



Pihlajalinna to commence the preparations of efficiency improvement programme

Pihlajalinna Plc

Insider information

17 June 2019 at 10:00

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Pihlajalinna Plc will launch the preparations of an operational efficiency improvement programme. The programme aims at annual cost savings of EUR 14 million.

The company has undergone strong growth through both M&A transactions and expanding the service network, and it has concluded new agreements in early 2019 in particular. With the efficiency improvement programme, the company aims to achieve its long-term operating profit objective as well as to improve operational efficiency. The company will seek to use its personnel more flexibly and aim to ensure the profitability of the pursued growth with an efficient support service structure. In order to achieve the goals, the company is also considering cutting back overlapping operations, streamlining the leadership system and organisation, as well as to combine roles.

“Now that Pihlajalinna has faced strong growth due to M&A transactions and is preparing for changes in the operating models of social and healthcare services - in addition to the increase in demand due to the ageing population - we have reason to consider enhancing our operations, clarifying our leadership system, general cost management, more flexible use of personnel between different locations and removing overlapping operations. As a company, we must be able to produce profitable growth and strengthen a business culture that supports said growth as well as to ensure agile actions in various situations and enhance our ability to predict even the fastest changes in the industry,” says Joni Aaltonen CEO of the Pihlajalinna Plc.

In relation to the efficiency improvement programme, Pihlajalinna will launch cooperation negotiations for production-related and financial reasons as well as due to the restructuring of business operations. The cooperation negotiations will cover the personnel of Pihlajalinna Plc and majority of the personnel of all its subsidiaries. However, the cooperation negotiations will not concern the personnel of “municipal companies” owned jointly by Pihlajalinna and municipalities nor the personnel of the fitness centers.

Futhermore, the negotiations will not concern physicians working fully in operative clinical work. According to the negotiations proposal, Pihlajalinna aims for EUR 14 million in direct annual costs savings with the planned efficiency improvement programme. The reorganisation set in the efficiency improvement programme may lead to personnel cuts, preliminary estimated to be a maximum of 380 person-years. About 2,400 employees are covered by the cooperation negotiations. The company is actively pursuing opportunities for re-positioning within the group those under threat of termination of employment due to their current positions being discontinued or combined.

Additional information:

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Pihlajalinna in brief

Pihlajalinna is one of the leading private social and healthcare services providers in Finland. The company serves private persons, companies, insurance companies and public sector entities, such as municipalities and hospital districts. Pihlajalinna's operations include general practitioner and specialised care, emergency and on-call services, diverse surgical services, occupational healthcare, dental care and well-being services. In addition, the company provides innovative social and healthcare service models for public sector entities.