

Teething problems with cranes

Aspo's Q4 EBIT didn't meet our expectations as ESL Shipping suffered from serious technical problems with cranes. Both MS Viikki and MS Haaga, the two new LNG vessels, were impacted, leading to inefficient operation. The warranty repairs should be completed by the end of Q1'19. Telko's Q4 results were in line with our estimates, while Leipurin fell short. We update our rating to BUY (HOLD).

ESL is on path to EUR 25-30m EBIT in the coming years

The deployment of ESL Shipping's new LNG vessels has been slowed down by both ships' mechanical problems with cranes. The problem concerns all the six cranes. In the meantime, other ESL ships have been filling in the slack for the SSAB contract. The crane supplier, Cargotec MacGregor, is expected to fix the problem by the end of Q1. In other words, the first quarter of 2019 will be similarly sluggish for both vessels. While this is an inconvenient setback, the company expects the vessels to meet the high requirements starting from the second quarter. ESL Shipping has a target of net sales above EUR 200m and an EBIT margin of 12-15% by 2020. We expect ESL to reach an EBIT of EUR 23m in 2019 and EUR 28m next year. We previously expected comparable figures of EUR 25m and EUR 29m.

Telko should accelerate margin gains during 2019

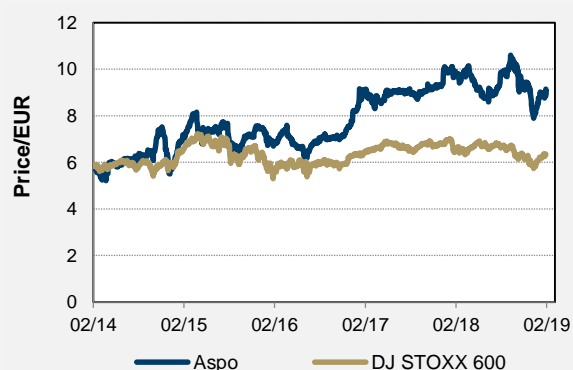
Aspo has set Telko a 2020 sales target of EUR 300-350m, while the EBIT margin should be in the 6-7% range. One of the key measures for reaching this profitability level is the improvement of procurement efficiency. The company expects to see results regarding the planning and rationalization of raw material purchases by the end of 2019. Telko was able to reach an EBIT margin of 4.5% in 2018, improving by about 40bps.

Aspo long-term outlook intact, higher multiples boost SOTP

Our expectations for ESL and Telko are unchanged. Valuation multiples have lifted since late December, when Aspo revised its outlook for the final quarter. As a result, we see the sum-of-the-parts valuation providing added support for the shares. We raise our target price to EUR 9.75 (9.25) and upgrade to BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) **8.86**

Target price, EUR **9.75**

Latest change in recommendation **15-Feb-19**

Latest report on company **19-Dec-18**

Research paid by issuer: **YES**

No. of shares outstanding, '000's **31,420**

No. of shares fully diluted, '000's **31,420**

Market cap, EURm **278**

Free float, % **-**

Exchange rate EUR/RUB **-**

Reuters code **ASPO.HE**

Bloomberg code **ASPO FH**

Average daily volume, EURm **0.1**

Next interim report **08-May-19**

Web site **www.aspo.com**

Analyst **Joonas Ilvonen**

E-mail **joonas.ilvonen@evli.com**

Telephone **+358 44 430 9071**

BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	502	23	4.6%	21	0.63	16.0	0.9	17.8	19.5	0.43
2018	541	21	3.8%	17	0.44	19.1	0.8	6.8	22.2	0.44
2019E	616	40	6.4%	36	1.05	8.4	0.7	6.5	11.5	0.50
2020E	650	48	7.3%	44	1.26	7.0	0.7	5.0	8.9	0.60
2021E	671	51	7.6%	47	1.36	6.5	0.6	4.7	7.9	0.82
Market cap, EURm		278	BV per share 2019E, EUR			3.4	CAGR EPS 2018-21, %			45.6
Net debt 2019E, EURm		176	Price/book 2019E			2.6	CAGR sales 2018-21, %			7.5
Enterprise value, EURm		455	Dividend yield 2019E, %			5.6	ROE 2019E, %			33.9
Total assets 2019E, EURm		404	Tax rate 2019E, %			6.0	ROCE 2019E, %			12.7
Goodwill 2019E, EURm		42	Equity ratio 2019E, %			26.5	PEG, P/E 19/CAGR			1.0

