

Corona related bump in the road

DT's Q1 result clearly missed expectations due to weaker than expected demand and profitability development caused by COVID-19. DT expects weakness in SBU sales to continue throughout the year, while MBU is enjoying good momentum. DT is well positioned to weather out the storm and its competitive position with new products remains good. We have lowered our estimates for 2020e and based on the estimates cut, we lower our target price to 22€ (prev. 24€) but maintain BUY recommendation.

Corona pandemic affecting SBU demand and profitability

DT's Q1 net sales amounted to 19.9 MEUR (-13.6% y/y) vs. 22.2/22.0 MEUR Evli/consensus estimates. Q1 EBIT was 1.2 MEUR (5.9% margin) vs. 2.8/2.6 MEUR Evli/cons. R&D costs amounted to 2.6 MEUR or 13% of net sales (11% Q1'19). SBU had net sales of 11.5 MEUR vs. 14.2 MEUR Evli estimate. SBU sales declined -20% y/y, mainly due the COVID-19 pandemic. Both air and land transport decreased from 30 to 90% in different segments. MBU delivered net sales of 8.4 MEUR which was in line with our estimate of 8.0 MEUR. Net sales of MBU decreased by -2% y/y due to the expected softness in the CT market outside China at the beginning of the year, and the ramp-down in production of a product family started by one of DT's key customers last year. The COVID-19 pandemic increased demand in CT applications towards the end of Q1, but relatively high comparison figures led to the overall development in net sales remaining negative.

Mid-term fundamentals remain good for both BU's

DT expects lower demand in the security segment to continue in Q2 and SBU sales to decrease in 2020. DT sees that despite the short-term challenges in the aviation segment, ECAC C3 standard equipment upgrades will continue at European airports, but the deadline for CT machine installations will be probably extended by 6-12 months. The CT upgrades in the US have continued, however a slight delay is expected for future purchases. China is also preparing similar standardization and has informed earlier that they will publish details by the end of 2020. On the other hand, MBU sales is enjoying better momentum as CT imaging is used to detect pulmonary changes caused by the COVID-19 virus, as well as in the diagnosis and treatment of patients. DT sees demand in medical CT applications remaining at a good level also in H2 and MBU sales to increase in 2020.

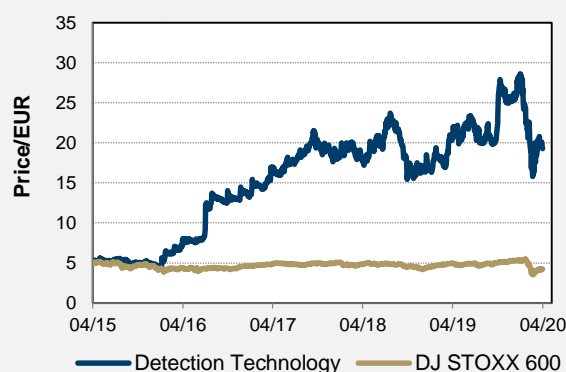
Investment story remains attractive despite bump in the road

Based on the report, we have cut our 2020e sales and EBIT estimates by 8% and 23% respectively, while keeping our 2021-22e estimates broadly unchanged. We expect SBU sales to decline -13% from last year's highs and MBU to grow 17%, resulting in 2020e net sales to decline -3% and EBIT of 13 MEUR.

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	93.9	18.5	19.7%	1.4	1.03	15.1	2.2	11.1	0.6	0.38
2019	102.5	17.0	16.6%	7.6	0.87	29.5	3.4	20.4	2.1	0.38
2020E	99.2	13.0	13.1%	10.5	0.71	27.0	2.5	19.3	3.8	0.38
2021E	111.6	18.4	16.5%	11.1	1.02	18.8	2.2	13.3	4.0	0.41
2022E	125.2	21.9	17.5%	13.7	1.22	15.8	1.9	10.9	4.9	0.49
Market cap, EURm			277	Gearing 2020E, %		-40.3	CAGR EPS 2019-22, %			12.1
Net debt 2020E, EURm			-25	Price/book 2020E		4.4	CAGR sales 2019-22, %			6.9
Enterprise value, EURm			251	Dividend yield 2020E, %		2.0	ROE 2020E, %			16.9
Total assets 2020E, EURm			76	Tax rate 2020E, %		20.0	ROCE 2020E, %			20.4
Goodwill 2020E, EURm			0	Equity ratio 2020E, %		84.2	PEG, P/E 20/CAGR			1.6

