

better tomorrow



Interim report • January–September 2015

Pihlajalinna: Interim Report

1 January–30 september 2015 (9 months)

Strong revenue growth continued, investments in growth affected the result

Brief look at july–september:

- Revenues amounted to EUR 50.9 (32.6) million – an increase of 56 per cent
- EBITDA excluding non-recurring items amounted to EUR 2.9 (3.8) million
- Operating profit excluding non-recurring items amounted to EUR 0.9 (2.3) million
- Operating profit (EBIT) amounted to EUR 1.0 (1.1) million
- Net cash flow from operating activities amounted to EUR 1.1 (0.1) million
- The provision of healthcare and social care services in Jämsä started on 1 September 2015

Brief look at january–september:

- Revenues amounted to EUR 150.7 (96.9) million – an increase of 56 per cent
- EBITDA excluding non-recurring items amounted to EUR 9.0 (10.5) million
- Operating profit excluding non-recurring items amounted to EUR 3.2 (6.2) million
- Net cash flow from operating activities amounted to EUR 10.6 (4.4) million
- Gross investments in the reporting period amounted to EUR 17.1 (21.8) million
- Number of personnel at the end of the reporting period 2,905 (1,688)
- Earnings per share EUR –0.01 (0.05)

Key figures and ratios	7–9/2015	7–9/2014	change%	1–9/2015	1–9/2014	change%	2014
	3 mths	3 mths		9 mths	9 mths		12 mths
INCOME STATEMENT							
Revenue, EUR million	50.9	32.6	56	150.7	96.9	56	148.9
EBITDA excluding non-recurring items, EUR million	2.9	3.8	–22	9.0	10.5	–14	14.0
EBITDA % excluding non-recurring items	5.8	11.7	–50	6.0	10.8	–44	9.4
EBITDA, EUR million	3.1	2.6	17	8.2	8.8	–8	11.8
EBITDA %	6.0	8.0	–25	5.4	9.1	–41	7.9
Operating profit excluding non-recurring items (EBIT), EUR million	0.9	2.3	–63	3.2	6.2	–49	8.2
Operating profit % excluding non-recurring items	1.7	7.1	–76	2.1	6.4	–67	5.5
Operating profit (EBIT), EUR million	1.0	1.1	–14	2.3	4.6	–50	6.0
Operating profit %	1.9	3.4	–45	1.5	4.7	–68	4.0
Profit before tax (EBT), EUR million	0.4	0.2	78	0.3	2.1	–86	2.9
SHARE RELATED INFORMATION							
Earnings per share (EPS), EUR	0.01	–0.03	–139	–0.01	0.05	–125	0.11
Equity per share, EUR				3.48	0.64	447	0.70
OTHER INFORMATION							
Return on capital employed (ROCE), %				3.1	7.3		7.1
Return on equity, % (ROE)				1.6	7.7		7.7
Equity ratio, %				43.0	8.3		8.0
Gearing, %				42.2	737.6		691.1
Net debt / adjusted EBITDA, rolling 12 mths				2.3	5.4		5.1
Interest bearing net debt, EUR million				28.6	72.8	–61	71.6
Gross investments, EUR million	1.1	8.8	–87	17.1	21.8	–22	28.3
Cash flow from operating activities	1.1	0.1	865	10.6	4.4	141	9.4
Cash flow after investments	–2.2	–6.1	–64	–1.2	–10.0	–88	–8.1
Average number of personnel				2,363	1,574	50	1,619
Personnel at the end of the period				2,905	1,688	72	1,714

Mikko Wirén, CEO of Pihlajalinna:



Pihlajalinna Group's strong growth continued during the third quarter. Our revenue grew by 56 per cent reaching EUR 50.9 (32.6) million. The majority of this was due to organic growth, such as the complete healthcare and social care outsourcings in Parkano (since 1 January 2015), Kihniö (since 1 May 2015) and Jämsä (since 1 September 2015). Investments in the strengthening of administration and the support functions required by future growth affected profitability. The transfer of the healthcare and social care services of the Kuusiokunnat sub-region to Kuusiolinna Terveys Oy, a joint venture of the sub-region and Pihlajalinna, in line with the complete outsourcing agreement (as of 1 January 2016) and the taking over of the entire specialised care services in Jämsä (as of 1 January 2016) continued to cause considerable expenses during the reporting period.

Our January–September revenue grew by 56 per cent reaching EUR 150.7 (96.9) million. The reinforcement of the Group's administration and supporting functions affected our profitability. In the complete healthcare and social care outsourcings, the electronic ERP system was expanded to cover the patient referral flow of specialised care services. This ensures rapid, high-quality services and the increasingly cost-effective provision of specialised care services. Low capacity utilisation rates in the new units, which burdened the Group's bottom line during the first half of the year, developed favourably towards the end of the reporting period, and I am pleased with the capacity utilisation rates achieved since the end of Q3.

The implementation of the Group restructuring announced in connection with our previous interim report and the related cost savings plan has proceeded as planned. We expect most probably to reach the targeted annual cost savings level of EUR 3 million during 2016.

Pihlajalinna Group signed a new five-year EUR 60 million revolving credit facility with two of its core banks. This new financing agreement considerably increases flexibility in areas such as M&A transactions. The Group is actively looking for opportunities to expand operations via M&A according to its strategy.

In October 2015, Pihlajalinna expanded into asylum seeker reception centre operations by opening four reception centres (Hämeenlinna, Kokemäki, Kihniö and Jämsä) in areas where we had either existing vacant premises or major healthcare and

social care resources. Pihlajalinna plans to open a new reception centre in the Karkku area of Sastamala in November 2015. Expansion of the Pihlajalinna business operations into asylum seeker reception centre operations will benefit from significant synergies with the company's current social services production.

The preliminary results of the SYKKI study (the growth and internationalisation project of a Finnish healthcare and social care services company), carried out by the National Institute for Health and Welfare (THL) were completed in September. The study compared the effect of the complete outsourcing of healthcare and social care services in the town of Mänttä-Vilppula (to a joint venture between the town and Pihlajalinna) with 16 other municipalities. The study indicated cost savings of 12.1–13.3 per cent in Mänttä-Vilppula as opposed to the comparison municipalities after only 12 months of operational development. Pihlajalinna is the market leader in complete healthcare and social care outsourcings and it is delightful to see that an external independent body has now verified the benefits of complete outsourcing to individual municipalities, citizens, patients and society.

After the end of the reporting period, in October 2015 Pihlajalinna joined the Association for Private Healthcare Services. This decision was welcomed by both employee and employer organisations. Membership provides Pihlajalinna with the opportunity to participate in and influence negotiations between the various organisations.

