

Long-term story on track

Exel Composites' Q3 results were overall quite neutral relative to expectations, however we are now more confident top line will continue to grow going forward. Our new TP is EUR 7.25 (6.25) while we retain our BUY rating.

Overall outlook appears strong despite the pandemic

Exel's EUR 26m Q3 revenue grew by 10% y/y and so topped the flat estimates. The Wind power customer industry supports high volumes and grew by 37% y/y after growing 52% in Q2. We now expect a 27% y/y increase for Q4. Defense is also developing well, and there's plenty of long-term potential (now only some 5% of LTM revenue). Cable core rods remain one high potential application in the long-term, although the Buildings and infrastructure customer industry continued to develop soft for now due to the pandemic (which also undermined Transportation demand). Exel progressed in areas outside Europe as Asia-Pacific grew by 58% y/y, driven by Wind power.

We are now more confident towards next year

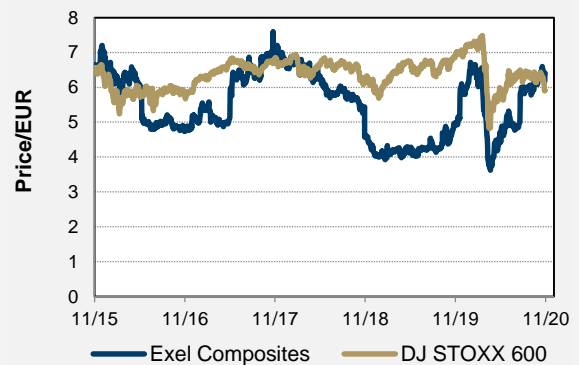
Although top line was strong, Exel had pandemic-related issues in Q3 which affected bottom line and so the company was unable to reach similarly high profitability as in Q2 (which was close to long-term targets). The 7.8% EBIT margin was thus soft relative to our 9.5% estimate. We expect the Q3 US operational efficiency hiccup to pass. Demand has developed positive since Q2 and based on Exel's comments we are now more confident revenue continues to grow in Q4 and next year alike. The Austrian investment is proceeding as planned and Exel is also ready to readdress its capacity for different end-markets with small capex. We see Exel has good handle on long-term customer account management, arguably the single most important consideration given the business model and strategy.

We see some more upside even with cautious multiples

The share has appreciated a lot lately, now close to the pre-pandemic highs. The strong Q2 profitability development, driven especially by the US unit, and good volumes justify higher multiples for their part. On the other hand, the growing pandemic uncertainty limits multiple potential even if outlook is still positive. Our new EUR 7.25 (6.25) TP values Exel roughly within the 7-8x EV/EBITDA and 11-13x EV/EBIT ranges on our estimates for FY '20 and '21. We retain our BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 6.40

Target price, EUR 7.25

Latest change in recommendation	19-Feb-20
Latest report on company	22-Jul-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	76
Free float, %	100.0
Exchange rate EUR/USD	1.18
Reuters code	EXL1V.HE
Bloomberg code	EXL1V FH
Average daily volume, EURm	0.1
Next interim report	18-Feb-21
Web site	www.exelcomposites.com

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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	108.3	8.9	8.2%	-6.0	0.48	13.4	1.0	12.7	-7.9	0.20
2021E	115.3	10.7	9.3%	6.6	0.63	10.1	0.9	10.2	8.7	0.25
2022E	121.7	12.2	10.0%	9.7	0.72	8.9	0.8	8.4	12.8	0.25
Market cap, EURm			76	Gearing 2020E, %		124.3	CAGR EPS 2019-22, %			52.6
Net debt 2020E, EURm			37	Price/book 2020E		2.6	CAGR sales 2019-22, %			5.4
Enterprise value, EURm			113	Dividend yield 2020E, %		3.1	ROE 2020E, %			20.3
Total assets 2020E, EURm			98	Tax rate 2020E, %		23.0	ROCE 2020E, %			13.2
Goodwill 2020E, EURm			13	Equity ratio 2020E, %		30.4	PEG, P/E 20/CAGR			0.8