Rating

+ BUY


Share price, EUR (Last trading day's closing price) 19.25

Target price, EUR 22.0

Latest change in recommendation 21-Apr-20

Latest report on company 21-Apr-20

Research paid by issuer: YES

No. of shares outstanding, '000's 14,375

No. of shares fully diluted, '000's 14,875

Market cap, EURm 277

Free float, % -

Exchange rate -

Reuters code DETEC.HE

Bloomberg code DETEC FH

Average daily volume, EURm 0.0

Next interim report 4-Aug-20

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+ BUY ■ HOLD ■ SELL

On our revised estimates, DT is trading at 19x and 13x EV/EBIT multiples for 20E-21E. Valuation picture is now more mixed as 2020e metrics will be clearly lower due to the pandemic, and growth and profitability should resume in 2021e. DT is now trading on slight EV/EBIT premium on our 2020e estimates, but on a 12% discount on our 2021e estimates. Although 2020e will be challenging, DT is well positioned to weather out the storm and its competitive position with its new products remains good. Therefore, we continue to see DT as an attractive investment story given the strong longer-term drivers, especially in China, as well as DT's compelling strategy and execution capabilities. Based on the estimates cut, we lower our target price to 22€ (prev. 24€) but maintain BUY recommendation. Our target price implies EV/EBIT multiple of 15.5x on our 2020e estimates, broadly in line with our peer group.

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	23.1	27.5	26.9	25.0	102.5	19.9	25.0	27.0	27.3	99.2	111.6	125.2
EBITDA	4.4	5.5	5.7	4.3	19.9	1.8	2.5	5.4	6.2	15.9	21.4	25.0
<i>EBITDA margin (%)</i>	<i>19.2</i>	<i>20.0</i>	<i>21.3</i>	<i>17.1</i>	<i>19.5</i>	<i>9.0</i>	<i>10.0</i>	<i>20.0</i>	<i>22.7</i>	<i>16.0</i>	<i>19.2</i>	<i>20.0</i>
EBIT	3.9	4.8	5.1	3.2	17.0	1.2	1.9	4.8	5.1	13.0	18.4	21.9
<i>EBIT margin (%)</i>	<i>16.7</i>	<i>17.5</i>	<i>19.1</i>	<i>12.8</i>	<i>16.6</i>	<i>6.0</i>	<i>7.6</i>	<i>17.8</i>	<i>18.7</i>	<i>13.1</i>	<i>16.5</i>	<i>17.5</i>
Net financial items	0.0	-0.7	-0.1	-0.2	-1.0	0.0	0.0	0.0	0.0	-0.2	0.0	0.0
Pre-tax profit	3.9	4.2	5.0	3.0	16.0	1.2	1.9	4.8	5.1	12.8	18.4	21.9
Tax	-0.3	-0.9	-1.0	-1.3	-3.6	-0.2	-0.4	-0.9	-1.0	-2.6	-3.7	-4.4
<i>Tax rate (%)</i>	<i>9.1</i>	<i>22.9</i>	<i>20.0</i>	<i>41.6</i>	<i>22.2</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	3.5	3.2	4.0	1.8	12.5	0.9	1.5	3.8	4.0	10.2	14.7	17.5
EPS	0.24	0.22	0.28	0.12	0.87	0.06	0.10	0.26	0.28	0.71	1.02	1.22
EPS adjusted (diluted no. of shares)	0.24	0.22	0.27	0.12	0.84	0.06	0.10	0.26	0.27	0.69	0.99	1.18
Dividend per share	0.00	0.00	0.00	0.00	0.38	0.00	0.00	0.00	0.00	0.38	0.41	0.49
SALES, EURm												
MBU	8.6	8.1	8.4	8.6	33.7	8.4	9.8	10.5	10.8	39.5	44.4	49.7
SBU	14.5	19.4	18.6	16.4	68.9	11.5	15.2	16.5	16.5	59.7	67.2	75.5
Total	23.1	27.5	26.9	25.0	102.5	19.9	25.0	27.0	27.3	99.2	111.6	125.2
SALES GROWTH, Y/Y %												
MBU	15.0	-12.1	-27.4	-14.9	-12.1	-2.3	21.0	25.7	25.6	17.4	12.3	12.0
SBU	22.9	27.6	41.6	5.8	23.8	-20.7	-21.6	-11.1	0.6	-13.3	12.6	12.3
Total	19.8	12.6	9.3	-2.3	9.2	-13.9	-9.1	0.4	9.2	-3.2	12.5	12.2

