



# [CAPIO INTERIM REPORT]

## JANUARY – SEPTEMBER 2002

- Net sales for the period as a whole rose 51 per cent to SEK 5,431 M (3,600). Organic growth amounted to 15 per cent (12) in local currencies.
- Operating earnings before goodwill amortisation (EBITA) rose to SEK 386 M (244), corresponding to an operating margin of 7.1 per cent (6.8).
- Earnings before tax for the third quarter, excluding items affecting comparability, amounted to SEK 33 M (24), up 37 per cent compared with the corresponding quarter of the preceding year.
- Earnings per share, after dilution, increased 65 per cent to SEK 1.91 (1.16). Earnings per share excluding items affecting comparability and nonrecurring tax items increased by 55 per cent to SEK 1.52 (0.98).
- Access was gained to the French healthcare market through the acquisition of Clininvest – the second largest private hospital group in France.
- The acquisition of Scandinavian Heart Center in Gothenburg signals the start of a broader focus on cardiovascular surgery for Capio.

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### INVITATION TO ATTEND A TELEPHONE CONFERENCE

On Tuesday 22 October 2002, Capio will present their nine-months 2002 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 President and CEO Per Båtelson and CFO Staffan Carlson. An overhead-slide presentation will also be available via [www.capio.se](http://www.capio.se)

This invitation is extended to journalists and professionals active in the capital market. To connect to the conference, please dial +44 (0)20 8240 8247 just before the conference, and specify "Capio". You may listen to an Instant Replay directly after the conference and until October 28, please dial +44 (0)20 8288 4459 access code 444722.

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### January – September 2002

#### Capio Group

Capio continued to expand very strongly, with organic growth of 15 per cent (12), expressed in local currencies. The third quarter is, as always, a weak quarter in terms of earnings. Seasonal variations also affect the Group's UK operations, albeit to a lesser extent than the Group's Nordic region units.

Consolidated net sales rose 51 per cent compared with the first nine months of 2001 and amounted to SEK 5,431 M (3,600). Including items affecting comparability of SEK 7 M (16), EBITA amounted to SEK 386 M (244). The Group's operating margin was 7.1 per cent (6.8). Earnings after financial items totalled SEK 211 M (124).

Closure costs of SEK 9.6 M were incurred in the third quarter and these are reported among items affecting comparability. Commencing in 2003, the estimated

annual effect of the measures on earnings will be approx. SEK 16 M.

Alecta has decided to freeze the payment of client-company funds. The decision will affect Capio's receivable from Alecta by a maximum amount of SEK 16 M.

Capio has decided to implement a project to co-ordinate purchasing and payment routines in the Group. The objective of the project, which is expected to extend over several years, is to reduce the total number of suppliers and decrease administration and purchasing costs.

Through the acquisition of Clininvest, the second-largest private healthcare provider in France, Capio has taken another step towards its goal of becoming the leading private



supplier of healthcare services in the European market. After Germany, France is the largest healthcare market in Europe. Operations in France will be grouped within a separate new business area, Capio Healthcare France, which will become part of the Group's Healthcare Services Sector, effective November 1.

Clininvest, which is being renamed Capio Santé, consists of 16 hospitals. The company provides specialist services, particularly in the field of surgery, but also in psychiatry, medicine, rehabilitation, chemotherapy and dialysis.

Clininvest has sales of about SEK 1,300 M on an annual basis. A plan for restructuring and improving the efficiency of operations has been prepared.

### Healthcare Services

Net sales amounted to SEK 4,332 M (2,848), reflecting organic growth of 14 per cent in local currencies. EBITA amounted to SEK 309 M (161), with an operating margin of 7.1 per cent (5.7).

Nordic healthcare operations continued to develop well. Demand is strong in the Swedish market. The introduction of a care guarantee has resulted in greater patient mobility and increased revenues for a number of Capio units.

