

QUALITY THROUGH SPECIALISATION

# GLOBAL HEALTH PARTNER

Q1 REPORT  
APRIL 27, 2012



GLOBAL HEALTH PARTNER

## Agenda

Highlights Q1 2012

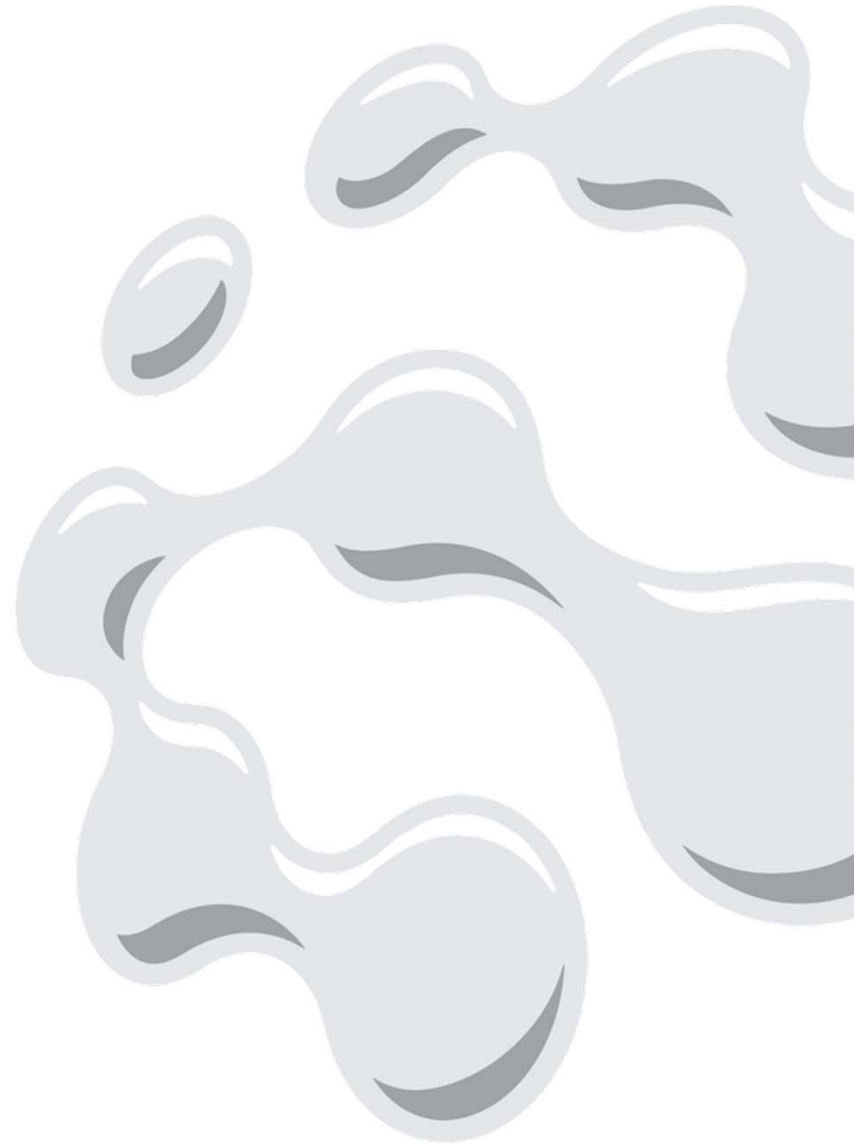
Market situation

Strategy

Service Lines

Finance

Final comments



## Highlights Q1 2012

- Revenue increased with 8% to SEK 192,4 million (178,9) during Q1
- Operating result (EBIT) amounted to SEK 5,0 million (10,4) in Q1
- Operation result (EBIT) amounted to SEK 7,6 million, excluding Danish acquisition costs
- Profitability affected by continued tough market situation in Bariatrics
- Acquisition of Gildhøj during December effective from 1 February 2012

## Market factors



### Sweden

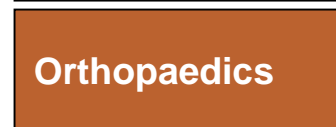
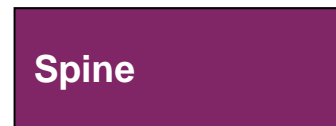
- Prices have stabilized, - 20% vs 2011
- Tendered wait list contracts not yet in use

### Denmark

- Complete patient drainage following new criteria

### Czech Republic

- Slightly better prices 2012, strong demand



### Sweden

- Riksavtalet – new policy that allows all counties to use “lowest tendered prices”
- Västra Götaland is opposing government free choice policies



