



Interim report January – March 2016

Telephone conference

May 11 , 2016

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Good volume growth and stable result development despite the timing of Easter and the lower French prices



Highlights January – March 2016

- **Stable development:**
 - 3.7% organic sales growth
 - 2.1% EBITA growth
 - 44.7% adj. profit growth¹
 - The quarter was affected by the timing of Easter holidays in Nordic and Germany – estimated impact MSEK -20
 - Net debt at MSEK 3,009 with a financial leverage of 3.0x
- Continued result growth in Nordic driven by organic sales growth and supported by the ongoing productivity program in Proximity Care
- Strong volume growth in France and the 2015 price reduction was compensated for, while actions to compensate for 2016 are being implemented

Continued productivity improvements

¹ Refer to page 23 in the interim report for definition.

Group financial development



Capiro Group

	JAN - MAR			FULL YEAR	
	2016	2015	Δ, %	RTM	2015
Net sales	3,603	3,478	3.6	13,611	13,486
<i>Organic sales growth, %</i>	3.7	2.9		3.1	2.9
Operating result (EBITDA)	296	291	1.7	1,006	1,001
<i>Margin, %</i>	8.2	8.4		7.4	7.4
Operating result (EBITA)	195	191	2.1	596	592
<i>Margin, %</i>	5.4	5.5		4.4	4.4
Adj. profit for the period	136	94	44.7	368	326
<i>Adj. EPS, SEK</i>	0.97	0.75		2.68	2.44
Net capital expenditures	-96	-55		-432	-391
<i>In % of net sales</i>	2.7	1.6		3.2	2.9
Net debt	3,009	3,426		3,009	2,936
<i>Financial leverage</i>	3.0	3.2		3.0	2.9

- Organic sales growth from volume growth in France and a higher case mix in Nordic
- Continued margin improvement in Nordic driven by productivity improvements. France compensated for the 2015 price reduction while actions to compensate for the 2016 price reduction are currently being implemented
- Adj. profit improved from the higher operating result, improved finance net and lower effective income tax rate
- Net capex RTM 2016 at 3.2% – impacted by expansion projects

Implementation of the Modern Medicine strategy – resulting in decreasing AVLOS

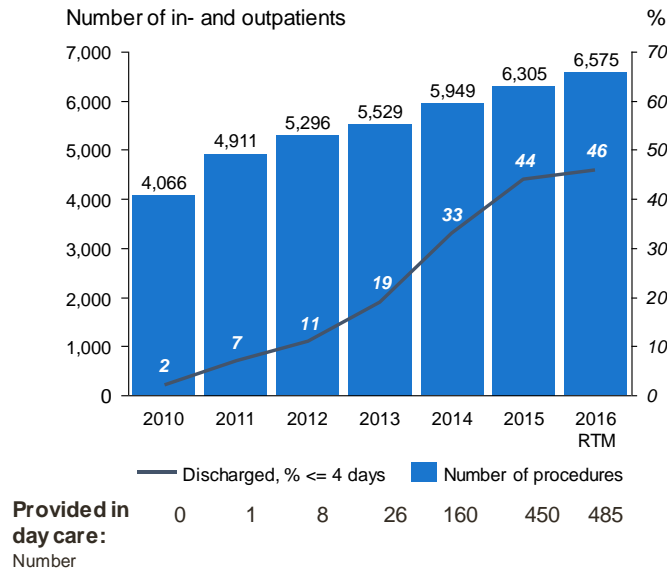
AVLOS by segment, Days	JAN - MAR			FULL YEAR					
	2016	%	2015	RTM	2015	%	2014	%	2013
Cario Nordic	4.12	-2.4	4.22	4.09	4.12	-1.0	4.16	-1.2	4.21
Cario Nordic excluding geriatrics	2.95	-2.0	3.01	2.92	2.93	-2.7	3.01	-3.2	3.11
Cario France	4.45	-6.3	4.75	4.53	4.61	-2.9	4.75	-3.7	4.93
Cario Germany	4.31	-5.1	4.54	4.55	4.61	-4.4	4.82	0.0	4.82
Cario Group	4.35	-5.0	4.58	4.43	4.49	-3.0	4.63	-2.5	4.75



- AVLOS (Average Length Of Stay) measured in days is the key productivity performance indicator for inpatient care
- Implementing Modern Medicine with less invasive treatments and new anesthesia leads to more rapid recovery and shorter treatment times
- Shortening of AVLOS will free up bed capacity and make it possible to treat more patients or reduce resources

France – Modern Medicine and Rapid Recovery reducing AVLOS

Capio France – hip and knee prosthesis surgery



AVLOS development hip and knee replacements 2011-2015

Days	2011	2014	2015	2011-14, %	2011-15, %
Capio France	8.2	5.6	5.0	-32	-39
The French market	10.2	9.0	8.4	-12	-18
Capio Sweden	3.9	3.3	2.7	-15	-31
The Swedish market	-	4.7	-	-	-

