

Downgrade to HOLD

CapMan will report Q3 results on October 31st. With our expectation of only a limited impact of carried interest and success fees on the quarter, for group results remaining on par with H1/19 levels investment returns will need to be at a good level. In general, the news flow during Q3 implies little out of the ordinary and as such our interest will mainly be on the development of recently launched products and fundraising projects. We retain our target price of EUR 1.95 but downgrade to HOLD (BUY) following a share price increase since our previous update.

Estimates revisions ahead of Q3

We expect a Q3 revenue of 9.9m (prev. 11.5m) and operating profit of EUR 5.3m (prev. EUR 7.2m). We have lowered our estimates mainly to reflect lower expectations for carried interest from newer funds, now mainly from Access Capital funds, and lower our management fee estimates given no new fund closings. The first closing of the Buyout XI-fund in 6/2019 will however support management fees and we expect to see continued growth. Investment returns pose the biggest uncertainty risk to our estimates and would need to be at a good level for group results remaining on par with H1/19 levels.

Development of newer products of interest

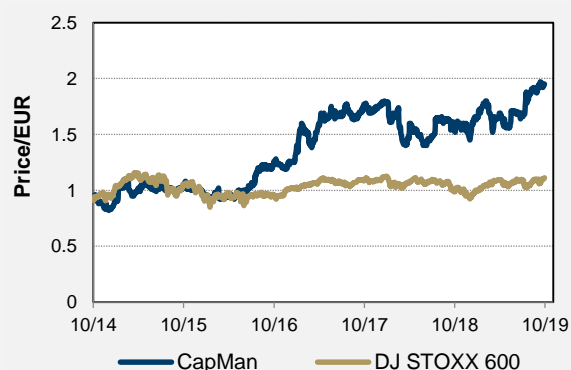
The news flow during Q3 in our view in general does not imply anything out of the ordinary during the quarter. We will be looking for more information regarding on-going fundraising projects and newly launched products as well as any potential remarks on near-term carried interest outlook from the interim report.

HOLD (BUY) with a target price of EUR 1.95

We have made minor downward revisions to our estimates ahead of Q3 and retain our target price of EUR 1.95. With the share price having enjoyed clear increases since our previous update we downgrade to HOLD (BUY).

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 1.95

Target price, EUR 1.95

Latest change in recommendation 25-Oct-19

Latest report on company 09-Aug-19

Research paid by issuer: YES

No. of shares outstanding, '000's 153,270

No. of shares fully diluted, '000's 153,270

Market cap, EURm 299

Free float, % 75.0

Exchange rate EUR 1.000

Reuters code CAPMAN.HE

Bloomberg code CAPMAN FH

Average daily volume, EURm 0.2

Next interim report 31-Oct-19

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■ BUY ■ HOLD ■ SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2017	34.8	19.5	55.9%	21.0	0.10	13.1	8.1	14.5	8.1	0.11
2018	36.0	12.0	33.2%	42.3	0.05	26.8	6.3	18.9	19.6	0.12
2019E	45.7	22.9	50.1%	1.2	0.11	18.0	7.0	13.9	0.4	0.13
2020E	50.6	31.5	62.2%	23.0	0.16	12.0	6.3	10.1	7.7	0.14
2021E	54.3	35.6	65.5%	18.8	0.19	10.4	5.9	9.0	6.3	0.15
Market cap, EURm			299	Gearing 2019E, %			15.1	CAGR EPS 2018-21, %	50.5	
Net debt 2019E, EURm			18	Price/book 2019E			2.5	CAGR sales 2018-21, %	14.7	
Enterprise value, EURm			320	Dividend yield 2019E, %			6.7	ROE 2019E, %	13.8	
Total assets 2019E, EURm			216	Tax rate 2019E, %			8.8	ROCE 2019E, %	12.4	
Goodwill 2019E, EURm			20	Equity ratio 2019E, %			56.3	PEG, P/E 19/CAGR	0.9	

