



# PIHLAJALINNA

## January–December 2022

CEO Joni Aaltonen  
17 February 2023



# Q4 MAIN POINTS

## Measures to improve weakened profitability and financial position initiated

- Revenue amounted to EUR 188,4 million, an increase of 21,8 %
  - The decrease in COVID-19 services affected the revenue EUR -7.3 million
  - Organic growth EUR 11,4 million, an increase of 7,4 %
  - M&A transactions EUR 22,4 million
- The customer volumes of Pihlajalinna's private clinics increased 40 %, organic growth 17 %
  - Of all customer appointments 36 % took place via remote services, an increase of 35 %
- Adjusted EBITDA EUR 12,0 million (EUR 14,9 million)
- Adjusted EBITA EUR 2,2 million (EUR 7,8 million)
  - The decrease in COVID-19 services
  - The costs in public specialised care
  - Sickness-related absences
- The sale of the private dental care services to Hammas Hohde in 31 December 2022, the plan is to complete the divestment in Q1/2023



# 2022 MAIN POINTS

## Revenue increased due to successful increase in supply

- Revenue amounted to EUR 690,5 million, an increase of 19,5 %
  - The decrease in COVID-19 services affected the revenue EUR -22.2 million
  - Organic growth EUR 34.9 million, an increase of 6 % - without COVID-19 services and the District Court decision concerning Jämsän Terveys, organic growth would have been 10 %
  - M&A transactions EUR 77.9 million
- The customer volumes of Pihlajalinna's private clinics increased 45 %, an increase of 17 %
- Of all customer appointments 37 % took place via remote services, an increase of 40 %
- The number of practitioners increased by 69 %, the number of available appointments increased by 44 % and the number of surgical operations increased by 56 %
- Adjusted EBITDA EUR 64,2 million (EUR 65,3 million)
- Adjusted EBITA EUR 26,7 million (EUR 37,3 million)
- Ratio of net debt to adjusted EBITDA excluding IFRS 16 was 4.4 (2.3). Gearing excluding IFRS 16 stood at 139.95 (90.8).
- The Board of Directors proposes that no dividend distribution for the financial year 2022



# KEY FIGURES

|                                                                                                            | 10–12/2022<br>3 months | 10–12/2021<br>3 months | change % | 1–12/2022<br>12 months | 1–12/2021<br>12 months | change % |
|------------------------------------------------------------------------------------------------------------|------------------------|------------------------|----------|------------------------|------------------------|----------|
| Revenue, EUR million                                                                                       | 188,4                  | 154,7                  | 21,8     | 690,5                  | 577,8                  | 19,5     |
| Adjusted EBITDA, EUR million                                                                               | 12,0                   | 14,9                   | -19,2    | 64,2                   | 65,3                   | -1,7     |
| Adjusted operating profit before the amortisation and impairment of intangible assets (EBITA), EUR million | 2,2                    | 7,8                    | -71,3    | 26,7                   | 37,3                   | -28,5    |
| Earnings per share (EPS), EUR                                                                              | -0,03                  | 0,19                   | -116,7   | 0,42                   | 0,89                   | -52,6    |
| Gearing, %                                                                                                 |                        |                        |          | 313,8                  | 158,8                  | 97,6     |
| Interest-bearing net debt, EUR million                                                                     |                        |                        |          | 385,7                  | 194,7                  | 98,1     |
| Net debt/adjusted EBITDA, 12 months                                                                        |                        |                        |          | 6,0                    | 3,0                    | 101,5    |
| Cash flow from operating activities, EUR million                                                           | 22,5                   | 24,8                   | -9,6     | 64,9                   | 56,9                   | 14,0     |
| Gearing, excluding IFRS 16, %                                                                              |                        |                        |          | 139,95                 | 90,8                   | 54,2     |
| Interest-bearing net debt excluding IFRS 16, EUR million                                                   |                        |                        |          | 178,6                  | 113,8                  | 56,9     |
| Net debt/adjusted EBITDA, excluding IFRS 16, 12 months                                                     |                        |                        |          | 4,4                    | 2,3                    | 92,5     |

# Q4 AND THE YEAR 2022 BY CUSTOMER GROUP

## Q4/22 vs Q4/21

- Revenue EUR 65.1 million, +66,4 %
- The customer volumes of Pihlajalinna's private clinics +52 %
- Organic growth in customer volumes +23 %
- Sales to insurance company customers + EUR 13.3 million

### Corporate customers

- Revenue EUR 28.3 million, +21 %
- The customer volumes of Pihlajalinna's private clinics +32 %
- Organic growth in customer volumes +10 %

### Private customers

- Revenue EUR 113.9 million, +3%
- The decrease in revenue of COVID-19 services EUR -6.7 million
- Organic growth EUR 0.9 million, 1 %, due to the decrease of COVID-19 services
- The customer volumes of Pihlajalinna's private clinics increased +22 %, organic growth 8 %

### Public sector

## 2022 vs 2021

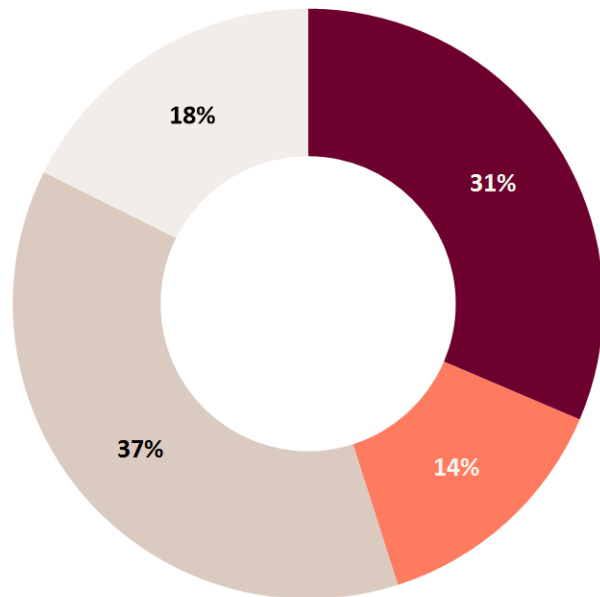
- Revenue EUR 225.3 million, +63,5 %
- The customer volumes of Pihlajalinna's private clinics +54 %
- Organic growth in customer volumes +21 %
- Sales to insurance company customers + EUR 57.2 million

- Revenue EUR 23.9 million, +21 %
- The customer volumes of Pihlajalinna's private clinics +30 %
- Organic growth in customer volumes +15 %

- Revenue EUR 435.5 million, +2 %
- The decrease in revenue of COVID-10 services EUR -20,9 million
- Organic growth EUR 2.8 million, -3 %, due to the decrease of COVID-19 services
- The customer volumes of Pihlajalinna's private clinics increased +37 %, organic growth 7 %

