Pihlajalinna H1/2024

CEO Tuomas Hyyryläinen
9 August 2024

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Q2/2024: Profitability and customer satisfaction continued to improve

Comparable organic revenue growth
6.5 %

In Private Healthcare Services
9.5 %

Adj. EBITA
11.4 Me
(7.3)

Revenue
174.8 Me
(183.6)

Operating cash flow
27.5 Me
(27.3)

Adj. EBITA-margin
6.5 %
(4.0)

EPS
0.19 e
(0.07)

Private clinics
NPS 85
(78)

Practitioners
2,124
(2,121)

Sickness absences
4.6 %
(5.8)

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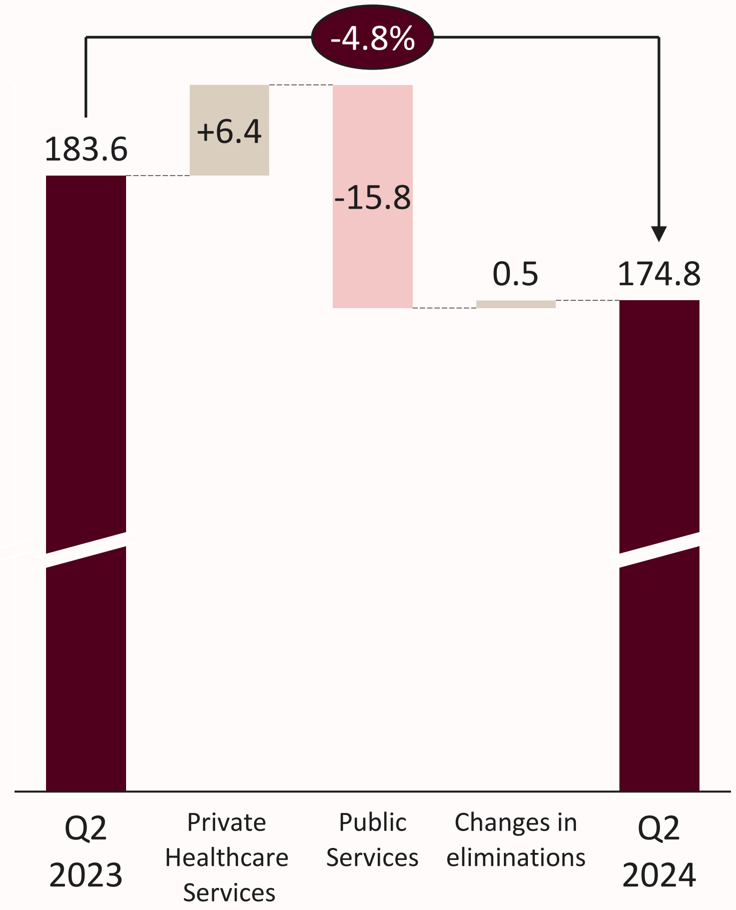
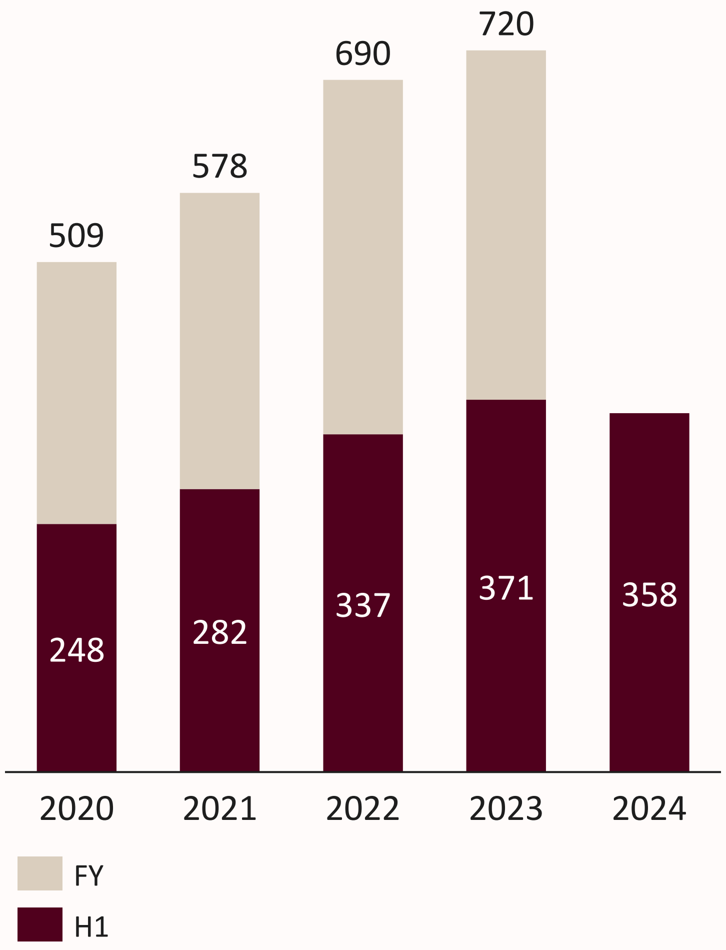
Comparable organic revenue growth* continued, the Public Services' revenue declined as expected

