

Profitability remains a concern

Consti's third quarter results were affected by lower profitability in a limited number of projects, with group EBIT at EUR -1.4m. The weaker profitability was largely related to electrical installations and project delays leading to additional costs from catching up with timetables and in our view of more temporary nature. Sales growth continued at a slower pace, as Consti has tightened tendering criteria. We retain our HOLD-rating with a target price of EUR 7.5 (8.2).

A fraction of projects driving weak profitability

Consti's third quarter EBIT was EUR -1.4m, affected by lower than expected profitability in project deliveries of the technical installations business included in the Technical Building Services business area and the housing repair business included in the Building Facades business area. The problems related largely to electrical installations and projects being delayed, resulting in additional catch up costs. The issues concern a limited number of projects, of which most will be completed during 2018. The profitability issues in our view are more of a temporary nature. Of some concern is the communication between worksites and management, as the problems appear to have come as a complete surprise.

Seeking to further tighten project tendering criteria

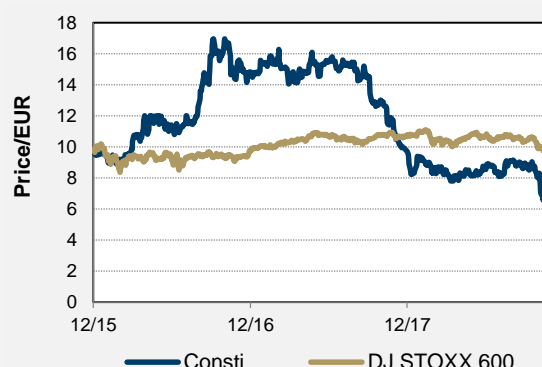
Consti's Q3 sales growth continued at a slower pace, at 1.4 % y/y, as Consti has been tightening project tendering criteria. Consti will also continue to tighten criteria, with building purpose modification projects being one area under scrutiny, having seen a EUR 4.0m negative impact from two such projects during 2018.

HOLD with a target price of EUR 7.5 (8.2)

Our estimates post-Q3 remain unchanged. We remain conservative on Q4 profitability due to the project issues but see potential for notable improvement. We retain our HOLD-rating with a target price of EUR 7.5 (8.2).

Rating

HOLD



Share price, EUR (Last trading day's closing price) 6.90

Target price, EUR 7.5

Latest change in recommendation 18-Oct-18

Latest report on company 29-Oct-18

Research paid by issuer: YES

No. of shares outstanding, '000's 7,858

No. of shares fully diluted, '000's 7,858

Market cap, EURm 54

Free float, % 78.0

Exchange rate EUR 1.000

Reuters code CONSTI.HE

Bloomberg code CONSTI FH

Average daily volume, EURm 0.09

Next interim report 07-Feb-19

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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
2016	262	11	4.2%	10	1.05	14.1	0.5	9.7	11.4	0.54
2017	300	0	-0.1%	-1	-0.14	-61.0	0.3	7.7	-207.0	0.00
2018E	306	2	0.5%	1	0.08	85.3	0.2	9.5	42.5	0.30
2019E	317	9	2.7%	8	0.78	8.8	0.2	5.6	7.0	0.40
2020E	325	13	3.9%	12	1.17	5.9	0.2	4.3	4.3	0.55
Market cap, EURm			54	BV per share 2018E, EUR		3.3	CAGR EPS 2017-20, %			0.0
Net debt 2018E, EURm			11	Price/book 2018E		2.1	CAGR sales 2017-20, %			2.6
Enterprise value, EURm			65	Dividend yield 2018E, %		4.3	ROE 2018E, %			2.5
Total assets 2018E, EURm			103	Tax rate 2018E, %		20.0	ROCE 2018E, %			3.5
Goodwill 2018E, EURm			49	Equity ratio 2018E, %		28.7	PEG, P/E 18/CAGR			0.5

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

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	6.90 PV of Free Cash Flow	69 Long-term growth, %	1.0 Risk-free interest rate, %	2.25
DCF share value	15.32 PV of Horizon value	64 WACC, %	8.6 Market risk premium, %	5.8
Share price potential, %	122.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	16.5 Marketable securities	10 Minimum WACC, %	8.1 Equity beta coefficient	1.15
Minimum value	14.3 Debt - dividend	-22 Maximum WACC, %	9.1 Target debt ratio, %	30
Horizon value, %	48.3 Value of stock	120 Nr of shares, Mn	7.9 Effective tax rate, %	20

