

Attendo Senior Care AB Short form Annual Statement 2001

”Creating quality of life and value”



Name change symbolises the next phase

New name and new profile

The Group has during the last few years carried out a number of acquisitions and established new market companies so as to increase the local presence in the key markets of Europe and to broaden the range of new services offered. With that background and to prepare for continued expansion and growth it is important that the Group is acting under one corporate name and brand. At the AGM in May 2001 the Board's proposal to change the name to Attendo Senior Care AB was approved.

Acquisition of Attendo Care

The first 49.95% share of Partena Care, as it was known at that time, was acquired in May 2000. Late in December 2001, the remaining shares representing another 49.95% were acquired from the former French partner Sodhexho. On the date of the acquisition a restructuring reserve of 54 MSEK existed to cover the risk of losses on orders on hand. From 2002 Attendo Care is a wholly owned subsidiary. The acquisition means the advancement of the original plan and has been carried out in order not only to make the ongoing change, restructuring and development work more efficient but also to simplify and facilitate the planned growth. The transaction can also be regarded as demonstrating that the risks now and in the future are essentially under control and are regarded to be less than the opportunities and potential for Attendo Care.

Weak result

Attendo Care is in 2001 accounted for as an associated company with only a share of their result included. As this operation is from 2002 wholly owned, the business volume attributable to Attendo Care will be compared and is defined as Revenue plus the Group's share of Attendo Care revenues. For 2001 the Group's business volume was 824.0 MSEK, which represents a growth of 20% compared to 2000. Revenues were 438,7 MSEK (398.8) representing a growth of 10% (5). In local currencies the growth was 5% (5). Acquired units, defined as ongoing 12 months after acquisition grew revenues by 17.5 MSEK (33.7)

Operating result before depreciation declined to 40.9 MSEK (52,3 including a one off impact of a pension fund rebate of 15.4 MSEK). The margin was consequently reduced to 9,3% (13.1)

Income before tax amounted to 5.3 MSEK (19.7) including the share from Attendo Care of -11.7 MSEK (-14.6).

A comparison between 2001 and 2000 shows that profit generation from the Business Areas increased by slightly more than 11 MSEK. This improvement was exceeded in the previous year because of one-off effects of 21 MSEK coming from pension fund rebates and the payments from our technology partner Nexus to whom we outsourced product development.

Diverse market development

Development of local markets has been very different. Sweden and Germany being both large and important, have not met expectations. The basic reasons are the delay in the introduction of new products and then slow introductory sales of those new products.

A tough competitive climate in these and other markets has also led to profitability problems for some competitors. A consolidation of the market for speech communication products is to be expected. Another explanation for this development is to be found in the weak financial position of many local authorities, which means that investments even with clear customer benefits will take second priority to the acute needs of daily operations.

More positive is the development that the Group had in Denmark, UK and France. Through the acquisition of a company in Denmark a critical volume was acquired that generated such success that Denmark was awarded market of the year within the Group. The UK managed after some difficult years to turn the development around through successes with both product and monitoring sales.

France entered the tender market for monitoring after winning a major contract from Toulouse. There are good opportunities for high growth in this market segment.

Development of Business Areas

Attendo Systems the Group's technology spearhead is active in markets where price competition is stiff and organic growth limited. As a market leader in many markets, it is, given the circumstances, acceptable to generate an improved operating profit and defend margin even if not all operating goals were met.

Attendo Monitoring, considered as the hub, is the smallest but fastest growing Business Area.

The organic growth of 15% was increased to a total of 80% including acquisitions. Some of the operations in the 7 markets are still small and strengthening local organisations has delivered temporarily lower operating margins.

Attendo Care, which is the Group's largest business area and its core, has during 2001 been able to significantly reduce the instabilities in its operations. The labour market for care workers is strong and especially for nurses and unit managers. In a decentralised structure local unit managers are a key resource. During the year internal programmes have been started to develop and strengthen corporate values and basic concepts. A key success factor in care operations where personnel related costs represent some 80% of total costs is that Attendo Care will manage to keep and develop its staff. Quality has continued to improve even if in some locations it has been achieved at the price of using too many resources, especially during summer vacations and at weekends. Differences in efficiency between local units are still unacceptably large.