On 9 November, the Finnish Government published more information about its policies on the reform package on healthcare, social welfare and autonomous regions, and on how the regions will be divided. We regard increased freedom of choice for customers as a major reform, enabling operations to be made more agile, customer-oriented and responsive to patient needs. I believe that if it is implemented as planned the freedom of choice can have a positive impact on Pihlajalinna's business operations on the long term. The government policy of the freedom of choice will mainly be implemented in the basic healthcare service level and where appropriate in specialized healthcare and social services. Also the division of responsibility of organizing and producing of services in the autonomous regions enables genuine comparison of quality and access to services between various service providers.

Pihlajalinna's operating model for healthcare and social care services is already in line with best practices in the sector. We provide basic healthcare and social care services efficiently and hence save on the expensive resources of specialised care services. In addition to Mänttä-Vilppula, Omapihlaja health centers are another example of fast and efficient service model. Tampere city outsourced the health centre services of 11,000 inhabitants to Pihlajalinna in 2007. When in 2011 it became possible to use the city health centre of one's choosing the amount of customers in Omapihlaja has more than doubled.

Pihlajalinna Oyj will monitor the preparation of the new Act on the Organisation of Social and Health Services and investigate its practical impact

Guidance on Group outlook

Pihlajalinna's guidance is unchanged: Pihlajalinna's consolidated revenue is expected to exceed EUR 200 million in 2015.

Consolidated revenue and operating profit

January–September 2015

Pihlajalinna's revenue during the reporting period amounted to EUR 150.7 million (EUR 96.9 million), an increase of EUR 53.8 million or 56 per cent. Organic growth amounted to about EUR 37.6 million, including the new healthcare and social care services outsourcings. M&A transactions accounted for around EUR 16.2 million of the growth in revenue.

The Group's materials and services represented 38.4 per cent (32.1%) of consolidated revenue or EUR 57.9 million (EUR 31.1 million). The Group's employee benefit expenses represented 45.3 per cent (46.1%) of consolidated revenue or EUR 68.3 million (EUR 44.7 million). Other operating expenses totalled 11.3 per cent (13.2%) of revenue or EUR 17.0 million (EUR 12.8 million).

Depreciation and amortisation for the reporting period totalled EUR 5.9 million (EUR 4.2 million). Amortisation of intangible assets during the reporting period was EUR 2.2 million (EUR 1.6 million), of which the amortisation of the intangible assets separate from goodwill, allocated from the costs of business combinations on the date of acquisition, totalled EUR 1.7 million (EUR 1.3 million). Depreciation of property, plant and equipment totalled EUR 3.7 million (EUR 2.7 million).

Pihlajalinna's operating profit amounted to EUR 2.3 million (EUR 4.6 million). Operating profit represented 1.5 per cent of revenue in the reporting period (4.7%). Operating profit includes EUR 0.9 million of non-recurring costs relating to the Initial Public Offering of the Company. The operating profit for the comparison period included EUR 1.2 million in costs related to the preparations for the Initial

Public Offering and EUR 0.5 million in other non-recurring costs (a total of EUR 1.7 million).

Operating profit for the period excluding non-recurring items amounted to EUR 3.2 (6.2) million.

The decline in operating profit was due to increased depreciation and amortisation related to the Group's investments for growth (in total EUR 1.7 million) and weaker than expected results for the new private clinic openings during the reporting period, the reinforcement of the Group's administration and the introduction of new ICT infrastructure to meet the needs of a growth company. Increasing resources and carrying out significant development projects are crucial to strengthening the Group for future growth.

The provision of specialised care services in Mänttä-Vilppula, the acquisition of care homes in Southwest Finland and of Suomen Keinojuuriklinikka, and Kihniö joining the Parkano outsourcing contract contributed to the increase in operating profit.

In connection with its Q2 interim report, Pihlajalinna announced that it would launch a restructuring programme aiming at annual cost savings of EUR 3 million. The implementation of fixed cost cuts and other efficiency improvement measures has begun as planned. The annual targeted savings level will most probably be reached during 2016. Cost management, profitability monitoring and customer flow control form an essential part of this adjustment programme.

As part of the restructuring programme, Pihlajalinna has initiated several subsidiary mergers aimed at achieving a clearer Group structure and cost savings. The Group plans to finalise these mergers on 1 January 2016.

Revenue and operating profit by operating segments

January–September 2015

Private Clinics and Specialised Care (C & S)

The Private Clinics and Specialised Care segment (C & S) provides general practitioner and medical specialist consultation services, surgical services and occupational healthcare

services and dental care services. The segment's customers comprise private persons in all age groups, companies, entrepreneurs, public enterprises, cities, municipalities, other public entities, and associations and foundations. The units of Pihlajalinna Group's Private Clinics and Specialised Care segment are operated under the Dextra brand and the

specialised care services are provided to private and public sector customers under Dextra and Pihlajalinna brands. 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.

C & S segment's revenues during the reporting period amounted to EUR 87.5 million (EUR 54.5 million), an increase of EUR 33.0 million, or 61 per cent.

The increase in the segment's revenue was mainly due to the growth in the Surgical Operations and Public Specialised Care service area's revenue (an increase of EUR 24.4 million over the corresponding period). The revenue of the Dental Care service area increased by EUR 5.6 million, that of the Occupational Health Care service area by EUR 3.0 million and that of the Private Clinics service area by EUR 2.1 million. The year-on-year growth was mainly attributable to the extension of Mänttä-Vilppula's contract to provide specialised care services in December 2014, the start of the outsourcing contract of Parkano, the acquisition of Laser Tilkka Oy's surgical operations in July 2014 and the acquisition of Suomen Keinojuuriklinikka in January 2015.

C & S segment's operating profit for the period amounted to EUR 1.8 million (EUR 4.5 million).

The relative weakening of the profitability was due to the lower than expected profitability of the new units in the Occupational Healthcare, Private Clinics and Dental Care service areas. In addition, the relative profitability of the segment is lowered by public specialised care that has grown year on year along with healthcare and social care services outsourcing. On the other hand, public specialised care services had positive impact on the absolute profitability through increased volumes. In particular, enhanced control of customer flows in the specialised care services of Mänttä-Vilppula had a positive impact on profitability in this segment. Furthermore, the acquisition of Suomen Keinojuuriklinikka increased the operating profit in this segment.

The C & S segment's operating profit was burdened by increased depreciation and amortisation (a growth of EUR 1.3 million), the reinforcement of the Group's operative management and administration and the introduction of IT infrastructure to meet the needs of a growth company.

