

A young girl with blonde hair, wearing a dark jacket and a wheelchair, is smiling and looking towards a woman. The woman has long blonde hair and is wearing a light-colored top, smiling back at the girl. They are in a stadium setting, with a blurred crowd and bright lights in the background.

Brado AB (publ) – Frösunda Omsorg

Q2'19 Presentation



Company snapshot



Segment information



Outlook







Financials

A Care service provider dedicated to the customer's needs

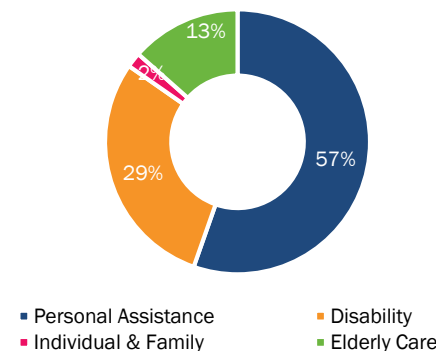
Introduction to Frösunda

- Founded in 1994, Frösunda has become a leading supplier of private care services in Sweden
- Diversified provider with operations in Disability, Personal Assistance, Individual & Family and Elderly Care
- 2,124 customers
- A “one strong brand” strategy based on high quality and customer oriented concepts
- Experienced management team and organisation with all necessary central functions in-house
- ~5,300 employees
- Main office in Stockholm (Solna) with services offered throughout Sweden

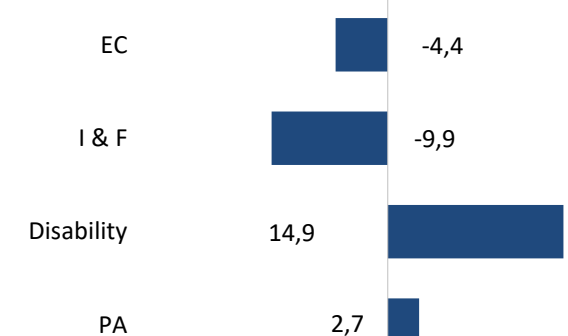
Diversified well balanced portfolio of care services

 <p>Disability</p> <ul style="list-style-type: none"> ▪ Group homes ▪ Activity centres ▪ Guidance services ▪ Short-term homes ▪ Special schools ▪ Coaching 	 <p>Personal Assistance</p> <ul style="list-style-type: none"> ▪ Individually tailored services, taking care of customers' needs 24/7 ▪ Local focus and assistance teams ensuring best possible service for each customer
 <p>Individual & Family</p> <ul style="list-style-type: none"> ▪ HVB and supportive housing ▪ Family homes and open treatment ▪ Homes for youths and refugee children 	 <p>Elderly Care</p> <ul style="list-style-type: none"> ▪ Housing for elderly who are unable to live on their own ▪ Serving needs such as illness, dementia, disabilities or general age weakness

