

## Q3 EBIT not quite where estimated

Pihlajalinna's Q3 revenue landed close to estimates, whereas profitability came in on the soft side. In our view the roughly EUR 2m miss in profitability could be at least partly attributable to capacity ramp-up costs.

- Pihlajalinna Q3 revenue was up 17.5% y/y to EUR 165.2m, compared to the EUR 166.8m/164.9m Evli/consensus estimates. Organic growth was 3.3%. Corporate customers landed at EUR 52.8m vs our EUR 51.2m estimate, while private customers amounted to EUR 23.9m vs our EUR 21.4m estimate. Public sector customers were EUR 106.3m, compared to our EUR 111.9m estimate. Private clinic customer volumes grew 47% y/y (16% on an organic basis), while remote services use increased by 34%.
- Covid-19 services revenue amounted to EUR 2.3m, a decrease of EUR 9.5m y/y. Organic growth would have been 10.0% without Covid-19 services.
- Adjusted EBITDA was EUR 18.9m vs the EUR 20.5m/20.3m Evli/consensus estimates, whereas adjusted EBITA was EUR 9.4m vs our EUR 12.0m estimate. Adjusted EBIT landed at EUR 7.3m, compared to the EUR 10.0m/9.2m Evli/consensus estimates. Sickness-related personnel absences caused operational challenges and cost some EUR 1.0m in Q3. The costs of public services within complete outsourcing agreements also remained at a fairly high level.
- Pihlajalinna guides FY '22 revenue to increase substantially and adjusted EBITA to be on a par with 2021 (unchanged).

Rating				BUY
Q3'22	Actual	Evli	Year ago	Q2'22
Revenue	165.2	166.8	140.6	173.7
Adj. EBITDA	18.9	20.5	19.3	16.9
Adj. EBIT	7.3	10.0	10.5	5.2
Deviation	Actual	Evli	Year ago	Q2'22
Revenue		-1 %	17 %	-5 %
Adj. EBITDA		-8 %	-2 %	12 %
Adj. EBIT		-27 %	-30 %	40 %
Share price, EUR (Last trading day's closing price)				9.36
Target price, EUR				12.5
Latest change in				22-Feb-21
Latest report on company				01-Nov-22
Research paid by issuer:				YES
No. of shares outstanding,				22,584
No. of shares fully diluted,				22,584
Market cap, EURm				211
Free float, %				80.1
Exchange rate				-
Reuters code				PIHLIS.HE
Bloomberg code				PIHLIS FH
Average daily volume, EURm				0.1
Next interim report				04-Nov-22
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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	681.1	30.1	4.4%	-134.7	1.05	8.9	0.8	18.5	-63.7	0.37
2023E	708.5	42.1	5.9%	40.3	1.19	7.9	0.7	12.4	19.1	0.42
2024E	729.9	45.0	6.2%	48.8	1.28	7.3	0.7	10.7	23.1	0.45
Market cap, EURm	211		BV per share 2022E, EUR		241.0		CAGR EPS 2021-24, %		12.5	
Net debt 2022E, EURm	336		Price/book 2022E		1.6		CAGR sales 2021-24, %		8.1	
Enterprise value, EURm	556		Dividend yield 2022E, %		3.9		ROE 2022E, %		18.8	
Total assets 2022E, EURm	622		Tax rate 2022E, %		-7.4		ROCE 2022E, %		7.2	
Goodwill 2022E, EURm	189		Equity ratio 2022E, %		22.4		PEG, P/E 22/CAGR		1.0	

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

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