

Focus on profitability

Pihlajalinna reports its Q2 earnings on next week's Thursday, August 15th. During Q2, the company has actively expanded its service network across the country. The company also announced the launch of an efficiency improvement program in mid-June. We keep our rating "BUY" with TP of EUR 13.0 ahead of Q2.

Expanding occupational healthcare network continues

Pihlajalinna has grown fast in H1'19 through M&A and expanding the company's service network. Pihlajalinna has expanded its occupational healthcare network actively in Q2'19 as the company announced the acquisitions of Raisio's occupational healthcare center Aurinkoristeys and Kouvola's Työterveys. In addition to acquisitions, the company announced that it will open an occupational healthcare center to Rovaniemi and a healthcare center to Vaasa. The company has also agreed on cooperation with Sydänsairaala and pilot cooperation with Pohjola Vakuutus.

Pihlajalinna seeks annual cost savings of EUR 14m

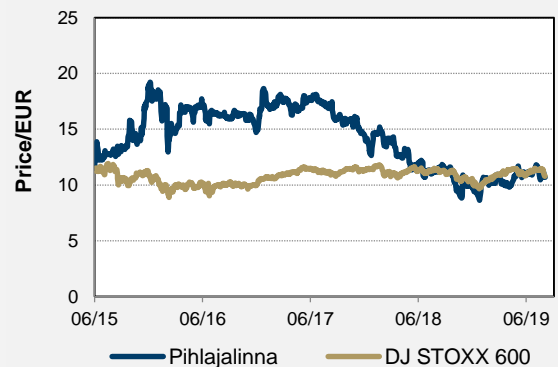
Pihlajalinna announced in mid-June that the company will launch the preparations of an efficiency improvement program. Through the program, the company seeks to achieve annual cost savings of EUR 14m. The cost savings sought are meaningful as the company's adj. EBIT in 2018 was EUR 14m. The commence of the newest efficiency improvement program supports the company's long-term target to reach EBIT margin of 7%, which so far has seemed rather distant. We will update our estimates accordingly once we have more detailed information about the program.

We keep "BUY" with TP of EUR 13

Our 2019E estimates are intact ahead of Q2 earnings. We expect Q2'19 revenue of EUR 134m (cons. EUR 132.5m) and EBIT of EUR 4.8m (cons. EUR 4.6m) resulting in EBIT margin of 3.6%. On our estimates, Pihlajalinna trades at 19E-20E EV/EBITDA multiple of 7.2x and 6.6x, which translates into ~25% discount compared to the peer group. We keep our rating "BUY" with TP of EUR 13 ahead of Q2.

Rating

BUY



Share price, EUR (Last trading day's closing price) 10.70

Target price, EUR 13.0

Latest change in rating 01-Nov-18

Latest report on company 20-May-19

Research paid by issuer: YES

No. of shares outstanding, 22,620

No. of shares fully diluted, 22,620

Market cap, EURm 242

Free float, % 57.0

Exchange rate 0.000

Reuters code PIHLIS.HE

Bloomberg code PIHLIS FH

Average daily volume, EURm na.

Next interim report 15-Aug-19

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BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	424	20	4.7%	19	0.52	25.7	0.8	7.2	16.2	0.16
2018	488	14	2.9%	10	0.19	46.4	0.8	4.4	27.9	0.10
2019E	525	24	4.6%	20	0.66	16.3	0.8	4.3	17.3	0.22
2020E	535	28	5.3%	23	0.77	13.9	0.8	4.3	14.3	0.25
2021E	549	30	5.5%	25	0.83	12.9	0.7	4.3	12.9	0.27
Market cap, EURm		242		BV per share 2019E, EUR		5.9		CAGR EPS 2018-21, %		64.7
Net debt 2019E, EURm		162		Price/book 2019E		1.8		CAGR sales 2018-21, %		4.0
Enterprise value, EURm		421		Dividend yield 2019E, %		2.0		ROE 2019E, %		11.6
Total assets 2019E, EURm		428		Tax rate 2019E, %		20.6		ROCE 2019E, %		7.1
Goodwill 2019E, EURm		170		Equity ratio 2019E, %		33.4		PEG, P/E 19/CAGR		1.0

Expanding occupational healthcare network continues

Pihlajalinna has grown fast in H1'19 through M&A and expanding the company's service network. The company indicated earlier that it sees opportunities in expanding its occupational healthcare network as municipalities and other public sector entities are interested in divesting the occupational healthcare providers they currently own. As a result of that, Pihlajalinna has expanded its occupational healthcare network actively in Q2'19 as the company announced the acquisitions of Raisio's occupational healthcare center Aurinkoristeys and Kouvola's Työterveys. In addition to acquisitions, the company announced that it will open an occupational healthcare center to Rovaniemi and a healthcare center to Vaasa. The company has also agreed on cooperation with Sydänsairaala and pilot cooperation with Pohjola Vakuutus.

