

COVID-19 - a near term threat with a silver lining

Detection Technology will report Q1 earnings next Monday, April 27th. We've slightly lowered our near term estimates due to the pandemic. Despite the current headwinds related to coronavirus, we see longer term investment case intact. We maintain our target price of 24 euros, rating is now BUY (prev. HOLD).

COVID-19 – both a threat and part opportunity

DT usually doesn't give full year guidance due to short visibility into customer demand. With the ongoing corona pandemic, it's even harder to make predictions now. As airline travel is constrained, the pandemic can be expected to weigh negatively in H1 on SBU, which represents roughly 2/3 of DT's sales. On the other hand, CT scanning is used to detect virus-related pulmonary changes, which in turn increases demand for CT scanners especially in China. DT's recently launched new production facility in Wuxi provides additional capacity to support the possible increase in demand for CT equipment. As CT equipment plays an important role in diagnosing and treatment of COVID-19, DT has been permitted to keep its Beijing site operational and start manufacturing in Wuxi despite restrictions set by the local and national authorities in China.

Estimates cut, but investment story remains compelling despite near term uncertainties

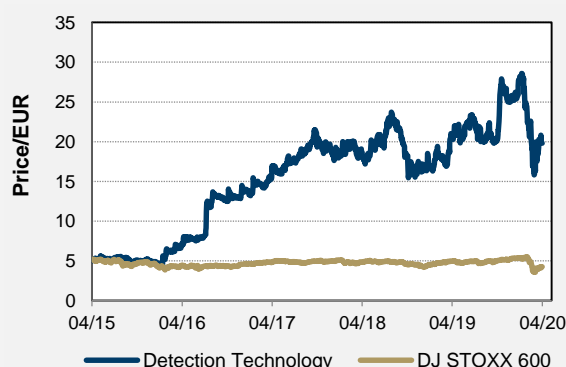
Given the change in the landscape due to COVID-19, we've slightly lowered our Q1 estimates, especially for SBU. For Q1'20, we estimate SBU declining -2% and MBU declining -7% y/y, with total Q1 net sales declining -4% y/y to 22.2 MEUR (22.3 MEUR cons). Our Q1 EBIT estimate is 2.8 MEUR (2.9 MEUR cons), which is down 30% compared to 3.9 MEUR last year. We've revised down our FY'20E sales growth estimate from 10% to 6%. We still expect most of the growth to materialize in H2 as growth returns, especially in China, and volumes of new Aurora and X-Panel CMOS products ramp-up. Consequently, we've also lowered our FY'20E EBIT estimate by 11% due to lower sales and increased spending. Our estimates beyond 2020E are broadly unchanged, and we expect EBIT to improve in medium term due to volume growth and better GM's due to mix and new products. We note however that coronavirus poses a clear near-term threat to our estimates, especially if the current situation is prolonged.

We maintain TP of 24 euros, with rating BUY (prev. HOLD)

On our revised estimates, DT is trading at 15x and 12x EV/EBIT multiples for 20E-21E. This is roughly 15-20% below our peer group, which we see inexpensive and unwarranted given strong market drivers, especially in China, as well as DT's compelling strategy and execution capabilities. We maintain our target price of 24 euros, rating is now BUY (prev. HOLD).

Rating

BUY



Share price, EUR (Last trading day's closing price) 19.80

Target price, EUR 24.0

Latest change in recommendation 21-Apr-20

Latest report on company 11-Feb-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 285

Free float, % -

Exchange rate -

Reuters code DETEC.HE

Bloomberg code DETEC FH

Average daily volume, EURm -

Next interim report 27-Apr-20

Web site deetee.com/investors/

Analyst Jonas Forslund

E-mail jonas.forslund@evli.com

Telephone

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
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	108.4	17.0	15.7%	12.3	0.93	21.2	2.4	15.1	4.3	0.38
2021E	122.0	21.3	17.5%	12.1	1.19	16.7	2.1	11.8	4.3	0.47
2022E	136.8	24.6	18.0%	14.3	1.37	14.4	1.8	9.9	5.0	0.55
Market cap, EURm	285		Gearing 2020E, %		-41.1		CAGR EPS 2019-22, %		16.5	
Net debt 2020E, EURm	-27		Price/book 2020E		4.3		CAGR sales 2019-22, %		10.1	
Enterprise value, EURm	257		Dividend yield 2020E, %		1.9		ROE 2020E, %		21.6	
Total assets 2020E, EURm	80		Tax rate 2020E, %		20.0		ROCE 2020E, %		26.0	
Goodwill 2020E, EURm	0		Equity ratio 2020E, %		83.4		PEG, P/E 20/CAGR		2.0	

