Reported	IFRS 16 effect	Excl. IFRS 16-effect*	Reported	IFRS 16 effect	Excl. IFRS 16-effect*
Net sales	5,868		5,868	5,367		5,367
Other operating income	43	-6	37	8		8
<b>Total revenue</b>	<b>5,911</b>	<b>-6</b>	<b>5,905</b>	<b>5,375</b>		<b>5,375</b>
Personnel costs	-4,038		-4,038	-3,632		-3,632
Other external costs	-952	-608	-1,560	-806	-509	-1,315
<b>Operating profit before amortization and depreciation (EBITDA)</b>	<b>921</b>	<b>-614</b>	<b>307</b>	<b>937</b>	<b>-509</b>	<b>428</b>
Amortization and depreciation of tangible and intangible assets	-542	437	-105	-480	368	-112
<b>Operating profit (EBITA)</b>	<b>379</b>	<b>-177</b>	<b>202</b>	<b>457</b>	<b>-141</b>	<b>316</b>
<i>Operating margin (EBITA) %</i>	6.5		3.4	8.5		5.9
Amortization of acquisition related intangible assets	-71		-71	-69		-69
<b>Operating profit (EBIT)</b>	<b>308</b>	<b>-177</b>	<b>131</b>	<b>388</b>	<b>-141</b>	<b>247</b>
<i>Operating margin (EBIT) %</i>	5.2		2.2	7.2		
Net financial items	-272	226	-46	-255	182	-73
<b>Profit before tax</b>	<b>36</b>	<b>49</b>	<b>85</b>	<b>133</b>	<b>41</b>	<b>174</b>
Income tax	-9	-10	-19	-34	-8	-42
<b>Profit for the period from continuing operations</b>	<b>27</b>	<b>39</b>	<b>66</b>	<b>99</b>	<b>33</b>	<b>132</b>
<i>Profit margin %</i>	0.5		1.1	1.8		0.8
<b>Divested operations</b>						
Profit for the period from divested operations	-		-	68	-	68
<b>Profit for the period</b>	<b>27</b>	<b>39</b>	<b>66</b>	<b>167</b>	<b>33</b>	<b>200</b>
<b>Profit for the period attributable to the parent company shareholders</b>	<b>27</b>	<b>39</b>	<b>66</b>	<b>167</b>	<b>33</b>	<b>200</b>

## Key Data

		Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Organic growth	%	1.4	2.9	1.6	2.9	3.6
Acquired growth	%	6.2	18.8	5.8	19.0	15.4
Changes in currencies	%	1.4	3.6	1.9	2.9	3.4
Operating margin (EBITA margin) r12	SEKm	-	-	8.1	10,6	9.2
Adjusted operating margin (EBITA margin) r12	%	-	-	5.2	7,8	6.5
Working capital*	SEKm	-	-	-343	-398*	-429
Return on capital employed *	%	-	-	4.4	5.8*	4.9
Net debt to equity ratio*	times	-	-	1.9	2.4*	1.8
Equity to asset ratio *	%	-	-	29	25*	27
Net debt / EBITDA r12	times	-	-	5.7	6.3*	5.2
Adjusted net debt / adjusted EBITDA r12	times	-	-	3.3	4.0*	2.7
Free cash flow	SEKm	36	245*	4	323*	593*
Net investments	SEKm	-82	-67	-145	-116	-205
Average number of employees		16,566	16,967	16,468	16,256	16,745
<b>Key data per share</b>						
Earnings per share, basic	SEK	-0.24	0.13	0.17	0.62	1.52
Earnings per share, diluted	SEK	-0.24	0.13	0.17	0.62	1.52
Equity per share, basic *	SEK	-	-	36.08	32.09	36.15
Equity per share, diluted *	SEK	-	-	36.07	32.02	36.10
Average number of shares outstanding, basic	thousands	160,877	160,414	160,872	160,413	160,455
Average number of shares outstanding, diluted	thousands	160,909	160,722	160,909	160,737	160,702
Number of shares, end of period	thousands	161,387	160,933	161,387	160,933	161,386
Number of treasury shares, end of period	thousands	509	519	509	519	519
Number of shares outstanding, end of period	thousands	160,878	160,414	160,878	160,414	160,867