Pihlajalinna seeks annual cost savings of EUR 14m

Pihlajalinna announced in mid-June that the company will launch the preparations of an efficiency improvement program. Through the program, the company seeks to achieve annual cost savings of EUR 14m. The cost savings sought are meaningful as the company's adj. EBIT in 2018 was EUR 14m. Last year, the company underwent organizational restructuring and in connection with that, conducted codetermination negotiations. The estimated annual cost savings of these were EUR 2.8m. The company stated earlier in Q1'19 that its focus in 2019E is to improve profitability by organic growth, increasing cross-selling and by addressing profitability issues in the new medical service centers. The commence of the newest efficiency improvement program supports the company's long-term target to reach EBIT margin of 7%, which so far has seemed rather distant. We will update our estimates accordingly once we have more detailed information about the program.

We maintain "BUY" with TP of EUR 13

Our 2019E estimates are intact ahead of Q2 earnings. The company expects 2019E revenue to increase from last year while EBIT is expected to increase notably from last year. We foresee 2019E revenue of EUR 525m (7.6% y/y), while consensus is at EUR 520m and EBIT of EUR 24m (71.4% y/y) vs. consensus of EUR 22.7m. The targeted cost savings add upward pressure on our estimates, but these will be updated once we have more detailed information. We expect Q2'19 revenue of EUR 134m (cons. EUR 132.5m) and EBIT of EUR 4.8m (cons. EUR 4.6m) resulting in EBIT margin of 3.6%. On our estimates, Pihlajalinna trades at 19E-20E EV/EBITDA multiple of 7.2x and 6.6x, which translates into ~25% discount compared to the peer group. We keep our rating "BUY" with TP of EUR 13 ahead of Q2.

Estimates

Net sales	2017	Q1'18	Q2'18	Q3'18	Q4'18	2018E	Q1'19E	Q2'19E	Q3'19E	Q4'19E	2019E	2020E
Corporate Customers	82,6	26,2	25,3	22,8	29,4	103,7	31,6	28,0	26,5	31,9	118,0	120,3
of which insurance companies	26,6	6,6	6,6	5,3	6,7	25,2	7,1	7,1	7,1	7,1	28,4	29,0
of which other corporates	56,0	19,6	18,7	17,5	22,7	78,5	24,5	20,9	19,4	24,8	89,6	91,4
Private Customers	67,9	22,2	24,3	21,0	24,6	92,1	26,5	25,7	22,0	25,7	99,9	101,9
Public sector customers	330,5	85,1	90,3	85,7	88,6	349,7	89,3	95,3	89,4	92,4	366,4	373,7
Total	424,0	119,3	125,3	116,3	126,9	487,8	132,5	134,0	124,5	133,9	525,0	535,5
Net sales growth												
Corporate Customers	-	17,0%	21,1%	25,3%	39,3%	25,5%	20,6%	10,5%	16,4%	8,4%	13,8%	2,0%
Private Customers	-	16,8%	35,0%	54,4%	42,2%	35,6%	19,4%	5,6%	4,9%	4,5%	8,5%	2,0%
Public sector customers	-	2,5%	9,9%	6,1%	4,9%	5,8%	4,9%	5,5%	4,3%	4,3%	4,8%	2,0%
Total	6,2%	8,5%	17,5%	17,0%	17,5%	15,0%	11,1%	7,0%	7,1%	5,5%	7,6%	2,0%
Adj. EBITDA (group)	34,0	6,9	10,2	14,2	14,6	45,9	12,6	13,3	15,9	16,7	58,6	61,6
Adj. EBITDA-margin (group)	8,0%	5,8%	8,1%	12,2%	11,5%	9,4%	9,5%	9,9%	12,8%	12,5%	11,2%	11,5%