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

CapMan	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18	2018	Q1/'19	Q2/'19	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Management fees	19.6	5.6	5.7	5.2	5.6	22.1	6.1	5.4	6.0	6.4	23.9	25.5	26.8
Sale of services	7.1	1.6	4.1	1.7	2.9	10.3	3.0	7.3	3.2	4.3	17.9	19.5	21.3
Carried interest	4.4	0.1	0.6	0.2	0.1	1.0	0.1	0.7	0.7	2.5	4.0	5.5	6.1
Dividend and interest income	3.7	1.1	1.0	0.2	0.2	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue	34.8	8.5	11.4	7.2	8.9	36.0	9.3	13.4	9.9	13.2	45.7	50.6	54.3
<i>change, %</i>	<i>30.6%</i>	<i>12.7%</i>	<i>25.8%</i>	<i>-23.3%</i>	<i>0.5%</i>	<i>3.3%</i>	<i>9.8%</i>	<i>17.0%</i>	<i>36.8%</i>	<i>48.6%</i>	<i>27.1%</i>	<i>10.6%</i>	<i>7.2%</i>
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Personnel expenses	-21.4	-4.7	-5.5	-4.7	-5.0	-19.9	-5.3	-5.5	-5.4	-5.8	-21.9	-22.2	-22.9
Other operating expenses	-9.9	-2.2	-2.6	-1.6	-2.8	-9.1	-3.2	-3.3	-1.7	-3.0	-11.3	-10.4	-10.6
Depreciation and amortisation	-1.7	-0.1	-0.1	0.0	0.0	-0.2	-0.3	-0.4	-0.3	-0.4	-1.3	-1.4	-1.5
Fair value changes	17.6	2.5	2.7	3.9	-4.0	5.1	4.2	1.7	2.8	3.1	11.7	14.9	16.2
Operating profit	19.5	4.1	6.0	4.8	-2.9	12.0	4.7	5.8	5.3	7.1	22.9	31.5	35.6
<i>Operating profit margin, %</i>	<i>55.9%</i>	<i>48.0%</i>	<i>52.6%</i>	<i>66.8%</i>	<i>-33.2%</i>	<i>33.2%</i>	<i>50.7%</i>	<i>43.3%</i>	<i>53.6%</i>	<i>53.9%</i>	<i>50.1%</i>	<i>62.2%</i>	<i>65.5%</i>
Net financials	-3.2	-0.5	-1.0	-0.5	-0.7	-2.7	-0.6	-0.7	-0.7	-0.7	-2.6	-2.7	-2.8
Pre-tax profit	16.2	3.5	5.1	4.3	-3.6	9.3	4.1	5.1	4.7	6.5	20.3	28.8	32.7
Income taxes	-0.8	-0.2	-0.8	-0.2	0.4	-0.8	-0.1	-0.9	-0.3	-0.5	-1.8	-2.0	-2.3
Minority interest	0.0	0.0	-0.6	-0.1	0.2	-0.4	-0.4	-1.2	-0.2	-0.2	-2.0	-1.8	-1.8
Profit for the period	15.5	3.3	3.7	4.0	-3.0	8.1	3.6	3.0	4.1	5.8	16.6	26.8	30.4
EPS, EUR	0.10	0.02	0.03	0.03	-0.02	0.05	0.02	0.02	0.03	0.04	0.11	0.17	0.20
Assets under management	2800	2799	2758	2681	3043	3043	3196	3270			3 400	3 600	3 800
Management Company business	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18	2018	Q1/'19	Q2/'19	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Revenue	25.1	5.9	6.5	5.5	6.2	24.2	6.4	6.4	6.9	9.1	28.8	32.0	33.8
Operating profit	2.7	0.8	0.7	0.8	0.5	2.8	0.8	0.9	2.0	3.3	7.0	9.5	11.3
Investment business	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18	2018	Q1/'19	Q2/'19	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Revenue	3.7	1.1	1.0	0.2	0.2	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit	17.3	3.2	3.4	3.8	-4.0	6.5	3.9	1.0	2.4	2.7	10.0	13.8	15.2
Services business	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18	2018	Q1/'19	Q2/'19	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Revenue	5.6	1.4	3.8	1.5	2.0	8.7	2.9	6.9	3.0	3.7	16.5	18.2	20.0
Operating profit	2.3	0.6	2.4	0.6	0.8	4.4	1.8	4.9	1.3	1.5	9.5	10.4	11.5
Other	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18	2018	Q1/'19	Q2/'19	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Revenue	0.5	0.0	0.2	0.0	0.4	0.6	0.0	0.0	0.0	0.4	0.5	0.5	0.5
Operating profit	-2.7	-0.4	-0.6	-0.4	-0.3	-1.7	-1.7	-1.0	-0.4	-0.4	-3.5	-2.3	-2.4

