

Extended heady growth

Exel Q2 margins were close to what we expected, while the growth extension turns us overall more positive. In our view the company isn't that far from 10% annual EBIT margins.

Q2 margins declined pretty much as expected

Sales mix (tilt to carbon fibers) as well as volumes continued to improve and Q2 top line grew by 23% y/y. The EUR 33.5m figure surpassed our EUR 30.4m estimate despite certain quarterly softness in Wind power, which in our view testifies to Exel's extended wide positive development. Buildings and infrastructure, a highlight customer industry, was driven by the conductor core application and reached EUR 8.7m top line (vs our EUR 5.9m estimate). Q2 gross margin declined by almost 400bps y/y and 200bps q/q to 56.3%, which wasn't a surprise per Exel's comments in connection with the Q1 report. Higher raw materials costs and certain growth category products' ramp-up had a negative margin impact, but Exel's 7.3% adj. EBIT margin was in fact a bit above our 7.2% estimate. The resulting EUR 2.5m adj. EBIT topped our EUR 2.2m estimate thanks to the high revenue. Exel retained its previous FY '21 guidance.

Prolonged high growth further lifts profitability potential

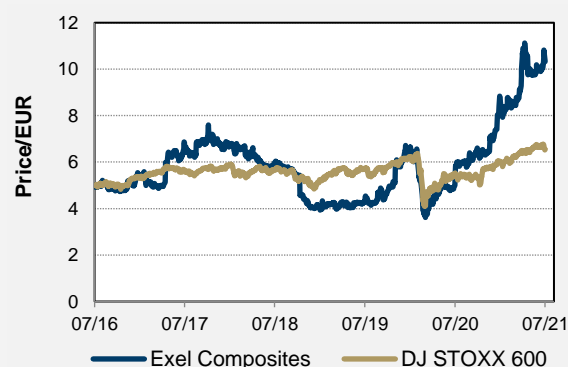
Order intake didn't show any signs of cooling and leaped by 90% y/y. The Q2 comparison figure was soft, but nevertheless the latest EUR 43.5m figure gained another 4% q/q and can be compared to the EUR 30m quarterly levels that used to be common. We now expect Exel to reach 15% growth this year. In our view H2 growth is bound to top 10% and thus we estimate H2 EBIT margins to increase by ca. 100bps y/y. We still expect Exel's composites pricing to adjust for higher raw materials costs and see annual EBIT margin reach close to 10% already next year. It's a bit early to say much about FY '22, but the recent order intake levels suggest Exel might then grow another 10% or so. We therefore see EBIT gaining almost another EUR 3m.

We now estimate EUR 13.5m FY '22 EBIT (prev. EUR 12.7m)

Exel's valuation has turned, in our view, more attractive now that recent strong growth outlook has been extended. Exel is now valued ca. 9x EV/EBITDA and 14x EV/EBIT on our FY '21 estimates. These are still somewhat high in the historical context, but we expect them to contract to around 7.5x and 11x in one year's time. Our TP is now EUR 11.5 (11.0), new rating BUY (HOLD).

Rating

+ BUY



Share price, EUR (Last trading day's closing price) 10.32

Target price, EUR 11.5

Latest change in recommendation 21-Jul-21

Latest report on company 03-May-21

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 123

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 04-Nov-21

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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
2019	103.8	5.1	4.9%	0.7	0.20	32.5	1.0	21.0	0.9	0.18
2020	108.6	9.4	8.7%	0.5	0.45	16.4	1.1	12.5	0.6	0.20
2021E	124.9	10.7	8.6%	4.9	0.63	16.4	1.2	14.1	4.0	0.25
2022E	137.4	13.5	9.8%	7.6	0.81	12.8	1.1	10.8	6.2	0.30
2023E	147.8	15.1	10.2%	9.1	0.92	11.3	0.9	9.3	7.4	0.32
Market cap, EURm	123			Gearing 2021E, %	81.6			CAGR EPS 2020-23, %	26.6	
Net debt 2021E, EURm	28			Price/book 2021E	3.6			CAGR sales 2020-23, %	10.8	
Enterprise value, EURm	150			Dividend yield 2021E, %	2.4			ROE 2021E, %	23.9	
Total assets 2021E, EURm	105			Tax rate 2021E, %	24.7			ROCE 2021E, %	14.9	
Goodwill 2021E, EURm	13			Equity ratio 2021E, %	32.3			PEG, P/E 21/CAGR	1.0	