Q2'19 revenue distribution



EBITA distribution

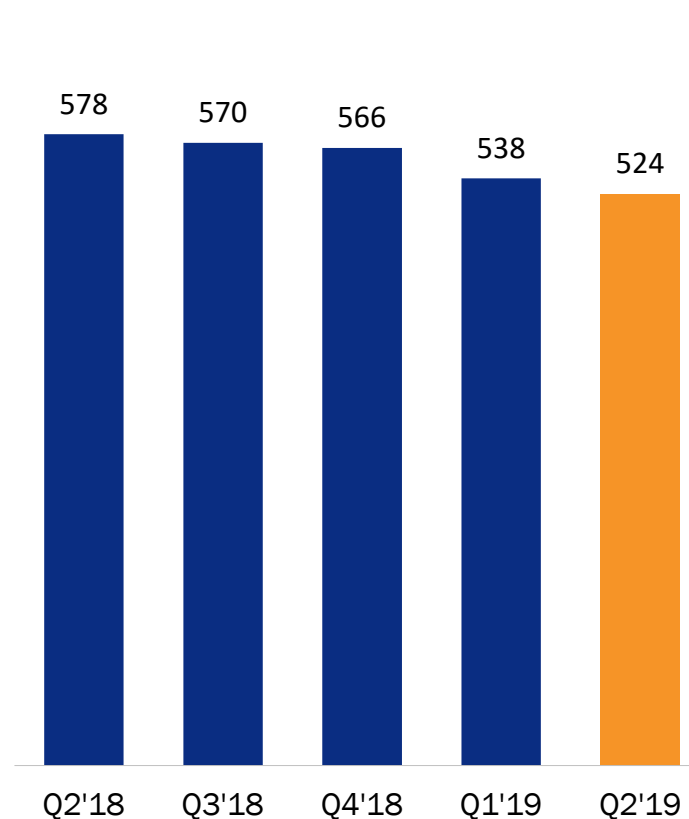


Financial highlights

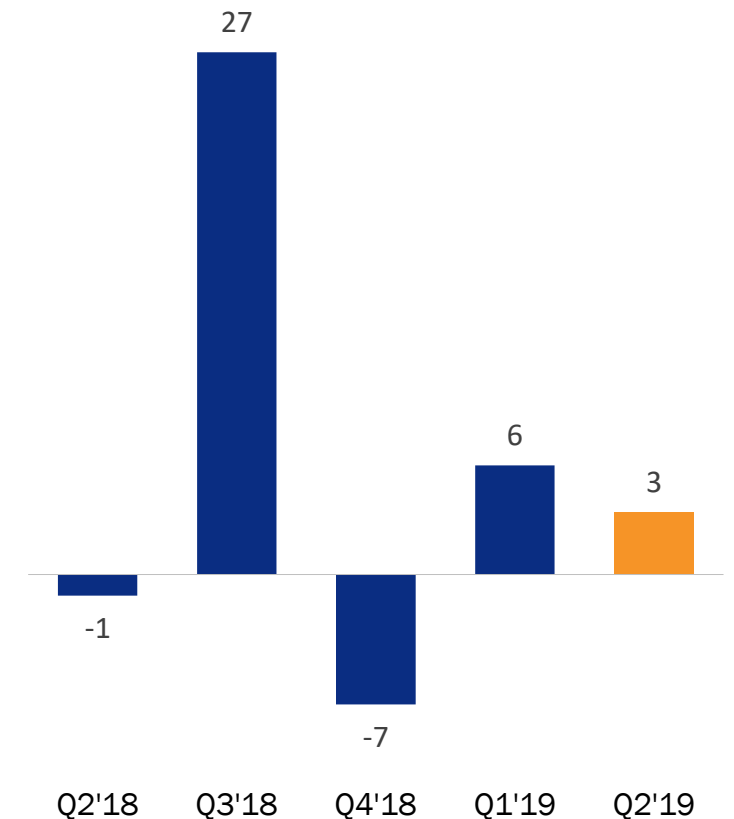
Comments

- Operating revenue of SEK 523.6 million in Q2 '19 compared to SEK 537.9 million in Q1 '19 and SEK 578.1 million in Q2 '18
- EBITA in Q2 '19 ended at SEK 3.2 million (0.6%) compared to SEK 5.7 million (1.1%) in Q1 '19 and SEK -1.1 million (-0.2%) in Q2 '18.
- The decrease in revenue mainly relates to expired operational contracts within the Disability segment and one operational contract within the Elderly Care segment
- EBT in Q2 '19 is positively affected by SEK 161.5 million related to the reduction of the seller's credit, whose value is now set to zero
- After reporting, the effect (SEK 1.1 million) of real estate sales within I&F, has been reclassified from EBITDA to finance income

Revenue per quarter (SEKm)

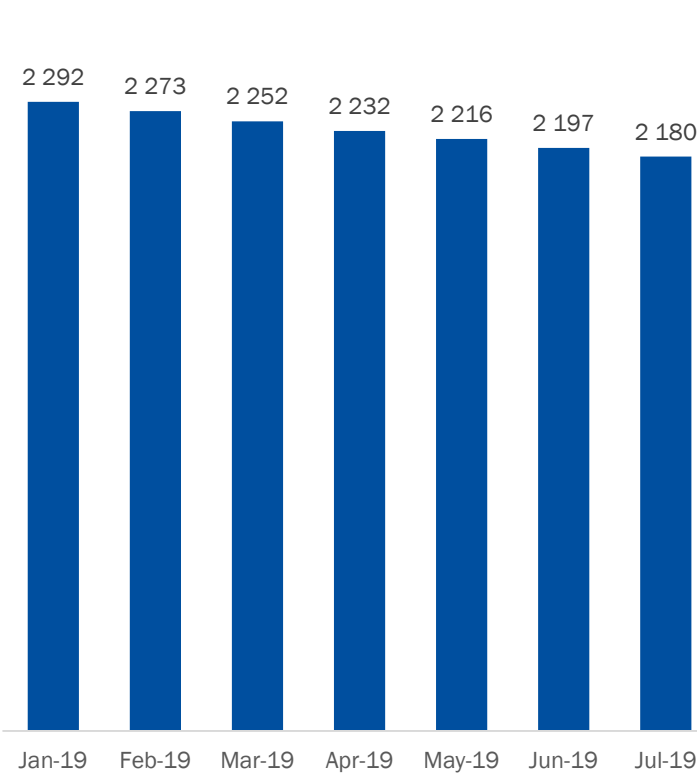


EBITA per quarter (SEKm)