DETECTION TECHNOLOGY PEER GROUP	Security identifier	EBIT %	EBIT %	EBITDA %	EBITDA %	ROCE %	ROCE %
		20E	21E	20E	21E	20E	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	13	14
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	33	34	9	11
Vaisala Oyj Class A	VAIAS-FI	11	12	16	17	25	27
Peer Group Average		17	19	23	24	13	14
Peer Group Median		16	18	20	22	12	12
Detection Technology (Evli est.)		16	18	18,4	19,9	26	30

DETECTION TECHNOLOGY PEER GROUP	Security identifier	ROE %	ROE %	DIV %	DIV %	P/E	P/E
		20E	21E	20E	21E	20E	21E
First Sensor AG	SIS-DE						
Hamamatsu Photonics K.K.	6965-JP	10	10	0,9	1,0	35,1x	31,7x
OSI Systems, Inc.	OSIS-US	15	14			16,4x	15,5x
Varex Imaging Corporation	VREX-US	11	13			18,1x	14,7x
ams AG	AMS-CH	13	16	0,3	1,0	4,6x	3,3x
Analog Devices, Inc.	ADI-US	14	16	2,3	2,5	24,1x	19,9x
Keysight Technologies Inc	KEYS-US	28	25	0,0	0,0	19,4x	17,7x
National Instruments Corporation	NATI-US	14	12	2,8	2,9	29,1x	30,5x
Spectris plc	SXS-GB	11	13	2,2	2,7	19,7x	16,6x
Oxford Instruments plc	OXIG-GB	13	13	1,1	1,2	24,3x	21,4x
Trimble Inc.	TRMB-US	12	13	0,0	0,0	19,7x	16,2x
Hexagon AB Class B	HEXA.B-SE	11	12	1,4	1,6	22,3x	18,9x
Vaisala Oyj Class A	VAIAS-FI	17	18	2,2	2,3	30,1x	27,0x
Peer Group Average		14	15	1,3	1,5	21,9x	19,4x
Peer Group Median		13	13	1,3	1,4	21,0x	18,3x
Detection Technology (Evli est.)		22	24	1,9	2,4	21,2x	16,7x

1 % -9 %

DETECTION TECHNOLOGY PEER GROUP	Security identifier	EV/S	EV/S	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT
		20E	21E	20E	21E	20E	21E
First Sensor AG	SIS-DE						
Hamamatsu Photonics K.K.	6965-JP	4,6x	4,3x	17,9x	16,0x	25,3x	22,9x
OSI Systems, Inc.	OSIS-US	1,3x	1,2x	8,1x	7,2x	13,1x	11,5x
Varex Imaging Corporation	VREX-US	1,6x	1,4x	10,9x	8,8x	16,5x	13,7x
ams AG	AMS-CH	1,6x	1,2x	5,5x	3,8x	10,0x	6,3x
Analog Devices, Inc.	ADI-US	7,8x	7,2x	19,0x	16,5x	20,7x	17,9x
Keysight Technologies Inc	KEYS-US	4,1x	4,0x	14,9x	14,2x	17,1x	15,9x
Spectris plc	SXS-GB	2,0x	1,9x	11,4x	9,9x	15,0x	12,6x
Oxford Instruments plc	OXIG-GB	2,1x	1,9x	13,2x	11,5x	15,5x	13,6x
Trimble Inc.	TRMB-US	3,0x	2,7x	15,1x	12,4x	17,9x	14,1x
Hexagon AB Class B	HEXA.B-SE	4,6x	4,1x	14,0x	11,9x	19,9x	16,3x
Vaisala Oyj Class A	VAIAS-FI	2,6x	2,4x	16,1x	14,6x	23,3x	20,7x
Peer Group Average		3,2x	2,9x	13,7x	11,8x	18,1x	15,3x
Peer Group Median		2,8x	2,6x	14,5x	12,2x	17,5x	15,0x
Detection Technology (Evli est.)		2,4x	2,1x	12,9x	10,3x	15,1x	11,8x