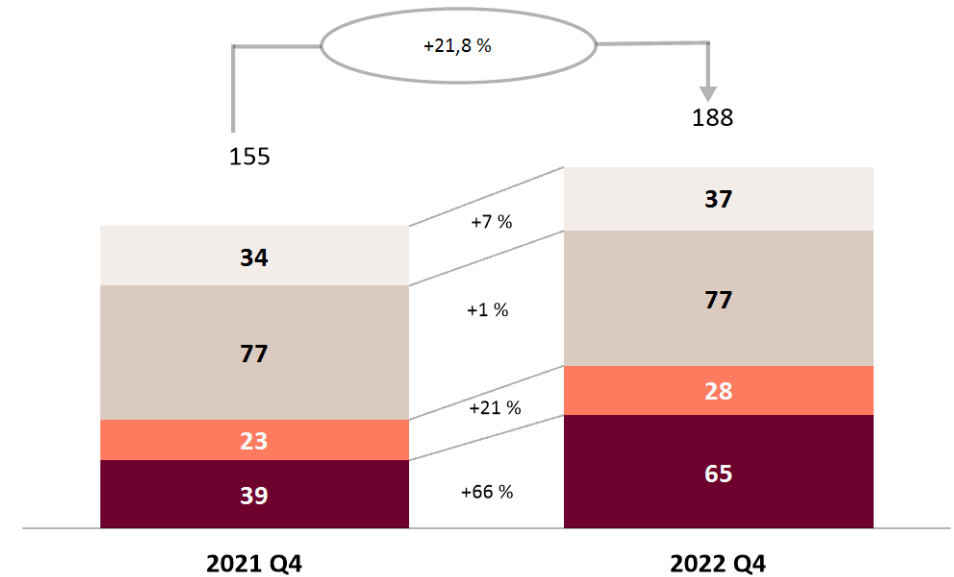
# REVENUE BY CUSTOMER GROUP, Q4/2022

REVENUE BY CUSTOMER GROUP Q4 2022, %



■ Corporate customers ■ Private customers ■ Complete and partial outsourcing ■ Other services to public sector

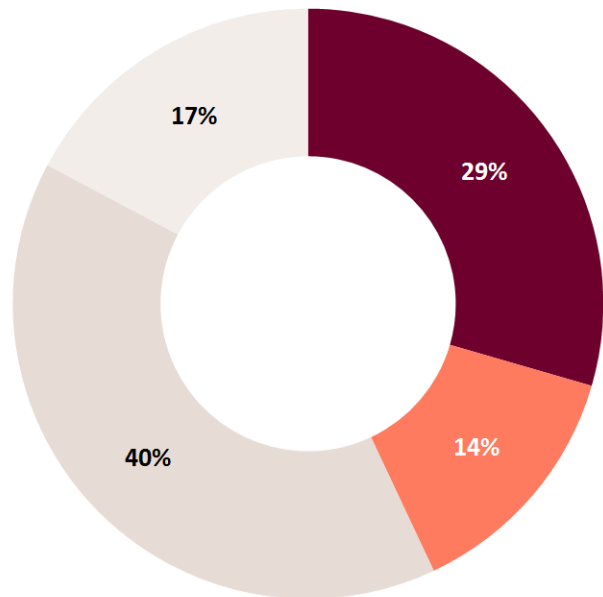
REVENUE BY CUSTOMER GROUP Q4 2022, EUR MILLION



■ Corporate customers ■ Private customers ■ Complete and partial outsourcing ■ Other services to public sector

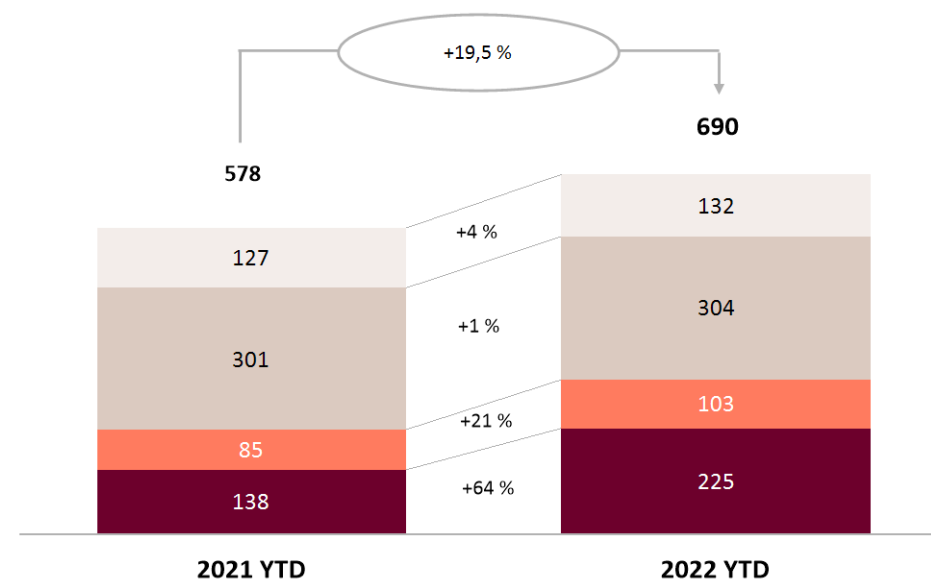
# REVENUE BY CUSTOMER GROUP, 2022

REVENUE BY CUSTOMER GROUP 2022, %



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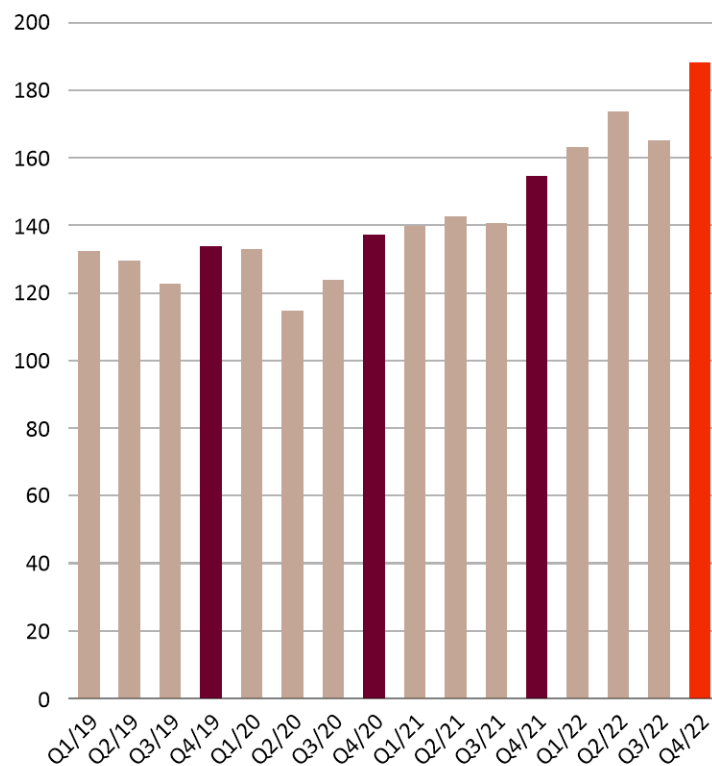
REVENUE BY CUSTOMER GROUP 2022, EUR MILLION