All the important disclosures can be found on the last pages of this report

Sum-of-the-parts valuation

	EV/EBIT
ESL SHIPPING PEER GROUP	19
Golden Ocean Group Ltd	12.0x
Ship Finance International Limited	14.6x
Pangaea Logistics Solutions Ltd.	3.6x
Star Bulk Carriers Corp.	9.3x
Navios Maritime Partners LP	10.4x
Genco Shipping & Trading Ltd	5.7x
Diana Shipping Inc.	8.9x
Scorpio Bulkers, Inc.	18.1x
Safe Bulkers, Inc.	9.0x
Seenergy Maritime Holdings Corp.	
Euroseas Ltd.	
Peer Group Average	10.2x
Peer Group Median	9.3x

	EV/EBIT
TELKO PEER GROUP	19
Brenntag AG	10.8x
Nexeo Solutions, Inc.	11.4x
IMCD N.V.	20.7x
Univar, Inc.	10.8x
PT AKR Corporindo Tbk	18.4x
Sinochem International Corp	
Peer Group Average	14.4x
Peer Group Median	11.4x

SOTP Analysis

Group company	Metric	Est., EURM	Multiple*	EV
ESL	2019 EBIT	23.2	9.3x	216
Telko	2019 EBIT	16.0	11.4x	182
Leipurin	2019 EBIT	4.2	14.3x	60
Kauko	2019 EBIT	0.5	11.5x	6.3
Other operations	2019 EBIT	-4.4	11.5x	-51
Total				414
Net debt (end 2019, Evli est.), including hybrid				148
Equity value				266
Per share				8.5

*Peer group median (OMX H 25 for Kauko and other operations), source: FactSet

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	8.86 PV of Free Cash Flow	289 Long-term growth, %	1.0 Risk-free interest rate, %
DCF share value	11.09 PV of Horizon value	252 WACC, %	7.4 Market risk premium, %
Share price potential, %	25.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	12.4 Marketable securities	27 Minimum WACC, %	6.9 Equity beta coefficient
Minimum value	10.0 Debt - dividend	-220 Maximum WACC, %	7.9 Target debt ratio, %
Horizon value, %	46.6 Value of stock	348 Nr of shares, Mn	31.4 Effective tax rate, %

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	541	616	650	671	690	708	722	733	744	751	758	766
<i>Sales growth, %</i>	<i>7.7</i>	<i>13.8</i>	<i>5.6</i>	<i>3.2</i>	<i>2.9</i>	<i>2.5</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>
Operating income (EBIT)	21	40	48	51	51	50	47	44	41	38	38	38
<i>EBIT margin, %</i>	<i>3.8</i>	<i>6.4</i>	<i>7.3</i>	<i>7.6</i>	<i>7.4</i>	<i>7.0</i>	<i>6.5</i>	<i>6.0</i>	<i>5.5</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>
+ Depreciation+amort.	12	13	15	15	14	13	13	13	13	13	13	
- Income taxes	-2	-2	-3	-4	-4	-4	-4	-4	-3	-3	-3	
- Change in NWC	9	-7	-3	-2	-2	-2	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-72	-8	-7	-11	2	-13	-12	-11	-15	-14	-15	-15
<i>Investments / Sales, %</i>	<i>13.3</i>	<i>1.3</i>	<i>1.1</i>	<i>1.6</i>	<i>-0.3</i>	<i>1.9</i>	<i>1.7</i>	<i>1.6</i>	<i>2.0</i>	<i>1.9</i>	<i>1.9</i>	<i>1.9</i>
- Other items	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	0	
= Unlevered Free CF (FCF)	-34	33	47	48	60	42	41	39	33	31	33	512
= Discounted FCF (DFCF)		31	41	39	45	30	27	24	19	16	16	252
= DFCF min WACC		31	42	39	46	31	28	25	19	17	17	286
= DFCF max WACC		31	41	38	45	29	26	23	18	16	15	224