DETECTION TECHNOLOGY PEER GROUP	Security identifier	EBIT % 20E	EBIT % 21E	EBITDA % 20E	EBITDA % 21E	ROCE % 20E	ROCE % 21E
First Sensor AG	SIS-DE						
Hamamatsu Photonics K.K.	6965-JP	18	19	25	27	12	12
OSI Systems, Inc.	OSIS-US	10	10	16	17		
Varex Imaging Corporation	VREX-US	9	11	14	16	8	9
ams AG	AMS-CH	16	19	30	32	8	11
Analog Devices, Inc.	ADI-US	38	40	41	43	11	12
Keysight Technologies Inc	KEYS-US	24	25	28	28	17	16
Spectris plc	SXS-GB	14	15	18	19	12	13
Oxford Instruments plc	OXIG-GB	13	14	16	17	16	17
Trimble Inc.	TRMB-US	17	19	20	22	9	11
Hexagon AB Class B	HEXA.B-SE	23	25	32	34	9	10
Vaisala Oyj Class A	VAIAS-FI	11	12	16	17	25	28
Peer Group Average		17	19	23	24	13	14
Peer Group Median		16	18	20	22	12	12
Detection Technology (Evli est.)		13	17	16,0	18,9	20	27

DETECTION TECHNOLOGY PEER GROUP	Security identifier	ROE % 20E	ROE % 21E	DIV % 20E	DIV % 21E	P/E 20E	P/E 21E
First Sensor AG	SIS-DE						
Hamamatsu Photonics K.K.	6965-JP	10	10	0,9	0,9	35,7x	32,2x
OSI Systems, Inc.	OSIS-US	15	14			16,4x	15,7x
Varex Imaging Corporation	VREX-US	11	13			18,5x	14,7x
ams AG	AMS-CH	13	16	0,3	0,5	4,8x	3,5x
Analog Devices, Inc.	ADI-US	14	16	2,3	2,4	24,8x	20,8x
Keysight Technologies Inc	KEYS-US	28	25	0,0	0,0	19,7x	18,0x
National Instruments Corporation	NATI-US	14	12	2,8	2,9	29,6x	31,0x
Spectris plc	SXS-GB	11	13	1,9	2,5	21,5x	17,9x
Oxford Instruments plc	OXIG-GB	12	14	1,1	1,2	25,0x	20,9x
Trimble Inc.	TRMB-US	12	13	0,0	0,0	19,8x	16,2x
Hexagon AB Class B	HEXA.B-SE	11	12	1,4	1,6	22,3x	18,7x
Vaisala Oyj Class A	VAIAS-FI	16	18	2,1	2,2	33,6x	27,7x
Peer Group Average		14	15	1,3	1,4	22,6x	19,8x
Peer Group Median		13	13	1,3	1,4	21,9x	18,4x
Detection Technology (Evli est.)		17	22	2,0	2,1	27,0x	18,8x