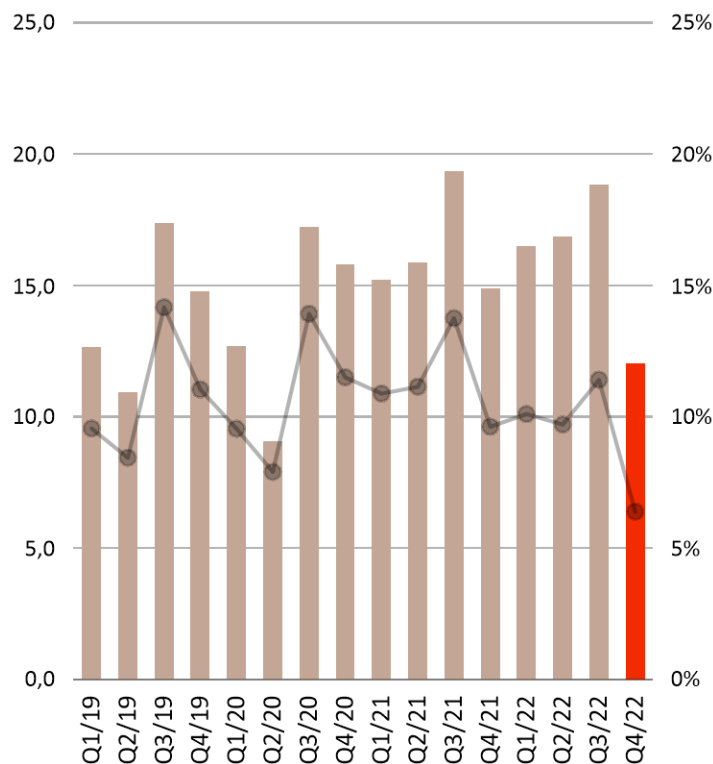
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# CONSOLIDATED REVENUE AND PROFITABILITY, EUR MILLION

## Revenue

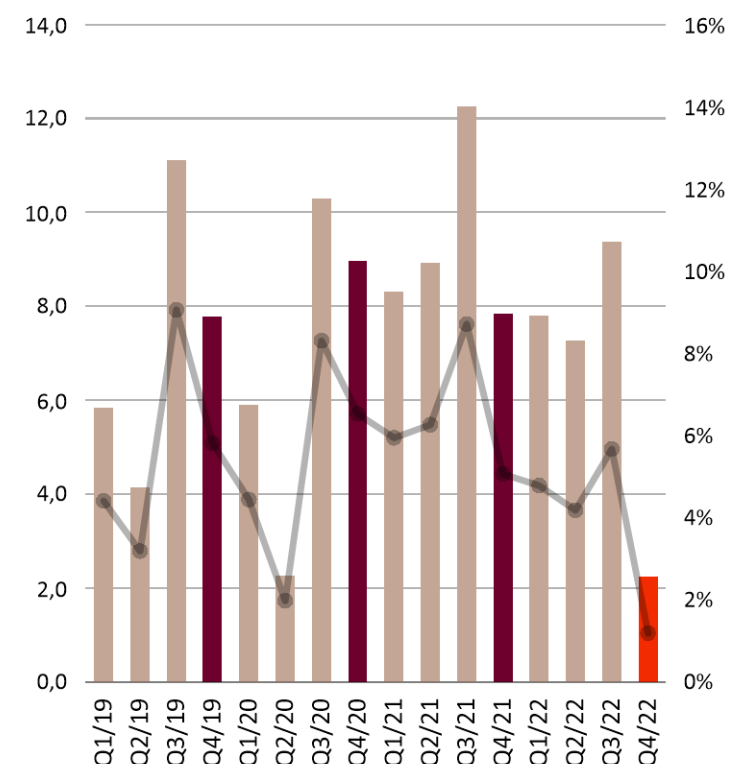


## Adjusted EBITDA



Adjusted EBITDA Adjusted EBITDA, %

## Adjusted EBITA



Adjusted EBITA Adjusted EBITA, %

# BUSINESS STRUCTURE AND PROFITABILITY

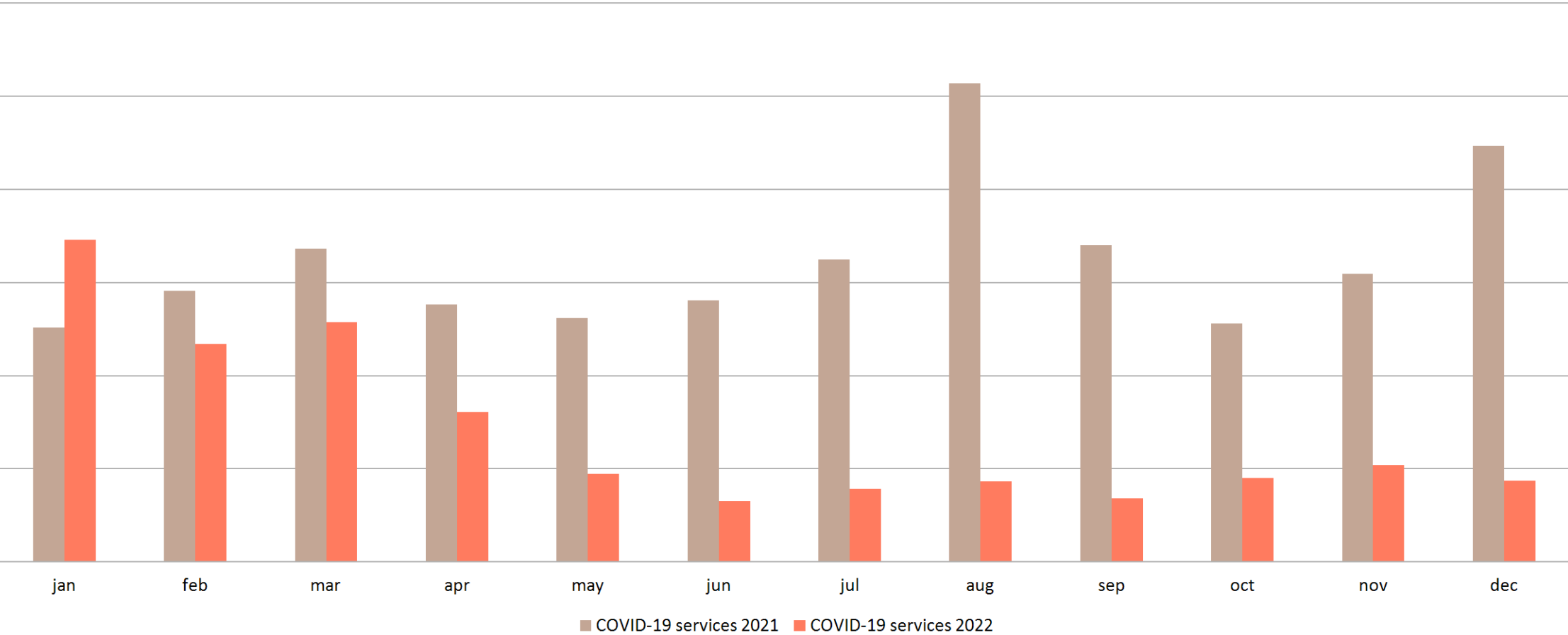
| Complete and partial outsourcing,<br>eliminated                 | Q4 2022 | Q4 2021 | change-% | 2022  | 2021  | change-% | 2020  | 2019  |
|-----------------------------------------------------------------|---------|---------|----------|-------|-------|----------|-------|-------|
| Revenue, EUR million                                            | 71,8    | 71,2    | 0,8      | 281,4 | 277,0 | 1,6      | 264,2 | 262,4 |
| Adjusted EBITDA, EUR million                                    | -0,1    | 0,2     | -150,7   | 11,5  | 6,7   | 71,2     | 11,0  | 17,5  |
| Adjusted EBITDA, %                                              | -0,2    | 0,3     | -150,3   | 4,1   | 2,4   | 68,5     | 4,2   | 6,7   |
| Adjusted EBITA, EUR million                                     | -0,8    | -0,5    | 73,5     | 8,8   | 4,1   | 114,9    | 8,5   | 15,4  |
| Adjusted EBITA, %                                               | -1,1    | -0,6    | 72,1     | 3,1   | 1,5   | 111,5    | 3,2   | 5,9   |
| Group excluding complete and partial<br>outsourcing, eliminated | Q4 2022 | Q4 2021 | change-% | 2022  | 2021  | change-% | 2020  | 2019  |
| Revenue, EUR million                                            | 127,0   | 93,9    | 35,2     | 450,3 | 343,7 | 31,0     | 282,0 | 290,8 |
| Adjusted EBITDA, EUR million                                    | 12,2    | 14,7    | -17,1    | 52,8  | 58,6  | -10,0    | 43,8  | 38,2  |
| Adjusted EBITDA, %                                              | 9,6     | 15,6    | -38,7    | 11,7  | 17,1  | -31,3    | 15,5  | 13,1  |
| Adjusted EBITA, EUR million                                     | 3,1     | 8,3     | -63,1    | 18,0  | 33,3  | -45,9    | 18,9  | 13,4  |
| Adjusted EBITA, %                                               | 2,4     | 8,8     | -72,7    | 4,0   | 9,7   | -58,7    | 6,7   | 4,6   |

