



## **[ I N T E R I M R E P O R T ]**

### **JAN – SEP 2000**

## **Cario listed on the O-list of OM Stockholm Exchange on October 16**

- **Net sales increased by 56 per cent and amounted to SEK 2,440M (1,563). Organic growth amounted to 10 per cent.**
- **EBITA increased by 40 per cent to SEK 111M (79), excluding items affecting comparability, equivalent to an operating margin of 4.5 per cent (5.1).**
- **Earnings after financial items amounted to SEK 245M including items affecting comparability amounting to SEK 147M.**
- **1,700 employees signed up for the warrant programme.**
- **Previa and Volvat now wholly owned through non-cash issues.**

After the end of the reporting period:

- **An agreement has been made to acquire the remaining 50 per cent of the shares in Örebrohalsan Previa.**
- **Actica Omsorg has made an agreement with the municipality of Bærum in Norway to take over operations of an elderly care facility in Sandvika outside Oslo.**



## Capio January-September 2000

The Group's growth rate continues to be high. The operating margin is however lower than in the corresponding period last year, due to the fact that St. Göran's Hospital, like healthcare in general, has low production during the third quarter. The seasonal effect has increased due to the relative weight of St. Göran's Hospital within the Group.

Consolidated net sales rose by 56 per cent and amounted to SEK 2,440M (1,563).

Consolidated earnings before goodwill amortisation, EBITA, increased by 40 per cent to SEK 111M (79), excluding items affecting comparability. Items affecting comparability amounted to SEK 147M and include a refund of SPP funds, which amounted to SEK 155M net after provision for anticipated one-off costs for pensions and costs ahead of the listing of the Group amounting to SEK 8M. The operating margin amounted 4.5 per cent (5.1). Earnings after financial items amounted to SEK 245M.

The decision of Rikstrygdeverket in Norway to reduce payment for certain types of X-ray examinations (MR) has meant a clear fall in earnings for Capio's radiology operations in Norway. The issue of equal conditions for private and public producers in Norway is suggested to be further investigated and the decision of equal remuneration condition will be put forward.

In September, the remaining 30 per cent of the shares in AB Previa were acquired via a non-cash issue to Stiftelsen Statshälsan. The acquisition of the remaining 50 per cent in the Volvat Group was also completed via a non-cash issue to Foinco Invest.

In August, Lundby Hospital in Gothenburg started a dialysis unit.

Solna Röntgen, Capio's first radiology operations in Stockholm outside St. Göran's Hospital, was established in September.

The expanded psychiatry operations in London and the new clinics in Liverpool and Lausanne are now in operation.

The new units that are being established during the autumn have start up costs that will have an impact on the earnings for the year

since they will not reach full occupancy levels until next year. These new units will contribute to a considerable extent to the organic growth 2001.

1,700 employees signed up for Capio's warrant programme. A total of 2,067,800 were applied for, i.e. 64 per cent of the total number of 3,240,000 warrants. Each warrant entitles the holder to acquire one Capio share at SEK 50 per share by May 31 2004 at the latest.

### After the end of the reporting period

On 16 October, Capio was listed on the O-list of the OM Stockholm Exchange. The liquidity of the shares has been good. On 3 November, the closing price was SEK 62.00 per share, equivalent to a market cap of SEK 3,668M.

The focusing on the core operations at St. Göran's Hospital has continued and the production kitchen was divested during October. The hospital's X-ray operations, whose annual turnover is SEK 110 million, have been incorporated and will be transferred to Diagnostic Services as of the turn of 2001.

Previa made an agreement to acquire the remaining 50 per cent of the shares in Örebrohälsan. Örebrohälsan Previa, previously consolidated as an associated company, has an annual sales rate of SEK 28M.

In October, Actica Omsorg signed an agreement with the municipality of Bærum in Norway to take over operations of an elderly care facility in Sandvika outside Oslo. It is a four-year contract and the annual sales rate amounts to approximately SEK 26M. The take-over is set for March 27, 2001.

The Swedish Government has recently presented their earlier announced bill restricting the County Councils' right to transfer the operation of emergency hospitals to for-profit organisations. The law shall not be valid for emergency hospitals already contracted by a County Council. Capio now evaluates the long-term consequences of the bill.



## Business Sectors

Cario has three overall business sectors:

- Healthcare Services
- Diagnostic Services
- Elderly Care Services

In total, some 40 operating units are included in the Group with operations in Sweden, Norway, Denmark, Great Britain, Switzerland and Poland.

