QUARTERLY REPORT Q1

Joni Aaltonen
CEO

Q1 2019: REVENUE GREW AND OPERATING PROFIT IMPROVED IN THE FIRST QUARTER

- Revenue amounted to EUR 132.5 (119.2) million – an increase of 11.2 per cent
- Organic growth 2.8 per cent
- Adjusted EBITDA was EUR 12.6 (6.9) million – an increase of 81.6 per cent
- Adjusted operating result (EBIT) was EUR 3.9 (-0.1) million
- IFRS 3 costs related to M&A transactions had a negative effect of EUR 0.1 (1.2) million on operating profit
- Earnings per share (EPS) was EUR 0.06 (-0.06)

- Pihlajalinna adopted the new IFRS 16 Leases standard fully retrospectively on 1 January 2019. Restated comparable financial figures were published on 18 April 2019 for each reporting period in 2018.

Q1 JANUARY-MARCH 2019 KEY FIGURES BY BUSINESS AREA

MEUR	1-3/2019	%	1-3/2018	%	2018	%
Southern Finland	31.1	21	23.7	18	107.6	20
Mid-Finland	83.0	56	79.0	59	311.9	57
Ostrobothnia	27.9	19	26.4	20	108.8	20
Northern Finland	3.7	2	3.3	2	12.3	2
Other	1.7	1	0.9	1	4.8	1
Internal sales of the Group	-14.9		-14.2		-57.6	
Group Revenue	132.5	100	119.2	100	487.8	100

- Southern Finland: +31 %. The revenue of the Southern Finland business area grew mainly due to the acquisitions of Doctagon and the Forever fitness centre chain in the previous year as well as the growth of customer volumes at Pihlajalinna Turku.
- Mid Finland: + 5 %. Revenue was increased by the acquisition of the occupational health service provider Verso. price adjustments implemented in accordance with the service agreements of social and healthcare outsourcing arrangements and the acquisition of Linnan Klinikka.
- Ostrobothnia: + 6%. The business area's revenue was increased by the provision of residential and services for senior and disabled citizens in Laihia and the start of operations of Pihlajalinna Seinäjoki in March 2018.
- Northern Finland: +11 %. The business area's revenue was increased by the start of operations at Pihlajalinna Oulu in January 2018. Occupational health care contracts with Stora Enso and Kolari municipalities.

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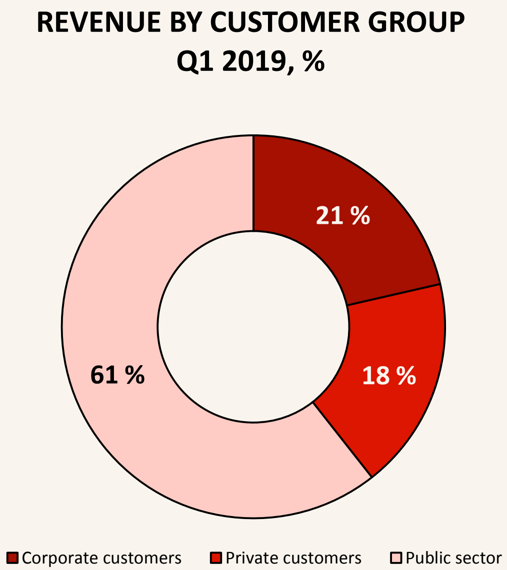
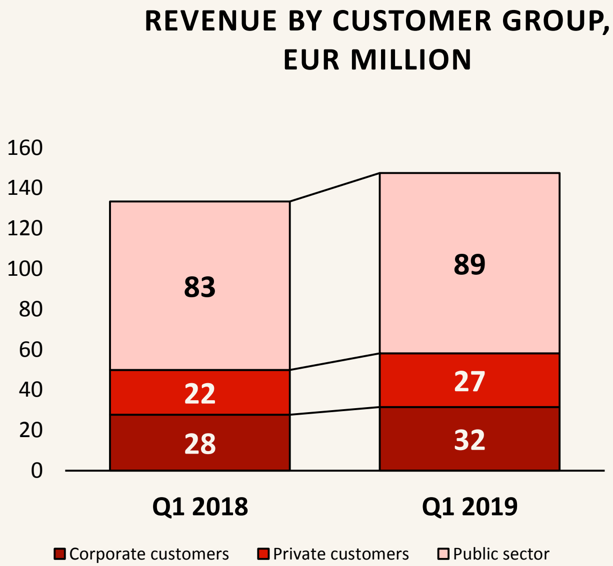
REVENUE BY CUSTOMER GROUP





