



Financial Report

Q4 2017

Unicare Group

Overview

Bond issuer

Care Bidco AS

Unicare group

Unicare is one of the largest private healthcare and care service providers in Norway. The Company was founded in 2008 and is now a leading provider of care services, health clinics, rehabilitation and in specialist health services.

Commitment

NOK 350 million

Bond issued

March 24, 2017

Listing

September, 2017

Final Maturity date

March 24, 2021

Income

A substantial portfolio of continuous and long-term contracts with established counterparties, including the public sector (regional health authorities (RHAs), the Norwegian Labour and Welfare Administration (NAV) and municipalities) and large corporates.

Geography

40 locations in Norway and 10 in Sweden

Employees

The Unicare Group has approximately 2,800 employees in Norway and Sweden.

Quarterly update

The Q4 2017 report is the first Unicare report according to IFRS-principles. The substantial differences incurred from changing the Norwegian accounting rules (NGAAP) to IFRS are to be found in the area Pension cost and goodwill depreciations. The IFRS conversion isolated affects the EBITDA by 2.3 million negatively in both Q4 and 2017 full year. In order to make the figures comparable to former reported NGAAP figures, we will comment on the IFRS conversion effects in the P&L, balance sheet and in a separate note.

From Q4 2017 and onwards the reporting will be according to IFRS principles. The effects of the change are shown in note 6.

Headlines Q4 2017

- Revenues of NOK 382.6 million, an increase of NOK 70.4 million from Q4 2016 and up NOK 33.5 million from Q3 2017
- EBITDA of NOK -7.7 million, down NOK 5.1 million from Q4 2016. The EBITDA in Q4 is affected negatively by pension actuary estimate adjustment (NOK 3.7 million) and IFRS conversion of 2.3 million
- Full year turnover NOK 1,391 million, and EBITDA NOK 38.1 million. Adjusted for one offs NOK 7.3 million underlying EBITDA for 2017 is NOK 45.4 million. Proforma Turnover and EBITDA of NOK 1,499 million, and NOK 45.4 million (NOK 52.7 million adjusted for one offs) correspondingly
- The positive development in the rehabilitation division continues
- Establishment of Hysnes Helsefort during Q4, successfully opening on the 2nd of January
- Restructuring process in Occupational health service (OHS) & Psychology during Q4. The division was loss making in 2017

Turnover and EBITDA

Unicare continues its revenue growth in Q4 2017 driven by acquisition growth in Q3 and Q1 2017. The turnover in Q4 2017 is NOK 382.6 million compared to NOK 312.1 million in Q4 2016, affected by the four bolt-on acquisitions in the Rehabilitation division through 2017.

The EBITDA in Q4 is highly affected by the IFRS conversion and actuary estimate adjustments. The isolated IFRS effect was NOK 2.3 million and relates mainly to changes in accounting principles in the four new rehabilitation units. The quarterly EBITDA was also weighed down by actuary estimate adjustments (NOK 3.7 million). To eliminate the risk of major changes in the pension costs in Q4 2018, the accounting policy for 2018 has been changed and the pension costs will be distributed according to actuary estimates throughout the year.

The larger units Rehabilitation and Nursing Homes are delivering above expectations in full year 2017. The integration of new rehabilitation units has proven successful, and the division is delivering better than forecasted. The division contributes to proforma EBITDA that is NOK 7.4 million higher than actual figures.

The rehabilitation unit Unicare Helsefort (Hysnes in Rissa municipal) was established in Q4 and opened on the 2nd of January. The establishment had a negative EBITDA effect in Q4 of NOK 1.0 million.

The segment Occupational health services (OHS) & Psychology and the unit BAB (part of Homes & Care) have not delivered according to plan in Q4 or FY 2017. For more details see comments under Segments.

M&A

The integration of the four rehabilitation units acquired through 2017 has been implemented as planned. We are considering a merger of the seven rehabilitation companies during 2018. In order to attain this, the merger is dependent on acceptance from counterparts such as customers and property lessors. It is expected that change of control clauses will be clarified during Q1 2018.

