

Strategy progress continues

Pihlajalinna reports Q2 results on Fri, Aug 13. Our FY '21 estimates remain intact, but we note the latest announced acquisition which is set to be closed by the end of this year.

COVID-19 testing probably plays a big role also in Q3

Q1 top line grew 5% y/y, driven by public sector and corporate customers. COVID-19 testing contributed a major share of the revenue increase within the two groups. Meanwhile private customer revenue fell by 10% y/y, although COVID-19 testing had a small positive contribution there as well. COVID-19 testing added a total of EUR 8.2m in revenue, while overall net revenue growth was EUR 6.9m. We expect the tests to have played a similar important role in Q2 as the acute situation restrains other volumes. Finnish vaccination coverage was negligible in Q1 but improved a lot in Q2; testing levels might otherwise begin to fade in Q3 were it not for the fact that the virus situation has once again turned for the worse over the summer. We believe the testing business does not in any case reach abnormal margins and thus the back and forth with other services should have a neutral effect on Pihlajalinna's profitability going forward.

On track towards higher profitability levels

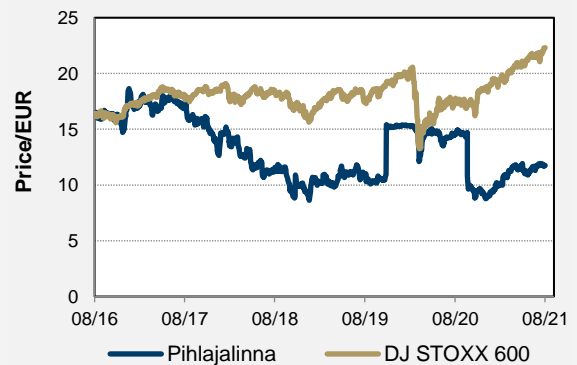
The Q2 comparison figures are very low because the onset of the pandemic cut non-urgent healthcare demand a year ago. We estimate Q2 revenue to be up 23% y/y as there has been a rebound in private and corporate customer volumes. We expect EBIT to have gained by EUR 5.0m y/y to EUR 5.6m. For FY '21 we estimate 12% y/y growth and some EUR 10m gain in EBIT.

Low multiples and profitability levels imply solid potential

Pihlajalinna is again active in M&A since the bid by Mehiläinen was curbed. The latest target is Pohjola Sairaala, for which Pihlajalinna pays EUR 32m in cash. The acquisition will add some EUR 60m in revenue next year and so the 0.5x EV/S valuation looks modest relative to Pihlajalinna's 0.9x multiple. The target has been lately generating negative EBITDA and Pihlajalinna will provide more color on its development in the coming months. Pihlajalinna is valued 8x EV/EBITDA and 17x EV/EBIT on our FY '21 estimates. The company has plenty more profitability potential and thus the multiples should decrease to 6.5x and 13x already next year. Both earnings multiples and margin levels are clearly below those of peers. We retain our EUR 13.2 TP and BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 11.74

Target price, EUR 13.2

Latest change in 22-Feb-21

Latest report on company 10-May-21

Research paid by issuer: YES

No. of shares outstanding, 22,584

No. of shares fully diluted, 22,584

Market cap, EURm 265

Free float, % 80.1

Exchange rate -

Reuters code PIHLIS.HE

Bloomberg code PIHLIS FH

Average daily volume, EURm 0.2

Next interim report 13-Aug-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	518.7	20.9	4.0%	12.8	0.61	24.9	1.1	26.6	3.7	0.00
2020	508.8	20.8	4.1%	0.5	0.50	18.6	0.8	20.0	0.2	0.20
2021E	569.1	30.7	5.4%	-39.2	0.92	12.8	0.9	16.7	-14.8	0.32
2022E	657.4	35.3	5.4%	67.0	1.05	11.2	0.7	12.9	25.3	0.37
2023E	677.1	37.9	5.6%	20.7	1.12	10.5	0.7	11.6	7.8	0.39
Market cap, EURm	265			Gearing 2021E, %	182.1		CAGR EPS 2020-23, %		30.3	
Net debt 2021E, EURm	239			Price/book 2021E	2.1		CAGR sales 2020-23, %		10.0	
Enterprise value, EURm	515			Dividend yield 2021E, %	2.7		ROE 2021E, %		17.7	
Total assets 2021E, EURm	442			Tax rate 2021E, %	19.8		ROCE 2021E, %		8.5	
Goodwill 2021E, EURm	174			Equity ratio 2021E, %	29.6		PEG, P/E 21/CAGR		1.3	