Source: Pihlajalinna, Evli Research

Valuation

PIHLAJALINNA PEER GROUP	Security identifier	MCAP Local FX	EV/EBITDA			EV/EBIT			P/E		
			19	20	21	19	20	21	19	20	21
Ambea AB	AMBEA-SE	6246	10,1x	8,3x	7,3x	21,7x	17,0x	14,3x	13,1x	11,5x	9,7x
Attendo AB	ATT-SE	6873	11,2x	10,1x	9,1x	33,3x	27,7x	22,4x	42,5x	28,8x	19,5x
Cambian Group Plc	CMBN-GB										
Capio AB	CAPIO-SE										
CareTech Holdings PLC	CTH-GB	414	9,9x	8,6x	7,8x	12,1x	10,3x	9,1x	10,7x	8,9x	7,7x
Fresenius SE & Co. KGaA	FRE-DE	23443	6,3x	5,8x	5,2x	9,0x	8,2x	7,3x	12,6x	11,7x	10,7x
Georgia Healthcare Group Plc	GHG-GB	134	8,8x	7,3x	6,1x	11,1x	9,0x	7,5x	20,9x	15,3x	12,0x
GHP Specialty Care AB	GHP-SE	922	6,8x	5,6x	4,9x	15,9x	11,3x	9,6x	21,4x	15,1x	14,8x
Humana AB	HUM-SE	2912	8,7x	7,7x	7,0x	14,6x	12,6x	11,5x	11,0x	10,0x	9,1x
Korian SA	KORI-FR	2942	11,4x	10,5x	9,8x	17,4x	16,0x	14,8x	21,4x	18,4x	16,0x
LNA Sante SA	LNA-FR	454	12,1x	11,1x	10,3x	14,3x	13,0x	12,0x	18,7x	16,6x	14,7x
Mediclinic International Plc	MDC-GB	2336	7,8x	7,2x	6,6x	12,1x	11,1x	10,0x	12,2x	11,0x	9,6x
Orpea SA	ORP-FR	7078	18,4x	17,3x	16,3x	25,8x	24,1x	22,5x	27,7x	24,8x	22,3x
RHON-KLINIKUM AG	RHK-DE	1573	12,6x	12,0x	12,0x	28,8x	27,3x	28,7x	47,6x	43,4x	40,6x
Spire Healthcare Group PLC	SPI-GB	386	6,4x	5,9x	6,0x	13,9x	12,5x	12,5x	18,3x	14,6x	10,9x
Terveystalo Oy Class A	TTALO-FI	1133	9,9x	9,1x	8,4x	19,7x	17,2x	14,8x	20,9x	17,9x	15,2x
Peer Group Median		4122	9,9x	8,5x	7,6x	15,3x	12,8x	12,2x	19,8x	15,2x	13,4x
Peer Group Average		1954	10,0x	9,0x	8,4x	17,8x	15,5x	14,1x	21,4x	17,7x	15,2x
Pihlajalinna (Evli est.)		242	7,2x	6,6x	6,4x	17,3x	14,3x	12,9x	16,3x	13,9x	12,9x

Pihlajalinna premium/discount to peer median

Source: Factset, Evli Research

-28 % -22 % -16 % 13 % 12 % 6 % -18 % -8 % -4 %

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	10.70 PV of Free Cash Flow	194 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	13.15 PV of Horizon value	303 WACC, %	7.0 Market risk premium, %
Share price potential, %	22.9 Unconsolidated equity	-17 Spread, %	0.5 Debt risk premium, %
Maximum value	15.5 Marketable securities	36 Minimum WACC, %	6.5 Equity beta coefficient
Minimum value	11.2 Debt - dividend	-219 Maximum WACC, %	7.5 Target debt ratio, %
Horizon value, %	60.9 Value of stock	297 Nr of shares, Mn	22.6 Effective tax rate, %