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1E	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	115	133	136	157	541	137	159	160	161	616	650	671
EBITDA	7	10	10	6	32	10	14	14	14	52	63	65
<i>EBITDA margin (%)</i>	<i>5.8</i>	<i>7.3</i>	<i>7.4</i>	<i>3.7</i>	<i>6.0</i>	<i>7.0</i>	<i>9.1</i>	<i>8.9</i>	<i>8.9</i>	<i>8.5</i>	<i>9.6</i>	<i>9.7</i>
EBIT	4	7	7	3	21	6	11	11	11	40	48	51
<i>EBIT margin (%)</i>	<i>3.2</i>	<i>5.4</i>	<i>5.3</i>	<i>1.7</i>	<i>3.8</i>	<i>4.6</i>	<i>7.1</i>	<i>6.9</i>	<i>6.9</i>	<i>6.4</i>	<i>7.3</i>	<i>7.6</i>
Net financial items	-1	-1	-1	-1	-4	-1	-1	-1	-1	-3	-4	-3
Pre-tax profit	3	6	6	2	17	6	10	10	10	36	44	47
Tax	0	-1	0	0	-2	0	0	-1	-1	-2	-3	-3
<i>Tax rate (%)</i>	<i>20.0</i>	<i>11.5</i>	<i>4.8</i>	<i>7.0</i>	<i>9.7</i>	<i>9.1</i>	<i>4.8</i>	<i>5.9</i>	<i>5.8</i>	<i>6.0</i>	<i>7.0</i>	<i>7.0</i>
Net profit	2	5	6	0	14	5	10	10	8	33	40	43
EPS	0.06	0.17	0.19	0.02	0.44	0.16	0.31	0.31	0.27	1.05	1.26	1.36
EPS adjusted (diluted no. of shares)	0.06	0.17	0.19	0.02	0.44	0.16	0.31	0.31	0.27	1.05	1.26	1.36
Dividend per share	0.00	0.00	0.00	0.00	0.44	0.00	0.00	0.00	0.00	0.50	0.60	0.82
SALES, EURm												
ESL Shipping	21	23	31	46	120	40	47	45	48	180	192	198
Leipurin	30	31	28	32	121	28	32	30	33	124	126	129
Telko	58	72	67	70	266	64	75	77	74	289	308	321
Kauko	7	7	10	9	34	5	5	7	6	23	23	23
Total	115	133	136	157	541	137	159	160	161	616	650	671
SALES GROWTH, Y/Y %												
<i>ESL Shipping</i>	<i>8.5</i>	<i>15.9</i>	<i>67.2</i>	<i>105.3</i>	<i>51.5</i>	<i>95.6</i>	<i>108.8</i>	<i>47.1</i>	<i>3.2</i>	<i>50.0</i>	<i>6.7</i>	<i>3.0</i>
<i>Leipurin</i>	<i>2.7</i>	<i>3.7</i>	<i>-6.4</i>	<i>-4.0</i>	<i>-1.1</i>	<i>-5.6</i>	<i>1.3</i>	<i>8.9</i>	<i>5.5</i>	<i>2.4</i>	<i>2.0</i>	<i>2.0</i>
<i>Telko</i>	<i>-9.3</i>	<i>9.1</i>	<i>0.0</i>	<i>6.0</i>	<i>1.5</i>	<i>10.3</i>	<i>4.5</i>	<i>14.5</i>	<i>5.8</i>	<i>8.6</i>	<i>6.7</i>	<i>4.0</i>
<i>Kauko</i>	<i>-2.8</i>	<i>-15.3</i>	<i>-11.1</i>	<i>-19.5</i>	<i>-13.0</i>	<i>-33.0</i>	<i>-33.0</i>	<i>-33.0</i>	<i>-33.0</i>	<i>-33.0</i>	<i>2.0</i>	<i>2.0</i>
Total	-3.1	7.2	7.1	18.3	7.7	18.7	19.5	17.0	2.7	13.8	5.6	3.2
EBIT, EURm												
ESL Shipping	3	4	4	4	15	3	7	7	7	23	28	26
Leipurin	1	1	1	1	3	1	1	1	1	4	5	5
Telko	2	4	3	3	12	3	4	4	4	16	19	19
Kauko	-1	0	1	-4	-5	0	0	0	0	1	1	1
Other operations	-1	-1	-1	-1	-5	-1	-1	-1	-1	-4	-4	0
Total	4	7	7	3	21	6	11	11	11	40	48	51
EBIT margin, %												
<i>ESL Shipping</i>	<i>12.7</i>	<i>19.0</i>	<i>13.1</i>	<i>9.1</i>	<i>12.6</i>	<i>7.2</i>	<i>15.1</i>	<i>14.6</i>	<i>13.8</i>	<i>12.9</i>	<i>14.6</i>	<i>13.0</i>
<i>Leipurin</i>	<i>2.6</i>	<i>2.9</i>	<i>2.9</i>	<i>2.5</i>	<i>2.7</i>	<i>3.5</i>	<i>3.1</i>	<i>3.5</i>	<i>3.5</i>	<i>3.4</i>	<i>3.9</i>	<i>4.0</i>
<i>Telko</i>	<i>3.8</i>	<i>5.0</i>	<i>4.3</i>	<i>4.9</i>	<i>4.5</i>	<i>5.4</i>	<i>5.4</i>	<i>5.6</i>	<i>5.7</i>	<i>5.5</i>	<i>6.0</i>	<i>6.0</i>
<i>Kauko</i>	<i>-8.7</i>	<i>-5.6</i>	<i>6.7</i>	<i>-48.4</i>	<i>-14.0</i>	<i>2.0</i>	<i>2.4</i>	<i>2.4</i>	<i>2.8</i>	<i>2.4</i>	<i>2.5</i>	<i>2.5</i>
Total	3.2	5.4	5.3	1.7	3.8	4.6	7.1	6.9	6.9	6.4	7.3	7.6

