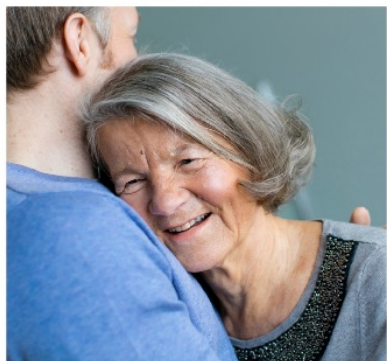
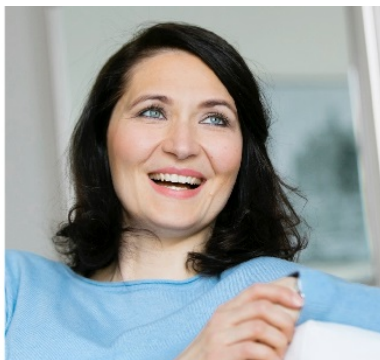


parempaa
huomista



Pihlajalinna H1

CEO
Aarne Aktan
26 August 2016

Q2 Revenue grew, profitability improved

101.4

Revenue, EUR million
Increase 95%, 49.4 EUR million

7.0

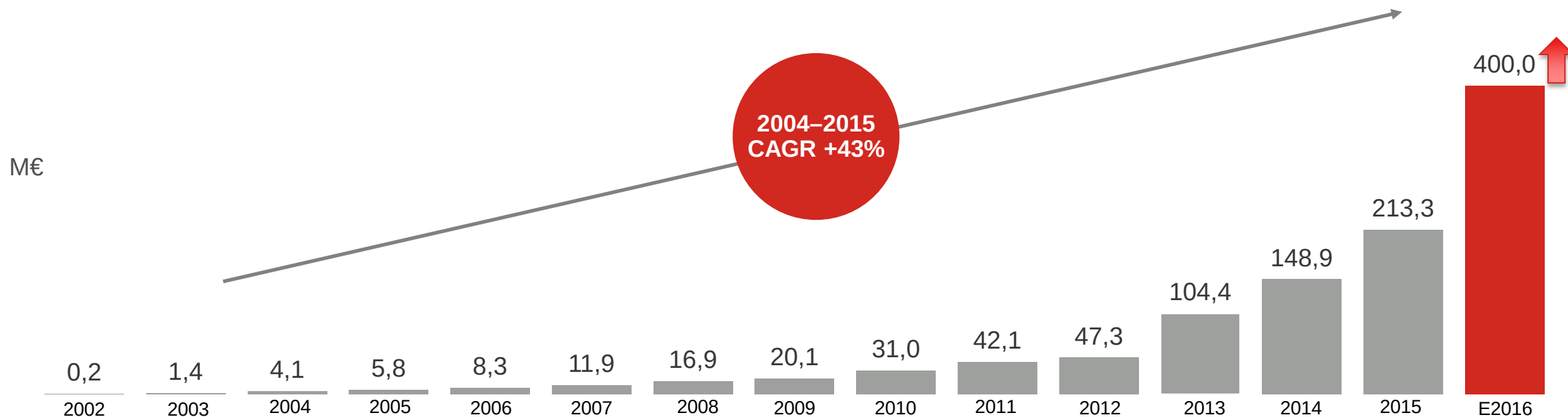
EBITDA, EUR million
Increase 236%, 4.9 EUR million

3.5

EBIT, EUR million
EBIT margin 3.5%

- Revenue growth was mainly attributable to social and healthcare outsourcing contracts in Kuusiokunnat and Jämsä and the acquisitions at the end of the year
- Improvement in operating profit mainly due to Kuusiokunnat and Jämsä social and healthcare outsourcings and acquisitions