DCF valuation, EURm	2017	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	Horizon
Net sales	300	306	317	325	331	338	341	344	348	351	355	358
<i>Sales growth, %</i>	<i>14.8</i>	<i>1.9</i>	<i>3.6</i>	<i>2.4</i>	<i>2.0</i>	<i>2.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>
Operating income (EBIT)	0	2	9	13	14	15	15	15	16	16	13	13
<i>EBIT margin, %</i>	<i>-0.1</i>	<i>0.5</i>	<i>2.7</i>	<i>3.9</i>	<i>4.2</i>	<i>4.5</i>	<i>4.5</i>	<i>4.5</i>	<i>4.5</i>	<i>4.5</i>	<i>3.5</i>	<i>3.5</i>
+ Depreciation+amort.	2	2	2	2	2	2	2	2	2	2	2	
- Income taxes	0	0	-2	-3	-3	-3	-3	-3	-3	-3	-3	
- Change in NWC	8	2	1	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-5.0</i>	<i>-5.6</i>	<i>-5.6</i>	<i>-5.6</i>	<i>-5.6</i>	<i>-5.6</i>	<i>-5.6</i>	<i>-5.6</i>	<i>-5.6</i>	<i>-5.6</i>	<i>-5.6</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-5	-4	-3	-2	-2	-2	-2	-2	-2	-2	-2	-2
<i>Investments / Sales, %</i>	<i>1.7</i>	<i>1.2</i>	<i>0.8</i>	<i>0.7</i>	<i>0.7</i>	<i>0.7</i>	<i>0.7</i>	<i>0.7</i>	<i>0.7</i>	<i>0.7</i>	<i>0.7</i>	<i>0.7</i>
- Other items	-1	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	4	2	7	10	11	12	12	13	13	13	10	136
= Discounted FCF (DFCF)		2	6	9	9	9	8	8	7	7	5	64
= DFCF min WACC		2	6	9	9	9	8	8	7	7	5	71
= DFCF max WACC		2	6	9	9	9	8	7	7	6	5	57