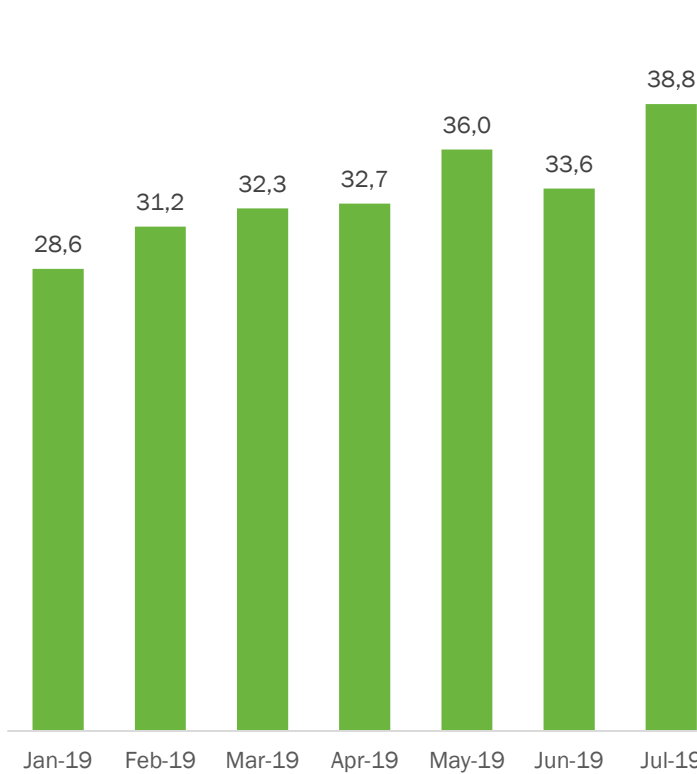


Outlook, development in revenues, EBITDA and # of customers

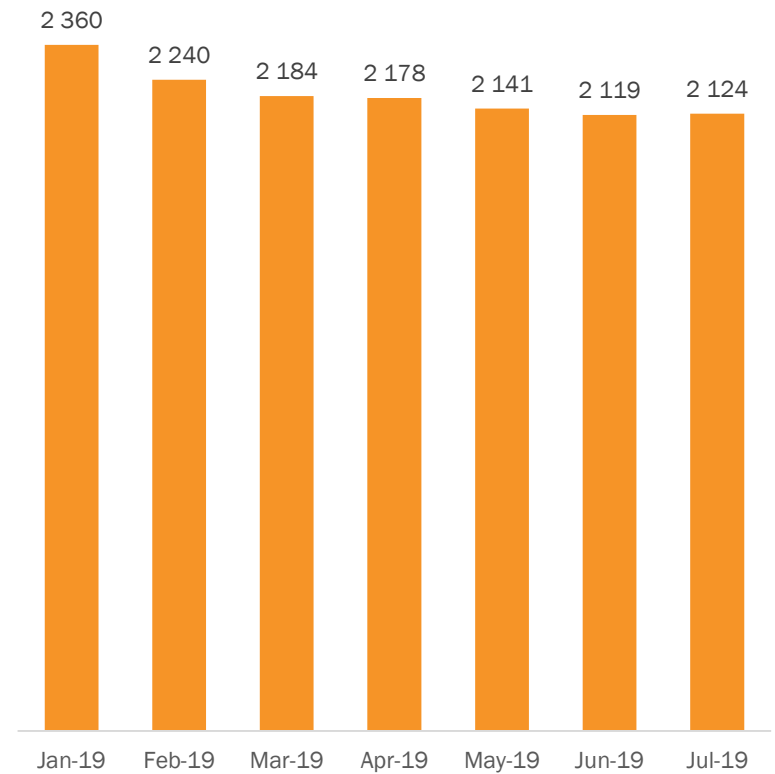
LTM Revenues (SEKm)



LTM EBITDA (SEKm)*



Customers



*EBITDA at Frösunda Holdco-level



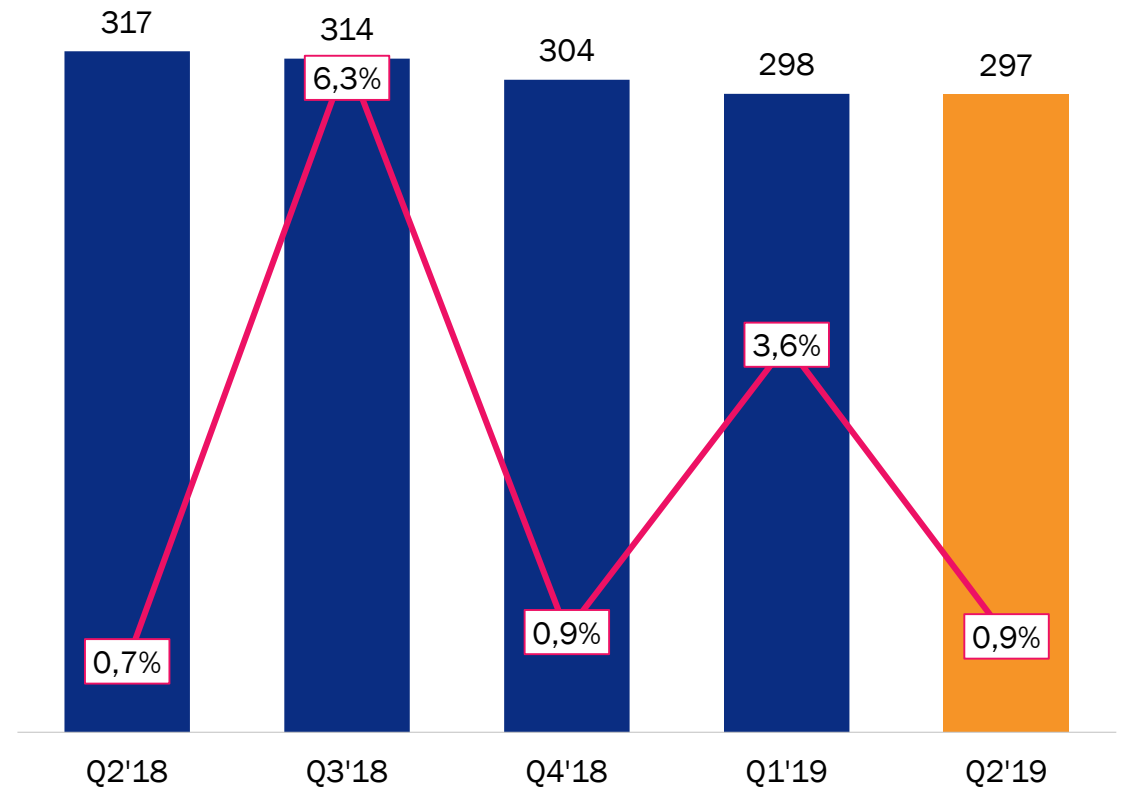
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Personal Assistance – key financials

Comments

- Revenues for Personal Assistance ended at SEK 297.3 million in Q2'19 compared to SEK 297.5 million in Q1'19 and SEK 317.4 million in Q2'18
- EBITA for Q2'19 ended at SEK 2.7 million (0.9%) compared to SEK 10.8 million (3.6%) in Q1'19 and SEK 2.1 million (0.7%) in Q2'18
- The second quarter is seasonally weak, driven by a series of holidays that creates inconvenient working hours
- The number of customers at the end of Q2'19 was 898 (905 at Q1'19)
- The segment experienced a continued stabilization of the churn and a higher customer satisfaction over the quarter
- Marketing initiatives have intensified and will continue throughout 2H'19, and increased interest and more dialogue with prospective customers has been evident
- Moderate growth is still expected during the second half of the year

Revenue (SEKm) and EBITA margin (%)

