

# Terveystalo Group Q3 2024 Results

Ville Iho, President & CEO

Juuso Pajunen, CFO

# Welcome

## AGENDA TODAY



### **Ville Iho, President & CEO**

- Q3 2024 Financial & operational highlights



### **Juuso Pajunen, CFO**

- Q3 2024 Financial performance analysis
- Outlook & Guidance

# Strong earnings growth driven by improved operational efficiency

**The robust performance of Healthcare Services contributed significantly to both revenue and margin growth**

**Notable progress in Portfolio Business profitability was reflected in the EBITA margin**

**The turnaround of the Swedish business is advancing as planned, with the full profitability impact expected to be realized in 2025**

**We will reach our financial target for profitability one year ahead of schedule**

**Quality and customer satisfaction remain consistently high**

# Q3 2024 highlights

Revenue (MEUR)

**295.8**

+5.4% y-o-y

Adj. EBITA (MEUR)

**34.3**

+62.2% y-o-y

NPS, appointments

**86.8**

+1.2% y-o-y

EPS (EUR)

**0.12**

+4x y-o-y

Adj. EBITA margin

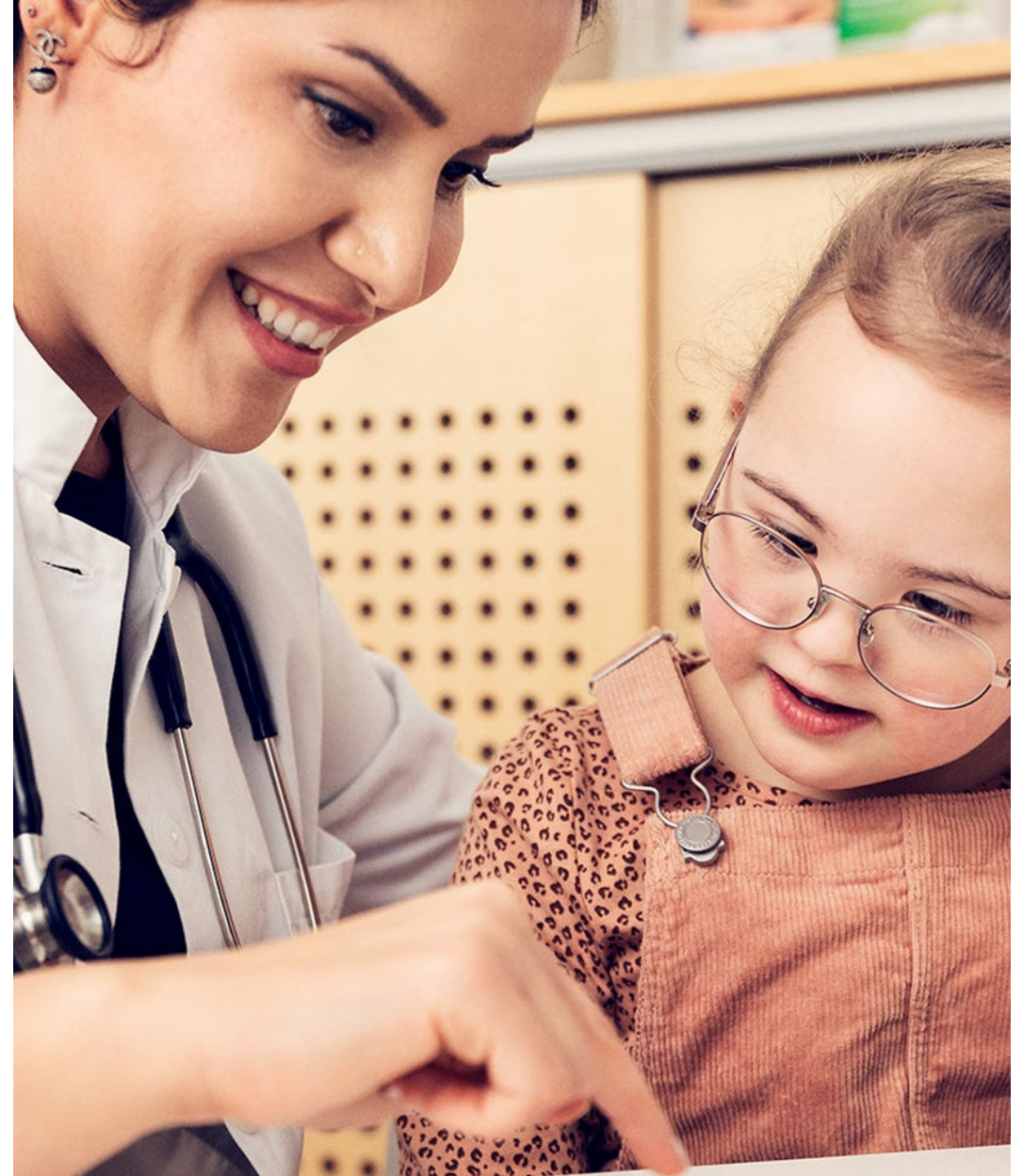
**11.6%**

+4.1%-p. y-o-y

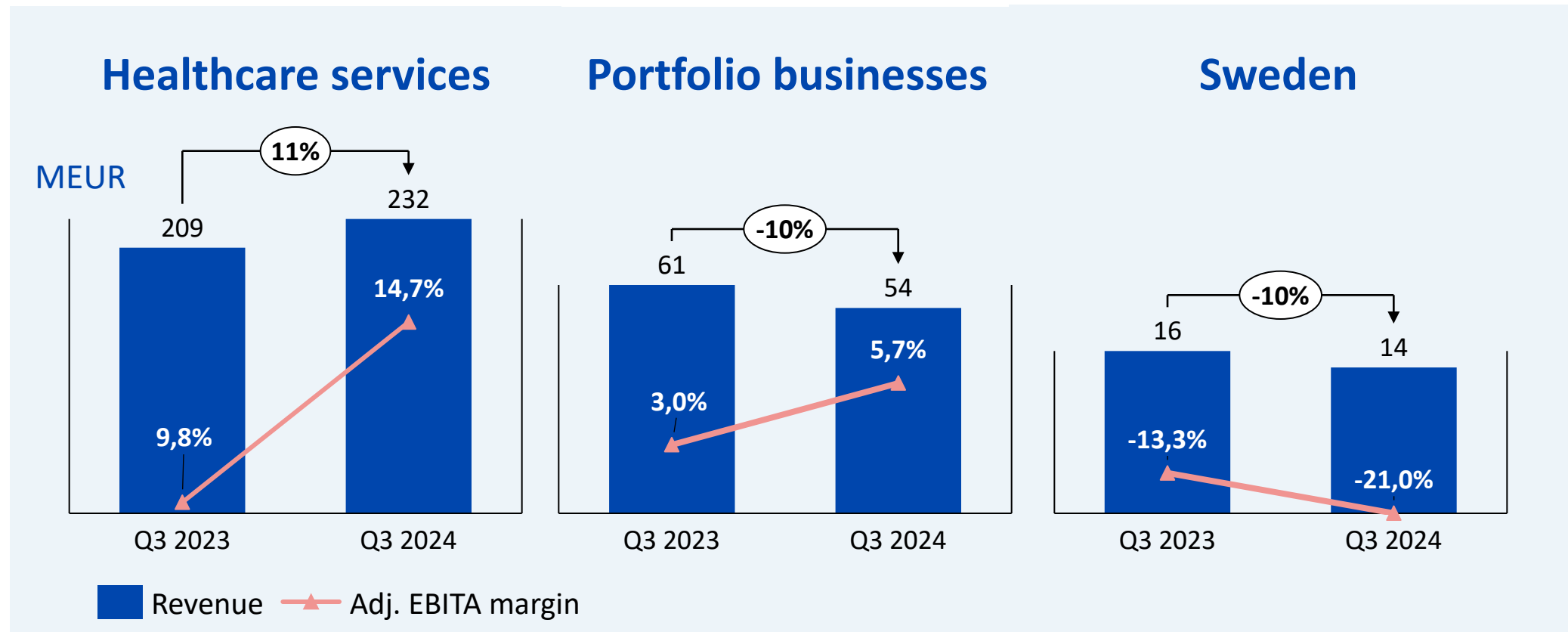
Operating cash flow (MEUR)