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	488	525	535	549	565	582	600	618	636	655	669	682
<i>Sales growth, %</i>	<i>15.0</i>	<i>7.6</i>	<i>2.0</i>	<i>2.5</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	14	24	28	30	35	32	33	34	35	33	33	34
<i>EBIT margin, %</i>	<i>2.9</i>	<i>4.6</i>	<i>5.3</i>	<i>5.5</i>	<i>6.2</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>
+ Depreciation+amort.	32	34	33	31	31	31	32	32	32	30	31	
- Income taxes	-5	-5	-6	-6	-7	-6	-7	-7	-7	-7	-7	
- Change in NWC	3	3	1	1	1	1	1	1	1	2	1	
<i>NWC / Sales, %</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	
+ Change in other liabs	-1	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-202	-31	-32	-32	-32	-32	-32	-32	-32	-32	-30	-31
<i>Investments / Sales, %</i>	<i>41.3</i>	<i>6.0</i>	<i>6.0</i>	<i>5.8</i>	<i>5.7</i>	<i>5.5</i>	<i>5.3</i>	<i>5.2</i>	<i>5.0</i>	<i>4.9</i>	<i>4.5</i>	<i>4.5</i>
- Other items	-1	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	-159	25	25	24	29	26	27	28	29	26	28	574
= Discounted FCF (DFCF)		24	23	21	23	20	19	18	18	15	15	303
= DFCF min WACC		25	23	21	23	20	19	19	18	15	16	352
= DFCF max WACC		24	22	20	22	19	18	18	17	14	14	264

