

## Earnings accretion set to continue

Pihlajalinna releases Q3 results on Nov 4. Our estimates remain intact for now. We continue to see good upside potential due to earnings growth and multiple expansion.

### Solid Q2 gains represented a minor earnings beat

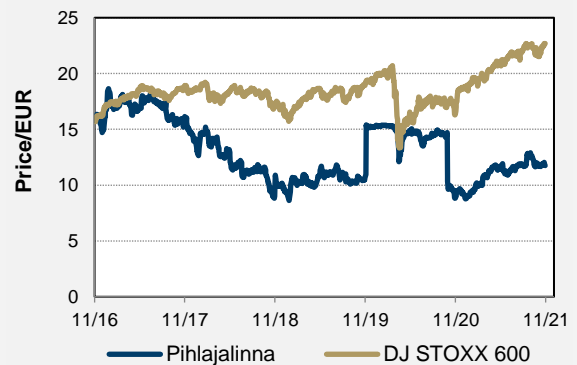
Pihlajalinna's Q2 figures were pretty much in line with estimates. Top line grew 24% y/y from a soft comparison period. Private customer volumes recovered but remained below pre-pandemic levels. Private revenue fell 18% in FY '20, but corporate and public sector revenues held up. Q2'20 was nonetheless a bit soft for the two as well and thus the corporate and public sector groups were able to post respective 31% and 18% y/y growth rates in Q2'21. The Q3 comparison base is higher but we still expect 10% y/y growth. Q2 profitability improved by some EUR 6m y/y and was a bit better than estimated. Q3 is seasonally the most profitable quarter due to low public sector costs and our EUR 10.6m EBIT estimate is ahead of the EUR 9.0m consensus.

### EBIT potential to materialize in the short and long term

Covid-19 services added EUR 8.1m in Q2 revenue and the Q3 level should remain high (with some cost uncertainty), yet it will be of interest to hear to what extent Pihlajalinna expects the level to decline from Q4 onwards as the Finnish vaccination rate reaches 80%. The fading will cause its own top line headwind but the private volume normalization as well as the public side handling of queues, further stretched by the pandemic, should compensate. There's more profitability potential going forward even with current volume levels. We reckon the Pohjola Hospital acquisition advances pretty much as planned, and thus should be completed by the end of the year or early next year at the latest. We have already added the EUR 60m revenue target to our FY '22 estimates. The smallish target has been loss-making, but Pihlajalinna seemed confident with respect to achieving rapid results. We hence expect earnings accretion for next year as well.

### Current valuation is by no means challenging

Pihlajalinna hasn't completed significant acquisitions for a while; we estimate 13% growth for FY '21. We see FY '21 EBIT at EUR 31.9m and on this basis the multiples stand at ca. 8x EV/EBITDA and 16x EV/EBIT. Both profitability estimates and multiples remain well below those of peers: we continue to consider valuation attractive. We retain our EUR 13.5 TP and BUY rating.

 Rating BUY


Share price, EUR (Last trading day's closing price)	11.74
Target price, EUR	13.5

Latest change in	22-Feb-21
Latest report on company	16-Aug-21
Research paid by issuer:	YES
No. of shares outstanding,	22,584
No. of shares fully diluted,	22,584
Market cap, EURm	265
Free float, %	80.1
Exchange rate	-
Reuters code	PIHLIS.HE
Bloomberg code	PIHLIS FH
Average daily volume, EURm	0.2
Next interim report	04-Nov-21
Web site	<a href="http://investors.pihlajalinna.fi/">http://investors.pihlajalinna.fi/</a>