### Healthcare Services

The strong growth of this business sector continues. Net sales rose by 90 per cent to SEK 1,804M (949). Key to this high growth has been the acquisition of St. Göran's Hospital. The earnings trend was positive and EBITA amounted to SEK 90M (40). Increased sales, combined with continuous efficiency and quality improvements have gradually increased profitability. The Previa Group has continued its promising performance in terms both of growth and profitability. Adjustment towards services with higher care and therapy content has meant that certain wards within the psychiatry operations in London have been closed for reconstruction. The business sector's organic growth was 12 per cent for the period.

### Diagnostic Services

Net sales of this business sector amounted to SEK 478M (449). EBITA amounted to SEK 38M (47). The volume development for the radiology operation is high and demand is strong. The decision of Rikstrygðverket in Norway to seek substantially reduced payments for a certain type of X-ray examinations (MR) has caused a difficult price situation and has affected net sales negatively by approximately SEK 25M. Cario's laboratory operations report higher order inflows and the profit trend is favourable.

### Elderly Care Services

Net sales of business sector Elderly Care Services amounted to SEK 186M (163) where the organic growth answered for the total increase in sales by 14 per cent. EBITA amounted to SEK 17M (16). The occupancy rate has increased since the beginning of the year and is now on a high level. Housing in accordance with the concept for integrated care and guaranteed long-term accommodation will be established in the city of Halmstad.

## Parent Company sales and earnings

Sales in the Parent Company, Cario AB, amounted to SEK 9M (15) and earnings before goodwill amortisation and items affecting comparability to SEK -42 M (-29). The Parent Company's investments amounted to SEK 2M (2).

## Financial position

The Cario Group has a strong financial position with a net working capital amounting to -214 MSEK. The equity to assets ratio amounted to 40 per cent. By the end of the third quarter, the Group net cash position amounted to SEK 29M and liquid funds amounted to SEK 281M.

## Personnel

The average number of employees during the period was 4,464. The number of staff amounts to approximately 5,600.

Per Båtelson  
President and CEO

Gothenburg, 6 November 2000  
Cario AB (publ)



### Healthcare Services

This business sector supplies both planned and acute non-institutional and institutional care in some 30 medical specialities and preventive healthcare.

The business sector is market leader in Sweden and Norway. Units are also located in Switzerland and Great Britain.

The largest units are St. Göran's Hospital, Previa, Volvat, Lundby Hospital, Svenska Cityklinikerna, Florence Nightingale Hospitals and La Métaire.

Annual sales rate: approximately SEK 2,400M.

Average number of employees: 3,238 (1,587).

### Diagnostic Services

This business sector is a market leader in Scandinavia in both laboratory and radiology services.

The largest units are Nova Medical, Medi-Lab in Denmark and radiology companies in Norway.

Annual sales rate: approximately SEK 700M.

Average number of employees: 711 (727).

### Elderly Care Services

This business sector supplies health care services with a focus on the care-intensive segment. It operates its own concept for integrated care and guaranteed long-term accommodation.

Operations are carried out in Malmö, Linköping, Norrköping, Gothenburg and Oslo.

Annual sales rate: approximately SEK 240M.

Average number of employees: 495 (439).

Cario, SEK M	Net sales			EBITA			Operating margin, %		
	Jan-Sep 2000	Jan-Sep 1999	Full-year 1999	Jan-Sep 2000	Jan-Sep 1999	Full-year 1999	Jan- Sep 2000	Jan- Sep 1999	Full- year 1999
Healthcare Services	1 804	949	1412	89.9	39.6	67.6	5.0	4.2	4.8
Diagnostic Services	478	449	631	38.0	47.2	71.8	7.9	10.5	11.4
Elderly Care Services	186	163	223	17.5	15.6	19.5	9.4	9.6	8.8
Other	-29	1	1	-34.4	-23.1	-36.1	-	-	-
<b>Subtotal</b>	<b>2 440</b>	<b>1 563</b>	<b>2 267</b>	<b>110.9</b>	<b>79.3</b>	<b>122.9</b>	<b>4.5</b>	<b>5.1</b>	<b>5.4</b>
Items affecting comparability				147.5	-	-			
<b>Total</b>	<b>2 440</b>	<b>1 563</b>	<b>2 267</b>	<b>258.4</b>	<b>79.3</b>	<b>122.9</b>	<b>10.6</b>	<b>5.1</b>	<b>5.4</b>

All the comparative figures for 1999 and previous years are given pro forma in order to illustrate the performance of the healthcare Group. Capio was a business area within Bure Equity AB until 31 December 1999. As of this year, Capio AB is a separate Group.



