

## Good margin development continued

Pihlajalinna's Q3 report produced a top line beat while profitability was close to our estimates and above the consensus. The revenue surprise was attributable to public sector customers while Covid-19 services grew a lot y/y but also meaningfully q/q.

- Q3 revenue grew by 13.5% y/y to EUR 140.6m, compared to the EUR 136.4m/137.8m Evli/consensus estimates. Private customer revenue amounted to EUR 18.9m vs the EUR 20.9m/20.5m Evli/consensus estimates, while corporate customers were EUR 31.2m vs the EUR 34.5m/33.1m Evli/consensus estimates. Public sector customers' top line was EUR 108.1m, compared to the EUR 99.0m/101.5m Evli/consensus estimates.
- Covid-19 services contributed EUR 11.8m in Q3 revenue. The figure increased by EUR 8.4m y/y and EUR 3.7m q/q, which in our view in part helped the revenue beat.
- Adjusted EBITDA was EUR 18.8m (13.4% margin) vs the EUR 19.4m/17.7m Evli/consensus estimates. Adjusted EBIT was EUR 10.0m (7.1% margin) vs the EUR 10.6m/9.0m Evli/consensus estimates. Normal seasonal profitability variation as well as Covid-19 services helped profitability, in addition to a customer volume recovery at the company's private clinics.
- Pihlajalinna's FY '21 guidance remains unchanged; revenue is expected to increase while adjusted EBIT is expected to improve clearly.

Rating				BUY
<b>Q3'21</b>	Actual	Evli	Year ago	Q2'21
Revenue	140.6	136.4	123.9	142.6
Adj. EBITDA	18.8	19.4	17.2	15.2
Adj. EBIT	10.0	10.6	8.7	6.5
<b>Deviation</b>	Actual	Evli	Year ago	Q2'21
Revenue		3 %	13 %	-1 %
Adj. EBITDA		-3 %	9 %	24 %
Adj. EBIT		-6 %	15 %	54 %
Share price, EUR (Last trading day's closing price)				11.86
Target price, EUR				13.5
Latest change in				22-Feb-21
Latest report on company				01-Nov-21
Research paid by issuer:				YES
No. of shares outstanding,				22,584
No. of shares fully diluted,				22,584
Market cap, EURm				268
Free float, %				80.1
Exchange rate				-
Reuters code				PIHLIS.HE
Bloomberg code				PIHLIS FH
Average daily volume, EURm				0.2
Next interim report				04-Nov-21
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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
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	572.8	31.9	5.6%	-38.8	0.98	12.2	0.9	16.2	-14.5	0.34
2022E	660.2	37.6	5.7%	69.6	1.15	10.3	0.7	12.1	26.0	0.40
2023E	680.0	39.4	5.8%	22.3	1.19	10.0	0.6	11.1	8.3	0.42
Market cap, EURm	268		BV per share 2021E, EUR		180.1		CAGR EPS 2020-23, %		33.0	
Net debt 2021E, EURm	238		Price/book 2021E		2.1		CAGR sales 2020-23, %		10.2	
Enterprise value, EURm	517		Dividend yield 2021E, %		2.9		ROE 2021E, %		18.6	
Total assets 2021E, EURm	443		Tax rate 2021E, %		19.8		ROCE 2021E, %		8.8	
Goodwill 2021E, EURm	174		Equity ratio 2021E, %		29.8		PEG, P/E 21/CAGR		1.4	

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

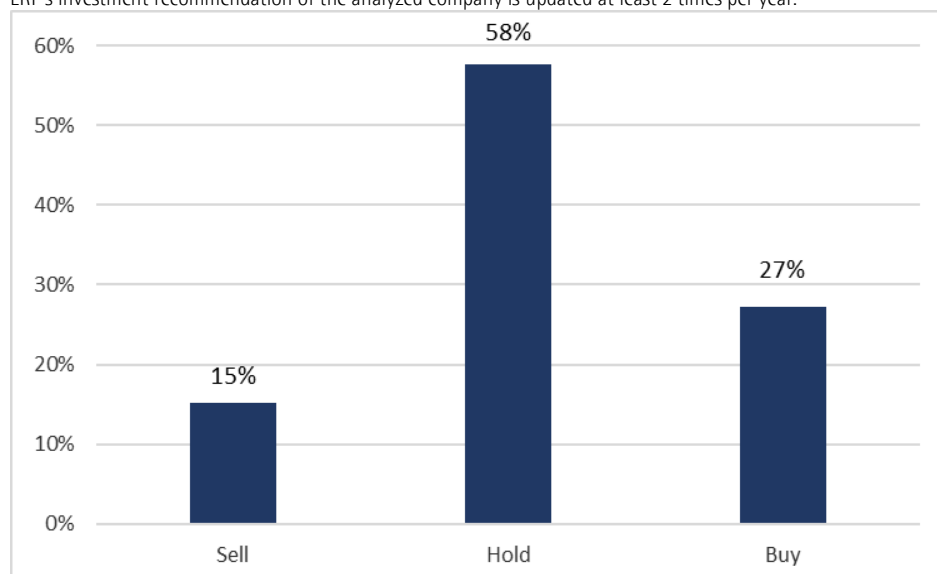
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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