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BUY HOLD SELL

## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2019	518.7	20.9	4.0%	12.8	0.61	24.9	1.1	26.6	3.7	0.00
2020	508.8	20.8	4.1%	0.5	0.50	18.6	0.8	20.0	0.2	0.20
2021E	572.8	31.9	5.6%	-38.8	0.98	12.0	0.9	16.1	-14.6	0.34
2022E	660.2	37.6	5.7%	69.6	1.15	10.2	0.7	12.0	26.2	0.40
2023E	680.0	39.4	5.8%	22.3	1.19	9.9	0.6	11.1	8.4	0.42
Market cap, EURm	265			Gearing 2021E, %	180.1			CAGR EPS 2020-23, %	33.0	
Net debt 2021E, EURm	238			Price/book 2021E	2.1			CAGR sales 2020-23, %	10.2	
Enterprise value, EURm	514			Dividend yield 2021E, %	2.9			ROE 2021E, %	18.6	
Total assets 2021E, EURm	443			Tax rate 2021E, %	19.8			ROCE 2021E, %	8.8	
Goodwill 2021E, EURm	174			Equity ratio 2021E, %	29.8			PEG, P/E 21/CAGR	1.4	

**Estimates and peer group valuation**

<b>Net sales</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Q1'20</b>	<b>Q2'20</b>	<b>Q3'20</b>	<b>Q4'20</b>	<b>2020</b>	<b>Q1'21</b>	<b>Q2'21</b>	<b>Q3'21E</b>	<b>Q4'21E</b>	<b>2021E</b>
Corporate Customers	82.6	103.7	122.1	31.6	26.5	30.7	36.1	124.9	35.4	34.7	34.5	40.3	144.8
of which insurance companies	26.6	25.2	27.6	8.3	6.6	6.4	8.6	29.9	8.5	7.9	7.0	9.5	32.9
of which other corporates	56.0	78.5	94.5	23.5	19.9	24.3	27.5	95.2	26.9	26.8	27.5	30.8	111.9
Private Customers	67.9	92.1	97.8	23.5	15.1	19.5	22.0	80.1	21.1	21.7	20.9	26.4	90.1
Public sector customers	330.5	349.7	360.6	93.9	89.0	88.9	97.5	369.3	101.7	104.6	99.0	105.2	410.6
<b>Total</b>	<b>424.0</b>	<b>487.8</b>	<b>518.6</b>	133.0	114.7	123.9	137.2	<b>508.8</b>	139.9	142.5	136.4	153.9	<b>572.7</b>
<b>Net sales growth</b>													
Corporate Customers	-	25.5%	17.3%	1.3%	-12.4%	13.7%	13.2%	2.3%	12.0%	30.8%	12.4%	11.5%	15.9%
Private Customers	-	35.6%	6.5%	-11.0%	-40.9%	-7.6%	-11.6%	-18.1%	-10.2%	43.7%	7.0%	20.0%	12.4%
Public sector customers	-	5.8%	3.2%	4.6%	-0.7%	-1.2%	5.2%	2.4%	8.3%	17.5%	11.4%	7.9%	11.2%
<b>Total</b>	<b>6.2%</b>	<b>15.0%</b>	<b>6.3%</b>	0.4%	-11.6%	0.9%	2.6%	<b>-1.9%</b>	5.2%	24.2%	10.1%	12.2%	<b>12.6%</b>
<b>Adj. EBITDA (group)</b>	34.0	45.9	55.2	12.7	9.0	17.2	15.7	54.6	15.2	15.2	19.4	16.9	66.7
<b>Adj. EBITDA-margin (group)</b>	<b>8.0%</b>	<b>9.4%</b>	<b>10.6%</b>	9.5%	7.8%	13.9%	11.4%	<b>10.7%</b>	10.9%	10.2%	14.2%	11.0%	<b>11.6%</b>

