



# Acquisition of Aleris Care Announcement presentation

16 October 2018

**ambea** 

# Transaction summary

## The acquisition

- Ambea has entered into an agreement to acquire Aleris Care at an enterprise value of SEK 2.6bn, corresponding to an equity value of approx. SEK 3.0bn
- Closing of the acquisition is expected in Q1 2019, subject to customary regulatory approvals

## Financing

- Ambea has secured bank financing for the acquisition, consisting of a SEK 1.4bn loan facility and a SEK 1.2bn bridge financing to be repaid by rights issue
- Rights issue to be approved by the EGM, planned for H1 2019 to maintain financial strength and flexibility

## Transaction in brief

**SEK  
2,600m**  
Enterprise value

**Bridge  
financing in  
place, rights  
issue in 2019**

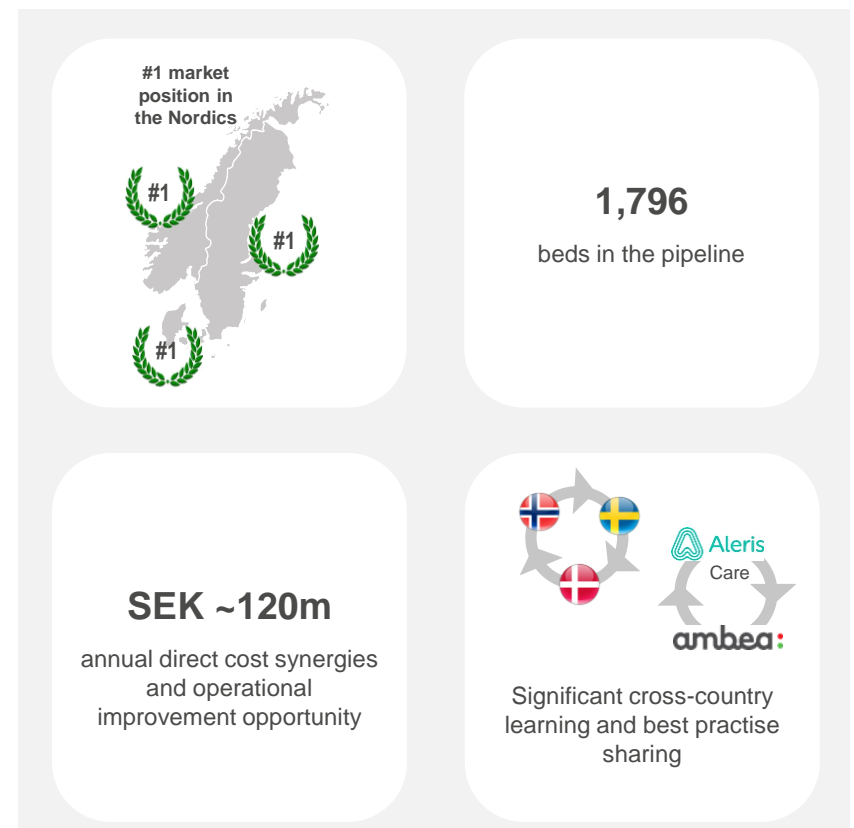
**14.0x**  
EV/EBITA  
before synergies

**8.5x**  
EV/EBITA  
after direct cost  
synergies and  
operational  
improvements

# Strategic rationale

- ✓ The largest private care company in the Nordics, with leading positions in Sweden, Norway and Denmark
- ✓ A robust platform in multiple countries with strong organic growth pipeline
- ✓ Significant synergies and margin improvement opportunities
- ✓ Cross-country learning opportunities and sharing of best practice