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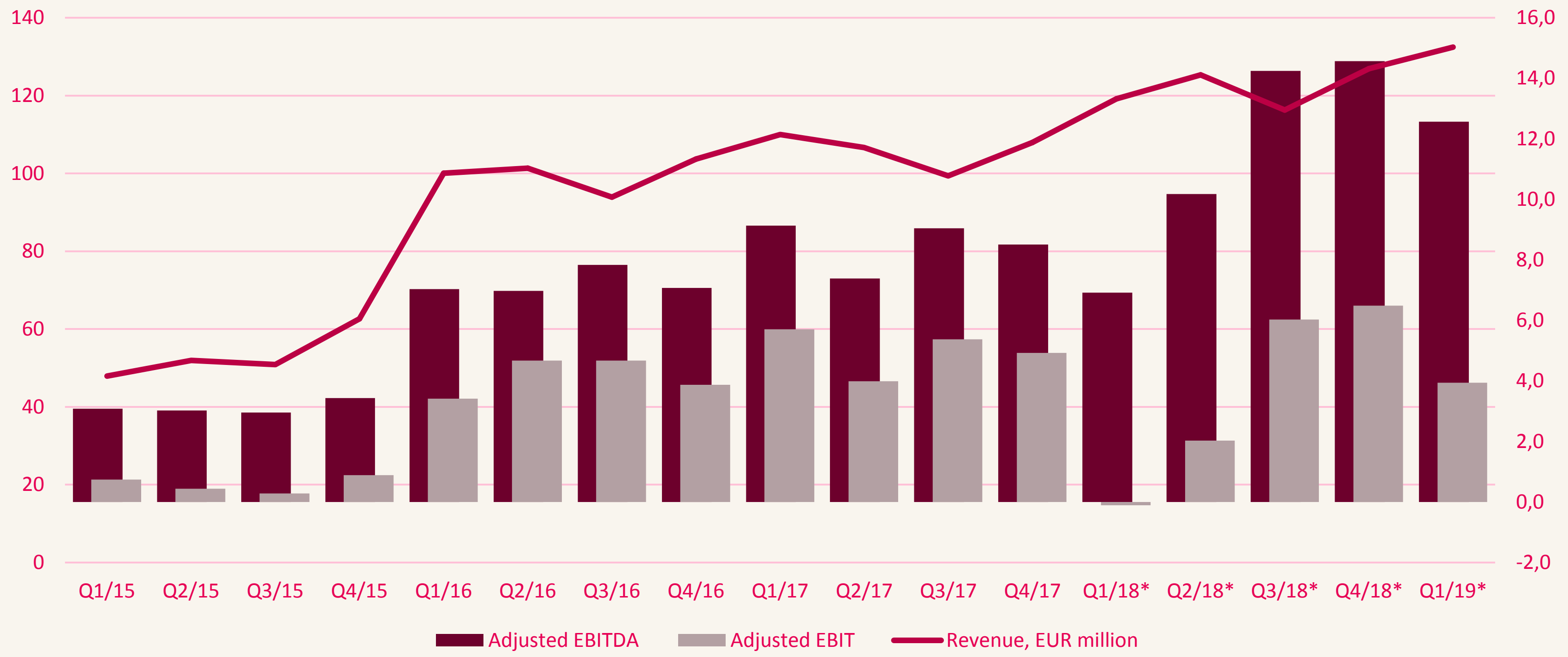
PROFITABILITY