**41.3**

+16.0% y-o-y



# Significant improvement in Healthcare services contributed positively to the Group's overall performance



# Our business portfolio's turnaround is on track

## Successful profit improvement program boosts margins in Finland

### Healthcare services

- LTM revenue **€1,014 mill.** ↑
- LTM adj. EBITA margin **15%** ↑

### Portfolio businesses

- LTM revenue **€249 mill.** ↓
- LTM adj. EBITA margin **5%** ↑

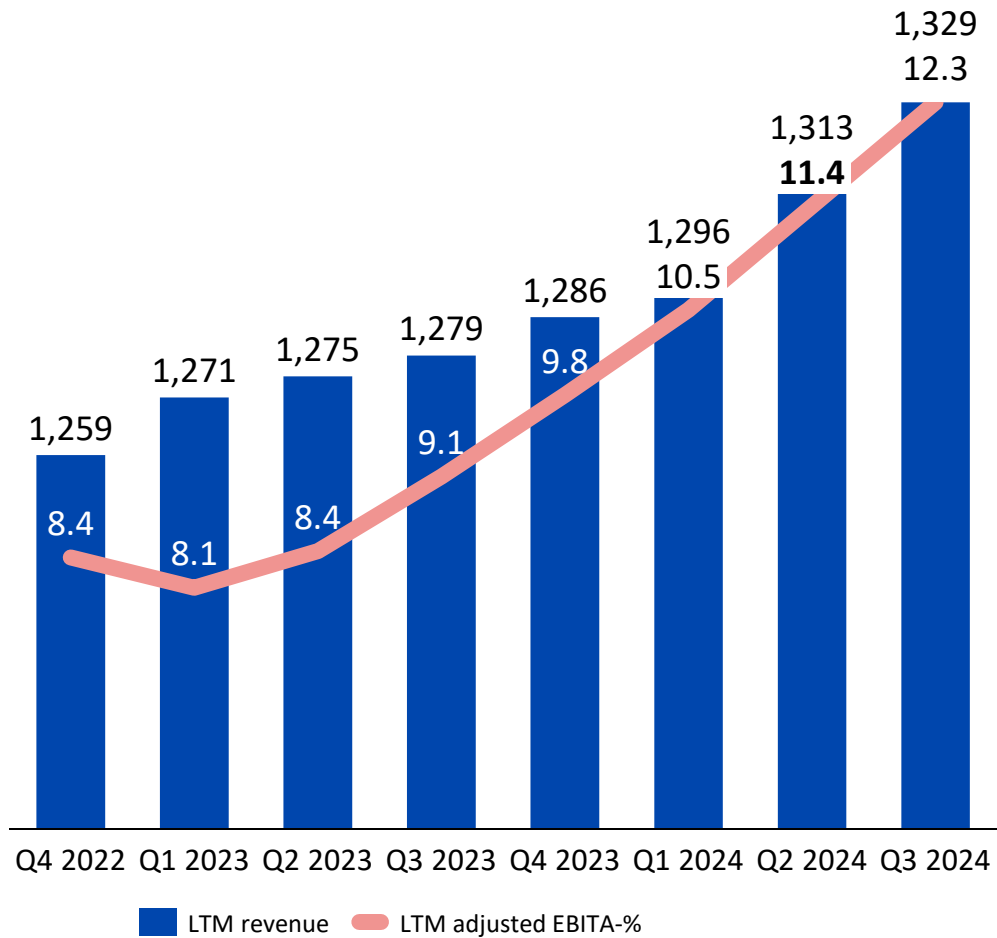
### Sweden

- LTM revenue **€86 mill.** ↓
- LTM adj. EBITA margin **-1%** ↓

### Group

- LTM revenue **€1,329 mill.** ↑
- LTM adj. EBITA margin **12.3%** ↑

# We are moving decisively from a turnaround to building a great company



**Alpha program completed successfully**



**Profitability target achieved one year ahead of schedule**



**Medical quality and customer satisfaction consistently high**



**Focus on growth and customer value**

# We deliver exceptional value to our customers by offering comprehensive and integrated care

## Fluent, caring and effective

### Prevention

#### Customer value

Engaged and in control of a healthy future



### Primary care

#### Customer value

Fastest access to care and ultimate fluency in patient journey



### Specialist care

#### Customer value

Proven and superior medical effectiveness





# Capital Markets Day

To be held in Helsinki & online 4 December 2024

# Financial performance

Juuso Pajunen, CFO

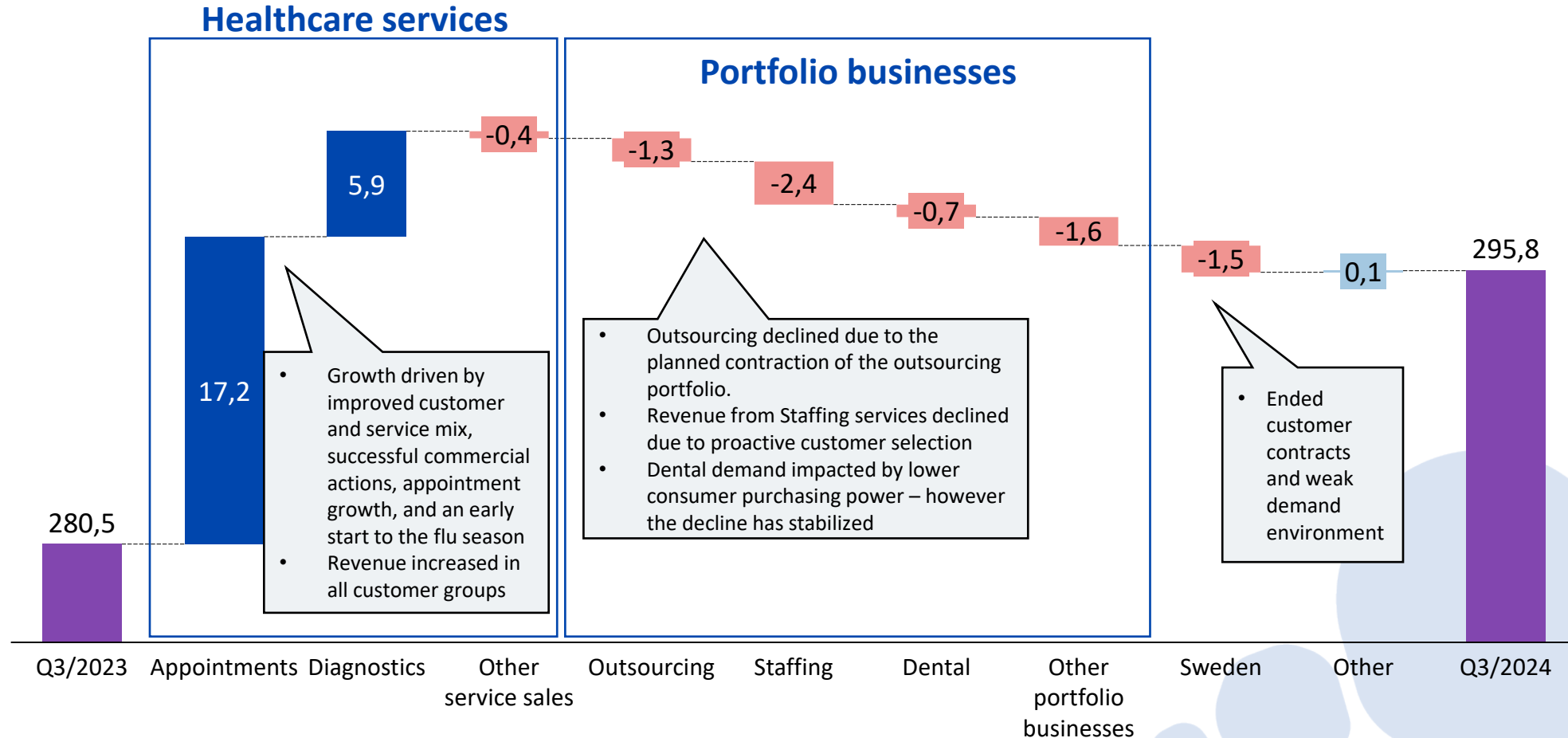
# Continued margin expansion in Q3

Performance improvement has continued for the sixth consecutive quarter, with Adjusted EBITA increasing by 62% y-o-y, EPS quadrupling, and Net Debt to Adjusted EBITDA standing at 2.3.