Premium/discount relative to peer group median

Source: Factset, Evli Research

DETECTION TECHNOLOGY PEER GROUP	Security identifier	Sales growth	Sales	Net debt /	Net debt /	Equity ratio	Equity ratio
		%	growth %	EBITDA	EBITDA	%	%
		20E	21E	20E	21E	20E	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	2,3	0,0	1,2x	0,7x		
Varex Imaging Corporation	VREX-US	2,4	2,1	2,9x	1,9x	44,0	47,1
ams AG	AMS-CH	11,2	27,7	1,5x	0,8x	50,9	52,9
Analog Devices, Inc.	ADI-US	-9,6	8,2	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	-0,1x	-0,3x	67,4	67,5
Oxford Instruments plc	OXIG-GB	-8,6	3,9	-1,3x	-1,5x	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	-4,7	8,7	1,4x	0,8x	59,1	60,1
Vaisala Oyj Class A	VAIAS-FI	1,1	4,7	-0,3x	-0,6x	55,4	57,8
Peer Group Average		-1,9	8,1	0,5x	0,2x	58,7	60,9
Peer Group Median		-1,0	6,0	0,7x	0,5x	55,6	57,8
Detection Technology (Evli est.)		5,8	12,5	-1,4x	-1,4x	76,6	83,4

Source: Factset, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1E	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	23.1	27.5	26.9	25.0	102.5	22.2	26.4	29.9	29.9	108.4	122.0	136.8
EBITDA	4.4	5.5	5.7	4.3	19.9	3.4	4.6	5.6	6.3	19.9	24.3	27.7
<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>15.3</i>	<i>17.4</i>	<i>18.7</i>	<i>21.1</i>	<i>18.4</i>	<i>19.9</i>	<i>20.2</i>
EBIT	3.9	4.8	5.1	3.2	17.0	2.8	4.0	5.0	5.2	17.0	21.3	24.6
<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>12.6</i>	<i>15.2</i>	<i>16.7</i>	<i>17.4</i>	<i>15.7</i>	<i>17.5</i>	<i>18.0</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	2.8	4.0	5.0	5.2	16.8	21.3	24.6
Tax	-0.3	-0.9	-1.0	-1.3	-3.6	-0.5	-0.8	-1.0	-1.0	-3.4	-4.3	-4.9
<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	2.2	3.2	4.0	4.1	13.4	17.1	19.7
EPS	0.24	0.22	0.28	0.12	0.87	0.15	0.22	0.28	0.29	0.93	1.19	1.37
EPS adjusted (diluted no. of shares)	0.24	0.22	0.27	0.12	0.84	0.15	0.21	0.27	0.28	0.90	1.15	1.32
Dividend per share	0.00	0.00	0.00	0.00	0.38	0.00	0.00	0.00	0.00	0.38	0.47	0.55
SALES, EURm												
MBU	8.6	8.1	8.4	8.6	33.7	8.0	8.0	9.4	9.7	35.1	39.4	44.1
SBU	14.5	19.4	18.6	16.4	68.9	14.2	18.4	20.5	20.2	73.3	82.5	92.7
Total	23.1	27.5	26.9	25.0	102.5	22.2	26.4	29.9	29.9	108.4	122.0	136.8
SALES GROWTH, Y/Y %												
<i>MBU</i>	<i>15.0</i>	<i>-12.1</i>	<i>-27.4</i>	<i>-14.9</i>	<i>-12.1</i>	<i>-7.0</i>	<i>-1.2</i>	<i>12.6</i>	<i>12.8</i>	<i>4.3</i>	<i>12.3</i>	<i>12.0</i>
<i>SBU</i>	<i>22.9</i>	<i>27.6</i>	<i>41.6</i>	<i>5.8</i>	<i>23.8</i>	<i>-2.1</i>	<i>-5.2</i>	<i>10.5</i>	<i>23.2</i>	<i>6.5</i>	<i>12.6</i>	<i>12.3</i>
<i>Total</i>	<i>19.8</i>	<i>12.6</i>	<i>9.3</i>	<i>-2.3</i>	<i>9.2</i>	<i>-3.9</i>	<i>-4.0</i>	<i>11.2</i>	<i>19.6</i>	<i>5.8</i>	<i>12.5</i>	<i>12.2</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	42.8	75.5	89.0	93.9	102.5	108.4	122.0	136.8
<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>5.8</i>	<i>12.5</i>	<i>12.2</i>
EBITDA	5.8	17.3	22.1	20.9	19.9	19.9	24.3	27.7
<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>18.4</i>	<i>19.9</i>	<i>20.2</i>
Depreciation	-1.3	-2.5	-2.2	-2.4	-2.9	-2.9	-2.9	-3.0
EBITA	4.5	14.8	19.9	18.5	17.0	17.0	21.3	24.6
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	17.0	21.3	24.6
<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>15.7</i>	<i>17.5</i>	<i>18.0</i>
Reported EBIT	3.4	14.8	19.9	18.5	17.0	17.0	21.3	24.6
<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>15.7</i>	<i>17.5</i>	<i>18.0</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	16.8	21.3	24.6
Taxes	-0.1	-3.2	-4.2	-3.6	-3.6	-3.4	-4.3	-4.9
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	13.4	17.1	19.7
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	10	11	12
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	15	17	19
Receivables	14	22	21	27	27	28	32	35
Liquid funds	7	16	27	22	26	28	34	41
Total assets	35	54	62	71	77	80	93	108
Liabilities								
Shareholder's equity	21	31	42	51	58	66	78	91
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	13	15	17
Other interest-free debt	2	3	1	0	1	1	1	1
Total liabilities	35	54	62	71	77	80	93	108
CASH FLOW, EURm								
+ EBITDA	6	17	22	21	20	20	24	28
- Net financial items	4	8	11	0	-1	0	0	0
- Taxes	0	-1	-3	-5	-4	-3	-4	-5
- Increase in Net Working Capital	-2	-11	1	-10	-3	-2	-4	-4
+/- Other	-8	-9	-12	0	0	0	0	0
= Cash flow from operations	0	5	19	6	12	15	16	19
- Capex	-5	-2	-2	-5	-4	-2	-4	-4
- 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	12	12	14
+/- New issues/buybacks	19	0	-1	0	0	0	0	0
- Paid dividend	0	-1	-3	-5	-5	-5	-6	-7
+/- Other	-10	6	-2	0	2	-5	0	0
Change in cash	4	8	11	-4	4	1	6	7