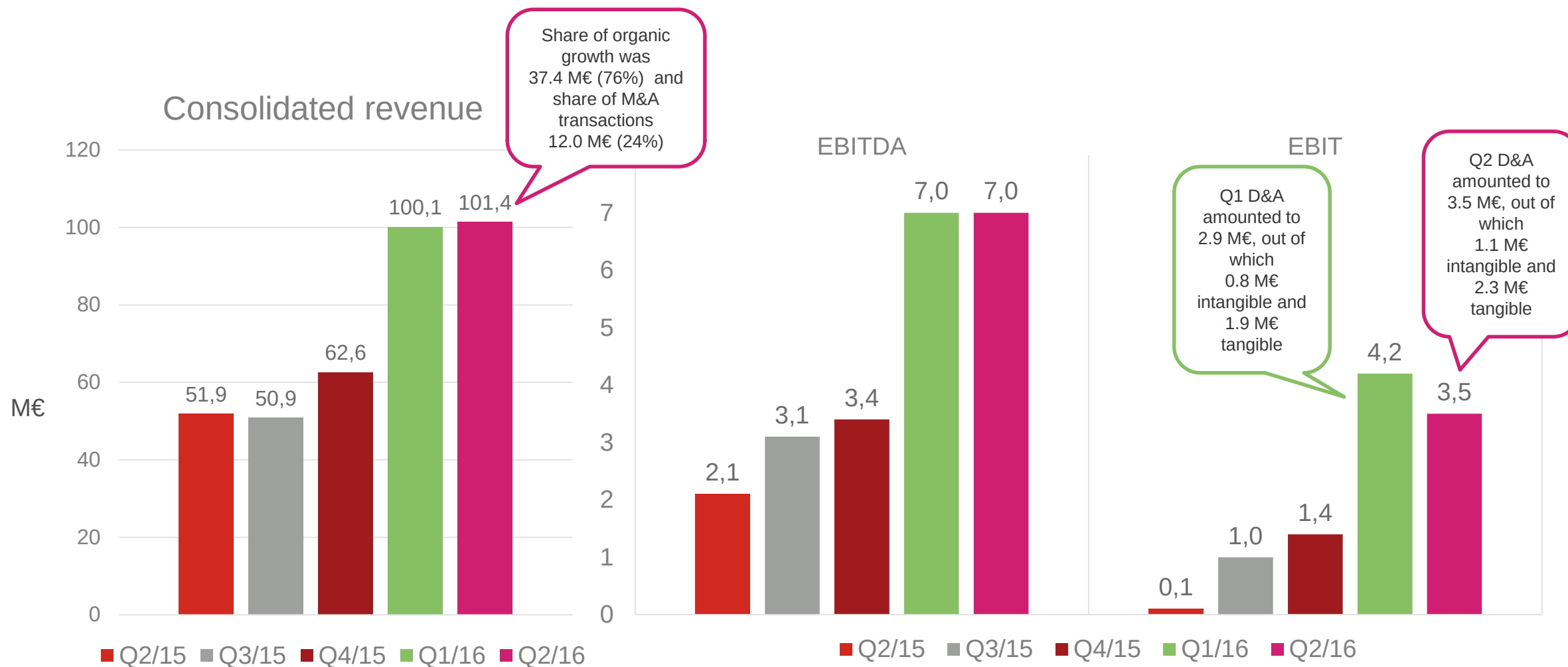
Net sales continued to increase



*Note: Net sales figures for 2002–2003 based on the net sales figures of present MWW Yhtiö Oy (net sales of the parent company called Pihlajalinna Lääkärit Oy at that time), for 2004–2009 the net sales figures of present MWW Yhtiö Oy (net sales of the Group, in 2004–2005 called Pihlajalinna Lääkärit Oy, and in 2006–2009 called Pihlajalinna Oy), for 2010–2013 the net sales of present Pihlajalinna Terveys Oy (net sales of the Group, called Pihlajalinna Oy at that time), and for 2014, the net sales of Pihlajalinna Oy (the Group's net sales). The figures for 2002–2011 have been prepared according to FAS, and for 2012–2014 according to IFRS. The net sales for 2002 covers 15 months (from 1 October 2001 to 31 December 2002), and the net sales for 2010 covers 13 months (from 1 December 2009 to 31 December 2010). CAGR = Compound Annual Growth Rate. The Company's CAGR between 2004–2014 is calculated as follows:

$$CAGR = ((148.9 / 4.1)^{(1/10)} - 1) \times 100\% = 43\%$$*

Group key figures 1/2



Group key figures 2/2

Key figures and ratios	2015	H1/15	H1/16	Key figures and ratios	2015	H1/15	H1/16
INCOME STATEMENT				OTHER INFORMATION			
Revenue, EUR million	213.3	99.8	201.4	Return on capital employed (ROCE), %	3.4	3.6	7.1
EBITDA, EUR million	11.6	5.1	14.0	Return on equity (ROE), %	2.3	1.2	6.8
EBITDA, %	5.4	5.1	7.0	Equity ratio, %	50.5	39.8	45.4
Adjusted operating profit (EBIT), EUR million	4.5	2.3	8.1	Gearing, %	25.2	36.6	33.9
Adjusted operating profit, %	2.1	2.3	4.0	Interest bearing net debt, EUR million	23.5	24.5	33.4
Operating profit (EBIT), EUR million	3.6	1.3	7.7	Net debt/adjusted EBITDA, 12 mths	1.9	1.8	1.6
Operating profit, %	1.7	1.3	3.8	Gross investments, EUR million	44.6	15.9	20.8
Profit before tax (EBT), EUR million	1.3	-0.1	6.9	Cash flow from operating activities, EUR million	17.7	9.5	9.3
SHARE RELATED INFORMATION				Cash flow after investments, EUR million	-14.4	1.0	-7.3
Earnings per share (EPS), EUR	0.03	-0.02	0.19	Average number of personnel	2 503	2 247	4 313
Equity per share, EUR	4.47	3.46	4.66	Personnel at the end of the period	3 047	2 525	4 589

Group balance sheet

Total statement of financial position EUR 217.3 million

H1/2016 vs. Q4/2015:

Equity ratio: 45.4 % (50.5 %)

Gearing: 33.9 (25.2)

Net debt / EBITDA:

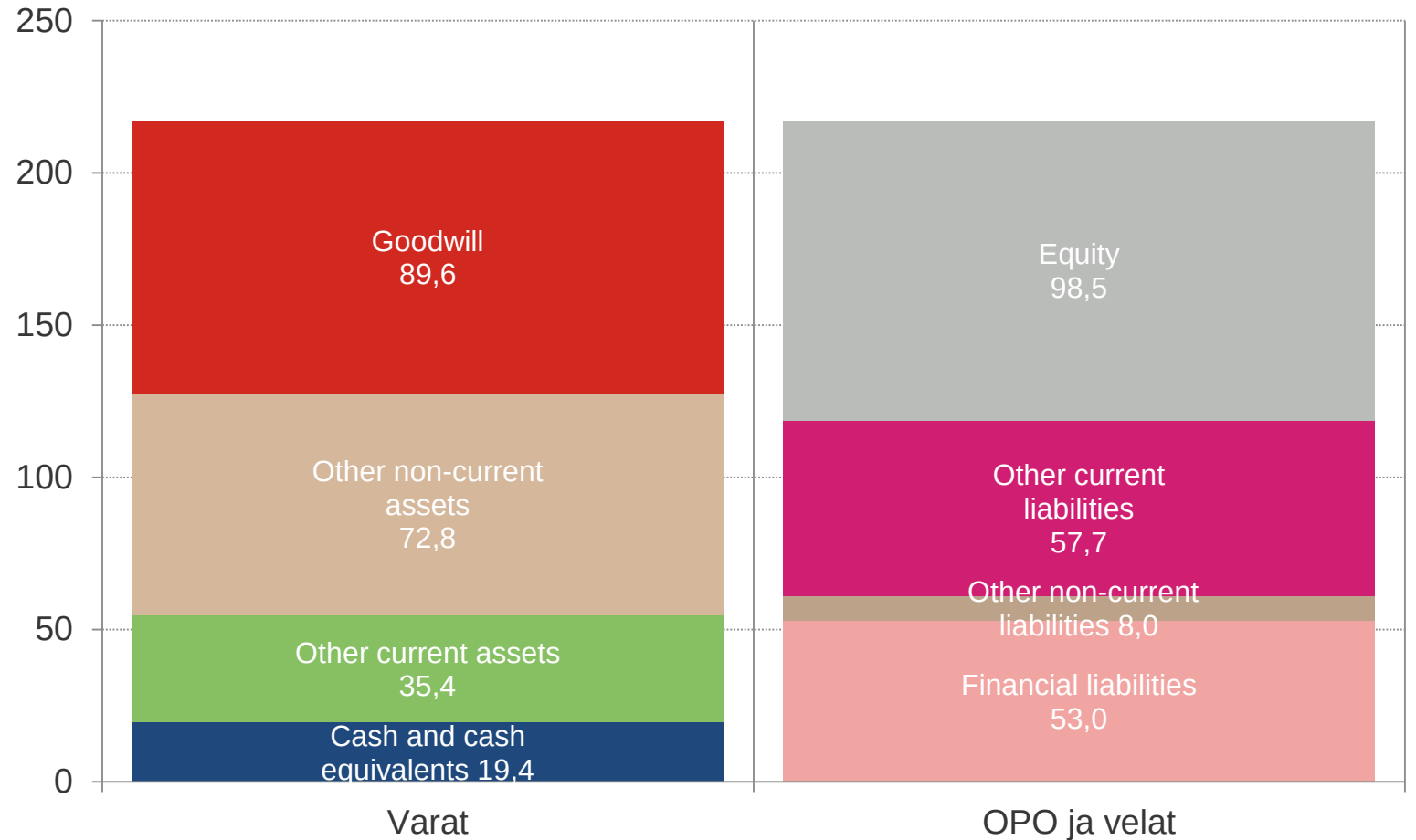
1.6x (1.9x)