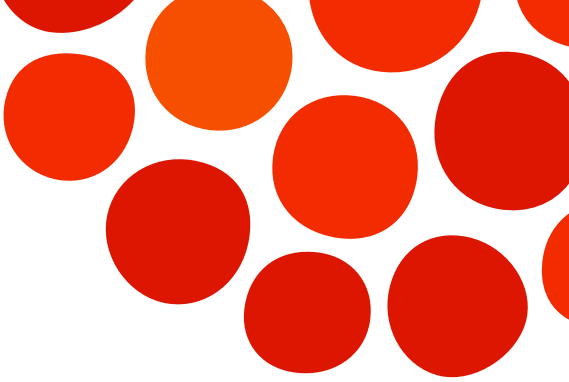
# CHANGES IN THE OPERATING ENVIRONMENT CHALLENGED THE BUSINESS OPERATIONS

- Russia's invasion of Ukraine
- The increase in the general cost level accelerated
- As a result of inflation, wages and interest costs increased
- Labour availability, especially outside the growth centers
- COVID-19 and other respiratory infections increased the sickness-related absences of personnel significantly



# THE CHANGE IN COVID-19 SERVICES 2021–2022

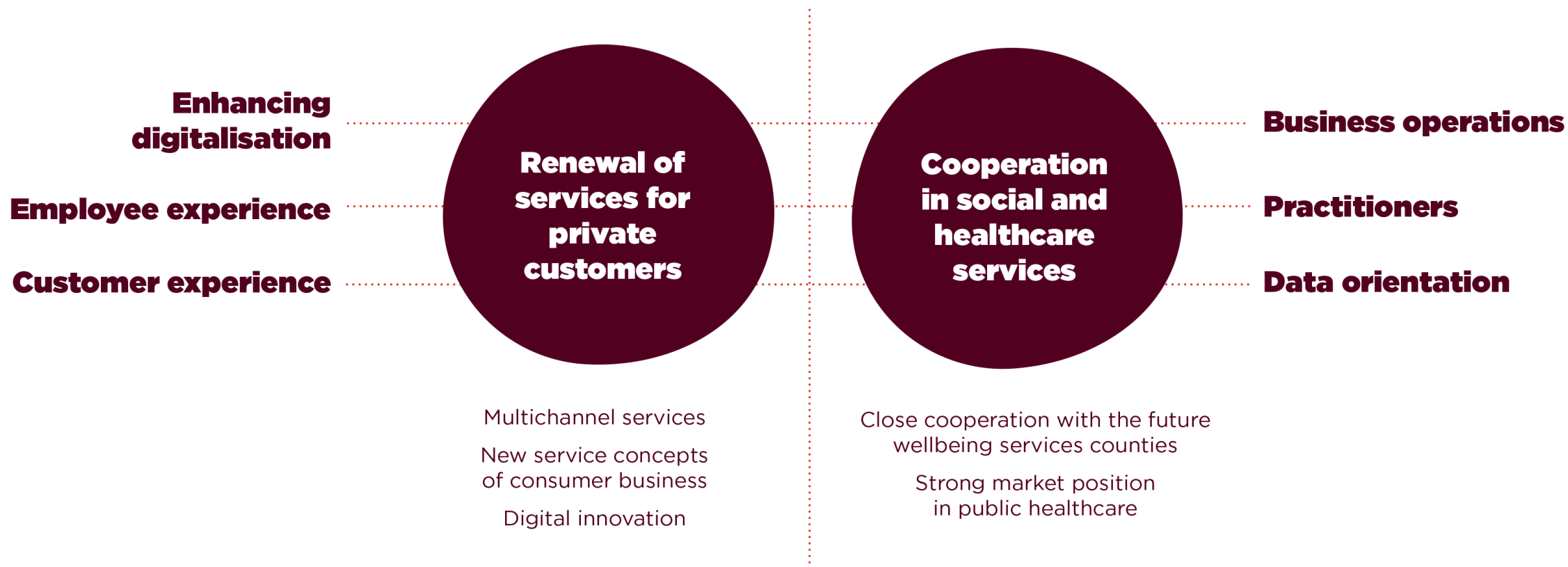




# **DESPITE OF EXTERNAL UNCERTAINTIES, STRATEGY IMPLEMENTATION CONTINUED**

# PIHLAJALINNA'S STRATEGY 2021-2025

## STRATEGIC PRIORITIES



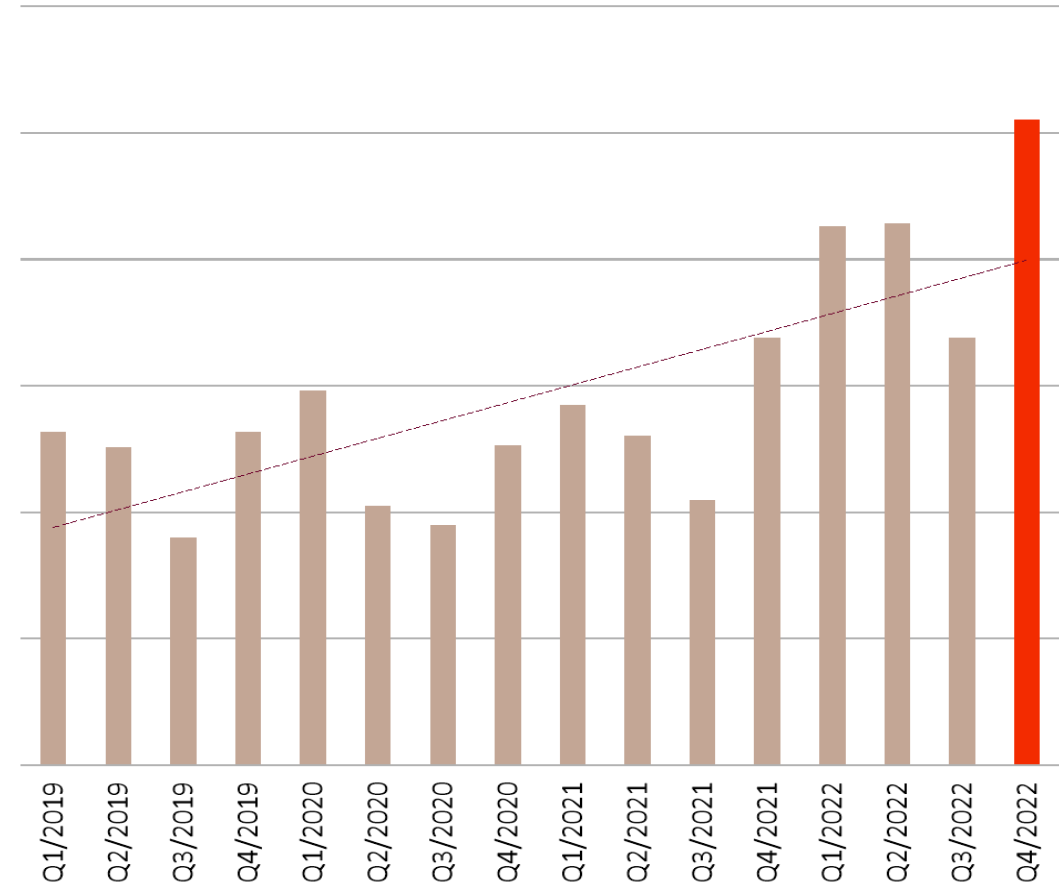


## PUBLIC SERVICES AND WELLBEING SERVICES COUNTIES

- The new wellbeing services counties began to operate 1 January 2023.
- The services provided by Pihlajalinna will continue mainly unchanged.