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	8.5	11.4	7.2	8.9	36.0	9.3	13.4	9.9	13.2	45.7	50.6	54.3
EBITDA	4.1	6.1	4.9	-2.9	12.2	5.0	6.2	5.6	7.5	24.3	32.9	37.0
<i>EBITDA margin (%)</i>	<i>48.7</i>	<i>53.2</i>	<i>67.6</i>	<i>-32.9</i>	<i>33.8</i>	<i>53.7</i>	<i>46.2</i>	<i>56.7</i>	<i>56.8</i>	<i>53.0</i>	<i>65.0</i>	<i>68.3</i>
EBIT	4.1	6.0	4.8	-2.9	12.0	4.7	5.8	5.3	7.1	22.9	31.5	35.6
<i>EBIT margin (%)</i>	<i>48.0</i>	<i>52.6</i>	<i>66.8</i>	<i>-33.2</i>	<i>33.2</i>	<i>50.7</i>	<i>43.3</i>	<i>53.6</i>	<i>53.9</i>	<i>50.1</i>	<i>62.2</i>	<i>65.5</i>
Net financial items	-0.5	-1.0	-0.5	-0.7	-2.7	-0.6	-0.7	-0.6	-0.6	-2.6	-2.7	-2.8
Pre-tax profit	3.5	5.1	4.3	-3.6	9.3	4.1	5.1	4.7	6.5	20.3	28.8	32.7
Tax	-0.2	-0.8	-0.2	0.4	-0.8	-0.1	-0.9	-0.3	-0.5	-1.8	-2.0	-2.3
<i>Tax rate (%)</i>	<i>5.7</i>	<i>15.9</i>	<i>5.5</i>	<i>12.2</i>	<i>8.6</i>	<i>2.6</i>	<i>17.5</i>	<i>7.0</i>	<i>7.0</i>	<i>8.8</i>	<i>7.0</i>	<i>7.0</i>
Net profit	3.3	3.7	4.0	-3.0	8.1	3.6	3.0	4.1	5.8	16.6	25.0	28.6
EPS	0.02	0.03	0.03	-0.02	0.05	0.02	0.02	0.03	0.04	0.11	0.16	0.19
EPS adjusted (diluted no. of shares)	0.02	0.03	0.03	-0.02	0.05	0.02	0.02	0.03	0.04	0.11	0.16	0.19
Dividend per share	0.00	0.00	0.00	0.00	0.12	0.00	0.00	0.00	0.00	0.13	0.14	0.15
SALES, EURm												
Management Company business	5.9	6.5	5.5	6.2	24.2	6.4	6.4	6.9	9.1	28.8	32.0	33.8
Investment business	1.1	1.0	0.2	0.2	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Service business	1.4	3.8	1.5	2.0	8.7	2.9	6.9	3.0	3.7	16.5	18.2	20.0
Other & eliminations	0.0	0.2	0.0	0.4	0.6	0.0	0.0	0.0	0.4	0.5	0.5	0.5
Total	8.5	11.4	7.2	8.9	36.0	9.3	13.4	9.9	13.2	45.7	50.6	54.3
SALES GROWTH, Y/Y %												
<i>Management Company business</i>	<i>11.7</i>	<i>28.8</i>	<i>-30.7</i>	<i>-7.2</i>	<i>-3.5</i>	<i>8.1</i>	<i>-2.1</i>	<i>24.4</i>	<i>46.4</i>	<i>18.9</i>	<i>11.0</i>	<i>5.7</i>
<i>Investment business</i>	<i>-3.0</i>	<i>-55.9</i>	<i>21.8</i>	<i>5.7</i>	<i>-32.8</i>	<i>-100.0</i>	<i>-100.0</i>	<i>-99.9</i>	<i>-100.0</i>	<i>-100.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Service business</i>	<i>35.1</i>	<i>112.6</i>	<i>17.8</i>	<i>35.7</i>	<i>56.0</i>	<i>107.1</i>	<i>84.3</i>	<i>102.0</i>	<i>81.0</i>	<i>90.2</i>	<i>10.0</i>	<i>10.0</i>
<i>Other & eliminations</i>	<i>32.1</i>	<i>416.7</i>	<i>64.7</i>	<i>-5.7</i>	<i>25.4</i>	<i>-37.8</i>	<i>-76.8</i>	<i>-99.6</i>	<i>5.0</i>	<i>-23.5</i>	<i>5.0</i>	<i>5.0</i>
Total	12.7	25.8	-23.3	0.5	3.3	9.8	17.0	36.8	48.6	27.1	10.6	7.2
EBIT, EURm												
Management Company business	0.8	0.7	0.8	0.5	2.8	0.8	0.9	2.0	3.3	7.0	9.5	11.3
Investment business	3.2	3.4	3.8	-4.0	6.5	3.9	1.0	2.4	2.7	10.0	13.8	15.2
Service business	0.6	2.4	0.6	0.8	4.4	1.8	4.9	1.3	1.5	9.5	10.4	11.5
Other & eliminations	-0.4	-0.6	-0.3	-0.3	-1.7	-1.7	-1.0	-0.4	-0.4	-3.5	-2.3	-2.4
Total	4.1	6.0	4.8	-2.9	12.0	4.7	5.8	5.3	7.1	22.9	31.5	35.6
EBIT margin, %												
<i>Management Company business</i>	<i>12.8</i>	<i>11.4</i>	<i>14.5</i>	<i>8.7</i>	<i>11.7</i>	<i>12.4</i>	<i>14.5</i>	<i>29.2</i>	<i>35.8</i>	<i>24.3</i>	<i>29.8</i>	<i>33.6</i>
<i>Investment business</i>	<i>285.0</i>	<i>350.5</i>	<i>2,130.2</i>	<i>-1,625.9</i>	<i>257.0</i>							
<i>Service business</i>	<i>41.0</i>	<i>64.8</i>	<i>38.0</i>	<i>39.2</i>	<i>50.4</i>	<i>61.3</i>	<i>70.6</i>	<i>43.3</i>	<i>40.9</i>	<i>57.4</i>	<i>57.4</i>	<i>57.4</i>
<i>Other & eliminations</i>	<i>-1,205.4</i>	<i>-375.5</i>	<i>-1,250.0</i>	<i>-87.2</i>	<i>-283.9</i>	<i>-7,543.5</i>	<i>-2,894.4</i>	<i>-87.2</i>	<i>-87.2</i>	<i>-764.1</i>	<i>-476.1</i>	<i>-476.1</i>
Total	48.0	52.6	66.8	-33.2	33.2	50.7	43.3	53.6	53.9	50.1	62.2	65.5