Estimates and peer group valuation

Net sales	2017	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21E	Q3'21E	Q4'21E	2021E
Corporate Customers	82.6	103.7	122.1	31.6	27.8	30.7	36.1	126.2	35.4	35.1	34.2	39.7	144.4
of which insurance companies	26.6	25.2	27.6	8.3	6.6	6.4	8.6	29.9	8.5	8.4	7.0	9.5	33.3
of which other corporates	56.0	78.5	94.5	23.5	21.2	24.3	27.5	96.5	26.9	26.7	27.2	30.3	111.1
Private Customers	67.9	92.1	97.8	23.5	14.7	19.5	22.0	79.7	21.1	21.3	20.7	26.4	89.5
Public sector customers	330.5	349.7	360.6	93.9	88.1	88.9	97.5	368.4	101.7	100.8	97.3	103.3	403.1
Total	424.0	487.8	518.6	133.0	114.7	123.9	137.2	508.8	139.9	140.7	135.6	152.9	569.1
Net sales growth													
Corporate Customers	-	25.5%	17.3%	1.3%	-8.1%	13.7%	13.2%	3.4%	12.0%	26.2%	11.4%	10.0%	14.4%
Private Customers	-	35.6%	6.5%	-11.0%	-42.5%	-7.6%	-11.6%	-18.5%	-10.2%	45.0%	6.0%	20.0%	12.3%
Public sector customers	-	5.8%	3.2%	4.6%	-1.7%	-1.2%	5.2%	2.2%	8.3%	14.4%	9.4%	5.9%	9.4%
Total		6.2%	15.0%	6.3%	0.4%	-11.6%	0.9%	2.6%	5.2%	22.7%	9.5%	11.4%	11.9%
Adj. EBITDA (group)	34.0	45.9	55.2	12.7	9.0	17.2	15.7	54.6	15.2	14.4	19.3	16.8	65.6
Adj. EBITDA-margin (group)	8.0%	9.4%	10.6%	9.5%	7.8%	13.9%	11.4%	10.7%	10.9%	10.2%	14.2%	11.0%	11.5%

Source: Pihlajalinna, Evli Research

PIHLAJALINNA PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		21	22	23	21	22	23	21	22	23
Ambea AB	563	9.1x	8.1x	7.6x	20.1x	16.5x	14.4x	6.7 %	7.6 %	8.3 %
Attendo AB	656	8.8x	7.6x	6.9x	24.4x	18.4x	15.8x	6.4 %	7.9 %	8.8 %
CareTech	866	11.1x	10.3x	9.2x	13.4x	12.8x	11.4x	17.4 %	17.2 %	17.9 %
GHP Specialty Care	195	10.8x	9.4x	8.4x	22.0x	18.4x	16.0x	6.6 %	7.1 %	7.4 %
Humana	335	8.0x	7.4x	7.2x	14.1x	12.6x	12.3x	6.1 %	6.5 %	6.4 %
Korian	3255							9.0 %	10.2 %	10.6 %
LNA Sante	495							10.2 %	10.7 %	10.8 %
Mediclinic International	2430	9.1x	8.1x	7.7x	16.6x	14.2x	13.0x	8.5 %	9.6 %	10.2 %
Orpea	6685							12.1 %	12.9 %	13.1 %
Spire Healthcare Group	1052	9.8x	9.1x	8.6x	18.6x	16.9x	15.3x	9.8 %	10.5 %	11.2 %
Terveystalo	1566	10.2x	9.8x	9.4x	18.0x	17.4x	16.3x	10.2 %	10.1 %	10.3 %
Peer Group Average	1645	9.6x	8.8x	8.1x	18.4x	15.9x	14.3x	9.4 %	10.0 %	10.5 %
Peer Group Median	866	9.4x	8.6x	8.0x	18.3x	16.7x	14.8x	9.0 %	10.1 %	10.3 %
Pihlajalinna (Evli est.)	265	7.9x	6.3x	5.7x	16.8x	12.9x	11.6x	5.4 %	5.4 %	5.6 %