## The New Ambea Group



# Two complementary companies with strong own management businesses

## Ambea at a glance



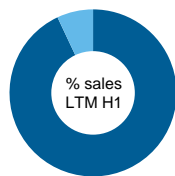
SEK **5,937m** sales LTM H1

**#3** in the Nordic market  
 – #2 in Sweden  
 – #7 in Norway  
 – n.a. in Denmark

**67%** Own Management of sales

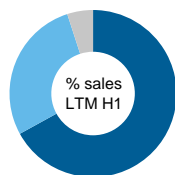
**1,038** beds in pipeline

### Geography



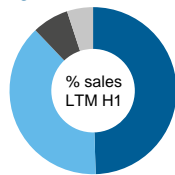
■ Sweden  
 ■ Norway

### Own vs. Contract



■ Own Management  
 ■ Contract Management  
 ■ Staffing

### Segment



■ Nytida ■ Norway  
 ■ Vardaga ■ Klara

## Aleris Care at a glance



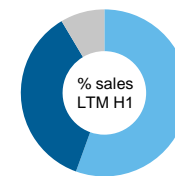
SEK **4,665m** sales LTM H1

**#6** in the Nordic market  
 – #6 in Sweden  
 – #1 in Norway  
 – #1 in Denmark

**77%** Own Management of sales

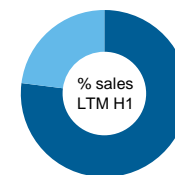
**758** beds in pipeline

### Geography



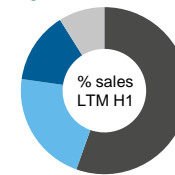
■ Norway  
 ■ Sweden  
 ■ Denmark

### Own vs. Contract



■ Own Management  
 ■ Contract Management

### Segment



■ IoF (SWE) ■ Norway  
 ■ EC (SWE) ■ Denmark

# The new Ambea Group - the leading Nordic care provider



## The new Ambea Group

Indicative market position



SEK **10,602m** sales LTM H1

**#1** in the Nordic market

- #1 in Sweden
- #1 in Norway
- #1 in Denmark

**71%** Own Management of sales

**1,796** beds in pipeline

## From #3 to #1 in the Nordics

Indicative market position pre transaction



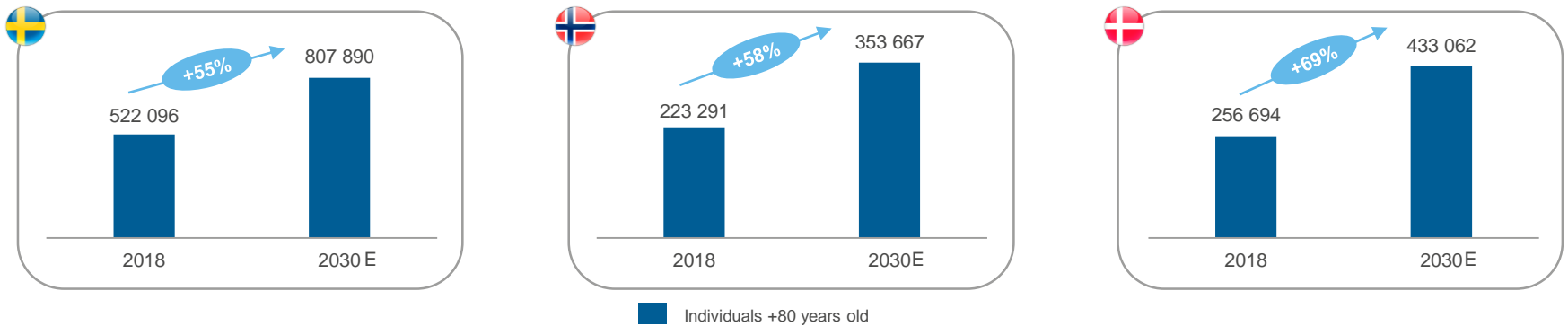
Indicative market position post transaction



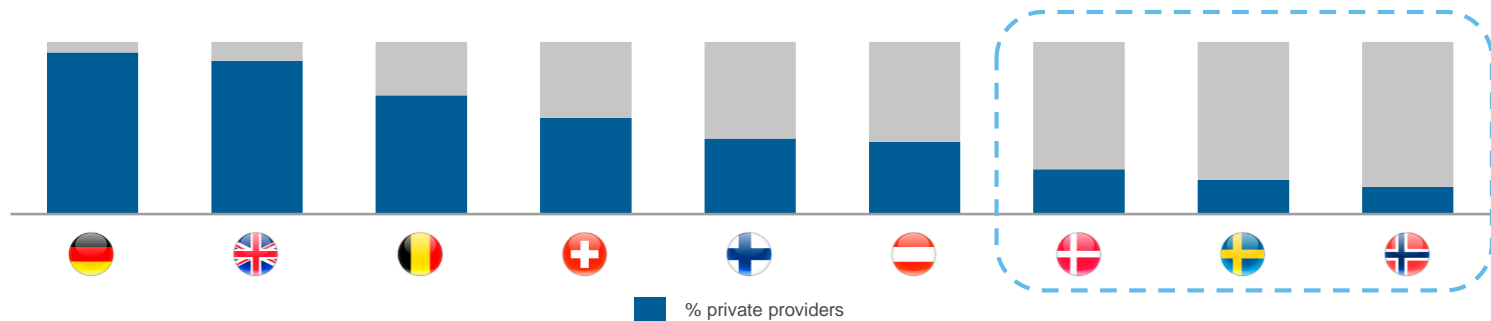
Note: Competitors include for-profit care service providers in segments where Ambea is present. Comparison based on LFY reported revenues, adjusted for major acquisitions and divestments. Aleris Care pro forma group accounts K3. Attendo adjusted for divested healthcare operations and the acquisition of Mikeva. Team Oliva Danish sales exclude sales related to Personal Assistance  
Source: Company information, company filings

