PIHLAJALINNA Group



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Half Year Financial Report

1 January–30 June 2016

26 August 2016 at 8.00 a.m.

26 August 2016 at 8:00

Pihlajalinna revised Half Year Financial Report

1 January–30 June 2016 (6 months)

Consolidated revenue grew and profitability continued to improve

Brief look at April–June:

- Revenues amounted to EUR 101.4 (51.9) million – an increase of 95 per cent
- Operating profit (EBIT) amounted to EUR 3.5 (0.1) million and adjusted operating profit (EBIT) to EUR 3.9 (1.0) million
- EBITDA amounted to EUR 7.0 (2.1) million
- Earnings per share was EUR 0.10 (-0.05)

Brief look at January–June:

- Revenues amounted to EUR 201.4 (99.8) million – an increase of 102 per cent
- Operating profit (EBIT) amounted to EUR 7.7 (1.3) million and adjusted operating profit (EBIT) to EUR 8.1 (2.3) million
- EBITDA amounted to EUR 14.0 (5.1) million
- Number of personnel at the end of the reporting period was 4,589 (2,525)
- Earnings per share was EUR 0.19 (-0.02)

Mänttä-Vilppula approved the social and healthcare service agreement (1 August 2016–31 July 2026) with Pihlajalinna including the five-year option period (1 August 2026–31 July 2031)

KEY FIGURES AND RATIOS	4–6/2016 3 mths	4–6/2015 3 mths	1–6/2016 6 mths	1–6/2015 6 mths	2015 12 mths
INCOME STATEMENT					
Revenue, EUR million	101.4	51.9	201.4	99.8	213.3
Adjusted EBITDA, EUR million	7.0	3.0	14.0	6.1	12.5
Adjusted EBITDA, %	6.9	5.8	7.0	6.1	5.9
EBITDA, EUR million	7.0	2.1	14.0	5.1	11.6
EBITDA, %	6.9	4.0	7.0	5.1	5.4
Adjusted operating profit (EBIT), EUR million	3.9	1.0	8.1	2.3	4.5
Adjusted operating profit, %	3.9	1.9	4.0	2.3	2.1
Operating profit (EBIT), EUR million	3.5	0.1	7.7	1.3	3.6
Operating profit, %	3.5	0.1	3.8	1.3	1.7
Profit before tax (EBT), EUR million	3.1	-0.7	6.9	-0.1	1.3
SHARE RELATED INFORMATION					
Earnings per share (EPS), EUR	0.10	-0.05	0.19	-0.02	0.03
Equity per share, EUR			4.66	3.46	4.47
OTHER INFORMATION					
Return on capital employed (ROCE), %			7.1	3.6	3.4
Return on equity (ROE), %			6.8	1.2	2.3
Equity ratio, %			45.4	39.8	50.5
Gearing, %			33.9	36.6	25.2
Interest bearing net debt, EUR million			33.4	24.5	23.5
Net debt/adjusted EBITDA, 12 mths			1.6	1.8	1.9
Gross investments, EUR million	10.4	1.8	20.8	15.9	44.6
Cash flow from operating activities, EUR million	-4.6	2.6	9.3	9.5	17.7
Cash flow after investments, EUR million	-11.2	-1.8	-7.3	1.0	-14.4
Average number of personnel			4,313	2,247	2,503
Personnel at the end of the period			4,589	2,525	3,047

Aarne Aktan, new CEO of Pihlajalinna:

We are pleased to report that strong growth in Pihlajalinna Group's revenue and operating profit continued during the second quarter. 74 per cent of the growth in revenue was organic. This was mainly attributable to the social and healthcare outsourcing contracts in Kuusiokunnat and Jämsä. Two major acquisitions, namely Koskiklinikka in the Tampere Region and ITE in Eastern Finland, contributed significantly to the operating profit.

A temporary act restricting municipalities' complete social and healthcare outsourcings entered into force on 1 July 2016. The contents of this act were as anticipated, and we do not expect it to have a major effect on our business in the short term. At the end of June, the Finnish Government published preliminary draft bills on the health and social services reform. The Government draft proposal will be completed and sent for official comments in August. It is too early to evaluate its effects on Pihlajalinna's business operations. In this reform, it is particularly important to ensure that true freedom of choice is put into practice, also in specialised care. Otherwise, we believe that the targeted cost savings from the health and social services reform for the society will not materialise.

Both of Pihlajalinna Group's operating segments developed well during the second quarter. In particular, we are pleased with our revenue development. The Private Clinics and Specialised Care segment delivered a reasonable profit. A significant part of the performance improvement was attributable to the aforementioned acquisitions.

The Primary and Social Care segment's profitability has improved according to plans. Profitability improvement requires changes in ways of working, which is why it takes time to reach the aimed profitability level.

I am very excited about my new position as CEO of Pihlajalinna Group. It is great to be able to develop its operations. The company's founder, Mikko Wirén, who transferred to the position of Chairman of the Board of Directors, will focus on growing the company's business. Pihlajalinna has grown larger and its operating environment has changed, requiring us to further sharpen our strategic focus. We will also revise our operations to better meet customer needs. This reform and an increase in company recognition will be our key focus areas, now that we are preparing for future freedom of choice in social and health care.

Pihlajalinna's outlook for 2016 unchanged

Pihlajalinna's consolidated revenue is expected to exceed EUR 400 million in 2016 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.

Consolidated revenue and profit

January–June 2016

Pihlajalinna's revenue during the period amounted to EUR 201.4 (99.8) million, an increase of EUR 101.6 million or 102 per cent. Organic growth amounted to about EUR 76.6 million, including the new social and healthcare outsourcings in Kuusiokunnat and Jämsä. M&A transactions accounted for approximately EUR 25.0 million of the growth in revenue.

Depreciation, amortisation and impairment for the period totalled EUR 6.3 (3.8) million. Amortisation and impairment of intangible assets during the period were EUR 2.1 (1.4) million, of which the amortisation of intangible assets allocated from the transaction price of business combinations on the date of acquisition totalled EUR 1.6 (1.1) million. Depreciation of property, plant and equipment totalled EUR 4.2 (2.4) million.

Depreciation, amortisation and impairment for the period includes a EUR 0.4 million impairment loss resulting from the restructuring of the operations of the Dental Care service area. This item has been treated as an adjustment of operating profit. The adjustment item for the comparison period lies in costs of EUR 1.0 million related to the sale of shares in connection with the listing.