INTERIM FIGURES

EVLI ESTIMATES, EURm	2017Q1	2017Q2	2017Q3	2017Q4	2017	2018Q1	2018Q2	2018Q3	2018Q4E	2018E	2019E	2020E
Net sales	57	79	78	86	300	62	78	79	87	306	317	325
EBITDA	1	3	0	-2	2	0	2	-1	2	3	11	15
<i>EBITDA margin (%)</i>	<i>1.3</i>	<i>4.1</i>	<i>-0.3</i>	<i>-2.4</i>	<i>0.6</i>	<i>0.3</i>	<i>2.7</i>	<i>-1.3</i>	<i>2.4</i>	<i>1.1</i>	<i>3.4</i>	<i>4.6</i>
EBIT	0	3	-1	-3	0	0	2	-1	2	2	9	13
<i>EBIT margin (%)</i>	<i>0.5</i>	<i>3.4</i>	<i>-1.0</i>	<i>-3.0</i>	<i>-0.1</i>	<i>-0.4</i>	<i>2.2</i>	<i>-1.8</i>	<i>1.7</i>	<i>0.5</i>	<i>2.7</i>	<i>3.9</i>
Net financial items	0	0	0	0	-1	0	0	0	0	-1	-1	-1
Pre-tax profit	0	2	-1	-3	-1	0	2	-2	1	1	8	12
Tax	0	0	0	1	0	0	0	0	0	0	-2	-2
<i>Tax rate (%)</i>	<i>76.5</i>	<i>20.0</i>	<i>17.2</i>	<i>18.4</i>	<i>10.8</i>	<i>18.9</i>	<i>19.7</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0	2	-1	-2	-1	0	1	-1	1	1	6	9
EPS	0.00	0.26	-0.10	-0.30	-0.14	-0.04	0.16	-0.17	0.13	0.08	0.78	1.17
EPS adjusted (diluted no. of shares)	0.00	0.26	-0.10	-0.30	-0.14	-0.04	0.16	-0.17	0.13	0.08	0.78	1.17
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.40	0.55
SALES, EURm												
Technical Building Services	26	33	26	31	116	25	28	25	30	108	111	112
Renovation	16	21	21	23	81	18	21	24	24	87	89	92
Building Facades	17	28	34	35	114	22	33	34	37	126	133	137
Elimination	-2	-2	-3	-3	-11	-2	-4	-4	-4	-15	-16	-16
Total	57	79	78	86	300	62	78	79	87	306	317	325
SALES GROWTH, Y/Y %												
<i>Technical Building Services</i>	<i>9.7</i>	<i>17.1</i>	<i>0.6</i>	<i>18.8</i>	<i>11.8</i>	<i>-4.2</i>	<i>-14.6</i>	<i>-3.0</i>	<i>-4.3</i>	<i>-6.9</i>	<i>2.7</i>	<i>0.9</i>
<i>Renovation</i>	<i>-5.0</i>	<i>20.6</i>	<i>9.2</i>	<i>6.7</i>	<i>7.9</i>	<i>13.3</i>	<i>1.4</i>	<i>11.2</i>	<i>5.9</i>	<i>7.6</i>	<i>2.3</i>	<i>2.8</i>
<i>Building Facades</i>	<i>42.5</i>	<i>33.1</i>	<i>26.4</i>	<i>21.7</i>	<i>28.6</i>	<i>28.6</i>	<i>20.5</i>	<i>0.1</i>	<i>3.9</i>	<i>10.4</i>	<i>5.7</i>	<i>3.0</i>
<i>Elimination</i>	<i>57.9</i>	<i>109.2</i>	<i>103.8</i>	<i>58.2</i>	<i>80.6</i>	<i>53.0</i>	<i>97.5</i>	<i>15.1</i>	<i>19.7</i>	<i>39.7</i>	<i>7.3</i>	<i>0.0</i>
Total	11.5	21.6	10.4	15.3	14.8	8.7	-1.3	1.4	0.8	1.9	3.6	2.4
EBIT, EURm												
Group	0	3	-1	-3	0	0	2	-1	2	2	9	13
Total	0	3	-1	-3	0	0	2	-1	2	2	9	13
EBIT margin, %												
<i>Group</i>					<i>-93,750.0</i>							
Total	0.5	3.4	-1.0	-3.0	-0.1	-0.4	2.2	-1.8	1.7	0.5	2.7	3.9

INCOME STATEMENT, EURm	2013	2014	2015	2016	2017	2018E	2019E	2020E
Sales	172	216	256	262	300	306	317	325
<i>Sales growth (%)</i>	<i>0.0</i>	<i>25.6</i>	<i>18.6</i>	<i>2.1</i>	<i>14.8</i>	<i>1.9</i>	<i>3.6</i>	<i>2.4</i>
Costs	-165	-206	-244	-248	-298	-303	-306	-310
Reported EBITDA	7	10	13	13	2	3	11	15
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>4.1</i>	<i>4.5</i>	<i>4.9</i>	<i>5.0</i>	<i>0.6</i>	<i>1.1</i>	<i>3.4</i>	<i>4.6</i>
Depreciation	-1	-2	-2	-2	-2	-2	-2	-2
EBITA	6	8	11	11	0	2	9	13
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	6	8	11	11	0	2	9	13
<i>EBIT margin (%)</i>	<i>3.2</i>	<i>3.6</i>	<i>4.1</i>	<i>4.2</i>	<i>-0.1</i>	<i>0.5</i>	<i>2.7</i>	<i>3.9</i>
Net financials	-5	-5	-4	-1	-1	-1	-1	-1
Pre-tax profit	1	3	6	10	-1	1	8	12
Extraordinary items	0	0	-2	0	0	0	0	0
Taxes	0	-1	-1	-2	0	0	-2	-2
Minority shares	0	0	0	0	0	0	0	0
Net profit	16	2	3	8	-1	1	6	9
BALANCE SHEET, EURm								
Assets								
Fixed assets	7	7	6	6	5	7	7	7
<i>% of sales</i>	<i>4</i>	<i>3</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>2</i>
Goodwill	43	44	43	44	49	49	49	49
<i>% of sales</i>	<i>25</i>	<i>20</i>	<i>17</i>	<i>17</i>	<i>16</i>	<i>16</i>	<i>15</i>	<i>15</i>
Inventory	0	1	1	1	1	1	1	1
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Receivables	24	35	36	39	36	37	38	39
<i>% of sales</i>	<i>14</i>	<i>16</i>	<i>14</i>	<i>15</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>
Liquid funds	1	10	4	9	10	10	10	10
<i>% of sales</i>	<i>1</i>	<i>5</i>	<i>2</i>	<i>4</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>3</i>
Total assets	76	96	91	98	101	103	105	107
Liabilities								
Equity	-1	1	25	30	25	26	30	36
<i>% of sales</i>	<i>-1</i>	<i>0</i>	<i>10</i>	<i>11</i>	<i>8</i>	<i>8</i>	<i>9</i>	<i>11</i>
Deferred taxes	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Interest bearing debt	55	55	21	21	22	21	17	11
<i>% of sales</i>	<i>32</i>	<i>25</i>	<i>8</i>	<i>8</i>	<i>7</i>	<i>7</i>	<i>5</i>	<i>3</i>
Non-interest bearing current liabilities	22	40	43	46	52	55	57	58
<i>% of sales</i>	<i>13</i>	<i>18</i>	<i>17</i>	<i>18</i>	<i>17</i>	<i>18</i>	<i>18</i>	<i>18</i>
Other interest free debt	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total liabilities	76	96	91	98	101	103	105	107
CASH FLOW, EURm								
+ EBITDA	7	10	13	13	2	3	11	15
- Net financial items	-5	-5	-4	-1	-1	-1	-1	-1
- Taxes	-1	0	-1	-2	0	0	-2	-2
- Increase in Net Working Capital	-3	8	2	0	8	2	1	0
+/- Other	15	0	-2	0	-1	0	0	0
= Cash flow from operations	14	12	7	11	9	5	9	12
- Capex	-51	-2	-1	-3	-1	-4	-3	-2
- Acquisitions	0	0	0	0	-4	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	-37	9	6	8	3	1	6	9
+/- Change in interest-bearing debt	55	-1	-33	0	0	-1	-4	-6
+/- New issues/buybacks	-17	0	21	0	1	0	0	0
- Paid dividend	0	0	0	-3	-4	0	-2	-3
+/- Change in loan receivables	0	1	0	0	1	0	0	0
Change in cash	2	9	-6	5	1	0	0	0