Revenue change Q2
MEUR



Revenue development
MEUR



- Comparable organic revenue growth* was 6.5 % (MEUR +10.7) in Q2
- Cooperation with insurance companies continued to strengthen, +10.3%
- The termination of cost liability for demanding specialised care and the gradual transfer of the services agreement of Jämsän Terveys decreased revenue by MEUR 19.3 in Q2

*The following items have been excluded from the comparison period revenue: the divestment of dental care services, the transfer of cost liability for demanding special-ised care, the gradual termination of Jämsän Terveys' service agreement, other changes to outsourcing agreements and COVID-19 services.

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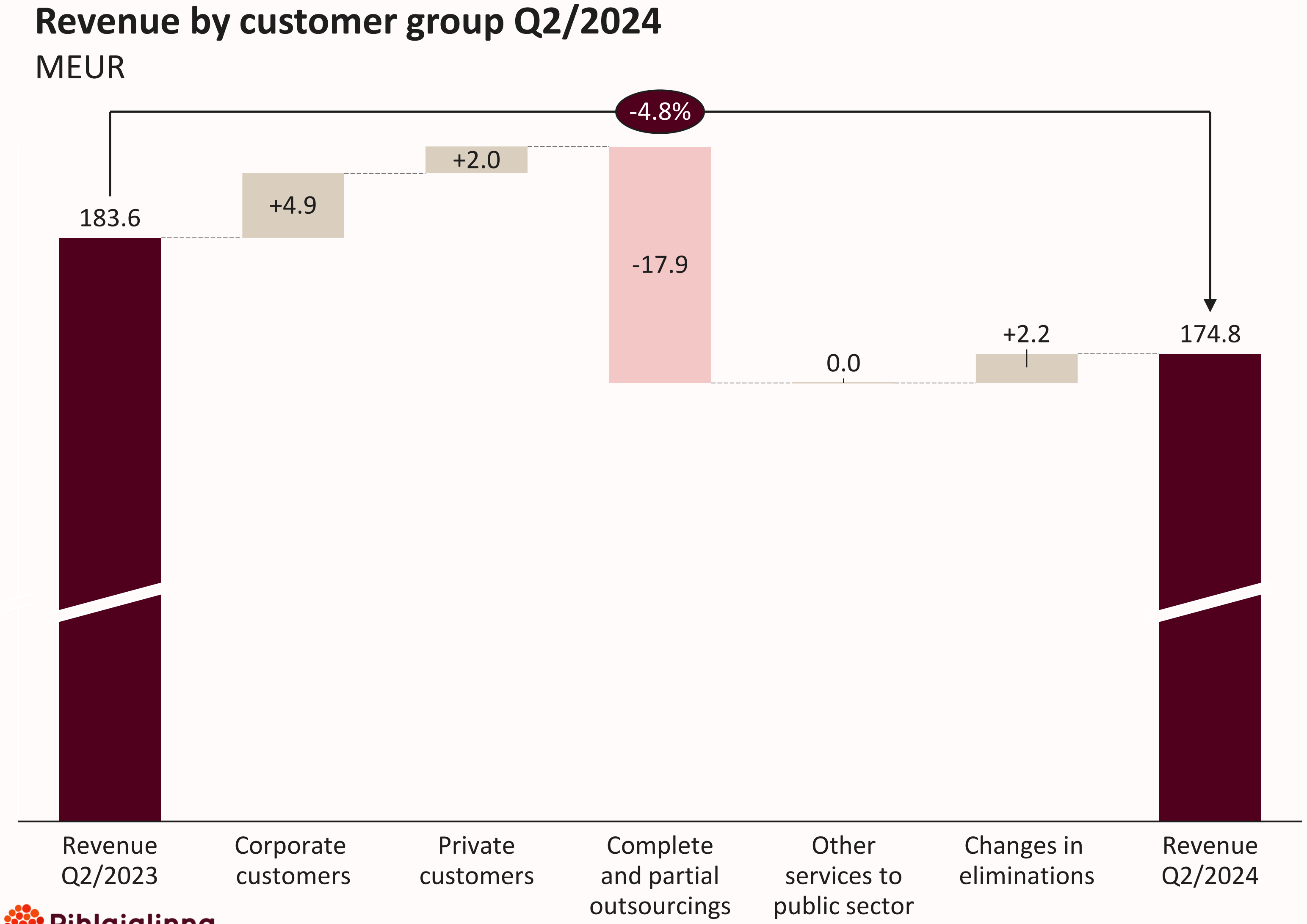
Q2: The share of insurance customers grows strongly, outsourcing operations decreased in a controlled manner