Pihlajalinna's operating profit for the period amounted to EUR 7.7 (1.3) million, an increase of EUR 6.4 million. The EBIT-to-revenue ratio (EBIT margin) was 3.8 (1.3) per cent. Adjusted operating profit for the period amounted to EUR 8.1 (2.3) million, an increase of EUR 5.8 million. Adjusted EBIT margin was 4.0 (2.3) per cent.

Transfer taxes and expert fees relating to the M&A transactions during the period added an extra burden of EUR 0.4 (0.3) million to the result.

The Group's net financial expenses for the period totalled EUR -0.8 (-1.4) million.

Pihlajalinna's profit before tax for the reporting period amounted to EUR 6.9 (-0.1) million.

Taxes for the period amounted to EUR -1.6 (0.1) million. The profit for the period amounted to EUR 5.3 (0.0) million. Earnings per share (EPS) was EUR 0.19 (-0.02).

Market review

Pihlajalinna concluded contract negotiations with the City of Mänttä-Vilppula. The Mänttä-Vilppula city board approved the social and healthcare contract and the related option for an extension period. The contract was concluded for the period 1 August 2016–31 July 2026, after which a five-year option period will extend from 1 August 2026 to 31 July 2031. As regards the municipality of Juupajoki, the contract will enter into force on 1 January 2018. The complaint process related to the City of Mänttä-Vilppula's decision on its social and healthcare services lapsed in May, after which Pihlajalinna and Mänttä-Vilppula were able to conclude the final contract.

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 Kuusiokunnat joint municipal social and health authority can terminate the implementation of the option period by 30 June 2018. Kuusiolinna Terveys Oy, a joint venture of Pihlajalinna and the Kuusiokunnat municipalities, has produced social and healthcare services for these municipalities from 1 January 2016. The term of the agreement is 10 years and it has a five year option period.

A temporary act restricting municipalities' and joint municipal authorities' large and long-term outsourcing projects and major investments in social and healthcare services (exceeding 50 per cent of the municipality's social and healthcare expenditure) entered into force on 1 July 2016. During the validity of this act, a termination clause must be included in all extensive and long-term agreements. The future service organisers, i.e. counties, will have the right to terminate an agreement if the conditions stipulated in the act are met. This regulation does not restrict the possibility of municipalities and joint municipal authorities to conclude agreements, as long as they are responsible for organising social and healthcare services. Operations under such a contract can be continued if the future county considers this appropriate.

According to Pihlajalinna's understanding, municipalities continue to be interested in seeking outsourcing solutions in order to secure local services for their citizens and to prepare themselves for the actualization of the goals consistent with the upcoming health and social services reform. For example Tervola (approx. 3 200 inhabitants), the Forssa region joint municipal welfare authority (approx. 34 500 inhabitants, Forssa, Humppila, Jokioinen, Tammela and Ypäjä) and Hattula (approx. 10 000 inhabitants) have decided to outsource their social and healthcare services and the tenders are ongoing. Among bigger cities, Kouvola (approx. 86 000 inhabitants) has decided to investigate the option of outsourcing with the joint venture model and Tampere is currently tendering the private partner for the Tesoma welfare center.

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. Isojoki and Karijoki have reached a favourable decision, Teuva a negative one. Kauhajoki city (approx. 14 000 inhabitants), which is the biggest in population and the most significant for the realization of the entirety, has not yet made a decision. Kuusiokunnat has outsourced the production of its social and health services to Kuusiolinna Terveys Oy, a joint venture* by Pihlajalinna and the municipalities concerned.

Operating segments

January–June 2016

Private Clinics and Specialised Care (C&S)

The Private Clinics and Specialised Care (C&S) segment is divided into four service areas: Private Clinics, Surgical Operations and Public Specialised Care, Dental Care, and Occupational Healthcare.

The C&S segment's revenues during the reporting period amounted to EUR 110.2 (60.7) million, an increase of EUR 49.5 million, or 81 per cent. Most of this growth was attributable to the transfer of the specialised care services of Kuusiokunnat and Jämsä to the service provision responsibility of Pihlajalinna. Furthermore, the acquisitions of Koskiklinikka and Itä-Suomen Lääkärikeskus (ITE) considerably increased the C&S segment's revenues year on year.

C&S segment's operating profit for the period amounted to EUR 4.7 (1.9) million. Profitability improved, in particular due to acquisitions (Koskiklinikka, ITE) and the improved profitability of the Private Clinics and Occupational Healthcare service areas.

* Kuusiolinna Terveys Oy is consolidated as a subsidiary. 51 % of its profit is attributable to Pihlajalinna and 49 % to Kuusiokunnat municipalities.

Primary and Social Care (P&S)

The Primary and Social Care segment (P&S) is divided into four service areas: Complete Social and Healthcare Outsourcings, Health Centre Outsourcings, Staffing and Care Services (including asylum seeker reception centers).

The P&S segment's revenues during the reporting period amounted to EUR 93.8 (40.6) million, an increase of EUR 53.3 million, or 131 per cent. This growth was mainly due to the social and healthcare outsourcing contracts of Kuusiokunnat and Jämsä.

The P&S segment's operating profit for the period amounted to EUR 3.9 (0.8) million. Year-on-year profitability improved, mainly as a result of the social and healthcare outsourcings of Jämsä, Kuusiokunnat and Mänttä-Vilppula.

Performance of the segments

	C&S		P&S	
Quarter	**4–6/2016**	**4–6/2015**	**4–6/2016**	**4–6/2015**
Revenue, EUR million	56.1	30.8	47.0	22.0
Operating profit, EUR million	1.7	0.4	2.1	0.9
Operating profit, %	3.1	1.1	4.5	4.0
Adjusted operating profit (EBIT)	2.1	0.4	2.1	0.9
Adjusted operating profit, %	3.8	1.1	4.5	4.0
Cumulative	**1–6/2016**	**1–6/2015**	**1–6/2016**	**1–6/2015**
Revenue, EUR million	110.2	60.7	93.8	40.6
Operating profit, EUR million	4.7	1.9	3.9	0.8
Operating profit, %	4.2	3.1	4.2	2.1
Adjusted operating profit (EBIT)	5.1	1.9	3.9	0.8
Adjusted operating profit, %	4.6	3.1	4.2	2.1

Consolidated cash flow and financial position

At the end of the reporting period, Pihlajalinna Group's total statement of financial position was EUR 217.3 (172.9) million. Consolidated cash and cash equivalents stood at EUR 19.4 (32.6) million.