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	119	125	116	127	488	133	134	125	134	525	535	549
EBITDA	7	10	14	15	46	13	13	16	17	58	62	61
<i>EBITDA margin (%)</i>	<i>5.6</i>	<i>8.1</i>	<i>12.1</i>	<i>11.6</i>	<i>9.3</i>	<i>9.4</i>	<i>9.9</i>	<i>12.8</i>	<i>12.5</i>	<i>11.1</i>	<i>11.5</i>	<i>11.2</i>
EBIT	0	2	6	7	14	4	5	7	8	24	28	30
<i>EBIT margin (%)</i>	<i>-0.3</i>	<i>1.5</i>	<i>5.1</i>	<i>5.1</i>	<i>2.9</i>	<i>2.9</i>	<i>3.6</i>	<i>6.0</i>	<i>6.2</i>	<i>4.6</i>	<i>5.3</i>	<i>5.5</i>
Net financial items	-1	-1	-1	-1	-4	-1	-1	-1	-1	-4	-5	-5
Pre-tax profit	-1	1	5	5	10	3	4	6	7	20	23	25
Tax	0	0	-1	-1	-3	-1	-1	-1	-1	-4	-5	-5
<i>Tax rate (%)</i>	<i>0.0</i>	<i>27.3</i>	<i>22.0</i>	<i>24.1</i>	<i>26.5</i>	<i>24.1</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.6</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-2	1	2	3	4	2	3	5	5	15	17	19
EPS	-0.08	0.04	0.10	0.13	0.19	0.08	0.12	0.21	0.24	0.66	0.77	0.83
EPS adjusted (diluted no. of shares)	-0.08	0.04	0.10	0.13	0.19	0.08	0.12	0.21	0.24	0.66	0.77	0.83
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.22	0.25	0.27
SALES, EURm												
Corporate Customers	28	24	25	29	106	32	28	27	32	118	120	123
Private Customers	22	24	21	25	92	27	26	22	26	100	102	104
Public sector customers	84	92	84	89	348	89	95	89	92	366	374	383
Eliminations	-14	-15	-13	-16	-58	-15	-15	-13	-16	-59	-60	-62
Total	119	125	116	127	488	133	134	125	134	525	535	549
SALES GROWTH, Y/Y %												
<i>Corporate Customers</i>	<i>23.7</i>	<i>13.9</i>	<i>36.3</i>	<i>39.3</i>	<i>28.0</i>	<i>14.1</i>	<i>17.5</i>	<i>7.0</i>	<i>8.4</i>	<i>11.6</i>	<i>2.0</i>	<i>2.5</i>
<i>Private Customers</i>	<i>16.8</i>	<i>35.0</i>	<i>53.7</i>	<i>42.2</i>	<i>35.5</i>	<i>19.4</i>	<i>5.6</i>	<i>5.4</i>	<i>4.5</i>	<i>8.6</i>	<i>2.0</i>	<i>2.5</i>
<i>Public sector customers</i>	<i>0.6</i>	<i>11.8</i>	<i>3.6</i>	<i>4.9</i>	<i>5.2</i>	<i>6.9</i>	<i>3.7</i>	<i>6.8</i>	<i>4.3</i>	<i>5.4</i>	<i>2.0</i>	<i>2.5</i>
<i>Eliminations</i>	<i>-1.4</i>	<i>1.4</i>	<i>-0.8</i>	<i>4.7</i>	<i>1.1</i>	<i>4.9</i>	<i>1.3</i>	<i>2.8</i>	<i>2.7</i>	<i>2.9</i>	<i>2.0</i>	<i>2.5</i>
Total	8.4	17.5	17.0	17.6	15.0	11.2	7.0	7.1	5.5	7.6	2.0	2.5
EBIT, EURm												
Group	0	2	6	7	14	4	5	7	8	24	28	30
Total	0	2	6	7	14	4	5	7	8	24	28	30
EBIT margin, %												
<i>Total</i>	<i>-0.3</i>	<i>1.5</i>	<i>5.1</i>	<i>5.1</i>	<i>2.9</i>	<i>2.9</i>	<i>3.6</i>	<i>6.0</i>	<i>6.2</i>	<i>4.6</i>	<i>5.3</i>	<i>5.5</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	149	213	399	424	488	525	535	549
<i>Sales growth (%)</i>	<i>42.6</i>	<i>43.3</i>	<i>87.0</i>	<i>6.2</i>	<i>15.0</i>	<i>7.6</i>	<i>2.0</i>	<i>2.5</i>
Costs	-135	-201	-370	-390	-442	-467	-474	-488
Reported EBITDA	14	13	29	34	46	58	62	61
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>9.3</i>	<i>6.0</i>	<i>7.4</i>	<i>8.1</i>	<i>9.3</i>	<i>11.1</i>	<i>11.5</i>	<i>11.2</i>
Depreciation	-6	-8	-13	-14	-32	-34	-33	-31
EBITA	8	5	17	20	14	24	28	30
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	8	5	17	20	14	24	28	30
<i>EBIT margin (%)</i>	<i>5.4</i>	<i>2.2</i>	<i>4.2</i>	<i>4.7</i>	<i>2.9</i>	<i>4.6</i>	<i>5.3</i>	<i>5.5</i>
Net financials	-3	-2	-1	-1	-4	-4	-5	-5
Pre-tax profit	5	2	15	19	10	20	23	25
Extraordinary items	-2	-1	-1	-1	-1	0	0	0
Taxes	-1	0	-3	-3	-3	-4	-5	-5
Minority shares	0	-1	-3	-5	-3	-1	-1	-1
Net profit	1	1	8	10	4	15	17	19
BALANCE SHEET, EURm								
Assets								
Fixed assets	47	69	67	83	184	181	180	181
<i>% of sales</i>	<i>31</i>	<i>32</i>	<i>17</i>	<i>20</i>	<i>38</i>	<i>35</i>	<i>34</i>	<i>33</i>
Goodwill	56	76	92	104	170	170	170	170
<i>% of sales</i>	<i>38</i>	<i>36</i>	<i>23</i>	<i>25</i>	<i>35</i>	<i>32</i>	<i>32</i>	<i>31</i>
Inventory	1	2	2	2	3	3	3	3
<i>% of sales</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Receivables	14	20	27	25	40	33	34	35
<i>% of sales</i>	<i>10</i>	<i>9</i>	<i>7</i>	<i>6</i>	<i>8</i>	<i>6</i>	<i>6</i>	<i>6</i>
Liquid funds	11	15	28	37	36	37	37	38
<i>% of sales</i>	<i>7</i>	<i>7</i>	<i>7</i>	<i>9</i>	<i>7</i>	<i>7</i>	<i>7</i>	<i>7</i>
Total assets	131	185	218	254	437	428	428	431
Liabilities								
Equity	10	93	101	106	130	143	156	169
<i>% of sales</i>	<i>7</i>	<i>44</i>	<i>25</i>	<i>25</i>	<i>27</i>	<i>27</i>	<i>29</i>	<i>31</i>
Deferred taxes	4	5	6	6	6	6	6	6
<i>% of sales</i>	<i>3</i>	<i>2</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Interest bearing debt	88	42	52	77	217	199	185	173
<i>% of sales</i>	<i>59</i>	<i>20</i>	<i>13</i>	<i>18</i>	<i>45</i>	<i>38</i>	<i>35</i>	<i>32</i>
Non-interest bearing current liabilities	27	42	55	62	80	76	78	80
<i>% of sales</i>	<i>18</i>	<i>20</i>	<i>14</i>	<i>15</i>	<i>16</i>	<i>15</i>	<i>15</i>	<i>15</i>
Other interest free debt	1	3	3	3	3	3	3	3
<i>% of sales</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Total liabilities	131	185	217	254	437	428	428	431
CASH FLOW, EURm								
+ EBITDA	14	13	29	34	46	58	62	61
- Net financial items	-3	-2	-1	-1	-4	-4	-5	-5
- Taxes	-1	0	-2	-4	-4	-4	-5	-5
- Increase in Net Working Capital	4	9	7	8	3	3	1	1
+/- Other	-2	-2	-4	-5	-4	-1	-1	-1
= Cash flow from operations	11	19	30	37	42	53	53	52
- Capex	-28	-48	-27	-41	-122	-31	-32	-32
- Acquisitions	0	0	0	0	-79	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	-17	-29	3	-4	-160	22	21	20
+/- Change in interest-bearing debt	46	-46	10	25	141	-18	-14	-12
+/- New issues/buybacks	-29	82	-1	-2	24	0	0	0
- Paid dividend	0	0	0	-3	-3	-2	-5	-6
+/- Change in loan receivables	0	1	1	0	-1	0	0	0
Change in cash	0	8	13	15	1	2	2	2

