

Profitability below expectations

Pihlajalinna's Q4'19 revenue amounted to EUR 133.8m vs. EUR 133.6m/134.4m Evli/cons, while adj. EBIT landed at EUR 5.6m vs. EUR 7.8m/8.5m Evli/cons estimates. Organic growth increased by 3.1% y/y. 20E consolidated revenue is expected to increase from the 2019 level. Adjusted EBIT is expected to increase compared to 2019.

- Q4 revenue was EUR 133.8m vs. EUR 133.6m/134.4m Evli/cons estimates. Revenue grew by 5.4% y/y. Organic growth was 3.1% y/y.
- Q4 adj. EBITDA was EUR 14.4m (10.8% margin) vs. EUR 16.7m/17.5m Evli/cons estimates. Profitability was affected by the costs of public specialized care that were concentrated towards the end of the year. Personnel expenses were also increased by stricter requirements imposed by the authorities.
- Q4 adj. EBIT was EUR 5.6m (4.2% margin) vs. EUR 7.8m/8.5m (5.8%/6.3%) Evli/cons estimates.
- Q4 EPS was EUR 0.16 vs. EUR 0.23/0.21 Evli/cons.
- Due to the Mehiläinen's tender offer, no dividend for '19 is proposed (EUR 0.15/0.15 Evli/cons).
- Guidance for 20E: consolidated revenue is expected to increase from the 2019 level. Adjusted EBIT is expected to increase compared to 2019

Rating 🟡 HOLD

Pihlajalinna Q4'19	Actual	Evli	Cons.*	Year ago
Net Sales	133.8	133.6	134.4	127
Adj. EBITDA	14.4	16.7	17.5	14.6
Adj. EBIT	5.6	7.8	8.5	6.5
Adj. EBITDA-margin	10.8 %	12.5 %	13.0 %	11.5 %
Adj. EBIT- margin	4.2 %	5.8 %	6.3 %	5.1 %
EPS	0.16	0.2	0.2	0.11
2019 DPS	0.0	0.15	0.15	0.10

**Bloomberg (4-5 estimates mean)*

 Share price, EUR (Last trading day's closing price) 15.30

 Target price, EUR 16.0

 Latest change in rating 06-Nov-19

 Latest report on company 07-Feb-20

 Research paid by issuer: YES

 No. of shares outstanding, '000's 22,620

 No. of shares fully diluted, '000's 22,620

 Market cap, EURm 346

 Free float, % 57.0

 Exchange rate 0.000

 Reuters code PIHLIS.HE

 Bloomberg code PIHLIS FH

 Average daily volume, EURm na.

 Next interim report 14-Feb-20

 Web site investors.pihlajalinna.fi/

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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
2017	424.0	20.1	4.7%	7.7	0.52	25.7	0.8	16.2	2.8	0.16
2018	487.8	14.4	3.0%	-74.5	0.20	42.4	0.8	27.1	-38.2	0.10
2019E	518.5	23.0	4.4%	1.7	0.59	25.9	1.1	24.0	0.5	0.15
2020E	535.8	35.1	6.5%	15.6	0.93	16.5	1.0	15.3	4.5	0.22
2021E	549.2	37.3	6.8%	25.0	1.01	15.2	0.9	13.8	7.2	0.27

Market cap, EURm	346	BV per share 2019E, EUR	135.5	CAGR EPS 2018-21, %	70.4
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Net debt 2019E, EURm	181	Price/book 2019E	2.8	CAGR sales 2018-21, %	4.0
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Enterprise value, EURm	553	Dividend yield 2019E, %	1.0	ROE 2019E, %	10.9
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Total assets 2019E, EURm	436	Tax rate 2019E, %	14.0	ROCE 2019E, %	6.6
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Goodwill 2019E, EURm	170	Equity ratio 2019E, %	30.7	PEG, P/E 19/CAGR	1.1
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All the important disclosures can be found on the last pages of this report.

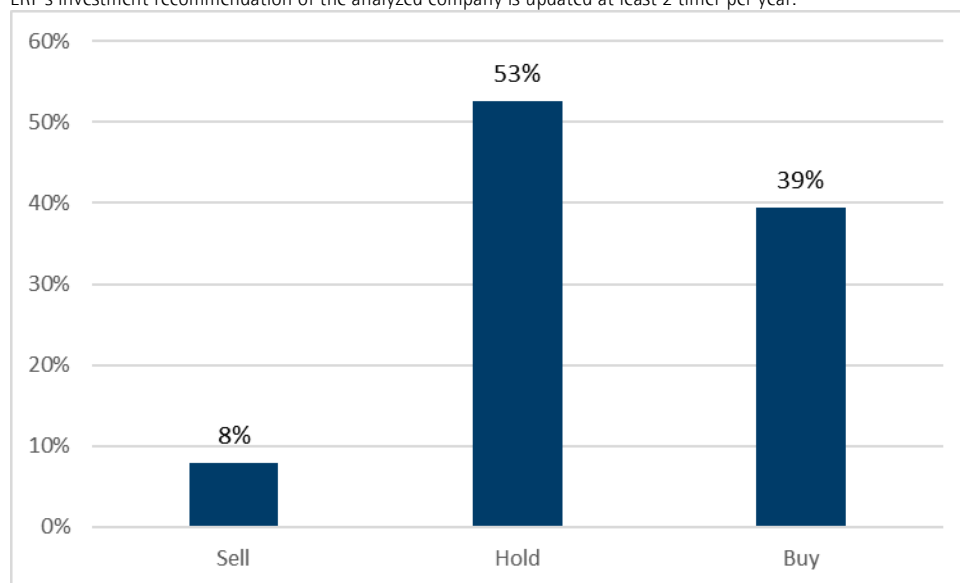
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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