The Group's net cash flow from operating activities during the reporting period amounted to EUR 9.3 (9.5) million. A total of EUR 2.6 million of working capital was tied up (EUR 5.8 million was released). During the reporting period, the Group departed from previous practices by making advance payments of employee pension insurance contributions, totalling EUR 5.6 million. The Group also shifted to a uniform payment schedule in holiday bonuses, which burdens the cash flow from operating activities by approximately EUR 1.3 million year on year.

Net cash flow from investing activities totalled EUR -16.7 (-8.5) million. The impact of subsidiary acquisitions on net cash flow in the reporting period was EUR -14.7 (-13.0) million. Investments in property, plant and equipment and intangible assets during the reporting period totalled EUR -2.2 (-4.9) million, and proceeds from the disposals of property, plant and equipment and subsidiaries totalled EUR 0.0 (9.1) million. In the comparison period, Pihlajalinna financed the share acquisitions of the care homes in Southwest Finland by selling the Group's care home properties (proceeds from the disposals of property, plant and equipment) and the property companies (disposal of subsidiaries).

The Group's cash flow after investments was EUR -7.3 (1.0) million.

Net cash flow from financing activities totalled EUR 11.4 (20.7) million. During the reporting period, the Group withdrew EUR 14.5 (4.4) million of new loans within its credit limits and repaid its financial liabilities to a total amount of EUR 1.0 (39.3) million. In the comparison period, net cash flow from financing activities includes EUR 58.2 million of net assets received in the Initial Public Offering.

Gearing of the Group was 33.9 (36.6) per cent at the end of the reporting period.

Interest-bearing net debt amounted to EUR 33.4 (24.5) million. Return on capital employed was 7.1 (3.6) per cent, and return on equity was 6.8 (1.2) per cent.

In September 2015, Pihlajalinna signed a five-year revolving credit facility worth EUR 60 million and credit limit agreements worth EUR 10 million. The revolving credit facility has one 12-month extension option period. The facility includes a financial covenant based on the ratio of net debt to EBITDA. The Group met the set covenants on 30 June 2016.

In deviation from the financial statements of 31 December 2015, the Group presents drawdowns from the revolving credit facility under non-current financial liabilities. The Group has adjusted the presentation of this loan in its statement of financial position of 31 December 2015. The Group estimates that drawdowns from the revolving credit facility are actually long-term by nature, although their maturity is 1, 3 or 6 months.

At the end of the reporting period, Pihlajalinna had EUR 43.5 million of unused committed credit limits (31 Dec. 2015: EUR 58.0 million).

Capital expenditure and acquisitions

Capital expenditure, including acquisitions, in the reporting period totalled EUR 20.8 (15.9) million. The Group's gross investments in property, plant and equipment and intangible assets, which consisted of normal additional and replacement investments required for growth, amounted to EUR 2.7 (3.1) million during the reporting period. Capital expenditure relating to the opening of new units totalled EUR 0.1 (2.0) million. Gross investments attributable to M&A transactions, including goodwill, totalled EUR 18.0 (10.8) million.

Total goodwill at the end of the period was EUR 89.6 (64.6) million.

On 8 February 2016, Pihlajalinna implemented the purchase of shares in Itä-Suomen Lääkärikeskus Oy (ITE). The transaction price paid in cash on the execution date was EUR 6.8 million. At the beginning of July, Pihlajalinna paid a contingent consideration of EUR 1.5 million related to the transaction. The contingent consideration was based on the company's profit development as shown in its adopted Annual Accounts 2015, which turned out better than anticipated. Pihlajalinna also paid a sum corresponding to ITE's net cash at the time of the transaction, EUR 0.4 million.

On 9 February 2016, Pihlajalinna further strengthened its private clinic operations in Lappeenranta by purchasing Lääkäriasema DokTori Oy. On 7 March 2016, Pihlajalinna strengthened its presence in Seinäjoki and elsewhere in Southern Ostrobothnia by acquiring Etelä-Pohjanmaan Sydäntutkimuspalvelu Oy, Kompassi Hammaslääkärikeskus Oy and Kompassi Lääkärikeskus Oy. The acquisition was finalised on 1 April 2016.

On 6 June 2016, Pihlajalinna strengthened its Dental Care service area in the Helsinki Metropolitan Area by acquiring the shares of Ala-Malmin Hammaslääkärit Oy.

A summary of the aforementioned acquisitions concluded in January–June is available in the notes to the Half Year Financial Report.

The Group’s investment commitments are related to the renovation of business premises as well as imaging equipment and financial administration’s IT system development projects. In total, these investment commitments amount to around EUR 0.5 million.

Personnel

The Group’s personnel averaged 4,313 (2,247) persons in the reporting period, an increase of 2,066 persons or 92 per cent. At the end of the period, the number of personnel amounted to 4,589 (2,525). The increase in personnel was mainly due to the implementation of new complete outsourcing contracts for social and healthcare services in Kuusiokunnat and Jämsä (in total approximately 1,600 persons transferred). During the reporting period, the Group’s employee benefit expenses totalled EUR 85.3 (44.9) million, an increase of 90 per cent.

Changes in Group structure

At the beginning of the reporting period, the following subsidiary mergers were implemented: On 1 January 2016, Palvelukoti Sarahovi Oy merged with Palvelukoti Sofianhovi Oy (renamed in this connection as IkiPihlaja Sofianhovi Oy); on 1 January 2016, Dextra Suunterveydenhoito Oy merged with Wiisuri Oy; on 1 February 2016, Imatran Kliininen Laboratorio Oy, Lääkärikeskus Irmeli Elomaa Oy, Lääkärikeskus Labeho Oy, Medilappi Oy, Tammerkosken Hammasklinikka Oy, Tampereen Hammashoito Oy and Zirlab Oy merged with Dextra Oy.

Management changes

Tuomas Otala was appointed Chief Information Officer (CIO) of Pihlajalinna and a member of the Group’s management team from 1 January 2016 onwards.

Niclas Köhler was appointed Chief Financial Officer (CFO) and a member of the Group's management team on 11 March 2016.

The Group's previous CFO, Virpi Holmqvist, will focus on the management and development of the Group's outsourcing business. She will also continue as the Managing Director of Jämsän Terveys Oy and as a member of the Group's management team.

