



## [CAPIO'S PRELIMINARY ACCOUNTS REPORT 2000]

### Cario listed on the Stockholm Stock Exchange's O list on 16 October

- **Net sales increased by 48% to SEK 3,357M (2,267). Organic growth was 10%.**
- **EBITA increased by 38% to SEK 170M (123), excluding items affecting comparability. This is equivalent to an operating margin of 5.1% (5.4%).**
- **Earnings after financial items totalled SEK 310M, including items affecting comparability in the amount of SEK 152M.**
- **S:t Görans Sjukhus has extended its care agreement until 2006.**
- **Marsh Health, Britain's third largest occupational health company, was acquired at the end of the year.**

#### The Group

Work during the year focused on developing the existing business, which has seen strong growth in the past few years. All of the Group's business areas boosted their competitiveness, leading to healthy volume development. There were a number of start-ups in the autumn and decisions have been taken regarding further start-ups due in spring 2001.

Bure Equity distributed shares in Cario to its shareholders at the beginning of October. Cario was listed on the Stockholm Stock Exchange's O list on 16 October. Bure merged the companies within the Healthcare business area into a single legal Group ahead of this distribution. This restructuring began in 1999 and was concluded in spring 2000.

Net sales totalled SEK 3,357M (2,267), an increase of 48 percent on the previous year. The increase is mostly attributable to the acquisition of S:t Görans Sjukhus at the end of

1999. Organic growth was strong, totalling 10 per cent.

The EBITA totalled SEK 170M (123), excluding items affecting comparability in the amount of SEK 152M. This item includes a repayment of SPP funds in a net amount of SEK 170M after a provision for non-recurring expenses for pensions. The item also comprises the costs associated with the listing on the stock exchange, i.e. SEK 8M, as well as SEK 10M in the form of a non-recurring provision to Cario's research foundation. The operating margin was 5.1 percent (5.4). The decrease is mainly due to lower margins in the Norwegian diagnostic business because of drastic cuts in MR charges. The relative size of S:t Görans Sjukhus within the Group also reduces the margins somewhat. The hospital's performance is healthy and is following the acquisition plan.

The Group's earnings after financial items totalled SEK 310M.

The Norwegian Rikstrygdeverket's decision concerning a substantial reduction in reimbursements for certain types of X-ray examinations (MR) has led to a significant decrease in earnings for Capio's Norwegian radiology business this year compared with the previous year. The question of equal opportunities for private and public producers in Norway is currently being investigated, and the decision concerning equal reimbursement terms has therefore been postponed. Despite this, volumes have developed well in the radiology business, although the difficult pricing situation has had a negative impact on net sales and earnings of around SEK 41M during the year. A freeze on investments in additional MR equipment has been introduced in Capio's Norwegian radiology business.

During the autumn, the remaining 30 percent of the shares in AB Previa and the remaining

50 percent of the shares in the Volvat Group were acquired through two non-cash issues. The subscription level for Capio's first co-ownership included 1,700 employees. A total of 2,050,300 warrants were subscribed for. Each warrant entitles the holder to subscribe for a share in Capio at a price of SEK 50 per share by 31 May 2004 at the latest.

Marsh Health Limited was acquired in December. The company is the third largest occupational healthcare company in Britain. The acquisition will help consolidate Capio's position in the UK market. The company will be included in the Group's financial results as of 2001.

A new operational organisation was introduced in 2000 when the organisation was divided into six business areas that were integrated into three overall business sectors. The central divisions are at the parent company.

Capio, SEK M	Net sales		EBITA		Operating margin, %	
	Full-year 2000	Full-year 1999	Full-year 2000	Full-year 1999	Full-year 2000	Full-year 1999
Healthcare Services	2 493	1 412	139.8	67.6	5.6	4.8
Diagnostic Services	658	631	52.9	71.8	8.0	11.4
Elderly Care Services	249	223	26.2	19.5	10.5	8.8
Eliminations/Other	-43	1	-48.5	-36.1	-	-
<b>Subtotal</b>	<b>3 357</b>	<b>2 267</b>	<b>170.4</b>	<b>122.9</b>	<b>5.1</b>	<b>5.4</b>
Items affecting comparability			152.5	-		
<b>Total</b>	<b>3 357</b>	<b>2 267</b>	<b>322.9</b>	<b>122.9</b>	<b>9.6</b>	<b>5.4</b>

### **Business Sector Healthcare Services**

Provides both planned and emergency outpatient and in-patient medical care within around thirty medical specialist areas.