- Demand is stable

## Market factors- looking ahead

	<b>Current situation</b>	<b>Measures</b>
<b>Bariatrics</b>	Sweden • Same as 2011	Sweden • Further cost reduction
	Denmark • Same as 2011	Denmark • Closure of unit in Q2
	Czech Republic • Slightly better 2012	Czech Republic • Completed action plan
	Finland, Norway, Cairo and UAE • Continued slow but positive development	Finland, Norway, Cairo and UAE • No measure taken
<b>Result:</b>	<b><i>Still demanding but turn around under control</i></b>	

<b>Spine</b>	<b>Riksavtalet,</b>	<b>actions taken</b>
	<b>Västra Götaland deletion of free choice</b>	<b>planning political actions</b>
<b>Orthopaedics</b>		
<b>Result:</b>	<b><i>Continued increased demand, no further price erosion expected but red flag for Ortho Center Göteborg and Spine Center Stockholm</i></b>	

# Market factors – Current situation and measures taken, cont.

	<b>Current situation</b>	<b>Measures</b>
<b>Dental</b>	Sweden <ul style="list-style-type: none"><li>• Stable demand, less complexity</li></ul>	Sweden <ul style="list-style-type: none"><li>• Cost reduction/consolidation</li><li>• Continued market share increase</li></ul>
<b>Arrhythmia</b>	Sweden <ul style="list-style-type: none"><li>• Increased demand</li><li>• Price erosion expected if volumes take off</li></ul>	Sweden <ul style="list-style-type: none"><li>• No measures taken</li></ul>
<b>Gastro</b>	Sweden <ul style="list-style-type: none"><li>• Continued increased demand</li><li>• Stable prices</li></ul>	Sweden <ul style="list-style-type: none"><li>• No measures taken</li></ul>

## Market factors – Summary

2011

- Strong negative impact – forcing actions

2012

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

*One serious new red flag, Västra Götaland policy changes*

## 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

<b>Spine</b>	<ul style="list-style-type: none"><li>• Spine surgery/spine care</li><li>• 4 clinics in Sweden, Norway and Denmark (Orthopaedics/Spine)</li></ul>
<b>Orthopaedics</b>	<ul style="list-style-type: none"><li>• Sports traumatology and prosthetic surgery</li><li>• 5 clinics in Sweden and Denmark (Orthopaedics/Spine)</li></ul>
<b>Dental</b>	<ul style="list-style-type: none"><li>• Specialist dentistry</li><li>• 3 clinics in Sweden</li></ul>
<b>Bariatrics</b>	<ul style="list-style-type: none"><li>• Treatment and surgery of obesity and reconstructive plastic surgery</li><li>• 11 clinics in Sweden, Finland, Denmark, Norway, Czech Republic, Egypt and UAE</li></ul>
<b>Gastro</b>	<ul style="list-style-type: none"><li>• Medical gastroenterology and endoscopy</li><li>• 3 clinics in Sweden</li></ul>
<b>Arrhythmia</b>	<ul style="list-style-type: none"><li>• Disturbance of the heart rhythm</li><li>• 1 clinic in Sweden</li></ul>

# GHP clinics

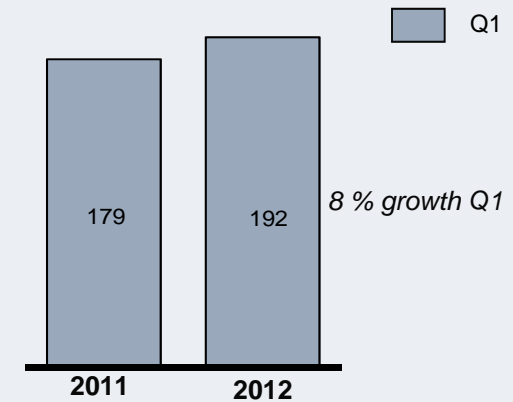
Spine	 <p>SPINE CENTER GÖTEBORG</p>	 <p>STOCKHOLM SPINE CENTER</p>	 <p>SPINE CENTER BERGEN</p>	 <p>OPA Ortopædisk Privathospital Aarhus</p>	 <p>Gildhøj privathospital</p>
Dental	 <p>SPECIALISTTANDLÄKARNA SOPHIAHEMMET</p>	 <p>SPECIALISTTANDLÄKARNA NORRKÖPING</p>	<p>SPECIALISTKLINIKEN FÖR DENTALA IMPLANTAT</p>		
Bariatrics	 <p>BARIATRIC CENTER STOCKHOLM</p>	 <p>BARIATRIC CENTER SKÅNE</p>	 <p>BARIATRIC CENTER HELSINKI</p>	 <p>BARIATRIC CENTER BERGEN</p> <p>RASHID CENTRE FOR DIABETES &amp; 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>				