Source: Pihlajalinna, Evli Research

<b>PIHLAJALINNA PEER GROUP</b>	<b>MCAP MEUR</b>	<b>EV/EBITDA</b>			<b>EV/EBIT</b>			<b>EBIT-%</b>		
		<b>21</b>	<b>22</b>	<b>23</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>21</b>	<b>22</b>	<b>23</b>
Ambea AB	567	9.1x	8.2x	7.7x	20.4x	16.8x	14.9x	6.5 %	7.4 %	8.0 %
Attendo AB	597	8.8x	7.6x	6.8x	25.4x	18.2x	14.6x	5.9 %	7.7 %	9.1 %
CareTech	838	10.9x	10.2x	9.1x	13.3x	12.8x	11.4x	17.0 %	16.7 %	17.6 %
GHP Specialty Care	181	10.2x	10.4x	9.0x	21.5x	23.2x	18.5x	6.3 %	5.4 %	6.2 %
Humana	347	8.3x	7.6x	7.3x	15.4x	13.8x	13.4x	6.0 %	6.3 %	6.3 %
Korian	3040	10.5x	9.2x	8.6x	27.2x	22.0x	20.3x	9.0 %	10.3 %	10.4 %
LNA Sante	477	9.9x	8.9x	8.1x	20.6x	17.6x	15.8x	9.8 %	10.5 %	10.7 %
Mediclinic International	2916	9.8x	8.7x	8.2x	17.8x	14.8x	13.4x	8.6 %	9.9 %	10.6 %
Orpea	5826	15.6x	13.9x	12.9x	31.6x	27.2x	24.9x	12.3 %	13.2 %	13.4 %
Spire Healthcare Group	1116	10.4x	9.1x	8.5x	21.3x	16.6x	14.9x	8.6 %	10.5 %	11.2 %
Terveystalo	1433	10.0x	9.6x	9.2x	18.0x	17.6x	16.2x	9.8 %	9.5 %	9.9 %
<b>Peer Group Average</b>	1576	<b>10.3x</b>	<b>9.4x</b>	<b>8.7x</b>	<b>21.1x</b>	<b>18.2x</b>	<b>16.2x</b>	<b>9.1 %</b>	<b>9.8 %</b>	<b>10.3 %</b>
<b>Peer Group Median</b>	838	<b>10.0x</b>	<b>9.1x</b>	<b>8.5x</b>	<b>20.6x</b>	<b>17.6x</b>	<b>14.9x</b>	<b>8.6 %</b>	<b>9.9 %</b>	<b>10.4 %</b>
<b>Pihlajalinna (Evli est.)</b>	<b>265</b>	<b>7.7x</b>	<b>6.1x</b>	<b>5.5x</b>	<b>16.1x</b>	<b>12.0x</b>	<b>11.1x</b>	<b>5.6 %</b>	<b>5.7 %</b>	<b>5.8 %</b>

