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# Unicare

Financial statement  
Q3 2019

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Care Bidco AS and Care Bidco Group

# Overview

Bond issuer

Care Bidco AS

Unicare group

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

28 locations in Norway and 10 in Sweden

Employees

The Unicare Group has approximately 2,150 employees in Norway and Sweden.

For further updated information please see our website

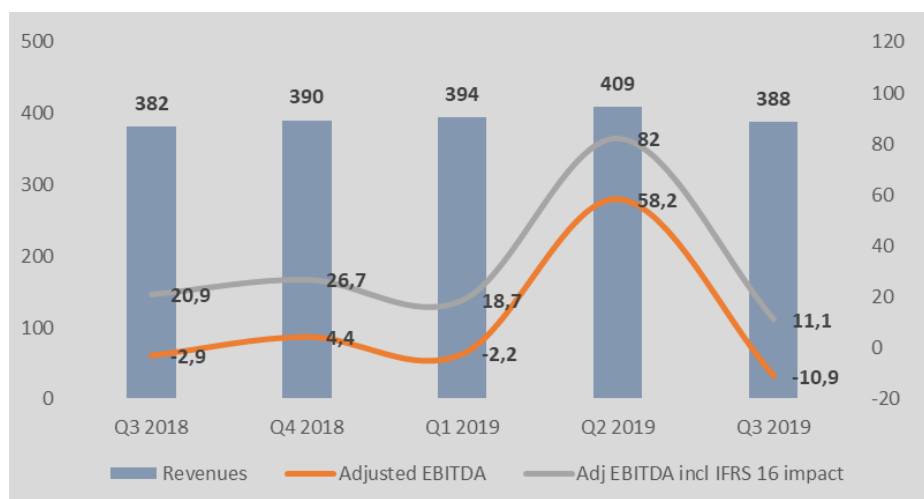
[www.unicare.no](http://www.unicare.no)

## Key figures Unicare Group

MNOK	Q3 2019	YTD 2019	Q3 2018	YTD 2018	2018
Total operating revenue	387.9	1 191.5	381.5	1 152.1	1 542.7
<b>EBITDA*</b>	<b>7.6</b>	<b>108.3</b>	<b>15.5</b>	<b>110.3</b>	<b>122.4</b>
Operational profit	- 22.2	19.4	-14.9	19.1	-80.9
<b>Adjustments:</b>					
IFRS 16 EBITDA impact	-22.1	- 66.7	-23.8	-71.3	-93.6
Non-recurring items	3.5	3.5	5.4	6.4	16.6
<b>Adjusted EBITDA</b>	<b>- 10.9</b>	<b>45.1</b>	<b>- 2.9</b>	<b>45.4</b>	<b>45.4</b>

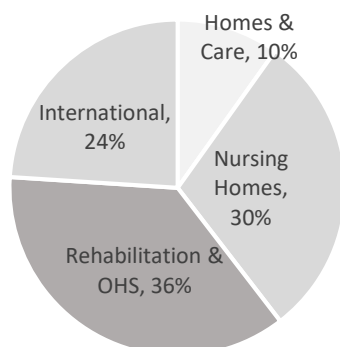
\* The adoption of IFRS 16 Leases from 01 January 2019 resulted in significant changes to the group's accounting for leases previously defined as operating leases under IAS 17. Comparable figures for 2018 are estimated, reported EBITDA figures for 2018 was -8.3 million in Q3, 39 million YTD Q3 and 28.8 million for full year.

## Revenue and Adjusted EBITDA development (figures in NOK million)

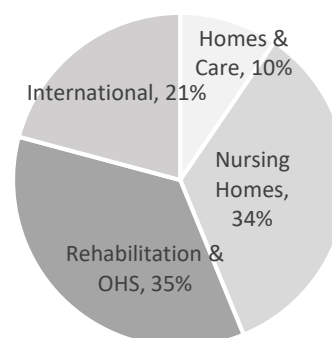


The revenue model and customer contracts for most Unicare units result in a steady turnover flow throughout the year. Costs each June reduce sharply due to the holiday season, making business earnings seasonal with the majority of profitability generated in Q2 each year.

### Revenue distribution operating units Q3 2019



### Revenue distribution operating units Q3 2018



## Quarterly update

### *Key Highlights*

Oslo municipality has decided to exclude all private providers of care services from operating nursing homes. On the back of this, Unicare has decided to withdraw from the elderly care market and has entered into an agreement with the Foundation Diakonissehuset Lovisenberg to take over the operation of Unicare's five nursing homes in Oslo. Expected takeover date is January 3, 2020.