CORPORATE CUSTOMERS, 37 % (33 %*) OF TOTAL REVENUE

- Revenue MEUR 71.7 (+7.3 %)
- Sales to insurance company customers increased by MEUR 3.4 (+10.3 %)
- Occupational healthcare services sales increased

PRIVATE CUSTOMERS, 15 % (13 %*)

- Revenue MEUR 28.1 (+7.8 %)
- Sales continued to transitioning to corporate customers by better steering of the insurance customers

PUBLIC SECTOR, 48 % (54 %*), FROM WHICH COMPLETE AND PARTIAL OUTSOURCINGS, 29 % (36 %*)

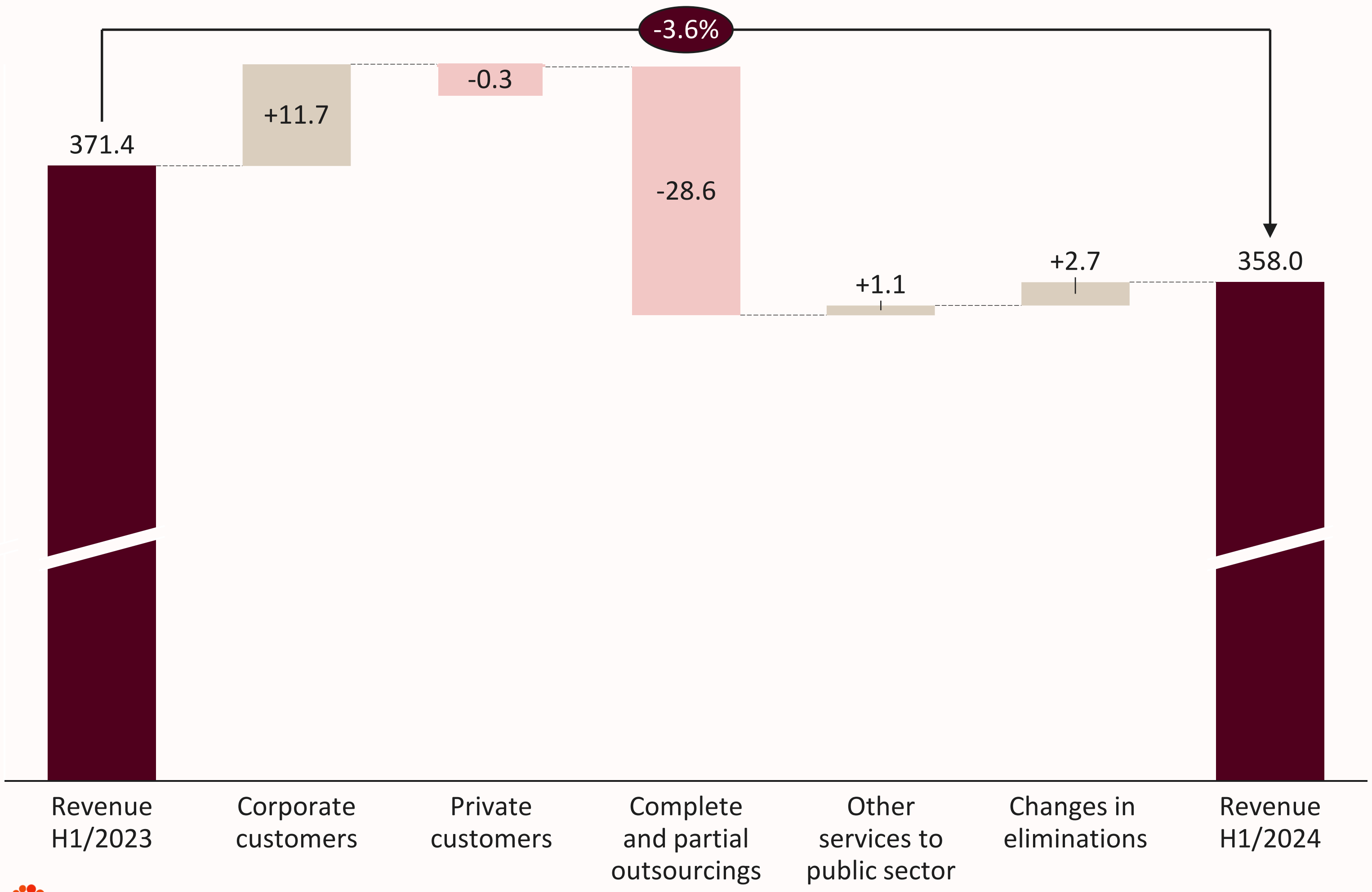
- Revenue MEUR 92.1 (-16.3 %)
- Share of complete and partial outsourcings MEUR 56.2 (-24.1 %)
- The termination of cost liability for demanding specialised care in the wellbeing services counties of South Ostrobothnia and Central Finland and the Jämsän Terveys' gradual transfer of services to the wellbeing services county and other changes to outsourcing agreements decreased revenue by MEUR 19.3