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	188	250	224	368	285	285	285
Net debt (excl. convertibles)	-9	-22	-18	-20	-27	-34	-41
Enterprise value	179	228	206	348	257	251	243
Sales	76	89	94	103	108	122	137
EBITDA	17	22	21	20	20	24	28
EBIT	15	20	19	17	17	21	25
Pre-tax	14	19	18	16	17	21	25
Earnings	11	15	15	12	13	17	20
Equity book value (excl. minorities)	31	42	51	58	66	78	91
Valuation multiples							
EV/sales	2.4	2.6	2.2	3.4	2.4	2.1	1.8
EV/EBITDA	10.3	10.3	9.8	17.4	12.9	10.3	8.8
EV/EBITA	12.1	11.5	11.1	20.4	15.1	11.8	9.9
EV/EBIT	12.1	11.5	11.1	20.4	15.1	11.8	9.9
EV/OCF	36.6	12.3	33.6	28.9	17.5	15.4	13.0
EV/FCFF	48.3	13.3	142.7	41.6	20.6	20.7	17.1
P/FCFE	57.3	14.9	162.4	48.5	23.1	23.5	20.0
P/E	17.2	16.5	15.1	29.5	21.2	16.7	14.4
P/B	6.1	6.0	4.4	6.3	4.3	3.7	3.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	16.0	12.8	11.0
Target EV/EBIT	0.0	0.0	0.0	0.0	18.7	14.6	12.3
Target EV/FCF	0.0	0.0	0.0	0.0	25.8	25.7	21.3
Target P/B	0.0	0.0	0.0	0.0	5.2	4.4	3.8
Target P/E	0.0	0.0	0.0	0.0	26.6	20.9	18.1
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	0.93	1.19	1.37
Operating cash flow per share	0.36	1.34	0.43	0.84	1.02	1.13	1.30
Free cash flow per share	0.24	1.21	0.10	0.53	0.86	0.84	0.99
Book value per share	2.30	3.00	3.57	4.06	4.62	5.42	6.32
Dividend per share	0.25	0.35	0.38	0.38	0.38	0.47	0.55
Dividend payout ratio, %	30.8	32.1	36.7	43.9	41.0	40.0	40.0
Dividend yield, %	1.8	1.9	2.4	1.9	1.9	2.4	2.8
FCF yield, %	1.7	6.7	0.6	2.1	4.3	4.3	5.0
Efficiency measures							
ROE	41.9	41.8	32.0	22.7	21.6	23.7	23.4
ROCE	48.2	47.4	36.4	28.5	26.0	29.5	29.2
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	27.1	27.1	27.2
Operative CAPEX/sales, %	2.1	2.1	5.0	4.4	2.2	3.4	3.2
CAPEX/sales (incl. acquisitions), %	2.1	2.1	5.0	4.4	2.2	3.4	3.2
FCFF/EBITDA	0.2	0.8	0.1	0.4	0.6	0.5	0.5
Net debt/EBITDA, book-weighted	-0.5	-1.0	-0.9	-1.0	-1.4	-1.4	-1.5
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	83.4	84.2	84.7
Gearing, %	-29.2	-52.3	-35.6	-34.9	-41.1	-43.5	-45.5