Revenue generated in Q3 2019 totalled NOK 387.9 million compared to NOK 381.5 million in Q3 2018. Revenue generated YTD 2019 totalled NOK 1,191.5 million, compared to NOK 1,152.1 million for the comparable period in 2018 (representing 3% growth). The growth was mainly driven by organic developments within Homes & Care and acquired units in Rehabilitation and in Sweden.

Adjusted EBITDA for Q3 2019 showed a decline of NOK 8 million compared to Q3 2018, primarily as a result of lower profitability within the Occupational Health Care (OHS) business. Several measures have been taken in OHS to improve operational performance with focus on both sales activities and cost reductions. YTD adjusted EBITDA was NOK 45.1 million, which is in line with same period in the prior year.

Cash and cash equivalents of NOK 53.1 million in September, down from NOK 204.3 million at year end 2018. Net debt in Q3 2019 totalled NOK 297 million. The cash position has reduced due to paying for NOK 137.6 million acquisitions in 2019.

### *M&A*

High M&A activity from the previous year continues. In Q1 2019, Unicare Rehabilitation Division acquired 12Trinns-klinikken in Bergen and one LHL- rehabilitation clinic in Røros. 12 Trinns-klinikken AS (now called Unicare 12Trinn) is an approved clinic in multidisciplinary specialist substance abuse treatment and offers inpatient treatment for different types of addictions. Unicare Røros is a highly respected

clinic focusing on recovery after surgical interventions and other operations related to heart, lung and cancer treatments.

Two further acquisitions that closed in Q1 2019 were health clinics in Falun and Töckfors, both in Sweden. As announced in the Q2 Report, Unicare closed an acquisition of a healthcare centre in Sweden called Läkerhuset Öster i Jönköping AB. Expected takeover date is January 1, 2020.

The full year revenue effect for the acquired companies/assets in YTD 2019 is forecasted at NOK 215 million. Acquisitions have successfully added scale, expertise, geographies and services to the Unicare platform

Two loss-making Swedish health clinics were disposed in Q1 2019. Unicare also disposed a unit providing institutional care for minors' in April 2019 Unicare Små Enheter AS. Divestments have streamlined the organization to increase strategic focus and profitability.

### *Use of alternative performance measures (APM)*

The Unicare Group uses financial measures "EBITDA", "Adjusted EBITDA" and "Proforma EBITDA" in its reports, which are not financial measures as defined in IFRS. See section financial definition for explanation of the APMs. The reported numbers are included in the financial statements and can be directly reconciled with official IFRS line items. The APMs are used consistently over time and accompanied by comparatives for the corresponding previous periods.

### *12 months running Proforma EBITDA*

Unicare has previously reported 12 months running proforma EBITDA in the quarterly reports. The measure is defined as EBITDA adjusted for operations acquired or disposed as well as non-recurring items (as described in the bond agreement) for the last 12 months. In previous reports historical quarterly EBITDA figures for acquisitions and divestments have been estimated based on information used in the acquisition or sale processes. Following an in-

depth review of reporting practices, a more prudent approach is being adopted to this definition of performance.

During Q3 2019 an exercise has been undertaken to re-state estimates to post-completion actual figures as follows:

LTM Proforma EBITDA	Q1 19	Q2 19
Reported	75.6	80.6
Restated	70.9	69.1
Deviation	-4.7	-11.5

The adjustments give a more accurate and prudent estimate of 12 months rolling proforma EBITDA. In future reports historical and actual data will be used.

### Segments

*The figures presented for segments are excluding IFRS 16 impact*

**Unicare Rehabilitation & OHS** generated revenue of NOK 140 million in Q3 2019, an increase of NOK 17.6 million compared to the same period last year. Year to date revenue was NOK 429.1 million, NOK 56.1 million above the same period last year. The increase is mainly due to the acquisition of two rehabilitation centers: Unicare Røros and Unicare 12Trinn. EBITDA in Q3 2019 was NOK -5.4 million, NOK 6.4 million down compared to Q3 2018. The reduction is mainly due to losses within OHS. Increased executive focus and marketing initiatives are in place to increase profitability in this unit. Year to date EBITDA was NOK 35.6 million, which is NOK 8.3 million above same period previous year. All companies in the Rehabilitation segment are developing well except for some weighing down by the OHS segment integrated to the Rehabilitation division in Q4 2018. Rehabilitation & OHS was the largest and most profitable division of Unicare in Q3 2019. A substantial part of the revenues in the division is predictable and strong growth is expected to continue in Q4 2019.

