

QUALITY THROUGH SPECIALISATION

GLOBAL HEALTH PARTNER

Q4 REPORT
FEBRUARY 24, 2012



GLOBAL HEALTH PARTNER

Agenda

Highlights Q4 2011

Market situation

Strategy

Service Lines

Finance

Final comments



Highlights Q4 2012

- Revenue increased with 5% to SEK 186.8 million (177.6) during Q4, and with 15% to SEK 675.2 million (585.5) for the whole period
- Operating result (EBIT) amounted to SEK 3.5 million* (12.5) in Q4, and to SEK 15.2 million (28.4) for the whole period*
- Profitability affected by changed patient mix and tougher market situation
- Acquisition of OPA, a Danish Orthopaedic and Spine clinic
- Acquisition of Gildhøj during December effective from 1 February 2012

* Before goodwill write-down

Market factors

Bariatrics

Sweden

- Price erosion 2011 – 20%
• Less private patients than expected

Denmark

- Loss of 80% of public market
• Fierce competition for remaining private patients

Czech Republic

- Price erosion 2010–2011 >20%

Spine

Orthopaedics

Sweden

- Riksavtalet – new policy that allows all counties to use “lowest tendered prices”

Dental

Sweden

- Weaker private demand

Market factors – Current situation and measures taken

	Current situation	Measures
Bariatrics	Sweden <ul style="list-style-type: none"> • Same as 2011 	Sweden <ul style="list-style-type: none"> • Cost reduction
	Denmark <ul style="list-style-type: none"> • Same as 2011 	Denmark <ul style="list-style-type: none"> • Consolidation/marketing
	Czech Republic <ul style="list-style-type: none"> • Slightly better 2012 	Czech Republic <ul style="list-style-type: none"> • Completed action plan
	Finland, Norway, Cairo and UAE <ul style="list-style-type: none"> • Continued slow but positive development 	Finland, Norway, Cairo and UAE <ul style="list-style-type: none"> • No measure taken

Result:

Minimal negative impact from Denmark and Czech Republic 2012

Spine	Sweden <ul style="list-style-type: none"> • Riksavtalet – under investigation for changes
Orthopaedics	

Result:

Continued increased demand, no further price erosion expected

Market factors – Current situation and measures taken, cont.

	Current situation	Measures
Dental	Sweden <ul style="list-style-type: none">Continued weak, but stable private market	Sweden <ul style="list-style-type: none">Cost reduction/consolidationContinued market share increase
Arrhythmia	Sweden <ul style="list-style-type: none">Increased demand	Sweden <ul style="list-style-type: none">No measures taken
Gastro	Sweden <ul style="list-style-type: none">Continued increased demandStable prices	Sweden <ul style="list-style-type: none">No measures taken

Market factors – Summary

2011

- Strong negative impact – forced actions

2012

- Less turbulence
- Some negative factors reside
- Compensated by growth in Spine/Ortho, Arrhythmia and Gastro



Our strategy can be summarized in four cornerstones

**“Quality through
Specialisation” –
Service Lines**

**Partnership
model**






















**Decentralised
business model**

**Rapid growth in
selected markets**

GHP Service Lines

Spine	<ul style="list-style-type: none">• Spine surgery/spine care• 5 clinics in Sweden, Norway and Denmark (Orthopaedics/Spine)
Dental	<ul style="list-style-type: none">• Specialist dentistry• 3 clinics in Sweden
Bariatrics	<ul style="list-style-type: none">• Treatment and surgery of obesity and reconstructive plastic surgery• 10 clinics in Sweden, Finland, Denmark, Norway, Czech Republic, Egypt and UAE
Gastro	<ul style="list-style-type: none">• Medical gastroenterology and endoscopy• 2 clinics in Sweden
Orthopaedics	<ul style="list-style-type: none">• Sports traumatology and prosthetic surgery• 5 clinics in Sweden and Denmark (Orthopaedics/Spine)
Arrhythmia	<ul style="list-style-type: none">• Disturbance of the heart rhythm• 1 clinic in Sweden