- Participation in the dismantling of the queues for treatment has started.
- The outsourcing of Hanko health center to Pihlajalinna in Western Uusimaa Wellbeing Services County.
- The Ministry of Social Affairs and Health released corona vaccinations for private operators, and Pihlajalinna started corona booster vaccinations on 8 February, 2023.

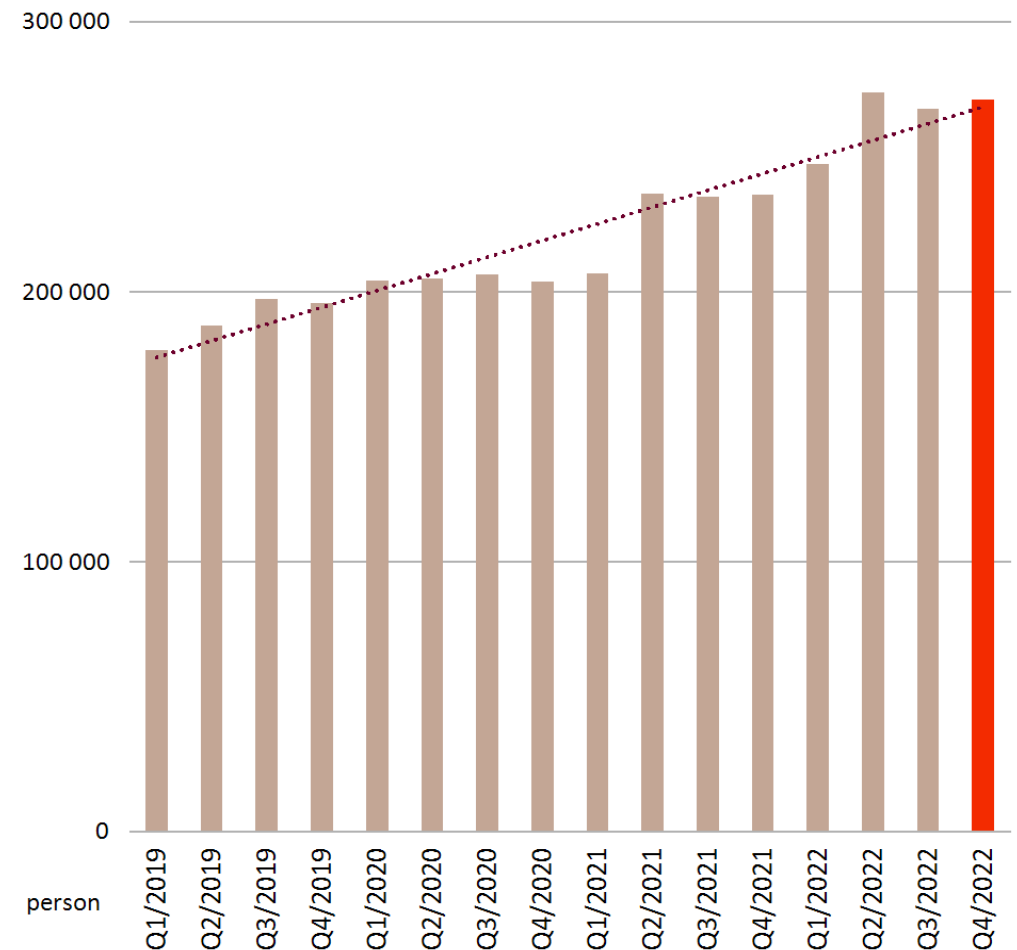
## THE CHANGE IN PIHLAJALINNA'S SERVICE OFFERING IS PROGRESSING: HIGH VALUE-ADDED SURGICAL SERVICES ARE GROWING

- Pohjola Hospitals part of Pihlajalinna as of Q1/2022
- Services and systems integrated
- Service locations integrated
- Emergency services started
- Comprehensive emergency and on-call services currently in Helsinki, Tampere and Oulu.
- 56 % growth of surgical operations
- Most used surgical services: orthopedics and hand surgeries



