

# **Terveystalo Q1/2022 results: Strong growth continued in a shifting demand environment**

VILLE IHO, PRESIDENT & CEO

ILKKA LAURILA, CFO

# Strong growth continued in a shifting demand environment

## Strong start to the year 2022

Good underlying demand despite Omicron surge  
Revenue growth +18.3% y-o-y (Feelgood 8.0 %-points of the growth)  
Covid-19 testing activity was still at a high level  
Supply bottlenecks compensated by ramping up digital offering

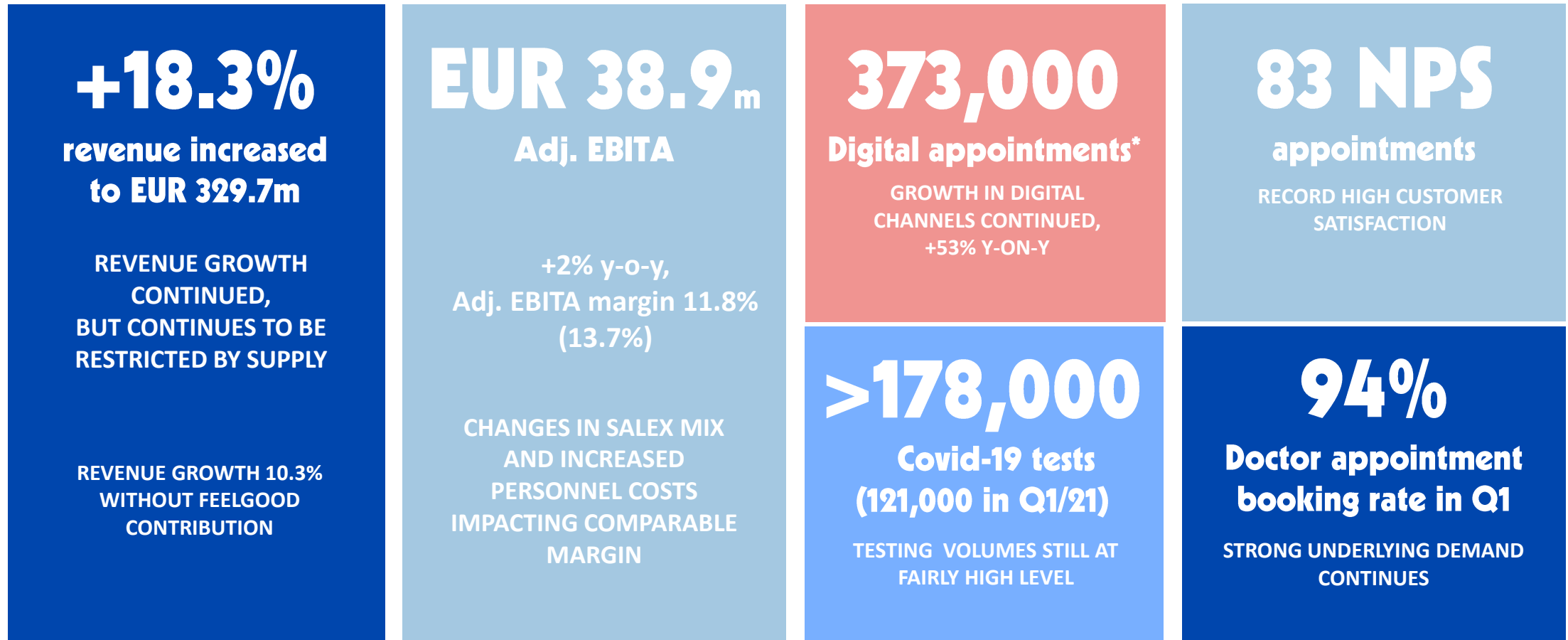
## Strong core business is growing stronger

Revenue grew in all customer groups, high customer satisfaction  
~0.4 million digital visits, +53% y-o-y from already high level  
Several bolt-on acquisitions during Q1/22

## More opportunities for growth

Strong demand drivers in core business  
Larger addressable market with entry to Sweden. Expansion into addiction treatment care with the acquisition of Nämndemansgården (agreement signed)  
Digital business offers new opportunities mid-term

# Revenue growth in double digits, digital continues to grow



\*Does not include digital appointments in Sweden

# Continued selective, value creating acquisitions

## Active M&A markets in both Finland and Sweden



### Strengthening scalable capabilities

Internationally scalable

Capabilities that support our strategy delivery



### Growing market share in adjacencies

Cost synergies & scale

Segments where we have a small market share, such as dental, physiotherapy, mental health



### Growth in specialties

Growth in new services

Niche players in specialized fields  
Expanding the markets

**Occupational health:** Vantaan Työterveys Oy, Länshälsan Uppsala in Sweden

**Physiotherapy:** Lapin Liikuntaklinikka Oy, MT-Klinikka Kokkola Oy, FysioProfessionals Oy

**Physiotherapy and occupational therapy:** Suomen Fysiogeriatría Oy (agreement signed)

**Addiction treatment:** Nämndemansgården in Sweden (agreement signed)

**LATEST ACQUISITIONS:**

# Expansion to Sweden offers more opportunities for capital allocation and growth

## MULTIPLE GROWTH AVENUES IN SWEDEN

- ❑ Organic and in-organic growth in occupational health
  - ❑ Positive organic development, 4 acquisitions completed so far
- ❑ Introducing new value adding services in all payor groups
- ❑ Care-chain co-ordination and integration

## NÄMNDEMANSGÅRDEN, A LEADER IN ADDICTION TREATMENT IN SWEDEN\*

- ❑ The acquisition is part of Feelgood's growth strategy
- ❑ Holistic support in harmful use from preventive measures to various types of treatment throughout the care path
- ❑ Revenue of SEK 116.1 million in 2021
- ❑ 120 employees in 20 locations in Sweden

*\*Agreement signed on on 20 April 2022*

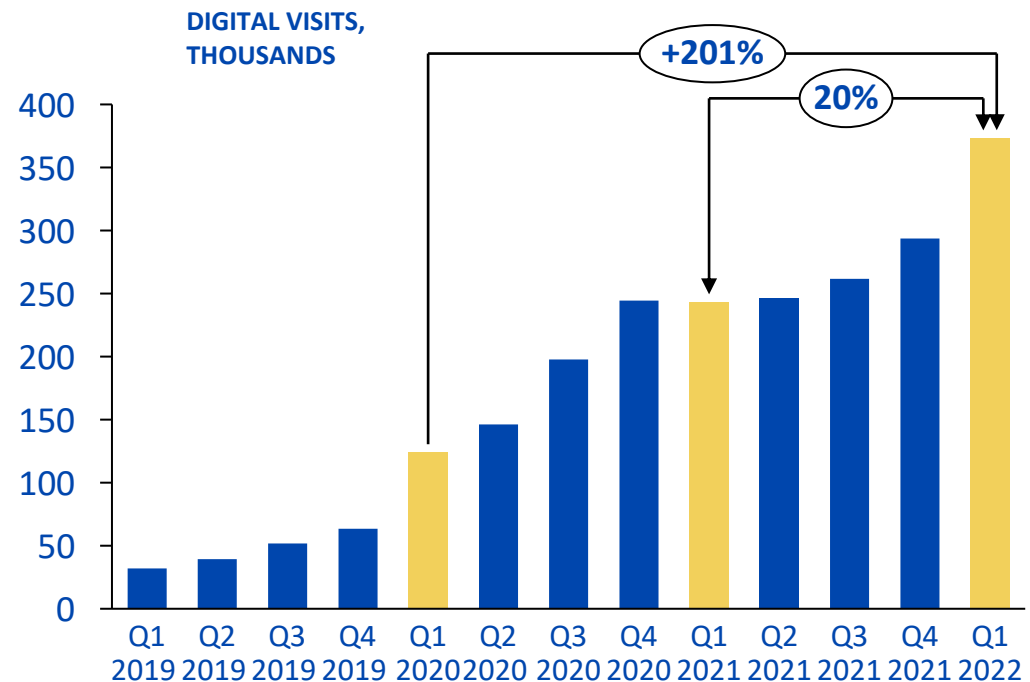
# Digital appointments improve productivity and access to care

## DIGITAL APPOINTMENTS IMPROVE PRODUCTIVITY

Terveystalo offers 3 types of digital appointments:

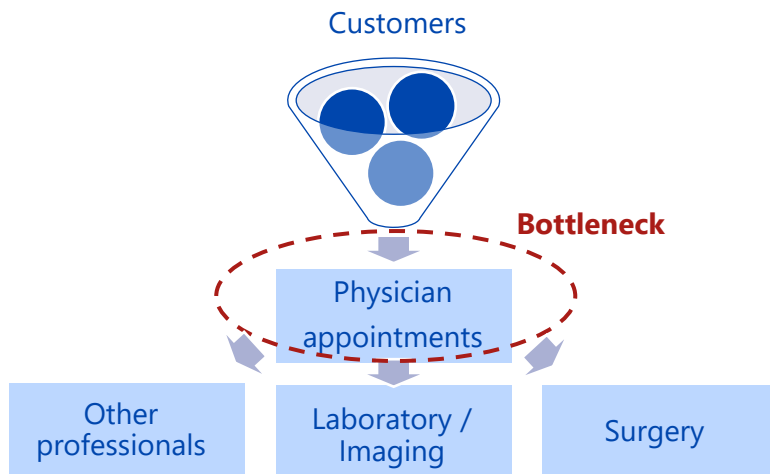
- **Pre-booked video appointments**  
(31% of all digital appointments) save time for the patient
- **Preventive care appointments**  
(12%) save time for the professional
- **Location-independent, On-demand chat appointments**  
(57%) increase utilization rates while saving time for both the patient and the professional

## NUMBER OF DIGITAL APPOINTMENTS CONTINUES TO GROW



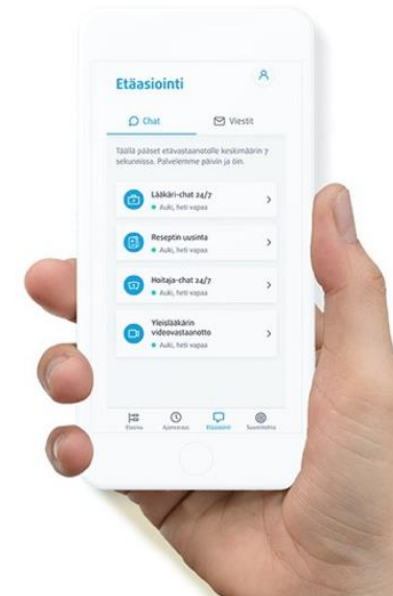
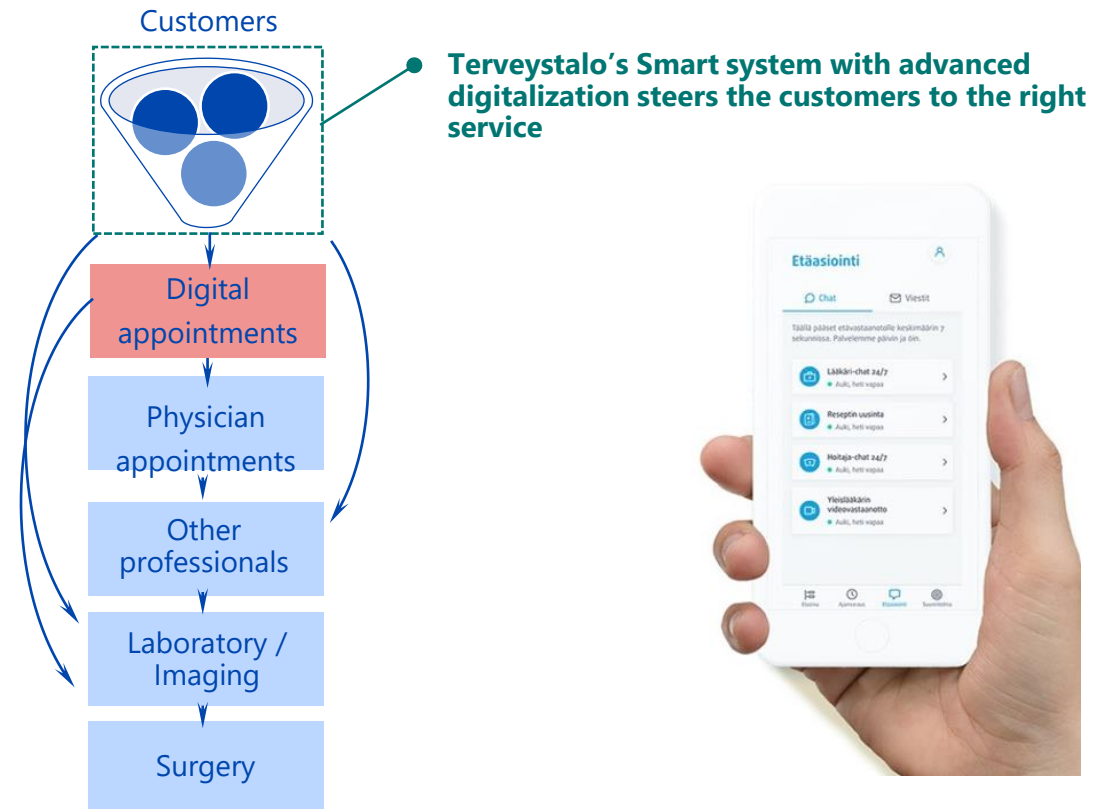
# Terveystalo's scalable digital platform ensures high efficiency

## Traditional model



- The major problem of the traditional approach is that all customers are firstly referred to a doctor who refers the patient to a specialist and/or labs/imaging

## Terveystalo's proprietary smart platform



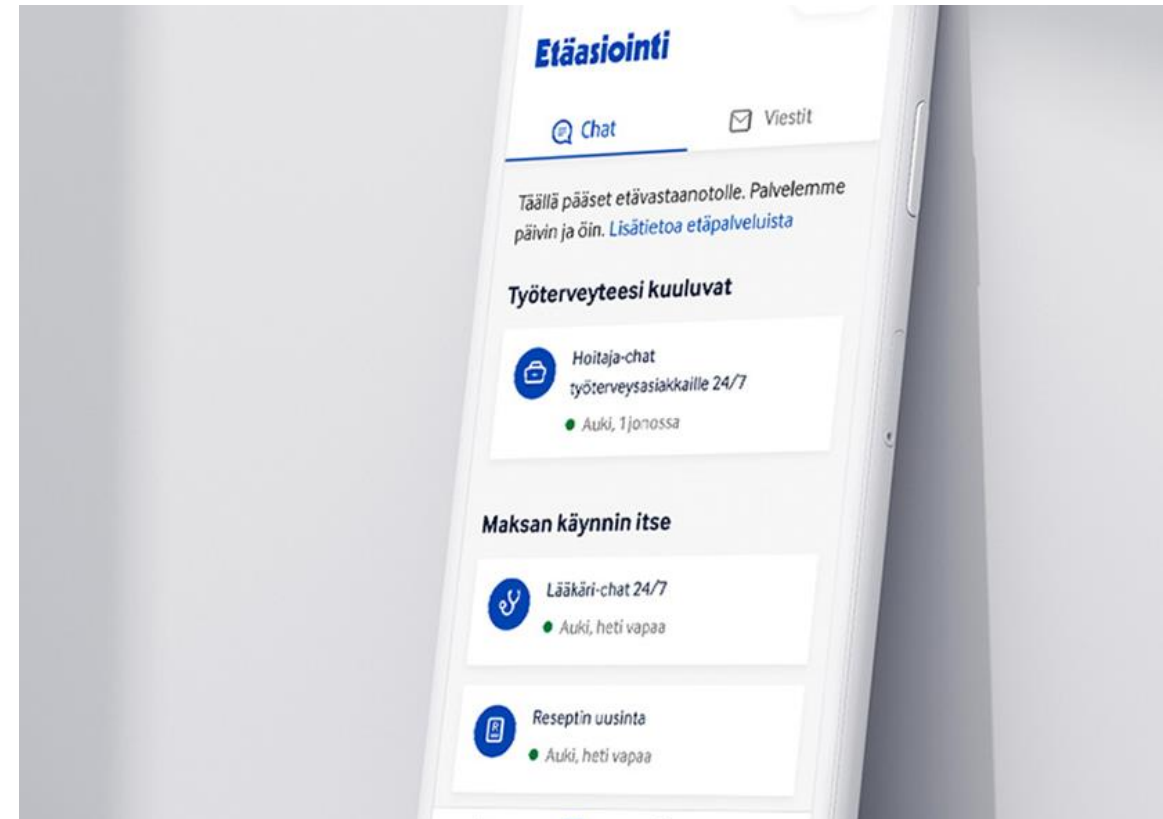
# A digital platform for public sector customers launched