**Nursing homes** generated revenue in Q3 of NOK 111 million, a decline of NOK 11.5 million compared to same period last year. The reduction in income is driven by the closure of the Ammerudlunden home in April 2019. Year to date revenue is down by 21.4 million to 346.4 million.

EBITDA in Q3 ended at NOK -6.8 million, down NOK 1.1 million compared to Q3 last year. Year to date the EBITDA is down with NOK 4.6 million. The decline is driven by increased personnel costs due to regulatory staffing requirements. The City Council of Oslo has decided that all nursing homes are to be run by the municipalities or by non-profit organizations. On the back of this, Unicare has decided to withdraw from the elderly care market. Annual revenues from existing contracts are approximately NOK 450 million, with an EBITDA -margin of 2-3%. The company continues to explore expansion in other areas to compensate for the loss of the Nursing Homes.

The **Swedish operation** generated a total operating revenue in Q3 of NOK 95.1 million, 30 percent above the corresponding previous year period. Year to date the rise in revenue compared to 2018 is 28 percent. The increase is a result of acquisitions, organic growth and increased prices in Sweden. EBITDA of NOK 3.7 million for the quarter, which is a NOK 1.4 million reduction compared to the same period for the previous year. Year to date EBITDA is down NOK 1.4 million compared to comparable period in 2018. Lack of full-time doctors and nurses has resulted in increased use of temporary staffing, which in turn has driven up the staffing costs. Initiatives to hire more full-time personnel have been actioned although high demand for resources may delay profitability improvements until the start of 2020.

**Homes & Care** generated revenue in Q3 of NOK 42.6 million, an increase of NOK 6.3 million. Year to date the revenue is up NOK 18.5 million compared to previous year. The increase in 2019 is due to increased activity within several units. EBITDA for the quarter was NOK -1.5 million, NOK 0.6 million above last year. Year to date EBITDA increased from NOK 3.5 million in 2018 to NOK 4.7 million in 2019. Profitability is driven by increased utilization. Further measurements are in place to ensure effective use of resources in the segment.

### Subsequent Events

After the balance sheet date Unicare has entered into an agreement with the Foundation Diakonissehuset Lovisenberg to take over the operation of Unicare's five nursing homes in Oslo. The five nursing homes are Fagerborg, Hovseter, Manglerud, Smestad and St. Hanshaugen. The

closing date for the transaction is January 3, 2020. The transaction is subject to approval by the Norwegian Competition Authority.

### **Outlook**

The Nordics and rest of Europe are facing many of the same healthcare challenges, including a growing elderly population combined with a lack of suppliers. Private providers form an increasingly integral part of the total healthcare service offering, which is essential to cater to ever-increasing demand of high-quality healthcare. The political decision in the Oslo City council to convert all Nursing Homes to be run by the municipalities or by non-profit organizations will provide Unicare and other private providers with a setback in the short-term, while the general healthcare trends and developments in the other business segments will continue to drive growth. Unicare continues to be very active in searching for new investment opportunities in health care services within and outside of Norway to ensure strong performance for its patients, customers and investors.

As mentioned in the Q2 report, the new CEO and CFO, together with the newly constituted Executive Management Team, is well underway on improving governance, quality of reporting and implementing structural changes. A project aiming to improve the finance area, by investigating quality, timeliness and cost levels in accounting and payroll, and by improving quality

of reporting and operational performance management, was approved by the Board in September. A project aiming to strengthen the overall group organization and governance was also approved by the Board in September. In addition, and on the back of this years' budget process, the Executive Team together with business unit leaders has started crafting a comprehensive 3-year strategic plan per division and for the group, due to be approved by the board early Q1 2020. These three projects constitute what internally is named "Professionalization of Unicare" and this agenda will continue throughout 2019 and into 2020.