Estimates and peer group multiples

Exel Composites	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20	Q2/'20	Q3/'20	Q4/'20E	2020E	2021E
Buildings and infrastructure	6.0	5.9	5.8	5.8	23.5	6.2	5.3	4.9	5.1	21.5	23.0
Equipment and other industries	5.5	5.2	3.8	4.1	18.6	6.1	4.0	4.3	4.4	18.8	19.0
Wind power	5.8	5.2	5.7	7.0	23.6	5.8	7.9	7.8	8.9	30.4	34.3
Machinery and electrical	3.6	4.1	2.8	3.9	14.4	3.8	4.8	3.3	4.2	16.0	16.5
Transportation	3.7	3.2	3.0	3.3	13.1	3.4	2.8	2.2	1.8	10.2	10.3
Defense	0.4	0.4	0.5	1.0	2.3	1.3	0.8	1.9	2.0	5.9	7.7
Telecommunications	2.2	2.5	2.0	1.5	8.2	1.2	1.7	1.7	0.8	5.5	4.5
Revenue	27.1	26.5	23.6	26.6	103.8	27.8	27.2	26.0	27.2	108.3	115.3
<i>y/y change, %</i>	<i>26 %</i>	<i>5 %</i>	<i>2 %</i>	<i>0 %</i>	<i>7 %</i>	<i>3 %</i>	<i>3 %</i>	<i>10 %</i>	<i>2 %</i>	<i>4 %</i>	<i>7 %</i>
Adjusted EBIT	2.0	2.2	1.7	1.3	7.2	2.1	2.9	2.0	2.2	9.2	10.7
EBIT	0.4	2.1	1.5	1.1	5.1	1.9	2.8	2.0		8.9	
<i>-margin, %</i>	<i>7.2 %</i>	<i>8.5 %</i>	<i>7.0 %</i>	<i>4.9 %</i>	<i>6.9 %</i>	<i>7.5 %</i>	<i>10.6 %</i>	<i>7.8 %</i>	<i>8.1 %</i>	<i>8.5 %</i>	<i>9.3 %</i>
<i>-margin (reported), %</i>	<i>1.5 %</i>	<i>8.1 %</i>	<i>6.2 %</i>	<i>4.1 %</i>	<i>4.9 %</i>	<i>6.7 %</i>	<i>10.2 %</i>	<i>7.8 %</i>		<i>8.2 %</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	840	10.4x	12.2x	11.7x	13.6x	15.3x	14.7x	9.9 %	10.5 %	10.5 %
Hexagon Composites	782	23.4x	34.7x	20.1x	87.0x	221.0x	37.8x	2.6 %	1.3 %	6.2 %
Hexcel	2401	12.9x	18.9x	15.5x	17.3x	87.2x	36.0x	18.1 %	2.8 %	7.0 %
Avient	2439	10.0x	7.1x	5.5x	12.0x	10.9x	8.0x	9.6 %	7.5 %	8.3 %
SGL Carbon	334	10.4x	7.0x	5.4x			19.7x	-3.6 %	-0.8 %	3.1 %
TPI Composites	1005	10.4x	22.1x	9.6x	45.2x	324.9x	16.9x	1.3 %	0.3 %	5.0 %
Peer Group Average	1300	12.9x	17.0x	11.3x	35.0x	131.9x	22.2x	6.3 %	3.6 %	6.7 %
Peer Group Median	923	10.4x	15.6x	10.7x	17.3x	87.2x	18.3x	6.1 %	2.0 %	6.6 %
Exel Composites (Evli est.)	76	10.0x	7.6x	6.5x	21.0x	12.7x	10.2x	4.9 %	8.2 %	9.3 %