Primary and Social Care (P & S)

The Primary and Social Care segment (P & S) provides services under the Pihlajalinna brand to public entities. The supply of services includes primary healthcare and social care services that are provided through complete outsourcings, staffing services or in separate care service units. Services for municipalities are mainly provided in the premises determined by them.

The Primary and Social Care segment is divided into four service areas: Complete Social and Healthcare Outsourcings, Health Centre Outsourcings, Staffing and Care Services.

P & S segment's revenues during the reporting period amounted to EUR 65.3 million (EUR 42.6 million), an increase of EUR 22.8 million, or 54 per cent. This increase was mainly due to the start of the Parkano, Jämsä and Kihniö healthcare and social care services outsourcing contracts during the reporting period, and the acquisition of care homes in Southwest Finland in March 2015.

P & S segment's operating profit for the period amounted to EUR 1.6 million (EUR 2.0 million).

The decrease in operating profit was mainly due to increased depreciation and amortisation related to the sale and leaseback of care premises, as well as acquisitions (total growth of EUR 0.4 million). The reinforcement of the Group's operative management and administration and the introduction of IT infrastructure that meets the needs of a growth company also burden the profitability of the P & S segment. The acquisition of care homes in Southwest Finland increased the operating profit during the reporting period.

Mänttä-Vilppula will put its social and health services out to tender at the end of 2015. Pihlajalinna provides these services for Mänttä-Vilppula through a temporary contract.

Performance of the segments

	L & E			P & S		
	7-9/2015	7-9/2014	change %	7-9/2015	7-9/2014	change %
Revenue, EUR million	26.8	18.6	44	24.8	13.5	84
Operating profit, EUR million	-0.1	1.5	-107	0.8	0.9	-13
Operating profit, %	-0.4	8.3		3.2	6.8	
	1-9/2015	1-9/2014	change %	1-9/2015	1-9/2014	change %
Revenue, EUR million	87.5	54.5	61	65.3	42.6	54
Operating profit, EUR million	1.8	4.5	-60	1.6	2.0	-16
Operating profit, %	2.1	8.3		2.5	4.6	

Financial targets

Pihlajalinna has set the following long-term financial targets for its operations:

- Operating profit (EBIT) exceeding 7 per cent over revenue; and
- Net debt to EBITDA below three times EBITDA.
- A minimum of one third of the result for the period is distributed to the Company's shareholders as dividend and equity returns.

Along with the successful Initial Public Offering, Pihlajalinna has reached its targeted net debt level.

Financial items and profit for the period

The Group's net financial expenses totalled EUR –2.0 million (EUR –2.4 million). This included EUR 0.3 million of non-recurring refinancing expenses related to the EUR 60 million revolving credit facility signed at the end of September. The increase in net financial expenses in the corresponding period of January–September 2014 was due to the non-recurring financial expenses of EUR 1.0 million mainly related to the extensive restructuring in the summer of 2014 and an earlier refinancing arrangement.

The Group's net financial expenses excluding non-recurring items totalled EUR –1.7 million (EUR –1.4 million).

The Group prematurely amortised its interest bearing liabilities by EUR 30.0 million right after the Initial Public Offering in June 2015. In connection with the first withdrawal from the new revolving credit facility in September, the Group repaid a further EUR 9.0 million of its interest bearing liabilities.

Pihlajalinna's profit before tax for the reporting period amounted to EUR 0.3 million (EUR 2.1 million).

The Group's taxes in the reporting period totalled EUR 0.2 million (EUR –0.8 million). Profit for the reporting period totalled EUR 0.5 million (EUR 1.4 million). Earnings per share were EUR –0.01 (EUR 0.05). The presented comparative figure is the earnings per share of Pihlajalinna Terveys Oy in January–September 2014, which is an adjusted like-for-like figure that reflects the terms and conditions of the directed share issue carried out in July 2014.

The group's financial position

At the end of the reporting period, the Pihlajalinna Group's total statement of financial position was EUR 164.4 million (EUR 123.7 million). Consolidated cash and cash equivalents stood at EUR 19.6 million (EUR 7.4 million).

The Group's net cash flow from operating activities during the reporting period amounted to EUR 10.6 million (EUR 4.4 million). A total of EUR 5.4 million in working capital was released (EUR 2.6 million tied up).

Net cash flow from investing activities totalled EUR –11.7 million (EUR –14.4 million). The impact of the acquisitions of subsidiaries on net cash flow in the reporting period was

EUR –13.4 million (EUR –4.2 million). Disposals of subsidiaries during the period amounted to EUR 1.3 million (EUR –0.6 million). Investments in property, plant and equipment and intangible assets during the reporting period totalled EUR –5.8 million (EUR –8.3 million), and proceeds from the disposals of property, plant and equipment totalled EUR 7.9 million (EUR 0.0 million). Pihlajalinna financed the share acquisitions of the care homes in Southwest Finland carried out on 31 March 2015 by selling the Group's care home properties (proceeds from the property, plant and equipment) and the property companies (disposal of subsidiaries).

Net cash flow from financing activities totalled EUR 9.8 million (EUR 6.1 million). In the reporting period, net cash flow from financing activities includes EUR 57.4 million of net assets received in the Initial Public Offering. During the reporting period, the Group withdrew EUR 31.1 million of new loans within its credit limit and repaid its financial liabilities to a total amount of EUR 75.2 million.

Pihlajalinna immediately leased back the care home properties sold on 1 April 2015 for its own use through lease agreements classified as finance leases. The lease term is fifteen (15) years.

The Group's solvency improved markedly in the reporting period. The Group's equity ratio at the end of the reporting period was 43.0 per cent (7.7%). The increase in the equity ratio was due to net assets received in the Initial Public Offering, as well as major premature loan repayments. The low equity ratio in the corresponding period was due to the extensive restructuring arrangement and refinancing arrangement carried out during the summer of 2014. Gearing of the Group was 42.2 per cent (737.6%) at the end of the reporting period.

Interest-bearing liabilities amounted to EUR 48.1 million (EUR 72.8 million). Return on capital employed was 3.1 per cent (7.3%), and return on equity was 1.6 per cent (7.7%).

At the end of September, Pihlajalinna Group signed a new five-year EUR 60 million revolving credit facility with two of its core banks. The committed credit facility has one 12-month extension option. The unsecured facility is to be used for general corporate purposes and acquisitions and replaces a secured credit facilities agreement signed in June 2014. The revolving credit facility includes a financial covenant based on the ratio of net debt to EBITDA, which is reported to the financiers on a quarterly basis.

Pohjola Bank acted as the Coordinator and Danske Bank as the Agent for the transaction.

At the end of the reporting period, Pihlajalinna had EUR 43.0 million of unused committed short-term credit limits.