Digital health is already mainstream in our business, and we have identified opportunities to further scale our proprietary digital suite in the short term:

- ✓ Public sector demand for a white label digital suite
- ✓ Clear synergy potential in scaling our digital capabilities across our different markets

**Our medium to long term target is to further accelerate the growth of our digital business**

- In bound demand from European 3. parties which we can look to commercialize





# Financial performance

ILKKA LAURILA, CFO

# Strong growth and financial strength continued

## Strong revenue growth, profitability impacted by sales mix changes and resourcing

Revenue growth +18.3% y-on-y to EUR 329.7 (278.7) million (Feelgood 8.0%-points of the growth)

Q1/22 Adj. EBITA +2 % y-on-y to EUR 38.9 (38.2) million, 11.8% (13.7%) of revenue

Relative profitability was reduced y-on-y due to a change in the sales mix and increased costs

## Disciplined financial strategy and growing financial strength – capacity to invest in growth

Net debt / adj. EBITDA 2.6x

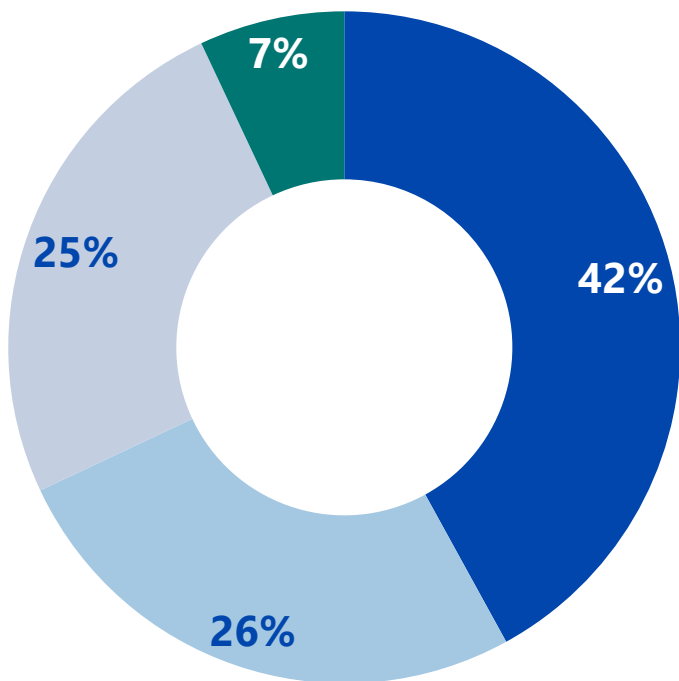
Cash flow from operating activities EUR 24.8 million

## Continued investments in digital platform

Gross capex 4.1% of revenue (excluding M&A)

# Broad-based revenue growth in Q1/22

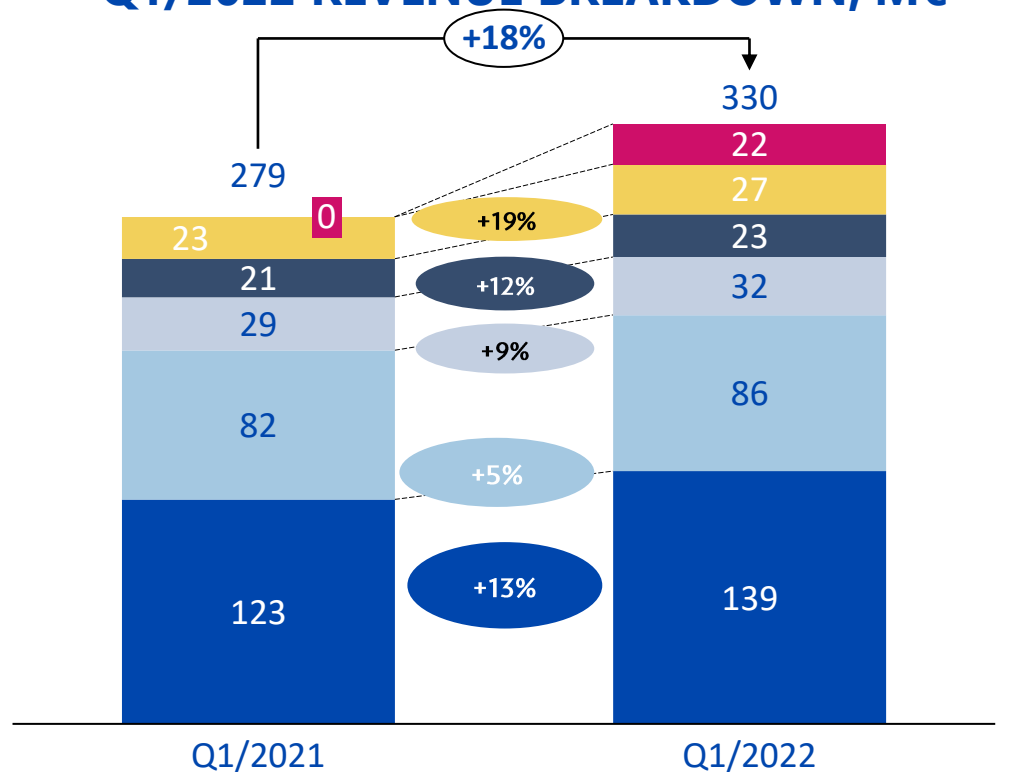
Q1/2022 REVENUE BREAKDOWN, %



■ Corporate    ■ Public  
■ Private    ■ Sweden and others

*Feelgood (Sweden) was consolidated as of 1 July, 2021.*

Q1/2022 REVENUE BREAKDOWN, M€



■ Corporate    ■ Outsourcing    ■ Service sales, OH and others  
■ Private    ■ Staffing    ■ Sweden and others

# Covid-testing volumes decreasing as expected

## TESTING ACTIVITY ON DOWNWARD TREND



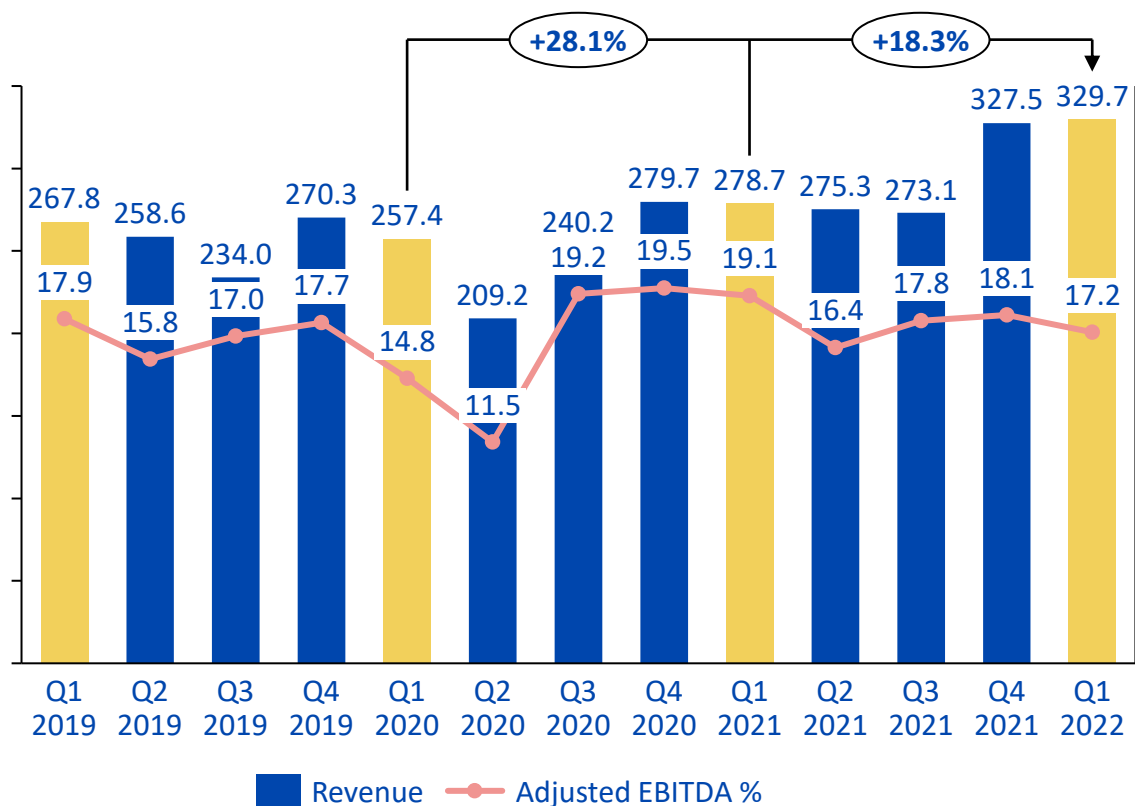
- Terveystalo has gained market share in a highly competitive market.
- However, the unit prices of the tests have decreased due to the competition and the trend is expected to continue. Testing also requires a lot of human resources.
- Covid-19 tests are currently replacing some of the normal laboratory tests for infections – these volumes are expected to recover once the Covid-19 testing winds down.