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	39.5	31.8	26.7	34.8	36.0	45.7	50.6	54.3
<i>Sales growth (%)</i>	<i>32.6</i>	<i>-19.5</i>	<i>-16.0</i>	<i>30.6</i>	<i>3.3</i>	<i>27.1</i>	<i>10.6</i>	<i>7.2</i>
EBITDA	6.8	9.6	18.9	21.2	12.2	24.3	32.9	37.0
<i>EBITDA margin (%)</i>	<i>17.2</i>	<i>30.2</i>	<i>71.0</i>	<i>61.0</i>	<i>33.8</i>	<i>53.0</i>	<i>65.0</i>	<i>68.3</i>
Depreciation	-0.4	-0.3	-0.3	-0.3	-0.2	-0.3	-0.3	-0.4
EBITA	6.4	9.3	18.7	21.0	12.0	22.9	31.5	35.6
Goodwill amortization / writedown	0.0	0.0	0.0	-1.5	0.0	0.0	0.0	0.0
EBIT	6.4	9.3	18.7	19.5	12.0	22.9	31.5	35.6
<i>EBIT margin (%)</i>	<i>16.2</i>	<i>29.2</i>	<i>70.0</i>	<i>55.9</i>	<i>33.2</i>	<i>50.1</i>	<i>62.2</i>	<i>65.5</i>
Reported EBIT	6.4	9.3	18.7	19.5	12.0	22.9	31.5	35.6
<i>EBIT margin (reported) (%)</i>	<i>16.2</i>	<i>29.2</i>	<i>70.0</i>	<i>55.9</i>	<i>33.2</i>	<i>50.1</i>	<i>62.2</i>	<i>65.5</i>
Net financials	-1.5	-2.8	-3.1	-3.3	-2.7	-2.6	-2.7	-2.8
Pre-tax profit	4.9	6.5	15.5	16.2	9.3	20.3	28.8	32.7
Taxes	-1.0	-0.4	-0.2	-0.8	-0.8	-1.8	-2.0	-2.3
Minority shares	0.0	0.0	0.0	0.0	-0.4	-2.0	-1.8	-1.8
Net profit	3.0	5.1	14.3	15.3	8.1	16.6	25.0	28.6
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	65	104	95	93	88	115	126	136
Goodwill	6	6	6	5	5	20	20	20
Right of use assets	0	0	0	0	3	3	3	3
Inventory	0	0	0	0	0	0	0	0
Receivables	10	13	101	89	57	30	24	26
Liquid funds	29	22	45	23	55	46	51	54
Total assets	114	150	253	211	209	216	225	240
Liabilities								
Shareholder's equity	50	50	128	127	121	120	125	133
Minority interest	0	0	0	0	0	1	1	1
Convertibles	15	15	15	0	0	0	0	0
Lease liabilities	0	0	0	0	3	3	3	3
Deferred taxes	2	2	10	9	3	2	2	2
Interest bearing debt	32	69	66	48	60	61	63	69
Non-interest bearing current liabilities	14	13	33	27	17	23	25	27
Other interest-free debt	0	0	0	1	5	5	5	5
Total liabilities	114	150	253	211	209	216	225	240
CASH FLOW, EURm								
+ EBITDA	7	10	19	21	12	24	33	37
- Net financial items	12	-7	23	-3	-3	-3	-3	-3
- Taxes	-1	-1	0	1	-6	-3	-2	-2
- Increase in Net Working Capital	2	-3	5	6	27	33	8	0
+/- Other	-9	0	-53	-6	6	0	-2	-2
= Cash flow from operations	11	-2	-6	19	36	52	35	30
- Capex	0	47	-51	2	6	-51	-12	-11
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	10	45	-57	21	42	1	23	19
+/- New issues/buybacks	1	0	70	-9	2	1	0	0
- Paid dividend	-3	-5	-6	-8	-16	-18	-20	-21
+/- Other	4	-47	17	-26	3	6	2	6
Change in cash	12	-7	23	-22	31	-9	5	4