Oslo, 29th of November 2019  
The Board of Directors of Care BidCo AS

Laurent Gerard Ganem  
Chair of the board

Tom Erik Tidemann-Andersen  
Board Member

Renaud Vincent Dessertenne  
Board Member

Richard Oliver Hoenich  
Board Member

Christoffer Sundby  
CEO

## Interim condensed consolidated income statement

IFRS 16 was implemented on the 1<sup>st</sup> of January 2019. The table below shows reported figures for 2018 and are excluding IFRS 16 impact.

Actual reported figures MNOK	Q3 2019	YTD 2019	Q3 2018	YTD 2018	FY 2018
Revenue	386.3	1 187.8	381.0	1 150.1	1 539.9
Other operating income	1.6	3.7	0.5	2.0	2.7
<b>Total operating revenue</b>	<b>387.9</b>	<b>1 191.5</b>	<b>381.5</b>	<b>1 152.1</b>	<b>1 542.7</b>
Raw materials and consumables used	52.2	158.8	43.4	131.0	106.6
Employee benefits expense	292.0	809.6	288.1	793.6	1 086.7
Other operating expenses	36.1	114.8	58.2	188.5	247.7
<b>Total operating expenses</b>	<b>410.1</b>	<b>1 172.1</b>	<b>396.4</b>	<b>1 133.0</b>	<b>1 623.6</b>
<b>EBITDA</b>	<b>7.6</b>	<b>108.3</b>	<b>-8.3</b>	<b>39.0</b>	<b>28.8</b>
Depreciation and amortizations	29.8	88.9	6.6	19.9	25.8
Impairment losses	-	-	-	-	83.9
<b>OPERATING PROFIT OR LOSS</b>	<b>-22.2</b>	<b>19.4</b>	<b>-14.9</b>	<b>19.1</b>	<b>-80.9</b>
Other interest income	-0.3	-	-	0.1	0.4
Other financial income	-	-	2.1	3.8	1.5
<b>Total financial income</b>	<b>-0.3</b>	<b>-</b>	<b>2.1</b>	<b>3.8</b>	<b>1.6</b>
Loss from sale of subsidiary	-	2.6	-	-	11.3
Other interest expenses	16.8	51.4	5.7	18.1	24
Other financial expenses	0.4	6.4	1.9	10.2	5.6
<b>Total financial expenses</b>	<b>17.2</b>	<b>60.4</b>	<b>7.6</b>	<b>28.3</b>	<b>40.9</b>
<b>NET FINANCIAL ITEMS</b>	<b>-17.5</b>	<b>-60.4</b>	<b>-5.5</b>	<b>-24.5</b>	<b>-39.3</b>
<b>PROFIT BEFORE TAXES</b>	<b>-39.7</b>	<b>-41.0</b>	<b>-20.4</b>	<b>-5.4</b>	<b>-120.2</b>
Tax expense	-8.8	-8.0	-4.9	-1.8	-4.6
<b>PROFIT AFTER TAX</b>	<b>-30.9</b>	<b>-33.0</b>	<b>-15.5</b>	<b>-3.6</b>	<b>-115.6</b>

Figures for 2019 are unaudited.

## Consolidated statement of comprehensive income

NOK 1000	Q3 2019	YTD 2019	FY 2018
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of net defined benefit pension obligation	-	-	28.977
Translation difference	15	-428	-
<b>Other comprehensive income</b>			
Taxes on other comprehensive income	-	-	6.665
<b>Other comprehensive income net of tax</b>	<b>15</b>	<b>-428</b>	<b>22.312</b>

## Consolidated statement of financial position

NOK 1000	2019	2018
Other intangible assets	197.678	206.061
Concessions, patents, licences and trademarks	3.281	3.706
Deferred tax assets	6.626	11.812
Goodwill	605.570	540.391
<b>Total intangible assets</b>	<b>813.155</b>	<b>761.970</b>
Buildings	81.184	2.842
Furniture, fixtures and equipment	56.321	51.050
Right of use assets	850.015	-
<b>Total tangible assets</b>	<b>987.520</b>	<b>53.892</b>
Investments in subsidiaries	-	-
Other non-current financial assets	127	6
Other non-current receivables	10.472	9.500
Other long-term receivables	410	176
<b>Total financial fixed assets</b>	<b>11.009</b>	<b>9.681</b>
<b>TOTAL FIXED ASSETS</b>	<b>1 811.685</b>	<b>825.543</b>
Inventories	3.352	2.059
Account receivables	52.531	62.567
Other receivables	53.789	32.346
<b>Total receivables</b>	<b>106.320</b>	<b>94.913</b>
Cash and cash equivalents	53.063	204.272
<b>TOTAL CURRENT ASSETS</b>	<b>162.736</b>	<b>301.245</b>
<b>TOTAL ASSETS</b>	<b>1 974.420</b>	<b>1 126.788</b>