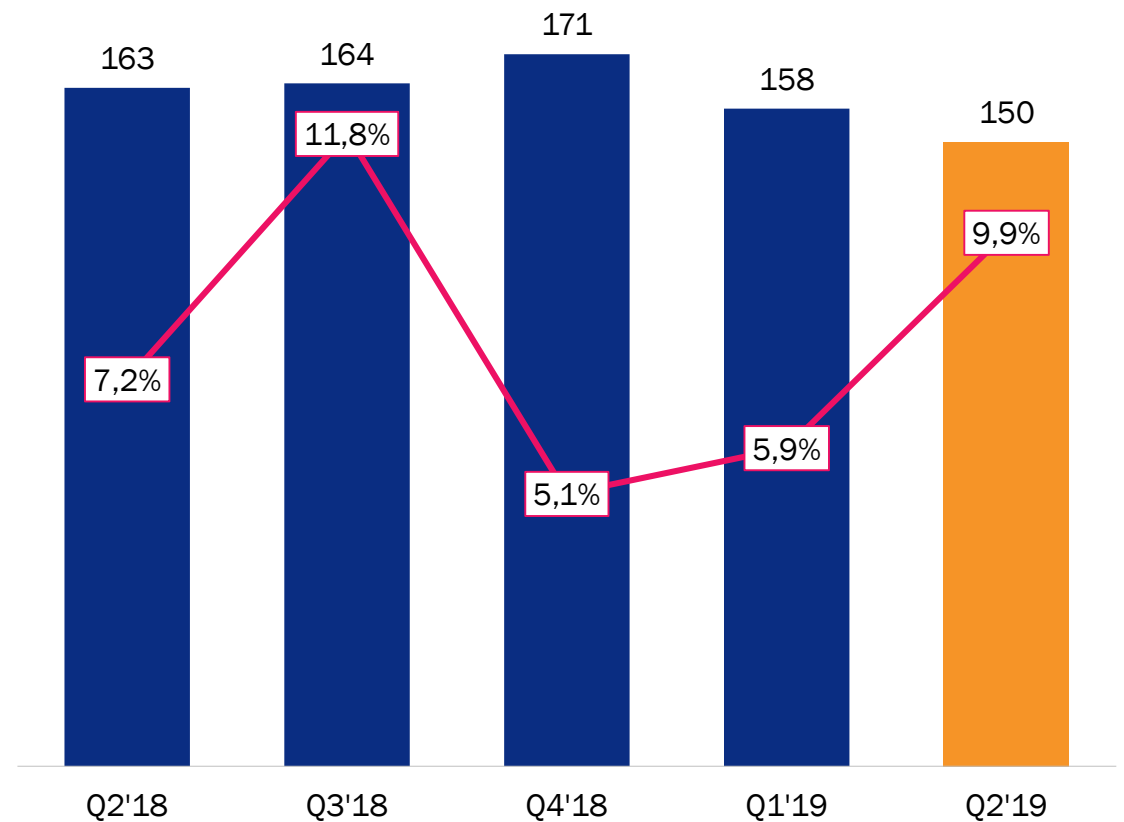


Disability – key financials

Comments

- Revenues within the Disability segment ended at SEK 149.7 million in Q2´19 compared to SEK 157.6 million in Q1´19 and SEK 162.6 million in Q2´18
- EBITA for Q2´19 ended at SEK 14.9 million (9.9%) compared to SEK 9.4 million (5.9%) in Q1´19 and SEK 11.7 million (7.2%) in Q2´18
- The number of customers ended at 790 (808 at the end of Q1´19)
- Costs increased during Q4´18-Q1´19 in connection with in-housing of nursing services. Costs have been successively reduced during Q2´19
- Slightly higher occupancy in full responsibility units and a distinct follow-up of the business is now showing results in increased margins
- The margin has also improved as a result of the expiration of some lossmaking operational contracts

Revenue (SEKm) and EBITA margin (%)