Pihlajalinna prem./disc. to peer median

-23 %   -33 %   -35 %   -22 %   -32 %   -25 %   -35 %   -43 %   -44 %

Source FactSet, Evli Research

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	133.0	114.7	123.9	137.2	508.8	139.9	142.6	136.4	153.9	572.8	660.2	680.0
EBITDA	12.7	9.0	17.2	15.7	54.6	15.2	15.2	19.4	16.9	66.7	74.0	79.1
<i>EBITDA margin (%)</i>	<i>9.5</i>	<i>7.8</i>	<i>13.9</i>	<i>11.4</i>	<i>10.7</i>	<i>10.9</i>	<i>10.7</i>	<i>14.2</i>	<i>11.0</i>	<i>11.6</i>	<i>11.2</i>	<i>11.6</i>
EBIT	4.2	0.6	8.7	7.3	20.8	6.7	6.5	10.6	8.1	31.9	37.6	39.4
<i>EBIT margin (%)</i>	<i>3.2</i>	<i>0.5</i>	<i>7.0</i>	<i>5.3</i>	<i>4.1</i>	<i>4.8</i>	<i>4.6</i>	<i>7.7</i>	<i>5.3</i>	<i>5.6</i>	<i>5.7</i>	<i>5.8</i>
Net financial items	-1.4	-1.0	-1.0	-1.0	-4.4	-0.9	-1.0	-1.1	-1.1	-4.2	-5.0	-5.7
Pre-tax profit	2.8	-0.4	7.7	6.3	16.4	5.8	5.5	9.5	7.0	27.7	32.6	33.8
Tax	-0.6	0.1	-1.5	-2.8	-4.8	-1.1	-1.2	-1.9	-1.4	-5.5	-6.5	-6.8
<i>Tax rate (%)</i>	<i>21.4</i>	<i>25.0</i>	<i>19.5</i>	<i>44.4</i>	<i>29.3</i>	<i>19.0</i>	<i>21.8</i>	<i>20.0</i>	<i>20.0</i>	<i>19.8</i>	<i>20.0</i>	<i>20.0</i>
Net profit	2.1	0.0	5.4	3.9	11.4	4.6	4.5	7.4	5.5	22.0	25.9	26.8
EPS	0.09	0.00	0.24	0.17	0.50	0.20	0.20	0.33	0.24	0.98	1.15	1.19
EPS adjusted (diluted no. of shares)	0.09	0.00	0.24	0.17	0.50	0.20	0.20	0.33	0.24	0.98	1.15	1.19
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.34	0.40	0.42
<b>SALES, EURm</b>												
Corporate Customers	32.9	27.8	30.7	36.1	127.5	35.4	34.8	34.5	40.3	145.0	211.3	217.7
Private Customers	23.5	14.7	19.5	22.0	79.7	21.1	22.1	20.9	26.4	90.5	105.8	109.0
Public sector customers	92.6	88.1	88.9	97.5	367.1	101.7	104.2	99.0	105.2	410.2	418.0	430.5
Eliminations	-16.0	-15.9	-15.2	-18.4	-65.5	-18.3	-18.5	-18.0	-18.0	-72.8	-74.9	-77.2
<b>Total</b>	<b>133.0</b>	<b>114.7</b>	<b>123.9</b>	<b>137.2</b>	<b>508.8</b>	<b>139.9</b>	<b>142.6</b>	<b>136.4</b>	<b>153.9</b>	<b>572.8</b>	<b>660.2</b>	<b>680.0</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Corporate Customers</i>	<i>4.1</i>	<i>-8.1</i>	<i>13.7</i>	<i>10.1</i>	<i>4.8</i>	<i>7.6</i>	<i>25.2</i>	<i>12.4</i>	<i>11.5</i>	<i>13.7</i>	<i>45.8</i>	<i>3.0</i>
<i>Private Customers</i>	<i>-11.3</i>	<i>-42.5</i>	<i>-7.6</i>	<i>-11.6</i>	<i>-18.7</i>	<i>-10.2</i>	<i>50.3</i>	<i>7.0</i>	<i>20.0</i>	<i>13.5</i>	<i>17.0</i>	<i>3.0</i>
<i>Public sector customers</i>	<i>3.7</i>	<i>-1.7</i>	<i>-1.2</i>	<i>6.1</i>	<i>1.7</i>	<i>9.8</i>	<i>18.3</i>	<i>11.4</i>	<i>7.9</i>	<i>11.7</i>	<i>1.9</i>	<i>3.0</i>
<i>Eliminations</i>	<i>7.4</i>	<i>1.3</i>	<i>-1.0</i>	<i>16.5</i>	<i>6.1</i>	<i>14.4</i>	<i>16.4</i>	<i>18.0</i>	<i>-2.2</i>	<i>11.1</i>	<i>2.9</i>	<i>3.0</i>
<b>Total</b>	<b>0.4</b>	<b>-11.6</b>	<b>0.9</b>	<b>2.5</b>	<b>-1.9</b>	<b>5.2</b>	<b>24.3</b>	<b>10.1</b>	<b>12.2</b>	<b>12.6</b>	<b>15.3</b>	<b>3.0</b>
<b>EBIT, EURm</b>												