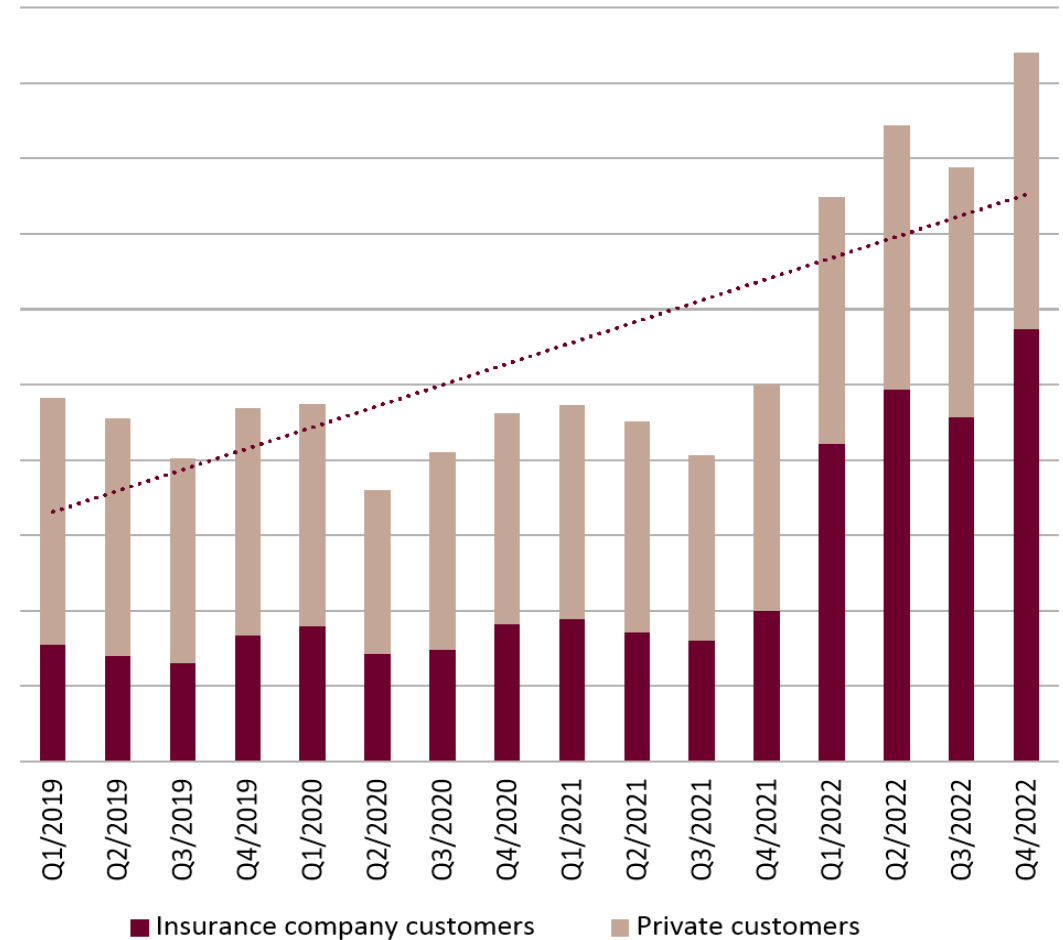
# PIHLAJALINNA'S OCCUPATIONAL SERVICES ARE GROWING IN LINE WITH THE STRATEGY

- The geographical coverage of Pihlajalinna's service network enables to serve big company clients who are operating in several locations
- Acquisition of Etelä-Savon työterveys as well as new service locations on Lahti, Espoo, Vantaa and Rovaniemi
- The number of persons covered by occupational healthcare increased from 240 000 to 270 000 y-o-y
- Strengthening the profitability of occupational healthcare through commercial measures and renewing the operating model (remote services)



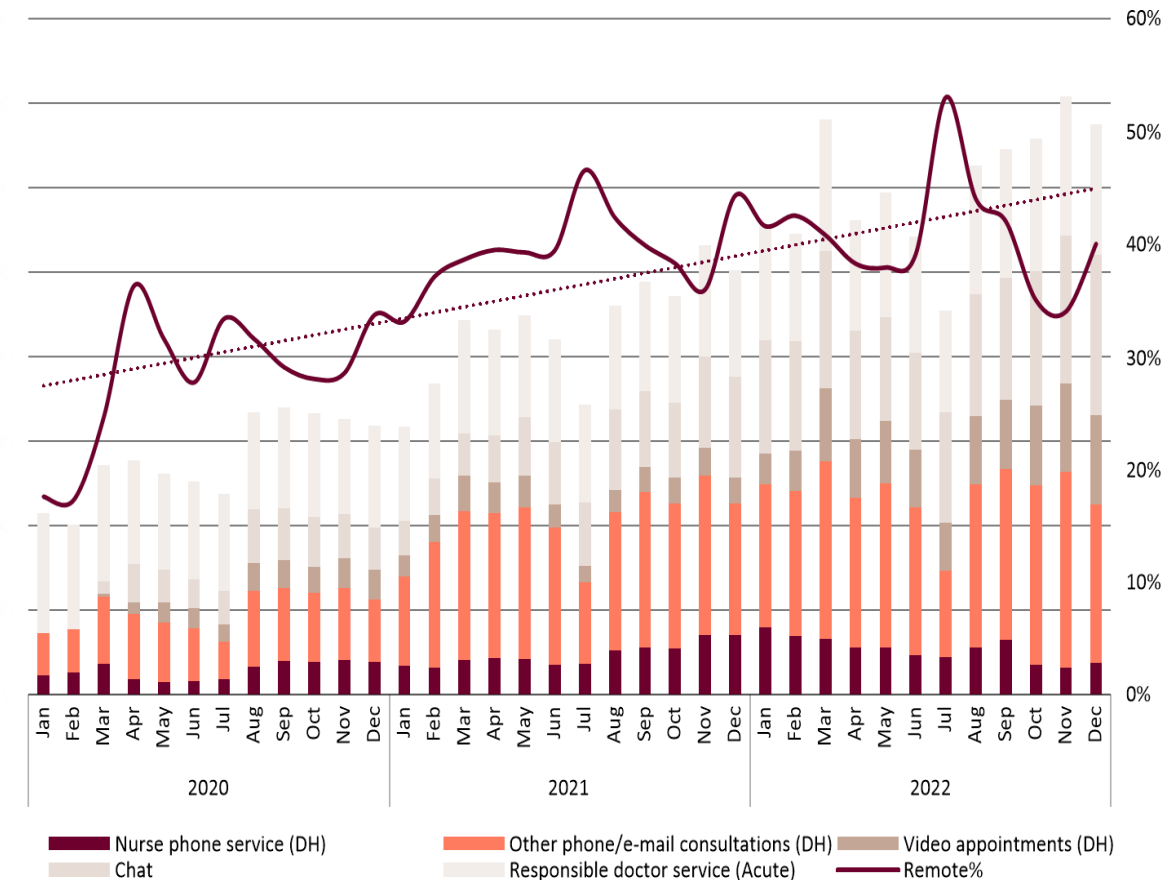
# GROWTH OF INSURANCE COMPANY SALES CONTINUES