KEY FIGURES	2014	2015	2016	2017	2018E	2019E	2020E
M-cap	0	73	112	66	54	54	54
Net debt	44	17	12	12	11	7	1
Enterprise value	44	91	125	78	65	61	55
Sales	216	256	262	300	306	317	325
EBITDA	10	13	13	2	3	11	15
EBIT	8	11	11	0	2	9	13
Pre-tax	3	6	10	-1	1	8	12
Earnings	2	5	8	-1	1	6	9
Book value	1	25	30	25	26	30	36
Valuation multiples							
EV/sales	0.2	0.4	0.5	0.3	0.2	0.2	0.2
EV/EBITDA	4.5	7.2	9.5	45.3	19.2	5.7	3.7
EV/EBITA	5.7	8.6	11.4	-207.0	42.5	7.0	4.3
EV/EBIT	5.7	8.6	11.4	-207.0	42.5	7.0	4.3
EV/operating cash flow	2.7	7.0	10.8	9.1	11.4	6.3	4.3
EV/cash earnings	9.6	12.4	11.9	273.3	22.4	7.4	4.8
P/E	0.0	13.6	14.1	-61.0	85.3	8.8	5.9
P/E excl. goodwill	0.0	13.6	14.1	-61.0	85.3	8.8	5.9
P/B	0.0	3.0	3.8	2.6	2.1	1.8	1.5
P/sales	0.0	0.3	0.4	0.2	0.2	0.2	0.2
P/CF	0.0	5.7	9.7	7.7	9.5	5.6	4.3
Target EV/EBIT	0.0	0.0	0.0	0.0	45.6	7.6	4.6
Target P/E	0.0	0.0	0.0	0.0	92.7	9.6	6.4
Target P/B	0.0	0.0	0.0	0.0	2.3	2.0	1.6
Per share measures							
Number of shares	7,615	7,615	7,621	7,621	7,858	7,858	7,858
Number of shares (diluted)	7,615	7,615	7,621	7,621	7,858	7,858	7,858
EPS	0.26	0.70	1.05	-0.14	0.08	0.78	1.17
EPS excl. goodwill	0.26	0.70	1.05	-0.14	0.08	0.78	1.17
Cash EPS	0.60	0.96	1.38	0.04	0.37	1.05	1.44
Operating cash flow per share	2.13	1.69	1.52	1.12	0.72	1.23	1.62
Capital employed per share	5.87	5.51	5.48	4.90	4.66	4.65	4.62
Book value per share	0.07	3.22	3.89	3.32	3.30	3.78	4.55
Book value excl. goodwill	-5.65	-2.49	-1.90	-3.06	-2.89	-2.40	-1.63
Dividend per share	0.00	0.39	0.54	0.00	0.30	0.40	0.55
Dividend payout ratio, %	0.0	55.4	51.5	0.0	370.7	51.0	47.0
Dividend yield, %	0.0	4.1	3.7	0.0	4.3	5.8	8.0
Efficiency measures							
ROE	0.0	42.8	29.5	-3.9	2.5	22.1	28.1
ROCE	14.3	21.0	22.7	-0.6	3.5	18.9	27.6
Financial ratios							
Capex/sales, %	1.1	0.5	1.0	1.7	1.2	0.8	0.7
Capex/depreciation excl. goodwill,%	100.0	66.0	87.6	36.4	202.1	126.1	107.9
Net debt/EBITDA, book-weighted	4.5	1.4	0.9	7.0	3.2	0.6	0.0
Debt/equity, market-weighted	0.0	0.3	0.2	0.3	0.4	0.3	0.2
Equity ratio, book-weighted	0.5	31.4	34.8	28.8	28.7	28.2	33.5
Gearing	88.40	0.71	0.41	0.48	0.41	0.23	0.01
Number of employees, average	853	890	935	1,079	1,111	1,145	1,156
Sales per employee, EUR	253,107	287,810	279,704	278,222	275,321	276,926	280,671
EBIT per employee, EUR	9,144	11,819	11,708	-347	1,374	7,600	11,071