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	483	446	457	502	541	616	650	671
<i>Sales growth (%)</i>	<i>1.4</i>	<i>-7.7</i>	<i>2.6</i>	<i>9.8</i>	<i>7.7</i>	<i>13.8</i>	<i>5.6</i>	<i>3.2</i>
Costs	-448	-413	-425	-467	-509	-563	-587	-606
Reported EBITDA	35	33	32	35	32	52	63	65
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>7.2</i>	<i>7.4</i>	<i>7.0</i>	<i>7.0</i>	<i>6.0</i>	<i>8.5</i>	<i>9.6</i>	<i>9.7</i>
Depreciation	-11	-12	-12	-12	-12	-13	-15	-15
EBITA	23	21	20	23	21	40	48	51
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	23	21	20	23	21	40	48	51
<i>EBIT margin (%)</i>	<i>4.8</i>	<i>4.6</i>	<i>4.5</i>	<i>4.6</i>	<i>3.8</i>	<i>6.4</i>	<i>7.3</i>	<i>7.6</i>
Net financials	-4	1	-3	-2	-4	-3	-4	-3
Pre-tax profit	19	21	17	21	17	36	44	47
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	-1	-1	-1	-2	-2	-2	-3	-3
Minority shares	0	0	0	0	0	0	0	0
Net profit	18	20	16	19	14	33	40	43
BALANCE SHEET, EURm								
Assets								
Fixed assets	127	128	124	128	188	184	176	172
<i>% of sales</i>	<i>26</i>	<i>29</i>	<i>27</i>	<i>25</i>	<i>35</i>	<i>30</i>	<i>27</i>	<i>26</i>
Goodwill	44	43	43	42	42	42	42	42
<i>% of sales</i>	<i>9</i>	<i>10</i>	<i>9</i>	<i>8</i>	<i>8</i>	<i>7</i>	<i>6</i>	<i>6</i>
Inventory	47	48	57	61	59	68	71	74
<i>% of sales</i>	<i>10</i>	<i>11</i>	<i>12</i>	<i>12</i>	<i>11</i>	<i>11</i>	<i>11</i>	<i>11</i>
Receivables	56	58	60	70	70	80	84	87
<i>% of sales</i>	<i>12</i>	<i>13</i>	<i>13</i>	<i>14</i>	<i>13</i>	<i>13</i>	<i>13</i>	<i>13</i>
Liquid funds	19	24	23	20	27	31	32	34
<i>% of sales</i>	<i>4</i>	<i>5</i>	<i>5</i>	<i>4</i>	<i>5</i>	<i>5</i>	<i>5</i>	<i>5</i>
Total assets	298	305	310	321	387	404	406	409
Liabilities								
Equity	84	83	90	87	88	107	131	155
<i>% of sales</i>	<i>17</i>	<i>19</i>	<i>20</i>	<i>17</i>	<i>16</i>	<i>17</i>	<i>20</i>	<i>23</i>
Deferred taxes	6	5	4	0	0	0	0	0
<i>% of sales</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Interest bearing debt	144	148	150	162	220	207	181	156
<i>% of sales</i>	<i>30</i>	<i>33</i>	<i>33</i>	<i>32</i>	<i>41</i>	<i>34</i>	<i>28</i>	<i>23</i>
Non-interest bearing current liabilities	62	68	64	68	76	86	91	94
<i>% of sales</i>	<i>13</i>	<i>15</i>	<i>14</i>	<i>14</i>	<i>14</i>	<i>14</i>	<i>14</i>	<i>14</i>
Other interest free debt	1	2	1	4	4	4	4	4
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Total liabilities	298	305	310	321	387	404	406	409
CASH FLOW, EURm								
+ EBITDA	35	33	32	35	32	52	63	65
- Net financial items	-4	1	-3	-2	-4	-3	-4	-3
- Taxes	-2	-2	-2	-3	-2	-2	-3	-3
- Increase in Net Working Capital	-8	-4	-11	-13	9	-7	-3	-2
+/- Other	2	-2	0	0	-1	-1	-1	-1
= Cash flow from operations	22	25	16	17	34	38	51	55
- Capex	-20	-15	-6	-18	-72	-8	-7	-11
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	2	10	10	0	-38	30	44	44
+/- Change in interest-bearing debt	-6	3	3	11	58	-13	-26	-25
+/- New issues/buybacks	-11	-9	4	-9	0	0	0	0
- Paid dividend	-6	-12	-13	-13	-13	-14	-16	-19
+/- Change in loan receivables	3	5	0	1	0	0	0	0
Change in cash	-18	-3	4	-10	7	4	2	1