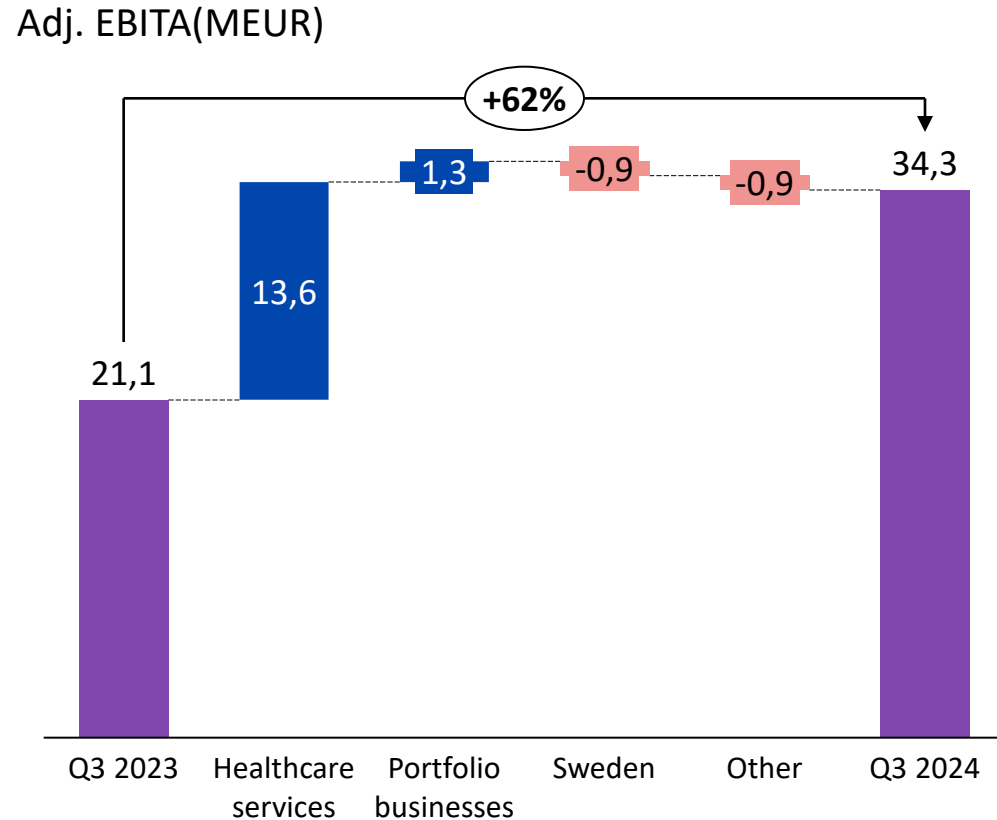
The Finnish segments have shown strong performance, while Sweden's profit improvement program is on schedule, but its impact is not yet reflected in the figures.

The guidance range has been narrowed, with Adjusted EBITA margin expected to be between 12% and 12.5%.

# Q3: Revenue growth was driven by strong supply, improved sales mix, successful commercial actions, and an early flu season start



# Q3: Strong profit growth in the Healthcare services and Portfolio businesses



## In Healthcare services, EBITA was influenced by several factors:

- Ongoing operational efficiency and cost control measures