Capio France Q1 2016 AVLOS at 4.6 days

Source: French market data; Scansanté (ATIH), Swedish market data; Socialstyrelsen

- Capio growth of hip and knee replacements well above market growth
- Continued significant AVLOS reduction for hip and knee replacements also in the first quarter 2016. 9% more patients discharged within four days in RTM March 2016 compared with the same period 2015
- Steady growth in the number of procedures performed in day care

Rapid Recovery strategy continues to deliver

Segment – Capio Nordic

Capio Nordic

	JAN - MAR			FULL YEAR	
	2016	2015	Δ, %	RTM	2015
Net sales	1,904	1,841	3.4	7,306	7,243
<i>Organic sales growth, %</i>	3.0	5.3		4.0	4.6
Operating result (EBITDA)	112	104	7.7	466	458
<i>Margin, %</i>	5.9	5.7		6.4	6.3
Operating result (EBITA)	77	70	10.0	323	316
<i>Margin, %</i>	4.0	3.8		4.4	4.4
Net capital expenditures	-44	-20		-159	-135
<i>In % of net sales</i>	2.3	1.1		2.2	1.9



- Improved performance in Proximity Care, positively impacted by the ongoing program to reduce employees by -90 FTE. The program is being implemented according to plan
- Continued positive development in S:t Görans Hospital and Specialist Clinics
- Newly acquired clinics in Norway contributed positively
- Increased focus on Modern Management to drive patient time and productivity

Good growth and result development

Segment – Capio France

Capio France

	JAN - MAR			FULL YEAR	
	2016	2015	Δ, %	RTM	2015
Net sales	1,387	1,313	5.6	5,172	5,098
Organic sales growth, %	5.1	0.5		1.9	0.7
Operating result (EBITDA)	170	170	0.0	529	529
Margin, %	12.2	12.9		10.2	10.4
Operating result (EBITA)	111	110	0.9	287	286
Margin, %	8.0	8.4		5.6	5.6
Net capital expenditures	-41	-30		-221	-210
In % of net sales	3.0	2.3		4.3	4.1



- Good volume development with a 10.7% outpatient growth and 5.5% inpatient growth with a continued shift from in- to outpatients. Strike in Q1 2015 impacting comparison numbers
- Volume growth in all seven regions, supported by expansion projects and additional doctors
- The result was impacted by a price effect of MSEK -25 in Q1
- All but one of the four hospitals underperforming in 2015 showed improvements in the quarter

2015 price reduction compensated for, actions to compensate for 2016 being implemented

Segment – Capio Germany

Capio Germany

	JAN - MAR			FULL YEAR	
	2016	2015	Δ, %	RTM	2015
Net sales	312	324	-3.7	1,133	1,145
Organic sales growth, %	1.7	-0.2		2.6	2.0
Operating result (EBITDA)	38	40	-5.0	92	94
Margin, %	12.1	12.5		8.1	8.2
Operating result (EBITA)	32	35	-8.6	71	74
Margin, %	10.2	10.8		6.3	6.4
Net capital expenditures	-10	-5		-45	-40
In % of net sales	3.2	1.5		4.0	3.5



- Outpatient growth and pricing support organic sales growth. Total sales growth impacted by the divestment in Q2 2015
- The timing of Easter holidays impacted the Specialized hospitals negatively in the quarter
- The hospital in Dannenberg continued to develop in line with plan
- Net capex impacted by an ongoing construction project at one of the general hospitals – to be completed during Q3 2016

Increased focus on Modern Medicine drives AVLOS reduction

Cash flow

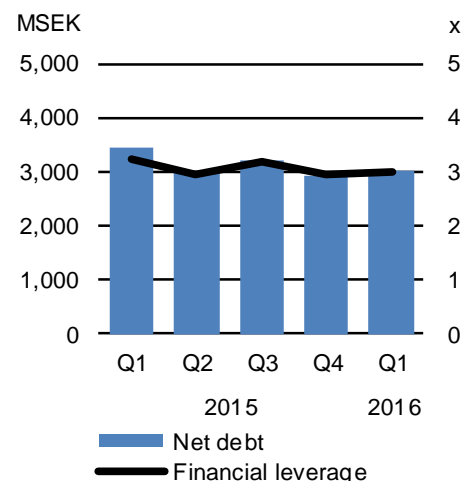
Cario Group	JAN - MAR		FULL YEAR	
	2016	2015	RTM	2015
Net debt opening	-2,936	-3,440	-3,426	-3,440
Operating result (EBITA)	195	191	596	592
Capital expenditure	-97	-80	-449	-432
Divestments of fixed assets	1	25	17	41
Net capital expenditure	-96	-55	-432	-391
<i>In % of net sales</i>	2.7	1.6	3.2	2.9
Add-back depreciation	101	100	410	409
Net investments	5	45	-22	18
Change in working capital	-181	-136	-81	-36
Operating cash flow	19	100	493	574
<i>Cash conversion, %</i>	9.7	52.4	82.7	97.0
Free cash flow after financial items and tax	-11	35	333	379
<i>Cash conversion, %</i>	-5.6	18.3	55.9	64.0