Interest-bearing net debt: 33.4 M€ (23.5 M€)

Unused committed credit limits: 43.5 M€ (58.0 M€)

Goodwill to balance sheet total:
41% (41%)

Goodwill to equity: 91% (81%)



Operating segments Q2

Private clinics and specialized care

- Revenue increased to EUR 56.1 (30.8) million
- Revenue increased especially due to public specialized care and acquisitions
- EBIT EUR 1.7 (0.4) million – profitability improved in particular due to acquisitions (Koskiklinikka, ITE) and Private Clinics and Occupational Healthcare service areas

Primary and social care

- Revenue increased to EUR 47.0 (22.0) million
- Revenue growth was mainly due to Kuusiokunnat and Jämsä social and healthcare outsourcing contracts
- EBIT EUR 2.1 (0.9) million – Profitability improved especially due to Jämsä and Kuusiokunnat social and healthcare outsourcing contracts

Operating segment key figures Q2

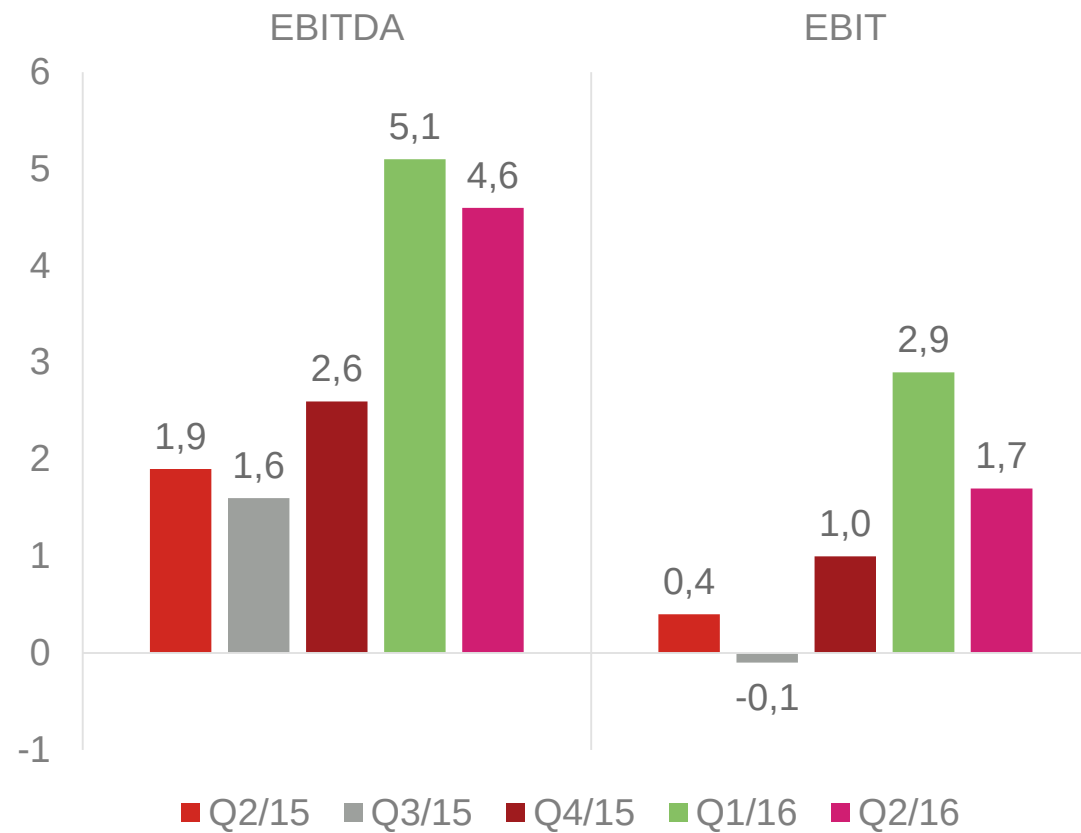
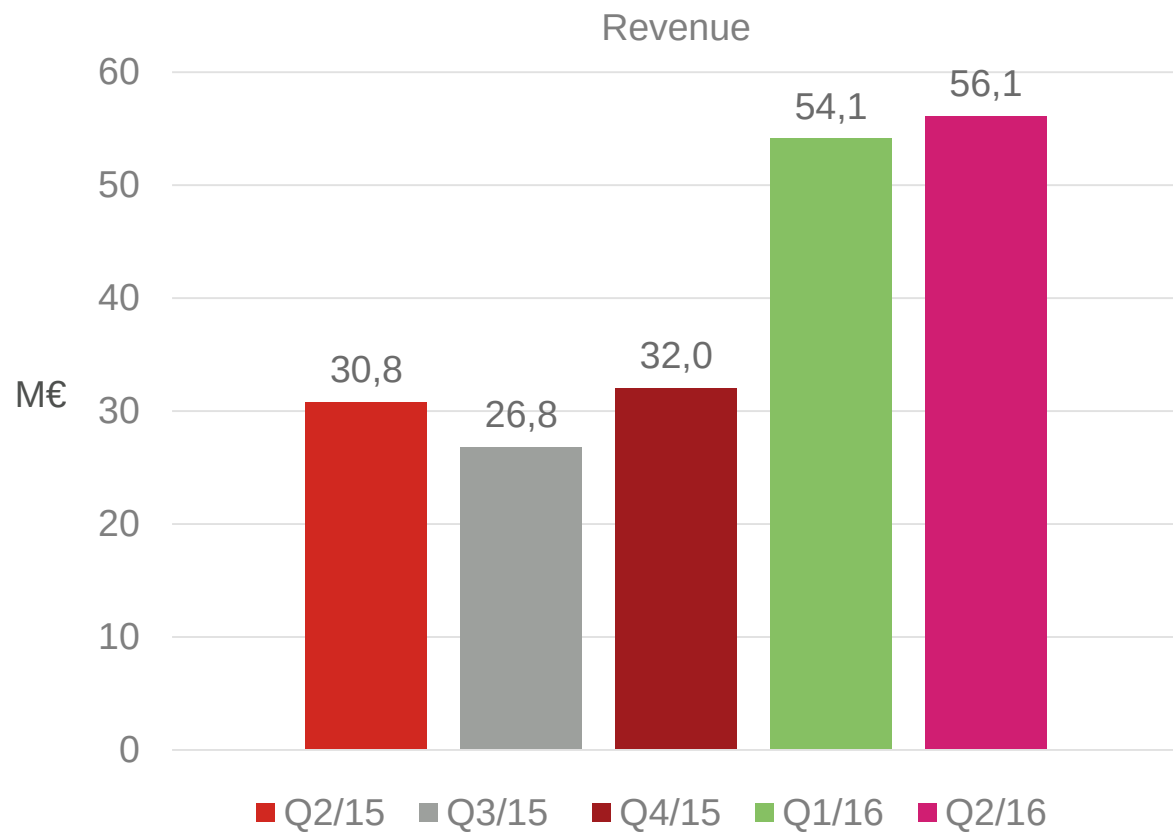
C&S

C&S segment	2015	Q2/15	Q2/16	change %
Revenue	119.5	30.8	56.1	82
EBITDA	9.2	1.9	4.6	
EBITDA %	7.7	6.2	8.2	
EBIT	2.8	0.4	1.7	
EBIT %	2.3	1.1	3.1	

