



[C A P I O INTERIM REPORT] JAN – MARCH 2001

Stable development continues

- **Net sales increased by 16 per cent to SEK 985 (847 M). Organic growth amounted to 12 per cent.**
- **EBITA excluding items affecting comparability amounted to SEK 54 M (48), corresponding to an operating margin of 5.5 per cent (5.6).**
- **Earnings after financial items amounted to SEK 47 M.**
- **Bromma Närsjukhus, a local hospital in Stockholm-Bromma, is scheduled to open on January 1, 2003.**
- **New X-ray unit started at Globen in Stockholm.**

Developments since March 31, 2001:

- Lundby Hospital, a local hospital, has renewed its care-services contract, corresponding to annual revenues of approximately SEK 100 M. The contract is for a period of five years commencing on September 1, 2001.
- Capio has advanced negotiations that may or may not lead to make a recommended cash offer for Community Hospitals PLC in the UK.

Capio January-March 2001

The Group is continuing to show a favourable rate of growth. The first quarter was characterised by preparations for the establishment of new operations. The Group had an organic growth of 12 per cent. Consolidated earnings also increased and amounted to SEK 54 M, excluding goodwill amortisation and items affecting comparability.

Consolidated net sales increased by 16 per cent and amounted to SEK 985 M (847). Consolidated earnings before goodwill amortisation, EBITA, and excluding affecting comparability, totalled SEK 53.8 M (47.6). The operating margin was 5.5 per cent (5.6).

Earnings after financial items amounted to SEK 47 M (43).

During the three-month period, an X-ray unit was installed at Globen in Stockholm and a new mammography facility was started up in Skaraborg. Within the psychiatric area of operations, a new day-care department was opened at Nordiska Klinikerna in Upplands Väsby and an equivalent facility is currently being established in Malmö.

Nova Medical has signed a co-operation agreement with America's ACM regarding global clinical studies for the pharmaceuticals industry.

In co-operation with primary healthcare, St. Göran's Hospital opened a specialist department in Kista, outside Stockholm. The decision has also been made to start operations at Bromma Närsjukhus at the beginning of 2003. This local hospital will become a medical centre for the western suburbs of Stockholm.

During the period, Capio's Board of Directors decided to establish the Capio Research Foundation. A provision of SEK 10 M was made for the Foundation in the year-end accounts for 2000.

The UK occupational health company, Marsh Health Ltd., which was acquired in December 2000, has been integrated within the Capio Group. The company has been renamed Previa UK.

Following the end of the report period:

Lundby Hospital has renewed its contract with Västra Götaland region. The contract, which is for a five-year period, corresponds to annual revenues of approximately SEK 100 M.

Nova Medical has extended its contract to conduct laboratory medicine operations at Västra Frölunda Hospital in Gothenburg.

Areas of operation

Capio is active in three main business sectors:

- *Healthcare Services.*
- *Diagnostic Services.*
- *Elderly Care Services.*

In total the Group has some 40 units, which conduct operations in Sweden, Norway, Denmark, the United Kingdom, Switzerland and Poland.

Healthcare Services

The operations of this business area continued to grow during the period. Net sales rose by 13 per cent to SEK 732 M (624). The business area's organic growth amounted to 12 per cent during the first quarter. The trend of earnings was also positive and EBITA totalled SEK 47 M (36).

Efficiency and quality improvement measures are conducted on an ongoing basis. The underlying demand remained strong and resulted in a number of small supplementary contracts with public sector principals.

Hospital operations commenced the period with a production level that was lower than planned, but this was offset by a high level of production towards the end of the period. St Göran's Hospital signed an agreement with the Sörmland County Council regarding specialised orthopaedic care and a new light-emergency unit is being started. Lundby Hospital extended its care-services contract for an additional five years.

Outpatient Healthcare operations in Sweden noted a high occupancy rate during the quarter. Stability is good and increased resources are being reserved for quality, service and IT investments. Occupational healthcare activities are experiencing an expansive phase. Operations in Norway are also developing favourably. The forthcoming "Fastlege" reform for general practitioners, which comes into force at mid-year 2001, could have an adverse affect on the inflow of patients to Capio's clinics in Norway.