The merger will simplify the operation and reduce overhead costs. It is expected to give positive effects in both operations and the financial figures.

Unicare has surplus liquidity and will continue to explore the possibility to grow through acquisitions in 2018.

Segments

YTD the profitability in Unicare’s largest units Nursing homes (37% of turnover) and Rehabilitation (23%) is either according to, or greater than budgeted.

The fast-growing **Rehabilitation** segment is still developing better than estimated, and both turnover and profitability has maintained above budgeted levels in the growth period. The Division was affected in Q4 by changes in pension accounting principles (NOK 2.3 million) and by the establishment of the new unit Unicare Helsefort. Additionally, the Division has incurred an additional group fee. 2017 EBITDA for the division is NOK 26.6 million.

The largest unit **Nursing homes** delivered better EBITDA than budgeted in 2017 (NOK 20.0 million). In the same division the unit Home Services reduces the EBITDA by NOK 4.7 million. After a loss making 2017 and 2016, efficiency measures are showing effect, and underlying EBITDA in December is close to zero. The turnover is increasing to critical mass and the unit is gaining market share.

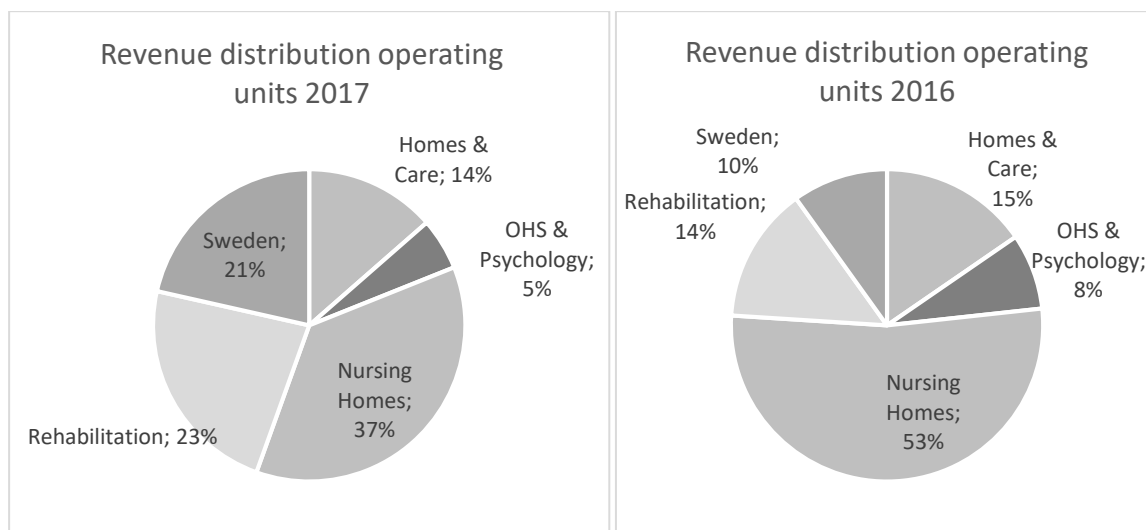
2017 has been a consolidation year for the **Swedish operation**. The unit contributed negatively in 2016, but a turnaround process has resulted in positive EBITDA of NOK 4.0 million in 2017. It is projecting growth in both turnover and EBITDA in 2018.

Measurements are in place in order to improve profitability in Unicare BAB AS within **Homes & Care**. Unicare Små Enheter AS is however performing according to plan with growth expected in 2018.

The segment **Occupational health service (OHS) & Psychology** experienced reduced turnover and EBITDA in Q4 2017 compared to the same period in 2016.

Both units have not developed as planned in 2017. The contract Raskere tilbake (work related rehabilitation) came to an end on the 31st of December 2017. The termination of the contract has reduced the activity in the Psychology business, and the unit will be downsized, thus adjusting to the new turnover level.

The segment OHS has been restructuring their business throughout the 2nd half of 2017. Implemented measures are showing rewards and profitability is increasing. The staffing levels have been reduced, sales focus is increasing and a new General manager is in place.