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	256	380	275	195	242	242	242
Net debt	27	25	40	181	162	148	135
Enterprise value	286	416	325	391	421	405	391
Sales	213	399	424	488	525	535	549
EBITDA	13	29	34	46	58	62	61
EBIT	5	17	20	14	24	28	30
Pre-tax	2	15	19	10	20	23	25
Earnings	2	10	11	4	15	17	19
Book value	92	98	100	121	134	146	159
Valuation multiples							
EV/sales	1.3	1.0	0.8	0.8	0.8	0.8	0.7
EV/EBITDA	22.5	14.2	9.5	8.6	7.2	6.6	6.4
EV/EBITA	60.8	25.1	16.2	27.9	17.3	14.3	12.9
EV/EBIT	60.8	25.1	16.2	27.9	17.3	14.3	12.9
EV/operating cash flow	13.4	12.3	8.5	8.9	7.4	7.1	6.9
EV/cash earnings	28.6	15.8	11.2	10.3	8.4	7.8	7.6
P/E	170.5	39.1	25.7	46.4	16.3	13.9	12.9
P/E excl. goodwill	170.5	39.1	25.7	46.4	16.3	13.9	12.9
P/B	2.8	3.9	2.7	1.6	1.8	1.7	1.5
P/sales	1.2	1.0	0.6	0.4	0.5	0.5	0.4
P/CF	12.0	11.2	7.2	4.4	4.3	4.3	4.3
Target EV/EBIT	0.0	0.0	0.0	0.0	19.1	15.9	14.5
Target P/E	0.0	0.0	0.0	0.0	19.8	16.9	15.7
Target P/B	0.0	0.0	0.0	0.0	2.2	2.0	1.8
Per share measures							
Number of shares	20,613	20,613	20,613	22,620	22,620	22,620	22,620
Number of shares (diluted)	20,613	20,613	20,613	22,620	22,620	22,620	22,620
EPS	0.07	0.47	0.52	0.19	0.66	0.77	0.83
EPS excl. goodwill	0.07	0.47	0.52	0.19	0.66	0.77	0.83
Cash EPS	0.49	1.28	1.40	1.67	2.22	2.29	2.26
Operating cash flow per share	1.03	1.64	1.86	1.94	2.50	2.51	2.49
Capital employed per share	5.68	5.95	6.91	13.76	13.50	13.41	13.40
Book value per share	4.47	4.74	4.87	5.36	5.91	6.47	7.04
Book value excl. goodwill	0.78	0.26	-0.17	-2.15	-1.60	-1.05	-0.47
Dividend per share	0.00	0.15	0.16	0.10	0.22	0.25	0.27
Dividend payout ratio, %	0.0	31.9	30.8	53.9	33.0	33.0	33.0
Dividend yield, %	0.0	0.8	1.2	1.2	2.0	2.4	2.6
Efficiency measures							
ROE	3.0	10.2	10.8	3.8	11.6	12.4	12.3
ROCE	4.0	11.7	12.2	5.3	7.1	8.3	8.8
Financial ratios							
Capex/sales, %	22.3	6.8	9.7	41.3	6.0	6.0	5.8
Capex/depreciation excl. goodwill,%	346.6	85.2	209.2	429.1	92.1	96.4	103.0
Net debt/EBITDA, book-weighted	2.1	0.8	1.2	4.0	2.8	2.4	2.2
Debt/equity, market-weighted	0.2	0.1	0.3	1.1	0.8	0.8	0.7
Equity ratio, book-weighted	50.5	46.4	41.8	29.8	33.4	36.3	39.1
Gearing	0.28	0.24	0.37	1.39	1.13	0.95	0.80
Number of employees, average	2,503	3,526	3,879	3,879	3,879	3,879	3,879
Sales per employee, EUR	85,258	113,188	109,307	125,754	135,343	138,050	141,501
EBIT per employee, EUR	1,878	4,708	5,182	3,609	6,277	7,317	7,783