- Net capex RTM at 3.2% – the quarter impacted by investments related to the new emergency department at Cario S:t Göran's hospital and a construction project in Germany. Q1 2015 impacted by the divestment of non-core assets in France (MSEK 25)
- Working capital impacted by seasonal effects in Q1. A change in timing of payment of social security charges in France explain the change compared to last year
- Financial items and tax positively impacted by lower net debt and interest rates as well as lower tax instalments in France

Cash flow impacted by seasonal and timing effects

Capital employed & financing

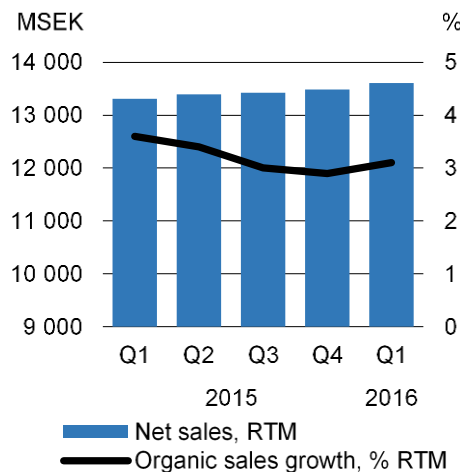
	2016	2015	
	31 Mar	31 Dec	31 Mar
Capio Group			
Operating capital employed	1,566	1,388	1,453
<i>In % of net sales</i>	11.5	10.3	10.9
Other capital employed	6,603	6,549	6,155
Capital employed	8,169	7,937	7,608
<i>Return on capital employed, %</i>	7.3	7.5	8.3
Net debt	3,009	2,936	3,426
<i>Financial leverage</i>	3.0	2.9	3.2
Equity	5,160	5,001	4,182
Financing	8,169	7,937	7,608



- Operating capital employed somewhat above year-end 2015, mainly due to seasonal effects and a change in the payment pattern of social contributions in France
- Changes in exchange rates increased capital employed compared with year-end 2015
- ROCE impacted by higher capital employed and two Easter holiday periods in the RTM EBITA
- Financial leverage at 3.0x impacted by cash flow and changes in exchange rates

Solid financial position

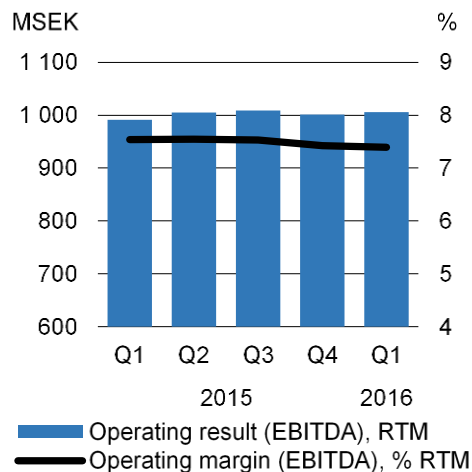
Net sales and organic sales growth (RTM)



Net sales growth

- The target is to grow organically at least in line with the market and add acquisition growth at least at a similar rate over time

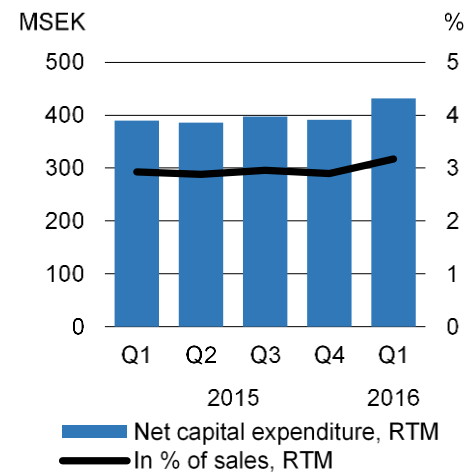
Operating result (EBITDA) and margin (RTM)¹



Operating result (EBITDA)

- The target is to grow operating result at a higher rate than sales growth through increased productivity and operational leverage

Net capital expenditure and in % of sales (RTM)



Net capital expenditure

- The target with present business mix is to keep net capex around 3% of net sales per year including Modern Medicine and expansion related capex

¹ Development adjusted for structural changes made in June 2014. Refer to Cario Annual Report 2015 note 33.



- **Annual general meeting (Gothenburg concert hall, Gothenburg, Sweden) on May 11, 2016 at 16.00 (CET):**
 - A proposal will be made to the AGM to issue a convertible debenture loan to all employees
- **Interim report January – June 2016 due July 22, 2016**
- **Interim report January – September 2016 due November 3, 2016**
- **Full year report January – December 2016 due February 10, 2016**

Questions and Answers





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