



Pihlajalinna

H1 2017

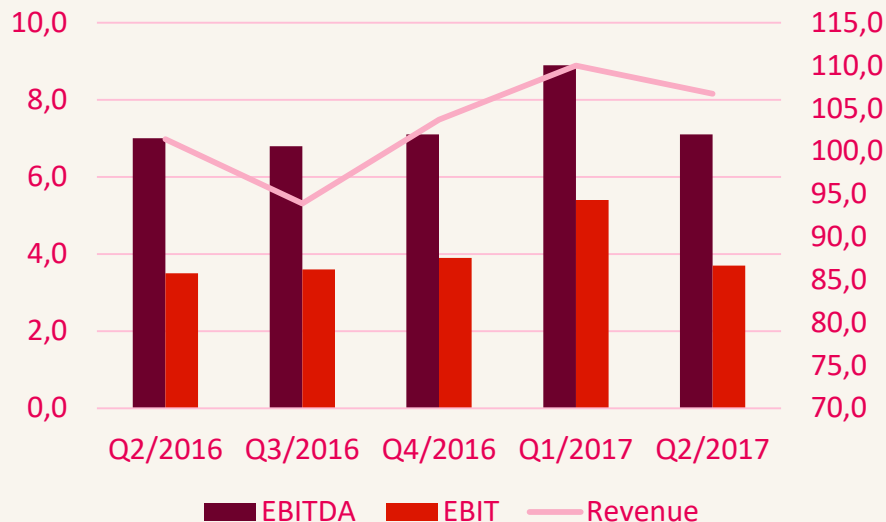
Aarne Aktan, CEO

Q2: P&S IMPROVED, SOFT QUARTER IN C&S



- Revenue grew by 5 per cent, organic growth 2.5 per cent
- Revenue growth mainly attributable to Social and Healthcare Outsourcings, Occupational Healthcare and Surgical Operations
- P&S segment's EBITDA grew by 67 per cent, EBIT by 64 per cent
- C&S segment's Q2 was soft, both EBITDA and EBIT decreased

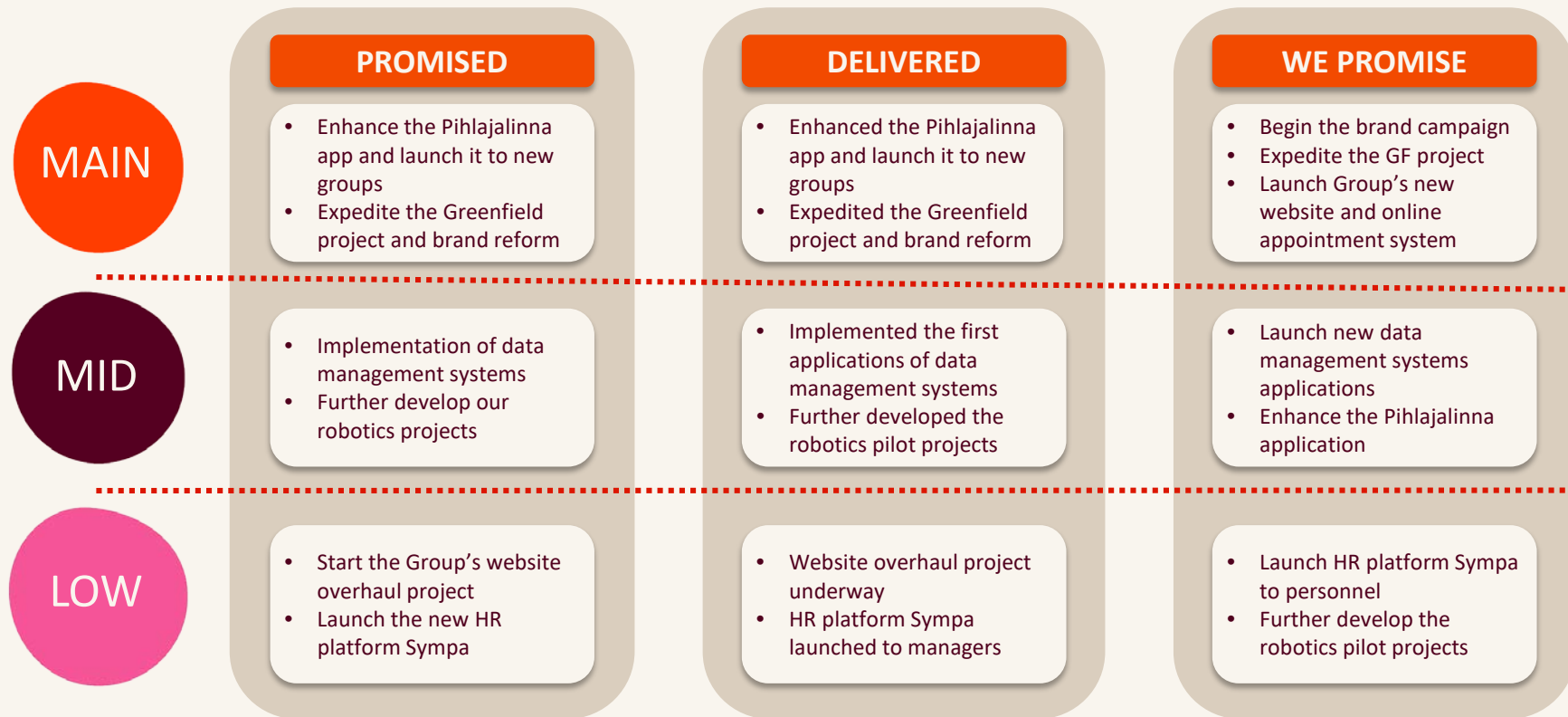
Group Key Figures, EUR million



Q2: EXPECTATIONS VS. ACTUALIZED



GROUP'S OPERATIONAL PROJECTS Q2–Q3



LEGISLATION AND MARKET REVIEW 1/2

- The Constitutional Law Committee issued its statement on the legislation package connected to the health, social services and regional government reform at the end of June
 - Changes to the schedule of health and social services reform → reform intended to enter into force on 1 January 2020, the aim to hold county elections in October 2018
- A team of civil servants appointed by the Ministry of Social Affairs and Health is preparing a new government proposal for the Freedom of Choice Act based on the statement
- The proposed government proposal will be circulated for comments in November
- The aim is to put the government proposal to the Parliament in early March 2018
- The postponement of the health and social services reform by one year may have effects on municipalities' willingness to outsource their social and healthcare services
- Several cities and municipalities have expressed their interest in the possibility of outsourcing social and healthcare services or have commenced the tendering process

LEGISLATION AND MARKET REVIEW 2/2



- In May, the municipal councils of Forssa, Humppila and Ypäjä voted in favour of establishing a joint venture with Pihlajalinna. The decisions have been appealed to the Market Court. The municipal boards of Forssa and Humppila have proposed in August to the municipal councils to turn over the procurement decision and to suspend the procurement procedure.
- The Market Court repealed the municipality of Hattula's decision on the procurement of social and healthcare services in June. Hattula has announced that it will start a new tendering process.
- The negotiations between Pihlajalinna and the municipality of Tervola on the service production of social welfare and healthcare services concluded with no successful results in June
- Ongoing tendering processes: inter alia Länsi-Pohja (Pihlajalinna participates)
- In C&S, insurance market has improved, dental care weakened