23 % 2 %

DETECTION TECHNOLOGY PEER GROUP	Security identifier	EV/S 20E	EV/S 21E	EV/EBITDA 20E	EV/EBITDA 21E	EV/EBIT 20E	EV/EBIT 21E
First Sensor AG	SIS-DE						
Hamamatsu Photonics K.K.	6965-JP	4,6x	4,4x	18,7x	16,3x	25,8x	23,3x
OSI Systems, Inc.	OSIS-US	1,3x	1,2x	7,9x	7,2x	13,0x	11,6x
Varex Imaging Corporation	VREX-US	1,5x	1,4x	11,1x	8,8x	16,6x	13,6x
ams AG	AMS-CH	1,7x	1,3x	5,8x	3,9x	10,4x	6,6x
Analog Devices, Inc.	ADI-US	8,1x	7,4x	19,5x	17,0x	21,4x	18,6x
Keysight Technologies Inc	KEYS-US	4,2x	4,0x	15,2x	14,4x	17,4x	16,1x
Spectris plc	SXS-GB	2,2x	2,0x	12,1x	10,4x	15,8x	13,2x
Oxford Instruments plc	OXIG-GB	2,1x	1,9x	13,3x	11,1x	15,9x	13,3x
Trimble Inc.	TRMB-US	3,1x	2,7x	15,2x	12,5x	18,0x	14,1x
Hexagon AB Class B	HEXA.B-SE	4,5x	4,0x	14,0x	11,8x	19,9x	16,2x
Vaisala Oyj Class A	VAIAS-FI	2,7x	2,5x	17,4x	14,9x	24,8x	21,1x
Peer Group Average		3,3x	3,0x	14,0x	11,9x	18,5x	15,5x
Peer Group Median		2,9x	2,6x	14,6x	12,2x	17,7x	15,1x
Detection Technology (Evli est.)		2,5x	2,2x	15,7x	11,6x	19,2x	13,3x

Premium/discount relative to peer group median

-13 % -16 % 7 % -5 % 8 % -12 %

DETECTION TECHNOLOGY PEER GROUP	Security identifier	Sales growth % 20E	Sales growth % 21E	Net debt / EBITDA 20E	Net debt / EBITDA 21E	Equity ratio % 20E	Equity ratio % 21E
First Sensor AG	SIS-DE						
Hamamatsu Photonics K.K.	6965-JP	3,2	5,7	-2,1x	-1,9x	79,7	80,5
OSI Systems, Inc.	OSIS-US	1,7	0,0	1,1x	0,7x		
Varex Imaging Corporation	VREX-US	1,8	1,8	2,8x	1,9x	43,9	46,9
ams AG	AMS-CH	11,8	27,7	1,5x	0,8x	50,9	52,9
Analog Devices, Inc.	ADI-US	-9,9	8,0	2,0x	1,6x	55,6	57,4
Keysight Technologies Inc	KEYS-US	2,5	5,3	0,2x	0,3x	48,7	54,1
National Instruments Corporation	NATI-US	-3,1	0,0	-1,1x	-1,2x	74,0	75,9
Spectris plc	SXS-GB	-14,6	6,4	-0,2x	-0,4x	66,5	66,5
Oxford Instruments plc	OXIG-GB	-10,0	6,6	-1,3x	-1,4x	61,5	64,3
Trimble Inc.	TRMB-US	-4,9	8,0	2,2x	1,3x	49,5	52,7
Hexagon AB Class B	HEXA.B-SE	-5,3	9,0	1,4x	0,8x	59,1	60,1
Vaisala Oyj Class A	VAIAS-FI	-3,3	5,4	-0,3x	-0,5x	55,8	57,9
Peer Group Average		-2,5	8,4	0,5x	0,2x	58,6	60,8
Peer Group Median		-3,2	6,5	0,7x	0,5x	55,8	57,9
Detection Technology (Evli est.)		-3,2	12,5	-1,7x	-1,5x	84,2	84,4