Consolidated Income Statement, SEK M	Jan-Sep 2000	Jan-Sep 1999	Full-year 1999
Net sales	2 440	1 563	2 267
Operating expenses	-2 242	-1 418	-2 052
Depreciation	-87	-65	-92
<b>EBITA before items affecting comparability</b>	<b>111</b>	<b>79</b>	<b>123</b>
Items affecting comparability	147	-	-
<b>EBITA</b>	<b>258</b>	<b>79</b>	<b>123</b>
Goodwill amortisation	-11		
<b>EBIT</b>	<b>247</b>		
Financial income	12		
Financial expenses	-14		
<b>Earnings after financial items</b>	<b>245</b>		
Minority interest	-41		
Taxes	-13		
<b>Earnings after tax</b>	<b>191</b>		

Consolidated Balance Sheet, SEK M	Jan-Sep 2000	Full-year 1999
Goodwill	207	91
Other intangible fixed assets	10	6
Land and buildings	308	315
Machinery and medical equipment	389	345
Financial fixed assets	104	20
Accounts receivable	319	389
Other current assets	254	213
Liquid funds	281	200
<b>Total assets</b>	<b>1 873</b>	<b>1 579</b>
Equity	737	360
Minority interest	3	46
Accounts payable	157	146
Advances from customers	165	163
Other interest-free items	457	431
Interest-bearing liabilities	353	432
<b>Total equity and liabilities</b>	<b>1 873</b>	<b>1 579</b>

Consolidated Cash Flow Analysis, SEK M	Jan-Sep 2000	Full-year 1999
EBITA	258	123
Depreciation	87	92
Adjustment for non-cash flow affecting items	-14	-31
<b>Earnings adjusted to cash flow</b>	<b>331</b>	<b>184</b>
Change in net working capital	66	60
Net investments	-111	-188
<b>Cash flow in operations</b>	<b>286</b>	<b>57</b>
Financial items	1	
Paid tax	-19	
Acquisitions	-53	
Capital contribution	33	
Other	-2	
<b>Change in net debt</b>	<b>246</b>	
Change in interest-bearing items	-165	
<b>Change in liquid funds</b>	<b>81</b>	



<b>Cario, SEK M</b>	<b>Net sales</b>					<b>EBITA</b>				
<b>Business sectors</b>	<b>Q3 2000</b>	<b>Q2 2000</b>	<b>Q1 2000</b>	<b>Q4 1999</b>	<b>Q3 1999</b>	<b>Q3 2000</b>	<b>Q2 2000</b>	<b>Q1 2000</b>	<b>Q4 1999</b>	<b>Q3 1999</b>
Healthcare Services	538	642	624	463	306	14.7	38.9	36.2	28.1	11.5
Diagnostic Services	143	164	172	182	142	7.7	10.0	20.3	24.5	10.5
Elderly Care Services	63	62	61	60	58	9.0	4.3	4.2	3.9	7.0
Eliminations/Other	-9	-10	-10	-2	4	-10.9	-10.5	-13.0	-13.1	-8.8
<b>Subtotal</b>	<b>735</b>	<b>858</b>	<b>847</b>	<b>702</b>	<b>510</b>	<b>20.5</b>	<b>42.7</b>	<b>47.7</b>	<b>43.4</b>	<b>20.2</b>
Items affecting comparability						30.9	116.6			
<b>Cario</b>	<b>735</b>	<b>858</b>	<b>847</b>	<b>702</b>	<b>510</b>	<b>51.4</b>	<b>159.3</b>	<b>47.7</b>	<b>43.4</b>	<b>20.2</b>

<b>The Cario share, SEK per share</b>		<b>After dilution <sup>2)</sup></b>
Total no. of shares	59 163 575	61 216 375
Average number of shares during the period	54 500 000	56 602 800
Earnings after tax <sup>1)</sup>	3.50	3.41
Earnings after tax <sup>1)</sup> excluding items affecting comparability	1.43	1.43
Earnings after standard tax excluding items affecting comparability	1.20	1.20
Earnings after standard tax excluding goodwill amortisation and items affecting comparability	1.32	1.32
Shareholders' equity	12.46	13.76

<sup>1)</sup> Tax refers to the period's share of the estimated tax expenses for the year, taking into account the loss carry forward  
<sup>2)</sup> Out of the 3 240 000 warrants issued for the ESOP program, 2 052 800 warrants are subscribed while 1 187 200 are kept unsubscribed within the Group.

#### **Future Reports:**

Preliminary Accounts Report 6 February 2001  
Annual General Meeting 27 March 2001  
Jan-Mar Report 2001 24 April 2001

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

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

#### **Invitation to telephone conference**

On 6 November 2000, at 14.00CET, 13.00GMT, a telephone conference in English will be held with a presentation of Cario's Interim Report Jan-Sep 2000 by Per Båtelson, CEO. Entitled to participate are analysts, journalists and other professional investors. To be connected, please dial +44 20 8240 8248 and state "Cario".