Estimates and peer group multiples

Exel Composites	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Q3'21e	Q4'21e	2021e
Buildings and infrastructure	23.5	6.2	5.3	4.9	7.0	23.5	7.0	8.7	6.7	7.7	30.1
Equipment and other industries	18.6	6.1	4.0	4.3	5.1	19.5	5.6	5.2	4.7	5.4	20.9
Wind power	23.6	5.8	7.9	7.8	6.6	28.1	7.4	7.8	8.8	7.4	31.4
Machinery and electrical	14.4	3.8	4.8	3.3	3.7	15.5	3.7	5.1	3.5	4.0	16.2
Transportation	13.1	3.4	2.8	2.2	1.9	10.2	2.5	2.7	2.3	2.0	9.5
Defense	2.3	1.3	0.8	1.9	1.4	5.3	2.2	1.8	2.2	1.9	8.1
Telecommunications	8.2	1.2	1.7	1.7	1.8	6.5	2.5	2.3	1.9	2.1	8.8
Revenue	103.8	27.8	27.2	26.0	27.5	108.6	31.0	33.5	30.1	30.4	124.9
<i>y/y change, %</i>	<i>7 %</i>	<i>3 %</i>	<i>3 %</i>	<i>10 %</i>	<i>3 %</i>	<i>5 %</i>	<i>11 %</i>	<i>23 %</i>	<i>15 %</i>	<i>11 %</i>	<i>15 %</i>
Adjusted EBIT	7.2	2.1	2.9	2.0	2.7	9.7	2.5	2.5	2.7	3.2	10.8
EBIT	5.1	1.9	2.8	2.0	2.7	9.4	2.4	2.4			10.7
<i>-margin, %</i>	<i>6.9 %</i>	<i>7.5 %</i>	<i>10.6 %</i>	<i>7.8 %</i>	<i>9.9 %</i>	<i>8.9 %</i>	<i>7.9 %</i>	<i>7.3 %</i>	<i>9.0 %</i>	<i>10.5 %</i>	<i>8.7 %</i>
<i>-margin (reported), %</i>	<i>4.9 %</i>	<i>6.7 %</i>	<i>10.2 %</i>	<i>7.8 %</i>	<i>9.9 %</i>	<i>8.7 %</i>	<i>7.8 %</i>	<i>7.0 %</i>			<i>8.6 %</i>

Source: Evli Research

EXEL COMPOSITES PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		20	21	22	20	21	22	20	21	22
Gurit Holding	877	15.7x	16.5x	13.4x	18.9x	20.8x	16.8x	11.1 %	9.0 %	10.4 %
Hexagon Composites	613	58.0x	74.2x	88.4x				-1.9 %	-5.9 %	-6.2 %
Hexcel	4056	26.6x	28.2x	17.1x	351.9x	101.5x	30.0x	0.9 %	4.0 %	11.3 %
Avient	3614	13.0x	10.0x	9.3x	18.9x	13.8x	12.4x	8.1 %	9.4 %	10.0 %
SGL Carbon	1127	7.2x	11.9x	9.7x		30.9x	20.1x	-10.7 %	4.6 %	6.6 %
TPI Composites	1288	22.7x	15.0x	10.9x	85.8x	35.1x	18.4x	1.5 %	2.8 %	4.9 %
Peer Group Average	1929	23.9x	26.0x	24.8x	118.9x	40.4x	19.5x	1.5 %	4.0 %	6.2 %
Peer Group Median	1208	19.2x	15.7x	12.2x	52.4x	30.9x	18.4x	1.2 %	4.3 %	8.3 %
Exel Composites (Evli est.)	123	7.7x	8.9x	7.5x	12.5x	14.0x	10.7x	8.7 %	8.6 %	9.8 %

