

## Q3 in line with our expectations

Pihlajalinna's Q3 result was broadly in line with our expectations. Q3 revenue amounted to EUR 123.9m vs. EUR 125m/122.2m Evli/cons, while adj. EBIT landed at EUR 8.7m vs. EUR 8.4m/7.2m Evli/cons estimates. EPS was EUR 0.20 vs. our EUR 0.20.

- Q3 revenue was EUR 123.9m vs. EUR 125.0m/122.2m Evli/cons estimates. Revenue increased by 1.0% y/y.
- Q3 adj. EBITDA was EUR 17.2m (13.9% margin) vs. EUR 17.3m/16.0m Evli/cons estimates.
- Q3 adj. EBIT was EUR 8.7m (7.0% margin) vs. EUR 8.4m/7.2m Evli/cons estimates.
- Q3 EPS was EUR 0.20 vs. EUR 0.20/0.16 Evli/cons.
- According to the company, the demand for healthcare services recovered but the pandemic and restrictions reduced customer flows the most in fitness centers, private clinics and dental clinics. Revenue from corporate customers increased by 9.4% and revenue from the public sector was stable.
- The volume of COVID-19 testing began to grow significantly in August and testing operations grew Q3 revenue by EUR 3.4m.
- The company didn't provide a guidance for 20E at this point, due to the weak visibility caused by the virus.

**Rating** 🟡 HOLD

Pihlajalinna Q3'20	Actual	Evli	Cons.*	Year ago
Net Sales	123.9	125.0	122.2	122.7
Adj. EBITDA	17.2	17.3	16.0	17.4
Adj. EBIT	8.7	8.4	7.2	9.3
Adj. EBITDA-margin	13.9 %	13.8 %	13.1 %	14.2 %
Adj. EBIT-margin	7.0 %	6.7 %	5.9 %	7.6 %
PTP (reported)	7.0	7.1	5.3	0.4
EPS	0.20	0.20	0.16	-0.06

*\*Bloomberg (5 estimates mean)*

**Share price, EUR** (Last trading day's closing price) **9.00**
**Target price, EUR** 9.5

Latest change in rating	11-May-20
Latest report on company	30-Oct-2020
Research paid by issuer:	YES
No. of shares outstanding,	22,573
No. of shares fully diluted,	22,573
Market cap, EURm	203
Free float, %	79.0
Exchange rate	-
Reuters code	PIHLIS.HE
Bloomberg code	PIHLIS FH
Average daily volume, EURm	-
Next interim report	19-Feb-21
Web site	<a href="http://investors.pihlajalinna.fi/">http://investors.pihlajalinna.fi/</a>

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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
2018	487.8	14.4	3.0%	-74.5	0.20	42.4	0.8	27.1	-38.2	0.10
2019	518.7	20.9	4.0%	9.6	0.47	32.3	1.1	26.6	2.8	0.00
2020E	512.3	19.8	3.9%	0.4	0.41	22.1	0.8	20.5	0.2	0.13
2021E	552.5	29.5	5.3%	14.2	0.75	12.1	0.7	13.4	7.0	0.25
2022E	569.1	37.0	6.5%	22.1	1.04	8.6	0.7	10.2	10.9	0.34

Market cap, EURm	203	BV per share 2020E, EUR	169.3	CAGR EPS 2019-22, %	30.2
Net debt 2020E, EURm	194	Price/book 2020E	1.9	CAGR sales 2019-22, %	3.1
Enterprise value, EURm	406	Dividend yield 2020E, %	1.5	ROE 2020E, %	8.7
Total assets 2020E, EURm	427	Tax rate 2020E, %	20.1	ROCE 2020E, %	5.9
Goodwill 2020E, EURm	174	Equity ratio 2020E, %	26.8	PEG, P/E 20/CAGR	0.8

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

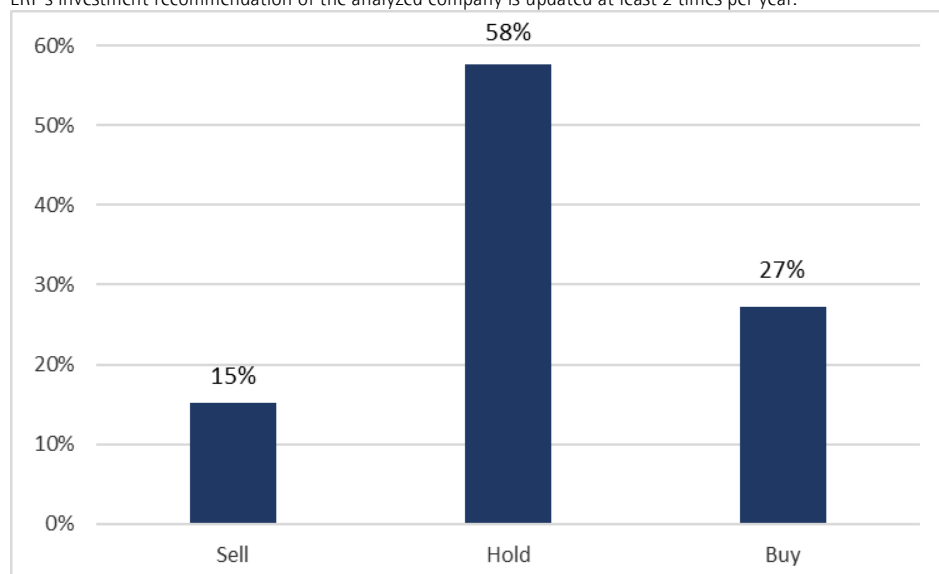
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



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

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