Source: <https://avoinaraportointi.terveystalo.com/korona/>

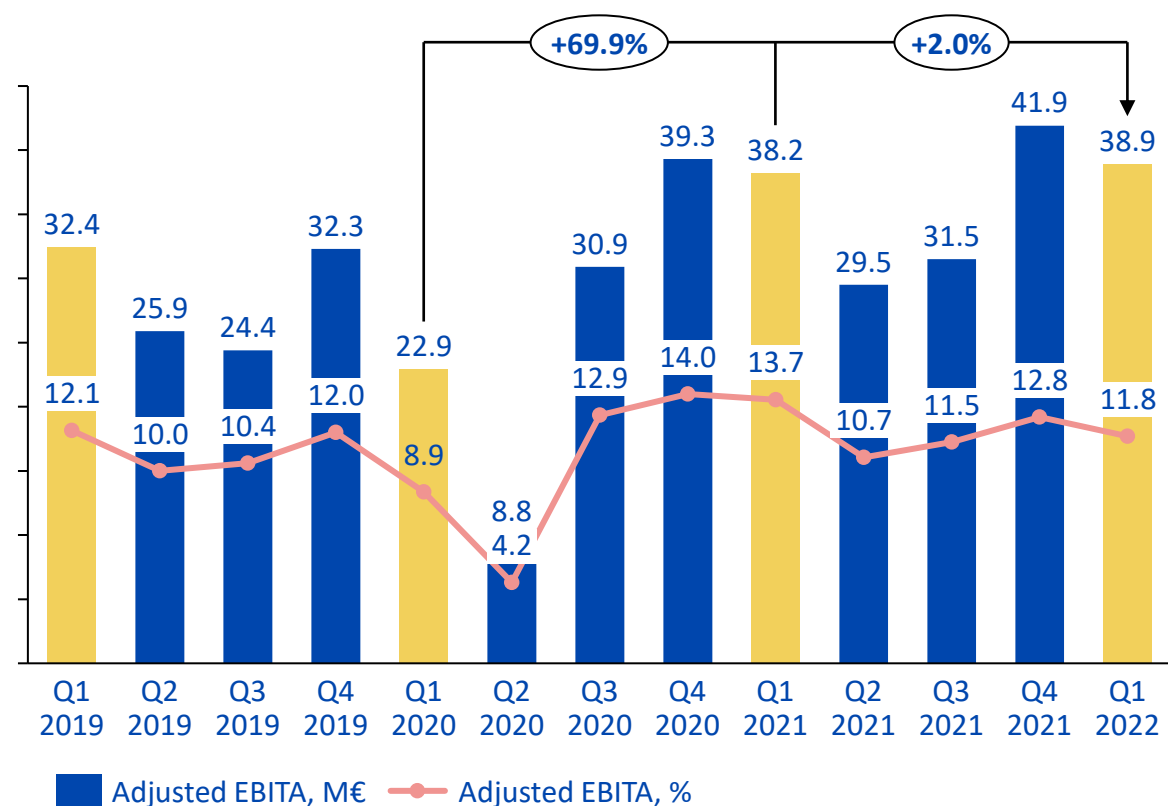
Note: Reporting does not include corporate co-operations.

# Profitability impacted by sales mix and increased costs

REVENUE, MEUR AND ADJUSTED EBITDA\* -%



ADJUSTED EBITA\*, MEUR AND %



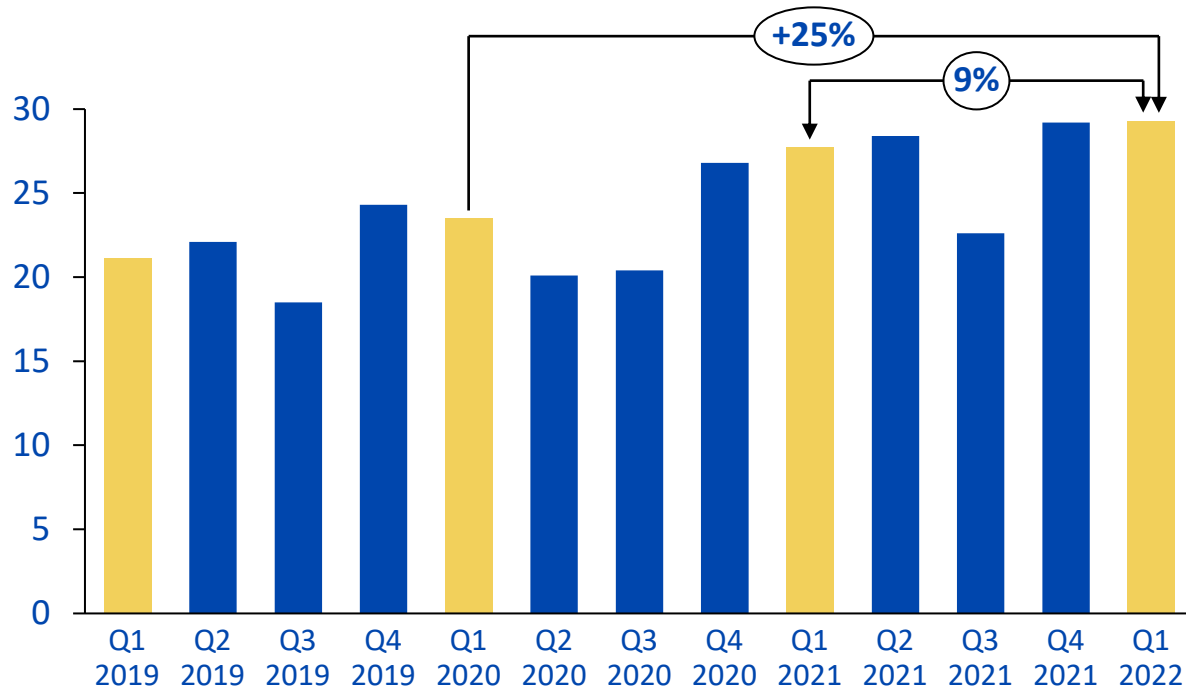
# COVID-19 related services, acquisitions (incl. Feelgood) and new businesses increased costs

M€	1-3/2022	1-3/2021	Change %	2021
Revenue	329.7	278.7	18.3	1 154.6
Other operating income	0.5	0.5	-9.4	3.4
Purchase of materials	-11.4	-8.8	29.3	-34.8
Change in inventories	0.2	0.0	727.5	-0.6
External services	-121.6	-111.4	9.2	-453.4
Employee benefit expenses	-115.7	-86.7	33.4	-378.2
Rents, leases and premises	-4.8	-3.7	29.9	-18.1
IT expenses	-9.6	-7.4	29.5	-29.7
Marketing and communication expenses	-2.2	-1.6	33.8	-7.3
Other operating expenses	-9.2	-6.4	43.2	-32.0
EBITDA	56.0	53.2	5.2	201.8
Adjustments*	0.6	0.1		4.3
Adjusted EBITDA	56.6	53.3	6.2	206.1
EBIT	31.2	32.2	-3.2	110.1