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	229	250	310	265	278	278	278
Net debt	124	128	142	193	176	148	123
Enterprise value	353	378	451	458	455	427	401
Sales	446	457	502	541	616	650	671
EBITDA	33	32	35	32	52	63	65
EBIT	21	20	23	21	40	48	51
Pre-tax	21	17	21	17	36	44	47
Earnings	20	16	19	14	33	40	43
Book value	83	90	87	88	107	131	155
Valuation multiples							
EV/sales	0.8	0.8	0.9	0.8	0.7	0.7	0.6
EV/EBITDA	10.7	11.8	12.9	14.2	8.7	6.8	6.1
EV/EBITA	17.1	18.5	19.5	22.2	11.5	8.9	7.9
EV/EBIT	17.1	18.5	19.5	22.2	11.5	8.9	7.9
EV/operating cash flow	14.1	23.3	25.9	11.8	10.7	7.6	6.7
EV/cash earnings	11.4	13.9	14.8	17.1	9.7	7.7	6.8
P/E	11.6	15.7	16.0	19.1	8.4	7.0	6.5
P/E excl. goodwill	11.6	15.7	16.0	19.1	8.4	7.0	6.5
P/B	2.8	2.8	3.5	3.0	2.6	2.1	1.8
P/sales	0.5	0.5	0.6	0.5	0.5	0.4	0.4
P/CF	9.2	15.4	17.8	6.8	6.5	5.0	4.7
Target EV/EBIT	0.0	0.0	0.0	0.0	12.2	9.5	8.5
Target P/E	0.0	0.0	16.5	19.2	9.3	7.7	7.2
Target P/B	0.0	0.0	0.0	0.0	2.9	2.3	2.0
Per share measures							
Number of shares	30,496	30,579	30,976	31,420	31,420	31,420	31,420
Number of shares (diluted)	30,496	30,579	30,976	31,420	31,420	31,420	31,420
EPS	0.65	0.52	0.63	0.44	1.05	1.26	1.36
EPS excl. goodwill	0.65	0.52	0.63	0.44	1.05	1.26	1.36
Cash EPS	1.02	0.89	0.98	0.85	1.50	1.77	1.87
Operating cash flow per share	0.82	0.53	0.56	1.24	1.36	1.78	1.90
Capital employed per share	6.77	7.11	7.39	8.93	9.02	8.88	8.83
Book value per share	2.71	2.93	2.82	2.80	3.41	4.16	4.93
Book value excl. goodwill	1.31	1.53	1.46	1.46	2.07	2.83	3.59
Dividend per share	0.41	0.42	0.43	0.44	0.50	0.60	0.82
Dividend payout ratio, %	63.1	80.8	68.7	99.6	47.6	47.7	60.0
Dividend yield, %	5.5	5.1	4.3	5.0	5.6	6.8	9.2
Efficiency measures							
ROE	23.8	18.5	21.9	15.8	33.9	33.3	30.0
ROCE	9.0	8.7	9.5	7.4	12.7	15.2	16.3
Financial ratios							
Capex/sales, %	3.4	1.4	3.5	13.3	1.3	1.1	1.6
Capex/depreciation excl. goodwill,%	133.5	54.8	154.0	616.9	63.0	49.0	74.6
Net debt/EBITDA, book-weighted	3.7	4.0	4.0	6.0	3.4	2.4	1.9
Debt/equity, market-weighted	0.6	0.6	0.5	0.8	0.7	0.6	0.6
Equity ratio, book-weighted	27.1	28.9	27.2	22.7	26.5	32.2	37.9
Gearing	1.50	1.43	1.62	2.19	1.65	1.13	0.79
Number of employees, average	862	871	909	909	909	909	909
Sales per employee, EUR	517,169	525,144	552,695	595,050	677,429	715,037	738,238
EBIT per employee, EUR	23,898	23,421	25,413	22,662	43,552	52,465	55,800

