

The story is not derailed

Exel's Q1 met expectations. The pandemic has so far had a limited impact on operations. Short-term demand outlook is uncertain, but we don't see long-term fundamentals impaired. Our TP is now EUR 5.50 (6.75), rating still BUY.

Strong development continued during Q1

Exel's EUR 27.8m Q1 revenue grew by 3% y/y and matched EUR 27.9m/27.2m Evli/cons estimates. The company updated its reporting structure, now disclosing revenue for seven customer industries instead of the previous three broad segments. Buildings & infrastructure and Wind power, which previously made up the Construction & Infrastructure segment, reported a combined EUR 12.0m in revenue, which was in line with our estimate (Wind power only grew by 1% y/y due to timing issues). Machinery & electrical, Transportation and Telecommunications, i.e. the former parts of Industrial Applications, reported a combined EUR 8.4m. This was less than we expected but Equipment & other industries and Defense made up with a total of EUR 7.4m. Adjusted EBIT, at EUR 2.1m, also met EUR 2.2m/2.0m Evli/cons estimates. ROCE increased to 12% from 3% a year ago and the US unit reached profitability. Order intake growth accelerated to 23% y/y pace and the EUR 34.5m in new orders meant order backlog stood at EUR 37.1m, up 50% y/y. A big US order is scheduled to be delivered through FY '20.

We now expect adjusted EBIT to increase to EUR 7.8m

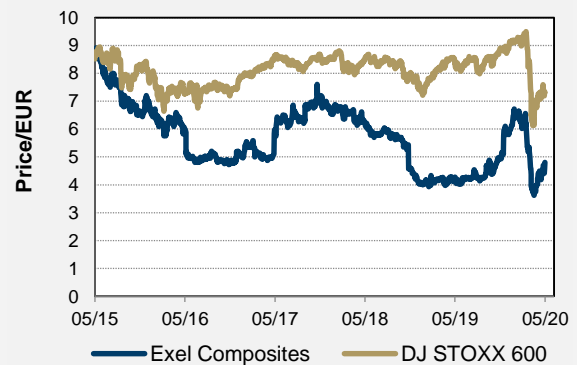
Although strong development continued Exel is not immune to macro uncertainty and thus the company withdrew guidance. We revise our estimates down. We previously expected 6% top line growth for this year, and we have revised the figure down to 3%. We cut our FY '20 EBIT estimate down by EUR 0.9m to reflect potential operational challenges. In our opinion the long-term case remains intact. Exel also has a good liquidity situation. The EUR 10m overdraft facility was extended by two years.

We cut our TP due to significantly higher uncertainty

In our view higher multiples are justified by the fact that Exel has continued to perform according to expectations. Meanwhile the pandemic raises uncertainty even if development has remained good. We update our TP to EUR 5.50 (6.75) due to lowered estimates and higher uncertainty; yet in our view Exel still trades at relatively low multiples and we thus retain our BUY rating.

Rating

+ BUY



Share price, EUR (Last trading day's closing price) 4.80

Target price, EUR 5.50

Latest change in recommendation 19-Feb-20

Latest report on company 19-Feb-20

Research paid by issuer: YES

No. of shares outstanding, '000's 11,897

No. of shares fully diluted, '000's 11,897

Market cap, EURm 57

Free float, % 100.0

Exchange rate EUR/USD 1.10

Reuters code EXL1V.HE

Bloomberg code EXL1V FH

Average daily volume, EURm 0.1

Next interim report 21-Jul-20

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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
2018	96.6	2.2	2.3%	-8.7	0.03	119.0	0.8	34.5	-18.3	0.18
2019	103.8	5.1	4.9%	0.7	0.20	32.5	1.0	21.0	0.9	0.18
2020E	106.6	7.6	7.1%	-7.3	0.33	14.4	0.9	12.6	-12.8	0.20
2021E	113.6	9.5	8.4%	5.1	0.50	9.6	0.8	9.7	8.9	0.25
2022E	120.5	10.2	8.5%	7.8	0.56	8.5	0.7	8.6	13.6	0.25
Market cap, EURm	57			Gearing 2020E, %	136.6			CAGR EPS 2019-22, %	40.8	
Net debt 2020E, EURm	38			Price/book 2020E	2.0			CAGR sales 2019-22, %	5.1	
Enterprise value, EURm	96			Dividend yield 2020E, %	4.2			ROE 2020E, %	14.6	
Total assets 2020E, EURm	97			Tax rate 2020E, %	31.8			ROCE 2020E, %	11.3	
Goodwill 2020E, EURm	13			Equity ratio 2020E, %	28.9			PEG, P/E 20/CAGR	0.6	