Capital expenditure

Capital expenditure in the reporting period totalled EUR 17.1 million (EUR 21.8 million). The Company'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 4.0 million (EUR 5.3 million) during the reporting period. Capital expenditure relating to the opening of new units totalled EUR 2.3 million (EUR 3.4 million). Gross investments in tangible and intangible assets attributable to M&A transactions, including goodwill, totalled EUR 10.8 million (EUR 13.1 million).

The Group's investment commitments are related to IT system development projects for financial and human resources administration. In total, these investment commitments amount to about EUR 0.3 million.

Personnel

The Group's personnel numbered 2,363 on average (1,574) during the reporting period, an increase of 50 per cent. At the end of the reporting period, the number of personnel stood at 2,905 (1,688), an increase of 1,217 persons or 72 per cent. The number of Group personnel grew by around 200 employees due to M&A transactions during the reporting period. The other increase in personnel is attributed to the implementation of new complete outsourcing contracts for healthcare and social care services in Parkano, Kihniö and Jämsä. The Group's employee benefit expenses totalled EUR 63.8 million (EUR 44.7 million), an increase of 53 per cent.

Business development

The Group expanded through several M&A transactions during the reporting period. In January 2015, a new Dextra dental clinic opened on the 7th floor of the Stockmann department store in Helsinki. Pihlajalinna signed an agreement for acquiring the entire share capital of Suomen Keinojuuriklinikka Oy in February 2015. As a result of this acquisition, Keinojuuriklinikka became a part of the nationwide Dextra chain from the beginning of March.

The Group also strengthened its dental care business in Jyväskylä by acquiring Wiisuri Oy's entire share capital in early February 2015.

The arbitration process concerning the MediLappi Oy share transaction was concluded on 19 February 2015. The transaction price confirmed in the arbitration process was EUR 0.2 million higher than the management's estimate in the 2014 financial statements.

The operations of Pietarsaaren Medicenter Oy were consolidated from the beginning of February 2015.

Pihlajalinna acquired three care homes in Southwest Finland on 31 March 2015 (Hoitokoti Matinkartano Oy, Hoitokoti Setälänpiha Oy and Raision Oiva Oy). In conjunction with the transaction, the care homes were given new marketing names Ikipihlaja Oiva, Ikipihlaja Matinkartano and Ikipihlaja Setälänpiha. The business

acquisition almost doubled the revenue of Pihlajalinna's Care Services service area. As part of financing its care home acquisitions, the Group sold its care home properties and the property company Hämeenlinnan Nuutintupa.

Pihlajalinna bought a non-controlling interest in its subsidiary Dextra Suunterveydenhoito Oy on 1 April 2015. Since then, the Group's share in the company has been 100 per cent.

The total costs of the business combinations in the reporting period was EUR 16.8 million, all paid in cash. The acquisitions generated a total of EUR 8.5 million in goodwill. The business combinations were financed by drawing down EUR 4.3 million of new loans from the Group's credit limit and by the sale of care premises owned by the Group at a price of EUR 9.1 million.

Management changes

Joni Aaltonen was appointed Chief Operating Officer (COO) of the Pihlajalinna Group as of 14 April 2015. He had previously served as the Group's Chief Financial Officer (CFO). In his new position, Aaltonen is responsible for the Group's strategic development and M&A transactions and for ensuring the profitable growth of business operations. The Group's procurement unit also reports to him.

Virpi Holmqvist was appointed Chief Financial Officer (CFO) of the Pihlajalinna Group as of 14 April 2015. Holmqvist is responsible for managing the Group's financial administration function and developing its processes. She previously served on the management team of Attendo Finland Group from 2008, initially as Financial Director and for the last two years as Director of Outsourced Social and Health Care Services.

On 1 September 2015, CFO Virpi Holmqvist was appointed Managing Director of Jämsän Terveys Oy, a joint venture of Pihlajalinna and the City of Jämsä.

Pekka Utriainen was appointed Vice President of the Dental Care service area. Utriainen (Ph.D. in Philosophy, Licentiate of Dentistry and Specialist in Dental Care) has previously worked as Deputy Mayor responsible of social and healthcare of City of Jyväskylä and in several other leadership positions in Jyväskylä and Seinäjoki among others. He has also worked as a researcher in the Academy of Finland and as a dentist.

VP of Care Services, Hanna Aschan (M.Sc. Health Sci., MBA) will retire on 1 February 2016. Sanna Määttänen (Lic. Med., Specialist in Geriatrics) has been appointed as her successor. She previously served as Pihlajalinna's Medical Director in Parkano and Mänttä-Vilppula, among other units.

Management team

The Pihlajalinna Group's management team has seven members: Mikko Wirén, CEO, Leena Niemistö, Deputy CEO and Director of the Private Clinics and Specialised Care segment, Joni Aaltonen, Chief Operating Officer, Juha Rautio, Director of the Primary and Social Care segment, Virpi Holmqvist, Chief Financial Officer, Terhi Kivinen, Senior Vice President Communications, Marketing and IR, and Kimmo Saarinen, Medical Director.

Shares and share capital

At the end of the reporting period, Pihlajalinna Oyj's share capital entered in the Trade Register amounted to EUR 80,000 and the total number of shares outstanding was 19,113,146. The Company has one share series, with each share entitling its holder to one vote at a general meeting of the Company. All shares vest 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 3,136 (173) shareholders. The Company does not hold any treasury shares. The list of largest shareholders is available on the investor's website of the Company at www.pihlajalinna-konserni.fi.

The trading of Pihlajalinna shares commenced on the pre-list of NASDAQ OMX Helsinki Ltd on 4 June 2015 and on the official list on 8 June 2015. By the end of the reporting period, a total of 5,880,282 shares¹ were traded at the total exchange value of EUR 67,495,681. The highest price of the period was EUR 15.00, the lowest price EUR 11.38, the average price EUR 11.48 and the closing price EUR 15.00. The market value of the share capital based on the closing price was EUR 286.7 million.

Flagging notifications

On 17 June 2015, Pihlajalinna Oyj received a disclosure notice under chapter 9, section 5 of the Securities Market Act regarding MWW Yhtiö Oy holdings of Pihlajalinna Oyj stock that, on 17 June 2015, had increased to 11.23 per cent of Pihlajalinna's total stock and voting rights.

According to information published in the Offering Circular of Pihlajalinna Oyj, MWW Yhtiö Oy and Sinister Oy shareholders signed agreements on 7 May 2015 and 8 May 2015 according to which MWW Yhtiö Oy will buy the shares of Sinister Oy should the listing of Pihlajalinna Oyj be realised. The share acquisition was realised with the payment of the purchase price of the shares on 17 June 2015. Pihlajalinna Oyj CEO Mikko Wirén and his family own about 90 per cent of MWW Yhtiö Oy.