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - IFRS 16 BRIDGE

EUR million	1-3/2019 excl. IFRS 16 effect	IFRS 16 effect	1-3/2019 restated	1-3/2018 reported	IFRS 16 effect	1-3/2018 restated
Revenue	**132.5**	**0.0**	**132.5**	**119.2**	**0.0**	**119.2**
Other operating income	0.4	-0.1	0.4	1.3	0.0	1.3
Materials and services	-50.7	0.0	-50.7	-48.6	0.0	-48.6
Employee benefit expenses	-57.0	0.0	-57.0	-52.0	0.0	-52.0
Other operating expenses	-17.1	4.1	-13.0	-15.7	3.0	-12.6
Share of profit in associated companies and joint ventures	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**8.1**	**4.0**	**12.2**	**4.3**	**3.0**	**7.3**
Depreciation. amortisation and impairment	-4.6	-4.0	-8.6	-4.2	-2.8	-7.0
Operating profit (EBIT)	**3.5**	**0.0**	**3.5**	**0.1**	**0.2**	**0.3**
Financial income	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses on right-of-use assets	-0.2	-0.3	-0.5	-0.3	-0.2	-0.5
Financial expenses	-0.5	0.0	-0.5	-0.5	0.0	-0.5
Profit before taxes	**2.8**	**-0.2**	**2.5**	**-0.6**	**0.0**	**-0.6**
Income taxes	-0.7	0.0	-0.7	0.0	0.0	0.0
Profit for the period*	**2.1**	**-0.2**	**1.9**	**-0.7**	**0.0**	**-0.7**
Total comprehensive income for the period	2.1	-0.2	1.9	-0.7	0.0	-0.7
Total comprehensive income for the period attributable:						
To the owners of the parent company	1.6	-0.2	1.4	-1.3	0.0	-1.3
To non-controlling interests	0.5	0.0	0.4	0.6	0.0	0.6
Earnings per share calculated on the basis of the result for the period attributable to the owners of the parent company (EUR)						
Basic and diluted	**0.07**	**-0.01**	**0.06**	**-0.06**	**0.00**	**-0.06**

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THE GROUP'S OPERATIONAL PROJECTS Q1-Q2

	WE PROMISED	WE COMPLETED	WE PROMISE TO
MAIN	• Finish implementation of responsible doctor model and remote services • Reinforcement of telephone services	• Centralised telephone services and renewed remote service models in use • Responsible doctor model in use • Specialised care responsible doctor model started	• Developing multi-channel services • Mobile healthcare services to municipal outsourcings
MID	• Piloting joint service models for fitness centres and occupational healthcare • Implementing customer loyalty program	• Service pilots for fitness centres and occupational healthcare ready • Developing a fixed-price service model for occupational healthcare	• Establishment of the customer loyalty program as a modus operandi • Expanding the service selection of the online store
LOW	• Expanding the occupational healthcare portal's service models	• Occupational healthcare portal's work ability application in use • The optimisation of online appointment booking was continued and language versions were made	• Expanding the use of the occupational healthcare portal • Improving customers' service paths in all segments

Q2 ACTIONS TO IMPROVE PROFITABILITY

- Beginning private clinic operation at acquired occupational healthcare business locations
- Management focus on improving the profitability of weak/unprofitable units
- Beginning private clinic operation in Vaasa
- Regionally strengthening general practitioner and medical specialist services at clinic locations and by using mobile services
- Expanding the services and customer base of Laihia and Hattula

OPERATING ENVIRONMENT – STATUS AFTER ELECTION

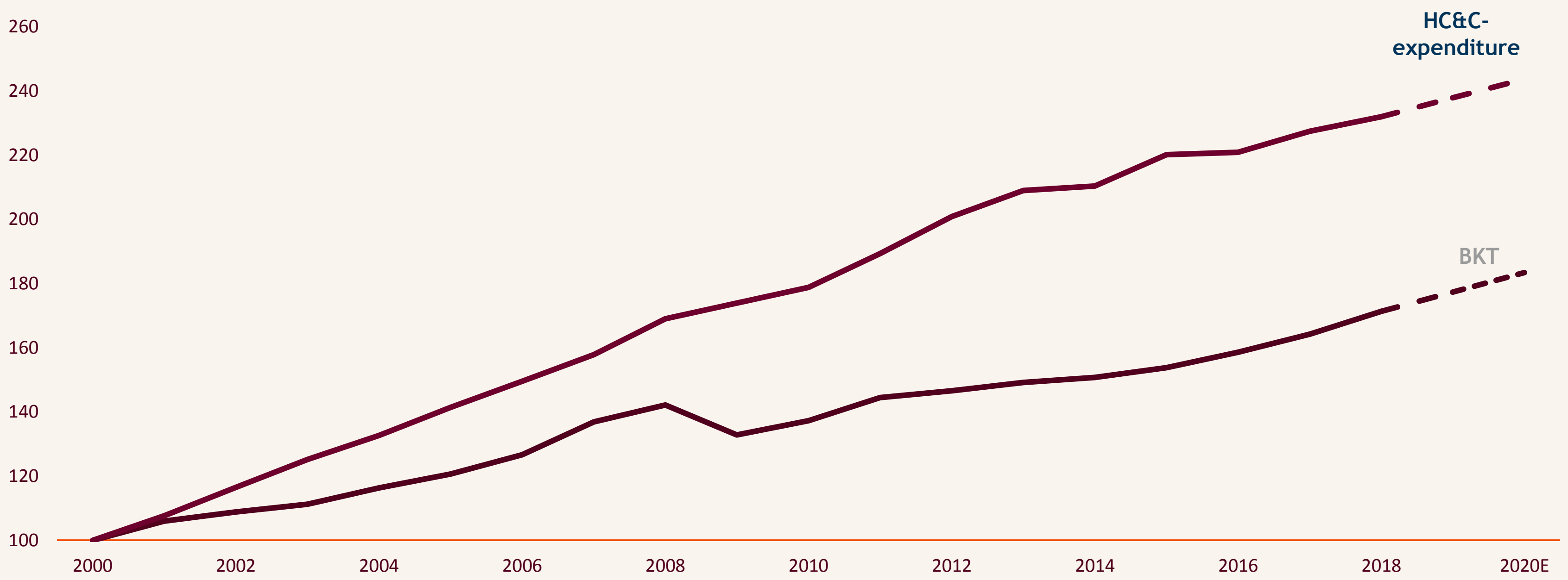
- The structural reform of social and healthcare services in Finland ultimately collapsed. The new government may resume the process of health and social services reform because the sustainability gap in public finances still exists and savings are needed. Municipalities continue to bear the responsibility for the cost-efficient organisation of social and healthcare services.