On 11 March 2016, Pihlajalinna Group announced the nomination of Aarne Aktan as the company's new CEO. He assumed his new position on 8 August 2016 and simultaneously stepped down from the company's Board of Directors. On 29 April 2016, Aarne Aktan took over as the Executive Vice President of the Private Clinics and Specialised Care (C&S) segment and as a member of the Group management team.

Pihlajalinna's Annual General Meeting of 4 April 2016 elected the then CEO, Mikko Wirén, as a member of the Board of Directors. Wirén's term as a Board member began on the same day as Aarne Aktan began as the company's CEO.

Leena Niemistö, Pihlajalinna's previous Deputy CEO and EVP of the Private Clinics and Specialised Care segment, stepped down from her operative management positions in Pihlajalinna Plc on 29 April 2016 and will concentrate on her Board positions in Pihlajalinna and other companies. Niemistö will continue as Pihlajalinna's Senior Adviser, especially in M&As.

Management Team

Pihlajalinna Group’s management team has eight members: Aarne Aktan, CEO, EVP of the Private Clinics and Specialised Care segment; Joni Aaltonen, COO; Juha Rautio, SVP of the Primary and Social Care segment; Niclas Köhler, CFO; Terhi Kivinen, SVP of Communications, Marketing and IR; Tuomas Otala, CIO; Virpi Holmqvist, Outsourcing Business Director; and Kimmo Saarinen, Medical Director.

Board of Directors

The Annual General Meeting on 4 April 2016 decided that the number of members of the Board of Directors shall be six (6) at a time. Ms. Leena Niemistö, Mr. Jari Sundström and Mr. Aarne Aktan were re-elected and Ms. Seija Turunen, Mr. Jari Eklund, Mr. Timo Everi and Mr. Mikko Wirén were elected as new members of the Board of Directors for a term ending at the end of the next Annual General Meeting.

The term of office of Mikko Wirén as a member of the Board of Directors began on 8 August 2016, when his appointment as the CEO of the company ended. On the same day, Aarne Aktan stepped down from the Board of Directors and assumed the position of CEO.

Pihlajalinna Plc Board of Directors elected Leena Niemistö as Chairman and Jari Sundström as Deputy Chairman in its constitutive meeting on 4 April 2016. As of 8 August 2016, the Board of Directors elected Mikko Wirén as Chairman and Leena Niemistö as Deputy Chairman.

Committees nominated by the Board

Audit Committee: Seija Turunen (Chairman), Jari Eklund and Leena Niemistö (for the period 4 April 2016–9 May 2016: Seija Turunen (Chairman), Jari Eklund and Aarne Aktan).

Nomination and Remuneration Committee: Mikko Wirén (Chairman), Jari Sundström and Timo Everi (for the period 4 April 2016–8 August 2016: Leena Niemistö (Chairman), Jari Sundström and Timo Everi).

Remuneration of the members of the Board of Directors

The Annual General Meeting of 4 April 2016 decided that remuneration shall be paid to the members of the Board of Directors as follows: to the Chairman EUR 3,500, to the Deputy Chairman EUR 2,500 and to the other members EUR 2,000 per month.

In addition, the AGM decided that each Board member shall be paid a meeting fee of EUR 500 for each Board and Committee meeting. Moreover, travel compensation will be paid according to the collective agreement concerning compensation for travelling expenses.

Shares and shareholders

At the end of the reporting period, Pihlajalinna Plc's share capital entered in the Trade Register amounted to EUR 80,000 and the total number of shares outstanding was 20,613,146. The company has one share series, with each share entitling its holder to one vote at the Annual General Meeting. All shares bestow their holders with equal rights to dividends and other distribution of the company's assets. At the end of the reporting period, the company had 6,526 (2,869) shareholders. The company does not hold any treasury shares. A list of the largest shareholders is available on the company's investor website at investors.pihlajalinna.fi.

The trading code for the shares on Nasdaq Helsinki main market is PIHLIS, and Pihlajalinna Plc has been classified as a Mid Cap company in the Healthcare sector.

During the reporting period, a total of 5,565,099 Pihlajalinna shares (27.0%) had been traded at a total exchange value of EUR 91,369,384. The highest price of the reporting period was EUR 18.87 (14.00), the lowest price EUR 12.90 (11.38), the average price EUR 16.42 (12.13) and the closing price EUR 16.53 (12.25). The market value of the share capital based on the closing price was EUR 340.7 (234.1) million.

Flagging notifications

On 11 May 2016, Pihlajalinna received three disclosure notices in accordance with Chapter 9, Section 5 of the Securities Markets Act.

According to the first notification, Sentica Buyout III Ky and Sentica Buyout III Co-Investment Ky (together referred to as the "Funds") had sold their shares in Pihlajalinna in privately negotiated transactions (the "Share Sale Transactions"), in which the Funds sold a total of 3,515,990 shares to LähiTapiola General Mutual Insurance Company, LähiTapiola Mutual Life Insurance Company and Elo Mutual Pension Insurance Company on 11 May 2016. After the transactions, the Funds' ownership of the shares and votes of Pihlajalinna is 0 per cent.

Before the transactions, the Funds' ownership of the shares and votes of Pihlajalinna was 17.06 per cent.

According to the second notification, LähiTapiola Group's (LähiTapiola General Mutual Insurance Company and LähiTapiola Mutual Life Insurance Company) holdings of Pihlajalinna Plc's stock had increased to 23.42 per cent of Pihlajalinna's total shares and votes. After the transaction, LähiTapiola Group owns 4,827,526 Pihlajalinna shares.

According to the third notification, Elo Mutual Pension Insurance Company's holding of Pihlajalinna Plc's stock had increased to 6.15 per cent of Pihlajalinna's total shares and votes. After the transaction, Elo Mutual Pension Insurance owns 1,267,161 Pihlajalinna shares.

Auditing

At Pihlajalinna's AGM of 4 April 2016, KPMG Oy Ab, a firm of authorised public accountants, was elected as the company's auditor for the financial year 1 January–31 December 2016. Ms. Lotta Nurminen, APA, will be the auditor with principal responsibility.

Authorisation for the acquisition of the company's own shares

The Annual General Meeting of 4 April 2016 decided to authorise the Board of Directors to resolve on the repurchase of an aggregate maximum of 2,061,314 of the company's own shares. The authorisation will remain in force until the end of the next AGM; however, no longer than until 30 June 2017.