Capio Occupational Health was reorganised during the period and no longer exists as a separate business area. Today, Previa in Sweden and Norway are part of Capio Healthcare Nordic business area, while Previa in Britain is part of Capio Healthcare UK business area. The operating focus of the Previa units has not been changed, however. The deterioration in economic conditions and staff shortages in certain specialist groups, especially company doctors, continued to have an adverse effect on earnings in recent quarters.

In September, Scandinavian Heart Center in Gothenburg was acquired. This step was taken to develop cardio-vascular surgery to a leading-edge area of business within Capio. The company has annual revenues of approx. SEK 65 M and a care-services contract to carry out 550 heart operations per year. A sister unit is already in existence today within the Yorkshire Clinic in the UK.

The rebuilding of the emergency care unit at St. Göran's Hospital is underway and is expected to be completed by the end of the year. This will reduce patient waiting times, improve the work environment and increase the unit's capacity to accept the steadily growing volume of patients seeking emergency care. The hospital has also conducted geriatric care operations in Stockholm since the beginning of the year.

During spring 2002, Lundby Hospital signed an agreement to extend its dialysis operations. Patients will gradually be transferred to the hospital from other units during the autumn, which will make Lundby Hospital one of the largest dialysis units in Sweden.

During the year, Volvat Medisinske Senter signed agreements with four of the five new healthcare companies in Norway.

UK healthcare operations continued to develop well and were able to meet the rent increases deriving from the sale of the UK properties, which raised costs by about SEK 10 M during the quarter, compared with the preceding year. Discussions regarding closer co-operation between Capio and the NHS are in progress and to date have led to several small care contracts.

Including the French operations, Capio's Healthcare Services sector currently has revenues of approx. SEK 7,300 M on an annualised basis.

### Diagnostic Services

Net sales for Diagnostic Services amounted to SEK 723 M (650). EBITA amounted to SEK 27 M (28). Expressed in local currency, organic growth was 9 per cent.

Laboratory medicine operations in Denmark continued to show weak development. An action plan has been formulated and restructuring measures were initiated during the third quarter. Further activities will be decided and implemented before the end of the year.

The flow of patients at Globen Radiology continued to increase but has yet to reach a satisfactory level. The unit has a positive cash flow.

The Norwegian Department of Health unexpectedly, and at short notice, decided to cut payment levels for radiology services in Norway by 13 per cent, effective October 8. This will decrease the profitability of Capio Diagnostics in Norway during future quarters. Since the cuts also affect public sector care providers, Capio and public sector units will jointly work to bring about negotiations and influence the authorities, with the aim of achieving better compensation levels next year.

Preparations are underway to launch Capio Diagnostics' operations in the UK. Equipment is currently being installed to meet the start-up date of January 1, 2003. Activities during the initial stage will focus on taking care of the patient volumes currently outsourced by Capio Healthcare UK.

It is estimated that new projects in the UK and the program of measures in Denmark will generate a positive effect on earnings in 2003.

Capio Diagnostics will continue to focus clearly on the development of profitable operations.

Diagnostic Services currently has revenues of approx. SEK 1,000 M on an annualised basis.

### Elderly Care Services

Net sales for elderly care operations amounted to SEK 500 M (208). EBITA amounted to SEK 1.3 M (13.4). Much of the business sector's earnings in 2001 derived from the now divested properties for elderly care. There is substantial demand for elderly care services but management is focusing mainly on developing profit and the manning situation. Expressed in local currency, organic growth was 47 per cent.



Difficulties in recruiting trained personnel led to a nurses' pool being started in Stockholm.

Currently, Capio Elderly Care Services has revenues of about SEK 800 M on an annualised basis.

### Financial position

The Capio Group's financial situation changed significantly with the divestment of the hospital properties in the UK in June. In conjunction with the sale, loans totalling approx. SEK 3,200 M were repaid.

At the end of the third quarter, the Group's interest-bearing net assets totalled SEK 335 M. Liquid funds amounted to SEK 392 M. The financial net for the quarter was SEK 6.7 M, an improvement of SEK 56 M compared with the corresponding quarter of 2001.

