

## Results largely in line

Pihlajalinna's Q2 results came in largely according to expectations. Top line growth continued strong and certain cost items remained high.

- Q2 revenue grew by 21.9% y/y and amounted to EUR 173.7m, compared to the EUR 169.5m/166.6m Evli/consensus estimates. Corporate customer revenue was EUR 56.0m vs the EUR 52.7m/51.8m Evli/consensus estimates, while private customers amounted to EUR 27.4m vs the EUR 22.4m/23.4m Evli/consensus estimates. Public sector customers came in at EUR 108.8m, compared to the EUR 113.0m/109.8m Evli/consensus estimates. Revenue grew 5.3% on an organic basis and customer volumes, excluding municipal outsourcing arrangements and Covid-19 testing, grew 69% y/y (28% without M&A transactions). Organic growth was at an especially good level in occupational health services and surgical operations.
- Covid-19 services revenue was EUR 3.2m in Q2 (EUR 8.2m a year ago).
- Adjusted EBITDA was EUR 16.9m vs the EUR 16.4m/17.0m Evli/consensus estimates, while adjusted EBITA was EUR 7.3m vs our EUR 7.9m estimate. Adjusted EBIT landed at EUR 5.2m, compared to the EUR 5.9m/6.3m Evli/consensus estimates. Employee benefit expenses were again exceptionally high due to sickness-related absences which increased costs by some EUR 2.5m. Meanwhile Pihlajalinna's supply of appointments and imaging services grew by nearly 38%. The costs of complete outsourcing arrangements were still fairly high, but profitability improved slightly in Q2 thanks to efficiency improvement programs, index adjustments and service fee refunds.
- Pihlajalinna guides FY '22 revenue to increase substantially, while adjusted EBITA is expected to be on a par with 2021 (unchanged).

### Rating BUY

Q2'22	Actual	Evli	Year ago	Q1'22
Revenue	173.7	169.5	142.5	163.1
Adj. EBITDA	16.9	16.4	15.9	16.5
Adj. EBIT	5.2	5.9	7.2	5.9

Deviation	Actual	Evli	Year ago	Q1'22
Revenue		2 %	22 %	6 %
Adj. EBITDA		3 %	6 %	2 %
Adj. EBIT		-12 %	-28 %	-12 %

Share price, EUR (Last trading day's closing price)	10.90
Target price, EUR	13.0

Latest change in	22-Feb-21
Latest report on company	9-Aug-22
Research paid by issuer:	YES
No. of shares outstanding,	22,584
No. of shares fully diluted,	22,584
Market cap, EURm	246
Free float, %	80.1
Exchange rate	-
Reuters code	PIHLIS.HE
Bloomberg code	PIHLIS FH
Average daily volume, EURm	0.1
Next interim report	12-Aug-22
Web site	<a href="http://investors.pihlajalinna.fi/">http://investors.pihlajalinna.fi/</a>

Analyst	Joonas Ilvonen
E-mail	<a href="mailto:joonas.ilvonen@evli.com">joonas.ilvonen@evli.com</a>
Telephone	+358 44 430 9071

BUY HOLD SELL

### PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2020	508.7	20.9	4.1%	0.6	0.51	18.4	0.8	20.0	0.3	0.20
2021	577.8	30.3	5.2%	33.8	0.90	14.0	0.9	16.3	11.8	0.30
2022E	674.6	30.7	4.6%	-9.5	1.08	10.1	0.7	15.2	-3.9	0.38
2023E	699.9	42.5	6.1%	25.4	1.18	9.2	0.6	10.6	10.3	0.41
2024E	723.1	45.0	6.2%	32.6	1.29	8.5	0.6	9.4	13.2	0.45

Market cap, EURm	246	BV per share 2022E, EUR	150.5	CAGR EPS 2021-24, %	12.6
Net debt 2022E, EURm	211	Price/book 2022E	1.8	CAGR sales 2021-24, %	7.8
Enterprise value, EURm	467	Dividend yield 2022E, %	3.5	ROE 2022E, %	19.3
Total assets 2022E, EURm	496	Tax rate 2022E, %	-3.9	ROCE 2022E, %	8.7
Goodwill 2022E, EURm	189	Equity ratio 2022E, %	28.2	PEG, P/E 22/CAGR	1.3

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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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**Contact information**

**SALES, TRADING AND RESEARCH**

**Equity, ETF and Derivatives Sales**

Joachim Dannberg +358 9 4766 9123  
Ari Laine +358 9 4766 9115  
Kimmo Lilja +358 9 4766 9130

**Trading**

Lauri Vehkaluoto (Head) +358 9 4766 9120  
Pasi Väisänen +358 9 4766 9120  
Antti Kässi +358 9 4766 9120  
Miika Ronkanen +358 9 4766 9120

**Structured Investments**

Heikki Savijoki +358 9 4766 9726  
Aki Lakkisto +358 9 4766 9123

**Equity Research**

Jonas Forslund +358 9 4766 9314  
Joonas Ilvonen +358 44 430 9071  
Jerker Salokivi +358 9 4766 9149  
Teemu Reiman +358 40 352 6175

**Evli Investment Solutions**

Johannes Asuja +358 9 4766 9205



**EVLI BANK PLC**  
Aleksanterinkatu 19 A  
P.O. Box 1081  
FIN-00101 Helsinki, FINLAND  
Phone +358 9 476 690  
Fax +358 9 634 382  
Internet [www.evli.com](http://www.evli.com)  
E-mail [firstname.lastname@evli.com](mailto:firstname.lastname@evli.com)

**EVLI BANK PLC,  
STOCKHOLMSFILIAL**  
Regeringsgatan 67 P.O. Box 16354  
SE-103 26 Stockholm  
Sverige  
[stockholm@evli.com](mailto:stockholm@evli.com)  
Tel +46 (0)8 407 8000  
Fax +46 (0)8 407 8001