The authorisation revokes all previous authorisations to resolve on the repurchase of the company's own shares.

Own shares may be repurchased on the basis of the authorisation only by using non-restricted equity. Own shares may be repurchased at a price formed in public trading on the date of the repurchase, or otherwise at a price formed on the market. Own shares may be repurchased using, inter alia, derivatives. The Board of Directors resolves on how shares are repurchased. Own shares may be repurchased otherwise than in proportion to the shares held by the shareholders (directed repurchase).

Authorisation to decide on a share issue

The Annual General Meeting of 4 April 2016 decided to authorise the Board of Directors to resolve on the issuance of shares and special rights entitling to shares. The aggregate number of shares to be issued on the basis of the authorisation may not exceed 4,122,629 shares. The authorisation will remain in force until the end of the next AGM; however, no longer than until 30 June 2017.

The authorisation revokes all previous authorisations to resolve on the issuance of shares and special rights entitling to shares.

The authorisation concerns both the issuance of new shares as well as the transfer of the company's own shares. The Board of Directors decides on all other terms and conditions of the issuance of shares and special rights entitling to shares. The authorisation includes a right to deviate from the shareholders pre-emptive right to subscription (directed issue).

Risks and uncertainties in business operations

As the population ages and the structures of healthcare services change, social policies may have a material impact on the private healthcare sector's business environment both in the short and long term. New policies may impact on business opportunities and profitability, particularly with respect to the availability of competent personnel.

In addition to the aforementioned factors, possible appeals and trials related to public contracts, Pihlajalinna Group's contractual and operational risks and uncertainties in the long term concern the continuity of key existing customer relationships and contracts, and the financial impacts of new commitments and contracts, which are continuously increasing in value. It is estimated that the competitive situation in Pihlajalinna Group's business areas will remain unchanged.

Political decision-making and structural reforms in the public sector also affect social care and healthcare services and may directly or indirectly impact on the Group's business and growth opportunities. The future overall effects of the Social and Healthcare Reform and any other possible changes in the arrangement of social and healthcare services are difficult to predict. Reforms may hamper the Group's operations in some areas of social and healthcare services but, on the other hand, the Group's extensive operations in different operating areas may partially balance out the effects of reforms.

The Group closely monitors political decision-making processes. The reception center business growth is challenging to estimate due to unpredictable changes in the international asylum seeker situation.

In addition, the most essential risks and uncertainties affecting the Group's operations are connected to the success of its acquisitions and information system projects, the commitment and recruitment of competent management, and tax risks.

Current incentive schemes

As part of the contract terms of the new CEO, Aarne Aktan, Pihlajalinna Plc's Board of Directors decided on a new long-term share-based incentive scheme for the years 2016–2018.

There are three earnings periods in the incentive scheme, each equivalent to one full calendar year: 1 January 2016–31 December 2016, 1 January 2017–31 December 2017 and 1 January 2018–31 December 2018. The earnings criteria of the share-based incentive scheme have been connected to the profitability development of the company's business operations. The amount of any share compensation paid to the CEO depends on achieving the targets set on the earnings criteria.

The maximum total incentive paid to the CEO consists of company shares and a monetary contribution. Based on the incentive scheme, the CEO can be granted a maximum of 37,500 shares (gross amount before applicable taxes) as compensation. The possible share compensation will be paid after the financial statements of each earnings period (financial year) have been confirmed, in 2017, 2018 and 2019.

A transfer restriction applies to incentive scheme shares during the commitment period. The commitment period begins when the compensation is paid and ends two years after the compensation payment date.

The company does not use any share-based incentive schemes for members of the Board of Directors.

Events after the end of the reporting period

On 6 July 2016, Pihlajalinna paid a contingent consideration of EUR 1.5 million related to the acquisition of Itä-Suomen Lääkärikeskus Oy (ITE). Pihlajalinna also paid a sum corresponding to ITE's net cash at the time of the transaction, EUR 0.4 million. The contingent consideration was based on the company's profit development as shown in its adopted Annual Accounts 2015, which turned out better than anticipated.

On 1 July 2016, Pihlajalinna concluded contract negotiations with the City of Mänttä-Vilppula. The Mänttä-Vilppula city board approved the social and healthcare contract and the related option for an extension period. The contract was concluded for the period 1 August 2016–31 July 2026, after which a five-year option period will extend from 1 August 2026 to 31 July 2031. As regards the municipality of Juupajoki, the contract will enter into force on 1 January 2018. The estimated annual net cost of Mänttä-Vilppula's social and health services is approximately EUR 40 million, and that of Juupajoki approximately EUR 7 million.

The changes in the Board of Directors, Group management and management team after the end of the reporting period are specified in this half-year financial report under the subheadings *Board of Directors, Management changes* and *Management Team*.

Accounting policies

This half ear financial report has been prepared in accordance with IAS 34 (Interim Financial Reporting) and in compliance with the same accounting policies and methods as in the financial year 2015, excluding the changes in standards and their interpretations that became effective in 2016 and that apply to Pihlajalinna. These amendments do not have a material effect on the half year financial report.

All of the figures presented in the tables and notes have been rounded, due to which the actual total of individual figures may differ from the total presented.

The preparation of the financial statements in accordance with IFRS requires the management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and contingent assets and liabilities on the statement of financial position, and recognition of the amount of income and expenses. Although the estimates are based on the management’s best knowledge of current events and actions, the actual results may differ from the estimates.

The figures presented in this half year financial report are unaudited.