The Group has pledged assets and contingent liabilities totalling SEK 388 M. Corresponding figure for year end 2001 was SEK 5 647M. On September 30, the equity/assets ratio was 56 per cent.

During the fourth quarter, the Capio Group will again have external financing of approx. SEK 700 M as a result of the acquisition of Clininvest.

### Investments

During the year, the Group has invested SEK 243 M, of which SEK 86 M related to expansion investments. A total of SEK 63 M was invested in properties in the United Kingdom, in all essential respects prior to their sale.

### Items affecting comparability

Items affecting comparability amounted to SEK 6.8 M during the first nine months of 2002. Of this, a total of

SEK 24.1 M was attributable to a capital gain on the sale of properties in the UK. The write-down of operating systems amounted to SEK 7.7 M and expenses of SEK 9.6 M were posted for the termination of operations.

### Tax expenses

Group tax expenses for the period were affected by substantial changes in deferred taxes, mainly resulting

from the sale of properties. The effect of the changes in deferred taxes led to tax expenses for the period being reduced by SEK 26 M. The tax effect on items affecting comparability is estimated to be negative in an amount of SEK 2 M.

### Personnel

At the end of the period, the number of Group employees was 8,811 (7,339). The average number of employees during the period totalled 8,436 (5,917).

### Parent Company sales and earnings

The Group's Parent Company, Capio AB, reported net sales of SEK 4 M (15) for the period and an operating loss of SEK 50 M (loss: 49) before goodwill amortisation and items affecting comparability. Profit before appropriations and taxes amounted to SEK 39 M (113). The Parent Company's investments amounted to SEK 2 M (1) for the period.

### Per Båtelson

#### President and Chief Executive Officer

Gothenburg, October 22, 2002

Capio AB (publ)

Capio, SEK M	Net sales			EBITA			Operating margin, %		
	Jan-Sep 2002	Jan-Sep 2001	Full-year 2001	Jan-Sep 2002	Jan-Sep 2001	Full-year 2001	Jan-Sep 2002	Jan-Sep 2001	Full-year 2001
Healthcare Services	4 332	2 848	4 297	309.1	160.9	283.7	7.1	5.7	6.6
Diagnostic Services	723	650	893	26.7	27.6	37.5	3.7	4.2	4.2
Elderly Care Services	500	208	340	1.3	13.4	13.5	0.3	6.5	4.0
Other	-124	-105	-148	-54.7	-42.8	-63.3	-	-	-
<b>Sub total services</b>	<b>5 431</b>	<b>3 600</b>	<b>5 382</b>	<b>282.3</b>	<b>159.1</b>	<b>271.5</b>	<b>5.2</b>	<b>4.4</b>	<b>5.0</b>
Real estate				97.1	68.9	120.7			
<b>Sub total</b>	<b>5 431</b>	<b>3 600</b>	<b>5 382</b>	<b>379.4</b>	<b>228.0</b>	<b>392.2</b>	<b>7.0</b>	<b>6.3</b>	<b>7.3</b>
Items affecting comparability				6.8	16.4	17.1			
<b>Capio</b>	<b>5 431</b>	<b>3 600</b>	<b>5 382</b>	<b>386.3</b>	<b>244.3</b>	<b>409.2</b>	<b>7.1</b>	<b>6.8</b>	<b>7.6</b>