Estimates and peer group multiples

Exel Composites	2019	Q1/'20	Q2/'20E	Q3/'20E	Q4/'20E	2020E	2021E
Buildings and infrastructure	23.5	6.2	6.3	5.1	5.9	23.6	24.3
Equipment and other industries	18.6	6.1	5.5	4.2	4.4	20.2	21.2
Wind power	23.6	5.8	6.6	6.5	7.1	26.0	29.1
Machinery and electrical	14.4	3.8	3.9	3.7	3.2	14.5	15.1
Transportation	13.1	3.4	3.4	2.8	2.9	12.5	13.4
Defense	2.3	1.3	0.8	0.5	0.6	3.2	3.5
Telecommunications	8.2	1.2	1.4	1.0	3.0	6.6	7.0
Revenue	103.8	27.8	27.9	23.8	27.1	106.6	113.6
<i>change, %</i>	<i>7 %</i>	<i>3 %</i>	<i>5 %</i>	<i>1 %</i>	<i>2 %</i>	<i>3 %</i>	<i>7 %</i>
Adjusted EBIT	7.2	2.1	2.0	1.7	2.0	7.8	9.5
EBIT	5.1	1.9				7.6	
<i>-margin, %</i>	<i>6.9 %</i>	<i>7.5 %</i>	<i>7.2 %</i>	<i>7.1 %</i>	<i>7.4 %</i>	<i>7.3 %</i>	<i>8.4 %</i>
<i>-margin (reported), %</i>	<i>4.9 %</i>	<i>6.7 %</i>				<i>7.1 %</i>	

Source: Evli Research

EXEL COMPOSITES PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		19	20	21	19	20	21	19	20	21
Gurit Holding	596	10.4x	9.2x	9.0x	13.6x	11.8x	11.6x	9.9 %	9.6 %	9.8 %
Hexagon Composites	446	23.4x	18.8x	12.4x	87.0x	52.3x	21.5x	2.6 %	3.4 %	6.8 %
Hexcel	2140	12.9x	9.4x	8.3x	17.3x	16.0x	12.7x	18.1 %	12.1 %	14.1 %
PolyOne	1820	10.0x	5.6x	4.8x	12.0x	8.0x	6.3x	9.6 %	8.2 %	10.0 %
SGL Carbon	331	10.4x	9.5x	6.3x	20.8x		19.2x	3.7 %	-0.3 %	3.5 %
TPI Composites	545	10.4x	8.4x	5.1x	44.5x	24.5x	9.3x	1.3 %	2.2 %	4.9 %
Peer Group Average	979	12.9x	10.2x	7.6x	32.5x	22.5x	13.5x	7.5 %	5.9 %	8.2 %
Peer Group Median	571	10.4x	9.3x	7.3x	19.1x	16.0x	12.2x	6.7 %	5.8 %	8.3 %
Exel Composites (Evli est.)	57	10.0x	7.0x	6.0x	21.0x	12.6x	9.7x	4.9 %	7.1 %	8.4 %

Exel Composites prem./disc. to peer median

-4 % -24 % -18 % 10 % -21 % -20 % -26 % 22 % 1 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	4.80 PV of Free Cash Flow	55 Long-term growth, %	1.5 Risk-free interest rate, %	2.25
DCF share value	7.76 PV of Horizon value	68 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	61.7 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	8.6 Marketable securities	7 Minimum WACC, %	8.0 Equity beta coefficient	1.00
Minimum value	7.0 Debt - dividend	-38 Maximum WACC, %	9.0 Target debt ratio, %	10
Horizon value, %	55.4 Value of stock	92 Nr of shares, Mn	11.9 Effective tax rate, %	21