Tables and notes
1 January–30 June 2016

Consolidated statement of comprehensive income

EUR million	4–6/2016 3 mths	4–6/2015 3 mths	1–6/2016 6 mths	1–6/2015 6 mths	2015 12 mths
Revenue	101.4	51.9	201.4	99.8	213.3
Other operating income	0.4	0.3	0.7	0.4	0.8
Materials and services	-43.3	-20.3	-85.5	-38.5	-81.9
Employee benefit expenses	-43.2	-23.6	-85.3	-44.9	-97.4
Other operating expenses	-8.3	-6.2	-17.4	-11.7	-23.2
EBITDA	**7.0**	**2.1**	**14.0**	**5.1**	**11.6**
Adjusted EBITDA	**7.0**	**3.0**	**14.0**	**6.1**	**12.5**
Depreciation, amortisation and impairment	-3.5	-2.0	-6.3	-3.8	-8.0
Operating profit (EBIT)	**3.5**	**0.1**	**7.7**	**1.3**	**3.6**
Adjusted operating profit (EBIT)	**3.9**	**1.0**	**8.1**	**2.3**	**4.5**
Financial income	0.0	0.1	0.0	0.1	0.2
Financial expenses	-0.4	-0.8	-0.8	-1.5	-2.5
Profit before tax	**3.1**	**-0.7**	**6.9**	**-0.1**	**1.3**
Income tax	-0.5	0.1	-1.6	0.1	-0.1
Profit for the period **	2.6	-0.6	5.3	0.0	1.2
Total comprehensive income for the period	**2.6**	**-0.6**	**5.3**	**0.0**	**1.2**
Total comprehensive income for the period attributable:					
To the owners of the parent	2.0	-0.7	3.9	-0.3	0.5
To non-controlling interests	0.6	0.2	1.4	0.4	0.8
Earnings per share calculated on the basis of the profit for the period attributable to owners of the parent (EUR)					
Basic and diluted	0.10	-0.05	0.19	-0.02	0.03

** The Group has not had any other comprehensive income items

Consolidated statement of financial position

EUR million	06/2016	06/2015	12/2015
ASSETS			
Non-current assets			
Property, plant and equipment	47.2	39.8	48.6
Goodwill	89.6	64.6	76.1
Other intangible assets	17.3	11.0	15.1
Interests in associates	2.7	0.0	2.8
Available-for-sale financial assets	0.0	0.1	0.0
Other receivables	2.9	2.7	2.8
Deferred tax assets	2.7	2.3	2.5
Total non-current assets	**162.4**	**120.4**	**148.0**
Current assets			
Inventories	2.0	1.6	1.8
Trade and other receivables	33.0	17.8	19.7
Current tax assets	0.4	0.4	0.3
Cash and cash equivalents	19.4	32.6	15.3
Total current assets	**54.8**	**52.5**	**37.1**
Total assets	**217.3**	**172.9**	**185.1**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	0.1	0.1	0.1
Reserve for invested unrestricted equity	87.9	62.6	87.9
Retained earnings	4.1	3.7	3.6
Result for the review period	3.9	-0.3	0.5
	96.1	**66.1**	**92.1**
Non-controlling interests	2.4	1.0	1.3
Total equity	**98.5**	**67.0**	**93.5**
Non-current liabilities			
Deferred tax liabilities	5.6	4.4	5.2
Financial liabilities*	53.0	54.6	36.3
Other non-current liabilities	1.9	2.0	1.9
Non-current provisions	0.5	0.0	0.0
Total non-current liabilities	**61.0**	**61.0**	**43.5**
Current liabilities			
Trade and other payables	50.8	37.9	42.0
Current tax liabilities	1.4	0.7	0.7
Financial liabilities*	5.6	6.3	5.5
Total current liabilities	**57.7**	**44.9**	**48.2**
Total liabilities	**118.7**	**105.9**	**91.7**
Total equity and liabilities	**217.3**	**172.9**	**185.1**

* In deviation from the financial statements of 31 December 2015, the Group presents drawdowns from the revolving credit facility under non-current financial liabilities. The Group has adjusted the presentation of this loan in its statement of financial position of 31 December 2015. Drawdowns from the revolving credit facility are actually long-term by nature, although their maturity is 1, 3 or 6 months.

Consolidated statement of changes in equity

EUR million	Share capital	Reserve for invested unrestricted equity	Retained earnings	Non-controlling interests	**Total equity**
Total equity, 1 Jan. 2015	0.0	5.1	4.3	1.0	10.4
Profit for the period			-0.3	0.4	0.0
Total comprehensive income for the period			**-0.3**	**0.4**	**0.0**
Bonus issue	0.1	-0.1			
Share issue		57.6			57.6
Dividends paid				-0.5	-0.5
Total transactions with the owners of the parent		**57.6**			**57.6**
Changes in non-controlling interests that result in a change of control			-0.6	0.1	-0.5
Total equity, 30 June 2015	**0.1**	**62.6**	**3.4**	**1.0**	**67.0**
Total equity, 1 Jan. 2016	0.1	87.9	4.1	1.3	93.5
Profit for the period			3.9	1.4	5.3
Total comprehensive income for the period			**3.9**	**1.4**	**5.3**
Dividends paid			0.0	-0.3	-0.3
Total transactions with the owners of the parent			**0.0**		**0.0**
Total equity, 30 June 2016	**0.1**	**87.9**	**8.0**	**2.4**	**98.5**

Consolidated statement of cash flows

EUR million	4–6/2016 3 mths	4–6/2015 3 mths	1–6/2016 6 mths	1–6/2015 6 mths	1–12/2015 12 mths
Cash flow from operating activities					
Cash receipts from sales	102.2	52.5	202.0	101.6	210.4
Cash receipts from other operating income	0.4	0.3	0.6	0.4	0.6
Operating expenses paid	-105.9	-49.3	-191.8	-91.4	-192.1
Operating cash flow before financial items and taxes	-3.4	**3.5**	**10.9**	**10.6**	**18.9**
Interest received	0.0	0.0	0.0	0.0	0.1
Taxes paid	-1.3	-1.0	-1.6	-1.1	-1.3
Net cash flow from operating activities	**-4.6**	**2.6**	**9.3**	**9.5**	**17.7**
Cash flow from investing activities					
Investments in tangible and intangible assets	-1.2	-1.6	-2.2	-4.9	-7.8
Proceeds from disposal of property, plant and equipment and intangible assets and prepayments	0.0	-1.2	0.0	7.8	7.9
Changes in other investments		0.0	0.0	0.4	0.4
Changes in loan receivables	-0.1	-0.1	0.0	-0.1	-0.1
Dividends received	0.3	0.0	0.3	0.0	0.0
Acquisition of subsidiaries less cash and cash equivalents on date of acquisition	-5.6	-2.8	-14.7	-13.0	-33.8
Disposal of subsidiaries less cash and cash equivalents		1.3		1.3	1.3
Net cash flow from investing activities	**-6.5**	**-4.3**	**-16.7**	**-8.5**	**-32.1**
Cash flow from financing activities					
Proceeds from issuing shares		58.2	0.0	58.2	82.3
Changes in non-controlling interests		-0.5		-0.5	-0.5
Proceeds from borrowings		0.1	14.5	4.4	31.1
Repayment of borrowings	-0.6	-33.1	-1.0	-39.3	-90.4
Repayment of financial lease liabilities	-0.6	-0.3	-1.2	-0.5	-1.2
Interest and other operational financial expenses	-0.3	-0.7	-0.6	-1.2	-2.0
Dividends paid and other profit distribution	-0.3	-0.5	-0.3	-0.5	-0.6
Net cash flow from financing activities	**-1.8**	**23.2**	**11.4**	**20.7**	**18.8**
Changes in cash and cash equivalents	**-13.0**	**21.4**	**4.1**	**21.7**	**4.4**
Cash at the beginning of the financial period	32.4	11.2	15.3	11.0	11.0
Cash at the end of the financial period	**19.4**	**32.6**	**19.4**	**32.6**	**15.3**