- People's willingness to invest in health insurances continues, one of the demand drivers are the challenges of public healthcare.
- Digital services such as Pohjolan insurance company's Terveystestari and Fennia insurance company's FenniaChat are helping customers to find suitable experts, and they help with reimbursement handling
- Fastest growing service areas are pediatrics, surgeries and remote services



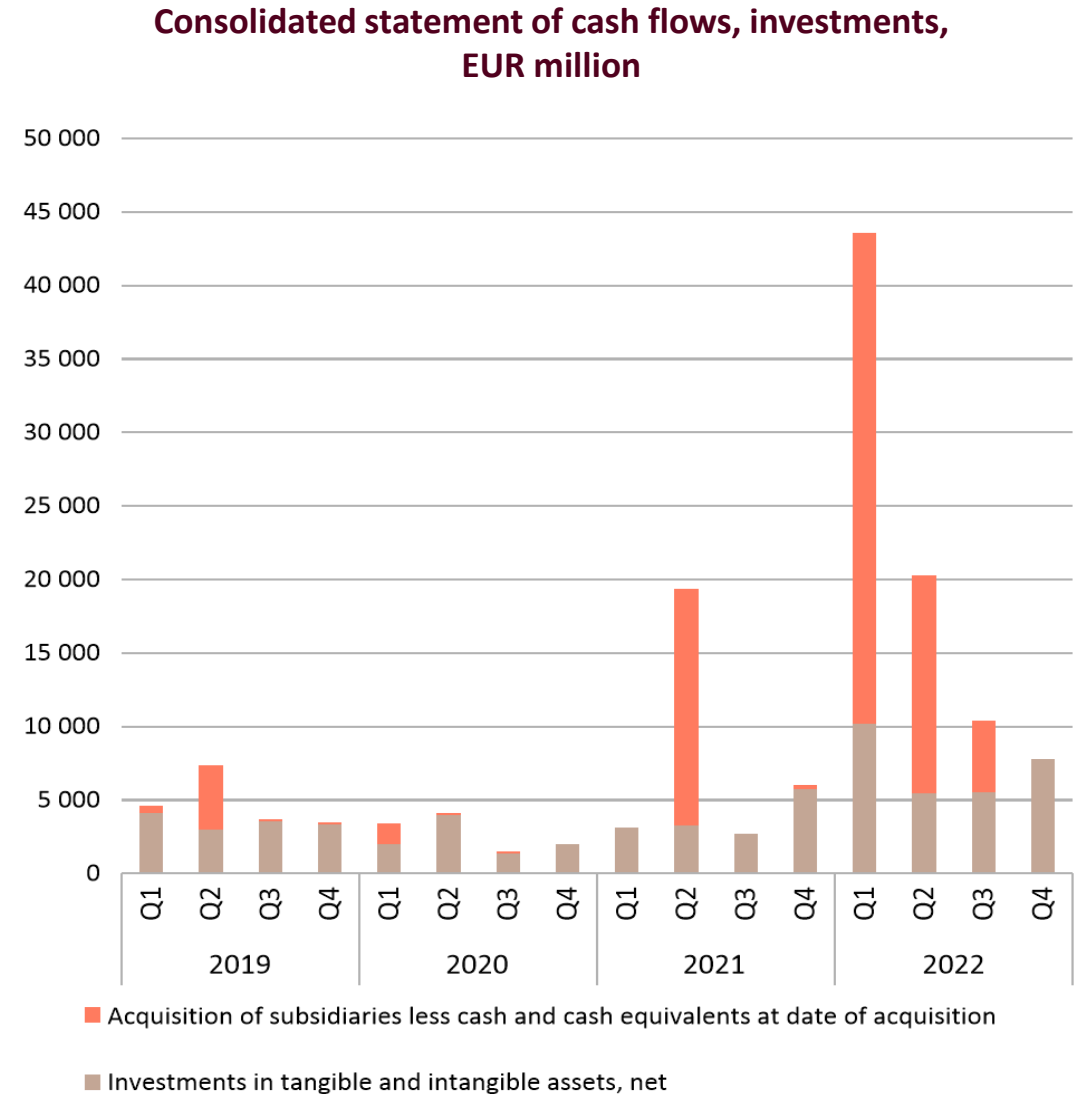
# REMOTE SERVICES INCREASES AVAILABILITY OF SERVICES IN FINLAND

- The number of remote service appointments increased by 35 % year-on-year.
- Remote services represented 36 % of all appointments. The share of service usage was reduced by the increase of visits to brick-and-mortar services.
- In pediatrician services growth has been especially fast.
- Strong digital expertise supports the wellbeing services counties co-operation: easy to integrate remote service models part in the service procurement of the public sector operators.
- The digital revolution in healthcare is progressing fast and requires a comprehensive review of operating models the comprehensive customer path for treatment starts more often in a remote channel.