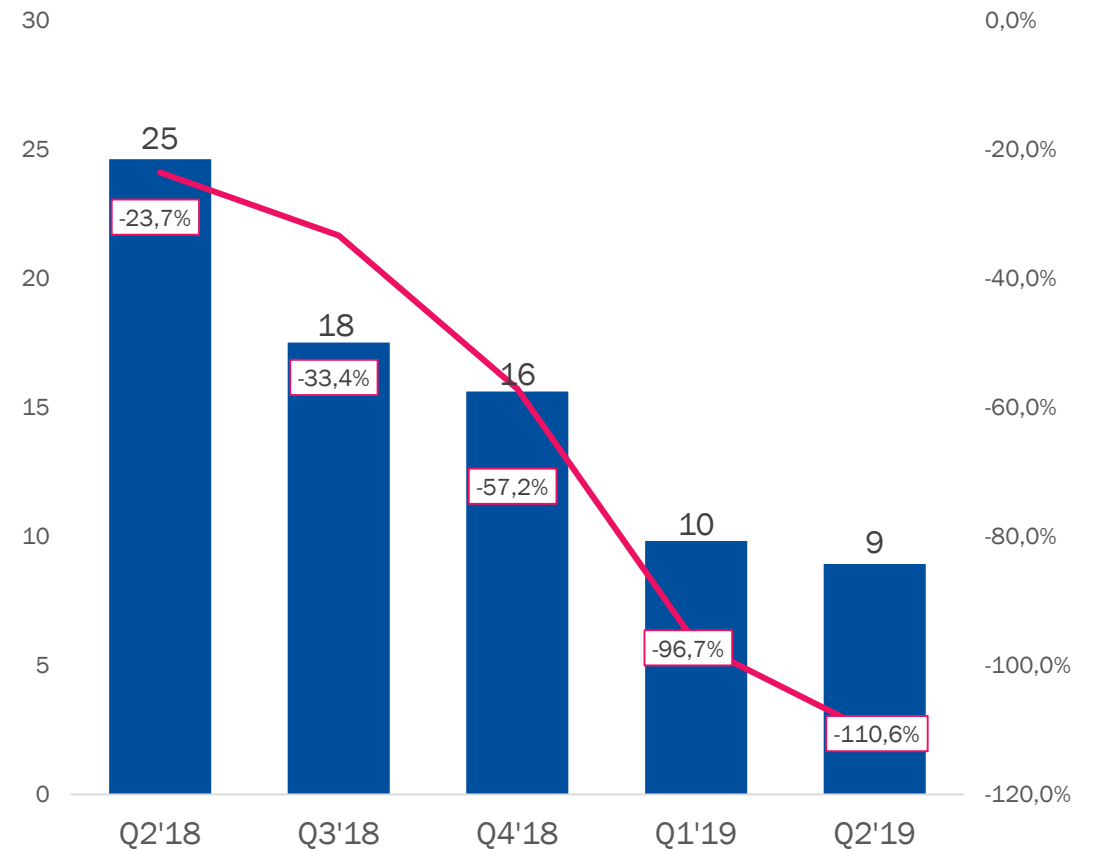


Individual & Family – key financials

Comments

- Revenues for Individual & Family ended at SEK 8.9 million in Q2'19 compared to SEK 9.8 million in Q1'19 and SEK 24.6 million in Q2'18.
- EBITA for Q2'19 ended at SEK -9.9 million (-110.6%) compared to SEK -9.5 million (-96.7%) in Q1'19 and SEK -5.8 million (-23.7%) in Q2'18
- The number of customers at the end of Q2'19 was 51 (57 in Q1'19)
- The sale of one property in Q2'19 had a positive effect on P&L of SEK 1.1 million. The cash effect for the transaction is SEK 1.8 million and will occur in Q3'19
- At the end of Q2'19 the activity within HVB has been almost non-existent, while costs for properties and staff are still being incurred
- A strategic review of the activities within the segment is ongoing and will be concluded during Q3'19
- The focus for H2'19 will be to reduce costs significantly in order to minimize losses within the segment

Revenue (SEKm) and EBITA margin (%)

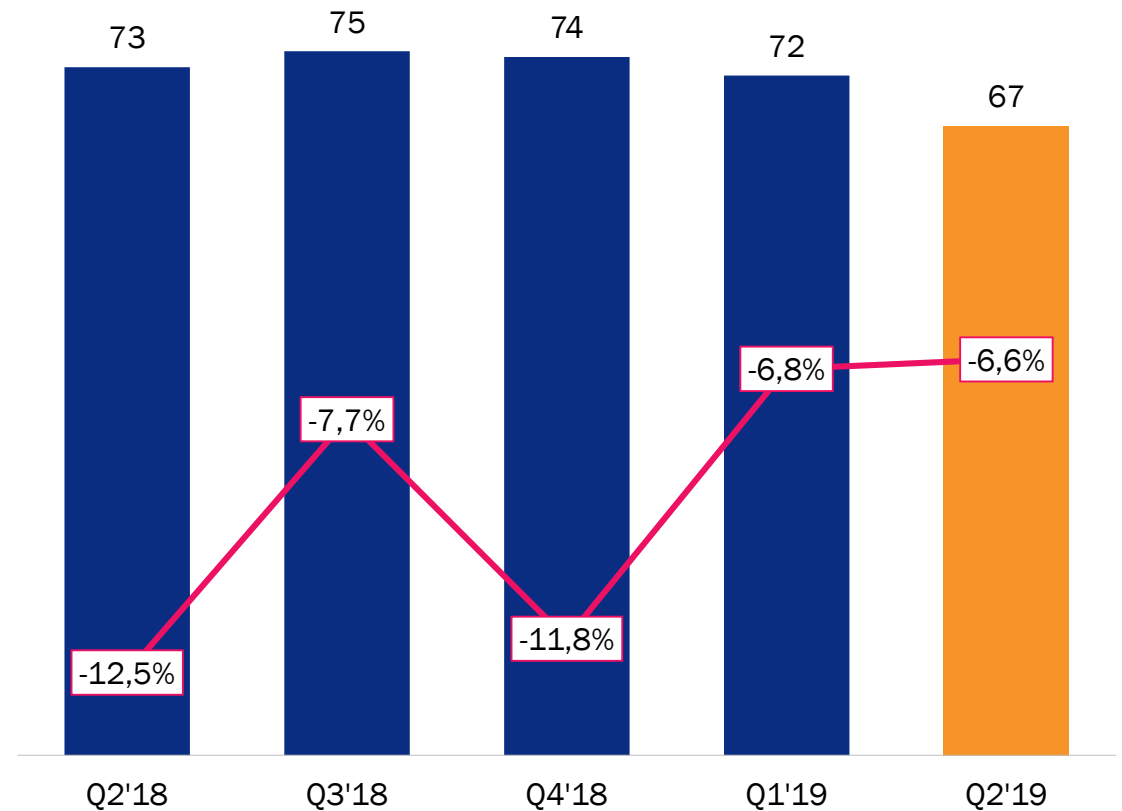


Elderly Care – key financials

Comments

- Revenues for Elderly Care ended at SEK 67.1 million in Q2´19 compared to SEK 72.4 million in Q1´19 and SEK 73.3 million in Q2´18
- EBITA for Q2´19 ended at SEK -4.4 million (-6.6%) compared to SEK -4.9 million (-6.8%) in Q1´19 and SEK -9.1 million (-12.5%) in Q2´18
- The number of customers at the end of Q2´19 was 380 (416 in Q1´19)
- One operational contract expired during the quarter. This has a negative affect on topline but will have an insignificant impact on EBITA
- The quarter was characterized by stability in the service and in the quality delivered
- Costs increased during Q4´18-Q1´19 in connection with inhousing of nursing services, however, these have been successively reduced during Q2´19
- The occupancy at the beginning of Q3´19 is the highest in a long time, expected to have a positive impact on the margins ahead

Revenue (SEKm) and EBITA margin (%)





Company snapshot



Segment information



Outlook



Financials

Outlook

Segment

Outlook and initiative

Trend

Personal Assistance

- High customer satisfaction, increased market activities in combination with internal measures are creating a positive drive within the segment
- The number of customers increased in June, expectations of growth in 2H'19 remain



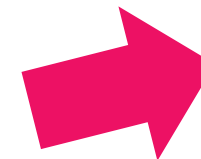
Disability

- Margins increased in Q2'19 and are expected to increase some more
- Expecting growth within full management, whereas development within contract portfolio is expected to be flat



Individual & Family

- Major changes are taking place during 2H'19 with the aim of greatly reducing losses by the beginning of 2020
- Please see next picture