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	104	107	114	120	128	134	138	142	144	147	149	152
<i>Sales growth, %</i>	<i>7.5</i>	<i>2.7</i>	<i>6.6</i>	<i>6.0</i>	<i>6.0</i>	<i>5.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	5	8	10	10	11	11	12	12	12	13	13	13
<i>Operating income margin, %</i>	<i>4.9</i>	<i>7.1</i>	<i>8.4</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>
+ Depreciation+amort.	6	6	6	8	7	7	7	7	6	5	5	
EBITDA	11	14	16	18	18	18	19	19	18	18	18	
- Paid taxes	-2	-2	-2	-2	-2	-2	-2	-3	-3	-3	-3	
- Change in NWC	1	0	-1	-1	-1	-1	-1	-1	0	0	0	
<i>NWC / Sales, %</i>	<i>14.1</i>	<i>14.1</i>	<i>14.2</i>	<i>14.3</i>	<i>14.3</i>	<i>14.4</i>	<i>14.4</i>	<i>14.4</i>	<i>14.4</i>	<i>14.5</i>	<i>14.5</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-6	-15	-4	-4	-4	-5	-4	-5	-5	-5	-5	
<i>opCAPEX / Sales, %</i>	<i>7.3</i>	<i>15.8</i>	<i>5.2</i>	<i>4.9</i>	<i>4.8</i>	<i>4.7</i>	<i>4.5</i>	<i>4.4</i>	<i>3.7</i>	<i>3.7</i>	<i>3.6</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	3	-4	8	11	10	11	11	11	10	10	10	151
= Discounted FCFF		-4	7	9	8	7	7	6	5	5	5	68
= DFCF min WACC		-4	7	9	8	7	7	7	6	5	5	77
= DFCF max WACC		-4	7	9	8	7	7	6	5	5	5	61

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	27.1	26.5	23.6	26.6	103.8	27.8	27.9	23.8	27.1	106.6	113.6	120.5
EBITDA	1.8	3.4	2.9	2.6	10.7	3.4	3.5	3.2	3.5	13.6	15.6	18.3
<i>EBITDA margin (%)</i>	<i>6.6</i>	<i>13.0</i>	<i>12.1</i>	<i>9.8</i>	<i>10.3</i>	<i>12.1</i>	<i>12.5</i>	<i>13.4</i>	<i>12.9</i>	<i>12.7</i>	<i>13.8</i>	<i>15.2</i>
EBIT	0.4	2.1	1.5	1.1	5.1	1.9	2.0	1.7	2.0	7.6	9.5	10.2
<i>EBIT margin (%)</i>	<i>1.5</i>	<i>7.9</i>	<i>6.4</i>	<i>4.1</i>	<i>4.9</i>	<i>6.7</i>	<i>7.2</i>	<i>7.1</i>	<i>7.4</i>	<i>7.1</i>	<i>8.4</i>	<i>8.5</i>
Net financial items	-0.2	-0.2	0.0	-0.8	-1.2	-0.6	-0.4	-0.4	-0.4	-1.8	-1.6	-1.8
Pre-tax profit	0.2	1.9	1.5	0.3	3.9	1.3	1.6	1.3	1.6	5.8	7.9	8.5
Tax	-0.6	-0.3	-0.7	0.1	-1.5	-0.6	-0.4	-0.4	-0.4	-1.8	-2.0	-1.8
<i>Tax rate (%)</i>	<i>300.0</i>	<i>15.8</i>	<i>46.7</i>	<i>-33.3</i>	<i>38.5</i>	<i>49.4</i>	<i>25.0</i>	<i>30.8</i>	<i>25.0</i>	<i>31.8</i>	<i>25.2</i>	<i>21.0</i>
Net profit	-0.4	1.6	0.8	0.4	2.4	0.7	1.2	0.9	1.2	4.0	5.9	6.7
EPS	-0.03	0.13	0.07	0.03	0.20	0.06	0.10	0.08	0.10	0.33	0.50	0.56
EPS adjusted (diluted no. of shares)	-0.03	0.13	0.07	0.03	0.20	0.06	0.10	0.08	0.10	0.33	0.50	0.56
Dividend per share	0.00	0.00	0.00	0.00	0.18	0.00	0.00	0.00	0.00	0.20	0.25	0.25
SALES, EURm												
Exel Composites	27.1	26.5	23.6	26.6	103.8	27.8	27.9	23.8	27.1	106.6	113.6	120.5
Total	27.1	26.5	23.6	26.6	103.8	27.8	27.9	23.8	27.1	106.6	113.6	120.5
SALES GROWTH, Y/Y %												
Exel Composites	26.0	4.7	2.2	-0.4	7.5	2.6	5.3	0.8	1.9	2.7	6.6	6.0
Total	26.0	4.7	2.2	-0.4	7.5	2.6	5.3	0.8	1.9	2.7	6.6	6.0
EBIT, EURm												
Exel Composites	0.4	2.1	1.5	1.1	5.1	1.9	2.0	1.7	2.0	7.6	9.5	10.2
Total	0.4	2.1	1.5	1.1	5.1	1.9	2.0	1.7	2.0	7.6	9.5	10.2
EBIT margin, %												
Exel Composites	1.5	7.9	6.4	4.1	4.9	6.7	7.2	7.1	7.4	7.1	8.4	8.5
Total	1.5	7.9	6.4	4.1	4.9	6.7	7.2	7.1	7.4	7.1	8.4	8.5