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	86	111	258	216	299	299	299
Net debt (excl. convertibles)	48	21	25	8	18	15	18
Enterprise value	149	147	283	225	320	317	319
Sales	32	27	35	36	46	51	54
EBITDA	10	19	21	12	24	33	37
EBIT	9	19	19	12	23	31	36
Pre-tax	6	16	16	9	20	29	33
Earnings	5	14	15	8	17	25	29
Equity book value (excl. minorities)	50	128	127	121	120	125	133
Valuation multiples							
EV/sales	4.7	5.5	8.1	6.3	7.0	6.3	5.9
EV/EBITDA	15.5	7.7	13.3	18.5	13.2	9.6	8.6
EV/EBITA	16.1	7.9	13.5	18.9	13.9	10.1	9.0
EV/EBIT	16.1	7.9	14.5	18.9	13.9	10.1	9.0
EV/OCF	-70.2	-23.6	15.0	6.3	6.2	9.2	10.5
EV/FCFF	-20.9	6.2	11.7	5.0	48.2	11.1	13.2
P/FCFE	1.9	-1.9	12.3	5.1	247.5	13.0	15.9
P/E	14.7	10.9	13.1	26.8	18.0	12.0	10.4
P/B	1.7	0.9	2.0	1.8	2.5	2.4	2.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	13.1	9.6	8.6
Target EV/EBIT	0.0	0.0	0.0	0.0	13.9	10.0	8.9
Target EV/FCF	0.0	0.0	0.0	0.0	263.5	13.7	16.9
Target P/B	0.0	0.0	0.0	0.0	2.5	2.4	2.3
Target P/E	0.0	0.0	0.0	0.0	18.0	12.0	10.4
Per share measures							
Number of shares	86,317	88,409	145,626	147,142	153,270	153,270	153,270
Number of shares (diluted)	86,317	88,409	145,626	147,142	153,270	153,270	153,270
EPS	0.06	0.16	0.10	0.05	0.11	0.16	0.19
Operating cash flow per share	-0.02	-0.07	0.13	0.24	0.34	0.23	0.20
Free cash flow per share	0.52	-0.65	0.14	0.29	0.01	0.15	0.12
Book value per share	0.58	1.45	0.87	0.82	0.79	0.82	0.87
Dividend per share	0.07	0.09	0.11	0.12	0.13	0.14	0.15
Dividend payout ratio, %	118.6	55.5	104.9	219.0	120.3	85.8	80.2
Dividend yield, %	7.0	7.2	6.2	8.2	6.7	7.2	7.7
FCF yield, %	52.3	-51.7	8.1	19.6	0.4	7.7	6.3
Efficiency measures							
ROE	10.1	16.1	12.0	6.5	13.8	20.3	22.2
ROCE	8.0	10.9	10.1	6.7	12.4	16.7	17.9
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	40.9	379.6	255.5	157.6	64.5	47.0	47.0
Non-interest bearing liabilities as % of sales	41.3	125.0	77.0	46.7	50.0	50.0	50.0
NWC/sales, %	-0.3	253.4	176.1	96.8	3.4	-13.0	-12.4
Operative CAPEX/sales, %	-148.7	190.8	-6.0	-17.4	110.9	22.9	21.2
CAPEX/sales (incl. acquisitions), %	-148.7	190.8	-6.0	-17.4	110.9	22.9	21.2
FCFF/EBITDA	-0.7	1.2	1.1	3.7	0.3	0.9	0.7
Net debt/EBITDA, book-weighted	5.0	1.1	1.2	0.7	0.8	0.5	0.5
Debt/equity, market-weighted	0.8	0.6	0.2	0.3	0.2	0.2	0.2
Equity ratio, book-weighted	43.6	56.6	60.0	57.8	56.3	56.2	55.6
Gearing, %	73.3	14.7	19.7	6.9	15.1	12.1	13.4