Exel Composites prem./disc. to peer median

-60 % -44 % -38 % -76 % -55 % -42 % 613 % 98 % 18 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	10.32 PV of Free Cash Flow	80 Long-term growth, %	1.5 Risk-free interest rate, %
DCF share value	12.48 PV of Horizon value	101 WACC, %	8.5 Market risk premium, %
Share price potential, %	20.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	13.7 Marketable securities	12 Minimum WACC, %	8.0 Equity beta coefficient
Minimum value	11.4 Debt - dividend	-44 Maximum WACC, %	9.0 Target debt ratio, %
Horizon value, %	55.6 Value of stock	148 Nr of shares, Mn	11.9 Effective tax rate, %

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	109	125	137	148	155	160	164	167	170	174	176	179
<i>Sales growth, %</i>	<i>4.6</i>	<i>15.1</i>	<i>10.0</i>	<i>7.5</i>	<i>5.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	9	11	13	15	16	17	17	18	19	20	20	21
<i>Operating income margin, %</i>	<i>8.7</i>	<i>8.6</i>	<i>9.8</i>	<i>10.2</i>	<i>10.5</i>	<i>10.5</i>	<i>10.5</i>	<i>10.5</i>	<i>11.0</i>	<i>11.5</i>	<i>11.5</i>	<i>11.5</i>
+ Depreciation+amort.	6	6	6	6	6	6	6	5	5	5	5	6
EBITDA	15	17	19	21	22	23	23	23	24	25	26	
- Paid taxes	-3	-3	-3	-4	-4	-4	-4	-4	-5	-5	-5	
- Change in NWC	3	-2	-2	-1	-1	-1	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>11.2</i>	<i>11.3</i>	<i>11.4</i>	<i>11.4</i>	<i>11.5</i>	<i>11.5</i>	<i>11.5</i>	<i>11.5</i>	<i>11.5</i>	<i>11.6</i>	<i>11.6</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-13	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	
<i>opCAPEX / Sales, %</i>	<i>11.9</i>	<i>5.4</i>	<i>4.6</i>	<i>4.3</i>	<i>4.1</i>	<i>4.0</i>	<i>3.9</i>	<i>3.5</i>	<i>3.5</i>	<i>3.5</i>	<i>3.4</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	2	7	9	11	12	13	13	13	14	15	15	218
= Discounted FCFF		7	8	9	9	9	9	8	7	7	7	101
= DFCF min WACC		7	8	9	9	9	9	8	8	8	7	113
= DFCF max WACC		7	8	9	9	9	8	7	7	7	7	90