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	80.2	73.1	86.3	96.6	103.8	106.6	113.6	120.5
<i>Sales growth (%)</i>	<i>1.1</i>	<i>-8.9</i>	<i>18.1</i>	<i>11.9</i>	<i>7.5</i>	<i>2.7</i>	<i>6.6</i>	<i>6.0</i>
EBITDA	7.3	3.8	9.3	7.7	10.7	13.6	15.6	18.3
<i>EBITDA margin (%)</i>	<i>9.1</i>	<i>5.2</i>	<i>10.8</i>	<i>8.0</i>	<i>10.3</i>	<i>12.7</i>	<i>13.8</i>	<i>15.2</i>
Depreciation	-2.9	-3.2	-3.2	-5.5	-5.6	-6.0	-6.1	-8.1
EBITA	4.4	0.6	6.1	2.2	5.1	7.6	9.5	10.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.4	0.6	6.1	2.2	5.1	7.6	9.5	10.2
<i>EBIT margin (%)</i>	<i>5.5</i>	<i>0.8</i>	<i>7.1</i>	<i>2.3</i>	<i>4.9</i>	<i>7.1</i>	<i>8.4</i>	<i>8.5</i>
Reported EBIT	4.0	-1.2	6.1	2.2	5.1	7.6	9.5	10.2
<i>EBIT margin (reported) (%)</i>	<i>5.0</i>	<i>-1.6</i>	<i>7.1</i>	<i>2.3</i>	<i>4.9</i>	<i>7.1</i>	<i>8.4</i>	<i>8.5</i>
Net financials	-0.2	-0.1	-0.7	-0.5	-1.2	-1.8	-1.6	-1.8
Pre-tax profit	4.2	0.5	5.4	1.7	3.9	5.8	7.9	8.5
Taxes	-1.4	-0.2	-1.2	-1.3	-1.5	-1.8	-2.0	-1.8
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	2.4	-1.4	4.2	0.4	2.4	4.0	5.9	6.7
Cash NRIs	-0.4	-1.8	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	15	17	16	21	23	33	33	30
Goodwill	10	10	13	13	13	13	13	13
Right of use assets	0	0	0	5	5	5	5	5
Inventory	10	9	12	15	17	17	18	20
Receivables	12	10	15	20	20	21	22	23
Liquid funds	8	7	8	5	7	7	8	8
Total assets	54	54	64	79	85	97	100	101
Liabilities								
Shareholder's equity	31	27	29	26	26	28	32	35
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	3	4	5	5	5
Deferred taxes	1	1	0	0	0	0	0	0
Interest bearing debt	8	14	16	30	32	41	38	34
Non-interest bearing current liabilities	14	12	18	18	21	22	23	24
Other interest-free debt	1	1	0	2	2	2	2	2
Total liabilities	54	54	64	79	85	97	100	101
CASH FLOW, EURm								
+ EBITDA	7	4	9	8	11	14	16	18
- Net financial items	0	0	-1	0	-1	-2	-2	-2
- Taxes	-2	0	-1	-2	-2	-2	-2	-2
- Increase in Net Working Capital	-2	1	-3	-4	1	0	-1	-1
+/- Other	1	-1	1	0	0	0	0	0
= Cash flow from operations	3	3	5	1	8	10	11	14
- Capex	-4	-3	-3	-10	-8	-17	-6	-6
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-1	0	1	-9	1	-7	5	8
+/- New issues/buybacks	1	0	-1	0	0	0	0	0
- Paid dividend	-2	-3	-1	-4	-2	-2	-2	-3
+/- Other	2	2	1	9	3	10	-2	-4
Change in cash	0	-1	0	-3	2	0	0	0