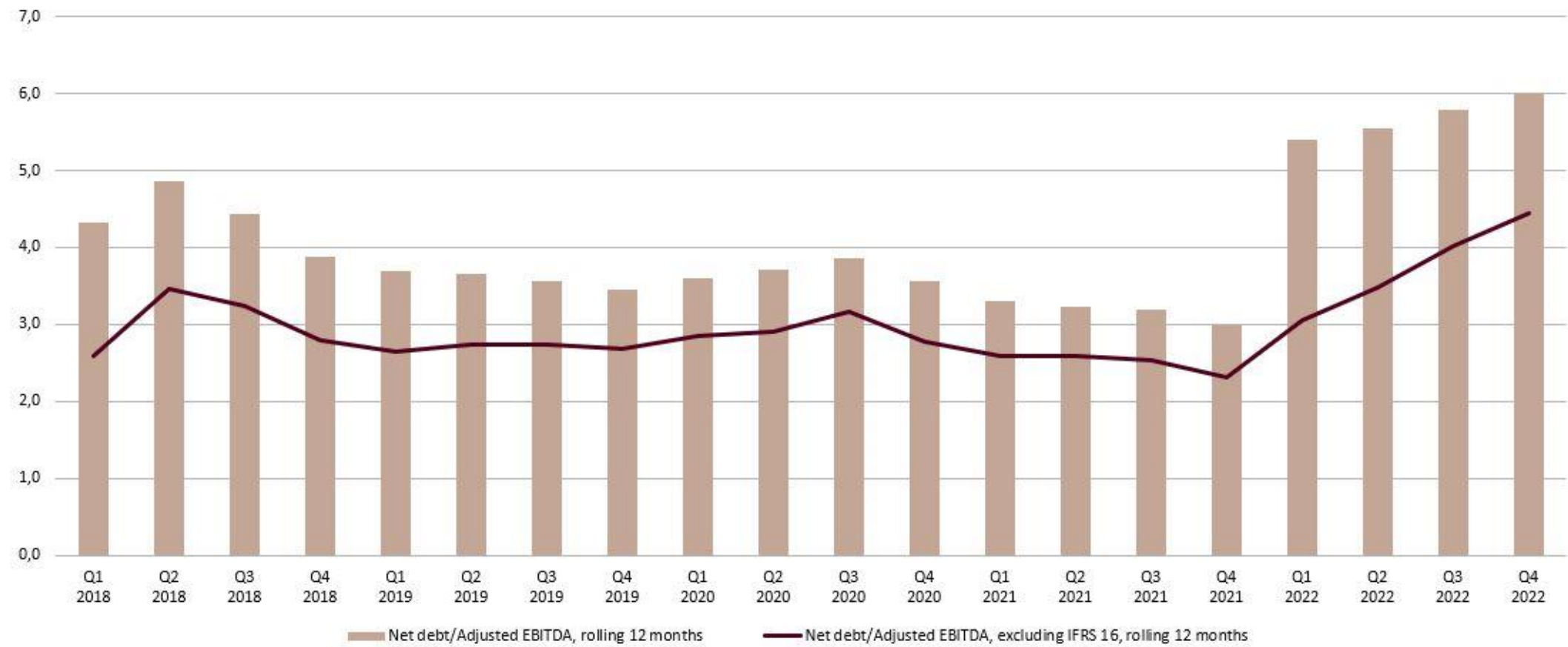


# PIHLAJALINNA'S GROWTH STRATEGY HAS REQUIRED INVESTMENTS

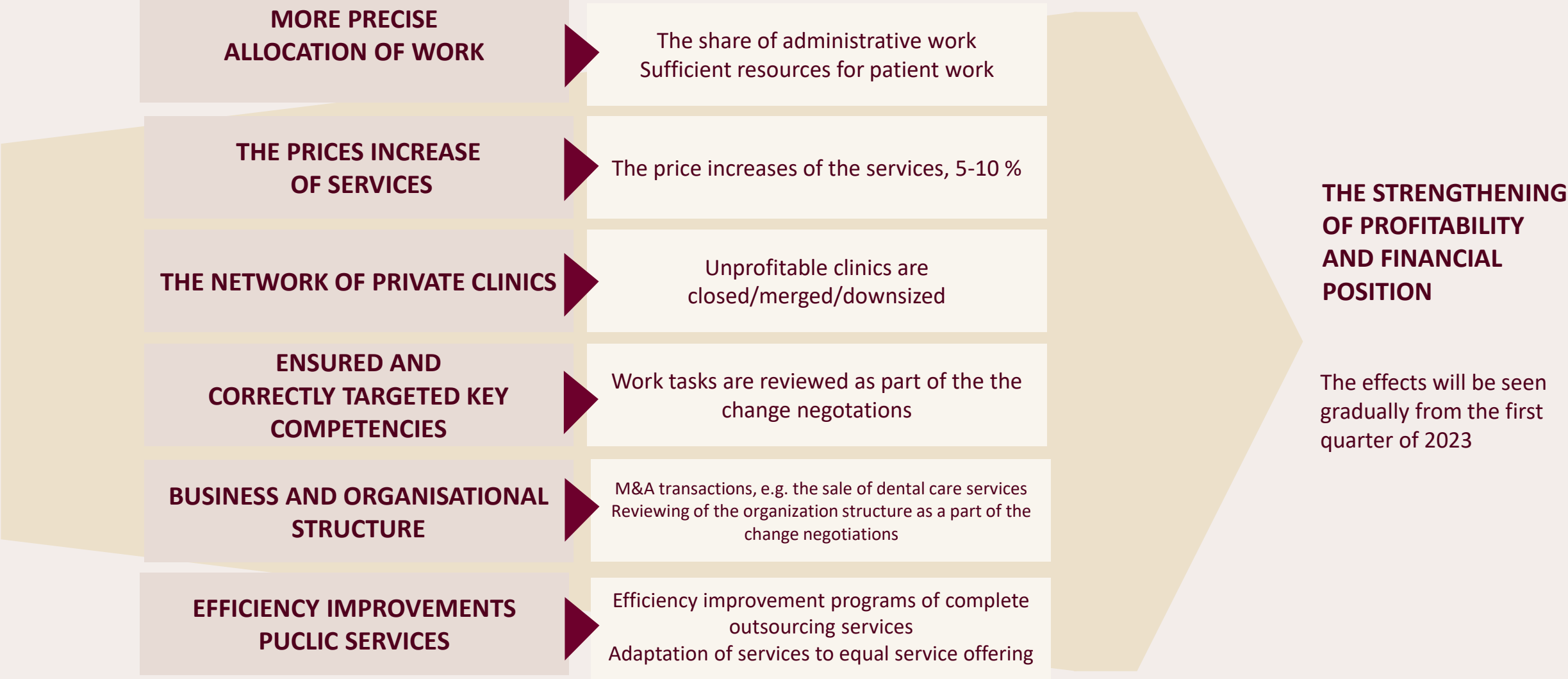
- Pohjola Hospitals – high value-added specialised care in Oulu, Tampere, Turku, Kuopio and Helsinki
- Strengthened occupational healthcare and private clinic services: Etelä-Savon Työterveys and Lääkärikeskus Ikioma, Seppälääkärit, Seppämagneetti and MediEllen
- The Punkkibussi business – mobile vaccination service
- Four new private clinics during the first half of the year: Lahti, Espoo, Vantaa and Rovaniemi



# THE INVESTMENTS HAVE INCREASED THE COMPANY'S INDEBTEDNESS



# THE MEASURES TO STRENGTHEN PROFITABILITY AND FINANCIAL POSITION



# PIHLAJALINNA'S OUTLOOK FOR 2023

In 2023, Pihlajalinna will focus on improving its profitability and financial position.

- The Group expects the consolidated revenue to increase from the previous year's level (EUR 690.5 million in 2022).
- The Group expects the adjusted operating profit before the amortisation and impairment of in-tangible assets (EBITA) to increase from the previous year's level (EUR 26.7 million in 2022).
- The Group has initiated a number of measures to strengthen its financial position. Change negotiations that were commenced in January and efficiency improvement programmes in complete outsourcing agreements are expected to improve profitability in all of the Group's operations. The increased service prices are expected to compensate the effects of the inflation.

The outlook for 2023 involves uncertainty related to the high inflation in the euro area, the general development of costs and, in particular, the development of wages. The impacts of the wellbeing services counties starting their operations, and COVID-19, on the social and healthcare sector also remain uncertain. Slowed economic growth, weakened consumer confidence and rising market interest rates may affect the Pihlajalinna service demand and financial results more than expected.



# SUMMARY

- 1 Considerable growth in revenue, +21.8 %  
Organic growth without COVID-19 services +12.1 %
- 2 Profitability was weakened due to the decline of COVID-19 services and the continued high rate of sickness-related absences and high costs in public specialised care
- 3 A year of significant investments – M&A transactions and other investments have increased the Company's debt
- 4 Measures to strengthen the profitability and financial position have been initiated – the effects will be seen gradually from the first quarter of 2023



# Q&A





# Thank You!

## Upcoming events

- Financial Statements and Board of Directors' report: no later than in week 11
- Interim Report January–March: Friday, 28 April 2023
- Half Year Financial Report January–June: Friday, 11 August 2023
- Interim Report January–September: Friday, 3 November 2023

Pihlajalinna Plc's Annual General Meeting is scheduled for Tuesday, 4 April 2023.

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