Operating segments

EUR million	4–6/2016 3 mths	4–6/2015 3 mths	1–6/2016 6 mths	1–6/2015 6 mths	2015 12 mths
Revenue					
C&S	56.1	30.8	110.2	60.7	119.5
P&S	47.0	22.0	93.8	40.6	96.8
Unallocated	0.1	0.0	0.2	0.0	0.0
Eliminations	-1.8	-0.9	-2.8	-1.5	-2.9
Total consolidated revenue	**101.4**	**51.9**	**201.4**	**99.8**	**213.3**
Adjusted EBITDA					
C&S	4.6	1.9	9.7	5.0	9.2
P&S	2.6	1.3	4.9	1.5	3.9
Unallocated	-0.3	-0.2	-0.6	-0.4	-0.6
Consolidated adjusted EBITDA	**7.0**	**3.0**	**14.0**	**6.1**	**12.5**
Adjustment items	0.0	-0.9	0.0	-1.0	-0.9
Consolidated EBITDA	**7.0**	**2.1**	**14.0**	**5.1**	**11.6**
Adjusted EBITDA, % of revenue					
C&S	8.2	6.2	8.8	8.2	7.7
P&S	5.6	5.9	5.2	3.7	4.1
Consolidated adjusted EBITDA, % of revenue	**6.9**	**5.8**	**7.0**	**6.1**	**5.9**
Consolidated EBITDA, % of revenue	**6.9**	**4.0**	**7.0**	**5.1**	**5.4**
Adjusted operating profit					
C&S	2.1	0.4	5.1	1.9	2.8
P&S	2.1	0.9	3.9	0.8	2.3
Unallocated	-0.3	-0.2	-0.9	-0.4	-0.6
Consolidated adjusted operating profit	**3.9**	**1.0**	**8.1**	**2.3**	**4.5**
Adjustment items	-0.4	0.0	-0.4	-1.0	-0.9
Consolidated operating profit	**3.5**	**0.1**	**7.7**	**1.3**	**3.6**
Operating profit, % of revenue					
C&S	3.8	1.1	4.6	3.1	2.3
P&S	4.5	4.0	4.2	2.1	2.4
Consolidated adjusted operating profit, % of revenue	**3.9**	**1.9**	**4.0**	**2.3**	**2.1**
Consolidated operating profit, % of revenue	**3.5**	**0.1**	**3.8**	**1.3**	**1.7**

Adjusted EBITDA and operating profit

EUR million	4–6/2016 3 mths	4–6/2015 3 mths	1–6/2016 6 mths	1–6/2015 6 mths	2015 12 mths
EBITDA	**7.0**	**2.1**	**14.0**	**5.1**	**11.6**
Adjustments to EBITDA					
Costs of the sale of shares in connection with listing	0.0	0.9	0.0	1.0	0.9
Adjustments to EBITDA in total	**0.0**	**0.9**	**0.0**	**1.0**	**0.9**
Adjusted EBITDA	**7.0**	**3.0**	**14.0**	**6.1**	**12.5**
Depreciation, amortisation and impairment	-3.5	-2.0	-6.3	-3.8	-8.0
Adjustments to depreciation, amortisation and impairment					
Restructuring of the Dental Care service area	0.4	0.0	0.4	0.0	0.0
Adjustments to depreciation, amortisation and impairment in total	**0.4**	**0.0**	**0.4**	**0.0**	**0.0**
Adjusted operating profit (EBIT)	**3.9**	**1.0**	**8.1**	**2.3**	**4.5**
Operating profit (EBIT)	**3.5**	**0.1**	**7.7**	**1.3**	**3.6**

Changes in property, plant and equipment

EUR million	1–6/2016	1–6/2015	1–12/2015
Cost at the beginning of the period	62.7	45.1	45.1
Additions	1.9	13.9	15.6
Business combinations	1.0	0.6	10.5
Disposals	-0.2	-8.4	-8.4
Cost at the end of the period	**65.3**	**51.2**	**62.7**
Accumulated depreciation at the beginning of the period	-14.0	-9.7	-9.7
Depreciation and amortisation for the reporting period	-4.2	-2.4	-5.1
Accumulated depreciation on disposals	0.0	0.7	0.7
Accumulated depreciation at the end of the period	-18.2	-11.4	-14.0
Carrying amount at the end of the period	**47.2**	**39.8**	**48.6**

Changes in intangible assets

EUR million	1–6/2016	1–6/2015	1–12/2015
Cost at the beginning of the period	98.7	70.6	70.6
Additions	0.8	1.0	3.5
Business combinations	17.1	10.2	25.8
Disposals	0.0	-0.2	-1.2
Cost at the end of the period	**116.6**	**81.7**	**98.7**
Accumulated depreciation at the beginning of the period	-7.5	-4.7	-4.7
Depreciation and amortisation for the reporting period	-2.1	-1.4	-2.9
Accumulated depreciation on disposals	0.0	0.0	0.0
Accumulated depreciation at the end of the period	-9.7	-6.1	-7.5
Carrying amount at the end of the period	**106.9**	**75.6**	**91.2**

Contingent liabilities and commitments

EUR million	06/2016	06/2015	12/2015
Collateral given on own behalf			
Pledged collateral notes	1.2	520.6	1.0
Other shares		2.4	
Collateral given on behalf of associates			
Other contingent liabilities	3.9	2.1	4.0
Other contingent liabilities			
Lease commitments	26.3	23.2	19.2
Value added tax (VAT) adjustment liability on property investments		0.1	

The Group's material subsidiaries as specified in the loan agreement have provided a suretyship in the parent company's loan facility. The balance of the loan at the time of the interim report was EUR 26.5 million.