NOK 1000	2019	2018
Share capital	566	566
Share premium	565.376	565.376
<b>Total paid-in equity</b>	<b>565.942</b>	<b>565.942</b>
Other equity	-	-
Uncovered loss	-135.054	-101.622
<b>Total retained earnings</b>	<b>-135.054</b>	<b>-101.622</b>
<b>TOTAL EQUITY</b>	<b>430.888</b>	<b>464.320</b>
Pension liabilities	85.146	79.786
Deferred tax liabilities	-	-
<b>Total provisions</b>	<b>85.146</b>	<b>79.786</b>
Bond	348.542	346.354
Lease liabilities	855.374	-
<b>Sum other long-term liabilities</b>	<b>1 203.916</b>	<b>346.354</b>
<b>Sum long-term liabilities</b>	<b>1 289.061</b>	<b>426.140</b>
Liabilities to credit institutions	-	-
Accounts payable	55.532	44.839
Taxes payable	564	9
Indirect taxes payable	35.856	51.923
Lease liabilities	27.768	-
Other short-term liabilities	134.751	139.557
<b>Sum short term liabilities</b>	<b>254.471</b>	<b>236.327</b>
<b>TOTAL LIABILITIES</b>	<b>1 543.532</b>	<b>662.468</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 974.420</b>	<b>1 126.788</b>

## Changes in equity

NOK 1000	Share Capital	Share Premium Fund	Uncovered loss	Total equity
<b>Balance at 1 January 2019</b>	<b>566</b>	<b>565.376</b>	<b>-101.622</b>	<b>464.320</b>
<b>Total comprehensive income for the period:</b>				
Profit for the period	-	-	-33.004	-33.004
Other comprehensive income	-	-	-	-
Translation difference	-	-	-428	-428
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-33.433</b>	<b>-33.433</b>
<b>Transactions with the owners of the company</b>				
<b>Contributions and distributions</b>				
Dividends	-	-	-	-
<b>Total transactions with the owners of the company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 September 2019</b>	<b>566</b>	<b>565.376</b>	<b>-135.054</b>	<b>430.888</b>



NOK 1000	Share Capital	Share Premium Fund	Uncovered loss	Total equity
<b>Balance at 1 January 2018</b>	<b>566</b>	<b>565.376</b>	<b>-8.003</b>	<b>557.939</b>
<b>Total comprehensive income for the period:</b>				
Profit for the period	-	-	-3.604	-3.604
Other comprehensive income	-	-	-	-
Translation difference	-	-	-369	-369
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-3.973</b>	<b>-3.973</b>
<b>Transactions with the owners of the company</b>				
<b>Contributions and distributions</b>				
Dividends	-	-	-	-
<b>Total transactions with the owners of the company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 September 2018</b>	<b>566</b>	<b>565.376</b>	<b>-11.976</b>	<b>553.966</b>