- Following the collapse of social and healthcare service reform, municipalities have become more active in contacting private sector service providers

AGING POPULATION IS THE MAIN DRIVER FOR THE INCREASING HEALTHCARE AND CARE EXPENDITURE. WHICH WILL ADD PRESSURE ON MUNICIPALITIES ECONOMY

Healthcare and care expenditure and GDP development 2000-2020E

HC&C expenditure[1)] and GDP development. Index year 2000 = 100



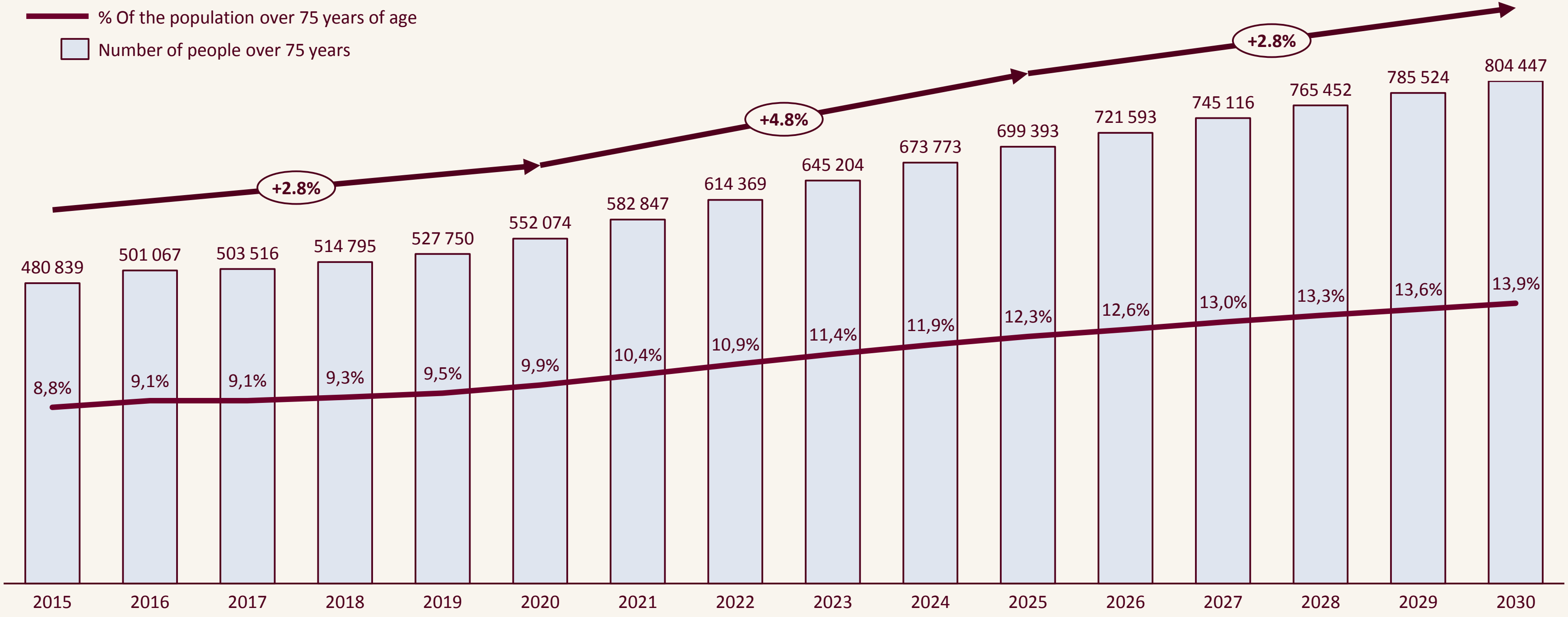
1) Includes HC&C services expenditure and related costs. Doesn't include service fees paid by customers