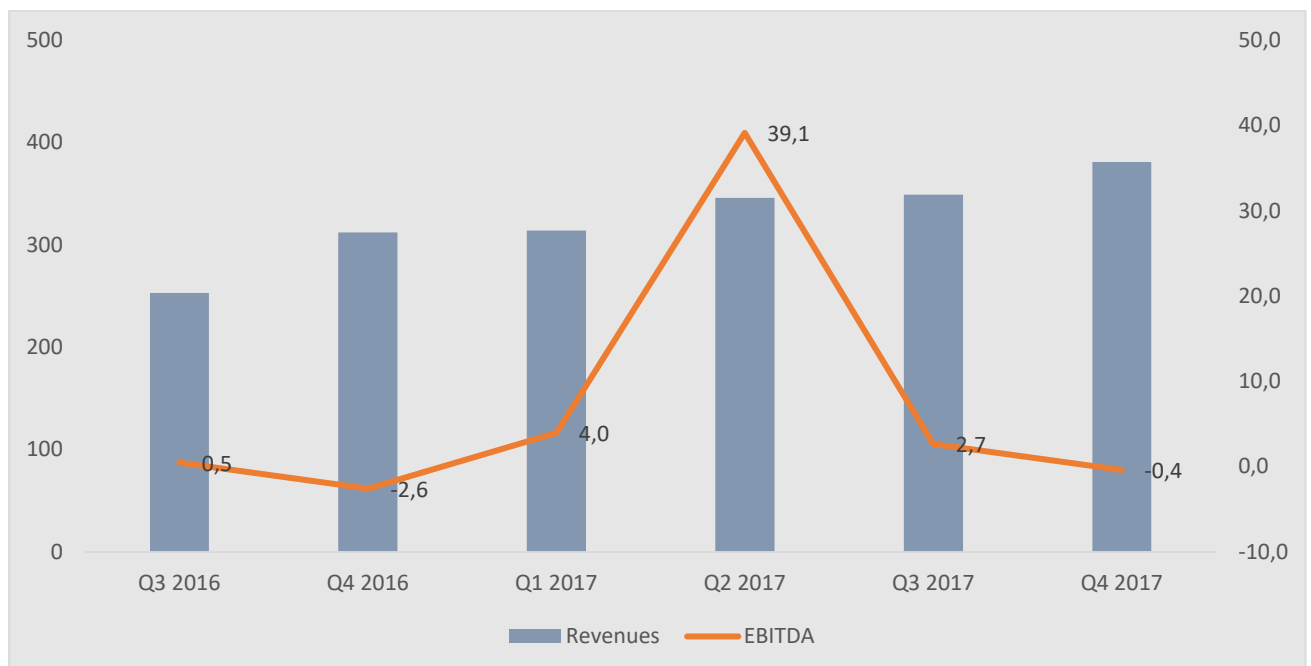
Financials Q4 2017 NOK 1000	Unicare Group			
	Q4 2017	2017	Q4 2016	2016
Revenues	381.0	1391.4	312.1	705.6
Proforma revenues inc acquired companies	381.0	1499.4	326.3	1300.6
Depreciation	-6.4	-23.9	-7.0	-14.8
EBITA	-11.7	16.5	-8.7	21.2
EBITDA	-5.4	40.4	-1.7	36.0
IFRS group conversion**	-2.3	-2.3		0.0
EBITDA after group conversion	-7.7	38.1		36.0
Normalized EBITDA*	-0.4	45.4		
Net financial expenses		-5.9		-7.6
Profit before tax (PBT)		8.3		13.6
Tax on ordinary result		2.3		-6.7
Profit after tax		10.6		6.9
Other Comprehensive income net of tax		-21.5		
Net profit after tax		-10.8		6.9

* Normalized proforma EBITDA 2017 NOK 52.7 MNOK

**IFRS pension effect on group level (estimate deviation)

The group was formed on the 1st of May 2016 and this report is based on Q4 2017 Preliminary audited figures

Revenue and normalized EBITDA development (NOK million)



* Q4 is adjusted for one offs in 2017 amounting to 7.3 MNOK. The cost relates to IFRS conversion, bond listing, change in accounting principles and the establishment of Unicare Helsefort in 2017.