Group	4.2	0.6	8.7	7.3	20.8	6.7	6.5	10.6	8.1	31.9	37.6	39.4
<b>Total</b>	<b>4.2</b>	<b>0.6</b>	<b>8.7</b>	<b>7.3</b>	<b>20.8</b>	<b>6.7</b>	<b>6.5</b>	<b>10.6</b>	<b>8.1</b>	<b>31.9</b>	<b>37.6</b>	<b>39.4</b>
<b>EBIT margin, %</b>												
<i>Total</i>	<i>3.2</i>	<i>0.5</i>	<i>7.0</i>	<i>5.3</i>	<i>4.1</i>	<i>4.8</i>	<i>4.6</i>	<i>7.7</i>	<i>5.3</i>	<i>5.6</i>	<i>5.7</i>	<i>5.8</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	399.1	424.0	487.8	518.7	508.8	572.8	660.2	680.0
<i>Sales growth (%)</i>	<i>87.0</i>	<i>6.2</i>	<i>15.0</i>	<i>6.3</i>	<i>-1.9</i>	<i>12.6</i>	<i>15.3</i>	<i>3.0</i>
EBITDA	29.4	34.3	45.9	55.1	54.6	66.7	74.0	79.1
<i>EBITDA margin (%)</i>	<i>7.4</i>	<i>8.1</i>	<i>9.4</i>	<i>10.6</i>	<i>10.7</i>	<i>11.6</i>	<i>11.2</i>	<i>11.6</i>
Depreciation	-12.8	-14.2	-31.5	-34.2	-33.8	-34.8	-36.4	-39.6
EBITA	16.6	20.1	14.4	20.9	20.8	31.9	37.6	39.4
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	16.6	20.1	14.4	20.9	20.8	31.9	37.6	39.4
<i>EBIT margin (%)</i>	<i>4.2</i>	<i>4.7</i>	<i>3.0</i>	<i>4.0</i>	<i>4.1</i>	<i>5.6</i>	<i>5.7</i>	<i>5.8</i>
Reported EBIT	15.1	19.2	13.8	10.2	18.2	31.7	37.6	39.4
<i>EBIT margin (reported) (%)</i>	<i>3.8</i>	<i>4.5</i>	<i>2.8</i>	<i>2.0</i>	<i>3.6</i>	<i>5.5</i>	<i>5.7</i>	<i>5.8</i>
Net financials	-1.2	-1.4	-3.8	-4.0	-4.4	-4.2	-5.0	-5.7
Pre-tax profit	15.4	18.7	10.6	16.9	16.4	27.7	32.6	33.8
Taxes	-3.0	-3.4	-2.7	-1.9	-4.8	-5.5	-6.5	-6.8
Minority shares	-2.7	-4.6	-3.3	-1.1	-0.2	-0.2	-0.2	-0.2
Net profit	8.2	9.8	4.0	3.2	8.8	21.8	25.9	26.8
Cash NRIs	-1.5	-0.9	-0.6	-10.7	-2.6	-0.2	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	67	83	68	74	66	67	68	67
Goodwill	92	104	170	174	174	174	174	174
Right of use assets	0	0	116	108	103	112	130	137
Inventory	2	2	3	2	3	3	3	3
Receivables	27	25	40	47	78	53	55	56
Liquid funds	28	37	36	27	13	29	33	34
Total assets	218	254	437	438	442	443	468	477
<b>Liabilities</b>								
Shareholder's equity	98	100	121	101	110	127	145	163
Minority interest	3	6	9	5	5	5	5	5
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	119	114	114	112	130	137
Deferred taxes	6	6	6	6	6	6	6	6
Interest bearing debt	52	77	99	107	94	155	79	60
Non-interest bearing current liabilities	55	62	80	102	109	34	99	102
Other interest-free debt	3	3	3	2	3	3	3	3
Total liabilities	217	254	437	438	442	443	468	477
<b>CASH FLOW, EURm</b>								
+ EBITDA	29	34	46	55	55	67	74	79
- Net financial items	-1	-1	-4	-4	-4	-4	-5	-6
- Taxes	-2	-5	-5	-4	-4	-5	-7	-7
- Increase in Net Working Capital	8	7	2	14	-23	-50	63	1
+/- Other	-1	0	-11	-12	-3	0	0	0
= Cash flow from operations	32	35	27	49	21	6	125	68
- Capex	-5	-10	-23	-36	-20	-45	-56	-45
- Acquisitions	-22	-17	-79	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	6	8	-74	13	1	-39	70	22
+/- New issues/buybacks	-1	-2	24	-25	0	0	0	0
- Paid dividend	0	-3	-3	-2	0	-5	-8	-9
+/- Other	7	7	53	5	-14	59	-58	-12
Change in cash	12	10	-1	-9	-14	15	4	1