COMPANY DESCRIPTION:

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Lähitapiola Keskinäinen Vakuutusyhtiö	3,481,641	37.254	15.4%
Mww Yhtiö Oy	2,309,010	24.706	10.2%
Fennia Mutual Insurance Company	1,998,965	21.389	8.8%
Tapiola Keskinäinen Henkivakuutusyhtiö	1,891,865	20.243	8.4%
Elo Pension Company	1,267,161	13.559	5.6%
Niemistö Leena Katriina	703,475	7.527	3.1%
Fondita Nordic Micro Cap	550,000	5.885	2.4%
Ilmarinen Mutual Pension Insurance Company	490,000	5.243	2.2%
Fennia Life Insurance Company Ltd	270,759	2.897	1.2%
Nordea Pro Finland Fund	241,920	2.589	1.1%
Ten largest	13,204,796	141.291	58%
Residual	9,415,339	100.744	42%
Total	22,620,135	242.035	100%

EARNINGS CALENDAR

August 15, 2019

Q2 report

November 05, 2019

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Joni Aaltonen

Kehräsaari B, 33200 Tampere

CFO: Ville Lehtonen

Tel:

IR: Taina Erkkilä

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

Important Disclosures

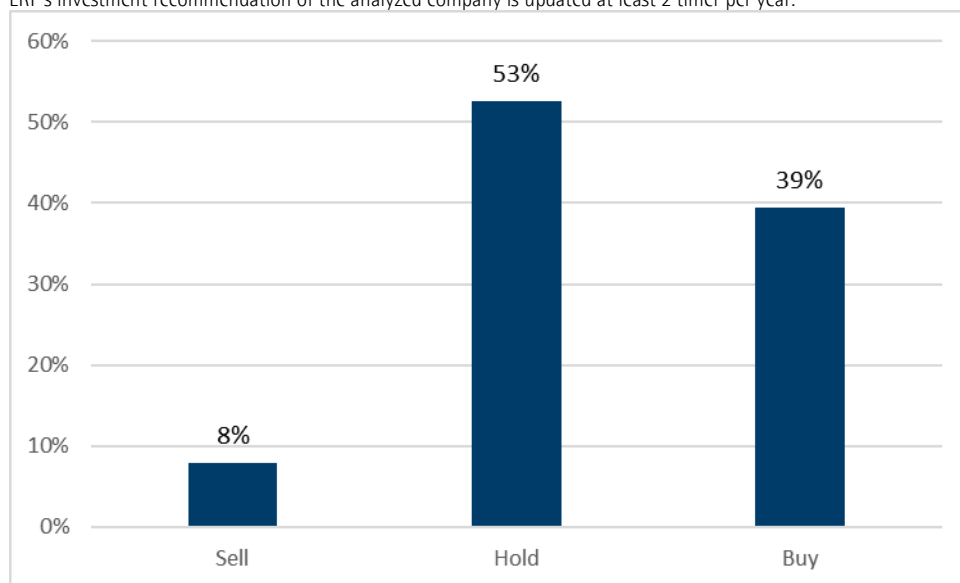
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

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

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