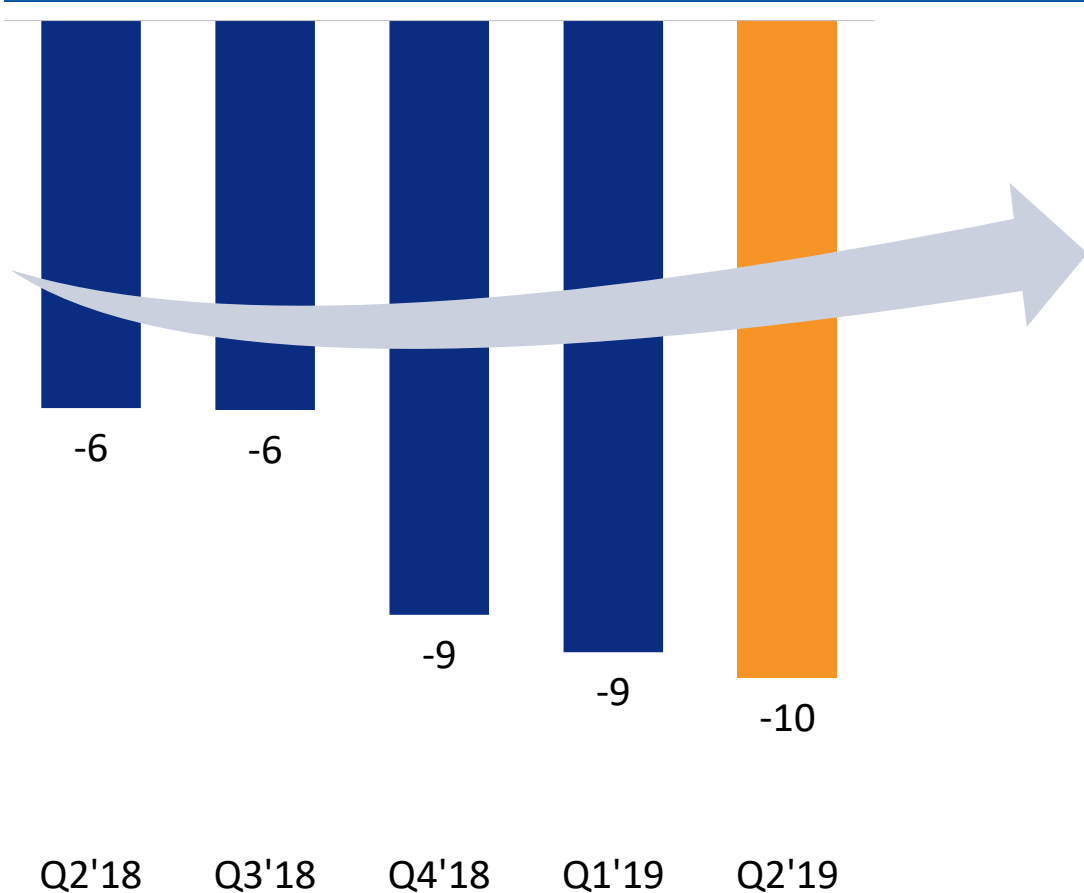
Elderly Care

- All units are now contributing positively to EBITA
- Utilization is improving gradually, affecting margins positively
- Expect stable operations going forward. Future growth to be driven by full management



Closing down all HVB homes to get I&F on track

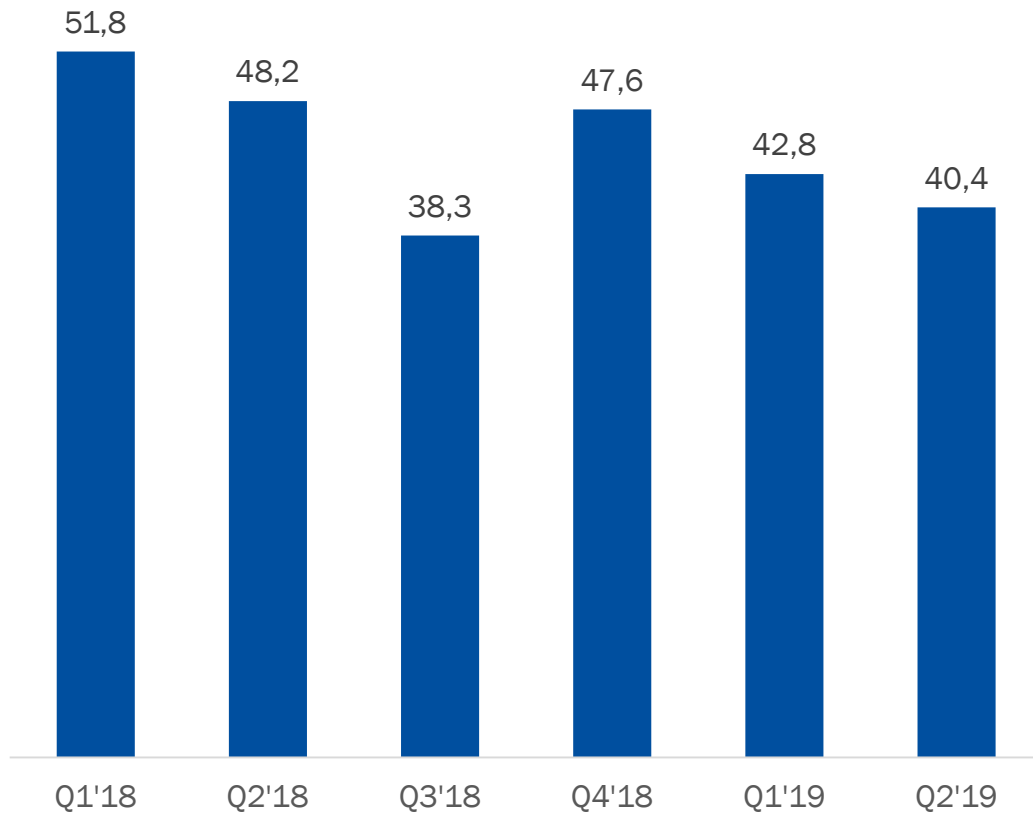
I&F EBITDA (SEK million)