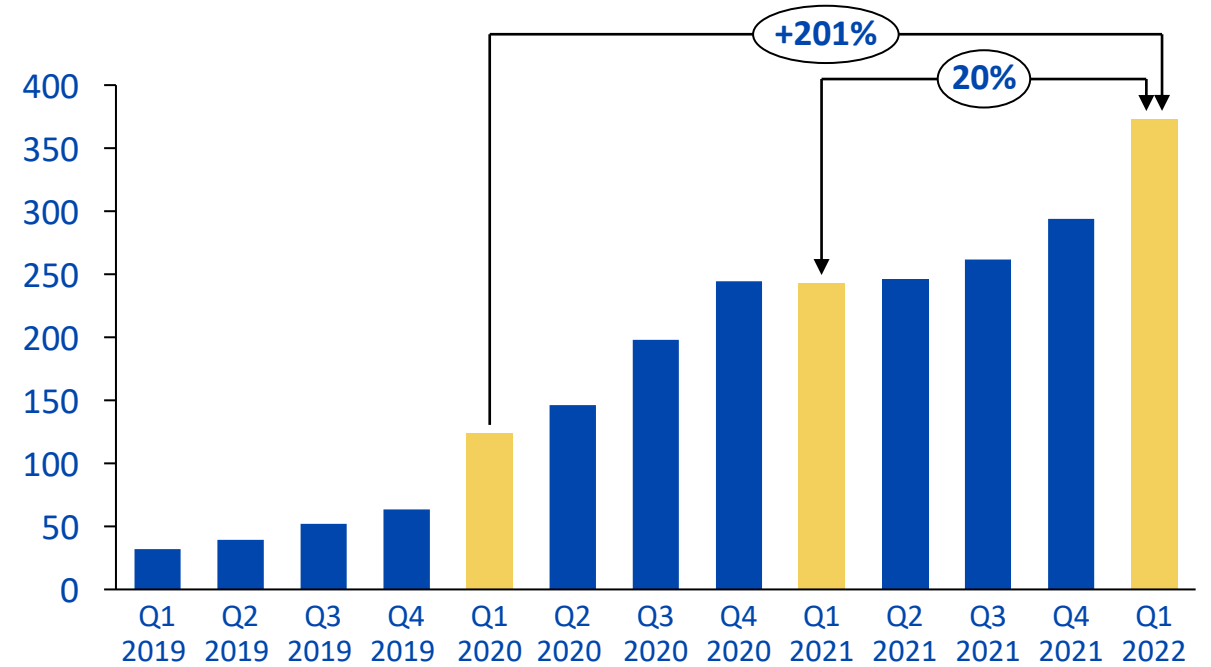
■ Variable costs
 ■ Semi-fixed costs, scalable on a unit level
 ■ Fixed costs, scalable on a group level

# Strong trend in well-being and digital visits continued

## WELL-BEING SALES, MEUR

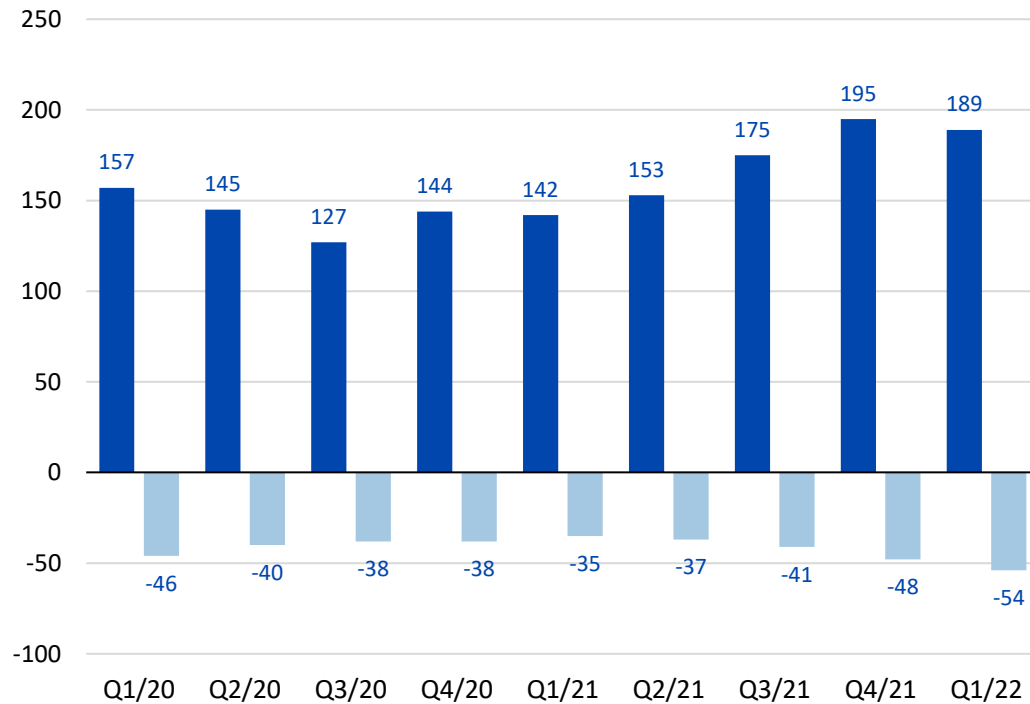


## DIGITAL VISITS, THOUSANDS

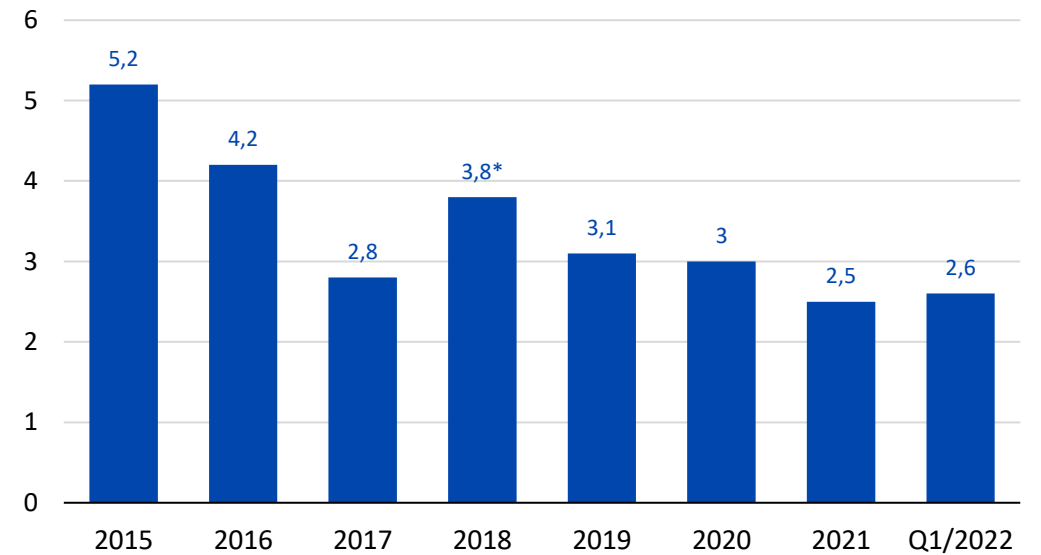


# Strong cash flows together with solid balance sheet and credit profile

OPERATING CASH FLOW (LTM), MEUR  
GROSS CAPEX (LTM), MEUR



NET DEBT/ADJUSTED EBITDA (LTM)