The revenue model and customer contracts for most Unicare units result in a steady turnover flow throughout the year. Steady turnover combined with reduced salary costs in June, contributes each year to a strong Q2 compared to the other quarters. A majority of the profitability is generated in Q2.

Consolidated income statement

Actual reported figures Q4 2017 NOK 1000	Unicare Group		
	Q4 2017	2017	Q4 2016
Revenues	381.015	1,391,411	312,147
Costs			
Cost of sales	-40,341	-148,739	-38,784
Salaries	-281,849	-978,015	-229,698
Other Personnel Expenses	-6,846	-22,401	-4,973
Other Operating expenses	-66,014	-201,885	-35,917
Sum costs	-395.049	-1,351,040	-309.371
Depreciation	-6.372	-23.867	-7.004
EBITA	-11.734	16.533	-8.713
Net financial items	-7.450	-5.862	-6.541
EBT	-21.484	8.338	-15.254
EBITDA	-5.362	40.400	-1.709
IFRS group conversion	-2.300	-2.300	0
EBITDA after group conversion	-7.662	38.100	-1.709

Q4 2017 Proforma figures NOK 1000	Unicare Group	
	Q4 2017	YTD
Revenues	381.015	1,499,449
Costs		
Cost of sales	-40,341	-154,365
Salaries	-281,849	-1,065,600
Other Personnel expenses	-6,846	-22,021
Other Operating expenses	-66,014	-184,412
Sum costs	-395,049	-1,426,398
Depreciation	-6.372	-25,339
EBIT	-11.734	22,373
Net financial items	-7.450	-5,714
EBT	-21.484	16,659
EBITDA	-5.362	47,712
IFRS group conversion	-2.300	-2,300
EBITDA after group conversion	-7.662	45,412

The revenue improvement in Q4 2017 compared to Q4 2016 is mainly driven by increased turnover from acquired units in the rehabilitation segment. The P&L includes both actual reported figures and proforma figures including the latest acquisitions executed in March 2017. The interim statements are prepared according to IFRS and are unaudited.

Net debt

Table: Development in Cash and net debt

NOK million	Q4 2017	Q3 2017	Q2 2017	Q1 2017*	2016
Cash and cash equivalents	224.38	184.3	165.4	390	102.4
Interest bearing debt	350.2	350.3	350.2	687	239.3
Net Debt	125.9	166	184.8	297	136.9
Leverage ratio	2.77	3.84	3.6	6.9	3.67

*Followed by the Bond Issue in March 2017, Unicare repaid in April loans to financial institutions.

Consolidated statement of financial position

NOK 1000			Unicare Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Assets			Equity and liabilities	
Fixed Assets			Equity	
Intangible ssets			Paid in capital	
Goodwill	612,093	570,582	Share capital	566
Intangible asset	254,340	267,202	Share premium fund	565,376
Deferred tax assets	25,429		Total paid in capital	565,942
Total intangible assets	891,862	837,784	Total retained earnings	-10,329
Fixed assets	49,838	28,713	Total equity	555,613
Financial fixed assets	6,429	1,606	Provisions	
			Pension liabilities	116,502
Total fixed assets	948,129	868,103	Deferred tax	7,597
			Total provisions	116,502
Current Assets			Other long term debt	
Receivables			Debt to financial institutes	3
Inventories	2,272	920	Bond	343,438
Accounts receivables	50,618	47,848	Total other long-term debt	343,441
Other receivables	24,978	15,639	Current liabilities	
Total receivables	77,868	64,407	Accounts payable	46,531
Marketable shares	120,293	0	Tax payable	11,805
Cash and cash equivalents	104,085	102,456	Public duties payable	51,969
Total current assets	302,246	166,863	Other current liabilities	124,515
			Total current liabilities	234,820
Total assets	1,250,376	1,034,966	Total liabilities	694,763
			Total equity and liabilities	1,250,376
				1,034,966