# Active in attractive markets

Favorable demographic development in elderly care, with number of +80 year olds expected to increase

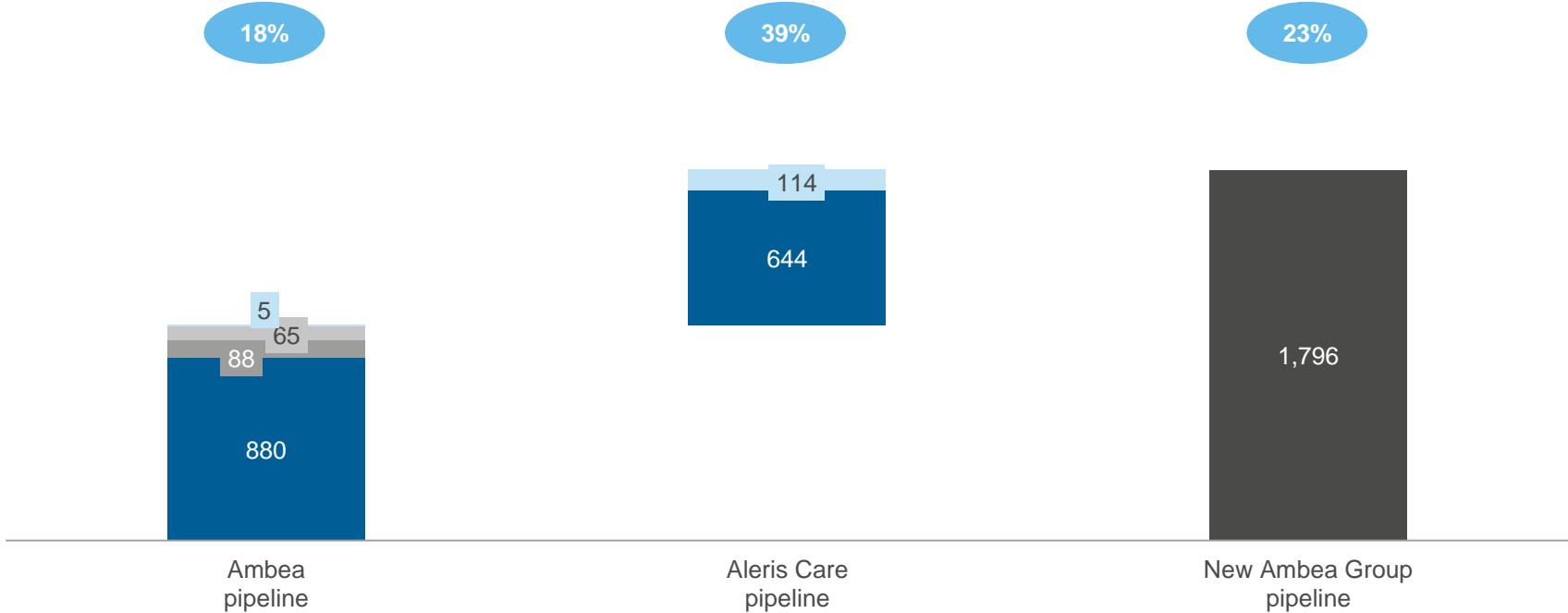


Low private penetration in the Nordics compared to rest of Europe indicates future potential