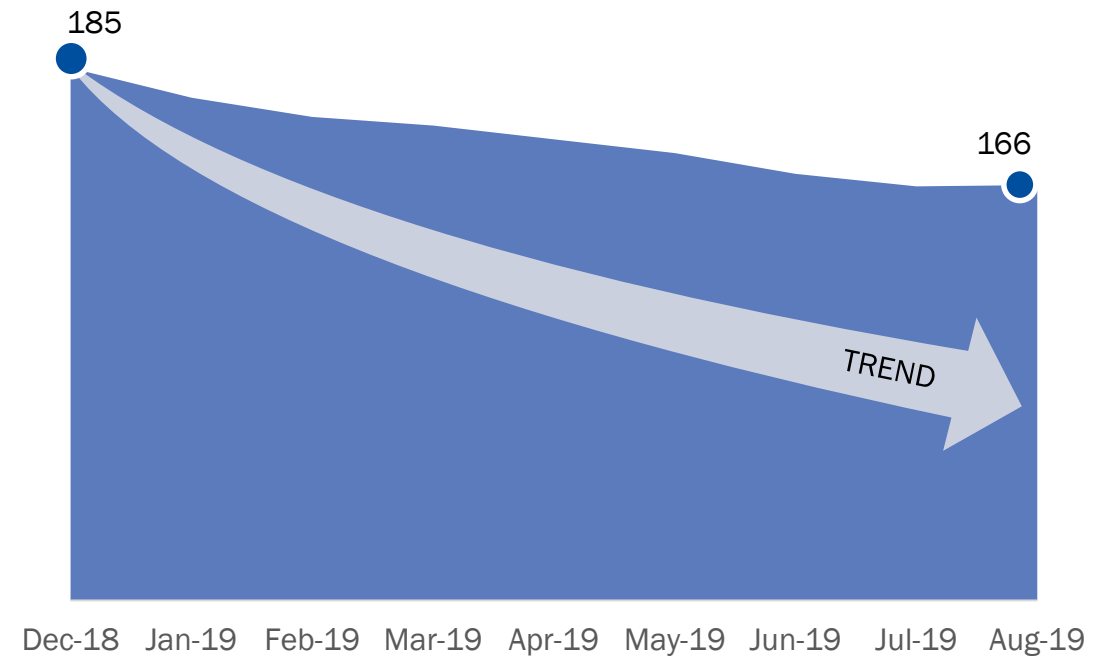
- All activity within HVB is planned terminated during Q3'19
- Operations within family homes will continue at a break even level over the next months, and expected to turn to profitability in Q2'20
- Losses are expected in the segment in Q3'19 and Q4'19, however at a declining level
- Significant improvements are expected as per Q1'20
- Sale of properties will generate cash but may have a negative effect on net profit

Overhead cost significantly reduced – trend continues

Overhead cost per quarter (SEK million)



LTM Overhead cost (SEK million)



Project Prima

- NHC and Frösunda Omsorg AB, both owned by the Adolfsen Group, have started an operational collaboration process – Project Prima
- Significant potential synergies are discovered for both parties, through collaboration within IT, quality, HR, payroll & accounting, as well as other services. Operational synergies are possible and available, but within a longer time frame
- All services involved in the collaboration will be based on market terms, for the benefit of both parties; no confidential information will be shared between the two companies, and the companies will continue to compete for contracts
- The two companies are separately financed and will continue as separate entities, but potentially pursue a strategic partnership/merger in the long-term



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Pro forma income statement

Comments

- The Group reported operating revenue of SEK 523.6 million in Q2 '19 compared to SEK 537.9 million in Q1'19 and SEK 578.1 million in Q2 '18
- Total operating expenses in the period ended at SEK 495.2 million compared to SEK 508.7 million in Q1'19 and SEK 575.3 million in Q2'18.
- Staff cost as percent of revenue was 87.8% in Q2'19 compared to 86.5% in Q1'19 and 88.2% in Q2'18
- Finance expenses in Q2'19 amounted to SEK -19.4 million compared to SEK -19.3 million in Q1'19 and PF SEK -13.8 million in Q2'18. The effect from IFRS 16 was SEK -6.4 million in Q2'19

Pro forma income statement (unaudited)

All figures in SEK million	Notes	Q2 19	YTD 19	Q2 18	YTD 18
OPERATING INCOME					
Revenue		515.6	1,045.9	571.2	1,167.8
Other operating revenue		8.0	15.6	6.9	14.4
Total operating revenue		523.6	1,061.5	578.1	1,182.2
OPERATING EXPENSES					
Cost of goods sold		-14.3	-33.7	-16.8	-36.0
Personnel expenses		-452.8	-911.4	-503.9	-1,016.3
Other operating expenses		-28.1	-58.8	-54.6	-133.0
EBITDA		28.4	57.6	2.8	-3.1
Depreciation & amortization		-25.2	-48.7	-3.9	-7.7
Operating profit/loss (EBIT)		3.2	8.9	-1.1	-10.8
FINANCE					
Finance income		162.6	162.6	-	-
Finance expense	7	-19.4	-38.7	-13.8	-23.2
Profit/Loss before income tax (EBT)		146.5	132.9	-14.9	-34.0
Income tax	8	-	-	3.9	8.4
Profit/Loss for the period		146.5	132.9	-11.0	-25.6

Pro forma balance sheet statement

Comments

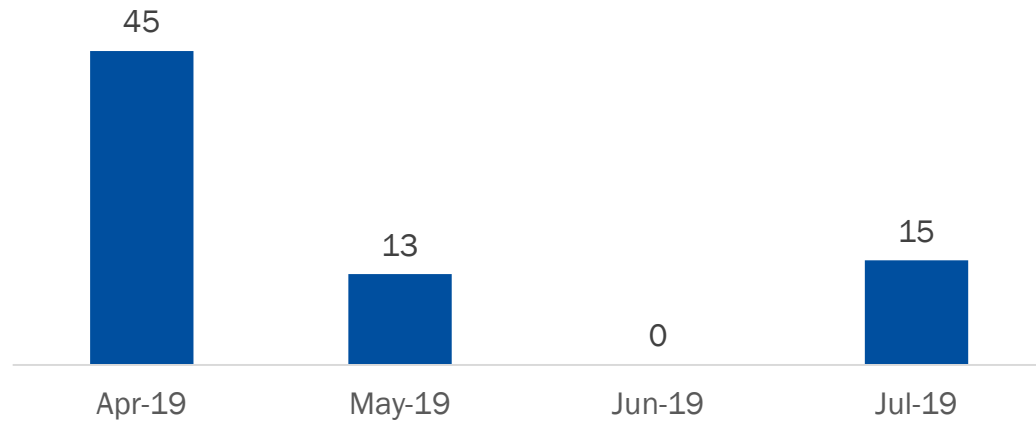
- Total assets ended at SEK 2 032.5 million per 30 June 2019
- Total cash and equivalents per end of Q2'19 amounted to SEK 64.8 million
- During Q2'19, the company has started utilizing the factoring facility provided by Avida Finance (factoring of invoices on a non-recourse basis). The use of RCF has thus been reduced

