



Annual Report 2017

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Falck implementing global operating models to restore margin after further decline in 2017

Highlights of Falck's financial results for 2017:

- Revenue was flat at DKK 15,227 million (2016: DKK 15,109m).
- Operating profit (EBITA) was DKK 2 million (2016: DKK 758m) for an EBITA margin of 0% (2016: 5.0%). EBITA was negatively impacted by DKK 344 million in write-downs on accounts receivable in its US Ambulance business and on the carrying amount of its customer management system in Assistance.

- Despite the weak EBITA performance, the free cash flow was DKK 487 million which was DKK 18 million better than in 2016.
- Goodwill impairment, restructuring costs and amortisation of customer contracts impacted profit by a total of DKK 3,181 million. Consequently, Falck incurred an operating loss (EBIT) for the year of DKK 3,179 million (2016: DKK 258m profit).
- Falck expects to restore profitability in 2018 and 2019, as its DKK 500 million cost-improvement programme being implemented during 2018 begins to deliver full effects in 2019.

In DKK '000	Revenue 2017	2017 Y/Y	EBITA 2017	Margin 2017	Margin 2016
Ambulance	8,086	-2.2%	-214	-2.6%	3.8%
Employee healthcare	2,801	4.9%	101	3.6%	6.3%
Assistance	3,043	-3.7%	188	6.2%	7.2%
Portfolio business	1,611	14.9%	-3	-0.2%	3.8%
<i>Total</i>	<i>15,227</i>	<i>0.8%</i>	<i>2</i>	<i>0.0%</i>	<i>5.0%</i>

President & CEO Jakob Riis said:

“Our financial performance for the year is unsatisfactory. We had significant write-downs and goodwill impairment in 2017, but that doesn’t change the fact that our underlying profit margin has been deteriorating for several years. We need to reverse that trend. We have strong plans and have started to implement initiatives that will restore profitability from our current 2-3% underlying profit margins.”

Falck has grown through acquisitions that have not been integrated into a global operating model, therefore leading to complexity in the organisation and adding unnecessary costs to operations.

Falck appointed a new management in 2017, when Jakob Riis (president and CEO), Tor Magne Lønnum (CFO) and Jakob Bomholt (EVP) came onboard. Since then, Falck has initiated a DKK 500 million turnaround programme and announced a new strategy that aims to restore profitability and improve Falck’s competitive edge in terms of price, quality and innovation.

“We have embarked on a journey that will transform our business from being operated de-centrally to building on global operating models. We intend for Falck to refocus on our core business units and geographies, optimise our operations by

implementing smarter ways of working and build a stronger business. Standardised processes and digitalisation will play a significant role across service areas and back-office functions. Innovation, performance management and honing our brand will add to the strength of the future Falck. As we get this right, we will unleash our potential to become the undisputed global leader in ambulance services and enhance our Nordic leadership in employee healthcare and roadside assistance,” said Jakob Riis.

As part Falck’s goal of refocusing its business, Falck has initiated a strategic review of Falck Safety Services and Falck Lægehuse to establish whether Falck is the right long-term owner of those businesses.

For further information, please contact Kaspar Bach Habersaat, Head of Communications, on +45 4092 8881 or Media Relations on +45 7022 0307.

About Falck

Falck is an international leader in the ambulance and healthcare markets. With more than 100 years of experience, Falck works together with local and national authorities to prevent accidents, illness and emergency situations, to rescue and assist people in emergencies quickly and competently and to rehabilitate people after illness and injury.

Falck operates in 35 countries and has more than 37,300 employees.

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