Looking ahead

All business areas are planning for a growth in revenues and result.

Attendo Systems will introduce new locally adapted generations of speech communication products and broaden their range with care administration systems and assistive technologies. They will also move into new territories.

Attendo Monitoring is planning for a continued expansion of alarm connections to its monitoring centres where a market consolidation to larger but fewer number of centres is going on. At the same time a broadening of response services is being prepared. Establishing centres in some new territories is also a part of the plan.

Attendo Care has given top priority to achieving high stability and acceptable results in the present operation. To support this many personnel related activities are going on; projects to develop values and concepts and activities to increase efficiency.

To promote this development the Board has decided to propose to the AGM a new issue of share capital. In growing a business in a

personnel intensive environment it is furthermore important to encourage a wide and positive participation from as many colleagues as possible and so the Board has also decided to propose to the AGM a convertible programme for all employees.

Outlook 2002

After two relatively weak years an increased concern for this year's result is natural. The plans of competitors, customer attitudes and the Group's ability to carry out changes and development projects are threats and opportunities to evaluate. The Group's Business Areas and market units have presented their plans for 2002. The single biggest uncertainty is linked to the development of Attendo Care. In Attendo Systems and Attendo Monitoring there are many opportunities in the local markets. In summary I have good reasons to predict a better result than for the last two years.

Stockholm 4 March 2002.

Lars Forsberg
CEO.

Three Business Areas with focus on the elderly

Breadth and focus

Attendo Senior Care offers a range of technical products and services that enable the elderly to enjoy a better quality of life and security. The organisation combines care and technology. To make the Group more effective the country organisation is now complimented by 3 Business Areas. For 2002 the Group has developed a matrix with the countries responsible for the result whilst the Business Area role is to manage products, develop new concepts and products, establish standards and seek operational efficiencies together with recommending investments. The Business Areas each serve growing markets. This provides the Group with an organisation to take advantage of new opportunities, maximise competitive advantage and achieve good growth.

Attendo Systems

The Business Area today markets various alarm and communication systems for those living alone or in housing schemes. Furthermore a range of related technical and financial services are marketed as well as care administration systems. Geographically the Business Area is represented in the major markets in Europe and is the market leader in many. The establishment of the two new business areas for services Attendo Monitoring and Attendo Care provides a breadth and focus that gives new opportunities for customers to be offered a full assortment of combined products and services thereby increasing the market potential for the business area and increasing competitive advantage.

Attendo Monitoring

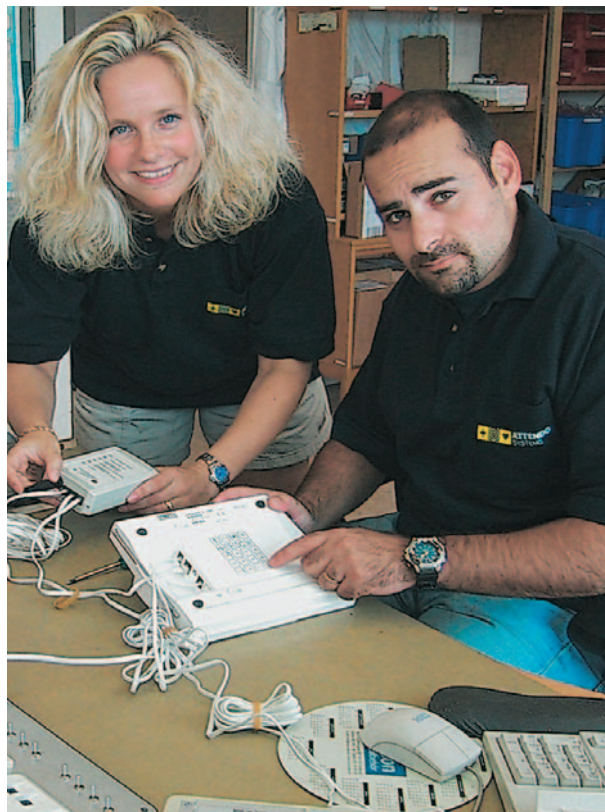
The business area operates monitoring centres for the reception of alarms from the elderly and disabled. A small but growing share of the business consists of various response services. The private market is as yet small but growing and of great interest. Currently development of services is focussed on response services in existing markets and on how to launch these services in new markets which only offer monitoring services today. The business area is established in seven European markets and has a leading position in the monitoring of alarms for the elderly.