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	60	78	48	78	57	57	57
Net debt (excl. convertibles)	6	9	28	29	38	36	31
Enterprise value	66	87	76	107	96	93	88
Sales	73	86	97	104	107	114	120
EBITDA	4	9	8	11	14	16	18
EBIT	1	6	2	5	8	10	10
Pre-tax	1	5	2	4	6	8	8
Earnings	0	4	0	2	4	6	7
Equity book value (excl. minorities)	27	29	26	26	28	32	35
Valuation multiples							
EV/sales	0.9	1.0	0.8	1.0	0.9	0.8	0.7
EV/EBITDA	17.3	9.3	9.9	10.0	7.0	5.9	4.8
EV/EBITA	109.9	14.2	34.5	21.0	12.6	9.7	8.6
EV/EBIT	109.9	14.2	34.5	21.0	12.6	9.7	8.6
EV/OCF	21.3	17.7	84.3	12.9	10.0	8.5	6.4
EV/FCFF	-38.8	-28.4	-6.6	32.5	-22.8	11.8	8.2
P/FCFE	0.0	55.8	-5.5	110.9	-7.8	11.3	7.4
P/E	164.3	18.6	119.0	32.5	14.4	9.6	8.5
P/B	2.2	2.7	1.8	3.0	2.0	1.8	1.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.7	6.5	5.3
Target EV/EBIT	0.0	0.0	0.0	0.0	13.7	10.6	9.4
Target EV/FCF	0.0	0.0	0.0	0.0	-14.2	20.0	12.4
Target P/B	0.0	0.0	0.0	0.0	2.3	2.1	1.8
Target P/E	0.0	0.0	0.0	0.0	16.5	11.0	9.8
Per share measures							
Number of shares	11,897	11,897	11,897	11,897	11,897	11,897	11,897
Number of shares (diluted)	11,897	11,897	11,897	11,897	11,897	11,897	11,897
EPS	0.03	0.35	0.03	0.20	0.33	0.50	0.56
Operating cash flow per share	0.26	0.41	0.08	0.70	0.80	0.92	1.15
Free cash flow per share	0.00	0.12	-0.73	0.06	-0.61	0.43	0.65
Book value per share	2.24	2.42	2.16	2.21	2.36	2.66	2.98
Dividend per share	0.10	0.30	0.18	0.18	0.20	0.25	0.25
Dividend payout ratio, %	327.2	85.0	535.4	89.2	60.0	50.0	44.4
Dividend yield, %	2.0	4.6	4.5	2.7	4.2	5.2	5.2
FCF yield, %	0.0	1.8	-18.3	0.9	-12.8	8.9	13.6
Efficiency measures							
ROE	1.3	15.2	1.5	9.2	14.6	19.9	20.0
ROCE	1.8	14.6	4.5	8.6	11.3	13.0	13.9
Financial ratios							
Inventories as % of sales	12.0	13.5	15.7	16.3	16.3	16.3	16.3
Receivables as % of sales	14.0	17.1	20.8	19.2	19.2	19.2	19.2
Non-interest bearing liabilities as % of sales	17.0	21.4	19.2	20.2	20.2	20.2	20.2
NWC/sales, %	9.0	9.3	16.1	14.1	14.1	14.2	14.3
Operative CAPEX/sales, %	4.2	4.1	9.9	7.3	15.8	5.2	4.9
CAPEX/sales (incl. acquisitions), %	4.2	4.1	9.9	7.3	15.8	5.2	4.9
FCFF/EBITDA	-0.4	-0.3	-1.5	0.3	-0.3	0.5	0.6
Net debt/EBITDA, book-weighted	1.6	0.9	3.7	2.7	2.8	2.3	1.7
Debt/equity, market-weighted	0.2	0.2	0.6	0.4	0.7	0.7	0.6
Equity ratio, book-weighted	49.5	44.7	32.5	30.8	28.9	31.6	35.1
Gearing, %	23.3	30.3	109.9	110.2	136.6	112.8	87.4

