

ATTENDO

Sweden Health Care Facilities & Services

BUY

March 3, 2016

Company description

Attendo is the leading private care provider in the Nordics. The Company conducts operations in Sweden, Finland, Norway and Denmark. Attendo offers care services for older people, people with disabilities and individual & families, focusing on nursing homes for the elderly. The Company was founded in 1985. It is locally established and has approximately 510 operations located in more than 200 municipalities. The Company has now more than 19,000 employees.

On November 11 2015, Attendo announced its intention to go public on Nasdaq Stockholm. On November 30, Attendo was listed at a price of SEK 50 per share.

Recent developments

February 25, 2016: The Company reported strong growth in both sales and earnings in Q4 2015. Both growth and earnings were driven by a strong demand for own nursing homes in Sweden and Finland. Q4 sales growth accelerated to 11% driven by 17% growth in the division 'Own operations' (58% of total sales), where new nursing homes and higher capacity utilization in recently opened ones drove revenue and EBITA.

As reported during the quarter, there is a shortage of nursing homes within care for older people and to meet this demand Attendo continues to invest. During 2015, Attendo opened around 700 nursing home beds for older people, and at year-end it had around 700 nursing home beds under construction.

Recent important events:

- The highlight of the Q4 was the Company's IPO in November 2015 which attracted great interest from institutions and the interest from private investors was one of the highest ever in Sweden.

Upcoming events:

May 12, 2016: Interim report Jan-March 2016.
May 17, 2016: Annual General Meeting 2016.
July 28, 2016: Interim report Jan-June 2016.

Investment conclusion

We consider the sector and this theme (aging and sickening population; elderly homes, specialized healthcare) as a specific high potential niches in which we will continue to allocate positions.

Elderly care is a structurally growing market in our view: the increasing number of elderly people means that major new nursing home capacity needs to be built in the coming years. The required investment would be a major challenge for the public sector, which we believe will lead to an increase in private providers' share of the market. Attendo, as the private market leader with a proven track record, looks well positioned to capture this potential.

We see longer term upside potential for the share driven by continued earnings growth.

Performance



	1m	3m	12 m
Absolute perf.	2.2%	2.2%	37%
DMX Stockholm 30 Index perf	6.4%	-7.5%	-8.7%

Market data

Share price (SEK), as of Mar 3, 2016:	68.5
52-wk range:	50-73
Mkt cap (SEK m):	10'960
Nb of shares issued:	160m
Bloomberg ticker:	ATT:SS
Isin:	SE0007666110

Financial summary (In mio SEK) & Valuation

	2014	2015	2016e	2017e
Revenues	9'045	9'831	10'290	10'958
Oper. income	807	887	931	985
Net income	263	286	650	712
EPS	1.75	1.79	4.06	4.45
DPS	-	0.54	1.26	1.41
Div. yield (%)	-	0.8%	1.8%	2%
P/E (x)	40.7	39.8	17.5	16

Source: Bloomberg

Equity rating—Bloomberg consensus

		Nb of analysts
Buy	50%	2
Hold	50%	2
Sell	0%	0