Resolutions of the Annual General Meeting

Pihlajalinna's Annual General Meeting held on 12 March 2015 adopted the financial statements and the Board of Directors' report for 1 January 2014–31 December 2014, and resolved that no dividend will be paid for the 2014 financial year. The Annual General Meeting discharged the members of the Board and the CEO from liability.

In the Annual General Meeting of 12 March 2015, the former board members Aarne Aktan, Heikki Dunder, Leena Niemistö, Veli-Matti Qvintus, Marjatta Rytömaa and Mika Uotila were re-elected, and Jari Sundström was elected as a new member, to Pihlajalinna Oyj's Board of Directors, which has seven members. The Extraordinary General Meeting held on 22 May 2015 made a decision that the number of Board Members would be eight (8) and elected Martti Ala-Härkönen as a new Member of the Board of Directors for the term starting 1 June 2015 and continuing to the end of the next Annual General Meeting.

The Annual General Meeting on 12 March 2015 decided to keep its compensation unchanged, with each Board member being paid a monthly remuneration of EUR 1,000. In addition, a meeting fee of EUR 1,000 will be paid for each Board meeting to all members who are present, and a meeting fee of EUR 500 for each committee meeting to all members who are present.

The firm of authorised public accountants KPMG Oy, with Frans Kärki, APA, as the principal auditor, were elected as the Company's auditors.

The Company's Extraordinary General Meeting decided on 22 May, 2015 to change the Articles of Association and the company form. The business name of the Company was changed to Pihlajalinna Oyj and the redemption clause and the notice clause according to the former Articles of Association were removed. The removal of these clauses was registered in connection to the listing on 4 June 2015.

In addition, on 22 May 2015 the Extraordinary General Meeting decided to increase the capital stock with a bonus issue from EUR 2,500 to EUR 80,000 from the reserve for invested unrestricted equity.

Authorisations of the board of directors

Pihlajalinna's Extraordinary General Meeting on 22 May 2015 authorised the Board of Directors to decide on directed share issue and its terms in relation to the listing of the Company including the subscription price and price range of the shares.

The number of the shares issued under the authorisation may total a maximum of 9,000,000. The authorisation

¹ Includes 1,918,409 shares sold by certain shareholders of the Company in connection to the listing and full exercise of the Over-Allotment Option of 978,000 shares.

is valid until the end of the next Annual General Meeting, at most until 30 June 2016. Under the authorisation, the Board has issued 5,714,286 new shares in connection with the Initial Public Offering of the Company.

In addition Pihlajalinna's Extraordinary General Meeting on 22 May 2015 authorised the Board of Directors to decide on the issuance of option rights and other special rights conferring entitlement to the shares referred to in Chapter 10, Section 1 of the Finnish Companies Act as follows: Based on the authorisation, the Board of Directors may issue option rights or other special rights which entitle the holder to subscribe a total of 800,000 shares of the Company. The Board of Directors has the right to decide on all terms, including the terms of the option programs directed at the key management persons of the Pihlajalinna Group. The authorisation is valid until the end of the next Annual General Meeting, until 30 June 2016 at the latest.

Committees nominated by the board

At its meeting held on 18 June 2015, the Board of Directors resolved upon the membership of its committees for a term ending at the end of the next Annual General Meeting.

Mika Uotila was elected chairman of the Audit Committee; the other members are Marjatta Rytömaa, Aarne Aktan and Martti Ala-Härkönen.

Aarne Aktan was elected chairman of the Nomination and Remuneration Committee; the other members are Veli-Matti Qvintus, Marjatta Rytömaa and Jari Sundström.

Listing of the company on NASDAQ OMX Helsinki

On 4 May 2015, the Company announced its plan for an Initial Public Offering and listing on NASDAQ OMX Helsinki. The Board of the Company decided under the authorisation given by the Extraordinary General Meeting on 22 May 2015 to arrange the Initial Public Offering and to file the listing application.

In the Initial Public Offering, the Company offered for subscription ("Share Issue") and certain shareholders of the Company offered for purchase ("Share Sale") a preliminary maximum of 7,607,076 shares of the Company in total. A preliminary maximum of 500,000 shares were offered to private individuals and organisations in Finland ("Public offering") and a preliminary maximum of 7,107,076 shares to institutional investors in Finland and internationally ("Institutional offering").

According to the terms and conditions of the Initial Public Offering in the event of an oversubscription, Sentica Buyout III Ky and Sentica Buyout III Co-Investment Ky (together "Institutional Sellers") and the Lead Manager Danske Bank may agree on granting the Lead Manager an

over-allotment option exercisable within 30 days of the publication of the final subscription price to subscribe up to 978,000 additional shares. In addition, the terms and conditions of the Initial Public Offering stipulated stabilisation measures, based on which the Lead Manager may, within 30 days of the publication of the final subscription price, engage in measures that stabilise, maintain or otherwise affect the price of the shares.

The Lead Manager carried out the Share Lending Agreement with Institutional Sellers, related to stabilisation according to the terms and conditions of the Initial Public Offering. According to the Share Lending Agreement, the Lead Manager borrowed a number of shares of the Company equal to the over-allotment option.

The Public Offering was discontinued due to oversubscription on 1 June 2015 and the Institutional offering was discontinued due to oversubscription on 3 June 2015. The final subscription price of Pihlajalinna was set at EUR 10.50 per share on 3 June, 2015. In the Initial Public Offering, 5,714,286 new shares were issued corresponding to about 43 per cent of the total number of shares before the share issue. In the share issue, certain shareholders of the Company sold 1,918,409 shares. The over-allotment option was exercised in total. The Lead Manager Danske Bank bought 978,000 shares from the Institutional Sellers on 11 June 2015. In the same connection, Danske Bank redelivered 978,000 shares of Pihlajalinna borrowed on the basis of a Share Lending Agreement to the Institutional Sellers.

No stabilisation measures were carried out since the listing, and due to Pihlajalinna's share price development, the Lead Manager discontinued the stabilisation period.

In the Initial Public Offering, a total of 749,997 shares were allocated to private individuals and organisations in Finland and 6,882,698 shares for institutional investors in Finland and internationally. The total number of the shares of the Company amounted to 19,113,146 shares. The shares were registered in the Trade Register on 4 June 2015.

Risks and uncertainties in business operations

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

In addition to the aforementioned factors, the Pihlajalinna Group's 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 the Pihljalinna 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 Company's business and growth opportunities. The purpose of the planned Social and Healthcare Reform is to guarantee equal social and healthcare services to all citizens of Finland. 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 Company's operations in some areas of social and healthcare services but, on the other hand, the Company's extensive operations in different operating areas may partially balance the effects of reforms.