# Significant number of beds in pipeline driving short term organic growth

1,796 beds in combined pipeline



■ Vardaga ■ Nytida beds ■ Nytida placements ■ Norway ● Beds in pipeline as % of current OM beds/placements in operations

# Operational excellence drives margin improvement



Significant cross-country learning opportunities

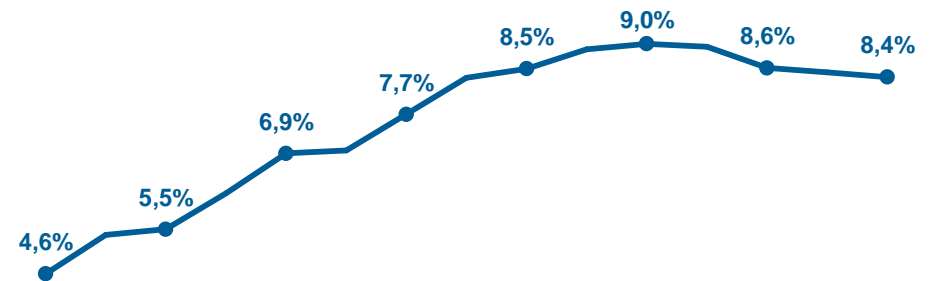
Ambea care model...

...results in margin improvements

**ambea** :

- 1 Industry-leading quality system 
- 2 Leader in education of high competence 
- 3 Operational excellence and digitalisation 
- 4 KPI-driven unit performance management 

**nytida**      **vardaga**



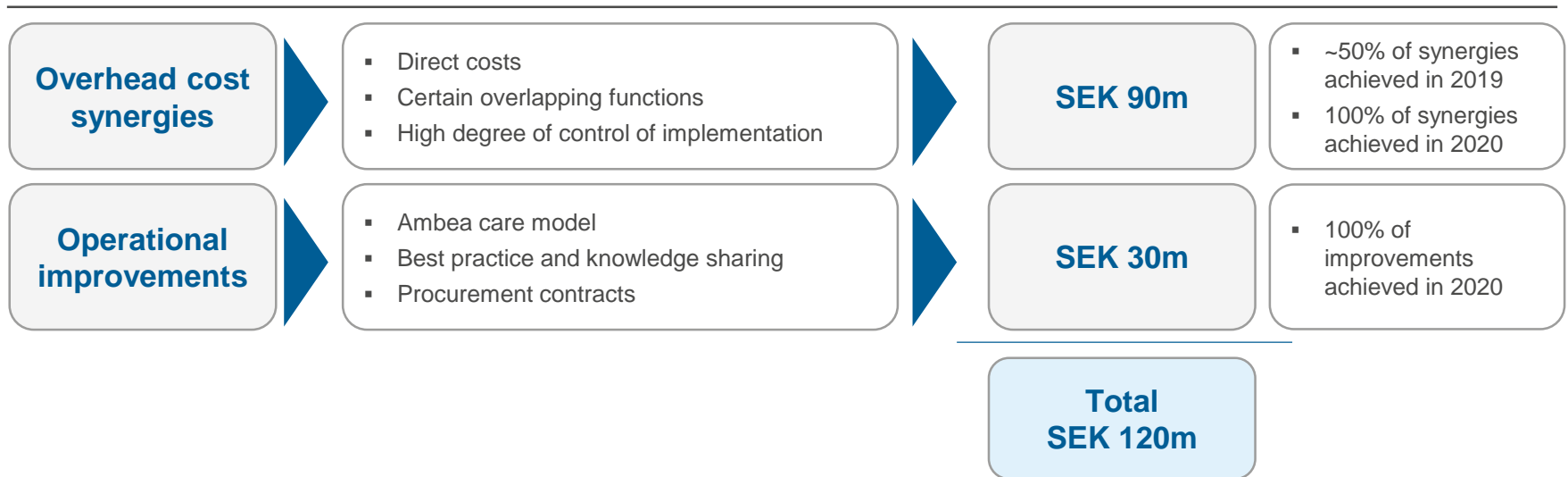
Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2014														