* Q2 in 2023

H1: Private Healthcare Services growth was driven by insurance company cooperation, changes in outsourcing agreements decreased revenue as expected

Revenue by customer group H1/2024

MEUR



CORPORATE CUSTOMERS, 37 % (34 %*) OF TOTAL REVENUE

- Revenue MEUR 148.3 (+11.7 %)
- Sales to insurance company customers increased by MEUR 7.4 (+10.6 %)

PRIVATE CUSTOMERS, 14 % (13 %*)

- Revenue MEUR 54.6 (-0.3 %)
- The divestment of dental care services decreased revenue by MEUR -4.1
- Sales transitioning to corporate customers by better steering of the insurance customers

PUBLIC SECTOR, 49 % (54 %*), FROM WHICH COMPLETE AND PARTIAL OUTSOURCINGS, 30 % (36 %*)

- Revenue MEUR 191.4 (-12.6 %)
- Share of complete and partial outsourcings MEUR 118.0 (-19.5 %)
- Outsourcing operations decrease in a controlled manner as operations move to wellbeing services counties, but other business from the Public Service sector grows
- The termination of cost liability for demanding specialised care in the wellbeing services counties of South Ostrobothnia and Central Finland and the Jämsän Terveys' gradual transfer of services to the wellbeing services county and other changes to outsourcing agreements decreased revenue by MEUR -32.3

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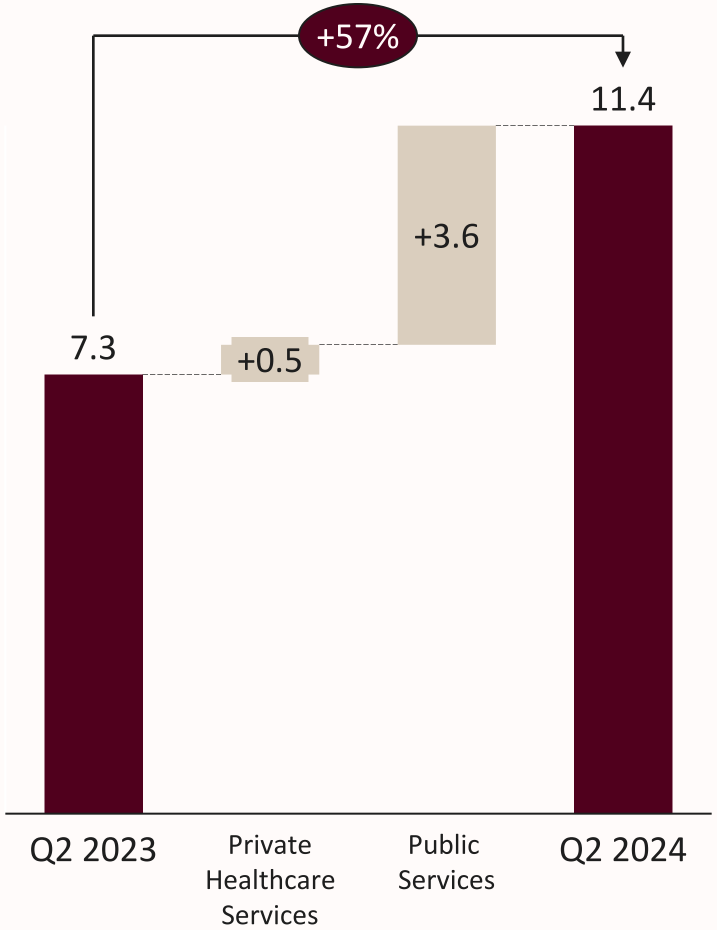
* H1 in 2023

