



May 07, 2019 06:00 UTC

Falck improves profitability and cash flow – accelerates cultural turnaround

Today, leading emergency response and healthcare company Falck released its financial results for Q1 2019 and announced a comprehensive self-cleaning programme, Clear.

“First quarter of 2019 continued the trajectory from 2018 as underlying profitability and free cash flow improved on slightly lower revenue. This is confirmation of the financial and strategic turnarounds that we announced in November 2017,” said President & CEO Jakob Riis.

Financial highlights in Q1 2019 were [1]:

- Revenue was DKK 3,532 million (DKK 3,588 million). In local currencies, revenue growth was negative at 1.5%, due to divestments, contract pruning and a lower subscription volume.
- Reported operating profit before other items (EBITA) was DKK 327 million (DKK 187 million). Underlying EBITA margin [2] improved to 7.1% (5.2%) driven by continuing efficiency measures. Underlying operating profit improved across all business units.
- Free cash flow improved to DKK 683 million (DKK 307 million) due to a stronger underlying performance and reduced investment in fixed assets. Interest and amortisations on finance lease liabilities had a positive impact of DKK 144 million.
- Net interest-bearing debt was reduced from DKK 5,260 million to DKK 4,369 million (including lease liabilities of DKK 2,109 million related to the implementation of IFRS 16), through solid cash generation and conversion of shareholder loans into equity.

DKK million	Revenue	Revenue growth³	EBITA	Underlying EBITA margin
Ambulance	1,922	-0.7	143	7.4%
Assistance	744	-6.4	144	19.4%
Healthcare	638	1.6	42	6.6%
Portfolio Businesses	291	0	18	6.3%
Group and other activities/eliminations	-63		-20	
Total	3,532	-1.5%	327	7.1%²

[1] Numbers in brackets refer to Q1 2018.

[2] Adjusted for positive impact from the sale of office buildings in Denmark (DKK 65 million) and the implementation of the IFRS 16 reporting standards (DKK 12 million).

[3] In local currencies.

The improved profitability is a result of the efficiency programme that was implemented in 2018 and continues into this year. In the quarter, Falck signed agreements for the divestment of clinics in Poland and Chile and

continued to invest in implementing global operating models that improve quality and efficiencies in key processes. Falck won and started preparing for an important contract for patient transport services in London, initiated an extended contract for ambulance services in Stockholm and started preparing for the large ambulance contract in Alameda, California, which Falck will take over in July 2019.

Falck has initiated its comprehensive self-cleaning programme 'Clear'

“Progressing well on our financial and strategic turnarounds, we will now accelerate our cultural turnaround. The cultural turnaround aims at building the emergency response and healthcare category by being a great place to work, by exploring new ways of working with customers and by always giving priority to quality and ethics,” said Jakob Riis.

An important step in the cultural turnaround is a comprehensive self-cleaning programme, Clear, that is announced today. Falck has initiated this self-cleaning programme following the ruling by the Danish Competition Council on 30 January 2019 that Falck had violated Danish competition law in 2014-15.

Falck has made significant changes since then. In 2017, Falck established a global compliance function, and in 2018, reintroduced its Code of Conduct and conducted training in the Code of Conduct and in competition law. Finally, Falck reintroduced its Falck Alert whistleblower system to ensure that more employees and partners raise their concerns about potential irregularities or improper actions, aiming to create a culture of full transparency.

The Clear self-cleaning programme reinforces these initiatives 1) by compensating parties who have suffered foreseeable and documented loss resulting from the conduct of Falck that led to the ruling of the Competition Council, 2) by carrying out an internal review that identifies and deals with past or present violations of the Code of Conduct, and 3) by applying a zero-tolerance approach to ensure that quality and ethics always take priority at Falck.

“The ruling was an embarrassment to Falck. We live from helping and being trusted by people in urgent need and from meeting the expectations of public customers and insurance companies. This is what our employees take

pride in and this is what our customers and society expect from us. Through our initiatives and by operating in an ethical and transparent manner, we believe we can rebuild this trust, move forward from our current situation and successfully complete our triple turnaround. Financially and strategically we have made good progress. Our Clear self-cleaning programme will reinforce and accelerate our cultural turnaround,” said Jakob Riis.

Falck’s Q1 interim report is available at www.falck.com.

For further information, please contact Falck’s Communications Department on tel. +45 7022 0307 or comms@falck.com.

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 30 countries and has approximately 30,000 employees.

Contacts



Global Communications

Press Contact
comms@falck.com
+45 70 22 03 07