## Consolidated statement of cashflows

NOK 1000	Q3 2019	YTD 2019	Q3 2018	YTD 2018	2018
<b>Cash flow from operating activities</b>					
Profit before tax expense	-39.713	-41.003	-20.444	-5.422	-120.188
Taxes payable	-1.334	-486	-1.162	-13.082	-1.548
Profit or loss through sale of assets	-	2.607	-	-	-
Depreciation and impairment losses	29.810	88.918	6.640	19.918	128.435
Difference between expensed pension and accounted pension	-1.899	262	1.867	1.075	-14.416
Change in inventory	-38	-120	-18	-23	165
Change in receivables	-2.859	8.020	38.889	-18.091	-20.667
Change in supplier debts	5.250	11.340	7.447	3.162	1.434
Changes in accruals and prepayments	31.343	-4.669	-35.669	-24.958	21.337
Effect of exchange rate changes	-	-	-	-	-
<b>Net cash flow from operating activities</b>	<b>20.558</b>	<b>64.870</b>	<b>-2.449</b>	<b>-37.420</b>	<b>-5.447</b>
<b>Cashflow from investing activities</b>					
Proceeds from the sale of tangible fixed assets	-	-	-	53	118
Payments for the purchase of tangible fixed assets	-5.723	-10.235	-3.695	-12.494	-18.713
Payments for the purchase of intangible assets	-	-100	-	-	-
Payments on other loan receivables	-231	-1.032	-616	-1.842	-142
Sale of subsidiaries less cash on acquisition	-	13	-	-	3.943
Purchase of subsidiaries less cash on acquisition	-564	-137.566	-	-1.041	-
<b>Net cash flow from investing activities</b>	<b>-6.518</b>	<b>-148.920</b>	<b>-4.311</b>	<b>-15.323</b>	<b>-14.793</b>
Net deposit overdraft facility	-	-	-	-	-
Net payment overdraft facility	-	-	-	-	-
Payments on debt (lease liability)	-22.118	-67.160	-	-25	-25
Payments when recording other debts	-	-	-	-	-
Payments on repayment of other debts	-	-	-	-	-
Group contribution payments	-	-	-	-326	-326
Equity payments	-	-	-	-	-
Equity repayments	-	-	-	-	-
Dividend payments	-	-	-	-	-
<b>Net cashflows from financing activities</b>	<b>-22.118</b>	<b>-67.160</b>	<b>-</b>	<b>-351</b>	<b>-351</b>
<b>Net cashflow for the period</b>	<b>-8.077</b>	<b>-151.209</b>	<b>-6.760</b>	<b>-53.093</b>	<b>-20.591</b>
Effect of currency fluctuations on cash and cash equivalents	-	-	-169	-1,640	501
Cash and cash equivalents at the beginning of the period	61.140	204.272	176.559	224.363	224.362
<b>Cash and cash equivalents at the end of the period</b>	<b>53.063</b>	<b>53.063</b>	<b>169.629</b>	<b>169.629</b>	<b>204.272</b>

## Notes

### **Note 1 – Framework and key accounting principles**

The Unicare Group consists of Care BidCo AS and its subsidiaries. The condensed consolidated financial statements for the year ending 31 December 2018, have been prepared and presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The interim consolidated financial statements are based on the same principles but are not fully compliant with IAS 34. The interim figures are unaudited.

### **Changes in accounting policies – implementation of IFRS 16 Leases**

The adoption of IFRS 16 Leases from 01 January 2019 resulted in significant changes to the group's accounting for leases previously defined as operating leases under IAS 17.

In accordance with the implementation of IFRS 16, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for the use by the group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments;

- fixed payments (including in-substance fixed payments)
- variable lease payment that are based on an index or a rate, and
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following;

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases and leases of low value are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### **Note 2 – Revenue and segment reporting**

#### **Overview**

#### **Principal activities**

Unicare is a provider of care services, health clinics and specialist health services. Unicare's principal activities include nursing homes, homes & care, rehabilitation, health clinics in Sweden and occupational health, providing related revenue run rates in excess of NOK 1,600 million.

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

## Rehabilitation

Unicare is a supplier of rehabilitation, offering specialized rehabilitation, surveys and assessment services in hospitals and clinics in Norway. Target patients include people suffering from strokes, traumatic brain injuries, CFS/ME, obesity, amputations, addiction 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. Most current agreements include a pre-determined number of hours for each treatment, with utilization below 95% triggering reimbursement to the RHA for unused capacity. In addition, the division operates 12 Trinnsklinikken AS (now called Unicare 12Trinn) which is a clinic in multidisciplinary specialist substance abuse treatment and offers inpatient treatment for different types of addictions.

## Occupational Health Care

Unicare assists all parts of the systematic HSE work, offering services to a wide range of businesses, both public and private. Occupational health services are primarily offered in the Oslo region but include nationwide coverage with representatives in Stavanger, Ålesund, Trondheim, Halden and Gjøvik. A process of cross-company collaboration has been initiated by establishing HSE hubs at our rehabilitation clinics.

## Nursing homes

Unicare operates nursing homes in Norway, running five of the fifteen commercially operated nursing homes in the city of Oslo through the *Nursing Homes* division. Unicare has won several third-party awards for quality and innovative services with strong focus on internal values: respect, co-operation and simplicity. Unicare holds contracts with Oslo municipality that will expire on the following dates: St.Hanshaugen January 31<sup>st</sup>, 2020; Manglerud June 3<sup>rd</sup>, 2020; Hovseter September 30<sup>th</sup>, 2020; Smestad July 31<sup>st</sup>, 2020; and Fagerborg March 31<sup>st</sup>, 2021.