Determined measures strengthened the profitability

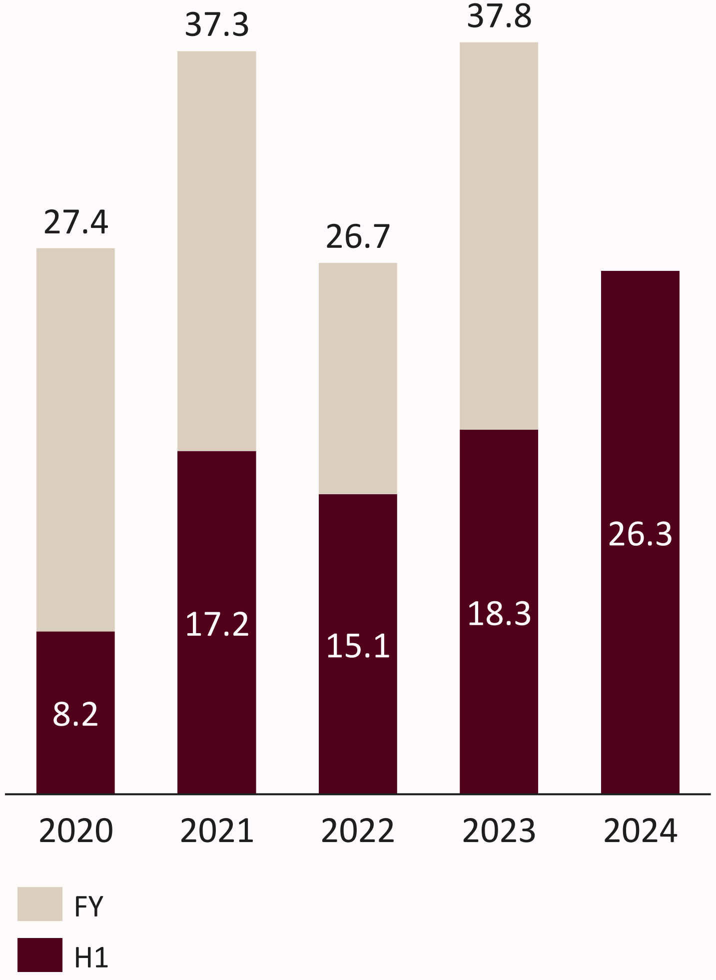
Adjusted EBITA change Q2

MEUR



Adjusted EBITA development

MEUR

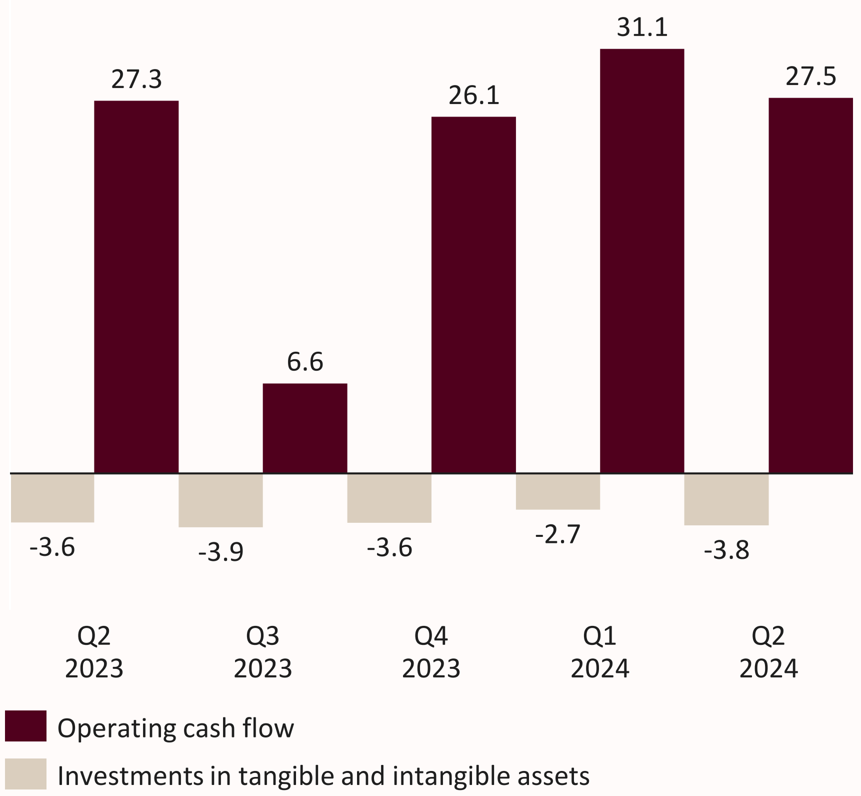


- The positive development in profitability continued in Q2, MEUR 11.4 (+57 %)
- Adj. EBITA-margin was 6.5 (4,0) %
- The profitability of Private Healthcare Services was improved by occupational healthcare and focusing on service processes, June's seasonal change affected on the segment's profitability as expected