Adjusted EBITA-margin LTM

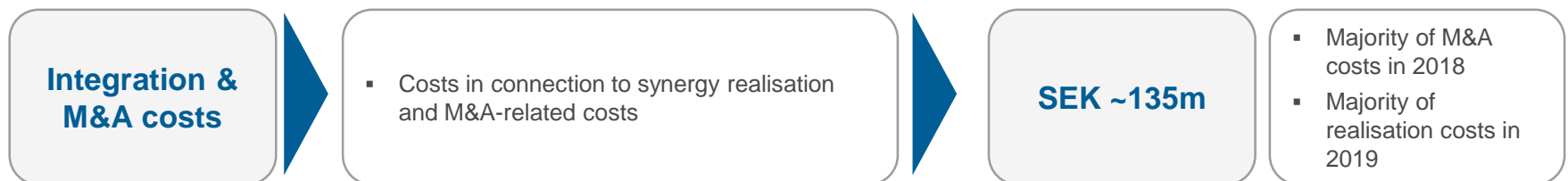


# Attractive synergies to support further growth

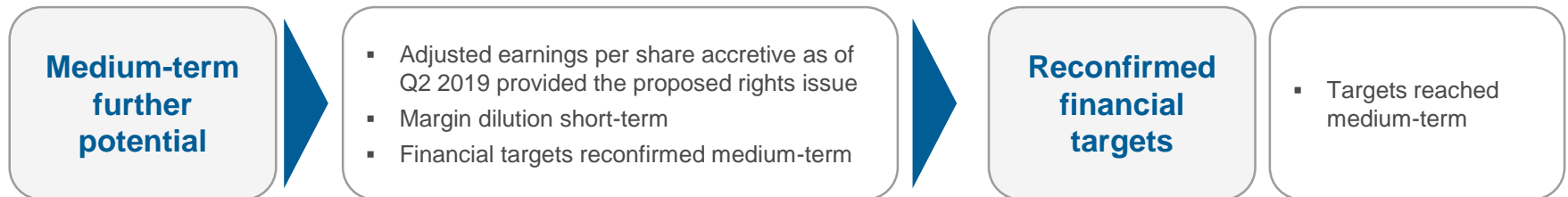
## Annual financial impact



## One-off effects



# Ambea financial targets reconfirmed



## Ambea financial targets

<b>8-10%</b>	<b>Sales growth</b>	Annual growth ranging between 8-10% through a combination of organic and acquisition driven growth
<b>9.5%</b>	<b>Adjusted EBITA margin</b>	An adjusted EBITA margin of 9.5% in the medium-term
<b>&lt;3.25x</b>	<b>Net debt / adjusted EBITDA</b>	Net debt to adjusted EBITDA below 3.25x with short-term deviations, e.g. in association with acquisitions
<b>30%</b>	<b>Earnings dividend</b>	Given proposed rights issue in 2019, the Board anticipates to recommend to the AGM to resume dividend for fiscal year 2019, payable in 2020

# Transaction terms

<p>The acquisition</p>	<p><b>SEK 2,600m</b></p> <hr/> <p>Enterprise value</p>	<p><b>14.0x</b></p> <hr/> <p>EV/EBITA before synergies</p>	<p><b>9.4x</b></p> <hr/> <p>EV/EBITA after direct cost synergies</p>	<p><b>8.5x</b></p> <hr/> <p>EV/EBITA after cost synergies and operational improvements</p>
<p>Timetable</p>	<ul style="list-style-type: none"> <li>▪ Closing of the acquisition expected in Q1 2019, subject to customary regulatory approvals</li> <li>▪ Rights issue is expected to be completed during H1 2019</li> </ul>			
<p>Financing</p>	<ul style="list-style-type: none"> <li>▪ Ambea has secured SEK 2.6bn in bank financing in order to finance the acquisition             <ul style="list-style-type: none"> <li>– Danske Bank, DNB and Nordea are the arrangers and lenders of the bank financing, which comprises (i) a revolving credit facility of SEK 1.4bn with an original term of 3 years, plus two optional extensions of 1 year each, and (ii) a bridge facility of up to SEK 1.2bn with an original term of 9 months, plus two optional extensions of 3 months each. The intention is to repay the bridge facility through the rights issue.</li> </ul> </li> <li>▪ Rights issue supported by largest shareholders, to be approved by the EGM, planned for H1 2019 to maintain financial strength and flexibility             <ul style="list-style-type: none"> <li>– ACTR Holding AB and ACTOR SCA, which are controlled by KKR and Triton – jointly holding 50.1% of the shares in Ambea intend to vote in favour of the rights issue at a general meeting and to subscribe for their respective pro-rata shares in the rights issue.</li> </ul> </li> <li>▪ Transaction costs for the acquisition are estimated at SEK 35m</li> </ul>			

