



Nov 19, 2018 07:07 UTC

A more focused Falck continues turnaround and improves profitability

Falck has released its financial results for the third quarter of 2018.

The company continued to restore profitability by reducing complexity, improving efficiency and implementing global operating models. However, reported profitability was significantly impacted by clean-up activities caused by the turnaround.

In the quarter, another 399 optimisation and efficiency initiatives were completed improving Falck's underlying run-rate. By the end of Q3, the

efficiency and cost optimisation programme had contributed DKK 483 million towards Falck's target to improve its run-rate by DKK 500 million going into 2019.

Financial highlights for the third quarter of 2018:

- Reported revenue was DKK 3,288 million (Q3 2017: DKK 3,489 million) – adjusted revenue growth was flat at 1.4%¹.
- Reported operating profit before other items (EBITA) was DKK 109 million (Q3 2017: DKK 85 million) with an EBITA margin of 3.3% (Q3 2017: 2.4%). EBITA was adversely impacted by changes in accounting estimates amounting to DKK 73 million DKK, and the underlying EBITA was DKK 182 million (Q3 2017: DKK 120 million) with a margin of 5.5% (Q3 2017: 3.4%)².
- The free cash flow was DKK 74 million (Q3 2017: negative at DKK 136 million). The positive development was mainly attributable to higher cash collection from customers in Ambulance and improved earnings.
- Falck expects profitability and EBITA margin to improve further in the fourth quarter of 2018 as effects of the efficiency and cost optimisation programme continue to materialise.

<i>DKK million</i>	Reported		Underlying		
	Revenue Q3 2018	EBITA Q3 2018	Revenue growth Q3 2018¹	EBITA margin Q3 2018²	EBITA margin Q3 2017²
Ambulance	1,985	33	1.8%	4.7%	2.7%
Healthcare	347	-15	3.3%	-4.6%	-3.5%
Assistance	715	114	-1.9%	16.8%	11.7%
Portfolio businesses	295	19	3.0%	8.8%	1.3%
Holding and other activities/eliminations	-54	-42			
Total	3,288	109	1.4%	5.5%	3.4%

1. Adjusted for adverse impact of exchange rates and changes under the IFRS 15 financial reporting standard, totalling DKK 250 million.

2. Adjusted for changes in accounting estimates, totalling DKK 73 million.

In the quarter, Falck focused its business further when divesting several non-core businesses, including Falck Safety Services and its Danish medical clinics (Falck Lægehuse). Focusing the Falck business allows for further reduction of cost and implementation of global operating models. In Ambulance, core operational systems within fleet management and dispatch have been rolled

out to 51% of the ambulance fleet and 42% of front-end employees. The implementation of global operating models in Finance, IT and HR progressed steadily.

President & CEO Jakob Riis said:

“One year into Falck’s turnaround, we see improving underlying profitability. Our Assistance business is back in shape and financial performance improves quarter-by-quarter in Ambulance. Our turnaround in Healthcare was initiated later than in the other business units and had adverse impact on our financial improvements. Reported numbers were significantly affected by the clean-up across business units, which will continue into the following quarters.

We are regaining our strength but still have a long way to go. Despite being challenged we continue to deliver quality services. I am proud to be part of a company where employees care for our customers in times of need.”

Falck’s half-year report is available at www.falck.com.

https://www.falck.com/SiteCollectionDocuments/Annual%20reports/FALCK_Interim_Report_Q3_2018.pdf

For further information, please contact Falck’s Communications Department on tel. +45 7022 0307.

Falck is a leading international provider of ambulance and healthcare services. For more than a century, Falck has worked with local and national governments to prevent accidents, diseases and emergency situations, to rescue and assist people in emergencies quickly and competently and to rehabilitate people after illness or injury.

Falck operates in 35 countries and has more than 32,000 employees.

.

Contacts



Global Communications

Press Contact

comms@falck.com

+45 70 22 03 07