- A robust sales mix coupled with successful commercial initiatives
- Enhanced supply and demand driven by an early flu season

## The portfolio businesses saw positive developments in the Staffing and Outsourcing services due to:

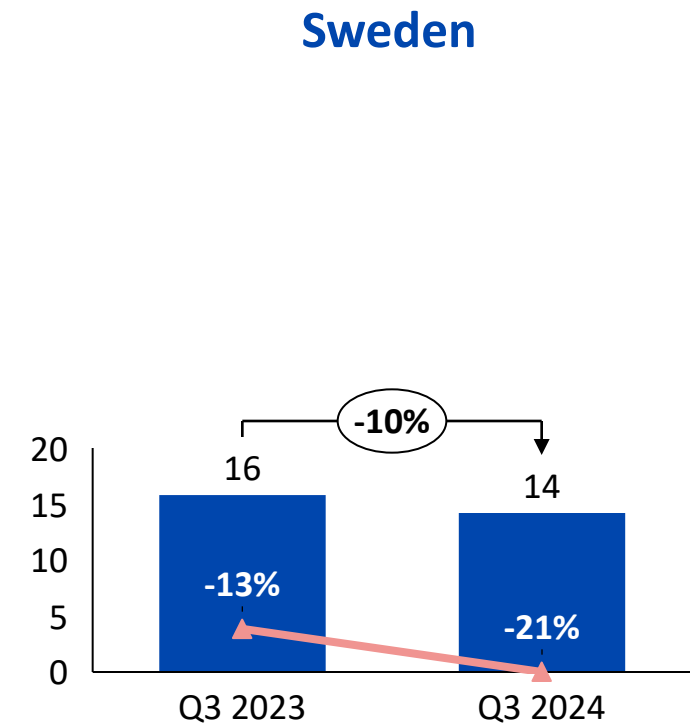
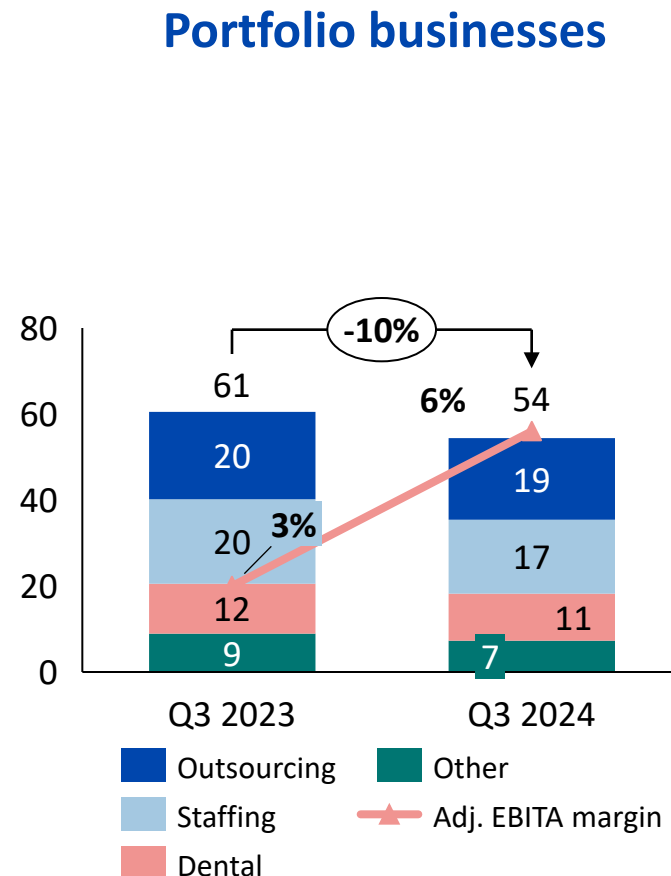
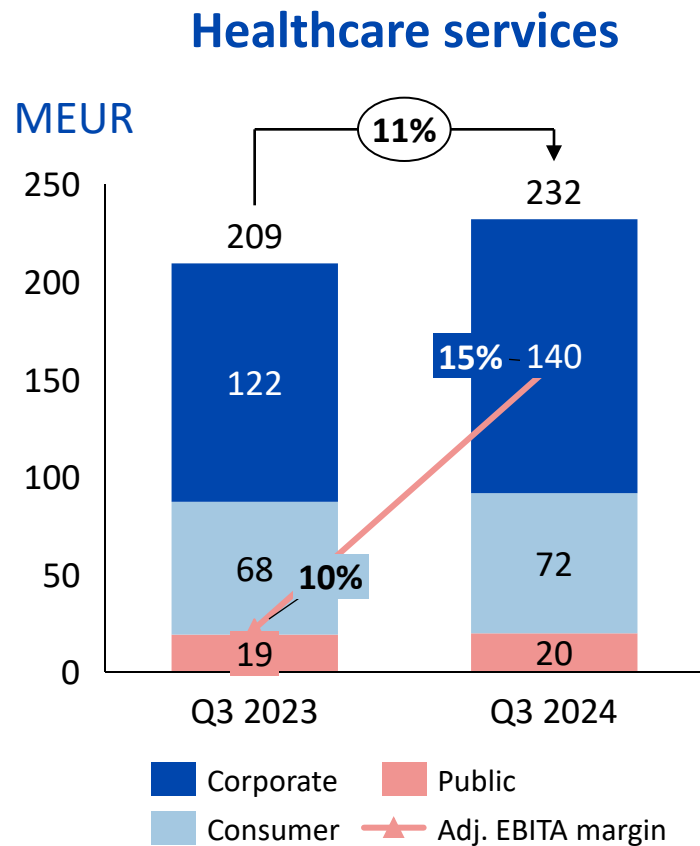
- Effective commercial strategies
- Improved operational efficiency and adaptation to demand in consumer-centric business areas
- Termination of low-margin contracts