GHP clinics

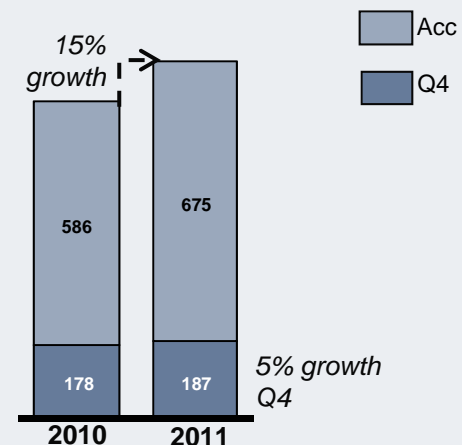
Spine	 <p>SPINE CENTER GÖTEBORG</p>	 <p>STOCKHOLM SPINE CENTER</p>	 <p>SPINE CENTER BERGEN</p>	 <p>OPA Ortopædisk Privathospital Aarhus</p>	 <p>Gildhøj privathospital</p>
Dental	 <p>SPECIALISTTANDLÄKARNA SOPHIAHEMMET</p>	 <p>SPECIALISTTANDLÄKARNA NORRKÖPING</p>	<p>SPECIALISTKLINIKEN FÖR DENTALA IMPLANTAT</p>		
Bariatrics	 <p>BARIATRIC CENTER STOCKHOLM</p>  <p>OB KLINIKA</p>	 <p>BARIATRIC CENTER SKÅNE</p>  <p>BARIATRIC CENTER CENTER FOR ÖVERVÄGTSKIRURGI</p>	 <p>BARIATRIC CENTER HELSINKI</p>  <p>BARIATRIC CENTER CAIRO</p>	 <p>BARIATRIC CENTER BERGEN</p> <p>RASHID CENTRE FOR DIABETES & RESEARCH</p>	
Gastro	 <p>GASTRO CENTER SKÅNE</p>	<p>STOCKHOLM GASTRO CENTER</p>			
Ortho- paedics	 <p>ORTHO CENTER IFK-KLINIKEN</p>	 <p>ORTHO CENTER STOCKHOLM</p>	 <p>ORTHO CENTER SKÅNE</p>	 <p>OPA Ortopædisk Privathospital Aarhus</p>	 <p>Gildhøj privathospital</p>
Arrhythmia	 <p>ARRHYTHMIA CENTER STOCKHOLM</p>				

Challenging market conditions – Q4

SEK millions

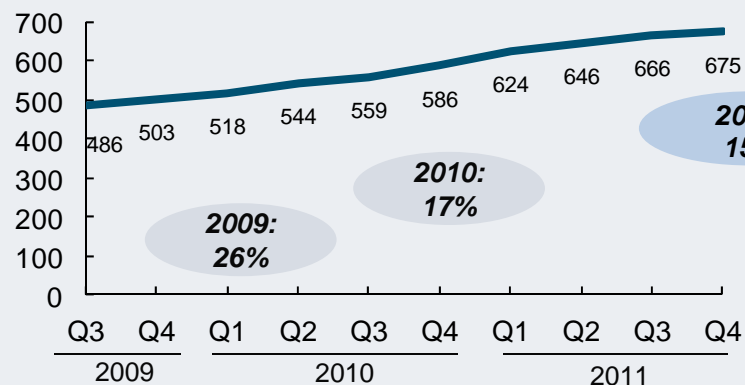
Revenue

- Revenue increased from SEK 178 million to SEK 187 million for Q4 2011, which corresponds to 5 percent growth
- For the full year revenues increased from SEK 586 million to SEK 675 million, which corresponds to 15 percent
- All Service Lines, except Bariatrics, contributes to growth for Q4
- Organic growth in Q4 was negative (-3 percent) due to reduction of revenues in Bariatrics.
- Price pressure and changed patient mix are main reasons.
- Continued high demand from patients in Spine and Orthopaedics



Revenue rolling 12 months

- Rolling 12 months continue to increase and now amounts to SEK 675 million.
- The acquisition of OPA has helped growth for the fourth quarter.
- Gildhøj will have positive effect from March and onwards

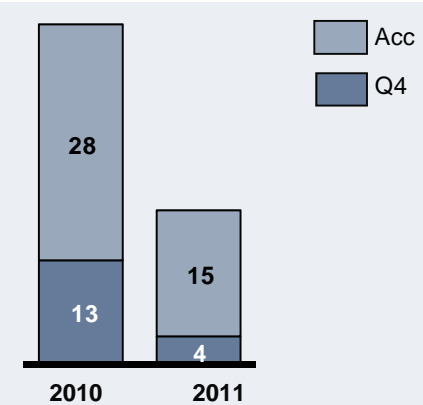


Reduced profitability – Q4

SEK millions

EBIT

- Strong full year EBIT in the Göteborg based companies
- Operating result in Q4 (excluding goodwill write-down) decreased due to
 - Less favorable patient mix in a couple of the larger clinics
 - Increased competition and price pressure



EBIT, rolling 12 months

- Heavy measures taken catering for a better 2012, such as restructuring of ownership in Prague, cost cuts in Bariatric Centers in Copenhagen and Stockholm
- Ongoing work to make processes more effective in several clinics, including procurement etc.
- A SEK 9 million reduction leads to rolling 12 months EBIT of SEK 15 million