The company closely monitors political decision-making processes.

Events after the end of the reporting period

Pihljalinna opened reception centres for asylum seekers on 8 October in Hämeenlinna, on 9 October in Kokemäki, on 15 October in Kihniö and on 2 November in Jämsä. These four reception centres can initially accommodate at least 530 asylum seekers. Pihljalinna also plans to open a new reception centre in the Karkku area of Sastamala in November 2015. The facilities are suitable for families and can accommodate 130–140 persons. Pihljalinna is also investigating other premises suitable for the possible expansion of its reception centre activities. In areas where the provision of healthcare and social care services has been completely outsourced to Pihljalinna, the company engages in discussions with the municipal authorities before making decisions to initiate reception centre operations.

Pihljalinna joined the Association for Private Healthcare Services. The Association is a member of the Confederation of Finnish Industries, EK. As a member of an employer organisation, the Pihljalinna Group will continue the active development of its cooperation system together with employee representatives. Pihljalinna is also actively involved in the Association's decision-making: Pihljalinna's Deputy CEO Leena Niemistö was appointed a member of the Board of Directors of the Association for Private Healthcare Services on 20 October 2015.

Three Suupohja municipalities (Isojoki, Kauhava and Teuva) have announced that they are considering joining Pihljalinna's existing outsourcing contract (Kuusiokunnat) which includes an option for a higher population to join. This means the new municipalities can do the outsourcing without a tendering process. The municipalities are due to make decisions in early 2016.

On 9 November, the Finnish Government published more information about its policies on the reform package on healthcare, social welfare and autonomous regions, and on how the regions will be divided.

These policies form the basis for the preparation of the new Act on the Organisation of Social and Health Services and the Act on Autonomous Regions. Following a consultation round in spring 2016, the Government will formulate its in-depth opinions on the acts. Pihljalinna Oyj is monitoring the preparation of the new Act on the Organisation of Social and Health Services and investigating its practical effects.

Accounting policies

This Interim Report has been prepared in compliance with the recording and valuation principles of the IFRS Standards, but not all of the requirements of the IAS 34 Standard have been complied with. All of the figures presented in the condensed financial statements and the 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 the 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.

In the 2014 financial year, the Pihljalinna Group carried out an extensive restructuring and refinancing arrangement. Prior to the restructuring arrangement, the Group's parent company was Pihljalinna Terveys Oy (former Pihljalinna Oy, business ID 2303024–5). The Group's new parent company, Pihljalinna Oyj (former Sorbuscast Oy, business ID 2617455–1), was registered on 29 April 2014. In July 2014, Pihljalinna Oy carried out a directed share issue for the holders of Series A shares in Pihljalinna Terveys Oy, who exchanged their shares for new shares in Pihljalinna Oy. As a result of the share swap, Pihljalinna Oy holds the entire share capital of Pihljalinna Terveys Oy, and the parties that held a stake in Pihljalinna Terveys Oy prior to the restructuring became shareholders of Pihljalinna Oy.

The information presented in this January–September 2015 interim report is unaudited.

Condensed financial statements and notes

1.1.–30.9.2015

Consolidated statement of comprehensive income

EUR million	7-9/ 2015 3 mths	7-9/ 2014 3 mths	change %	1-9/ 2015 6 mths	1-9/ 2014 6 mths	change %	2014 12 mths
Revenue	50.9	32.6	56	150.7	96.9	56	148.9
Other operating income	0.2	0.1	35	0.6	0.6	-1	0.9
Materials and services	-19.4	-9.8	97	-57.9	-31.1	86	-58.7
Employee benefit expenses	-23.3	-14.8	58	-68.3	-44.7	53	-62.2
Other operating expenses	-5.3	-5.5	-4	-17.0	-12.8	32	-17.1
EBITDA	3.1	2.6	17	8.2	8.8	-8	11.8
Depreciation, amortisation and impairment	-2.1	-1.5	40	-5.9	-4.2	39	-5.8
Operating profit (EBIT)	1.0	1.1	-14	2.3	4.6	-50	6.0
Financial income	0.0	0.0	548	0.1	0.1	94	0.1
Financial expenses	-0.6	-0.9	-34	-2.1	-2.5	-17	-3.2
Profit before tax	0.4	0.2	78	0.3	2.1	-86	2.9
Income taxes	0.0	-0.3	-110	0.2	-0.8	-120	-1.0
Profit for the period **	0.4	-0.1	-947	0.5	1.4	-67	1.9
Total comprehensive income for the period	0.4	-0.1	-947	0.5	1.4	-67	1.9
Total comprehensive income for the period attributable							
To the owners of the parent	0.1	-0.4	-137	-0.2	0.6	-130	1.5
To non-controlling interests	0.3	0.3	-15	0.7	0.7	-11	0.4
Earnings per share calculated on the basis of the profit for the period attributable to owners of the parent (EUR)							
Basic and diluted	0.01	-0.03		-0.01	0.05		0.11

** The Group has not had any other comprehensive income

Consolidated statement of financial position

EUR million	9/2015	9/2014	change%	12/2014
ASSETS				
Non-current assets				
Property, plant and equipment	39.6	33.2		35.3
Goodwill	64.6	55.0		56.2
Other intangible assets	10.2	8.3		9.7
Interests in associates	0.0	0.1		0.0
Available-for-sale financial assets	0.0	0.5		0.1
Other receivables	4.8	0.6		1.6
Deferred tax assets	2.4	1.0		1.1
Total non-current assets	121.7	98.7	23	104.2
Current assets				
Inventories	1.5	1.2		1.3
Trade receivables and other receivables	21.2	16.0		14.1
Current tax assets	0.4	0.5		0.1
Cash and cash equivalents	19.6	7.4		11.0
Total current assets	42.7	25.0	71	26.5
Total assets	164.4	123.7	33	130.7
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	0.1	0.0		0.0
Reserve for invested unrestricted equity	62.9	5.1		5.1
Retained earnings	3.7	2.8		2.8
Result for the review period	-0.2	0.6		1.5
	66.5	8.5		9.4
Non-controlling interests	1.3	1.3		1.0
Total equity	67.7	9.9	586	10.4
Non-current liabilities				
Deferred tax liabilities	4.3	3.7		4.1
Financial liabilities	22.5	77.0		73.6
Other non-current liabilities	2.0	0.8		0.8
Total non-current liabilities	28.8	81.6	-65	78.5
Current liabilities				
Trade and other payables	38.1	25.3		26.5
Current tax liabilities	0.6	1.0		0.9
Financial liabilities	29.0	6.0		14.4
Total current liabilities	67.9	32.3	110	41.8
Total liabilities	96.7	113.9	-15	120.3
Total equity and liabilities	164.4	123.7	33	130.7