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	27.8	27.2	26.1	27.5	108.6	31.0	33.5	30.1	30.4	124.9	137.4	147.8
EBITDA	3.4	4.3	3.5	4.1	15.3	4.0	3.9	4.2	4.7	16.8	19.3	20.9
<i>EBITDA margin (%)</i>	<i>12.1</i>	<i>15.8</i>	<i>13.5</i>	<i>14.8</i>	<i>14.1</i>	<i>13.0</i>	<i>11.7</i>	<i>14.0</i>	<i>15.5</i>	<i>13.5</i>	<i>14.0</i>	<i>14.2</i>
EBIT	1.9	2.8	2.0	2.7	9.4	2.4	2.4	2.7	3.2	10.7	13.5	15.1
<i>EBIT margin (%)</i>	<i>6.7</i>	<i>10.3</i>	<i>7.8</i>	<i>9.9</i>	<i>8.7</i>	<i>7.8</i>	<i>7.0</i>	<i>9.0</i>	<i>10.5</i>	<i>8.6</i>	<i>9.8</i>	<i>10.2</i>
Net financial items	-0.6	0.2	-0.7	-1.2	-2.3	0.5	-0.5	-0.4	-0.4	-0.8	-0.7	-0.6
Pre-tax profit	1.3	2.9	1.3	1.5	7.1	2.9	1.9	2.3	2.8	9.9	12.8	14.5
Tax	-0.6	-0.4	-0.2	-0.4	-1.7	-0.9	-0.5	-0.5	-0.6	-2.5	-3.2	-3.6
<i>Tax rate (%)</i>	<i>49.4</i>	<i>15.3</i>	<i>15.1</i>	<i>29.4</i>	<i>24.6</i>	<i>30.8</i>	<i>25.4</i>	<i>21.0</i>	<i>21.0</i>	<i>24.7</i>	<i>24.7</i>	<i>24.7</i>
Net profit	0.7	2.5	1.1	1.1	5.4	2.0	1.4	1.8	2.2	7.5	9.6	10.9
EPS	0.06	0.21	0.09	0.09	0.45	0.17	0.12	0.15	0.19	0.63	0.81	0.92
EPS adjusted (diluted no. of shares)	0.06	0.21	0.09	0.09	0.45	0.17	0.12	0.15	0.19	0.63	0.81	0.92
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.25	0.30	0.32
SALES, EURm												
Exel Composites	27.8	27.2	26.1	27.5	108.6	31.0	33.5	30.1	30.4	124.9	137.4	147.8
Total	27.8	27.2	26.1	27.5	108.6	31.0	33.5	30.1	30.4	124.9	137.4	147.8
SALES GROWTH, Y/Y %												
Exel Composites	2.6	2.6	10.5	3.4	4.6	11.3	23.3	15.2	10.6	15.1	10.0	7.5
Total	2.6	2.6	10.5	3.4	4.6	11.3	23.3	15.2	10.6	15.1	10.0	7.5
EBIT, EURm												
Exel Composites	1.9	2.8	2.0	2.7	9.4	2.4	2.4	2.7	3.2	10.7	13.5	15.1
Total	1.9	2.8	2.0	2.7	9.4	2.4	2.4	2.7	3.2	10.7	13.5	15.1
EBIT margin, %												
Exel Composites	6.7	10.3	7.8	9.9	8.7	7.8	7.0	9.0	10.5	8.6	9.8	10.2
Total	6.7	10.3	7.8	9.9	8.7	7.8	7.0	9.0	10.5	8.6	9.8	10.2

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	73.1	86.3	96.6	103.8	108.6	124.9	137.4	147.8
<i>Sales growth (%)</i>	<i>-8.9</i>	<i>18.1</i>	<i>11.9</i>	<i>7.5</i>	<i>4.6</i>	<i>15.1</i>	<i>10.0</i>	<i>7.5</i>
EBITDA	3.8	9.3	7.7	10.7	15.3	16.8	19.3	20.9
<i>EBITDA margin (%)</i>	<i>5.2</i>	<i>10.8</i>	<i>8.0</i>	<i>10.3</i>	<i>14.1</i>	<i>13.5</i>	<i>14.0</i>	<i>14.2</i>
Depreciation	-3.2	-3.2	-5.5	-5.6	-5.8	-6.2	-5.8	-5.9
EBITA	0.6	6.1	2.2	5.1	9.4	10.7	13.5	15.1
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.6	6.1	2.2	5.1	9.4	10.7	13.5	15.1
<i>EBIT margin (%)</i>	<i>0.8</i>	<i>7.1</i>	<i>2.3</i>	<i>4.9</i>	<i>8.7</i>	<i>8.6</i>	<i>9.8</i>	<i>10.2</i>
Reported EBIT	-1.2	6.1	2.2	5.1	9.4	10.7	13.5	15.1
<i>EBIT margin (reported) (%)</i>	<i>-1.6</i>	<i>7.1</i>	<i>2.3</i>	<i>4.9</i>	<i>8.7</i>	<i>8.6</i>	<i>9.8</i>	<i>10.2</i>
Net financials	-0.1	-0.7	-0.5	-1.2	-2.3	-0.8	-0.7	-0.6
Pre-tax profit	0.5	5.4	1.7	3.9	7.1	9.9	12.8	14.5
Taxes	-0.2	-1.2	-1.3	-1.5	-1.7	-2.5	-3.2	-3.6
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-1.4	4.2	0.4	2.4	5.4	7.5	9.6	10.9
Cash NRIs	-1.8	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	17	16	21	23	30	30	30	31
Goodwill	10	13	13	13	13	13	13	13
Right of use assets	0	0	5	5	3	4	4	4
Inventory	9	12	15	17	16	19	20	22
Receivables	10	15	20	20	21	24	26	28
Liquid funds	7	8	5	7	12	14	15	16
Total assets	54	64	79	85	97	105	111	116
Liabilities								
Shareholder's equity	27	29	26	26	29	34	40	48
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	3	4	2	4	4	4
Deferred taxes	1	0	0	0	0	0	0	0
Interest bearing debt	14	16	30	32	40	38	34	29
Non-interest bearing current liabilities	12	18	18	21	24	27	30	32
Other interest-free debt	1	0	2	2	2	2	2	2
Total liabilities	54	64	79	85	97	105	111	116
CASH FLOW, EURm								
+ EBITDA	4	9	8	11	15	17	19	21
- Net financial items	0	-1	0	-1	-2	-1	-1	-1
- Taxes	0	-1	-2	-2	-2	-2	-3	-4
- Increase in Net Working Capital	1	-3	-4	1	3	-2	-2	-1
+/- Other	-1	1	0	0	0	0	0	0
= Cash flow from operations	3	5	1	8	13	12	14	16
- Capex	-3	-3	-10	-8	-13	-7	-6	-6
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	0	1	-9	1	0	5	8	9
+/- New issues/buybacks	0	-1	0	0	-1	0	0	0
- Paid dividend	-3	-1	-4	-2	-2	-2	-3	-4
+/- Other	2	1	9	3	7	-1	-3	-4
Change in cash	-1	0	-3	2	5	2	1	1