Consolidated statement of comprehensive income

NOK 1000	Unicare Group	2017
Items that will not be reclassified to profit or loss		
Actuarial loss and estimate deviation on defined benefit pension plan (IFRS conversion)		- 28,239
Other comprehensive income		
Taxes on other comprehensive income		- 6,777
Other comprehensive income net of tax		- 21,462

Changes in equity

NOK 1000	Share Capital	Share Premium Fund	Retained earnings	Total equity
Balance at 1 January 2017	566	565,376	452	566,394
Total comprehensive income for the period:				
Profit for the period	0	0	10,596	10,596
Other comprehensive income	0	0	-21,462	-21,462
Total comprehensive income for the period	0	0	-10,866	-10,866
Transactions with the owners of the company				
Contributions and distributions				
Dividends	0	0	0	0
Other	0	0	85	85
Total transactions with the owners of the company	0	0	85	85
Balance at 31 December 2017	566	565,376	-10,329	555,613

Consolidated statement of cashflows

NOK 1000	
	31-Dec-2017
EBITDA 2017	38,035
<i>Operating cash flow items</i>	
Change in NWC	33,660
Taxes payable	-6,154
Other time restricted items	128
Operating cash flow	27,634
<i>Investing cash flow items</i>	
Acquisition capex net of sale of property	-25,221
Investment in other financial assets	-4,823
Other investment capex	-9,107
Cash flow from investing activities	-39,151
<i>Financing cash flow items</i>	
Financial interest payments	-17,190
Financial income	11,328
New borrowings (bond)	341,250
Repayment of interest bearing debt	-239,984
Cash flow after financing activities	95,404
Net cash flow	121,921
Cash and cash equivalents at the beginning of the period	102,456
Net cash flow	121,921
Cash and cash equivalents at the end of the period	224,378

Notes

Note 1 – Basis for preparation

The interim financial statements for the Group are prepared in accordance with International Financial Reporting Standards (IFRS).

The interim report does not include all the information required for full annual consolidated statements, and should be read in conjunction with the financial statements of the Group for 2016. These condensed consolidated interim financial statements are from the formation of the entity on the 1st of May 2016, comprising of the Company and its subsidiaries (together referred to as the 'Group'). The condensed consolidated interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are unaudited.

Note 2 – Judgements, estimates and assumptions

In applying the accounting policies, management makes judgements, estimates and assumptions that effect the reported amount of assets, liabilities, income and expenses. The estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Note 3 – Revenue and segment reporting

Overview

Principal activities

Unicare is a provider of care services, health clinics and in specialist health services. Unicare's principal activities include nursing homes, home care services, rehabilitation, health clinics, and psychology and occupational health, providing related revenue run rates in excess of NOK 1,500 million.

The Group is structured in five divisions: *Rehabilitation, Psychology & Occupational Health, Nursing homes & Home care services, Homes and Care* and *International*. The markets in which the Group operates are explained below.

Rehabilitation

Unicare is also a supplier of rehabilitation, offering specialized rehabilitation, surveys and assessment services in hospitals and clinics in the South-East of Norway. Target groups include patients suffering from strokes, traumatic brain injuries, CFS/ME, obesity, amputations and neurological and neuromuscular diseases. Unicare focuses on rehabilitation treatments that enable patients to return to work faster, irrespective of diagnosis. Through the Company's subsidiaries within the *Rehabilitation* division, Unicare offers continuing agreements with South-East RHA (Helse Sør-Øst) and Helse Midt-Norge for each clinic and each rehabilitation treatment. Current agreements include a pre-determined number of hours for each treatment, and utilisation below 95% will trigger reimbursement to the RHA for unused capacity.