- Public Service’s profitability improved by contract changes and efficiency improvement measures in outsourcings

The financial position strengthens as planned, MEUR 170 loan facilities agreement in June

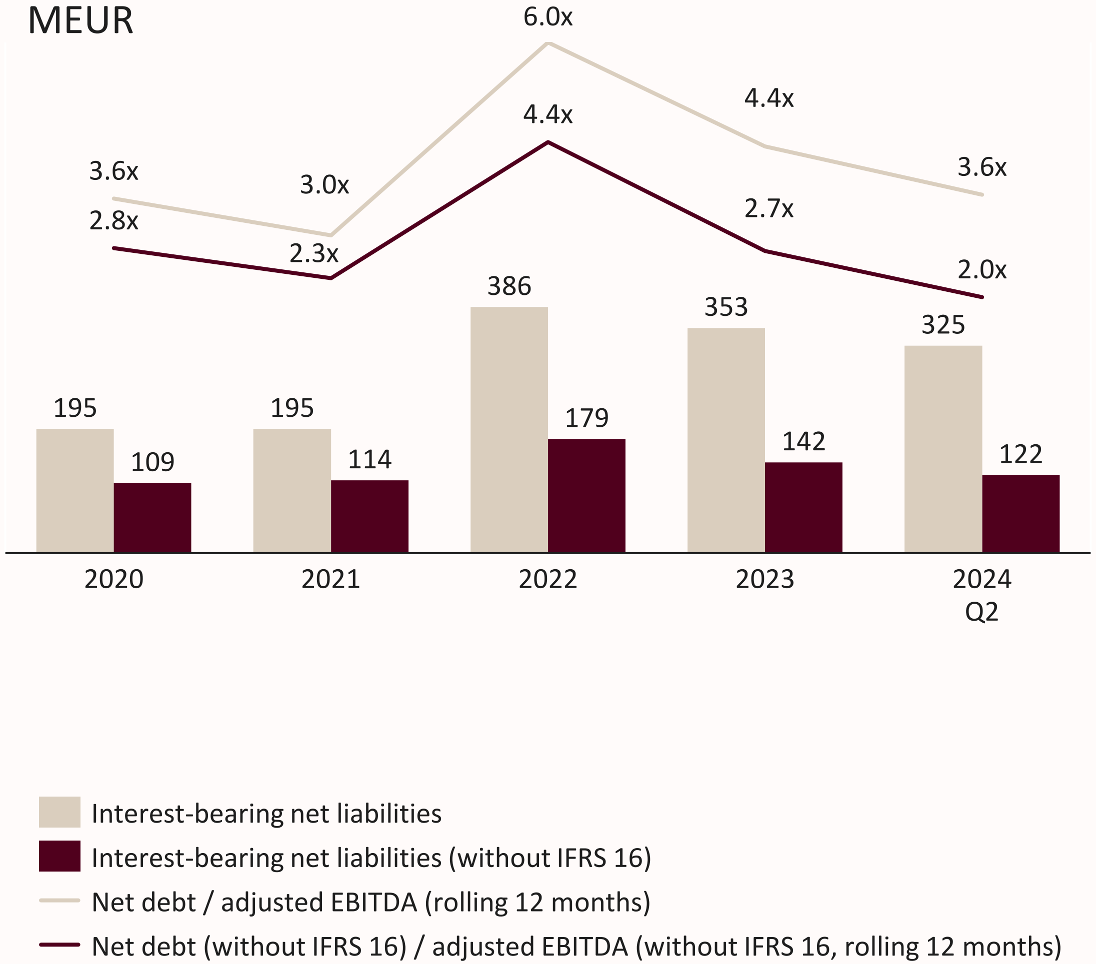
Cash flow from operating activities and investments

MEUR



Interest-bearing net debt

MEUR



The operating environment in healthcare industry

- Over 162,000 patients are waiting for access to non-urgent specialised care at public hospitals. Compared to 2023, + 6,000 have waited more than six months.