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

## Quarterly Data

SEKm	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Total net sales	2,220	2,457	2,624	2,743	2,802	2,818	2,878	2,990
– Net sales, own operations	1,661	1,901	2,056	2,168	2,233	2,302	2,382	2,499
– Net sales, outsourcing	559	556	568	575	569	516	496	491
 <b>SEKm</b>	 <b>Q3 2017</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>
Total net sales	2,220	2,457	2,624	2,743	2,802	2,818	2,878	2,990
– Net sales Scandinavia	1,574	1,579	1,594	1,610	1,601	1,563	1,537	1,588
– Net sales Finland	646	878	1,030	1,133	1,201	1,255	1,341	1,402
Operating profit (EBITDA)*	-	-	496	441	629	433	526	395
<i>Operating margin (EBITDA margin), %*</i>	-	-	18.9	16.1	22.4	15.4	18.3	13.2
Operating profit (EBITA)*	-	-	258	199	375	176	258	121
<i>Operating margin (EBITA margin), %*</i>	-	-	9.8	7.3	13.4	6.3	9.0	4.0
Profit for the period *	179	98	78	21	149	-4	66	-39
<i>Profit margin, % *</i>	8.1	4.0	3.0	0.8	5.3	-0.1	2.3	-1.3
Earnings per share basic, SEK*	1.12	0.61	0.49	0.13	0.93	-0.02	0.41	-0.24
Earnings per share diluted, SEK*	1.11	0.61	0.49	0.13	0.93	-0.02	0.41	-0.24
Adjusted operating profit (EBITDA)	309	228	249	179	343	147	210	97
<i>Adjusted operating margin (EBITDA margin), %</i>	13.9	9.3	9.5	6.5	12.2	5.2	7.3	3.2
Adjusted operating profit (EBITA)	277	188	188	128	297	98	160	42
<i>Adjusted operating margin (EBITA margin), %</i>	12.5	7.7	7.2	4.7	10.6	3.5	5.6	1.4
Average number of employees	15,015	15,076	15,545	16,967	17,087	15,789	16,370	16,566
 <b>Own operations</b>	 <b>Number of units in operation**</b>	 <b>534</b>	 <b>557</b>	 <b>583</b>	 <b>584</b>	 <b>585</b>	 <b>598</b>	 <b>599</b>
Number of units in operation**	422	534	557	583	584	585	598	599
Number of beds in operation***	9,326	12,635	13,216	14,536	14,889	15,288	15,923	16,216
Number of beds under construction***	2,757	2,903	2,828	2,463	2,519	2,462	2,401	2,335
Number of opened beds (r12)***	1,625	1,886	2,134	2,885	2,486	2,409	2,282	1,752
<i>Occupancy in own homes, %***</i>	85	85	82	79	81	82	81	79

\* 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	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net sales	4	3	7	6	11
Personnel costs	-7	-6	-14	-10	-22
Other external costs	-3	-3	-5	-5	-11
<b>Operating profit</b>	<b>-6</b>	<b>-6</b>	<b>-12</b>	<b>-9</b>	<b>-22</b>
Net financial items	-2	-3	-4	-4	-9
<b>Profit after financial items</b>	<b>-8</b>	<b>-9</b>	<b>-16</b>	<b>-13</b>	<b>-31</b>
Group contributions	-	-	-	-	31
<b>Profit before tax</b>	<b>-8</b>	<b>-9</b>	<b>-16</b>	<b>-13</b>	<b>0</b>
Income tax	-	-	-	-	0
<b>Profit for the period</b>	<b>-8</b>	<b>-9</b>	<b>-16</b>	<b>-13</b>	<b>0</b>

Profit for the period corresponds to total comprehensive income.

## Parent Company Balance Sheet

Mkr	Jun 30, 2019	Jun 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	0	8	35
Other receivables	11	3	9
Cash and cash equivalents	0	0	0
<b>Total current assets</b>	<b>11</b>	<b>11</b>	<b>44</b>
<b>Total assets</b>	<b>6,505</b>	<b>6,505</b>	<b>6,538</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	5,962	6,034	6,075
<b>Current liabilities</b>			
Liabilities to group companies	530	461	450
Other liabilities	13	10	13
<b>Total current liabilities</b>	<b>543</b>	<b>471</b>	<b>463</b>
<b>Total equity and liabilities</b>	<b>6,505</b>	<b>6,505</b>	<b>6,538</b>

# Information to shareholders and analysts

## Calendar 2019

Interim report January-September	24 October 2019
Interim report January-December	13 February 2020

## Telephone conference

A telephone conference will be held on 19 July 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 8 505 583 532

FI: +358 981 710 521

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[Link to webcast](#)

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## Disclosure on publication

This is information that Attendo AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above at 08.00 CET on 19 July 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.

## Own operations

**84%**

Share of net sales

## Outsourcing

**16%**

Share of net sales

# 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. Occupied beds refers to physical presence in the care home. Occupancy is a weighted average in the last month of each reporting period.

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