Exel Composites prem./disc. to peer median

-4 % -51 % -39 % 22 % -85 % -44 % -19 % 303 % 40 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	6.40 PV of Free Cash Flow	68 Long-term growth, %	1.5 Risk-free interest rate, %	2.25
DCF share value	10.13 PV of Horizon value	83 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	58.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	11.1 Marketable securities	7 Minimum WACC, %	8.0 Equity beta coefficient	1.00
Minimum value	9.3 Debt - dividend	-38 Maximum WACC, %	9.0 Target debt ratio, %	10
Horizon value, %	54.9 Value of stock	121 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	108	115	122	128	134	138	142	144	147	150	152
<i>Sales growth, %</i>	<i>7.5</i>	<i>4.3</i>	<i>6.5</i>	<i>5.5</i>	<i>5.0</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	9	11	12	13	13	14	14	14	15	15	15
<i>Operating income margin, %</i>	<i>4.9</i>	<i>8.2</i>	<i>9.3</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>
+ Depreciation+amort.	6	6	6	8	8	7	7	7	6	5	5	
EBITDA	11	15	17	20	20	21	21	21	20	20	20	
- Paid taxes	-2	-2	-2	-3	-3	-3	-3	-3	-3	-3	-3	
- Change in NWC	1	-1	-1	-1	-1	-1	-1	-1	0	0	0	
<i>NWC / Sales, %</i>	<i>14.1</i>	<i>14.2</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>15.7</i>	<i>5.1</i>	<i>4.9</i>	<i>4.7</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	-3	9	12	12	12	13	13	12	12	12	176
= Discounted FCFF		-3	8	10	9	9	8	8	7	6	6	83
= DFCF min WACC		-3	8	10	10	9	8	8	7	6	6	93
= DFCF max WACC		-3	8	10	9	9	8	7	6	6	6	75

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3	2020Q4E	2020E	2021E	2022E
Net sales	27.1	26.5	23.6	26.6	103.8	27.8	27.2	26.1	27.2	108.3	115.3	121.7
EBITDA	1.8	3.4	2.9	2.6	10.7	3.4	4.3	3.5	3.7	14.9	16.8	20.3
<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>15.8</i>	<i>13.5</i>	<i>13.6</i>	<i>13.7</i>	<i>14.6</i>	<i>16.6</i>
EBIT	0.4	2.1	1.5	1.1	5.1	1.9	2.8	2.0	2.2	8.9	10.7	12.2
<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>10.3</i>	<i>7.8</i>	<i>8.1</i>	<i>8.2</i>	<i>9.3</i>	<i>10.0</i>
Net financial items	-0.2	-0.2	0.0	-0.8	-1.2	-0.6	0.2	-0.7	-0.4	-1.5	-1.2	-1.4
Pre-tax profit	0.2	1.9	1.5	0.3	3.9	1.3	2.9	1.3	1.8	7.4	9.5	10.8
Tax	-0.6	-0.3	-0.7	0.1	-1.5	-0.6	-0.4	-0.2	-0.4	-1.7	-2.0	-2.3
<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>15.3</i>	<i>15.1</i>	<i>22.2</i>	<i>23.0</i>	<i>21.0</i>	<i>21.0</i>
Net profit	-0.4	1.6	0.8	0.4	2.4	0.7	2.5	1.1	1.4	5.7	7.5	8.5
EPS	-0.03	0.13	0.07	0.03	0.20	0.06	0.21	0.09	0.12	0.48	0.63	0.72
EPS adjusted (diluted no. of shares)	-0.03	0.13	0.07	0.03	0.20	0.06	0.21	0.09	0.12	0.48	0.63	0.72
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	27.2	26.1	27.2	108.3	115.3	121.7
Total	27.1	26.5	23.6	26.6	103.8	27.8	27.2	26.1	27.2	108.3	115.3	121.7
SALES GROWTH, Y/Y %												
Exel Composites	26.0	4.7	2.2	-0.4	7.5	2.6	2.6	10.5	2.3	4.3	6.5	5.5
Total	26.0	4.7	2.2	-0.4	7.5	2.6	2.6	10.5	2.3	4.3	6.5	5.5
EBIT, EURm												
Exel Composites	0.4	2.1	1.5	1.1	5.1	1.9	2.8	2.0	2.2	8.9	10.7	12.2
Total	0.4	2.1	1.5	1.1	5.1	1.9	2.8	2.0	2.2	8.9	10.7	12.2
EBIT margin, %												
Exel Composites	1.5	7.9	6.4	4.1	4.9	6.7	10.3	7.8	8.1	8.2	9.3	10.0
Total	1.5	7.9	6.4	4.1	4.9	6.7	10.3	7.8	8.1	8.2	9.3	10.0