<b>Consolidated Income Statement, SEK M</b>	<b>Jul-Sep 2002</b>	<b>Jul-Sep 2001</b>	<b>Jan-Sep 2002</b>	<b>Jan-Sep 2001</b>	<b>Full-year 2001</b>	<b>Oct 2001 Sep 2002</b>
Net sales	1 717	1 414	5 431	3 600	5 382	7 213
Other Operating income	5	1	9	11	14	13
Operating expenses	-1 607	-1 243	-4 850	-3 225	-4 771	-6 396
Depreciation	-63	-74	-211	-158	-233	-286
Items affecting comparability	-8	-2	7	16	17	7
<b>EBITA</b>	<b>44</b>	<b>95</b>	<b>386</b>	<b>244</b>	<b>409</b>	<b>551</b>
Goodwill amortisation	-26	-23	-77	-45	-71	-104
<b>EBIT</b>	<b>18</b>	<b>73</b>	<b>309</b>	<b>200</b>	<b>338</b>	<b>447</b>
Financial income	10	11	17	25	38	29
Financial expenses	-3	-61	-115	-101	-171	-185
<b>Earnings after financial items</b>	<b>25</b>	<b>22</b>	<b>211</b>	<b>124</b>	<b>205</b>	<b>292</b>
Minority interest	0	0	-1	0	0	-1
Taxes	-16	-14	-61	-49	-53	-65
<b>Earnings after tax</b>	<b>9</b>	<b>9</b>	<b>149</b>	<b>75</b>	<b>152</b>	<b>226</b>
<b>Earnings per share</b>	<b>-</b>	<b>-</b>	<b>1.91</b>	<b>1.16</b>	<b>2.22</b>	

<b>Consolidated Balance Sheet, SEK M</b>	<b>30 Sep 2002</b>	<b>30 Sep 2001</b>	<b>31 Dec 2001</b>
Goodwill	1 395	1 481	1 523
Other intangible fixed assets	11	18	11
<b>Intangible fixed assets</b>	<b>1 407</b>	<b>1 499</b>	<b>1 534</b>
Buildings and land	183	3 806	3 593
Machinery and medical equipment	927	994	1 054
<b>Tangible fixed assets</b>	<b>1 110</b>	<b>4 800</b>	<b>4 647</b>
Financial fixed assets, interest-bearing	35	111	48
Financial fixed assets, noninterest-bearing	154	13	81
<b>Financial fixed assets</b>	<b>189</b>	<b>124</b>	<b>129</b>
<b>Total fixed assets</b>	<b>2 706</b>	<b>6 423</b>	<b>6 311</b>
Accounts receivable	727	647	729
Other current assets	433	437	449
Current interest-bearing receivables	78	93	90
Liquid funds	392	279	218
<b>Total current assets</b>	<b>1 631</b>	<b>1 456</b>	<b>1 486</b>
<b>Total assets</b>	<b>4 336</b>	<b>7 879</b>	<b>7 797</b>
<b>Equity</b>	<b>2 441</b>	<b>2 324</b>	<b>2 377</b>
<b>Minority interest</b>	<b>3</b>	<b>4</b>	<b>4</b>
Long-term provisions and liabilities, interest bearing	38	3 370	3 183
Long-term provisions and liabilities, noninterest bearing	201	631	602
<b>Total long-term provisions and liabilities</b>	<b>239</b>	<b>4 001</b>	<b>3 785</b>
Current liabilities, interest-bearing	132	411	417
Advances from customers	232	195	183
Accounts payable	252	256	279
Other interest-free items	457	232	205
Accrued expenses and prepaid income	581	457	547
<b>Total current liabilities</b>	<b>1 654</b>	<b>1 550</b>	<b>1 631</b>
<b>Total equity provision and liabilities</b>	<b>4 336</b>	<b>7 879</b>	<b>7 797</b>



Change in Shareholders' Equity, SEK M	30 Sep 2002	30 Sep 2001	31 Dec 2001
Opening balance	2 377	786	786
Share issue	-	1 384	1 381
Exchange rate differences	-85	79	59
Net result	149	75	152
Closing balance	2 441	2 324	2 377