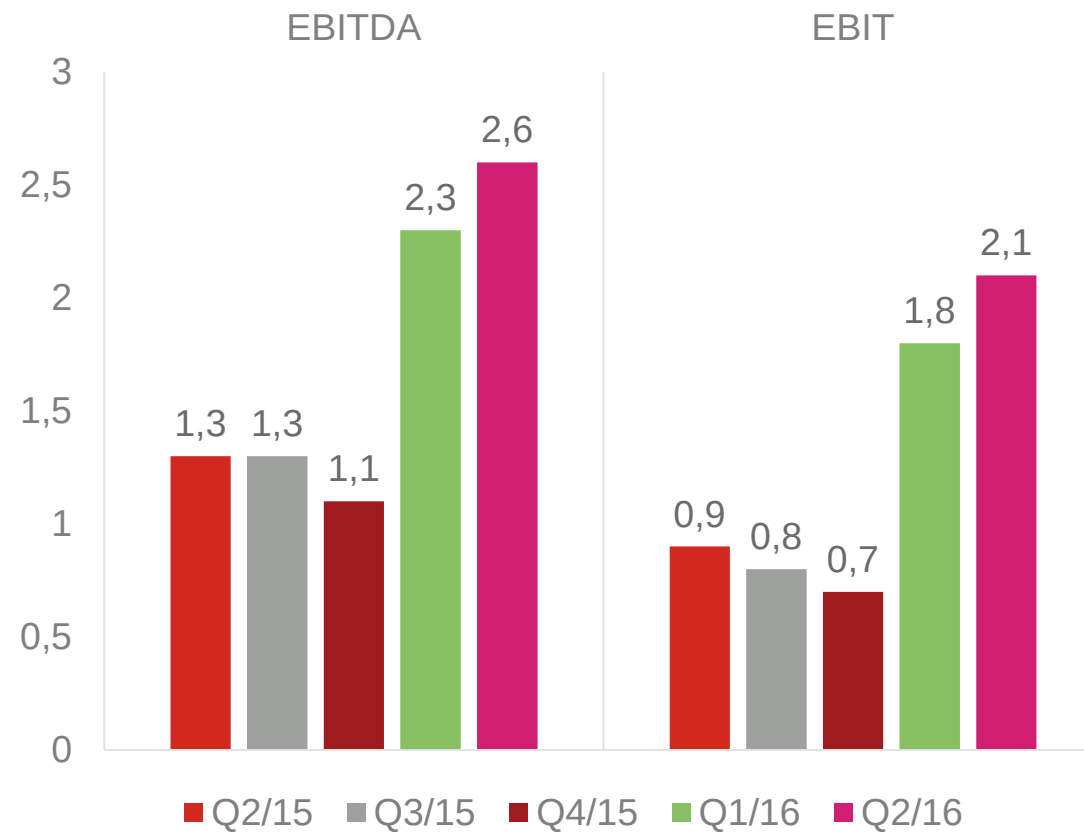
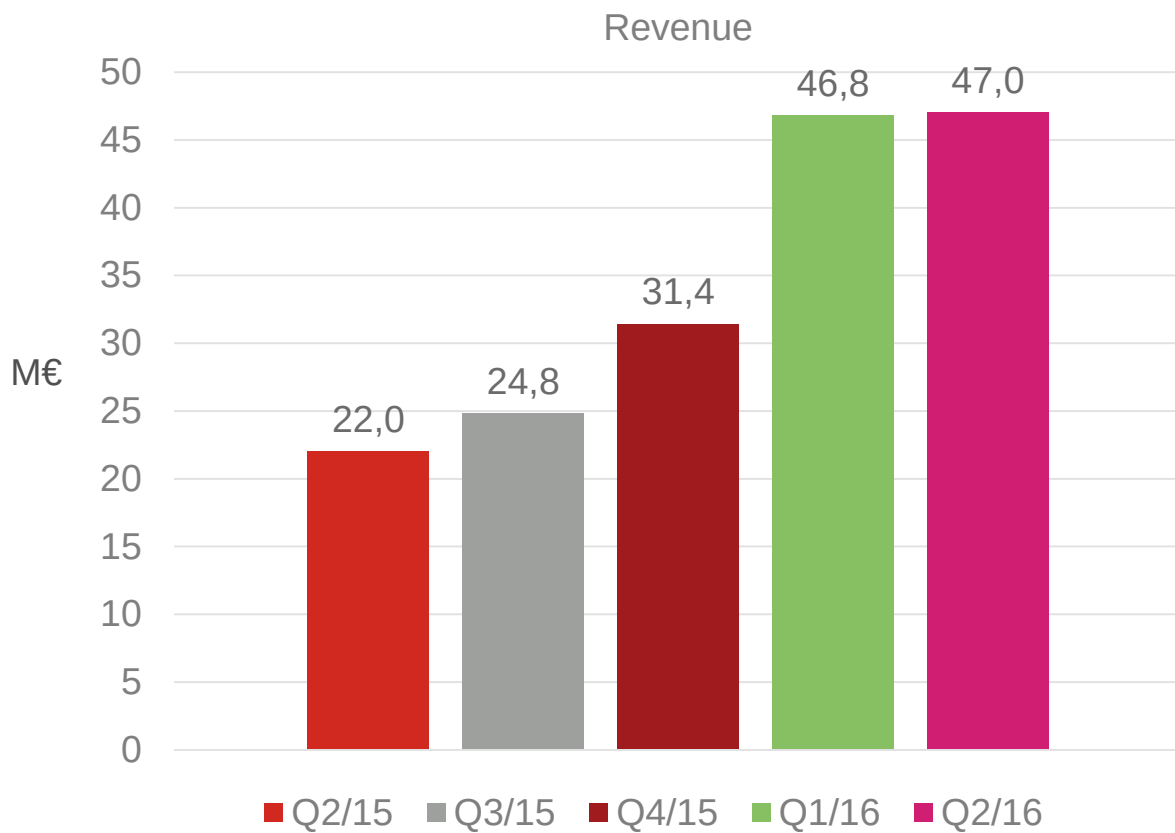
P&S