A favourable level of patients was also noted in the area of *Psychiatry* operations. The newly established operations in London and Liverpool developed well during the period. Development work to document "best practice" for eating disorder care was started in a number of countries.

Diagnostic Services

Net sales for this business area amounted to SEK 224 M (172). EBITA totalled SEK 17 M (20). Organic growth was 17 per cent.

Radiology operations showed very favourable volume growth and market shares continued to increase, especially for more advanced services, such as magnetic imaging and computed tomography. Low compensation levels in Norway are still depressing margins, however. Globen Röntgen (X-ray) in Stockholm is a new full-service facility.

Capio's *Laboratory Medicine* operations continued to develop well and structural benefits in the areas of purchasing, methodology and quality development plus a common IT system made a positive contribution.

Elderly Care Services

Elderly care operations noted sales during the period of SEK 64 M (61), with organic growth accounting for the entire 6 per cent rise in sales.

EBITA amounted to SEK 4 M (4). The level of patients served was good. Construction of a new Trygghetsboende service unit in Halmstad was started during the period.

Parent Company's sales and earnings

The Group Parent Company, Capio AB, reported sales during the period of SEK 6 (4) and EBITA excluding items affecting comparability of SEK -16.3 M

(-14.6). The Parent Company's investments amounted to SEK 0.0 M (0.1) during the period.

Financial position

The Capio Group has a strong financial position, with a net working capital amounting to SEK -264 M. The Group's equity to assets ratio amounted to 38 per cent. At the end of the first quarter the Group had net cash position of SEK 5 M and liquid funds of SEK 237 M.

Personnel

During the period, the average number of employees was 4,754.

Per Båtelson

President and Chief Executive Officer

Gothenburg, April 24, 2001

Capio AB (Publ)

The accounting principles and calculation methods used in this interim report are the same as those used in the Company's most recent Annual Report, with the exception of those instances where new recommendations from the Swedish Financial Accounting Standards Council have been applied. The reporting of income taxes in accordance with RR9 has led to material changes compared with the way in which tax matters were treated earlier and the figures for 2000 have been adjusted accordingly. As an effect of the changed accounting principles a deferred tax expense of 26 MSEK has been included in the result for year 2000. Included in the closing balance for 2000 are a deferred tax receivable of 13 MSEK and an additional deferred tax liability of 14 MSEK.

Capio, SEK M	Net sales			EBITA			Operating margin, %		
	Jan-Mar 2001	Jan-Mar 2000	Full-year 2000	Jan-Mar 2001	Jan-Mar 2000	Full-year 2000	Jan-Mar 2001	Jan-Mar 2000	Full-year 2000
Healthcare Services	732	624	2 493	46,6	36,2	139,8	5,4	5,8	5,6
Diagnostic Services	224	172	658	17,0	20,3	52,9	6,4	11,8	8,0
Elderly Care Services	64	61	249	4,0	4,2	26,2	6,2	6,9	10,5
Other	-35	-10	-43	-13,8	-13,0	-48,5	-	-	-
Sub total	985	847	3 357	53,8	47,7	170,4	5,5	5,6	5,1
Items affecting comparability				2,1	-	152,5			
Capio	985	847	3 357	55,9	47,7	322,9	5,7	5,6	9,6

Consolidated Income Statement, SEK M	Jan-Mar 2001	Jan-Mar 2000	Full-year 2000
Net sales	985	847	3 357
Operating expenses	-898	-771	-3 069
Depreciation	-33	-28	-118
Items affecting comparability	2	0	152
EBITA	56	48	323
Goodwill amortisation	-9	-3	-20
EBIT	47	44	303
Financial income	9	4	27
Financial expenses	-9	-5	-21

Earnings after financial items	47	43	310
Minority interest	0	-4	-42
Taxes ¹⁾	-16	-12	-52
Earnings after tax	31	27	215
¹⁾ The reporting of taxes in accordance with recommendation RR9 of the Swedish Financial Accounting Standards Council. Tax costs for year 2000 have been adjusted accordingly.			