Attendo Care

The business area offers care services for the elderly and disabled. The most common types of services are operating nursing homes and providing domiciliary care. The majority of the business is that outsourced by local authorities but a growing segment is in operating, over the counter units, where the business area manages its own nursing homes. Geographically the business area is present in Sweden with more than 50 units, together with a small operation in Denmark. The current focus is on stabilising these operations before expanding outside of Sweden and Denmark.

Regions

Regions have been established to support small neighbouring markets so that they can develop quickly. Small markets have limited resources and these are consumed by operational issues leaving little capacity to develop strategies and concepts. Each region is based on a market company with the organisational capability to support smaller regional neighbours with marketing, technical, financial or administrative resources. The regions are Northern Europe with Sweden as the base, Central Europe with Germany as the hub, Southern Europe and Great Britain.



Result MSEK	2001	2000	1999
Revenue, continuing businesses	421,2	365,1	350,1
Revenue, acquired businesses	17,5	33,7	29,5
Total Revenue	438,7	398,8	379,6
Cost of goods and services sold	-261,6	-247,9	-211,4
Gross Profit	177,2	150,9	168,2
Selling expenses	-75,0	-56,1	-43,9
Administrative expenses	-77,1	-70,9	-91,6
SPP allocations	-	15,4	-
Operating profit before amortisation of goodwill	25,1	39,2	32,7
Operating margin, %	5,7	9,8	8,6
Amortisation of goodwill	-7,4	-4,5	-2,3
Share in Net Income from associated companies	-11,7	-14,6	-
Operating profit before financial items	6,0	20,1	30,
Net financial items	-0,7	-0,4	-0,3
Operating profit before tax	5,3	19,7	30,1
Profit margin, %	1,2	4,9	7,9
Taxes	-5,6	-5,7	-3,9
Net profit	-0,3	14,0	26,2

Data per share SEK	2001	2000	1999
Profit - EPS (after standard taxes)	1,17	4,36	6,66
Profit - EPS (after full tax)	-0,09	4,30	8,1
Cash flow - CEPS (after standard taxes)	12,00	13,40	8,7
Shareholders' equity	37,66	36,75	28,59
Number of outstanding shares (000:s)	3 251	3 251	3 251

As last year the Board of Directors has no intention to propose a distribution of dividends to the shareholders.

Cash Flow MSEK	2001	2000	1999
Operating profit before tax	5,3	19,7	30,1
Items not affecting cash flow	33,4	29,7	8,8
Paid tax	-5,4	-4,6	-2,7
Cash flow before change in working capital	33,2	44,9	36,2
Cash flow from:			
working capital	-88,3	7,2	-19,1
investments	-61,4	-97,1	-15,0
financing	-31,5	74,8	-6,3
Net cash flow	-148,0	29,8	-4,3
Liquid assets, beginning of period	62,6	32,2	37,5
Translation difference	1,8	0,7	-1,1
Liquid assets, end of period	-83,5	62,6	32,2

Key figures MSEK	2001	2000	1999
Capital employed	325,5	212,5	108,9
Return on capital employed, %	4,4	15,7	24,3
Operating capital	265,5	148,1	75,9
Return on operating capital, %	2,9	18,0	46,1
Goodwill	141,2	32,7	17,6
Liquid assets	60,0	64,4	33,0
Net debt	-143,0	-28,6	17,0
Balance sheet total	639,7	347,6	231,5
Equity	122,5	119,5	92,9
Equity ratio, %	19,1	34,4	40,1

Number of employees

The average number of employees in the Group amounted to 347 people (316), of which 129 were women (104).
The average number of employees in the parent company amounted to 10 people (9), of which 3 were women (3).
Number of employees does not include employees in the associated company Attendo Care, 2 500 full time.