EBIT, rolling 12 months



Reduced profit margin – Q4

SEK millions

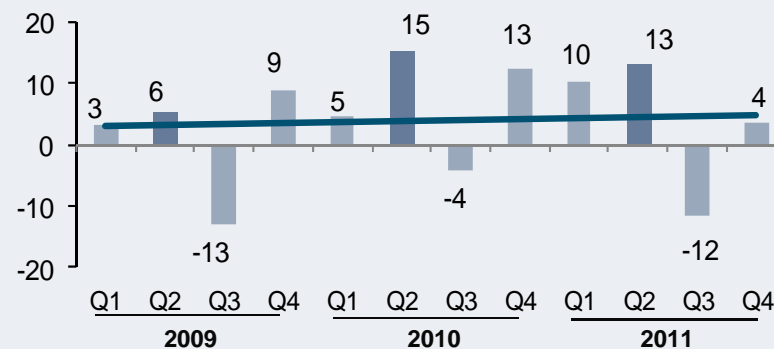
EBIT margin

- Q4 EBIT margin (excluding goodwill write-down) was reduced from 7.0 percent to 1.9 percent
- EBIT margin for rolling 12 months decreased from 4.9 percent to 3.6 percent.
- 2009 numbers are shown exclusive of UK one-off costs



EBIT trend

- Q3 2011 saw a drop in EBIT compared to the corresponding period during previous year. Q4 continued the negative trend
- 2009 numbers are shown exclusive of UK one-off costs



Performance per Service Line – Q4

Service Line Spine

- Continued growth in a mature segment
- Strong performance by clinic in Göteborg
- Continued good profitability in Swedish clinics, however reduced by less favorable patient mix and acquisition of Danish clinic

	Q4 2011	Q4 2010	Full year 2011	Full year 2010
SEK million				
Revenues	62.7	56.0	214.7	186.0
Operating result	5.0	9.8	25.4	28.4
Operating margin, %	8	18	12	15

Service Line Dental

- Service Line Dental still suffers from a declining market for highly specialized dentistry
- Improved trend with growth of 7 percent for the last quarter.
- Further efforts completed within Service line Dental including new management and new structure, which is expected to have positive impact on future profitability and efficiency. Due to the lack of historic profitability, a write-down of goodwill amounting to SEK 30.0 million has been taken into account but is not reflected in the table to the right

	Q4 2011	Q4 2010	Full year 2011	Full year 2010
SEK million				
Revenues	27.8	26.1	92.3	96.4
Operating result	1.9*	4.0	6.5*	10.3
Operating margin, %	7	15	7	11

Performance per Service Line – Q4, cont.

Service Line Bariatrics

- Growth from several of the smaller clinics, however severe drop in demand as well as price pressure at clinic in Stockholm
- Continued high costs in Prague and Denmark. However, diluted ownership to new business partner in Prague will increase performance in 2012

SEK million	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Revenues	38.0	50.6	174.7	143.7
Operating result	1.8	1.5	-0.2	4.0
Operating margin, %	5	3	0	3

Service Line Orthopaedics

- Good growth in a mature area where the acquisition of OPA has contributed significantly
- Increasing initiatives from insurance companies and patient choice systems are beneficial to our high quality clinics
- Solid profitability despite high price pressure, especially in Stockholm
- Danish acquisition affects profitability negatively in Q4

SEK million	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Revenues	51.0	38.7	164.9	134.5
Operating result	1.8	4.4	9.9	13.1
Operating margin, %	4	11	6	10

Service Line Arrhythmia

- Growth for both periods
- Solid profitability despite free capacity in the clinic, however, weak performance in Q4 due to a number of smaller one-off costs

SEK million	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Revenues	7.3	6.2	28.6	24.9
Operating result	-0.1	0.6	2.8	2.9
Operating margin, %	-1	10	10	12

Performance per geographic area – Q4

SEK millions

		Q4 2011	Q4 2010	Full year 2011	Full year 2010
Sweden	Revenue from business activities	156.9	157.5	577.2	526.5
	Operating result from business activities	10.5	14.3	30.4	35.8
Nordic region	Revenue from business activities	22.8	11.8	66.0	31.7
	Operating result from business activities	-4.4	-0.8	-12.6	-2.7
Other countries	Revenue from business activities	7.1	8.3	32.0	27.3
	Operating result from business activities	-2.6	-1.0	-2.6	-4.7
Reported operating result*		3.5	12.5	15.2	28.4

Comments

- All business development costs are included in the Swedish segment, despite the fact that most development activities are carried out outside Sweden
- Swedish business is affected negatively from less favorable patient mix in the large Bariatric clinics
- The non-Swedish operations have reduced it's profitability, mainly through results in Danish clinics