# Continued challenging market conditions

SEK millions

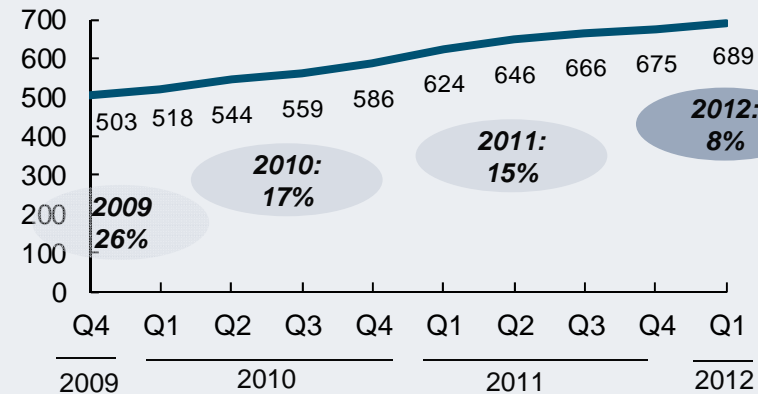
## Revenue

- Revenue increased from SEK 179 million to SEK 192 million for Q1 2012, which corresponds to 8 percent growth
- All Service Lines, except Bariatrics, contributes to growth for Q1
- Strong demand in all Swedish Ortho and Spine clinics.
- Organic growth in Q1 was negative (-2 percent) due to reduction of revenues in Bariatrics.
- Severe drop in both Swedish Bariatrics clinics, price pressure and changed patient mix are main reasons.
- Delayed patient flow to Bariatric Center Stockholm from newly won contract with VGR.



## Revenue rolling 12 months

- Rolling 12 months continue to increase and now amounts to SEK 689 million.
- The acquisition of OPA and Gildhög has helped growth for the first quarter.

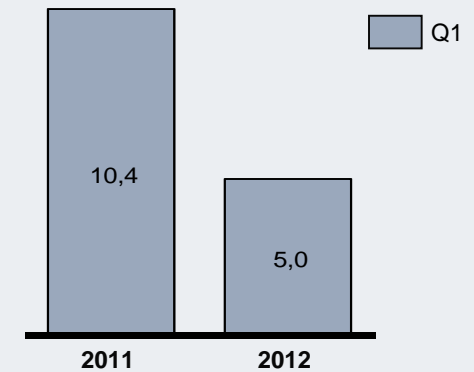


# Profitability kept down by Bariatrics

SEK millions

## EBIT

- Operating result in Q1 decreased due to continued tough market situation for Bariatrics in the Nordics.
- EBIT reduced with acquisition costs in Denmark of 2,6 million for completed and ongoing acquisitions.
- Strong performance in Swedish Spine, Orthopaedics, Dental and Arrhythmia clinics.
- The clinic in Prague has minimal impact on group EBIT after successful restructuring of ownership and increased performance.



## EBIT, rolling 12 months

- A SEK 5 million reduction leads to rolling 12 months EBIT of SEK 10 million

## EBIT, rolling 12 months



# Reduced profit margin

SEK millions

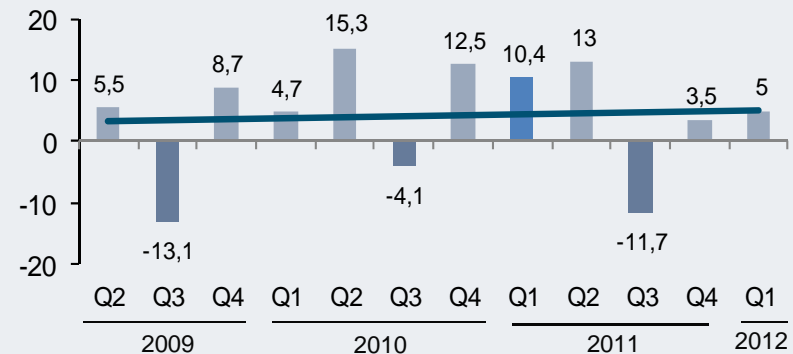
## EBIT margin

- Q1 EBIT margin was reduced from 5,8 percent to 2,6 percent.
- However, margin increased compared to the second half of 2011.
- EBIT margin for rolling 12 months decreased from 2,2 percent to 1,4 percent.
- 2009 numbers are shown exclusive of UK one-off costs



## EBIT trend

- Q3 2011 showed a drop in EBIT compared to the corresponding period during previous year. Q4 continued the negative trend, but Q1 2012 was a step in the right direction.
- 2009 numbers are shown exclusive of UK one-off costs



# Performance per Service Line – Q1

## Service Line Spine/Orthopaedics

- Solid organic growth in the Swedish Orthopaedic clinics despite low prices in the Stockholm market.
- Strong profitability in all Swedish clinics.
- The acquisitions of OPA and Gildhøj have a significant impact on the revenues in Q1, but OPA affects the profitability negatively in Q1.