## Homes & Care

Unicare offers around the clock co-located homes, auxiliary housing and various other day and weekend assistance. The *Homes and Care* division offers two main services: institutional care for individuals with disabilities and user controlled personal assistance. 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 - Sweden

Unicare Sweden is a private provider of health services and operates ten health clinics in the Southern and Central parts of Sweden. Since the introduction of “free choice of healthcare” in 2009/2010, Unicare Sweden has approximately 88.000 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

Revenues NOK 1000	Unicare Group			
	Q3 2019	YTD 2019	Q3 2018	YTD 2018
Homes & Care	42.629	120.789	36.367	102.335
Nursing Homes	110.959	346.355	122.480	367.805
Rehabilitation & OHS	140.035	429.100	122.455	372.966
International - Sweden	95.140	285.187	73.128	222.453
Admin/Eliminated	-846	-1.782	-340	-3.323
<b>Ongoing business</b>	<b>387.918</b>	<b>1.179.649</b>	<b>354.090</b>	<b>1.062.235</b>
Discontinued	-	11.852	27.372	89.876
<b>Total revenues</b>	<b>387.918</b>	<b>1.191.501</b>	<b>381.462</b>	<b>1.152.111</b>

Includes Unicare 12Trinn from the January 2019 and Unicare Røros from the 1st of April 2019

## EBITDA

EBITDA NOK 1000	Unicare Group			
	Q3 2019	YTD 2019	Q3 2018	YTD 2018
Homes & Care	-1.469	4.694	-2.019	3.539
Nursing Homes	-6.843	8.783	-5.766	13.363
Rehabilitation & OHS	-5.459	35.616	976	27.356
International - Sweden	3.683	1.756	5.074	3.106
Admin/Eliminated	-4.304	-8.533	-2.929	-2.768
<b>Ongoing business</b>	<b>-14.392</b>	<b>42.316</b>	<b>-4.664</b>	<b>44.596</b>
Discontinued	-	-714	-3.613	-5.596
<b>EBITDA exc. IFRS 16 impact</b>	<b>-14.392</b>	<b>41.602</b>	<b>-8.277</b>	<b>39.000</b>
IFRS 16 impact	22.087	66.744	23.788	71.327
<b>EBITDA incl. IFRS 16 impact</b>	<b>7.695</b>	<b>108.346</b>	<b>15.511</b>	<b>110.328</b>

### Note 3 – IFRS 16 - Leases

The new IFRS 16 Leasing standard is implemented from the 1<sup>st</sup> of January 2019. This note summarizes the impact on the financial reporting of Unicare from implementing the new standard.

#### *The lease contracts*

The group has a number of leases related to property and car rentals. A lease liability and right-of-use asset will be presented for these contracts which previously were reported as operating leases.

#### **The effect on balance sheet as at 1 January is presented below**

NOK 1000

Lease liability at 1 January 2019	916.758
Right of use assets at 1 January 2019	916.758
Difference between lease liability and right of use assets at 1 January 2019	-

#### **Reconciliation of lease commitment and lease liability**

Leasing obligations for properties	868.183
Leasing obligations for cars and other	48.574
Total discounted obligation	916.758

Undiscounted lease liability	1.245.241
Effect of discounting lease commitment to net present	328.483
Lease liability as at 1 January 2019	916.758

#### IFRS 16 effect income statement

Operating expenses	66.743
<b>Operating profit before depreciation, amortisation and impairment (EBITDA)</b>	<b>66.743</b>
Depreciation and amortisation	-66.743
EBIT	-
Interest expense	-33.127
<b>Profit/-loss for the period</b>	<b>-33.127</b>

#### Note 4 – Long term loan

The long-term debt financing for the Unicare Group is made up of a listed bond loan. As defined by the bond loan agreement, net debt and leverage ratio is as follows:

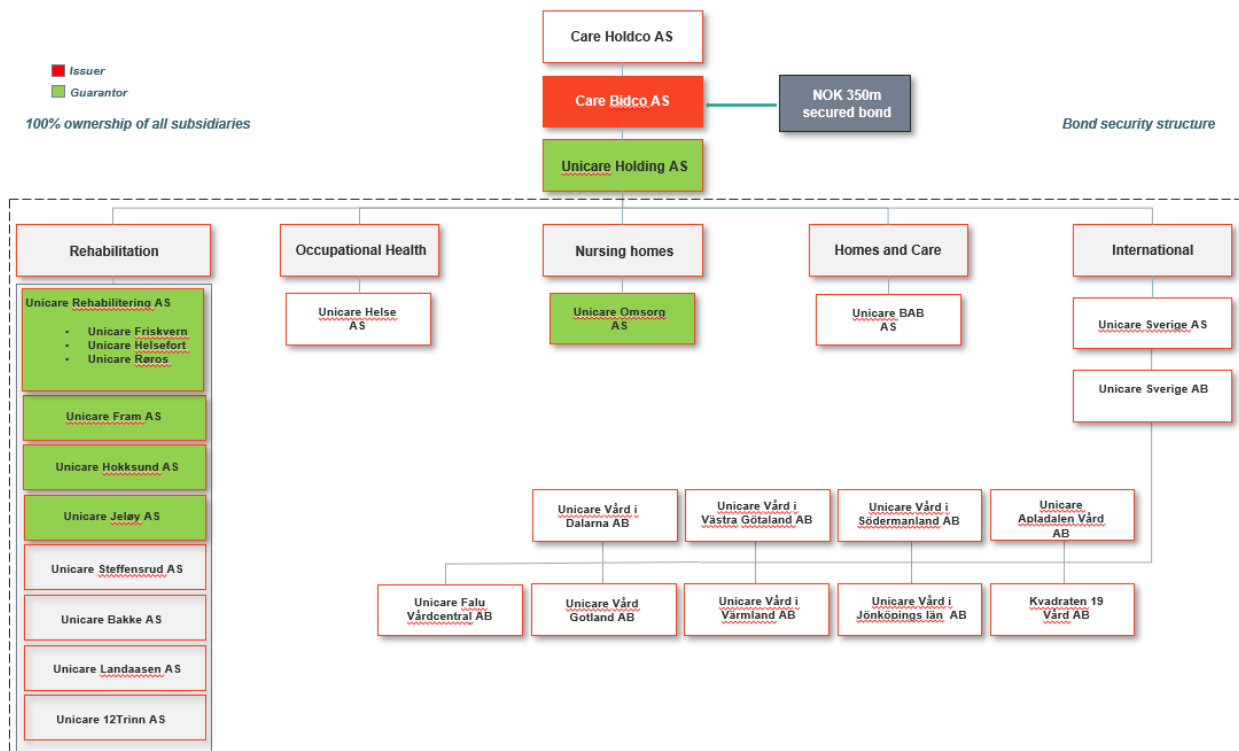
NOK million	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Cash and cash equivalents	53.1	61.1	86.6	204.3	169.6	176.6	181.2	224.4
Interest bearing debt	350.0	350.6	353.4	352.2	350.2	350.3	350.3	350.3
Net Debt	296.9	289.5	266.8	147.9	180.6	173.8	169.1	125.9
Leverage ratio	5.7	4.2	3.8	2.4	4.0	3.4	4.0	2.6

Leverage ratio is defined as follow: Net Debt/12 months running Proforma EBITDA. As a result of restatement of Proforma EBITDA (see page 5) leverage ratios for the four last quarters are updated.

#### Note 4 – Shareholding

Shareholding at 30th of September 2019;

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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## Financial definitions

### **EBITDA**

Operating profit before depreciation and amortisation.

### **Adjusted EBITDA**

Operating profit before depreciation, amortisation and impairment, adjusted for non-recurring items and IFRS 16 impact.

### **Proforma EBITDA**

Actual EBITDA adjusted for non-recurring items, results from discontinued business and estimated EBITDA for acquired companies.

### **Organic growth**

Growth for comparable companies in each segment that Unicare owned during the previous comparative period.

### **Operating cash flow**

Calculated as operating profit including changes in depreciation/amortisation/impairment, working capital and investments in other assets (net).

### **Interest-bearing net debt**

Net debt is used as a simple way to illustrate and assess the Group's ability to meet financial commitments.

### **Leverage ratio**

A leverage ratio is a financial measurement that looks at how much capital comes in the form of debt (loans) or assesses the ability of a company to meet its financial obligations.

### **Non-recurring**

Unusual charge, expense, or loss that is unlikely to occur again in the normal course of a business.

### **Operating profit**

Profit from business operations (gross profit minus operating expenses) before deduction of interest and taxes