COMPANY DESCRIPTION: Aspo is a conglomerate operating mainly in Northern and Eastern Europe through subsidiaries ESL Shipping, Telko, Leipurin and Kauko. Two thirds of Aspo's revenue is attributable to Finland, Russia, Ukraine and other CIS countries.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Havsudden Oy Ab	3,142,941	27.846	10.0%
Vehmas Tatu Antti Aleksi	2,306,676	20.437	7.3%
Varma Mutual Pension Insurance Company	1,438,412	12.744	4.6%
Vehmas Tapio	1,375,827	12.190	4.4%
Ilmarinen Mutual Pension Insurance Company	1,000,676	8.866	3.2%
Robinson Joanna	754,259	6.683	2.4%
Nyberg Gustav	731,667	6.483	2.3%
Nordea Nordic Small Cap Fund	721,040	6.388	2.3%
Mandatum Life Unit-Linked	515,000	4.563	1.6%
Procurator-Holding Oy	470,969	4.173	1.5%
Ten largest	12,457,467	110.373	40%
Residual	18,962,312	168.006	60%
Total	31,419,779	278.379	100%

EARNINGS CALENDAR

May 08, 2019	Q1 report
August 14, 2019	Q2 report
October 29, 2019	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Ojanen Aki
CFO: Meitsalo Arto
IR:

P.O. Box 499, Mikonkatu 13 A, FI-00101 Helsinki
Tel: +358,9 5,211

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

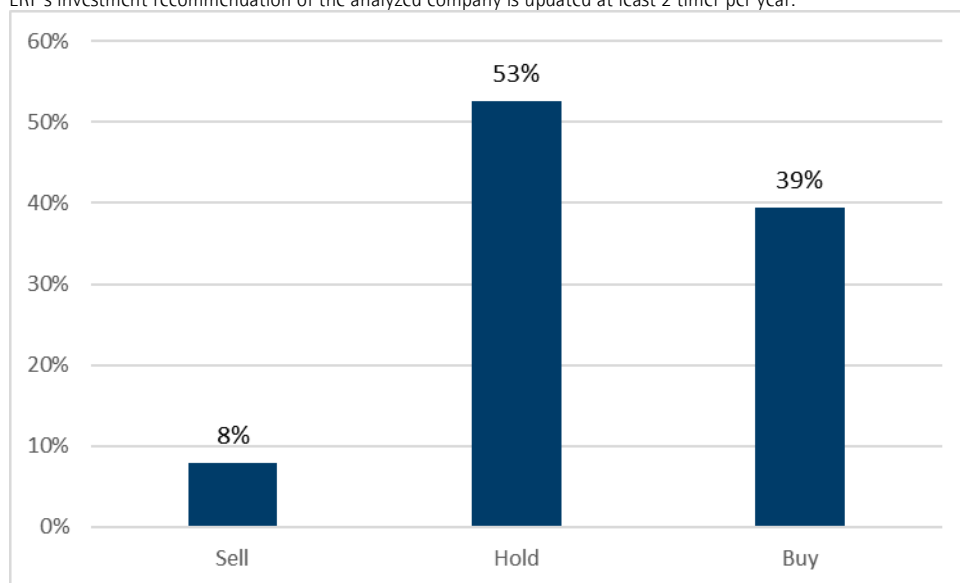
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

ERP's investment recommendation of the analyzed company is updated at least 2 timer per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Ilvonen

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Contact information**SALES, TRADING AND RESEARCH****Equity Sales**

Ari Laine +358 9 4766 9115
Lauri Ahokanto +358 9 4766 9117
Niclas Henelius +358 9 4766 9116

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9130
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120

ETFs and Derivatives

Tobias Björk (Head) +358 9 4766 9130
Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130
Sami Järvinen +358 9 4766 9110

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Joonas Häyhä +358 9 4766 9662
Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669

**EVLI BANK PLC**

Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail
firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Kungsgatan 27, P.O. Box 16354
SE-111 56 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001