

## PIHLAJALINNA

Health Care/Finland, February 17, 2023 News Flash

## Profitability took a big hit

Pihlajalinna's Q4 report was a clear disappointment in terms of profitability even after the guidance downgrade late last year. The culprits for low profitability have been discussed many times, but their adverse impacts on Q4 bottom line were clearly larger than estimated.

- Q4 revenue grew by 21.8% y/y to EUR 188.4m vs the EUR 177.8m/179.1m Evli/consensus estimates. Organic growth was 7.4% and would have been 12.1% without Covid-19 services. Corporate customers amounted to EUR 65.1m, compared to the EUR 59.0m/58.6m Evli/consensus estimates. Private customers were EUR 28.3m vs the EUR 26.3m/26.9m Evli/consensus estimates, while Public sector customers totaled EUR 113.9m vs the EUR 112.4m/112.2m Evli/consensus estimates.
- Covid-19 services revenue was EUR 2.8m, down by EUR 7.3m y/y.
- Adjusted EBITDA amounted to EUR 12.0m, compared to the EUR 17.5m/18.5m Evli/consensus estimates. Adjusted EBITA was EUR 2.2m vs our EUR 9.0m estimate, while adjusted EBIT was EUR 0.1m vs the EUR 7.0m/7.0m Evli/consensus estimates. Employee benefit expenses were exceptionally high in Q4.
- The BoD proposes no dividend distribution for the year vs the EUR 0.25/0.24 Evli/consensus estimates.
- Pihlajalinna guides revenue to increase (EUR 690.5m in 2022) and adjusted EBITA to improve (EUR 26.7m in 2022) in FY '23.

Rating				<b>∄</b> BUY		
Q4'22	Actual		Year ago	Q3'22		
Revenue	188.4	177.8	154.7	165.2		
Adj. EBITDA	12.0	17.5	14.9	18.9		
Adj. EBIT	0.1	7.0	7.0 6.0 7.			
Deviation	Actual	Evli	Year ago	Q3'22		
Revenue		6 %	22 %	14 %		
Adj. EBITDA		-31 %	-19 %	-37 %		
Adj. EBIT		-99 %	-98 %	-99 %		
Share price, EU day's closing price)	R (Last trading			9.00		
Target price, EU	R			10.0		
Latest change in			22-Feb-21			
Latest report on			10-Feb-23			
Research paid b			YES			
No. of shares ou			22,584			
No. of shares fu			22,584			
Market cap, EUF			203			
Free float, %			80.1			
Exchange rate			_			
Reuters code	, and the second			PIHLIS.HE		
Bloomberg code	ے			PIHLIS FH		
_				0.1		
Average daily vo				0		
Next interim rep	17-Feb-23					
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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	679.9	25.5	3.8%	-137.3	0.92	9.8	0.8	21.6	-67.5	0.25		
2023E	700.9	36.1	5.2%	36.9	0.97	9.3	0.7	14.3	18.1	0.35		
2024E	722.2	42.2	5.8%	44.7	1.21	7.5	0.7	11.4	22.0	0.42		
Market cap, EURm			203 E	V per share 20	22E, EUR	248.0 CAGR EPS 2021-24, %				10.2		
Net debt 2022E, EURm			339 P	rice/book 2022	2E	1.5 CAGR sales 2021-24, %				7.7		
Enterprise value, EURm			550 D	ividend yield 2	.022E, %	2.8 ROE 2022E, %				16.7		
Total assets 2022E, EURm			622 T	ax rate 2022E,	0/0	-17.7 ROCE 2022E, %				6.1		
Goodwill 2022E, EURm			189 E	quity ratio 202	2E, %	22.0 PEG, P/E 22/CAGR				0.7		

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

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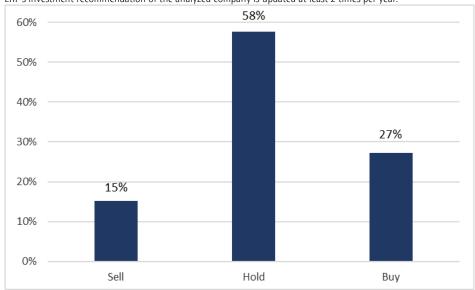
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Target price compared to share price Recommendation

< -10 % SELL -10 - (+10) % HOLD > 10 % BUY

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

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