COMPANY DESCRIPTION: Exel Composites manufactures composites profiles for various demanding, mainly industrial end-use, applications. Exel's customer base includes companies operating in industries such as wind energy, transportation and telecommunications. Exel Composites is one of the largest manufacturers of pultruded composites profiles globally and currently operates eight manufacturing plants on three continents.

INVESTMENT CASE: Our positive view is based on good long-term composites demand outlook, coupled with the fact that Exel Composites' current manufacturing footprint could support annual revenue in the EUR 150m ballpark i.e. there's still plenty of room to improve delivery volumes. Exel's rather high fixed cost base translates to meaningful operating leverage, and thus higher revenues should lead to improving operating margins. The company is also progressing well with its cost savings program. Operating profit could further significantly improve if good execution continues. Recently the wind energy sector has provided great lift for volumes; other attractive applications include e.g. transportation industry profiles.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Skandinaviska Enskilda Banken AB (Nom. reg.)	1,733,367	8.320	14.6%
Nordea Bank ABP (Nom. reg.)	1,034,258	4.964	8.7%
Sijoitusrahasto Taaleritehdas Mikro Markka	750,000	3.600	6.3%
OP-Finland Small Firms Fund	598,259	2.872	5.0%
Danske Invest Finnish Equity Fund	346,650	1.664	2.9%
Phoebus Fund	290,000	1.392	2.4%
Säästöpankki Pienyhtiöt	288,710	1.386	2.4%
Nelimarkka Heikki Antero	242,836	1.166	2.0%
Ilmarinen Mutual Pension Insurance Company	242,733	1.165	2.0%
Veritas Pension Insurance Company Ltd.	226,163	1.086	1.9%
Ten largest	5,752,976	27.614	48%
Residual	6,143,867	29.491	52%
Total	11,896,843	57.105	100%

EARNINGS CALENDAR

July 21, 2020

Q2 report

October 30, 2020

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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Tel: +358 20 7541 200

IR: Noora Koikkalainen

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

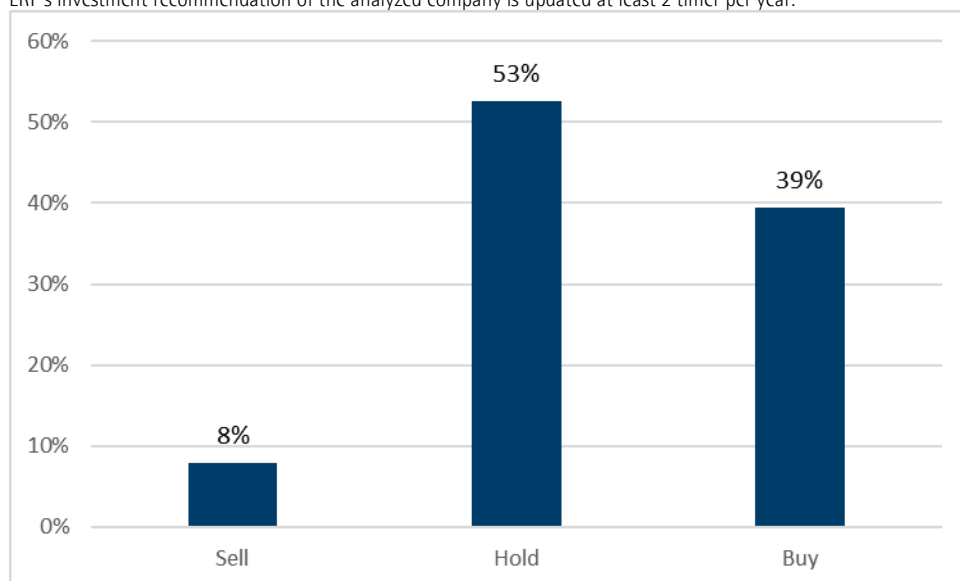
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Investment recommendations are defined as follows:

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 times 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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