P&S segment	2015	Q2/15	Q2/16	change %
Revenue	96.8	22.0	47.0	113
EBITDA	3.9	1.3	2.6	
EBITDA %	4.1	5.9	5.6	
EBIT	2.3	0.9	2.1	
EBIT %	2.4	4.0	4.5	

C&S segment key figures



P&S segment key figures



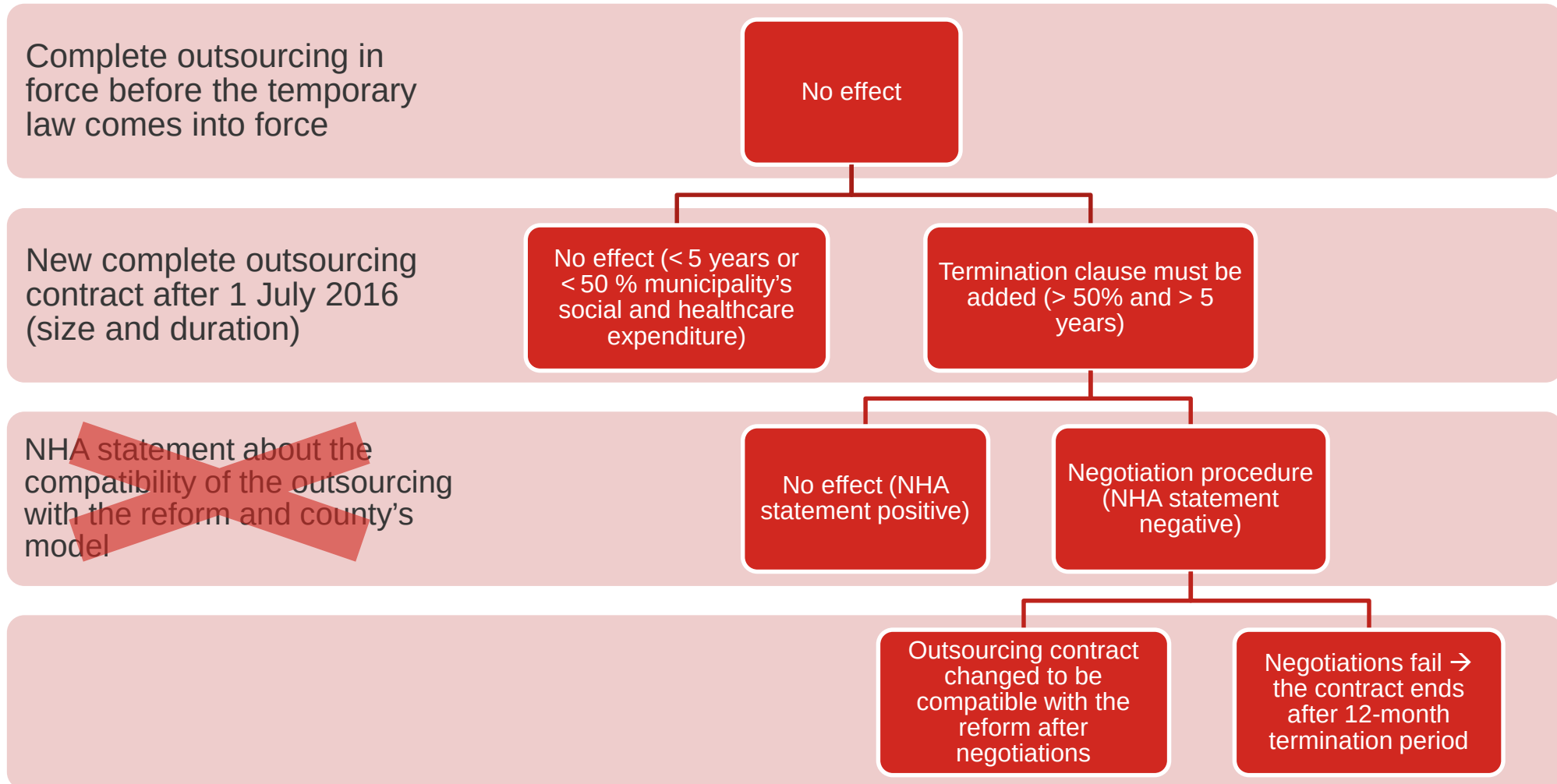
Preparation of reform laws proceeds

- On 29 June, the government published draft bills on reforming health and social services, circulation for official comments begins in August
- Public, market-based services must be corporatized
- Freedom of choice as a main rule in basic-level services, only when applicable in specialised-level health and social services
- Customer can choose between a public, private and third-sector producer
- Four different freedom of choice means under consideration
 - health and social service centres providing a broad range of basic-level services
 - own teams or health and social service stations providing a narrower range of services
 - service vouchers
 - personal budgeting
- No changes will be made to the current position and basic tasks of occupational healthcare services, oral health services will be worked out during further preparation

Temporary act restricting complete outsourcings

- On 1 July 2016, a temporary act restricting municipalities' complete social and healthcare outsourcings entered into force
- The contents of this act were as anticipated by Pihlajalinna
 - Complete outsourcings not prohibited
 - Non-retroactive, so current contracts are not affected
 - Only in very large outsourcing contracts (exceeding 50 per cent of the municipality's social and healthcare expenditure and contract term of over 5 years) a termination clause must be included
- No major effect on company's business in the short term
- Municipalities continue to be interested in seeking outsourcing solutions in order to secure local services for their citizens