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	78	48	78	88	123	123	123
Net debt (excl. convertibles)	9	28	29	30	28	23	17
Enterprise value	87	76	107	118	150	146	140
Sales	86	97	104	109	125	137	148
EBITDA	9	8	11	15	17	19	21
EBIT	6	2	5	9	11	13	15
Pre-tax	5	2	4	7	10	13	14
Earnings	4	0	2	5	7	10	11
Equity book value (excl. minorities)	29	26	26	29	34	40	48
Valuation multiples							
EV/sales	1.0	0.8	1.0	1.1	1.2	1.1	0.9
EV/EBITDA	9.3	9.9	10.0	7.7	8.9	7.6	6.7
EV/EBITA	14.2	34.5	21.0	12.5	14.1	10.8	9.3
EV/EBIT	14.2	34.5	21.0	12.5	14.1	10.8	9.3
EV/OCF	17.7	84.3	12.9	8.8	12.9	10.5	9.0
EV/FCFF	-28.4	-6.6	32.5	52.9	21.1	15.5	12.9
P/FCFE	55.8	-5.5	110.9	179.1	25.1	16.2	13.5
P/E	18.6	119.0	32.5	16.4	16.4	12.8	11.3
P/B	2.7	1.8	3.0	3.1	3.6	3.0	2.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.8	8.3	7.4
Target EV/EBIT	0.0	0.0	0.0	0.0	15.4	11.9	10.2
Target EV/FCF	0.0	0.0	0.0	0.0	33.6	21.1	16.9
Target P/B	0.0	0.0	0.0	0.0	4.0	3.4	2.9
Target P/E	0.0	0.0	0.0	0.0	18.3	14.2	12.6
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	0.35	0.03	0.20	0.45	0.63	0.81	0.92
Operating cash flow per share	0.41	0.08	0.70	1.12	0.98	1.17	1.30
Free cash flow per share	0.12	-0.73	0.06	0.04	0.41	0.64	0.77
Book value per share	2.42	2.16	2.21	2.41	2.84	3.40	4.02
Dividend per share	0.30	0.18	0.18	0.20	0.25	0.30	0.32
Dividend payout ratio, %	85.0	535.4	89.2	44.3	39.8	37.1	34.9
Dividend yield, %	4.6	4.5	2.7	2.7	2.4	2.9	3.1
FCF yield, %	1.8	-18.3	0.9	0.6	4.0	6.2	7.4
Efficiency measures							
ROE	15.2	1.5	9.2	19.5	23.9	25.9	24.7
ROCE	14.6	4.5	8.6	14.4	14.9	17.8	19.1
Financial ratios							
Inventories as % of sales	13.5	15.7	16.3	14.9	14.9	14.9	14.9
Receivables as % of sales	17.1	20.8	19.2	19.2	19.2	19.2	19.2
Non-interest bearing liabilities as % of sales	21.4	19.2	20.2	22.0	22.0	22.0	22.0
NWC/sales, %	9.3	16.1	14.1	11.2	11.3	11.4	11.4
Operative CAPEX/sales, %	4.1	9.9	7.3	11.9	5.4	4.6	4.3
CAPEX/sales (incl. acquisitions), %	4.1	9.9	7.3	11.9	5.4	4.6	4.3
FCFF/EBITDA	-0.3	-1.5	0.3	0.1	0.4	0.5	0.5
Net debt/EBITDA, book-weighted	0.9	3.7	2.7	2.0	1.6	1.2	0.8
Debt/equity, market-weighted	0.2	0.6	0.4	0.5	0.3	0.3	0.2
Equity ratio, book-weighted	44.7	32.5	30.8	29.7	32.3	36.5	41.2
Gearing, %	30.3	109.9	110.2	104.7	81.6	56.8	36.5