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	275	195	346	212	265	265	265
Net debt (excl. convertibles)	40	181	194	195	238	176	163
Enterprise value	325	391	557	417	514	451	437
Sales	424	488	519	509	573	660	680
EBITDA	34	46	55	55	67	74	79
EBIT	20	14	21	21	32	38	39
Pre-tax	19	11	17	16	28	33	34
Earnings	11	5	14	11	22	26	27
Equity book value (excl. minorities)	100	121	101	110	127	145	163
<b>Valuation multiples</b>							
EV/sales	0.8	0.8	1.1	0.8	0.9	0.7	0.6
EV/EBITDA	9.5	8.5	10.1	7.6	7.7	6.1	5.5
EV/EBITA	16.2	27.1	26.6	20.0	16.1	12.0	11.1
EV/EBIT	16.2	27.1	26.6	20.0	16.1	12.0	11.1
EV/OCF	9.3	14.3	11.3	20.3	80.7	3.6	6.4
EV/FCFF	19.3	-11.7	20.3	33.3	-51.1	4.1	8.0
P/FCFE	35.7	-2.6	27.0	424.3	-6.8	3.8	11.9
P/E	25.7	42.4	24.9	18.6	12.0	10.2	9.9
P/B	2.7	1.6	3.4	1.9	2.1	1.8	1.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.2	6.6	6.0
Target EV/EBIT	0.0	0.0	0.0	0.0	17.2	12.9	12.0
Target EV/FCF	0.0	0.0	0.0	0.0	-14.1	7.0	21.3
Target P/B	0.0	0.0	0.0	0.0	2.4	2.1	1.9
Target P/E	0.0	0.0	0.0	0.0	13.8	11.8	11.4
<b>Per share measures</b>							
Number of shares	20,613	22,620	22,620	22,618	22,584	22,584	22,584
Number of shares (diluted)	20,613	22,620	22,620	22,618	22,584	22,584	22,584
EPS	0.52	0.20	0.61	0.50	0.98	1.15	1.19
Operating cash flow per share	1.69	1.21	2.17	0.91	0.28	5.55	3.00
Free cash flow per share	0.37	-3.29	0.57	0.02	-1.72	3.08	0.99
Book value per share	4.87	5.36	4.47	4.85	5.62	6.43	7.21
Dividend per share	0.16	0.10	0.00	0.20	0.34	0.40	0.42
Dividend payout ratio, %	30.8	49.2	0.0	39.7	35.0	35.0	35.0
Dividend yield, %	1.2	1.2	0.0	2.1	2.9	3.4	3.5
FCF yield, %	2.8	-38.2	3.7	0.2	-14.6	26.2	8.4
<b>Efficiency measures</b>							
ROE	10.8	4.2	12.5	10.8	18.6	19.0	17.4
ROCE	12.2	5.4	6.2	6.4	8.8	9.9	10.9
<b>Financial ratios</b>							
Inventories as % of sales	0.5	0.5	0.4	0.7	0.5	0.5	0.5
Receivables as % of sales	5.9	8.2	9.1	15.3	9.3	8.3	8.3
Non-interest bearing liabilities as % of sales	14.6	16.3	19.7	21.5	6.0	15.0	15.0
NWC/sales, %	-8.4	-8.0	-10.2	-6.0	3.5	-6.5	-6.5
Operative CAPEX/sales, %	2.4	4.6	7.0	3.9	7.9	8.4	6.7
CAPEX/sales (incl. acquisitions), %	-1.6	-11.6	7.0	3.9	7.9	8.4	6.7
FCFF/EBITDA	0.5	-0.7	0.5	0.2	-0.2	1.5	0.7
Net debt/EBITDA, book-weighted	1.2	3.9	3.5	3.6	3.6	2.4	2.1
Debt/equity, market-weighted	0.3	0.5	0.3	0.4	0.6	0.3	0.2
Equity ratio, book-weighted	41.8	29.8	24.2	26.0	29.8	32.1	35.3
Gearing, %	37.3	138.7	182.9	169.5	180.1	117.2	97.0