Source: Factset, Evli Research

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	42.8	75.5	89.0	93.9	102.5	99.2	111.6	125.2
<i>Sales growth (%)</i>	<i>29.2</i>	<i>76.5</i>	<i>17.9</i>	<i>5.5</i>	<i>9.2</i>	<i>-3.2</i>	<i>12.5</i>	<i>12.2</i>
EBITDA	5.8	17.3	22.1	20.9	19.9	15.9	21.4	25.0
<i>EBITDA margin (%)</i>	<i>13.4</i>	<i>22.9</i>	<i>24.9</i>	<i>22.3</i>	<i>19.5</i>	<i>16.0</i>	<i>19.2</i>	<i>20.0</i>
Depreciation	-1.3	-2.5	-2.2	-2.4	-2.9	-2.9	-3.0	-3.1
EBITA	4.5	14.8	19.9	18.5	17.0	13.0	18.4	21.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.5	14.8	19.9	18.5	17.0	13.0	18.4	21.9
<i>EBIT margin (%)</i>	<i>10.5</i>	<i>19.6</i>	<i>22.4</i>	<i>19.7</i>	<i>16.6</i>	<i>13.1</i>	<i>16.5</i>	<i>17.5</i>
Reported EBIT	3.4	14.8	19.9	18.5	17.0	13.0	18.4	21.9
<i>EBIT margin (reported) (%)</i>	<i>8.0</i>	<i>19.6</i>	<i>22.4</i>	<i>19.7</i>	<i>16.6</i>	<i>13.1</i>	<i>16.5</i>	<i>17.5</i>
Net financials	-2.4	-0.7	-0.5	-0.1	-1.0	-0.2	0.0	0.0
Pre-tax profit	2.1	14.1	19.4	18.4	16.0	12.8	18.4	21.9
Taxes	-0.1	-3.2	-4.2	-3.6	-3.6	-2.6	-3.7	-4.4
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.9	10.9	15.2	14.9	12.5	10.2	14.7	17.5
Cash NRIs	-1.1	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	7	6	6	9	10	11	11	11
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	0	0	0	0
Inventory	7	11	9	13	14	14	15	17
Receivables	14	22	21	27	27	26	29	32
Liquid funds	7	16	27	22	26	25	31	39
Total assets	35	54	62	71	77	76	86	100
Liabilities								
Shareholder's equity	21	31	42	51	58	63	72	84
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	1	7	5	4	6	0	0	0
Non-interest bearing current liabilities	11	14	15	15	12	12	13	15
Other interest-free debt	2	3	1	0	1	1	1	1
Total liabilities	35	54	62	71	77	76	86	100
CASH FLOW, EURm								
+ EBITDA	6	17	22	21	20	16	21	25
- Net financial items	4	8	11	0	-1	0	0	0
- Taxes	0	-1	-3	-5	-4	-3	-4	-4
- Increase in Net Working Capital	-2	-11	1	-10	-3	1	-3	-4
+/- Other	-8	-9	-12	0	0	0	0	0
= Cash flow from operations	0	5	19	6	12	14	14	17
- Capex	-5	-2	-2	-5	-4	-4	-3	-3
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-4	3	17	1	8	10	11	14
+/- New issues/buybacks	19	0	-1	0	0	0	0	0
- Paid dividend	0	-1	-3	-5	-5	-5	-5	-6
+/- Other	-10	6	-2	0	2	-6	0	0
Change in cash	4	8	11	-4	4	-1	6	8