# Fully funded acquisition maintaining a strong financing structure

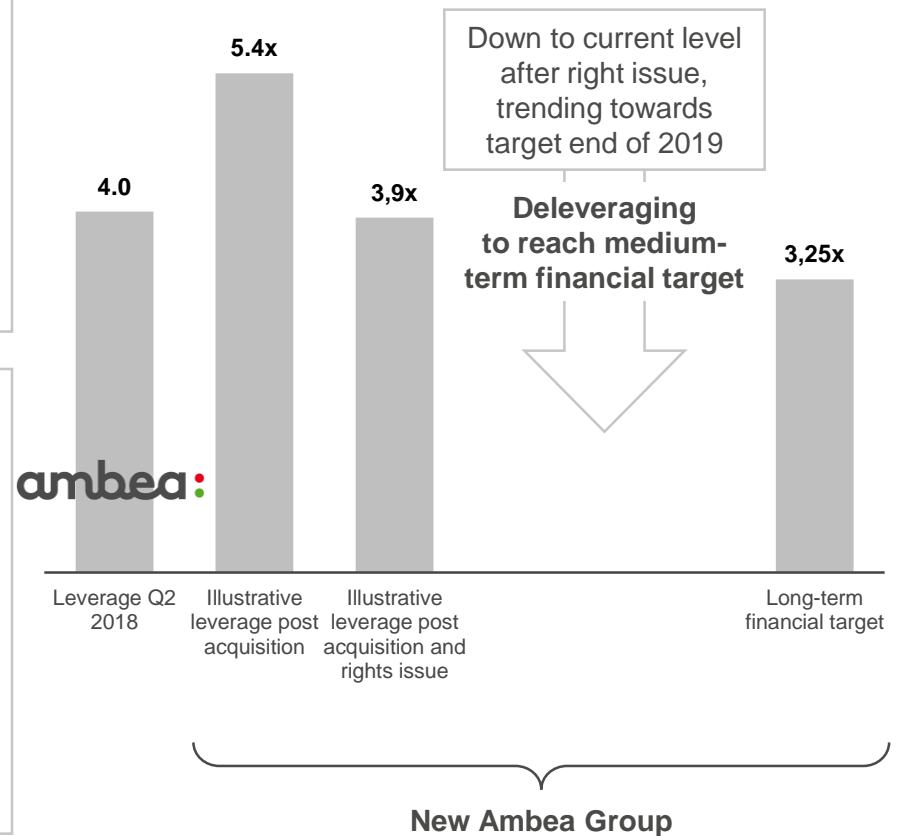
## Rights issue

- Loan and bridge facility available to finance the acquisition
- Plan to raise approximately SEK 1.2bn in a rights issue – to be approved by the EGM
- Rights issue expected to be completed during H1 2019

## Shareholder support

- The larger shareholders ACTR Holding AB and ACTOR SCA, controlled by KKR and Triton and representing approximately 50.1 per cent of the total number of shares and votes in Ambea, intend to vote in favour of the rights issue at a general meeting and to subscribe for their respective pro-rata shares in the rights issue. The rights issue is expected to be resolved and completed during the first half of 2019.