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 2014	0.0	31.0	6.2	1.1	38.3
Profit for the period			0.6	0.7	1.4
Total comprehensive income for the period			0.6	0.7	1.4
Share issue		3.7			3.7
Dividends paid			-3.4		-3.4
Repayment of capital		-29.6		-0.5	-30.1
Total transactions with the owners of the parent		-25.9	-3.4		-29.2
Changes in non-controlling interests				0.0	0.0
Total equity, 30 June 2014	0.0	5.1	3.4	1.3	9.9
Total equity, 1 Jan 2015	0.0	5.1	4.3	1.0	10.4
Profit for the period			-0.2	0.7	0.5
Total comprehensive income for the period			-0.2	0.7	0.5
Bonus issue	0.1	-0.1			
Share issue*		57.9			57.9
Dividends paid				-0.5	-0.5
Total transactions with the owners of the parent		57.9			57.9
Changes in non-controlling interests resulting no change in control			-0.6	0.1	-0.5
Total equity, 30 June 2015	0.1	62.9	3.5	1.3	67.7

* The emission costs EUR 2.1 million for the new shares and the related tax have been recorded in the reserve for invested unrestricted equity.

Consolidated statement of cash flows

EUR million	7–9/2015 3 mths	7–9/2014 3 mths	1–9/2015 9 mths	1–9/2014 9 mths	2014 12 mths
Cash flow from operating activities					
Cash receipts from sales	51.8	31.4	153.4	94.2	145.6
Cash receipts from other operating income	0.0	0.1	0.5	0.4	0.7
Operating expenses paid	-50.6	-31.4	-142.1	-89.0	-135.6
Operating cash flow before financial items and taxes	1.2	0.2	11.8	5.7	10.7
Interest received	0.0	0.0	0.0	0.0	0.1
Taxes paid	-0.1	-0.1	-1.2	-1.3	-1.4
Net cash flow from operating activities	1.1	0.1	10.6	4.4	9.4
Cash flow from investing activities					
Investments in property, plant and equipment and intangible assets	-1.0	-3.1	-5.8	-8.3	-10.4
Proceeds from disposal of property, plant and equipment and intangible assets and prepayments	0.0		7.9		
Changes in other investments	0.0	0.0	0.4		0.0
Changes in loan receivables	-2.0	-0.1	-2.1	-1.2	-1.3
Dividends received	0.0		0.0		
Acquisition of subsidiaries less cash and cash equivalents at date of acquisition	-0.4	-2.9	-13.4	-4.2	-5.1
Disposal of subsidiaries less cash and cash equivalents		0.0	1.3	-0.6	-0.6
Net cash flow from investing activities	-3.2	-6.2	-11.7	-14.4	-17.5
Cash flow from financing activities					
Proceeds from issuing shares	-0.8		57.4	3.7	3.7
Repayment of capital				-29.6	-29.6
Changes in non-controlling interests			-0.5		
Proceeds from borrowings	26.7	4.9	31.1	67.2	69.7
Repayment of borrowings	-36.0	0.2	-75.2	-29.0	-29.2
Repayment of finance lease liabilities	-0.3	-0.5	-0.8	-0.5	-0.6
Interest and other operational financial expenses	-0.4	-0.9	-1.7	-1.8	-2.4
Dividends paid and other profit distribution		0.0	-0.5	-3.8	-3.8
Net cash flow from financing activities	-10.9	3.6	9.8	6.1	7.7
Changes in cash and cash equivalents	-13.1	-2.4	8.6	-3.9	-0.4
Cash at the beginning of the financial period	32.6	9.8	11.0	11.3	11.3
Cash at the end of the financial period	19.6	7.4	19.6	7.4	11.0

Operating segments

EUR million	7–9/2015 3 mths	7–9/2014 3 mths	change%	1–9/2015 9 mths	1–9/2014 9 mths	change%	2014 12 mths
Revenue							
C & S	26.8	18.6	44	87.5	54.5	61	92.9
P & S	24.8	13.5	84	65.3	42.6	54	57.9
Unallocated	0.0	0.0		0.0	0.0		0.0
Eliminations	-0.7	0.5		-2.2	-0.1		-1.9
Total consolidated revenue	50.9	32.6	56	150.7	96.9	56	148.9
EBITDA							
C & S	1.6	2.9	-45	6.6	8.0	-18	11.2
P & S	1.3	1.1	19	2.8	2.7	5	2.8
Unallocated	0.2	-1.3		-1.2	-1.9		-2.2
Consolidated EBITDA	3.1	2.6	17	8.2	8.8	-8	11.8
EBITDA, % of revenue							
C & S	5.9%	15.5%	-62	7.5%	14.8%	-49	12.1%
P & S	5.2%	8.0%	-36	4.3%	6.3%	-32	4.8%
Consolidated EBITDA, % of revenue	6.0%	8.0%	-25	5.4%	9.1%	-41	7.9%
Operating profit							
C & S	-0.1	1.5	-107	1.8	4.5	-60	6.3
P & S	0.8	0.9	-13	1.6	2.0	-16	1.9
Unallocated	0.3	-1.3		-1.2	-1.9		-2.2
Consolidated operating profit	1.0	1.1	-14	2.3	4.6	-50	6.0
Operating profit, % of revenue							
C & S	-0.4%	8.3%	-105	2.1%	8.3%	-75	6.7%
P & S	3.2%	6.8%	-53	2.5%	4.6%	-46	3.3%
Consolidated operating profit, % of revenue	1.9%	3.4%	-45	1.5%	4.7%	-68	4.0%
Reconciliation							
Revenue							
Operating segments' revenue	51.5	32.0	61	152.8	97.0	58	150.8
Elimination of inter-segment revenue	-0.7	0.5	-223	-2.2	-0.1	1,596	-1.9
Total consolidated revenue	50.9	32.6	56	150.7	96.9	55	148.9
EBITDA							
Operating segments' EBITDA	2.9	3.9	-27	9.4	10.7	-12	8.2
Items unallocated to the segments	0.2	-1.3	-114	-1.2	-1.9	-36	-2.2
Consolidated EBITDA	3.1	2.6	17	8.2	8.8	-8	6.0
Operating profit							
Operating segments' operating profit	0.7	2.5	-72	3.4	6.5	-47	8.2
Items unallocated to the segments	0.3	-1.3	-119	-1.2	-1.9	-39	-2.2
Consolidated operating profit	1.0	1.1	-14	2.3	4.6	-50	6.0