### **Business Area Hospitals**

S:t Görans Sjukhus in Stockholm was acquired in December 1999 and is the Group's largest unit. During the year, major restructuring work has begun. This includes a review and modification of the organisation, production control, production processes, IT structure etc. The hospital is gradually being streamlined and developments have proceeded according to plan.

In December, Sweden's Parliament decided to introduce legislation to halt the sale of

emergency hospitals to profit-making companies. This legislation applies until the end of 2002. It is not retroactive, which means that neither S:t Görans Sjukhus nor other units within the Group are affected.

S:t Görans Sjukhus has concluded an extension of its care agreement with the Stockholm county council until 2006. The agreement also includes an extended future geographical catchment area.

Lundby hospital has signed a dialysis agreement with the Västra Götaland region. The dialysis operations began in September.

### **Business Area Outpatient Healthcare**

The market for services within occupational care and other medical specialist areas is

looking healthy in Scandinavia, which has led to increased sales and improved financial results. During the year, smaller units in Sweden and Norway have been incorporated into the existing operations. Marsh Health, the UK's third largest occupational health company, was acquired in December, opening the way for expansion in a large and fragmented market with excellent growth.

#### ***Business Area Psychiatry***

The operations have expanded during the year. The Anorexia Centre in Varberg was acquired in May, consolidating Capio's position within anorexia treatment in Sweden. New units have been started during the year in London, Liverpool and Lausanne. Two major new agreements have been signed for psychiatric care in Stockholm and Malmö.

#### **Business Sector Diagnostic Services**

Comprises laboratory medicine and diagnostic radiology for outpatient and inpatient medical care. Clinical tests for the pharmaceutical industry are also performed.

#### ***Business Area Laboratories***

The operations have performed very well during the year. Profitability has improved significantly thanks to ongoing streamlining efforts, as well as investments in IT systems. The operations in Denmark report healthy organic growth, due, amongst other things, to a strong intake of orders for clinical tests. Fifty percent of Professional Genetics Laboratory in Uppsala was acquired in December.

#### ***Business Area Radiology***

Volume development is good and demand is substantial. The EBITA has however fallen considerably because of the Norwegian Rikstrygdeverket's decision to make drastic cuts in reimbursement levels for MR

examinations. Increased volumes have partly compensated for this. Margins in the Norwegian MR operations are expected to remain on the present level in 2001.

Preparations for the integration of S:t Görans Röntgen into the business area were made during the year. As of 2001, the company will be included in the business area. Investments in new MR capacity have been made in Stockholm and Gothenburg. Decisions have been taken and preliminary activities conducted ahead of the impending opening of Globen Röntgen. In addition, a smaller X-ray business was opened in Solna during the autumn. Lundby Röntgen has signed a four-year agreement covering mammography in Skaraborg starting in February 2001.

#### **Business Sector Elderly Care Services**

Provides nursing and care services focusing on the healthcare-intensive segment.

#### ***Business Area Elderly Care***

Elderly care has continued to perform well. The EBITA has been boosted significantly thanks to high occupancy rates and efficiency-enhancing efforts. Occupancy levels in all operations have been good. Newly started operations, however, have reported lower occupancy levels.

The business area has concluded an agreement with the Halmstad municipality for elderly housing for 72 residents starting in 2002. In Norway, a four-year agreement has been signed covering the running of a new establishment in Baerum, Norway, whose operations are due to commence in March 2001.

