

Q1 revenue above our expectations

In Q1'18, Pihlajalinna's revenue amounted to 132.5m vs. EUR 126m/128m Evli/cons estimates, while adj. EBITDA landed at EUR 12.6m vs. EUR 13,0m/13,0m Evli/cons estimates. Organic growth improved y/y. Revenue growth was supported by new customer relationships in occupational healthcare and the insurance company partnership with Fennia.

- **Q1 revenue** was EUR 132.5m vs. EUR 126m/128m Evli/cons estimates. Revenue grew 11.2 y/y%.
- **Growth from M&A** was 8.3%. Most significant M&A transactions were the acquisitions of Doctagon and the Forever fitness center chain as well as the acquisition of Terveyspalvelu Verso.
- **Q1 organic growth** was 2.8% (EUR 3.4m)
- **Q1 adj. EBITDA** was EUR 12.6m (9.5% margin) vs. EUR 13,0m/13,0m (10.3%/10.1%) Evli/cons estimates. Adj. EBITDA increased by 81.6% % y/y. Profitability improved significantly especially in occupational healthcare services, public sector specialized care and private clinic operations.
- **Q1 adj. EBIT** was EUR 3.9m (3.0% margin) vs. EUR 5,0m/4,7m (4,0%/3,7%) Evli/cons estimates.
- **Guidance for 2019E:** Revenue is expected to increase from the 2018 level and adjusted EBIT is expected to clearly improve from last year.

Rating

 **BUY**

Pihlajalinna				
Q1'18	Actual	Evli	Cons.*	Year ago
Net Sales	132,5	126,0	128,0	119,2
Adj. EBITDA	12,6	13,0	13,0	6,9
Adj. EBIT	3,9	5,0	4,7	-0,1
Adj. EBITDA-margin	10 %	10,3 %	10,1 %	5,8 %
Adj. EBIT-margin	3 %	4,0 %	3,7 %	-0,1 %
PTP (reported)	2,5	4,0	3,7	-0,6
EPS (reported)	0,06	0,1	0,1	-0,06

**Bloomberg (4-5 estimates mean)*

Share price, EUR (Last trading day's closing price)	10.80
Target price, EUR	12.0
Latest change in rating	01-Nov-18
Latest report on company	24-Apr-19
Research paid by issuer:	Yes
No. of shares outstanding,	22,620
No. of shares fully diluted,	22,620
Market cap, EURm	244
Free float, %	57.0
Exchange rate	0.000
Reuters code	PIHLIS.HE
Bloomberg code	PIHLIS.FH
Average daily volume, EURm	na.
Next interim report	19-Aug-19
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 **BUY**
 **HOLD**
 **SELL**

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	424	20	4.7%	19	0.52	25.7	0.8	7.2	16.2	0.16
2018	488	14	2.9%	10	0.19	46.4	0.8	4.4	27.9	0.10
2019E	515	24	4.7%	20	0.63	17.2	0.8	4.4	17.6	0.21
2020E	525	23	4.5%	19	0.58	18.5	0.7	3.9	16.4	0.19
2021E	541	30	5.5%	26	0.84	12.9	0.6	3.9	11.6	0.28
Market cap, EURm	244		BV per share 2019E, EUR		5.9		CAGR EPS 2018-21, %		65.3	
Net debt 2019E, EURm	164		Price/book 2019E		1.8		CAGR sales 2018-21, %		3.5	
Enterprise value, EURm	425		Dividend yield 2019E, %		1.9		ROE 2019E, %		11.2	
Total assets 2019E, EURm	427		Tax rate 2019E, %		20.0		ROCE 2019E, %		7.0	
Goodwill 2019E, EURm	170		Equity ratio 2019E, %		33.4		PEG, P/E 19/CAGR		1.4	

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

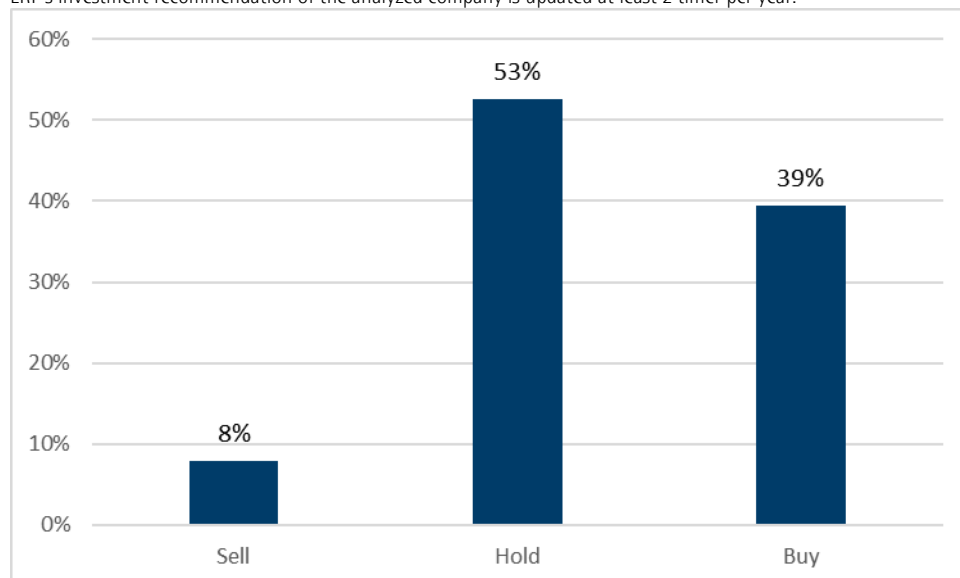
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Investment recommendations are defined as follows:

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

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

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