Pro forma balance sheet (unaudited)

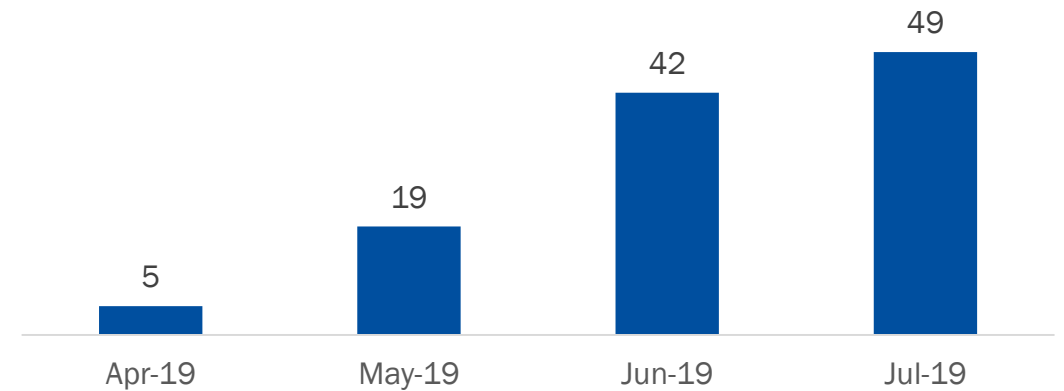
All figures in SEK million	30/06/2019	31/12/2018	30/06/2018
NON-CURRENT ASSETS			
Goodwill	1,074.6	1,074.6	1,094.6
Other intangible assets	11.4	12.3	10.5
Property, plant & equipment	602.9	78.9	82.7
Financial assets	1.1	1.1	1.3
Total non-current assets	1,690.0	1,166.9	1,189.1
CURRENT ASSETS			
Accounts receivables	247.9	288.5	328.2
Income tax receivables	4.8	-	19.2
Receivables from related parties	0.2	0.2	0.2
Other short-term receivables	24.7	45.5	55.1
Cash and cash equivalents	64.8	87.7	47.1
Total current assets	342.5	421.9	449.8
Total assets	2,032.5	1,588.8	1,638.9

Factoring facility reducing cost and risk

Max utilization RCF (SEK million)



Factoring (SEK million)



- Use of the new factoring facility has increased
- Corresponding reduction in use of RCF
- Total financial cost reduced
- Liquidity risk reduced

Pro forma balance sheet statement

Comments

- Total liabilities ended at SEK 1 563.8 million
- Total equity per end of Q2'19 is SEK 468.8 million
- Increase in equity value is driven by the reduction of the seller's credit, whose value is now set to zero

Pro forma balance sheet (unaudited)

All figures in SEK million	30/06/2019	31/12/2018	30/06/2018
EQUITY			
Share capital	0.5	0.5	0.5
Share premium reserve	-	-	-
Other reserves	-	-	-
Retained earnings	468.3	335.5	174.9
Equity attributable to owners of the parent	468.8	336.0	175.4
Non-controlling interests	-	-	-
Total equity	468.8	336.0	175.4
NON-CURRENT LIABILITIES			
Deferred tax liability	5.9	5.9	16.2
Bond loans	740.3	739.1	737.8
Other non-current liabilities	445.4	161.5	350.0
Total non-current liabilities	1,191.6	906.5	1,104.0
CURRENT LIABILITIES			
Accounts payable	37.1	39.8	28.0
Other current liabilities	335.1	306.6	331.5
Total current liabilities	372.1	346.3	359.5
Total liabilities	1,563.8	1,252.8	1,463.5
Total equity & liabilities	2,032.5	1,588.8	1,638.9

Pro forma cash flow statement

Comments

- Total cash and equivalents per end of Q2'19 amounted to SEK 64.8 million
- Total available cash including RCF was SEK 144.8 million with undrawn amount on the RCF at the end of Q2'19 was SEK 80 million
- The Group had several clean-downs on the RCF during Q2'19

Cash flow statement (unaudited)

All figures in SEK million	Q2 19	Q1 19	YTD 19
CASH FLOW FROM OPERATING ACTIVITIES			
Operating result	4.3	5.7	10.0
Adjustments for items not included in cash flow*	-2.3	3.2	0.9
	2.0	8.9	10.9
Financial items, paid net	-11.1	-12.9	-23.9
Taxes paid	-6.8	-7.8	-14.5
Cashflow from operating activities before changes in NWC	-15.8	-11.7	-27.5
Change in net working capital	12.3	-4.2	8.1
Net cash flow from operating activities	-3.5	-15.9	-19.4
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in property, plant and equipment	-1.8	-1.7	-3.5
Net cash flow from investing activities	-1.8	-1.7	-3.5
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash from acquisition	-	-	-
Issuance of interest-bearing debt	-	-	-
Repayment of interest-bearing debt	-	-	-
Net interest paid and other financial items	-	-	-
Net cash flow from financing activities	-	-	-
CHANGES IN CASH AND CASH EQUIVALENTS			
Net change in cash and cash equivalents	-5.3	-17.6	-22.9
Effects of changes in exchange rates on cash	-	-	-
Cash and cash equivalents at the beginning of period	70.1	87.7	87.7
Cash and cash equivalents at end of period	64.8	70.1	64.8

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