Psychology & Occupational Health

Unicare is also a provider within psychiatric consultations in Norway and a provider of occupational health services for employers. Through the Company's subsidiaries within the psychology segment of the *Psychology & Occupational Health* division, Unicare has a nationwide presence with a total of seven clinics spread across the country. Agreements include a contract with the South-East RHA and NAV. Within the occupational health segment Unicare assists in all parts of the systematic HSE work, offering services to a wide range of businesses, both public and private, with over 300 clients, including some of the largest and most reputable corporations in Norway. Occupational health services are primarily offered in the Oslo region but include nationwide coverage with representatives in six cities.



Nursing homes & Home care services

Unicare operates nursing homes in Norway, running 6 of the 15 commercially operated nursing homes in the city of Oslo through the *Nursing homes & Home care services* division. Through subsidiaries of the Company, Unicare holds contracts with Oslo municipality based on six-year agreements with a two-year extension option and have won several third-party awards for quality and innovative services with strong focus on internal values; respect, co-operation and simplicity.

Homes and Care

Through the Company's subsidiaries, Unicare offers around the clock co-located homes, auxiliary housing and various other day and weekend assistance, in addition to child welfare. The *Homes and Care* division offers three main services for different segments: child welfare for children in need of psychiatric treatment, institutional care for individuals with disabilities and user controlled personal assistance. Unicare has qualified competence in institutional care for minors with special needs and in need of complex treatment. The services carried out through the *Homes and Care* division are largely regulated by The Norwegian Directorate for Children, Youth and Family Affairs (BUFdir). Unicare offers institutional care on a case by case basis for children in need of psychiatric treatment and has a framework agreement with Oslo Municipality for individuals with disabilities. User controlled personal assistance is financed by the respective municipalities and individual tenders per user, and frame agreements are in place for auxiliary housing and respite care, where contract duration varies between 6 – 12 years.

International

Unicare entered the Swedish market in 2016 through the acquisition of Avonova Primärvård (now named Unicare Sweden). Unicare Sweden is a private provider of health services and operates ten health clinics in the Southern and central part of Sweden. Since the introduction of “free choice of healthcare” in 2009/2010, Unicare Sweden has grown to approximately 76,600 listed patients. All ten health clinics have contracts with the Swedish government as part of the primary healthcare service. The terms of the contracts with the government vary between counties.

Revenues*	Unicare Group			
	Q4 2017	2017	Q4 2016	2016
Homes & Care	45,654	188,691	41,310	154,159
OHS & Psychology	19,659	74,838	19,267	78,654
Nursing Homes	131,716	508,614	132,975	527,516
Rehabilitation	105,489	320,470	44,384	140,856
Sweden	78,543	298,835	73,939	99,074

* Includes the acquired Rehabilitation companies Jeløy and Steffensrud from the 1st of April 2017. Unicare Sweden is included from the 1st of September 2016 and the Rehabilitation unit Unicare Hokksund from the 1st of July 2016.

EBITDA	Unicare Group			
	Q4 2017	2017	Q4 2016	2016
Homes & Care	-1,822	2,185	-302	1,940
OHS & Psychology	-4,183	-6,646	-856	5,008
Nursing Homes	662	15,289	1,123	18,730
Rehabilitation	-2,544	26,642	-304	12,093
Sweden	153	4,038	-1,095	-665

* The conversion to IFRS is included in the group consolidation and not in the operating units stated above.

Note 4 – Goodwill

Impairment testing of goodwill. Goodwill is tested annually to determine if there is any need to recognise impairment. Such impairment testing is conducted for calculations that are based on management's assumptions about the rate of growth, profit margin, investment need and the discount rate. Other estimations may result in another outcome and another financial position. The impairment test confirms the booked value of goodwill in the group balance sheet.

Note 5 – Retirement benefits

Unicare has a variety of pension plans depending on company and segment. The plans are in accordance with the laws and regulations concerning obligatory pension plans. The costs in connection with the plan are recognised in accordance with premiums paid and actuary estimates for future pension obligations.

Changes in accounting principles to IFRS reduced the EBITDA by NOK 2.3 million. In addition, the actuary calculated estimate deviation is booked in 2017. The effect amounting to NOK 21.4 million is shown in Other comprehensive income.