Sources: National institute for health and welfare. Finnish centre for pensions. Statistics Finland. VALOR-analysis

THE STRONG AGING OF THE FINNISH POPULATION IS ONLY AHEAD - THE STRONGEST EFFECT WILL BE REALIZED IN 2020-2025…

Nationwide demographic development in years 2015-2030E

Number of people over 75 years of age and percentage share in total population

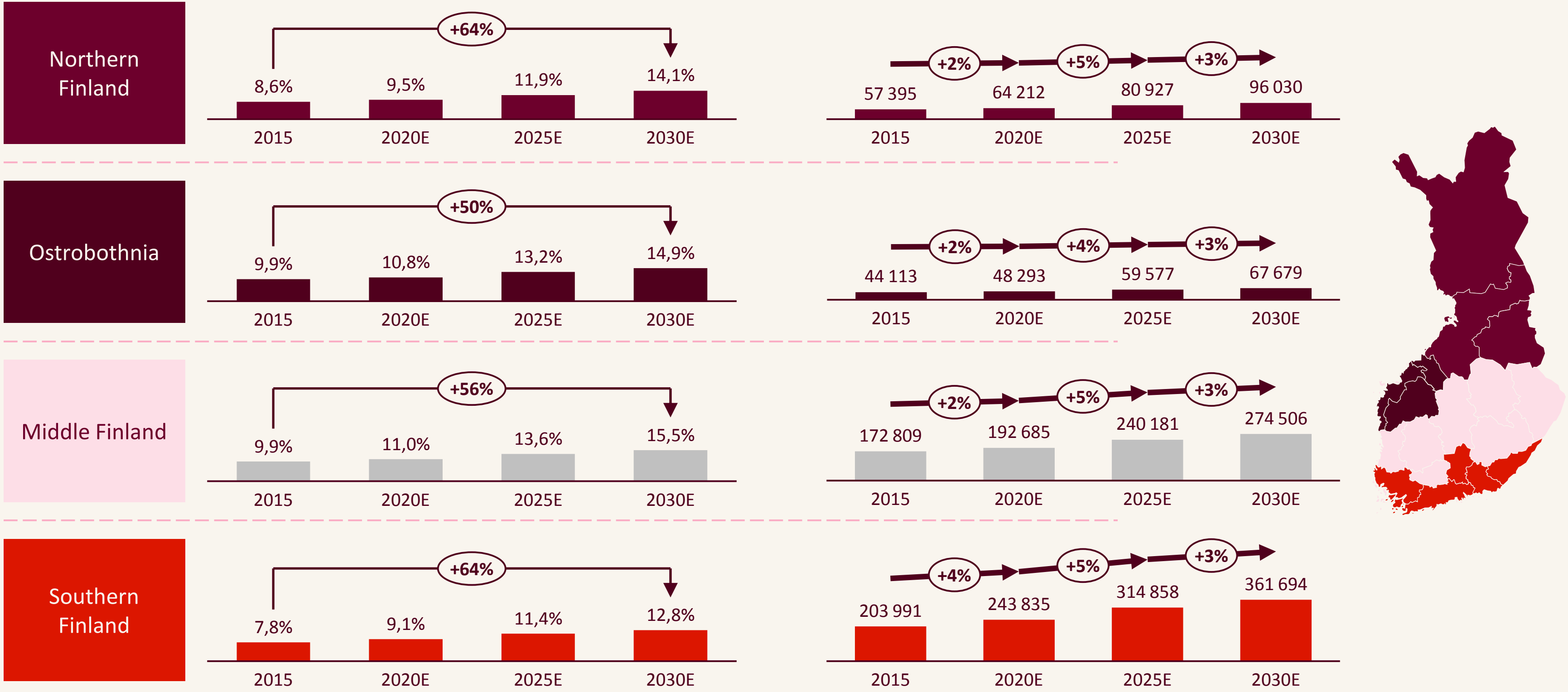


Sources: Statistics Finland. VALOR-analysis

WITH THE AGING OF THE POPULATION. THE PROPORTION OF PEOPLE OVER 75 WILL INCREASE OVER 50 % IN EACH BUSINESS AREAS

Proportion of population over 75 years of age 2015-2030E
%-share and %-change

Development of population over 75 years of age 2020E-2030E
Number of people over 75 and the average annual growth rate