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	103.062	36.2%
OP-Finland Value Fund	651,065	12.891	4.5%
Ilmarinen Mutual Pension Insurance Company	554,000	10.969	3.9%
Varma Mutual Pension Insurance Company	515,000	10.197	3.6%
Sijoitusrahasto Aktia Capital	484,762	9.598	3.4%
Fondita Nordic Micro Cap	390,000	7.722	2.7%
Evli Finnish Small Cap Fund	327,259	6.480	2.3%
Martola Hannu Veikko	322,875	6.393	2.2%
Saastopankki Kotimaa	200,000	3.960	1.4%
Ten largest	8,650,128	171.273	60%
Residual	5,725,302	113.361	40%
Total	14,375,430	284.634	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Hannu Martola

CFO: Petri Hiljanen

IR: Johanna Tarkiainen

Elektroniikkatie 10, 90590 Oulu

Tel: +358 20 766 9700

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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

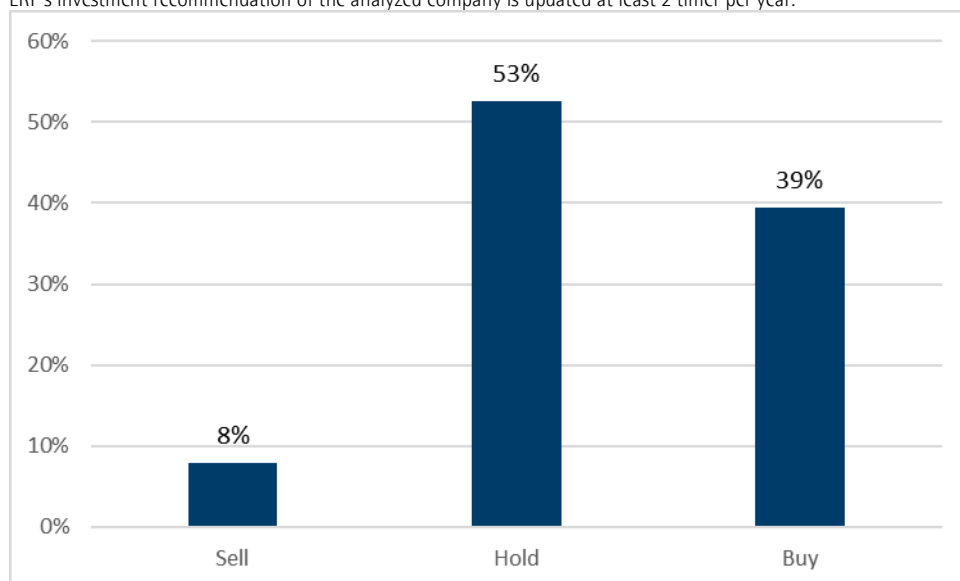
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Investment recommendations are defined as follows:

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

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): Forslund

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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 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

ETFs and Derivatives

Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130

Structured Investments

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

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919

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**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001