## In Sweden, EBITA declined due to reduced revenue and cost inflation

- The profit improvement program is proceeding according to plan, cost measures mitigating the decline in revenue

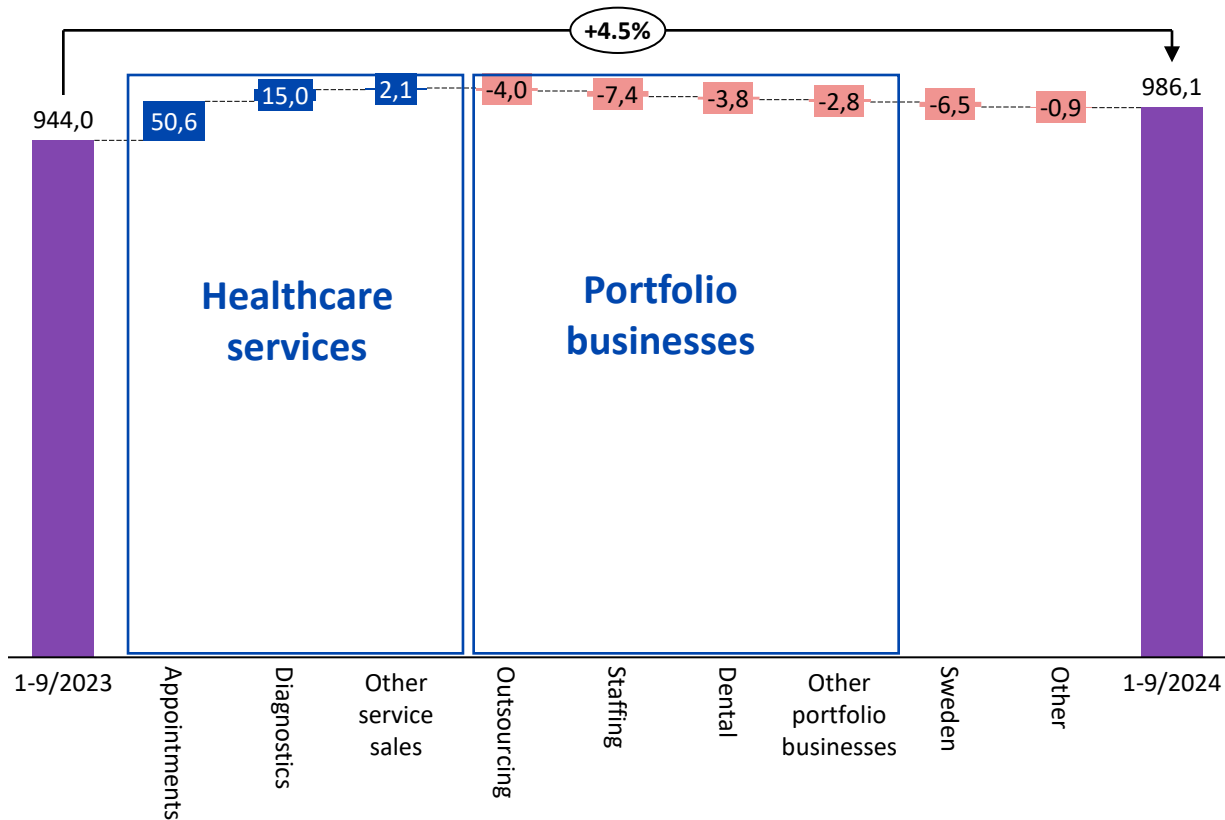
ADJUSTMENTS ARE MATERIAL ITEMS OUTSIDE THE ORDINARY COURSE OF BUSINESS, ASSOCIATED WITH ACQUISITION-RELATED EXPENSES, RESTRUCTURING-RELATED EXPENSES, GAINS AND LOSSES ON THE SALE OF ASSETS, IMPAIRMENT LOSSES, STRATEGIC PROJECTS, AND OTHER ITEMS AFFECTING COMPARABILITY. ADJUSTMENTS RELATED TO THE PROFIT IMPROVEMENT PROGRAMS WERE APPROXIMATELY EUR 1.9 MILLION DURING THE THIRD QUARTER AND EUR 11.3 MILLION DURING JANUARY-SEPTEMBER.