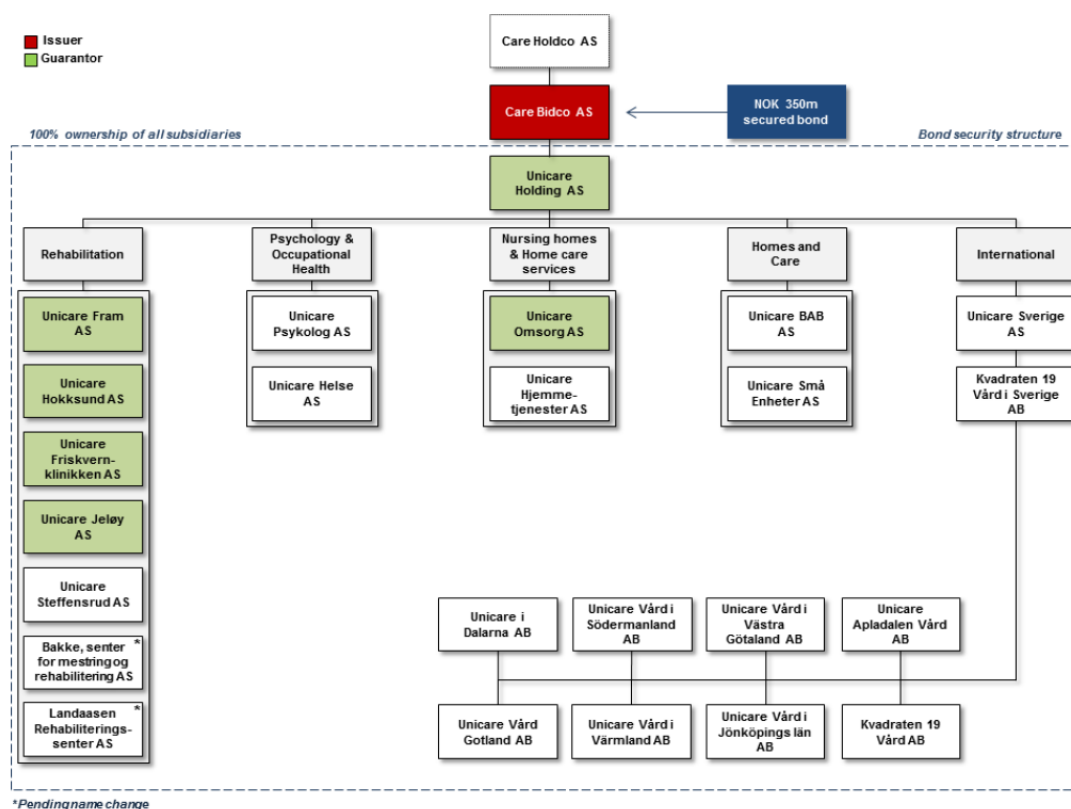
Note 6 – Conversion from NGAAP to IFRS

As stated the Q4 2017 is the first Unicare report according to IFRS principles. The major changes to the accounts are described above in note 5.

Note 7 – Shareholding

Shareholding as of today:

Company	Name of shareholder	Number of shares	Percentage of shares
Care Bidco AS	Care Holdco AS	566,000	100%



Unicare Holding AS is the immediate subsidiary of Care Bidco and a holding company managing the various divisions in which the Group operates. Care Bidco holds 100% of the shares in Unicare Holding AS which in turn holds 100% of the shares in each direct subsidiary, as illustrated by the Group chart above.

Unicare Holding AS was incorporated on 8 September 2010 and registered in the Norwegian Register of Business Enterprises on 27 September 2010, with registration number 995 986 973 and registered address at Pilestredet 56, 0167 Oslo. The company is incorporated in Norway and organised as a private limited liability company in accordance with the Norwegian Private Limited Companies Act. Unicare Holding AS is a holding company with direct ownership of all the Group's Norwegian subsidiaries and indirect ownership of the Swedish entities through Unicare Sverige AS.



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