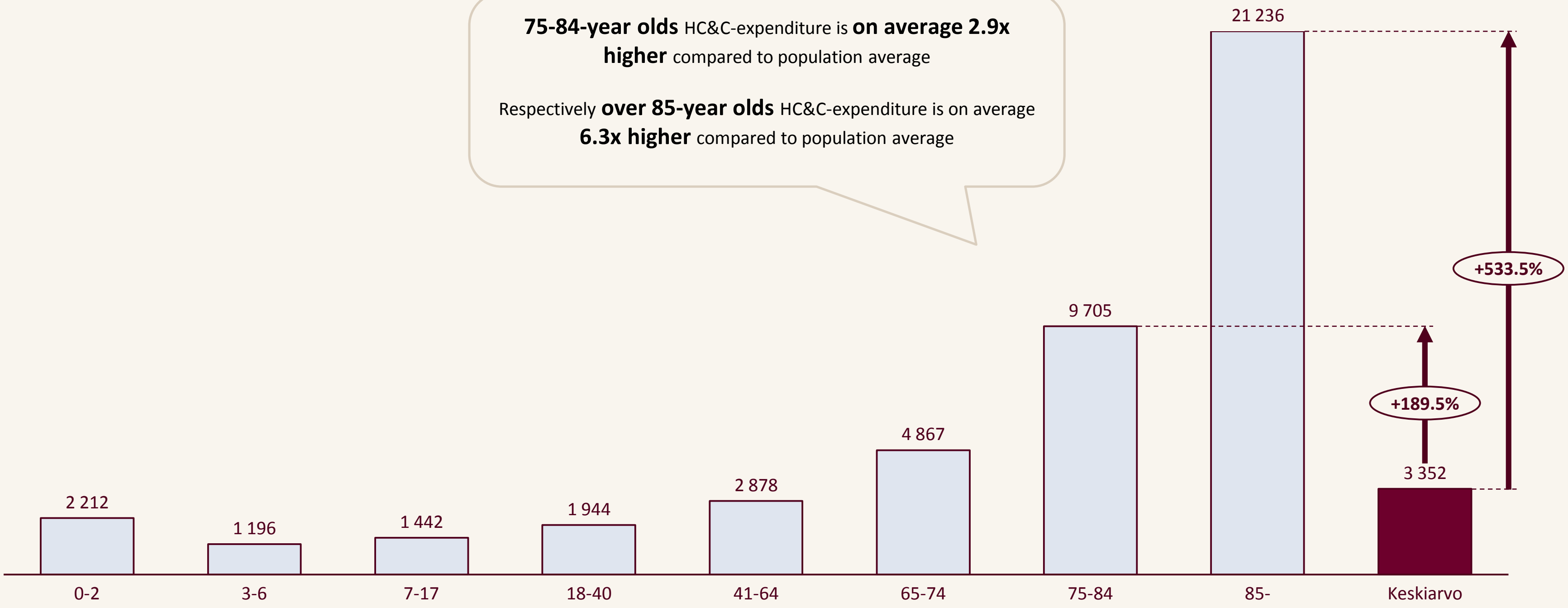
Sources: Statistics Finland. VALOR-analysis

THE AGING OF THE BABY BOOMERS WILL CHALLENGE THE MUNICIPAL ECONOMY BY VIGOROUSLY INCREASING HEALTHCARE AND CARE SPENDING

Distribution of social and health care costs by age group per capita nationally (2011).
€ per capita in age group and %-difference compared to population average

75-84-year olds HC&C-expenditure is **on average 2.9x higher** compared to population average