* All numbers excl. goodwill write downs

Reduced margins in mature business – Q4

SEK millions

		Q4 2011	Q4 2010	Full year 2011	Full year 2010
Mature business	Revenue	175.9	149.2	625.8	495.6
	Operating result	20.2	21.5	67.0	63.1
Newly opened and development	Revenue	10.9	28.4	49.4	89.9
	Operating result	-16.7	-9.0	-51.8	-34.7
Reported revenue		186.8	177.6	625.8	495.6
Reported operating result*		3.5	12.5	15.1	28.4

Comments

- Mature clinics are clinics that have been in operation for at least 24 months
- Central administration costs for the Group are included in the mature business
- Central expansion and project costs are included in the start-up business
- Increased costs for newly opened clinics and projects

* All numbers excl. goodwill write down

Financial key data – Q4

SEK millions

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Total cash	98	95	121	139	137	133	145	152	163	155	190	198
Shareholders equity incl. minority	409	462	474	478	475	515	522	514	513	511	550	547
Long term debt	236	252	262	263	253	131	134	129	136	115	119	116
Net cash position	-58	-66	-11	7	14	9	20	33	36	23	62	76
Equity ratio	54%	54%	55%	54%	54%	68%	67%	69%	68%	67%	69%	70%
Net debt / EBITDA rolling 12	1.4	1.3	0.19	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Int bearing debt / EBITDA rolling 12	3.8	3.2	2.4	2.4	2.5	4.0	6.1	11.7	16.8	11.6	28.9	
Int bearing debt / adjusted EBITDA rolling 12	3.8	3.2	2.4	2.4	2.5	2.9	3.9	5.5	6.7	9.9	10.9	
EPS	-0.46	-0.19	0.09	0.04	0.13	-0.07	0.09	-0.01	-0.19	-0.19	-0.01	-0.06
Basic cash flow from operating activities per share	0.17	-0.27	0.19	0.00	0.38	-0.07	0.08	0.03	0.32	-0.32	0.05	-0.08
Shareholders equity per share, SEK	6.18	6.65	6.83	6.84	6.81	7.41	7.53	7.44	7.45	7.55	7.8	7.77
Number of employees	372	364	360	367	324	306	302	297	288	281	282	279
Revenue per employee	0.50	0.35	0.50	0.49	0.55	0.36	0.52	0.47	0.52	0.33	0.47	0.45

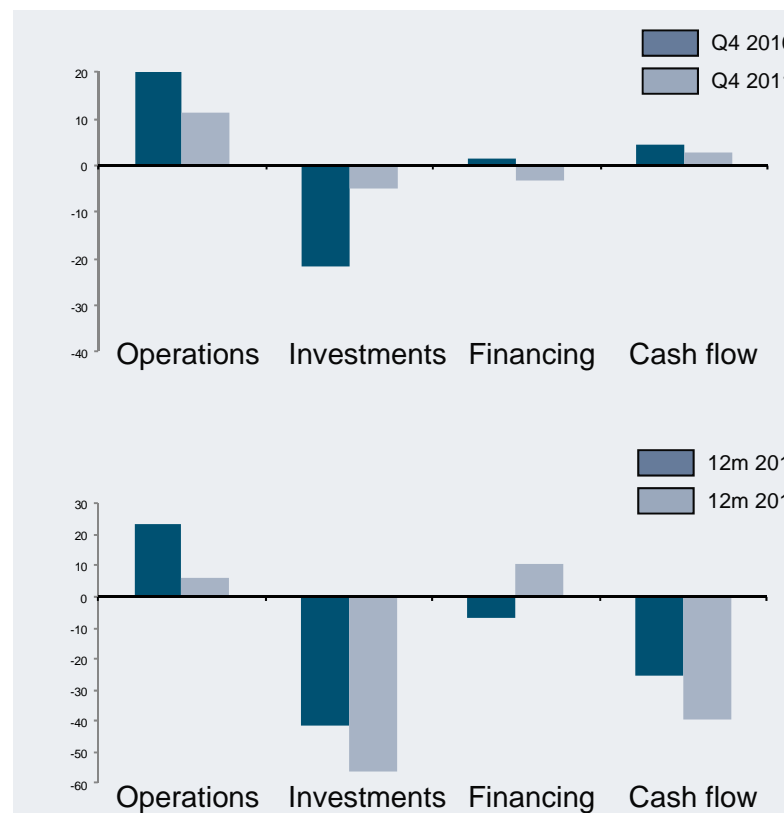
Note: All key figures in Q4 2011 incl. Goodwill write down. The equity ratio has been re-calculated for the period Q4 2010 to Q4 2011 as a result of the change in accounting for put options.

Temporary increase in working capital – Q4

SEK millions

Comments

- Temporary weak operating cash flow in the fourth quarter
- Cash flow from investing activities mainly consists of investments in health care equipment and acquisitions of shares in subsidiaries
- Cash flow from financing activities include new loans as well as some loan repayments





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