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	80.2	73.1	86.3	96.6	103.8	108.3	115.3	121.7
<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>4.3</i>	<i>6.5</i>	<i>5.5</i>
EBITDA	7.3	3.8	9.3	7.7	10.7	14.9	16.8	20.3
<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>13.7</i>	<i>14.6</i>	<i>16.6</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	8.9	10.7	12.2
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	8.9	10.7	12.2
<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>8.2</i>	<i>9.3</i>	<i>10.0</i>
Reported EBIT	4.0	-1.2	6.1	2.2	5.1	8.9	10.7	12.2
<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>8.2</i>	<i>9.3</i>	<i>10.0</i>
Net financials	-0.2	-0.1	-0.7	-0.5	-1.2	-1.5	-1.2	-1.4
Pre-tax profit	4.2	0.5	5.4	1.7	3.9	7.4	9.5	10.8
Taxes	-1.4	-0.2	-1.2	-1.3	-1.5	-1.7	-2.0	-2.3
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	5.7	7.5	8.5
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	6
Inventory	10	9	12	15	17	18	19	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	98	101	102
Liabilities								
Shareholder's equity	31	27	29	26	26	30	35	41
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	6
Deferred taxes	1	1	0	0	0	0	0	0
Interest bearing debt	8	14	16	30	32	39	35	29
Non-interest bearing current liabilities	14	12	18	18	21	22	23	25
Other interest-free debt	1	1	0	2	2	2	2	2
Total liabilities	54	54	64	79	85	98	101	102
CASH FLOW, EURm								
+ EBITDA	7	4	9	8	11	15	17	20
- Net financial items	0	0	-1	0	-1	-1	-1	-1
- Taxes	-2	0	-1	-2	-2	-2	-2	-2
- Increase in Net Working Capital	-2	1	-3	-4	1	-1	-1	-1
+/- Other	1	-1	1	0	0	0	0	0
= Cash flow from operations	3	3	5	1	8	11	13	16
- 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	-6	7	10
+/- 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	8	-4	-6
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	76	76	76
Net debt (excl. convertibles)	6	9	28	29	37	33	26
Enterprise value	66	87	76	107	113	109	102
Sales	73	86	97	104	108	115	122
EBITDA	4	9	8	11	15	17	20
EBIT	1	6	2	5	9	11	12
Pre-tax	1	5	2	4	7	10	11
Earnings	0	4	0	2	6	8	9
Equity book value (excl. minorities)	27	29	26	26	30	35	41
Valuation multiples							
EV/sales	0.9	1.0	0.8	1.0	1.0	0.9	0.8
EV/EBITDA	17.3	9.3	9.9	10.0	7.6	6.5	5.0
EV/EBITA	109.9	14.2	34.5	21.0	12.7	10.2	8.4
EV/EBIT	109.9	14.2	34.5	21.0	12.7	10.2	8.4
EV/OCF	21.3	17.7	84.3	12.9	10.3	8.7	6.5
EV/FCFF	-38.8	-28.4	-6.6	32.5	-37.3	11.8	8.3
P/FCFE	0.0	55.8	-5.5	110.9	-12.7	11.5	7.8
P/E	164.3	18.6	119.0	32.5	13.4	10.1	8.9
P/B	2.2	2.7	1.8	3.0	2.6	2.2	1.9
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.3	7.1	5.5
Target EV/EBIT	0.0	0.0	0.0	0.0	13.9	11.1	9.2
Target EV/FCF	0.0	0.0	0.0	0.0	-20.6	17.9	11.6
Target P/B	0.0	0.0	0.0	0.0	2.9	2.5	2.1
Target P/E	0.0	0.0	0.0	0.0	15.2	11.5	10.1
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	0.48	0.63	0.72
Operating cash flow per share	0.26	0.41	0.08	0.70	0.92	1.06	1.31
Free cash flow per share	0.00	0.12	-0.73	0.06	-0.50	0.56	0.82
Book value per share	2.24	2.42	2.16	2.21	2.51	2.94	3.41
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	41.9	39.5	34.9
Dividend yield, %	2.0	4.6	4.5	2.7	3.1	3.9	3.9
FCF yield, %	0.0	1.8	-18.3	0.9	-7.9	8.7	12.8
Efficiency measures							
ROE	1.3	15.2	1.5	9.2	20.3	23.2	22.6
ROCE	1.8	14.6	4.5	8.6	13.2	14.5	16.4
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	14.2	14.2	14.3
Operative CAPEX/sales, %	4.2	4.1	9.9	7.3	15.7	5.1	4.9
CAPEX/sales (incl. acquisitions), %	4.2	4.1	9.9	7.3	15.7	5.1	4.9
FCFF/EBITDA	-0.4	-0.3	-1.5	0.3	-0.2	0.5	0.6
Net debt/EBITDA, book-weighted	1.6	0.9	3.7	2.7	2.5	1.9	1.3
Debt/equity, market-weighted	0.2	0.2	0.6	0.4	0.5	0.5	0.4
Equity ratio, book-weighted	49.5	44.7	32.5	30.8	30.4	34.6	39.9
Gearing, %	23.3	30.3	109.9	110.2	124.3	93.9	64.4