## Illustrative Net debt / EBITDA development



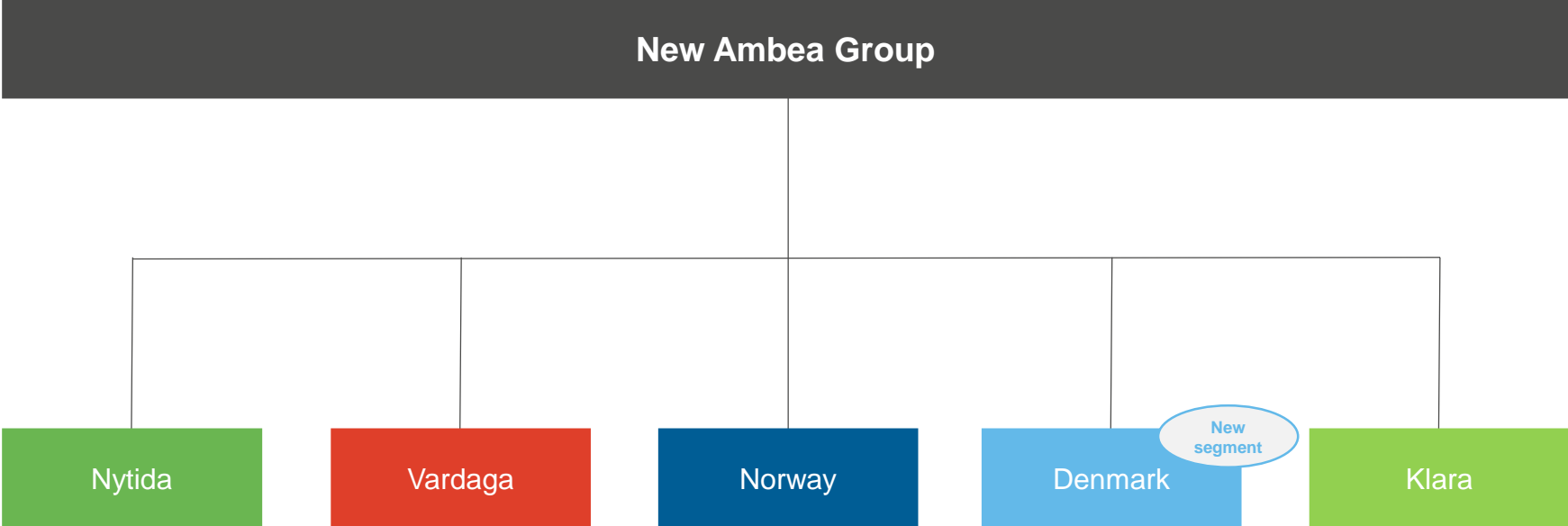
# Time table

## Next steps

- |   |                        |
|---|------------------------|
| ▪ Announcement of acquisition               | Today, 16 October 2018 |
| ▪ Expected approval from competition filing | Q1 2019                |
| ▪ Closing of acquisition                    | Q1 2019                |
| ▪ EGM                                       | H1 2019                |
| ▪ Rights issue                              | H1 2019                |

# Appendix

# New structure of Ambea Group



# New Ambea Group income statement

## Aleris Care LTM H1 2018

SEKm	Vardaga	Nytida	Norway	Denmark	Klara	Group
Adjusted sales	1 034	636	2 595	400	n.a.	4 665
OPEX and depreciation	(1 030)	(594)	(2 504)	(390)	n.a.	(4 519)
Adjusted EBITA	3	42	91	9	n.a.	146
% adjusted EBITA margin	0,3%	6,6%	3,5%	2,3%	n.a.	3,1%
Reported EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	96

## Ambea LTM H1 2018

SEKm	Vardaga	Nytida	Norway	Denmark	Klara	Group
Sales	2 234	2 938	444	n.a.	321	5 937
OPEX and depreciation	(2 087)	(2 576)	(427)	n.a.	(306)	(5 439)
Adjusted EBITA*	147	362	17	n.a.	15	498
% adjusted EBITA margin*	6,6%	12,3%	3,8%	n.a.	4,7%	8,4%

## New Ambea LTM H1 2018

SEKm	Vardaga	Nytida	Norway	Denmark	Klara	Group
Sales	3 268	3 574	3 039	400	321	10 602
OPEX and depreciation	(3 117)	(3 170)	(2 931)	(390)	(306)	(9 958)
Adjusted EBITA*	150	404	108	9	15	644
% adjusted EBITA margin*	4,6%	11,3%	3,6%	2,3%	4,7%	6,1%

\* EBITA for each Ambea sub-segment standalone. Group includes unallocated and group adjustments



Note: Aleris pro forma group accounts K3 adjusted for discontinued businesses, terminated contracts and units in the process of being closed. OH attributable to Aleris Sweden has been allocated to Nytida and Vardaga based on the segments' share of Aleris Sweden sales  
Source: Company information, company filings



# Specification of costs related to the Transaction

## Transaction costs

SEKm

M&A-related costs

35

Rights issue costs

*To be confirmed*

Synergy realisation costs

100

**Total transaction costs**

**135**