Business combinations in total

Acquisitions in January–June 2016

Since the acquisitions are not individually material, the following information has been consolidated.

EUR million	**1–6/2016**
Consideration transferred	
Cash	16.8
Contingent consideration	5.5
Total cost of combinations	**22.3**
At the date of acquisition, the values of assets acquired and liabilities assumed were as follows:	
EUR million	**1–6/2016**
Property, plant and equipment	1.0
Intangible assets	3.5
Investments	0.0
Inventories	0.4
Trade and other receivables	3.1
Cash and cash equivalents	4.5
Total assets	**12.5**
Deferred tax liability	-0.7
Financial liabilities	-1.2
Other non-current liabilities	-1.8
Total liabilities	**-3.8**
Net assets	**8.7**
Goodwill generated in the acquisition	
Consideration transferred	22.3
Net identifiable assets of acquiree	-8.7
Goodwill	**13.6**
Transaction price paid in cash	16.8
Cash and cash equivalents of acquirees	-4.5
Effect on cash flow*	**12.3**
*The line item *Acquisition of subsidiaries less cash and cash equivalents at date of acquisition* in the consolidated statement of cash flows presents the following items as a net amount:	
Acquisitions in the financial period, effect on cash flow	12.3
Contingent consideration paid during the financial period	2.4
Total	**14.7**
The acquisition-related costs, a total of EUR 0.3 million, have been recorded under other operating expenses.	

The revenues and profit from the business combinations since the dates of acquisition, i.e. the total revenues of EUR 6.9 million and the total operating profit of EUR 0.6 million, are included in the consolidated statement of comprehensive income. Had the business combinations completed in 2016 been consolidated since the beginning of the 2016 reporting period, consolidated revenues would have amounted to EUR 204.0 million and operating profit for the period would have amounted to EUR 7.9 million.

Related party transactions

EUR million	1–6/2016	1–6/2015	1–12/2015
Key management personnel			
Rents paid	0.4	0.5	0.9
Services procured	0.5	0.3	0.9
Trade payables	0.0	0.0	0.0
Other non-current liabilities	0.1		0.1
Other related parties			
Services procured		0.1	0.1
Trade payables		0.0	
Associates			
Services sold	0.0		
Services procured	0.5	0.1	0.2
Rents received	0.2		
Interest received	0.0	0.0	0.1
Dividends received	0.3		
Trade payables	0.1		
Other receivables	0.1		0.1
Loan receivables	1.5	1.4	1.4

Quarterly information

EUR million	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME						
Revenue	101.4	100.1	62.6	50.9	51.9	47.9
EBITDA	7.0	7.0	3.4	3.1	2.1	3.0
Adjusted EBITDA	7.0	7.0	3.4	2.9	3.0	3.1
Adjusted EBITDA, %	6.9	7.0	5.5	5.8	5.8	6.4
Depreciation, amortisation and impairment	-3.5	-2.9	-2.1	-2.1	-2.0	-1.8
Operating profit (EBIT)	3.5	4.2	1.4	1.0	0.1	1.3
Adjusted operating profit (EBIT)	3.9	4.2	1.4	0.9	1.0	1.3
Adjusted operating profit (EBIT), %	3.9	4.2	2.2	1.7	1.9	2.7
Financial income	0.0	0.0	0.0	0.0	0.1	0.0
Financial expenses	-0.4	-0.4	-0.4	-0.6	-0.8	-0.7
Profit before tax	3.1	3.8	1.0	0.4	-0.7	0.6
Income tax	-0.5	-1.0	-0.3	0.1	0.1	0.0
Profit for the period	2.6	2.7	0.7	0.5	-0.6	0.6
Personnel at the end of the period	4,589	4,228	3,047	2,905	2,525	2,261
Change in personnel during the quarter	361	1,181	142	380	264	547

Share quantities

No. of shares	4–6/2016 3 mths	4–6/2015 3 mths	1–6/2016 6 mths	1–6/2015 6 mths	2015 12 mths
No. of shares outstanding at the end of the period	20,613,146	19,113,146	20,613,146	19,113,146	20,613,146
Average no. of shares outstanding during the period	20,613,146	15,094,307	20,613,146	14,251,267	16,767,940

Financial reporting in 2016

Pihlajalinna will publish an interim report for January–September 2016 on Friday 11 November 2016.

Helsinki, 26 August 2016

Pihlajalinna Plc's Board of Directors

Further information

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CALCULATION OF KEY FIGURES

Return on equity (ROE), %	Profit for the period (rolling 12 mths) x 100 / Equity (average)
Return on capital employed (ROCE), %	Profit before taxes (rolling 12 mths) + interest and other financial expenses (rolling 12 mths) x 100 / Total statement of financial position – non-interest-bearing liabilities (average)
Gearing, %	Interest-bearing net debt x 100 / Total equity
Equity ratio, %	Equity x 100 / Total statement of financial position – advances received
Earnings per share (EPS), EUR	Profit for the period attributable to owners of the parent / Average number of shares during the period
Equity per share, EUR	Equity attributable to owners of the parent / Number of shares at period end
EBITDA	Operating profit + depreciation, amortisation and impairment
EBITDA, %	EBITDA x 100 / Revenue
Net debt/Adjusted EBITDA (rolling 12 mths)	Interest bearing net debt / Adjusted EBITDA (rolling 12 mths)
Cash flow after investments	Cash flow from operating activities + Cash flow from investing activities
Adjusted EBITDA*	Operating profit + depreciation, amortisation and impairment + adjustment items

Adjusted operating profit (EBIT)*	Operating profit + adjustment items
Adjusted EBIT margin*	Adjusted operating profit (EBIT) x 100 / Revenue

* These definitions correspond to the key figures reported earlier as "excluding non-recurring items".

Pihlajalinna in brief

Pihlajalinna is one of the leading private social and healthcare services providers in Finland. The Company provides social and healthcare services for households, companies, insurance companies and public sector entities in private clinics, health centres, dental clinics and hospitals around Finland. Pihlajalinna provides general practitioner and specialised care services, including emergency and on-call services, a wide range of surgical services, occupational healthcare and dental care services, in private clinics and hospitals operating under the Dextra brand. Under the Pihlajalinna brand the Company, in cooperation with the public sector, offers social and healthcare service provision models to public sector entities with the aim of providing high quality services for public pay healthcare customers.