Changes in property, plant and equipment

EUR million	1–9/2015	1–9/2014	2014
Cost at the beginning of the period	45.1	29.6	29.6
Additions	15.1	6.9	9.6
Business Combinations	0.6	6.1	7.8
Disposals	–8.5	–1.9	–1.9
Cost in the end of the period	52.2	40.7	45.1
Accumulated depreciation at the beginning of the period	–9.7	–4.9	–4.9
Depreciation in the period	–3.7	–2.7	–3.5
Business Combinations	0.0	–0.1	–1.4
Accumulated depreciation on disposals	0.8	0.1	0.1
Accumulated depreciation in the end of the period	–12.6	–7.5	–9.7
Carrying amount in the end of the period	39.6	33.2	35.3

Changes in intangible assets

EUR million	1–9/2015	1–9/2014	2014
Cost at the beginning of the period	70.6	58.1	58.1
Additions	1.5	1.1	1.4
Business Combinations	9.8	7.9	11.1
Disposals	–0.2	0.0	0.0
Cost in the end of the period	81.7	67.2	70.6
Accumulated amortisation at the beginning of the period	–4.7	–2.3	–2.3
Amortisation in the period	–2.2	–1.6	–2.3
Business Combinations	0.0	0.0	0.0
Accumulated amortisation on disposals	–6.9	–3.9	–4.7
Carrying amount in the end of the period	74.8	63.3	66.0

Contingent liabilities and commitments

EUR million	30.9.2015	30.9.2014	31.12.2014
Collateral given on own behalf			
Pledged collateral notes	-	416.6	416.6
Properties	-	4.6	4.6
Other shares	-	2.5	2.5
Bank accounts and other receivables	-	1.0	5.1
Collateral given on behalf of associates			
Other contingent liabilities	2.1	1.8	2.3
Other contingent liabilities			
Lease commitments	19.6	13.3	15.9
Value added tax (VAT) adjustment liability on property investments	-	0.1	0.1

Quarterly information

EUR million	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME							
Revenue	50,9	51,9	47,9	51,9	32,6	32,8	31,5
Other operating income	0,2	0,3	0,1	0,3	0,1	0,3	0,2
Materials and services	-19,4	-20,3	-18,2	-27,5	-9,8	-11,0	-10,4
Employee benefit expenses	-23,3	-23,6	-21,3	-17,5	-14,8	-15,6	-14,3
Other operating expenses	-5,3	-6,2	-5,5	-4,2	-5,5	-3,6	-3,8
EBITDA	3,1	2,1	3,0	3,0	2,6	3,0	3,2
EBITDA excluding non-recurring items	2,9	3,0	3,1	3,6	3,8	3,5	3,2
Depreciation, amortisation and impairment	-2,1	-2,0	-1,8	-1,6	-1,5	-1,4	-1,3
Operating profit (EBIT)	1,0	0,1	1,3	1,4	1,1	1,6	1,9
Operating profit (EBIT) excluding non-recurring items	0,9	1,0	1,3	1,9	2,3	2,0	1,9
Financial income	0,0	0,1	0,0	0,0	0,0	0,0	0,0
Financial expenses	-0,6	-0,8	-0,7	-0,7	-0,9	-1,2	-0,5
Profit before tax	0,4	-0,7	0,6	0,7	0,2	0,4	1,5
Income taxes	0,0	0,1	0,0	-0,2	-0,3	-0,1	-0,3
Profit for the period	0,4	-0,6	0,6	0,5	-0,1	0,3	1,1
Personnel at the end of the period	2,905	2,525	2,261	1,714	1,688	1,649	1,466
Change in personnel during the quarter	380	264	547	26	39	183	

Financial reporting in 2016

Pihlajalinna will publish its financial information in 2016 as follows:

Report	Publication date
Financial statements release 2015	Thursday 18 February 2016
Interim report January–March 2016	Tuesday 10 May 2016
Interim report January–June 2016	Wednesday 17 August 2016
Interim report January–September 2016	Friday 11 November 2016

The online annual report including financial statements 2015 and the Board of Director's report will be available on the company website www.pihlajalinna-konserni.fi during week 11, 2016 at the latest.

Pihlajalinna's Annual General Meeting is scheduled for Monday, April 4, 2016 at 3.00 p.m., in Tampere, Finland. Pihlajalinna's Board of Directors will convene the AGM at a later date.

Helsinki, 16 November 2015

Pihlajalinna Oyj's Board of Directors

Press and analyst meeting

The press and analyst meeting for the announcement of financial results of the third quarter of 2015 will be held on November 16, 2015 at 10:00 in the Kämp hotel congress centre, meeting room Paavo Nurmi, Pohjoisesplanadi 29, 00100, Helsinki.

An audio webcast and teleconference in English will be held on the same day starting at 13.00 p.m. EET. +44 20 3059 8125. Participant password: Pihlajalinna. The event can be followed live as an audio webcast at investors.pihlajalinna-konserni.fi.

The event can be followed live as an audio webcast at investors.pihlajalinna-konserni.fi. The event will be recorded and can be accessed on the website later on the same day.

Further information

Mikko Wirén, CEO, tel. +358 50 3220 927

Virpi Holmqvist, CFO, tel. +358 40 537 6133

Terhi Kivinen, SVP Communications, Marketing and IR, tel. +358 40 848 4001

Distribution

NASDAQ OMX Helsinki

Major media

www.pihlajalinna-konserni.fi

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 as well as 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.

Calculation of key figures

Return on equity (ROE), %	$\frac{\text{Profit for the period}}{\text{Equity (average)}} \times 100$
Return on capital employed (ROCE), %	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total statement of financial position} - \text{non-interest-bearing liabilities (average)}}$
Gearing, %	$\frac{\text{Interest-bearing net debt}}{\text{Equity}} \times 100$
Equity ratio, %	$\frac{\text{Equity}}{\text{Total statement of financial position} - \text{prepayments received}} \times 100$
Earnings per share (EPS), EUR	$\frac{\text{Profit for the period attributable to owners of the parent}}{\text{Average number of shares during the period}}$
Equity per share, EUR	$\frac{\text{Equity attributable to owners of the parent}}{\text{Number of shares at period end}}$
EBITDA	Operating result + depreciation, amortisation and impairment
EBITDA, %	$\frac{\text{EBITDA}}{\text{Revenue}} \times 100$
Net debt / Adjusted EBITDA (rolling 12 months)	$\frac{\text{Interest bearing net debt}}{\text{EBITDA excluding non-recurring items (rolling 12 months)}}$
Cash Flow after investments	Cash flow from operating activities + Cash flow from investing activities