Temporary law effects



Current market situation

- Pihlajalinna will participate in Forssa region tender for social and healthcare services (approx. 34 500 inhabitants, EUR 130 million per year), decision by the end of the year, start 1 May 2017
- Mänttä-Vilppula approved the social and healthcare contract and the related option for a five-year extension period. The contract period is 1 August 2016–31 July 2026, after which a five-year option period will begin. The complaint process related to the decision lapsed in May.
- The Kuusiokunnat joint municipal social and health authority's board approved the implementation of the five-year option included in the social and healthcare service agreement between Pihlajalinna and the Kuusiokunnat municipalities (Alavus, Kuortane, Ähtäri and Soini).
- The expansion of the joint municipal social and healthcare authority of the Kuusiokunnat municipalities to include the municipalities of the Suupohja region (Isojoki, Kauhajoki, Karijoki and Teuva) is still open

Pihlajalinna guidance and financial targets remain unchanged

Short term guidance

In 2016, net sales exceeds EUR 400 million and the adjusted EBIT margin is expected to improve compared to 2015

In the financial year 2015, the adjusted EBIT margin was 2.1 per cent

Long term targets

- Operating profit (EBIT) margin exceeding 7%
- Net debt to EBITDA below 3x

Dividend policy

- Dividends at least 1/3 of net profit

A close-up, low-angle shot of a young boy with light brown, wavy hair and blue eyes. He is looking upwards and to the right with a gentle smile. He is wearing a red and dark blue horizontally striped shirt. The background is a blurred, light-colored wall with some architectural lines.

Thank you!