Capio, SEK M	Net sales					EBITA				
	Q4 2000	Q3 2000	Q2 2000	Q1 2000	Q4 1999	Q4 2000	Q3 2000	Q2 2000	Q1 2000	Q4 1999
Healthcare Services	689	538	642	624	463	50.0	14.7	38.9	36.2	28.1
Diagnostic Services	180	143	164	172	182	14.9	7.7	10.0	20.3	24.5
Elderly Care Services	63	63	62	61	60	8.7	9.0	4.3	4.2	3.9
Eliminations/Other	-14	-9	-10	-10	-2	-14.1	-10.9	-10.5	-13.0	-13.1
<b>Subtotal</b>	<b>918</b>	<b>735</b>	<b>858</b>	<b>847</b>	<b>702</b>	<b>59.5</b>	<b>20.5</b>	<b>42.7</b>	<b>47.7</b>	<b>43.4</b>
Items affecting comparability						5.0	30.9	116.6	-	-
<b>Capio</b>	<b>918</b>	<b>735</b>	<b>858</b>	<b>847</b>	<b>702</b>	<b>64.5</b>	<b>51.4</b>	<b>159.3</b>	<b>47.7</b>	<b>43.4</b>

### **Key events at the Capio Group between October and December 2000**

The fourth quarter was marked by a high level of activity in all business areas. An agreement was signed extending the care agreement at S:t Görans Sjukhus to 2006. Outpatient Healthcare signed several new occupational health care contracts and acquired the remaining outstanding shares in Örebrohälsan. Marsh Health, the British occupational health company, was acquired in December. An agreement has been signed covering dialysis operations in Malmö. The Psychiatry business area signed new care agreements in Stockholm and Malmö. The Radiology business area signed a four-year contract covering all mammography operations in Skaraborg. The Laboratories business area acquired 50 percent of Professional Genetics Laboratory. The Elderly Care business area has signed an agreement covering the running of a new establishment in Baerum, Norway.

### **Financial position**

The Capio Group's financial position is healthy. The equity/assets ratio was 39 percent. By the end of the year, the Group had a net debt of SEK 20M and liquid assets of SEK 186M.

Total investments amounted to SEK 301M, of which acquisition investments constituted SEK 107M. The biggest acquisition investment of the year was Marsh Health. Of the remaining SEK 194M in net investments, expansion investments accounted for SEK 57M.

### **Employees**

The average number of employees at the Capio Group in 2000 was 4,480 (2,965). The total number of employees was around 5,700. The parent company had 21 employees at the end of the year.

### **The parent company's net sales and financial results**

The net sales of the parent company, Capio AB, totalled SEK 21M (24). The earnings after financial items totalled SEK -8M (-40). Liquid assets totalled SEK 47M (3) and shareholders' equity SEK 531M (327). The parent company's investments totalled SEK 2M (3).

### **The shares**

Since its listing, Capio has had an ownership group of around 19,000 people and institutions. During the final months of the year, the foreign-owned percentage increased to around 38 percent. The biggest shareholder is the Swedish Sixth Fund Board with a 15.3 percent holding. The last price paid in 2000 was SEK 70 per share, which is equivalent to a market value of SEK 4,141M. On 2 February 2001, the last price paid was SEK 65 per share.

### **Dividend**

The Board proposes, according to the listing particulars, that no dividend should be paid for the current financial year since future expansion opportunities are regarded as excellent.

### **Buy-back of shares**

The Board will be proposing to the 2001 AGM, according to the listing particulars, that it should enable a share buy-back. Since the Group's expansion is by and large due to be gradual and take place through acquisitions, shares that are bought back may be used as payment for acquisitions.

### **Future performance**

The healthcare market in Europe is characterised by a strong underlying demand, regardless of the business cycle trend. In addition, public sector buyers in several countries have announced an increased need for co-operation with private producers. This will lead to more and larger procurements. Capio's strong position in the market guarantees continued healthy growth in 2001.

### **Capio's AGM**

The AGM is scheduled for 27 March 2001 in Gothenburg. The annual report will be available from Capio's head office and from the Capio web site from 13 March. A review of the financial year will be sent to the shareholders in the middle of March.

<b>Consolidated Income Statement, SEK M</b>	<b>Full-year 2000</b>	<b>Full-year 1999</b>
Net sales	3 357	2 267
Operating expenses	-3 069	-2 052
Depreciation	-118	-92
<b>EBITA before items affecting comparability</b>	<b>170</b>	<b>123</b>
Items affecting comparability	152	-
<b>EBITA</b>	<b>323</b>	<b>123</b>
Goodwill amortisation	-20	
<b>EBIT</b>	<b>303</b>	
Financial income	27	
Financial expenses	-21	
<b>Earnings after financial items</b>	<b>310</b>	
Minority interest	-42	
Taxes	-26	
<b>Earnings after tax</b>	<b>241</b>	