# Q3: Finland saw an improvement in sales mix, while Sweden faced ongoing challenges

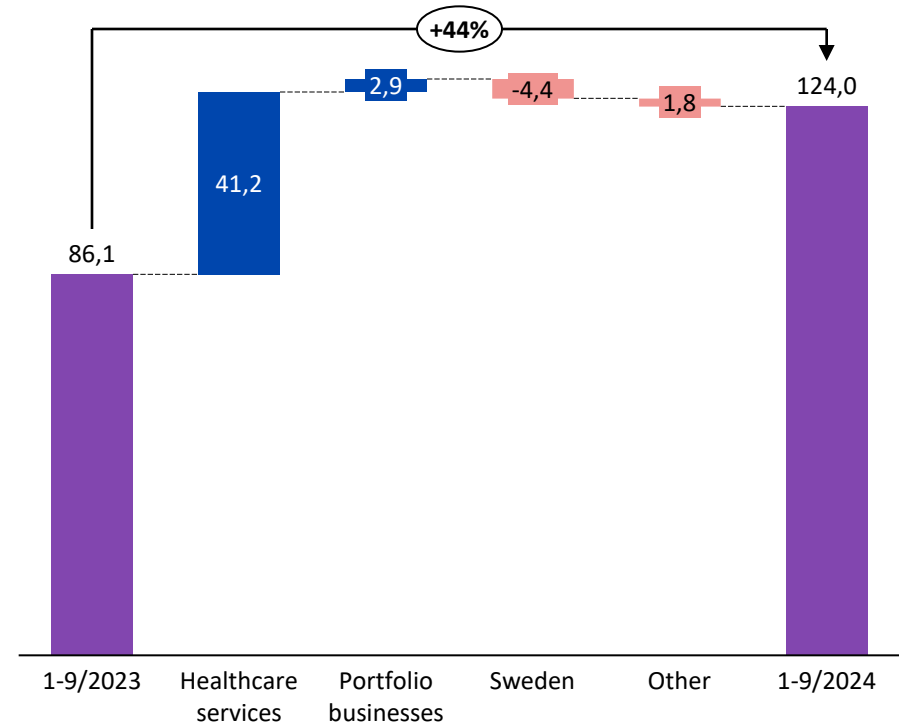


# YTD: Robust organic revenue growth and substantial profit improvement in Healthcare services

1-9/2024 REVENUE

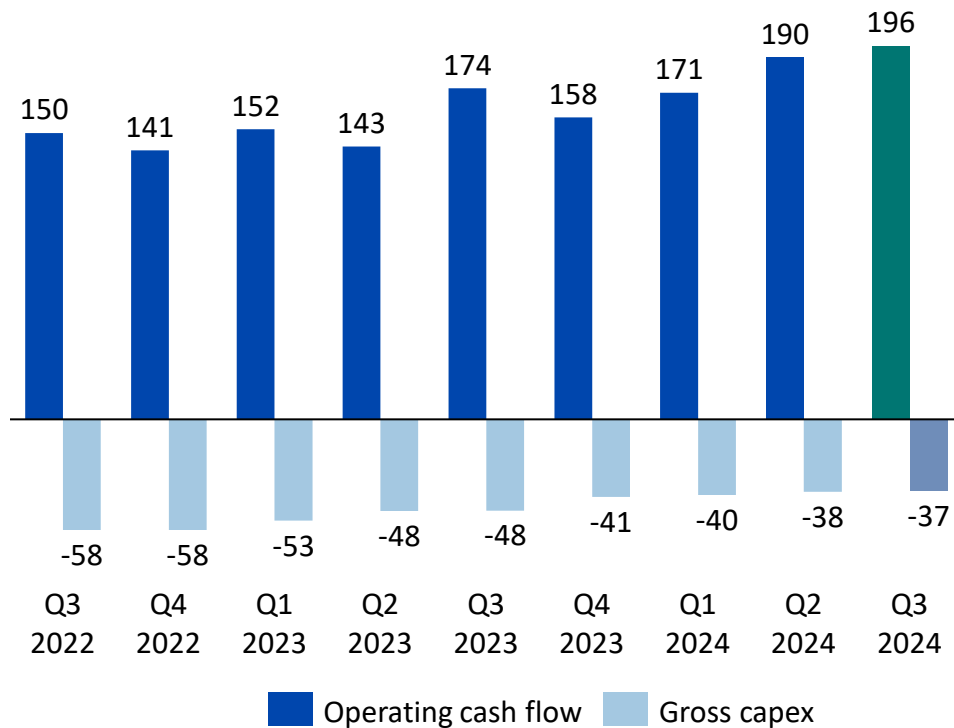


1-9/2024 ADJ. EBITA

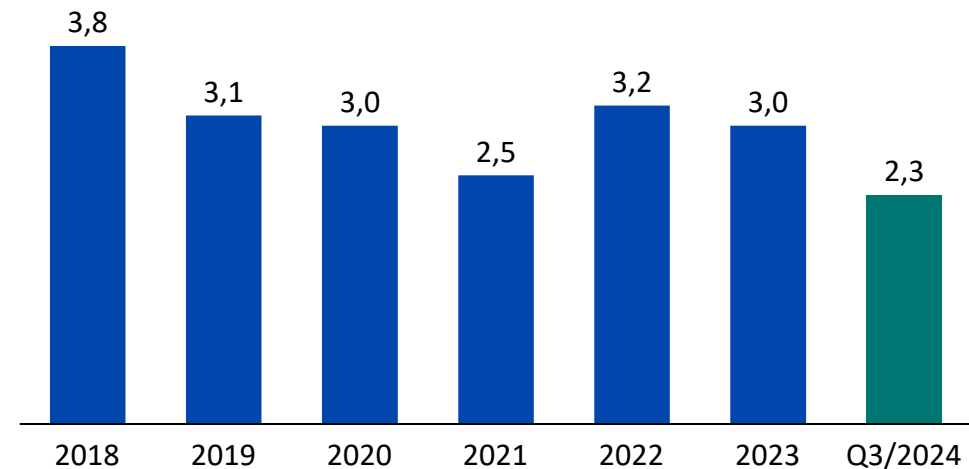


# Robust LTM EBITA development resulting in substantial cash flow conversion

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



NET DEBT/ADJUSTED EBITDA (LTM)

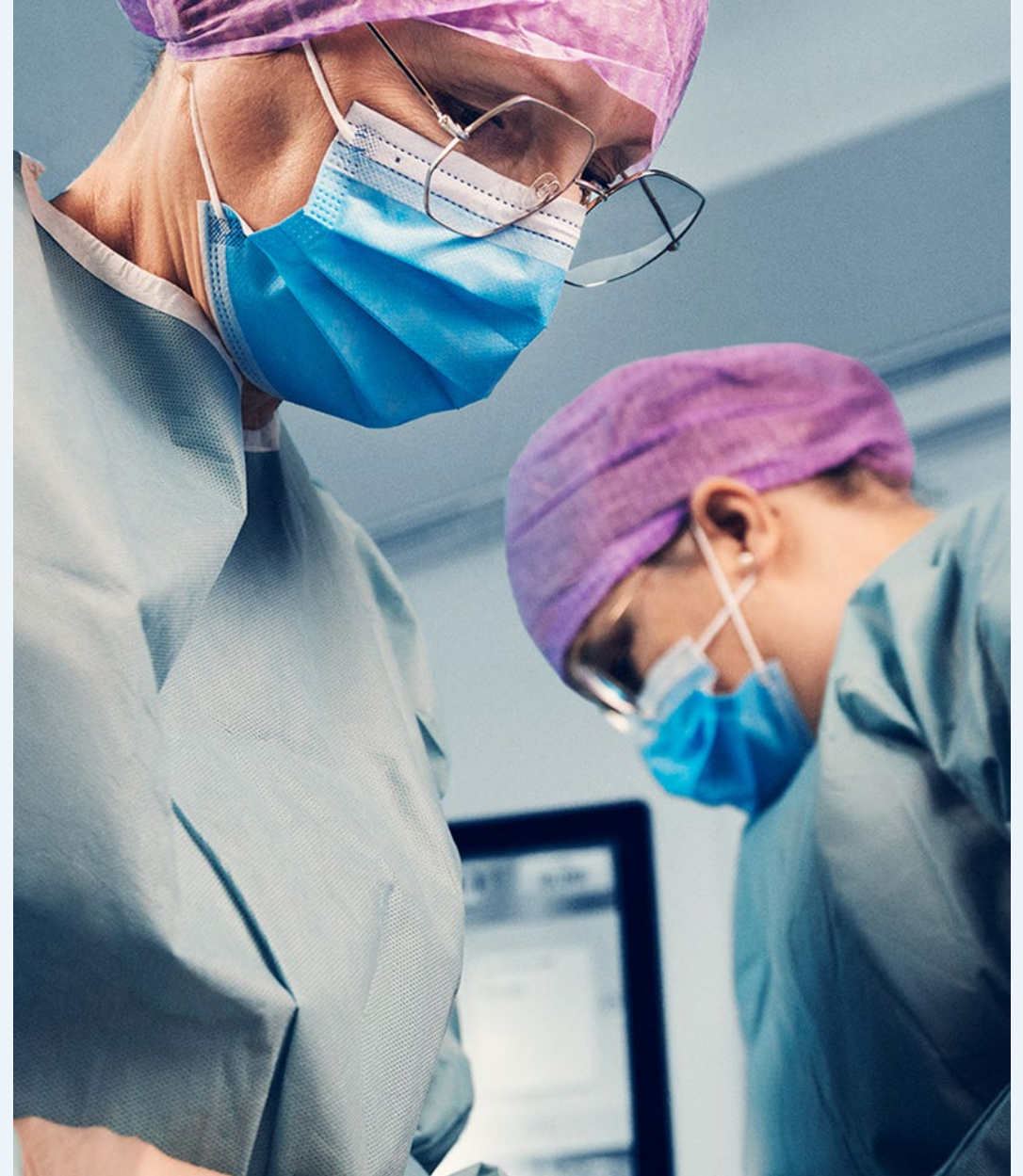


- Net debt amounted to EUR 545.4 (597.2) million
- Net debt, excluding IFRS 16 (lease liabilities) amounted to EUR 350.0 (391.5) million



# Narrowing our guidance range for 2024

- Terveystalo expects its full-year 2024 revenue to grow (2023: EUR 1,286 million) and adjusted EBITA to be 12–12.5 percent of revenue (2023: 9.8 percent).
- The estimates are based on the third quarter of 2024 projections for inflation, consumer demand and employment, and normal morbidity.
- The performance improvement program has significantly exceeded its initial target, and the measures are having an impact faster than previously estimated.
- The estimates include an annual decrease of approximately EUR 10 million in revenue in the Portfolio Businesses segment's outsourcing business.
- The Sweden segment's revenue is expected to decline due to macro weakness and the exchange rate is expected to remain stable.
- The estimates include the increase in the VAT rate that has entered into force, the salary increases based on the collective labour agreement for nurses, as well as a one-off payments impacting all personnel costs in the fourth quarter.
- The estimates do not include material acquisitions or divestments.