Consolidated Balance Sheet, SEK M	31 Mar 2001	31 Dec 2000
Goodwill	258	257
Other intangible fixed assets	22	21
Land and buildings	349	342
Machinery and medical equipment	456	414
Financial fixed assets, interest-bearing	108	103
Financial fixed assets, noninterest-bearing	14	14
Accounts receivable	447	418
Other current assets	239	212
Current interest-bearing receivables	31	72
Liquid funds	237	186
Total assets	2 161	2 039
Equity	826	785
Minority interest	4	5
Accounts payable	164	167
Advances from customers	220	163
Other interest-free items	567	538
Interest-bearing liabilities	380	381
Total equity and liabilities	2 161	2 039

Consolidated Cash Flow Analysis, SEK M	Jan-Mar 2001	Jan-Mar 2000²⁾	Full-year 2000²⁾
EBITA	56	48	323
Depreciation	33	28	118
Adjustment for non-cash flow affecting items	-2	-5	-30
Change in working capital	19	34	66
Capital expenditure	-65	-26	-194
Operating cash flow¹⁾	41	79	283
Financial items	-1	2	4
Paid tax	-16	-5	-7
Free cash flow¹⁾	24	76	281
Reversal of capital expenditure	65	26	194
Cash flow from current operations¹⁾	89	102	475
Investments including acquisition	-71	-27	-301
Cash flow from financing activities	-36	-5	-185
Exchange gain/loss	-4	1	-2
Change in liquid funds	51	71	-14
Change in interest-bearing items	-36	21	212
Change in net debt	15	92	198

¹⁾ of which, items affecting comparability amounted to SEK 2 M in 2001 and SEK 160 M in 2000.

²⁾ To illustrate Capio's development, the comparative figures for 2000 shown in the Cash Flow Analysis are pro forma, since Capio was formerly a business area within Bure Equity AB.

Capio, SEK M	Net sales					EBITA				
	Q 1 2001	Q 4 2000	Q 3 2000	Q 2 2000	Q 1 2000	Q 1 2001	Q 4 2000	Q 3 2000	Q 2 2000	Q 1 2000

Healthcare Services	732	689	538	642	624	46,6	50,0	14,7	38,9	36,2
Diagnostic Services	224	180	143	164	172	17,0	14,9	7,7	10,0	20,3
Elderly Care Services	64	63	63	62	61	4,0	8,7	9,0	4,3	4,2
Eliminations/Other	-35	-14	-9	-10	-10	-13,8	-14,1	-10,9	-10,5	-13,0
Sub total	985	918	735	858	847	53,8	59,5	20,5	42,7	47,7
Items affecting comparability						2,1	5,0	30,9	116,6	-
Capio	985	918	735	858	847	55,9	64,5	51,4	159,3	47,7

The Capio share, SEK per share		After dilution ²⁾
Total no. of shares	59 163 575	61 213 875
Average number of shares during the period	59 163 575	61 213 875
Earnings after tax ¹⁾	0,53	0,52
Earnings after tax ¹⁾ excluding items affecting comparability	0,49	0,49
Earnings after standard tax excluding items affecting comparability	0,54	0,54
Earnings after standard tax excluding goodwill amortisation and items affecting comparability	0,65	0,64
Shareholders' equity	13,97	15,19

For further information, please contact:

Per Båtelson, President and CEO +46 31 732 40 01
Martin Svalstedt, Executive Vice President and CFO +46 31 732 40 10
Ulrika Stenson, Vice President Corporate Communications +46 31 732 40 04

are kept

Full-year 2000

39

20

Capital employed, SEK M

825

840

Future Reports (preliminary):

3

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Six-months interim report 16 August 2001
Nine-months interim report 24 October 2001

For more information please visit: www.capio.se

This report has not been the subject of examination by the Company's Auditors

Invitation to attend a telephone conference

On Tuesday 24 April 2001, Capio will present their three-months 2001 Interim Report. In conjunction with this, we will be arranging a telephone conference in English at 14.00 CET, 13.00 GMT. The meeting will include a presentation of Capio's Report by CEO and President Per Båtelson and Executive Vice