<b>Consolidated Balance Sheet, SEK M</b>	<b>Dec 31, 2000</b>	<b>Dec 31, 1999</b>
Goodwill	257	91
Other intangible fixed assets	21	6
Land and buildings	343	315
Machinery and medical equipment	414	345
Financial fixed assets	117	20
Accounts receivable	418	389
Other current assets	271	213
Liquid funds	186	200
<b>Total assets</b>	<b>2 025</b>	<b>1 579</b>
Equity	786	360
Minority interest	5	46
Accounts payable	167	146
Advances from customers	163	163
Other interest-free items	518	431
Interest-bearing liabilities	387	432
<b>Total equity and liabilities</b>	<b>2 025</b>	<b>1 579</b>

<b>Consolidated Cash Flow Analysis, SEK M</b>	<b>Full-year 2000</b>	<b>Full-year 1999</b>
EBITA	323	123
Depreciation	118	92
Adjustment for non-cash flow affecting items	-30	-31
Change in working capital	66	60
Capital expenditure	-194	-188
<b>Operating cash flow<sup>1)</sup></b>	<b>283</b>	<b>57</b>
Financial items	4	
Paid tax	-7	
<b>Free cash flow<sup>1)</sup></b>	<b>281</b>	
Reversal of capital expenditure	194	
<b>Cash flow from current operations<sup>1)</sup></b>	<b>475</b>	
Investments including acquisition	-301	
Cash flow from financing activities	-185	
Exchange gain/loss	-2	
<b>Change in liquid funds</b>	<b>-14</b>	
Change in interest-bearing items	212	
<b>Change in net debt</b>	<b>198</b>	

<sup>1)</sup>of which items affecting comparability SEK 160M during 2000.

All comparative figures concerning 1999 and earlier are pro forma to illustrate the performance of the healthcare group. Until 31 December 1999, Capio was a business area within Bure Equity AB. As of 2000, Capio AB has been a group in its own right. However, the figures in the income statement and balance sheet are proforma.

<b>The Capio share, SEK per share</b>		<b>After dilution <sup>2)</sup></b>
Total no. of shares	59 163 575	61 213 875
Average number of shares during the period	55 703 394	57 753 694
Earnings after tax <sup>1)</sup>	4.32	4.23
Earnings after tax <sup>1)</sup> excluding items affecting comparability	2.22	2.19
Earnings after standard tax excluding items affecting comparability	1.94	1.92
Earnings after standard tax excluding goodwill amortisation and items affecting comparability	2.16	2.14
Shareholders' equity	13.28	14.57
<p><sup>1)</sup> In the calculation of the number of shares, account has been taken of the effect a future conversion of subscribed-for warrants will have on the earnings and shareholders' equity. At the earning levels forming the basis of the calculation of share data following dilution, interest has been added on the amount raised upon redemption of the subscribed-for warrants. Account has been taken of the minorities' share of items affecting comparability and goodwill amortisation in the cases where it is stated that these items have been excluded from the share data.</p> <p><sup>2)</sup> Out of the 3 240 000 warrants issued for the ESOP program, 2 05 300 warrants are subscribed while 1 189 700 are kept unsubscribed within the Group.</p>		

Gothenburg, February 6, 2001

Capio AB (publ)

Board of Directors

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**Invitation to attend a telephone conference**

On Tuesday 6 February 2001, Capio will present their Preliminary Accounts Report 2000. In conjunction with this, we will be arranging a telephone conference in English at 15.00 CET, 14.00 GET. The meeting will include a presentation of Capio's Report by CEO and President Per Båtelson and Executive Vice President and Chief Financial Officer Martin Svalstedt.

The overhead transparencies that will be used can be found at [www.capio.se](http://www.capio.se) twenty minutes before the conference starts.

This invitation is extended to journalists and professionals active in the capital market. To connect to the conference, please dial + 44 (0)20 8240 8244 just before the conference, and specify "Capio".

You may listen to an Instant Replay directly after the conference and until February 13, please dial +44 (0)20 8288 4459 access code 616332.

**Upcoming financial information:**

AGM in Gothenburg	27 March 2001
January - March interim report 2001	24 April 2001
January – June interim report 2001	16 August 2001
January – September interim report 2001	24 October 2001