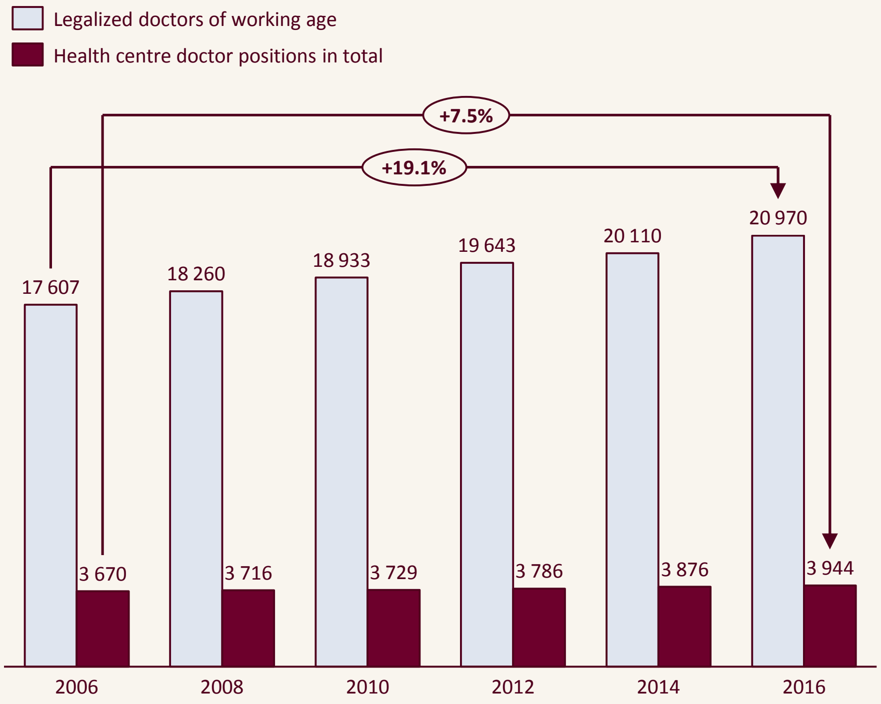
Respectively **over 85-year olds** HC&C-expenditure is on average **6.3x higher** compared to population average



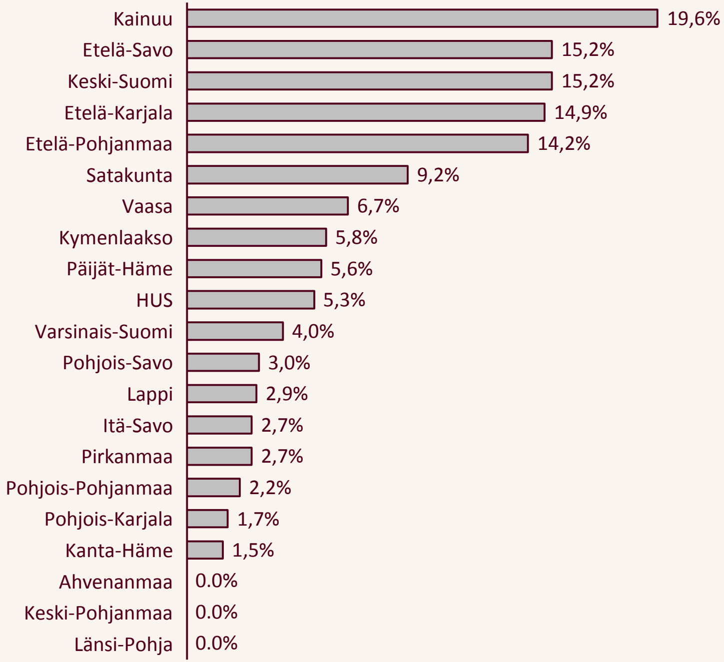
Sources: THL - Miesten ja naisten terveysmenot ikäryhmittäin 2011. VALOR-analysis

THE NUMBER OF LEGALIZED DOCTORS HAS GROWN FASTER THAN NUMBER OF DOCTOR POSITIONS IN PUBLICLY FINANCED HEALTH CENTERS – SHORTAGE OF DOCTORS VARIES REGIONALLY

Number of legalized doctors and doctor positions in health centers 2006-2016
Number of doctors and %-change