**COMPANY DESCRIPTION:** Pihlajalinna is the 3rd largest private social welfare and healthcare service provider in Finland offering a wide selection of services to private individuals, businesses, insurance companies and public sector entities, such as municipalities and joint municipal authorities. In its private clinics and hospitals Pihlajalinna provides general practitioner services, specialized care, emergency and on-call services, a wide range of surgical services, occupational healthcare and dental care. Pihlajalinna is the market leader in complete social and healthcare outsourcings in Finland.

**INVESTMENT CASE:** The demand for private social and healthcare services is growing due to ageing population and increasing pressure on public healthcare spending, offering Pihlajalinna growth opportunities in primary care as well as in specialized care. Profitability improvement stems from increased volumes and better utilization rate of the clinics.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Lähiapiola Keskinäinen Vakuutusyhtiö	3,481,641	40.874	15.4%
Mww Yhtiö Oy	2,309,010	27.108	10.2%
Fennia Mutual Insurance Company	1,998,965	23.468	8.9%
Tapiola Keskinäinen Henkivakuutusyhtiö	1,893,985	22.235	8.4%
Elo Pension Company	1,267,161	14.876	5.6%
Niemistö Leena Katriina	704,687	8.273	3.1%
Ilmarinen Mutual Pension Insurance Company	628,431	7.378	2.8%
Fondita Nordic Micro Cap	470,000	5.518	2.1%
Fennia Life Insurance Company Ltd	321,643	3.776	1.4%
Sijoitusrahasto Taaleritehdas Mikro Markka	260,000	3.052	1.2%
Ten largest	13,335,523	156.559	59%
Residual	9,248,864	108.582	41%
Total	22,584,387	265.141	100%

**EARNINGS CALENDAR**

November 04, 2021

Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

CEO: Joni Aaltonen

Kehräsaari B, 33200 Tampere

CFO: Tarja Rantala

Tel:

IR: Marko Savolainen

## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

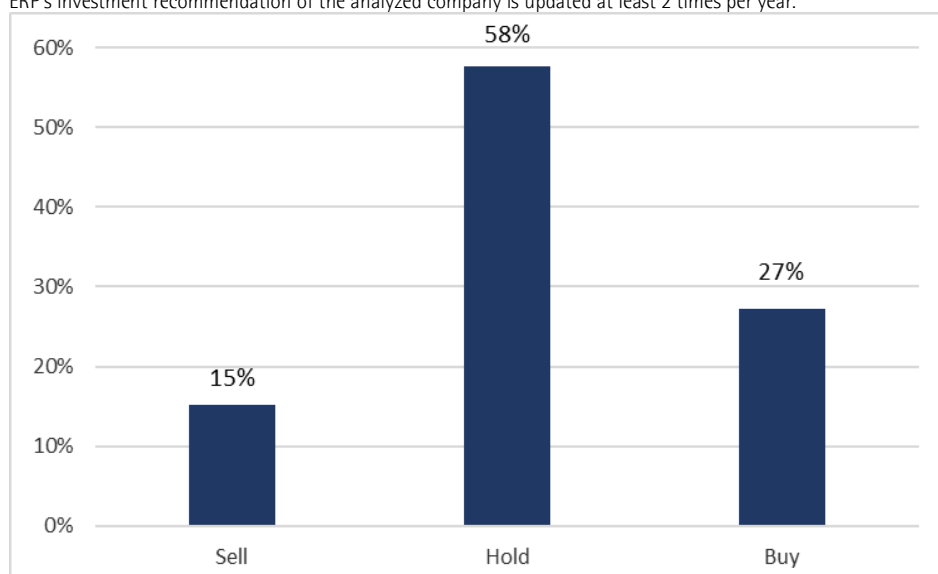
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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## Name(s) of the analyst(s): Ilvonen

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