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	1,464,492	15.114	12.3%
Nordea Bank ABP	1,018,305	10.509	8.6%
Sijoitusrahasto Taaleritehdas Mikro Markka	800,000	8.256	6.7%
OP-Finland Small Firms Fund	598,259	6.174	5.0%
Danske Invest Finnish Equity Fund	520,000	5.366	4.4%
Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	450,000	4.644	3.8%
Phoebus Fund	311,348	3.213	2.6%
Säästöpankki Pienyhtiöt	288,710	2.979	2.4%
Ilmarinen Mutual Pension Insurance	242,733	2.505	2.0%
Veritas Pension Insurance Company Ltd.	226,163	2.334	1.9%
Ten largest	5,920,010	61.095	50%
Residual	5,976,833	61.681	50%
Total	11,896,843	122.775	100%

EARNINGS CALENDAR

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

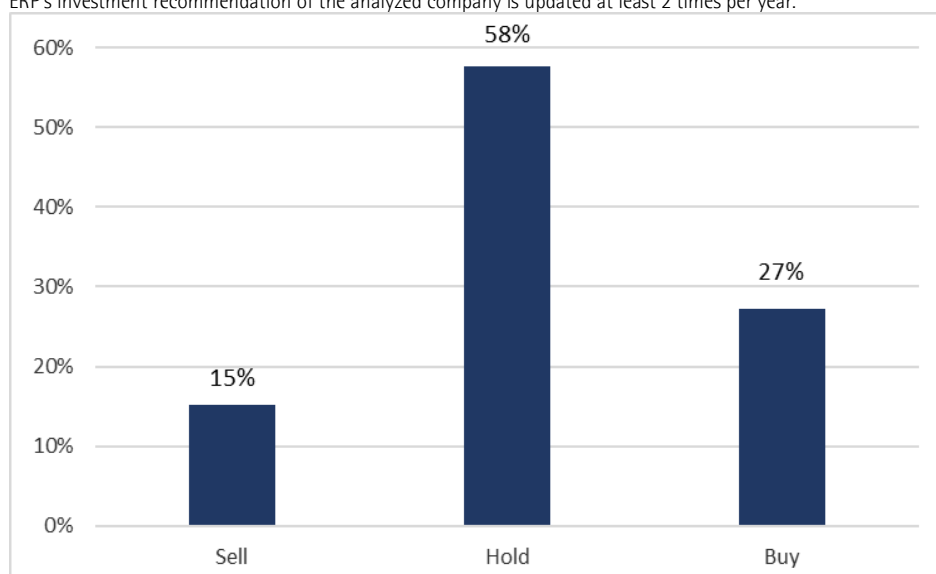
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Investment recommendations are defined as follows:

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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