- Night-time emergency care services in primary care will be reduced, as will specialised care services in certain public hospitals. MEUR 26.3 savings are expected from 2026 onwards.

- The reimbursement for private medical appointments increased by an average of EUR 8 to EUR 30 as of 1 Jan 2024. Overall, EUR 500 million has been allocated for reimbursements for private healthcare from 2024 to 2027.

- In September a general increase of 2.4 per cent for the private healthcare sector and pay scales will be increased by 0.51 per cent. A one-off compensation payment of EUR 500 in December. The amount of increases in 2025 will be determined by the benchmark sectors.

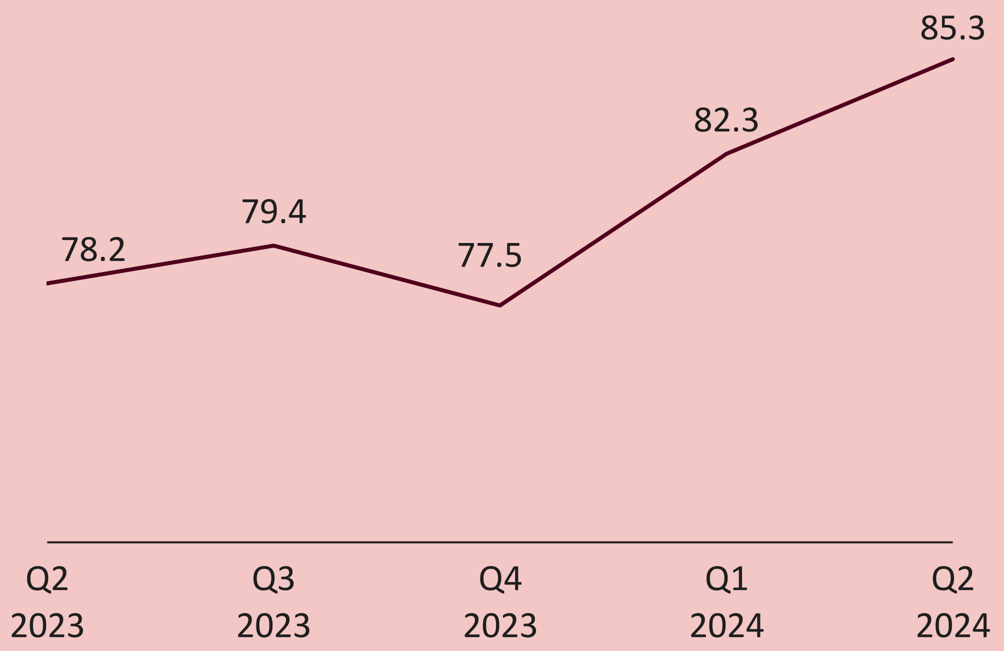
- The general value-added tax rate increases from 24% to 25.5% in September.

- Tightening regulation increases the costs of the industry and challenges the work of professionals, e.g. the change in the legislation of social and healthcare supervision has led to a peak in processing of new practioners licenses.