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	1,473,587	9.431	12.4%
Nordea Bank ABP	1,090,703	6.980	9.2%
Sijoitusrahasto Taaleritehdas Mikro Markka	800,000	5.120	6.7%
OP-Finland Small Firms Fund	598,259	3.829	5.0%
Danske Invest Finnish Equity Fund	346,650	2.219	2.9%
Phoebus Fund	290,000	1.856	2.4%
Säästöpankki Pienyhtiöt	288,710	1.848	2.4%
Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	286,357	1.833	2.4%
Nelimarkka Heikki Antero	242,836	1.554	2.0%
Ilmarinen Mutual Pension Insurance	242,733	1.553	2.0%
Ten largest	5,659,835	36.223	48%
Residual	6,237,008	39.917	52%
Total	11,896,843	76.140	100%

EARNINGS CALENDAR

February 18, 2021	FY 2020 Results
April 30, 2021	Q1 report
July 20, 2021	Q2 report
November 04, 2021	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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

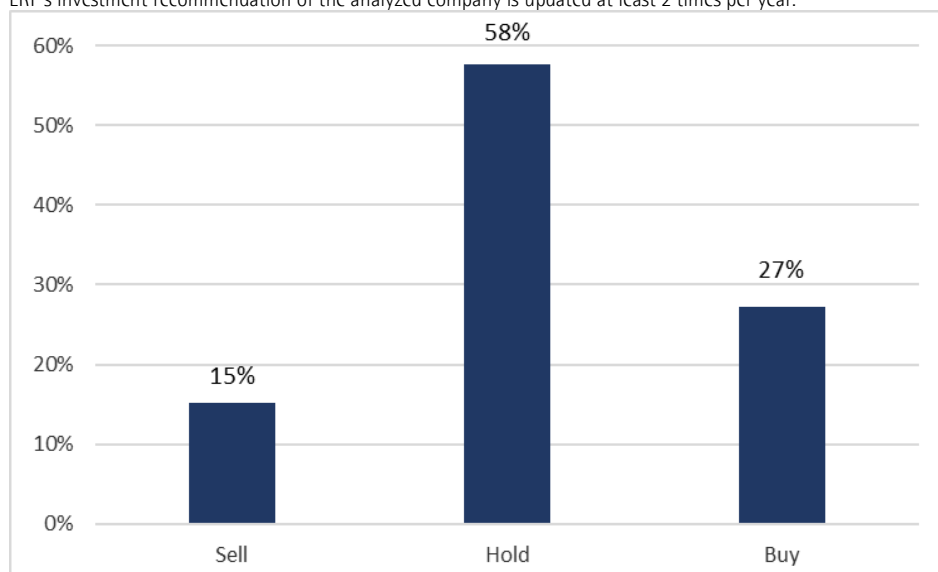
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Ilvonen

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