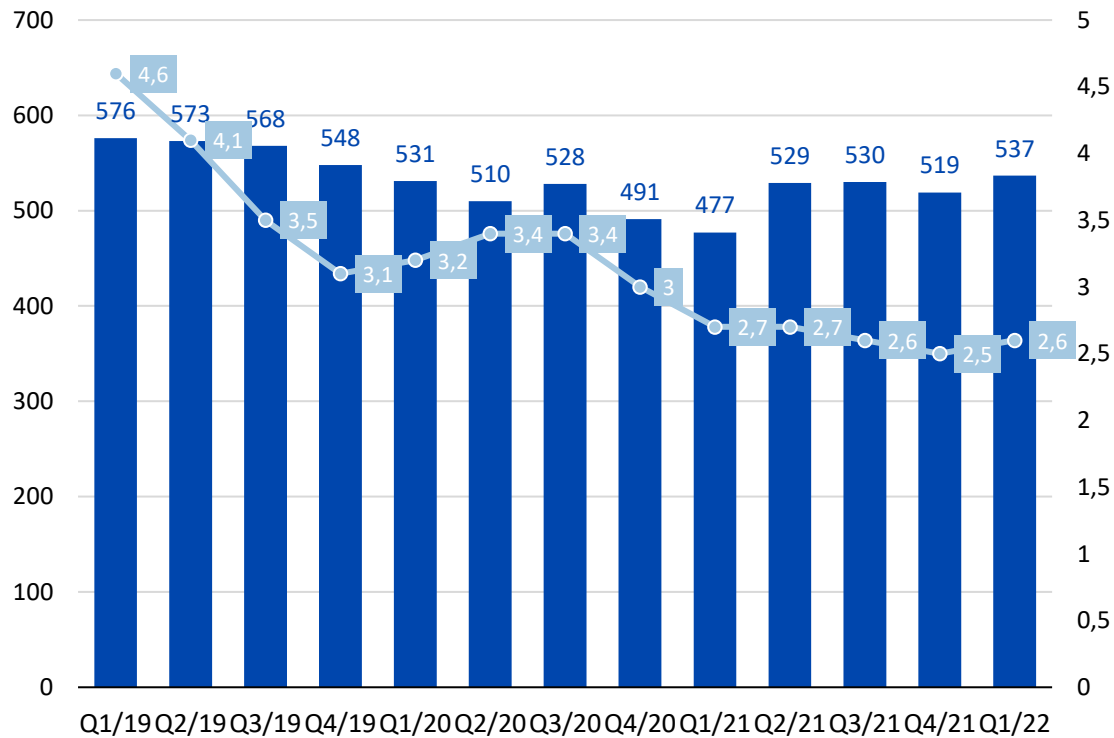


\* Increase in leverage is associated with the acquisition of Attendo's Finnish Health Services for an enterprise value of EUR 233m in cash, financed with debt

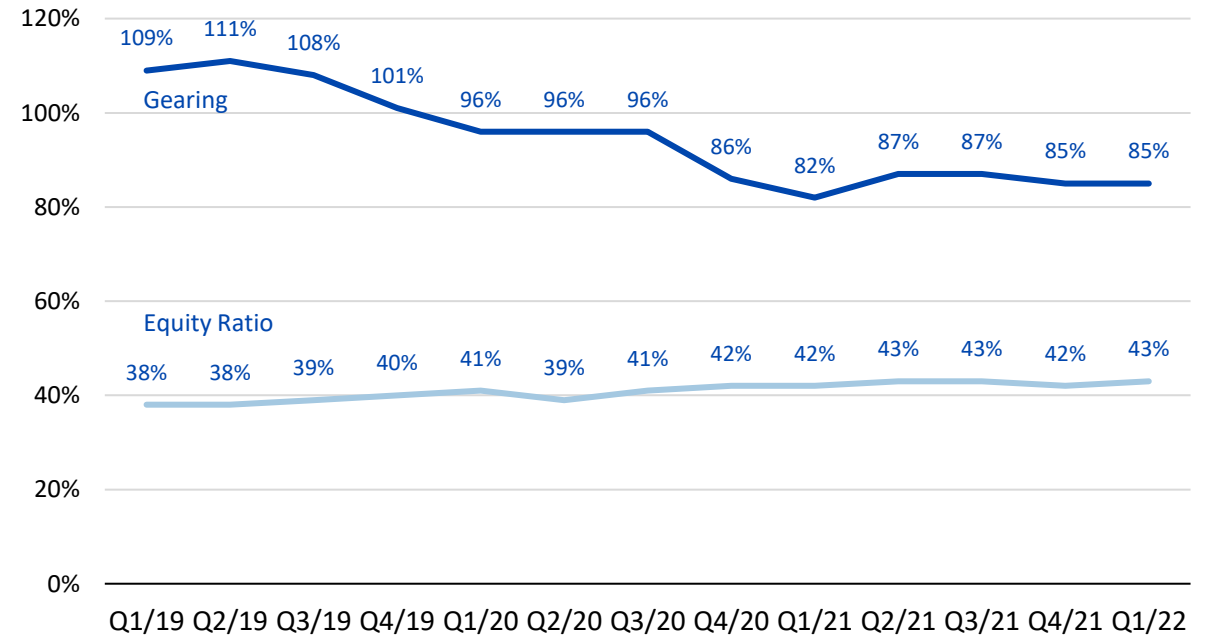


# Disciplined financial strategy and growing financial strength

## NET DEBT, MEUR AND NET DEBT / ADJ. EBITDA (LTM)



## EQUITY RATIO, % AND GEARING, %



# Financial targets and outlook

## Financial targets



### Growth

At least 5% annual growth in revenue



### Profitability

An adjusted EBITA margin of 12–13%



### Indebtedness

Interest-bearing Net debt/Adjusted EBITDA not to exceed 3.5 times

## Outlook – The next 6 months vs. last 6 months

<b>Market environment</b>	<ul style="list-style-type: none"> <li>The market environment has normalized and the demand for health services is very strong and broad based. However, growth is restricted by supply.</li> <li>The demand for services related to COVID-19 is expected to decrease. However, predicting the volume is difficult.</li> <li>The overall demand for health services is expected to remain at a high level.</li> <li>The demand for digital services is expected to continue to grow.</li> </ul>
<b>Corporate customers</b>	<ul style="list-style-type: none"> <li>Demand from corporate customers for preventive and statutory occupational health services is expected to develop favorably.</li> <li>Demand for medical care is expected to continue strong.</li> <li>Significant changes in the employment rate may be reflected in the underlying demand.</li> </ul>
<b>Private customers</b>	<ul style="list-style-type: none"> <li>Overall demand is expected to remain strong in the private customer segment.</li> <li>Significant changes in consumer confidence may, however, be reflected in the demand.</li> </ul>
<b>Public sector</b>	<ul style="list-style-type: none"> <li>Demand from the public sector is expected to remain strong in occupational health, service sales, and staffing services.</li> <li>Revenue from the outsourcing business is expected to remain stable.</li> </ul>
<b>Sweden</b>	<ul style="list-style-type: none"> <li>Demand in the Swedish occupational health market is expected to develop favorably due to pent-up demand in the wake of the pandemic.</li> </ul>

# Strong growth continued in a shifting demand environment

## Strong start to the year 2022

Good underlying demand despite Omicron surge  
Revenue growth +18.3% y-o-y (Feelgood 8.0 %-points of the growth)  
Covid-19 testing activity was still at a high level  
Supply bottlenecks compensated by ramping up digital offering

## Strong core business is growing stronger

Revenue grew in all customer groups, high customer satisfaction  
~0.4 million digital visits, +53% y-o-y from already high level  
Several bolt-on acquisitions during Q1/22

## More opportunities for growth

Strong demand drivers in core business  
Larger addressable market with entry to Sweden. Expansion into addiction treatment care with the acquisition of Nämndemansgården (agreement signed)  
Digital business offers new opportunities mid-term

# Q&A



# Terveystalo

Kohti parempaa.