COMPANY DESCRIPTION: CapMan is a leading Nordic asset management and investment company. CapMan manages over EUR 3 billion in assets. The company mainly manages investors' assets but also makes direct investments from balance sheet, mainly into own funds. Current investments strategies cover Buyout, Growth Equity, Real Estate, Infra, Russia, and Credit. CapMan also has a growing service business that includes fundraising advisory, procurement activities, reporting and analysis services and fund management.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Mandatum Life Insurance Company	11,588,286	22.597	7.6%
Ilmarinen Mutual Pension Insurance Company	10,464,415	20.406	6.8%
Oy Inventiainvest AB (Ari Tolppanen)	7,024,794	13.698	4.6%
Laakkonen Mikko Kalervo	6,378,320	12.438	4.2%
Varma Mutual Pension Insurance Company	3,675,215	7.167	2.4%
Joensuun Kauppa ja Kone Oy	3,161,853	6.166	2.1%
Vesasco Oy	3,088,469	6.023	2.0%
The State Pension Fund	2,500,000	4.875	1.6%
Heiwes Oy	2,094,480	4.084	1.4%
Momea Invest Oy	2,079,222	4.054	1.4%
Ten largest	52,055,054	101.507	34%
Residual	101,215,002	197.369	66%
Total	153,270,056	298.877	100%

EARNINGS CALENDAR

October 31, 2019

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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CFO: Niko Haavisto

Tel: +358 207 207 500

IR: Linda Tierala

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

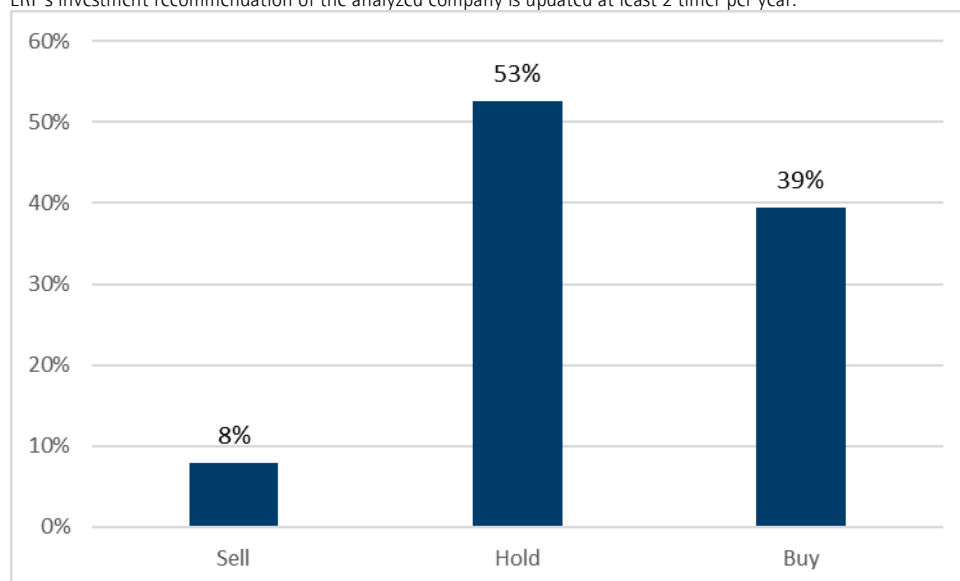
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Investment recommendations are defined as follows:

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

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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): Salokivi

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