COMPANY DESCRIPTION: Consti, listed in the Helsinki stock exchange in 2015, is one of the leading renovation and technical service companies in Finland. Consti has a comprehensive service offering covering technical building services, residential pipeline renovation, renovation contracting, building facade repair and maintenance, and other renovation and technical services for demanding residential and non-residential properties. Consti's strongest position is in residential building pipeline and façade renovations. Consti was established in 2008 to meet the growing need for repair and construction work.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ilmarinen Mutual Pension Insurance Company	780,451	5.385	9.9%
Evli Finnish Small Cap Fund	499,568	3.447	6.4%
Danske Invest Finnish Institutional Equity Fund	425,818	2.938	5.4%
Korkeela Esa Sakari	411,600	2.840	5.2%
Kivi Risto Juhani	375,300	2.590	4.8%
OP-Finland Small Firms Fund	307,977	2.125	3.9%
Kalervo Markku	297,900	2.056	3.8%
Korkeela Antti Petteri	276,894	1.911	3.5%
Danske Invest Finland Opportunities	216,229	1.492	2.8%
Aktia Capital Investment Fund	185,850	1.282	2.4%
Ten largest	3,777,587	26.065	48%
Residual	4,080,680	28.157	52%
Total	7,858,267	54.222	100%

EARNINGS CALENDAR

February 07, 2019	FY 2018 Results
April 26, 2019	Q1 report
July 26, 2019	Q2 report
October 25, 2019	Q3 report

OTHER EVENTS

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COMPANY MISCELLANEOUS

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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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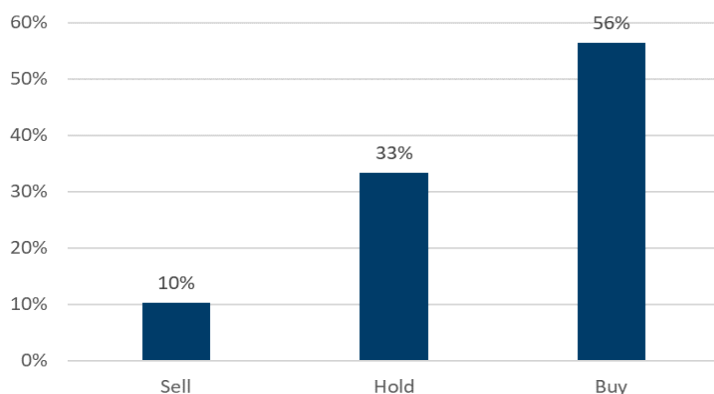
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:

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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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