# Appendix

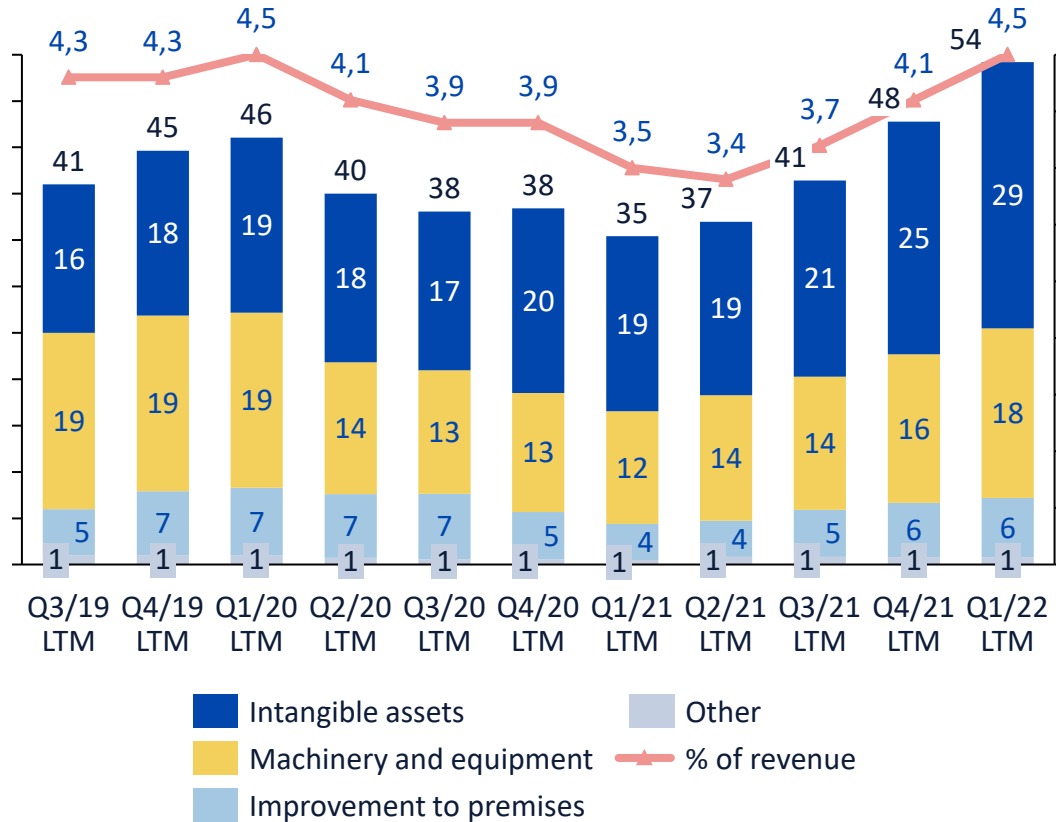
# Feelgood has been consolidated since the end of June 2021

MEUR	31.3.2022	31.3.2021
<b>ASSETS</b>		
Property, plant and equipment	73,9	67
Right of use assets	165,9	168,2
Goodwill	872,2	786,1
Other intangible assets	175,3	149,8
Other assets	158,7	124
Cash and cash equivalents	38,6	86,7
<b>TOTAL ASSETS</b>	<b>1 484,6</b>	<b>1 381,7</b>
<b>EQUITY AND LIABILITIES</b>		
<b>TOTAL EQUITY</b>	<b>631,7</b>	<b>579,1</b>
Interest bearing liabilities	403,8	389,5
Lease liabilities	171,7	174,5
Other liabilities	277,4	238,5
<b>TOTAL LIABILITIES</b>	<b>853</b>	<b>802,6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 484,6</b>	<b>1 381,7</b>

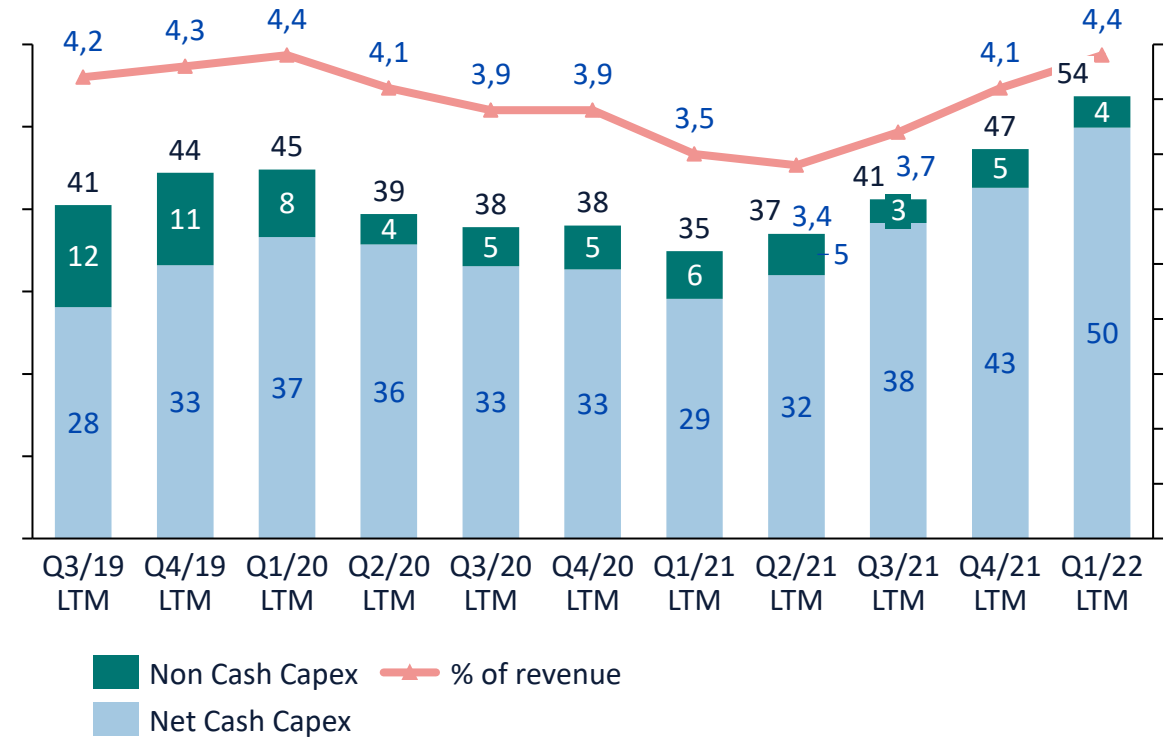
- Equity attributable to owners of the parent company EUR 631.7 (579.1) million
- Net debt EUR 536.8 (477.1) million
- Net debt / adjusted EBITDA 2.6 (2.7)
- In 2021, the company entered into a new short-term financing agreement of EUR 70 million, with the loan drawn in full during 2021.
- The financing agreement includes an option to defer repayment until 2023.
- The company plans to replace the financing agreement with a long-term financing agreement during 2022.
- In Q1/22 the company signed an agreement for a EUR 100 million domestic commercial paper program and issued its first commercial papers under the program. During Q1/22, the company also signed a financing agreement that includes a credit facility of EUR 40 million and an uncommitted credit facility of EUR 80 million.