SEK million	Q1 2012	Q1 2011	Change	Full year 2011	Full year 2010
Revenues	124,0	97,5	27 %	379,6	320,5
Operating result	12,5	14,1		35,3	41,5
Operating margin, %	10	14		9	13

## Service Line Dental

- Solid growth despite continued decline in market for dental implants.
- Internal reorganization is completed and new management and new structure is in place.
- EBIT improvement in Q1 is a promising start of 2012.

SEK million	Q1 2012	Q1 2011	Change	Full year 2011	Full year 2010
Revenues	25,4	22,3	14 %	92,3	96,4
Operating result	2,1	1,2		6,5*	10,3
Operating margin, %	8	5		7	11

\* before goodwill write-downs

## Performance per Service Line, cont.

### Service Line Bariatrics

- The market is still very tough and is characterized by high price pressure and low patient flow for the Swedish clinics.
- The clinic in Prague has been deconsolidated due to an issue of shares to a new main owner, and is picking up in performance.
- Post balance sheet events: It was decided to close clinic in Copenhagen due to continued lack of patients.

SEK million	Q1 2012	Q1 2011	Change	Full year 2011	Full year 2010
Revenues	35,0	51,4	-32 %	174,7	143,7
Operating result	-3,8	1,4		-0,2	4,0
Operating margin, %	-11	3		0	3

### Service Line Arrhythmia

- Solid growth and profitability
- Stable future patient flow is expected.

SEK million	Q1 2012	Q1 2011	Change	Full year 2011	Full year 2010
Revenues	8,0	7,7	4 %	28,6	24,9
Operating result	1,3	1,3		2,8	2,9
Operating margin, %	16	17		10	12

# Performance per geographic area – Q1

SEK millions

		Q1 2012	Q1 2011	Full year 2011	Full year 2010
<b>Sweden</b>	Revenue from business activities	157,7	157,4	577.2	526.5
	Operating result from business activities	9,2	10,6	30.4	35.8
<b>Nordic region</b>	Revenue from business activities	30,0	13,5	66.0	31.7
	Operating result from business activities	-5,6	0,4	-12.6	-2.7
<b>Other countries</b>	Revenue from business activities	4,7	8.0	32.0	27.3
	Operating result from business activities	1,4	-0,6	-2.6	-4.7
<b>Reported operating result*</b>		<b>5,0</b>	<b>10,4</b>	<b>15.2</b>	<b>28.4</b>

## Comments

- All business development costs are included in the Swedish segment
- Swedish business is affected negatively from tough market situation in Bariatrics in the Nordics.
- The business in Other countries has reduced revenues and improved EBIT due to the deconsolidation of the clinic in Prague.

\* All numbers excl. goodwill write downs



## Reduced margins in mature business – Q1

SEK millions

		Q1 2012	Q1 2011	Full year 2011	Full year 2010
<b>Mature business</b>	Revenue	185,4	160,0	625.8	495.6
	Operating result	18,9	21,0	67.0	63.1
<b>Newly opened and development</b>	Revenue	7,0	18,9	49.4	89.9
	Operating result	-13,9	-10,6	-51.8	-34.7
<b>Reported revenue</b>		<b>192,4</b>	178,9	<b>675,2</b>	585,5
<b>Reported operating result*</b>		<b>5,0</b>	10,4	<b>15,2</b>	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 Newly opened and development business
- Increased costs for newly opened clinics and projects, mainly in Bariatrics Denmark.

\* All numbers excl. goodwill write downs

# Financial key data – Q1

SEK millions

	Q1 2012	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	75	98	95	121	139	137	133	145	152	163	155	190	198
Shareholders equity incl. minority	403	409	439	451	455	475	515	522	514	513	511	550	547
Long term debt	247	236	252	262	263	253	131	134	129	136	115	119	116
Net cash position	-102	-58	-66	-11	7	14	9	20	33	36	23	62	76
Equity ratio	50 %	54%	54%	55%	54%	54%	68%	67%	69%	68%	67%	69%	70%
Net debt / EBITDA rolling 12	2,7	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	4,9	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	4,9	3.8	3.2	2.4	2.4	2.5	2.9	3.9	5.5	6.7	9.9	10.9	
EPS	-0,05	-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	-0,12	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	6,08	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	355	372	364	360	367	324	306	302	297	288	281	282	279
Revenue per employee	0,54	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: The equity ratio has been re-calculated from the period Q4 2010 and onwards as a result of the change in accounting for put options.

# Temporary increase in working capital – Q1

SEK millions

## Comments

- Temporary weak operating cash flow in the first 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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