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	188	250	224	368	277	277	277
Net debt (excl. convertibles)	-9	-22	-18	-20	-25	-31	-39
Enterprise value	179	228	206	348	251	246	238
Sales	76	89	94	103	99	112	125
EBITDA	17	22	21	20	16	21	25
EBIT	15	20	19	17	13	18	22
Pre-tax	14	19	18	16	13	18	22
Earnings	11	15	15	12	10	15	18
Equity book value (excl. minorities)	31	42	51	58	63	72	84
Valuation multiples							
EV/sales	2.4	2.6	2.2	3.4	2.5	2.2	1.9
EV/EBITDA	10.3	10.3	9.8	17.4	15.8	11.5	9.5
EV/EBITA	12.1	11.5	11.1	20.4	19.3	13.3	10.9
EV/EBIT	12.1	11.5	11.1	20.4	19.3	13.3	10.9
EV/OCF	36.6	12.3	33.6	28.9	17.9	17.2	14.1
EV/FCFF	48.3	13.3	142.7	41.6	23.6	22.2	17.4
P/FCFE	57.3	14.9	162.4	48.5	26.4	25.0	20.2
P/E	17.2	16.5	15.1	29.5	27.0	18.8	15.8
P/B	6.1	6.0	4.4	6.3	4.4	3.8	3.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	18.3	13.3	11.1
Target EV/EBIT	0.0	0.0	0.0	0.0	22.4	15.5	12.7
Target EV/FCF	0.0	0.0	0.0	0.0	27.7	25.8	20.3
Target P/B	0.0	0.0	0.0	0.0	5.0	4.4	3.8
Target P/E	0.0	0.0	0.0	0.0	32.0	22.2	18.7
Per share measures							
Number of shares	13,426	13,901	14,375	14,375	14,375	14,375	14,375
Number of shares (diluted)	13,426	13,901	14,849	14,875	14,875	14,875	14,875
EPS	0.81	1.09	1.03	0.87	0.71	1.02	1.22
Operating cash flow per share	0.36	1.34	0.43	0.84	0.98	1.00	1.17
Free cash flow per share	0.24	1.21	0.10	0.53	0.73	0.77	0.95
Book value per share	2.30	3.00	3.57	4.06	4.39	5.04	5.85
Dividend per share	0.25	0.35	0.38	0.38	0.38	0.41	0.49
Dividend payout ratio, %	30.8	32.1	36.7	43.9	53.0	40.0	40.0
Dividend yield, %	1.8	1.9	2.4	1.5	2.0	2.1	2.5
FCF yield, %	1.7	6.7	0.6	2.1	3.8	4.0	4.9
Efficiency measures							
ROE	41.9	41.8	32.0	22.7	16.9	21.7	22.4
ROCE	48.2	47.4	36.4	28.5	20.4	27.2	28.0
Financial ratios							
Inventories as % of sales	14.0	9.6	14.2	13.8	13.8	13.8	13.8
Receivables as % of sales	28.6	24.1	28.4	25.9	25.9	25.9	25.9
Non-interest bearing liabilities as % of sales	18.7	16.8	16.4	12.1	12.1	12.1	12.1
NWC/sales, %	21.5	15.7	25.9	27.0	27.0	27.1	27.1
Operative CAPEX/sales, %	2.1	2.1	5.0	4.4	3.6	2.9	2.5
CAPEX/sales (incl. acquisitions), %	2.1	2.1	5.0	4.4	3.6	2.9	2.5
FCFF/EBITDA	0.2	0.8	0.1	0.4	0.7	0.5	0.5
Net debt/EBITDA, book-weighted	-0.5	-1.0	-0.9	-1.0	-1.6	-1.5	-1.6
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	57.8	67.5	73.0	76.6	84.2	84.4	84.9
Gearing, %	-29.2	-52.3	-35.6	-34.9	-40.3	-42.9	-46.2

COMPANY DESCRIPTION: Detection Technology is a global provider of off-the-shelf and customized X-ray imaging solutions for medical, security and industrial applications. DT's product portfolio ranges from photodiodes to complete detector systems with ASICs, electronics, mechanics and software. The company was established in 1991 and it listed on Nasdaq First North Finland in 2015. The company is headquartered in Finland and has volume production in Beijing, China. Detection Technology has over 500 employees in Finland, China, France and USA, serving 260 active customers in over 40 countries.

INVESTMENT CASE: Demand for Detection Technology's detector solutions is increasing due to expansion of healthcare to a wider share of population in the emerging economies, aging population, growth in travelling and freight transport, urbanization, increased security concerns and increasing need for X-ray imaging applications in industrial inspection. We see investment case attractive due to strong market drivers, especially in China, as well as DT's compelling strategy and execution capabilities, which should enable DT to grow faster than the market and maintain above target level margins. Due to its proximity to the fastest growing market China and inexpensive valuation, DT could be also become an acquisition target.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ac Invest Seven B.V.	5,205,167	100.199	36.2%
OP-Finland Value Fund	651,065	12.533	4.5%
Ilmarinen Mutual Pension Insurance Company	554,000	10.665	3.9%
Varma Mutual Pension Insurance Company	515,000	9.914	3.6%
Sijoitusrahasto Aktia Capital	484,762	9.332	3.4%
Fondita Nordic Micro Cap	390,000	7.507	2.7%
Evli Finnish Small Cap Fund	327,259	6.300	2.3%
Martola Hannu Veikko	322,875	6.215	2.2%
Saastopankki Kotimaa	200,000	3.850	1.4%
Ten largest	8,650,128	166.515	60%
Residual	5,725,302	110.212	40%
Total	14,375,430	276.727	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Hannu Martola

CFO: Petri Hiljanen

IR: Johanna Tarkiainen

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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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Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

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 times per year.

Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

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): Forslund

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