# We continue to invest in our digital platform

## GROSS CAPEX, MEUR AND %- OF REVENUE



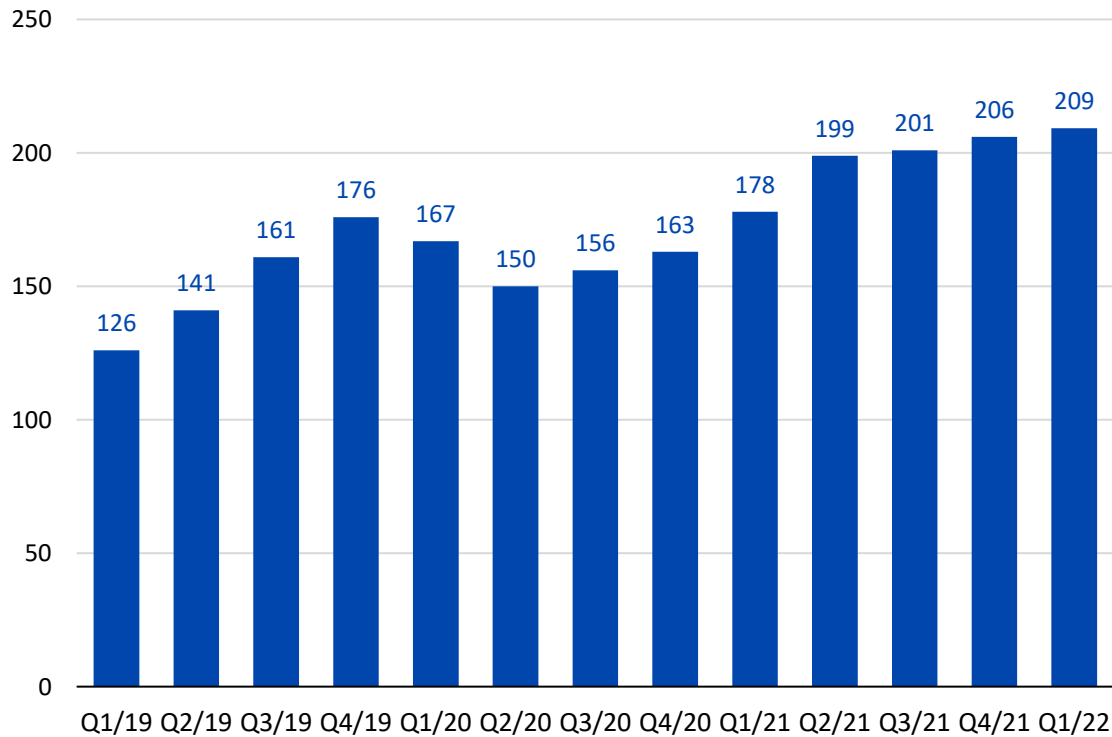
## NET CAPEX, MEUR AND %- OF REVENUE



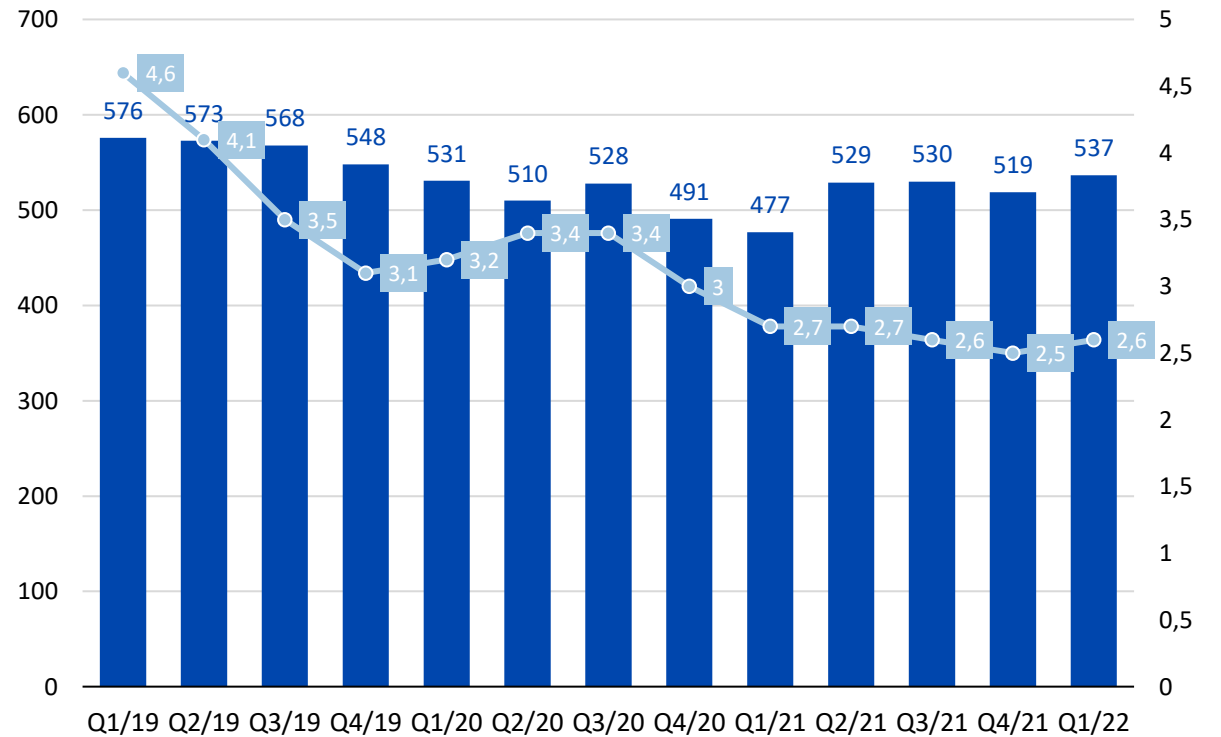


# Disciplined financial strategy and growing financial strength

ADJ. EBITDA (LTM), MEUR



NET DEBT, MEUR AND NET DEBT / ADJ. EBITDA (LTM)



# Key figures

Terveystalo Group, MEUR	1-3/ 2022	1-3/ 2021	Change, %	2021	2020	Change, %
Revenue	329.7	278.7	18.3	1.154.6	986.4	17.1
Adjusted EBITDA. * 1)	56.6	53.3	6.2	206.1	162.8	26.6
Adjusted EBITDA. % * 1)	17.2	19.1	-	17.8	16.5	-
EBITDA 1)	56.0	53.2	5.2	201.8	158.3	27.4
EBITDA. % 1)	17.0	19.1	-	17.5	16.1	-
Adjusted EBITA * 1)	38.9	38.2	2.0	141.0	101.9	38.4
Adjusted EBITA. % * 1)	11.8	13.7	-	12.2	10.3	-
EBITA 1)	38.3	38.0	0.6	136.7	97.4	40.3
EBITA. % 1)	11.6	13.6	-	11.8	9.9	-
Adjusted EBIT * 1)	31.9	32.4	-1.5	114.4	71.6	59.7
Adjusted EBIT. % * 1)	9.7	11.6	-	9.9	7.3	-
EBIT	31.2	32.2	-3.2	110.1	67.2	64.0
EBIT. %	9.5	11.6	-	9.5	6.8	-
Return on equity (ROE). % 1)	13.2	10.6	-	13.6	8.2	-
Equity ratio. % 1)	42.7	42.0	-	42.2	42.1	-
Earnings per share (EUR)	0.20	0.19	6.6	0.63	0.36	75.9
Net debt	536.8	477.1	12.5	519.0	490.9	5.7
Gearing. % 1)	85.0	82.4	-	85.2	85.9	-
Net debt/adjusted EBITDA (last 12 months) 1)	2.6	2.7	-	2.5	3.0	-
Total assets	1 484.6	1 381.7	7.4	1.448.6	1.361.0	6.4
Adjusted EBITDA (last 12 months). excluding IFRS 16*1)	160.5	133.1	20.6	156.9	118.0	33.0
Net debt. excluding IFRS 16	365.1	302.6	20.7	340.6	312.4	9.0
Adjusted net debt/adjusted EBITDA (last 12 months). excluding IFRS 16*1)	2.3	2.3	-	2.2	2.6	-
Average personnel (FTEs)	6,202	5,170	20.0	5.643	4.900	15.2
Personnel (end of period)	10,638	8,427	26.2	9.805	8.253	18.8
Private practitioners (end of period)	5,713	5,051	13.1	5.754	5.057	13.8
<b>Responsibility</b>						
Quality index <sup>2)</sup>	96.8	97.9	-1.1	94.6	94.2	0.4
Net Promoter Score (NPS). appointments	82.8	84.0	-1.4	83.0	82.8	0.2
Employee Net Promoter Score (eNPS)				32	18	77.8
Mixed waste intensity <sup>3)</sup>				6.42	6.00	6.7

\*) Adjustments are material items outside the ordinary course of business. associated with acquisition-related expenses. restructuring-related expenses, gain on sale of assets, strategic projects, and other items affecting comparability.

1) Alternative performance measure. In addition to the IFRS figures, Terveystalo presents additional, alternative performance indicators which the company monitors internally and which provide the company management, investors, stock market analysts, and other stakeholders with important additional information concerning the company's financial performance, financial position, and cash flows. These performance indicators should not be reviewed separate from the IFRS figures and they should not be considered to replace the IFRS figures.

2) The quality index consists of seven effectiveness indicators that describe the clinical and experienced quality, access to care, and the proportion of preventive care.

3) Amount of mixed waste (metric tons) relative to total revenue (100 million)

# Feelgood AB – key figures

SEK, thousand	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
Revenue	204,393	213,110	138,429	220,230	208,448	185,825	125,102	204,733	193,469	206,243
EBITDA	24,371	28,626	-1,612	34,157	24,155	18,486	-464	38,926	20,775	27,167
EBIT	12,921	16,570	-13,704	21,594	11,184	2,778	-13,004	21,787	4,854	11,048
Result before taxes	12,010	15,563	-14,648	20,381	10,301	1,940	-13,814	20,005	3,639	10,136
EBITDA-margin	11.9 %	13.4 %	-1.2 %	15.5 %	11.6 %	9.9 %	-0.4 %	19.0 %	10.7 %	13.2 %
EBIT-margin	6.3 %	7.8 %	-9.9 %	9.8 %	5.4 %	1.5 %	-10.4 %	10.6 %	2.5 %	5.4 %