

Better than expected

Pihlajalinna's Q1 figures beat our estimates. Q1 revenue amounted EUR 140m (+5.2%) vs. EUR 137m/140m Evli/cons, while adj. EBIT landed at EUR 6.7m vs. EUR 5.6m/6.1m Evli/cons estimates. COVID-19 testing volumes continued to grow during Q1 but customer volumes of private clinics are still lagging behind.

- Q1 revenue was EUR 140m vs. EUR 137m/140m Evli/cons estimates. Revenue increased by 5.2% y/y. COVID-19 testing volumes increased by 65% compared to the previous quarter. Customer volumes of private clinics were ~13% lower than in the comparison period.
- Q1 adj. EBITDA was EUR 15.2m (10.9% margin) vs. EUR 14.4m/14.7m Evli/cons estimates.
- Q1 adj. EBIT was EUR 6.7m (4.8% margin) vs. EUR 5.6m/6.1m Evli/cons estimates.
- Q1 EPS was EUR 0.20 vs. EUR 0.15/0.17 Evli/cons.
- The company reiterated its guidance and expects 2021 revenue to increase clearly and adj. EBIT to improve clearly compared to 2020.

Rating BUY

Pihlajalinna Q1'21	Actual	Evli	Cons.*	Year ago
Net Sales	140	137	140	133
Adj. EBITDA	15.2	14.4	14.7	12.7
Adj. EBIT	6.7	5.6	6.1	4.2
Adj. EBITDA-margin	10.9 %	10.5 %	10.5 %	9.5 %
Adj. EBIT-margin	4.8 %	4.1 %	4.4 %	3.2 %
PTP (reported)	5.6	4.5	5.0	2.0
EPS	0.20	0.15	0.17	0.06

*Factset (5 estimates mean)

Share price, EUR (Last trading day's closing price)	11.74
Target price, EUR	13.0
Latest change in rating	22-Feb-21
Latest report on company	30-Apr-21
Research paid by issuer:	YES
No. of shares outstanding, '000's	22,618
No. of shares fully diluted, '000's	22,618
Market cap, EURm	266
Free float, %	80.1
Exchange rate	na.
Reuters code	PIHLIS.HE
Bloomberg code	PIHLIS FH
Average daily volume, EURm	na.
Next interim report	07-May-21
Web site	investors.pihlajalinna.fi
Analyst	Anna-Liisa Rissanen
E-mail	annaliisa.rissanen@evli.com
Telephone	+358401579919

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
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	564.3	28.8	5.1%	-39.3	0.84	13.9	0.9	17.9	-14.8	0.29
2022E	596.6	33.2	5.6%	72.1	0.98	12.0	0.8	13.5	27.1	0.34
2023E	614.5	34.4	5.6%	18.5	1.00	11.8	0.7	12.7	7.0	0.35

Market cap, EURm	266	BV per share 2021E, EUR	184.4	CAGR EPS 2020-23, %	25.6
Net debt 2021E, EURm	239	Price/book 2021E	2.1	CAGR sales 2020-23, %	6.5
Enterprise value, EURm	515	Dividend yield 2021E, %	2.5	ROE 2021E, %	16.3
Total assets 2021E, EURm	440	Tax rate 2021E, %	20.0	ROCE 2021E, %	8.0
Goodwill 2021E, EURm	174	Equity ratio 2021E, %	29.4	PEG, P/E 21/CAGR	1.5

All the important disclosures can be found on the last pages of this report.

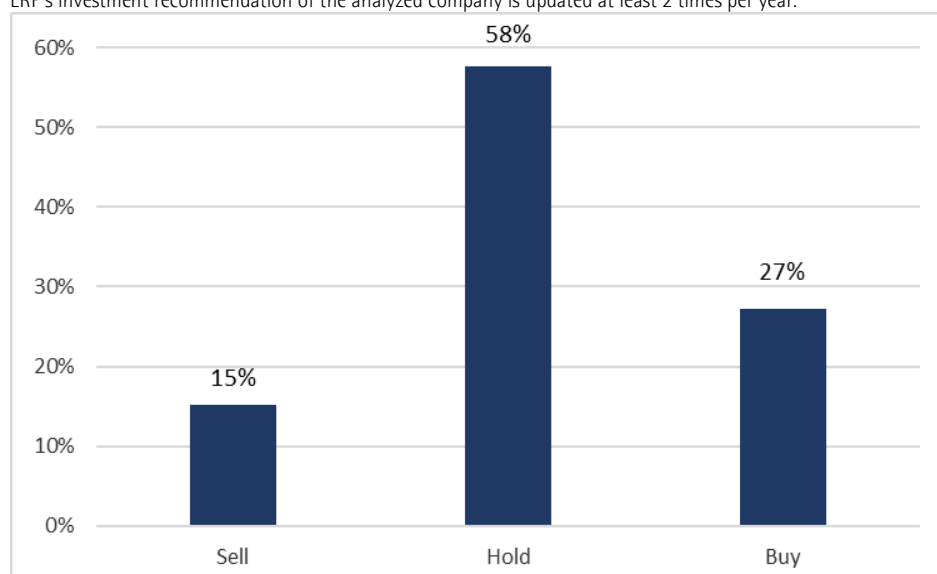
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Rissanen

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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
Anna-Liisa Rissanen +358 40 157 9919
Teemu Reiman +358 40 352 6175

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669



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
E-mail firstname.lastname@evli.com

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