The customer experience development is important part of the care path

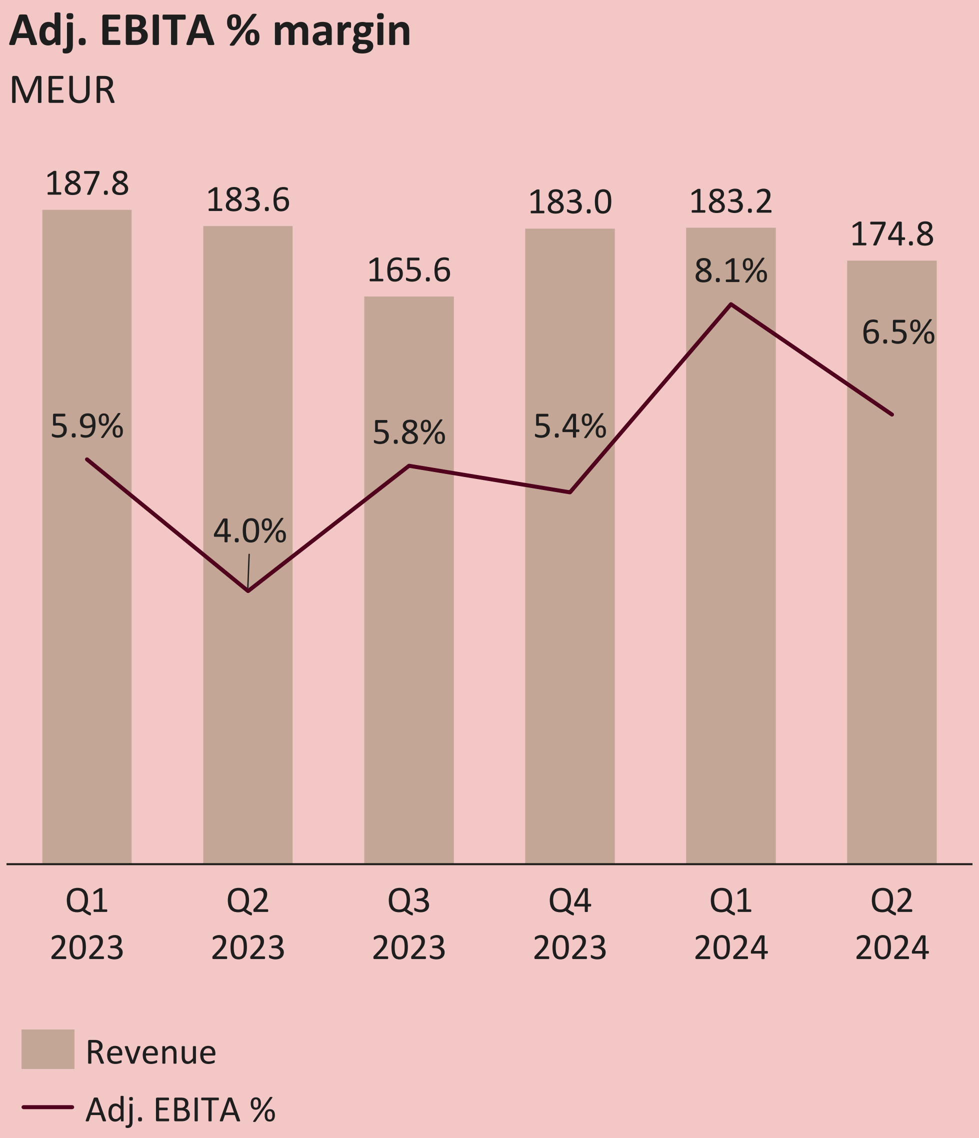
- The customer experience of Private Healthcare Services is strong in all services: private clinics, hospitals and remote services
  - NPS in surgical operations was 95.4 (93.3)
- Strengthening the availability of services
  - Balance between supply and demand
  - Taking care of conversation to ensure a coherent care path
- Professionals’ better focus on customer work by developing service processes
- The NPS of the Public Services strengthened to 78.8 (73.5) despite the adjustment of operations and the gradual transfer to the wellbeing services counties

NPS, Public Healthcare Services



Determined efforts to improve profitability continues

- Commercial measures and changes in pricing
- Outsourcing contract changes and adaptation programs
- Development of service processes in customer work and invoicing
- Management of contracts in occupational health to strengthen more impactful client work
- Economies of scale in procurement
- Management of customer relationship and conversion in care paths



Pihlajalinna's outlook for 2024,
Upgraded 17 July 2024

In 2024, Pihlajalinna will focus on organic growth and improving its profitability and financial position.

- The Group expects the consolidated revenue to decrease from the previous year's level (EUR 720.0 million in 2023) due to the cost liability for demanding specialised care being transferred to the well-being services county of South Ostrobothnia on 1 January 2024
- The Group expects the adjusted operating profit before the amortisation and impairment of intangible assets (EBITA) to exceed EUR 48 million (EUR 37.8 million in 2023).

The Group expects the demand to remain steady.

Slowed economic growth and weakened consumer confidence may affect Pihlajalinna's service demand and financial result.

Summary: Profitability and customer satisfaction continued to improve

- Good organic comparable revenue* growth 6.5 %, in Public Healthcare Services 9.5 %
- The profitability and financial position strengthened, adj. EBITA MEUR 11.4 (+56.7 %)
- Determined efforts to strengthen profitability are progressing as planned
- Customer satisfaction is developing strongly

*The following items have been excluded from the comparison period revenue: the transfer of cost liability for demanding specialised care, the gradual termination of Jämsän Terveys' service agreement, divestment of dental care services and COVID-19 services.

Q&A

KOKO SUOMEN LÄÄKÄRIKESKUS

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Thank you!

Upcoming events

- Interim Report January-September: Thursday, 7 November 2024

Ota yhteyttä:

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