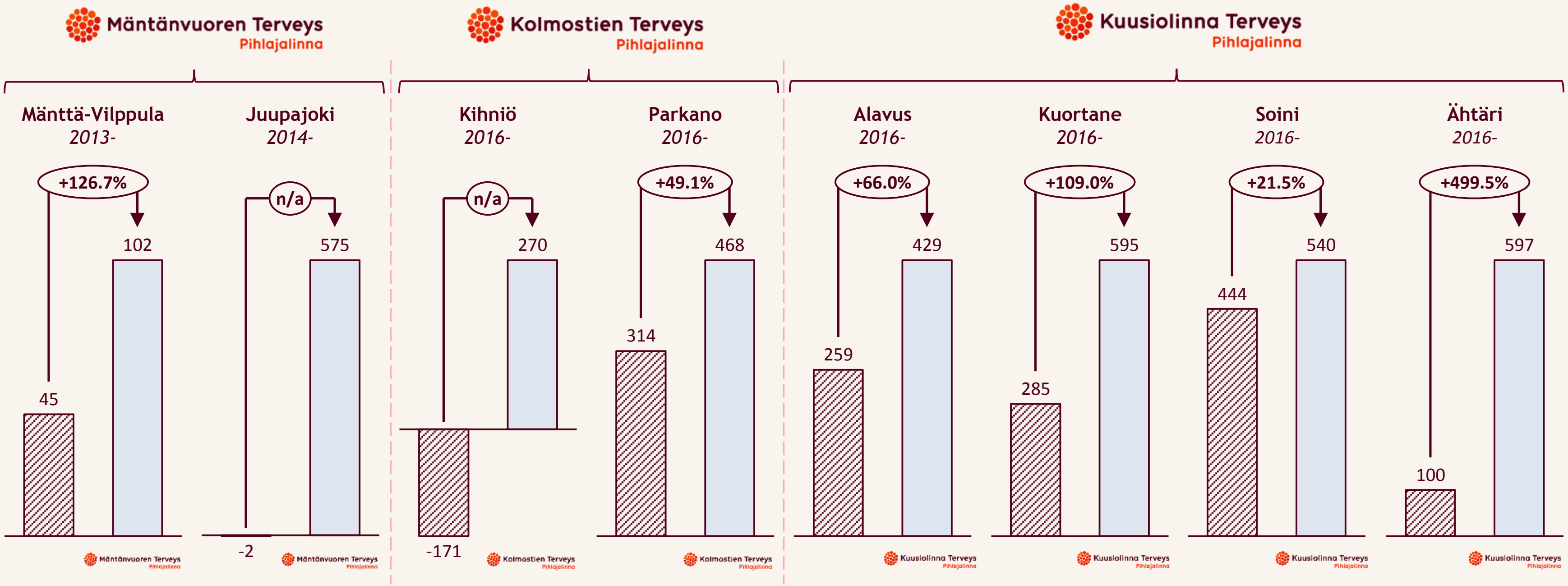
Shortage of doctors in health centres by hospital region 2018
Unfulfilled doctor positions share of all health centre positions. %



Sources: Lääkäriliitto – Statistics on physicians and the health care system 2016. Terveyskeskusten lääkäritilanne 2012. 2014 ja 2018. Sotkanet. VALOR-analysis

THE ANNUAL MARGINS OF PIHLAJALINNA'S PARTNER MUNICIPALITIES HAVE DEVELOPED VERY STRONGLY DURING THE COOPERATION PERIOD

Development of Pihlajalinna's partner municipalities annual margins during the cooperation period
Average per capita annual margin two years before Pihlajalinna cooperation and two years after. € per capita



1) The annual margin shows the income financing that remains after paying current expenses. margin is available for investments and loan repayments
Sources: Sotkanet. Statistics Finland. VALOR-analyis

OPERATING ENVIRONMENT – FROM PIHLAJALINNA PERSPECTIVE

- Pihlajalinna seeks to complement the public sector's service offering particularly in basic-level specialised care and non-urgent specialised care as the public sector has implemented cuts in operations and centralised specialised care in fewer units.

- The situation in the private market remains unchanged. The occupational healthcare market is expected to grow as many municipalities and other public sector entities are interested in divesting the occupational healthcare providers they currently own.

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2019 STRATEGIC TARGETS: GROWTH IN ALL CUSTOMER SEGMENTS – PROFITABILITY THROUGH GROWTH

- Extension of service network to county centres by acquisitions and smooth and fast integration
- Effective cross selling of services
- Organic growth with a strong focus on sales and marketing
- Expansion and establishment of the municipal service portfolio

OUTLOOK 2019

- Pihlajalinna's consolidated revenue is expected to increase from the 2018 level.
- Adjusted EBIT is expected to improve clearly compared to 2018.

PIHLAJALINNA’S FINANCIAL REPORTING IN 2019

- Capital Markets Day 17 May 2019
- Interim Report January–June: Thursday 15 August 2019
- Interim Report January–September: Tuesday 5 November 2019

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THANK YOU!