Consolidated Cash Flow Analysis, SEK M	Jan-Sep 2002	Jan-Sep 2001	Full-year 2001
EBITA	386	244	409
Depreciation	211	158	233
Adjustment for items unrelated to cash flow	-16	-20	-12
Changes in working capital	32	-8	-22
Financial items	-95	-72	-133
Taxes paid	-167	-47	-52
Cash flow from current operations <sup>1)</sup>	351	256	423
Acquisition investments	3 293	-4 384	-3 709
Operating investments	-243	-223	-368
Cash flow from investment operations	3 050	-4 607	-4 078
Cash flow from financial operations	-3 224	4 428	3 677
Exchange translation differences	-3	16	10
Change in liquid funds	174	93	32
Reconciliation of change in liquid funds			
Opening balance liquid funds	218	186	186
Closing balance liquid fund	392	279	218
Change in liquid funds	174	93	32

Description of net debt, SEK M	30 Sep 2002	30 Sep 2001	31 Dec 2001
Long-term receivables and provision, interest-bearing	38	3 370	3 183
Current liabilities, interest-bearing	132	411	417
Financial fixed assets, interest-bearing	-35	-111	-48
Current interest-bearing receivables	-78	-93	-90
Liquid funds	-392	-279	-218
Net debt	-335	3 298	3 244

The Capio share, SEK per share	30 Sep 2002	After dilution <sup>2)</sup> 30 Sep 2002	After dilution <sup>2)</sup> 30 Sep 2001
Total no. of shares	77 590 177	79 640 477	79 640 477
Average number of shares during the period	77 590 177	79 640 477	67 356 076
Earnings after tax <sup>1)</sup>	1.92	1.91	1.16
Earnings after tax excluding items affecting comparability	1.86	1.85	0.98
Earnings after tax excluding goodwill and items affecting comparability	2.85	2.82	1.68
Shareholders' equity	31.46	31.97	30.50

1) Tax refers to the period's share of the estimated tax expenses for the year.

2) In conjunction with the personnel program, 2,050,300 options were subscribed. In a second personnel program, 660,000 options were subscribed. The latter have not yet influenced the dilution effect.



Capio, SEK M	Net sales					EBITA				
	Q 3 2002	Q 2 2002	Q 1 2002	Q4 2001	Q 3 2001	Q 3 2002	Q2 2002	Q 1 2002	Q 4 2001	Q 3 2001
Healthcare Services	1 346	1 503	1 482	1 448	1 174	58,2	126,2	124,7	122,8	58,0
Diagnostic Services	226	253	244	243	202	4,5	10,1	12,1	9,9	-0,8
Elderly Care Services	182	172	146	133	71	3,5	-2,3	0,1	0,1	4,8
Eliminations/Other	-37	-45	-41	-42	-33	-17,2	-21,0	-16,6	-20,5	-14,3
<b>Sub total</b>	<b>1 717</b>	<b>1 884</b>	<b>1 830</b>	<b>1 782</b>	<b>1 414</b>	<b>49,1</b>	<b>113,0</b>	<b>120,3</b>	<b>112,3</b>	<b>47,7</b>
Real estate						3,5	42,3	51,3	51,8	50,1
Items affecting comparability						-8,5	15,3	-	0,7	-2,4
<b>Capio</b>	<b>1 717</b>	<b>1 884</b>	<b>1 830</b>	<b>1 782</b>	<b>1 414</b>	<b>44,1</b>	<b>170,6</b>	<b>171,5</b>	<b>164,9</b>	<b>95,4</b>

Key ratios	30 Sep 2002	Full-year 2001
Equity, %	56	31
Net debt, SEK M	335	3 244
Capital employed, SEK M	2 108	5 624
Operating capital employed, SEK M	713	4 101
No. of employees	8 811	8 085
Average no. of employees during the period	8 436	6 432

**For further information, please contact:**

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**Future reports (preliminary)**

Year-end report February 6, 2003  
Annual General Meeting March 27, 2003  
January–March 2003 April 24, 2003

For more information please visit: [www.capio.se](http://www.capio.se)

**This report has not been examined by the company's auditors. The report has been prepared in accordance with RR 20 of the Swedish Financial Accounting Standards Council.**