# Terveystalo

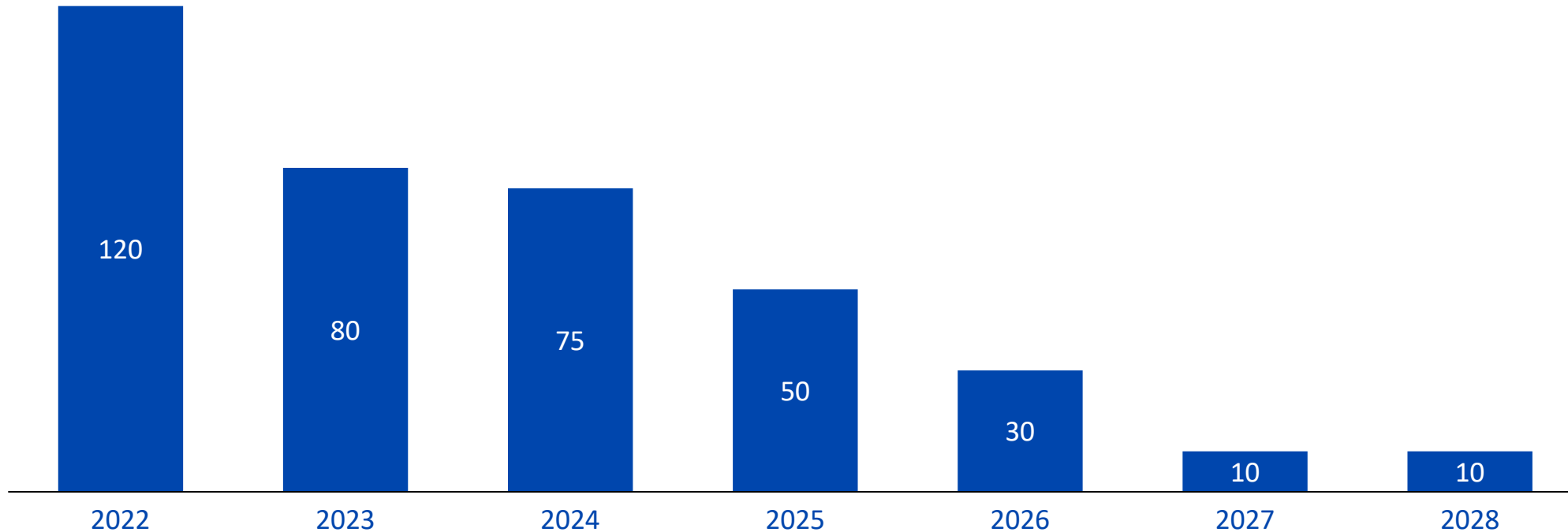
MEANINGFUL MATTERS

[terveystalo.com](https://terveystalo.com)

# Appendix

# The outsourcing contract portfolio shrinks as old contracts expire or are terminated

CONTRACT VALUE, OUTSOURCING CONTRACTS, M€<sup>1</sup>



# Key figures

EUR mill. unless stated otherwise	7-9/2024	7-9/2023	Change, %	1-9/2024	1-9/2023	Change, %	2023
Revenue	295.8	280.5	5.4	986.1	944.0	4.5	1 286.4
Adjusted EBITA * 1)	34.3	21.1	62.2	124.0	86.1	44.0	125.6
Adjusted EBITA, % * 1)	11.6	7.5	-	12.6	9.1	-	9.8
EBITA 1)	32.5	18.4	76.4	107.5	70.4	52.8	104.4
EBITA, % 1)	11.0	6.6	-	10.9	7.5	-	8.1
Operating profit (EBIT)	25.0	10.2	144.0	85.2	44.3	92.6	-14.7
Operating profit (EBIT), %	8.4	3.6	-	8.6	4.7	-	-1.1
Return on equity (ROE) (LTM), % 1)	-	-	-	-2.2	5.1	-	-7.6
Equity ratio, % 1)	-	-	-	37.8	39.0	-	36.5
Earnings per share, EUR	0.12	0.03	>200.0	0.42	0.17	140.4	-0.33
Weighted average number of shares outstanding, in thousands	126 605	126 556	-	126 605	126 554	-	126 555
Net debt 1)	-	-	-	545.4	597.2	-8.7	598.1
Gearing, % 1)	-	-	-	103.0	103.5	-	116.0
Net debt/Adjusted EBITDA (LTM) * 1)	-	-	-	2.3	3.1	-	3.0
Adjusted EBITDA (LTM), excluding IFRS 16 * 1)	-	-	-	182.3	133.1	37.0	142.8
Net debt, excluding IFRS 16 1)	-	-	-	350.0	391.5	-10.6	379.0
Net debt/Adjusted EBITDA (LTM), excluding IFRS 16 * 1)	-	-	-	1.9	2.9	-	2.7
Average personnel (FTEs)	-	-	-	5 889	6 471	-9.0	6 426
Private practitioners (end of period)	-	-	-	6 037	6 126	-1.5	6 092

\*) ADJUSTMENTS ARE MATERIAL ITEMS OUTSIDE THE ORDINARY COURSE OF BUSINESS, ASSOCIATED WITH ACQUISITION-RELATED EXPENSES, RESTRUCTURING-RELATED EXPENSES, GAIN/LOSS ON SALE OF ASSETS, IMPAIRMENT LOSSES, STRATEGIC PROJECTS, AND OTHER ITEMS AFFECTING COMPARABILITY.

1) ALTERNATIVE PERFORMANCE MEASURE. IN ADDITION TO THE IFRS FIGURES, TERVEYSTALO PRESENTS ADDITIONAL, ALTERNATIVE PERFORMANCE INDICATORS THAT 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 SEPARATELY FROM THE IFRS FIGURES, AND THEY SHOULD NOT BE CONSIDERED TO REPLACE THE IFRS FIGURES.