Pihlajalinna prem./disc. to peer median

-17 % -27 % -29 % -8 % -23 % -22 % -41 % -47 % -46 %

Source FactSet, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	133.0	114.7	123.9	137.2	508.8	139.9	140.7	135.6	152.9	569.1	657.4	677.1
EBITDA	12.7	9.0	17.2	15.7	54.6	15.2	14.4	19.3	16.8	65.6	71.6	77.5
<i>EBITDA margin (%)</i>	<i>9.5</i>	<i>7.8</i>	<i>13.9</i>	<i>11.4</i>	<i>10.7</i>	<i>10.9</i>	<i>10.2</i>	<i>14.2</i>	<i>11.0</i>	<i>11.5</i>	<i>10.9</i>	<i>11.4</i>
EBIT	4.2	0.6	8.7	7.3	20.8	6.7	5.6	10.5	8.0	30.7	35.3	37.9
<i>EBIT margin (%)</i>	<i>3.2</i>	<i>0.5</i>	<i>7.0</i>	<i>5.3</i>	<i>4.1</i>	<i>4.8</i>	<i>3.9</i>	<i>7.7</i>	<i>5.2</i>	<i>5.4</i>	<i>5.4</i>	<i>5.6</i>
Net financial items	-1.4	-1.0	-1.0	-1.0	-4.4	-0.9	-1.1	-1.1	-1.1	-4.2	-5.0	-5.8
Pre-tax profit	2.8	-0.4	7.7	6.3	16.4	5.8	4.5	9.4	6.9	26.5	30.3	32.2
Tax	-0.6	0.1	-1.5	-2.8	-4.8	-1.1	-0.9	-1.9	-1.4	-5.2	-6.1	-6.4
<i>Tax rate (%)</i>	<i>21.4</i>	<i>25.0</i>	<i>19.5</i>	<i>44.4</i>	<i>29.3</i>	<i>19.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>19.8</i>	<i>20.0</i>	<i>20.0</i>
Net profit	2.1	0.0	5.4	3.9	11.4	4.6	3.5	7.3	5.4	20.8	23.7	25.2
EPS	0.09	0.00	0.24	0.17	0.50	0.20	0.15	0.32	0.24	0.92	1.05	1.12
EPS adjusted (diluted no. of shares)	0.09	0.00	0.24	0.17	0.50	0.20	0.15	0.32	0.24	0.92	1.05	1.12
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.32	0.37	0.39
SALES, EURm												
Corporate Customers	32.9	27.8	30.7	36.1	127.5	35.4	35.1	34.2	39.7	144.4	211.7	218.0
Private Customers	23.5	14.7	19.5	22.0	79.7	21.1	21.3	20.7	26.4	89.5	105.1	108.3
Public sector customers	92.6	88.1	88.9	97.5	367.1	101.7	100.8	97.3	103.3	403.1	410.4	422.7
Eliminations	-16.0	-15.9	-15.2	-18.4	-65.5	-18.3	-16.5	-16.5	-16.5	-67.8	-69.8	-71.9
Total	133.0	114.7	123.9	137.2	508.8	139.9	140.7	135.6	152.9	569.1	657.4	677.1
SALES GROWTH, Y/Y %												
<i>Corporate Customers</i>	<i>4.1</i>	<i>-8.1</i>	<i>13.7</i>	<i>10.1</i>	<i>4.8</i>	<i>7.6</i>	<i>26.2</i>	<i>11.4</i>	<i>10.0</i>	<i>13.3</i>	<i>46.6</i>	<i>3.0</i>
<i>Private Customers</i>	<i>-11.3</i>	<i>-42.5</i>	<i>-7.6</i>	<i>-11.6</i>	<i>-18.7</i>	<i>-10.2</i>	<i>45.0</i>	<i>6.0</i>	<i>20.0</i>	<i>12.3</i>	<i>17.5</i>	<i>3.0</i>
<i>Public sector customers</i>	<i>3.7</i>	<i>-1.7</i>	<i>-1.2</i>	<i>6.1</i>	<i>1.7</i>	<i>9.8</i>	<i>14.4</i>	<i>9.4</i>	<i>5.9</i>	<i>9.8</i>	<i>1.8</i>	<i>3.0</i>
<i>Eliminations</i>	<i>7.4</i>	<i>1.3</i>	<i>-1.0</i>	<i>16.5</i>	<i>6.1</i>	<i>14.4</i>	<i>3.8</i>	<i>8.2</i>	<i>-10.3</i>	<i>3.4</i>	<i>3.0</i>	<i>3.0</i>
Total	0.4	-11.6	0.9	2.5	-1.9	5.2	22.7	9.5	11.4	11.9	15.5	3.0
EBIT, EURm												
Group	4.2	0.6	8.7	7.3	20.8	6.7	5.6	10.5	8.0	30.7	35.3	37.9
Total	4.2	0.6	8.7	7.3	20.8	6.7	5.6	10.5	8.0	30.7	35.3	37.9
EBIT margin, %												
<i>Total</i>	<i>3.2</i>	<i>0.5</i>	<i>7.0</i>	<i>5.3</i>	<i>4.1</i>	<i>4.8</i>	<i>3.9</i>	<i>7.7</i>	<i>5.2</i>	<i>5.4</i>	<i>5.4</i>	<i>5.6</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	399.1	424.0	487.8	518.7	508.8	569.1	657.4	677.1
<i>Sales growth (%)</i>	<i>87.0</i>	<i>6.2</i>	<i>15.0</i>	<i>6.3</i>	<i>-1.9</i>	<i>11.9</i>	<i>15.5</i>	<i>3.0</i>
EBITDA	29.4	34.3	45.9	55.1	54.6	65.6	71.6	77.5
<i>EBITDA margin (%)</i>	<i>7.4</i>	<i>8.1</i>	<i>9.4</i>	<i>10.6</i>	<i>10.7</i>	<i>11.5</i>	<i>10.9</i>	<i>11.4</i>
Depreciation	-12.8	-14.2	-31.5	-34.2	-33.8	-34.9	-36.3	-39.6
EBITA	16.6	20.1	14.4	20.9	20.8	30.7	35.3	37.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	16.6	20.1	14.4	20.9	20.8	30.7	35.3	37.9
<i>EBIT margin (%)</i>	<i>4.2</i>	<i>4.7</i>	<i>3.0</i>	<i>4.0</i>	<i>4.1</i>	<i>5.4</i>	<i>5.4</i>	<i>5.6</i>
Reported EBIT	15.1	19.2	13.8	10.2	18.2	30.5	35.3	37.9
<i>EBIT margin (reported) (%)</i>	<i>3.8</i>	<i>4.5</i>	<i>2.8</i>	<i>2.0</i>	<i>3.6</i>	<i>5.4</i>	<i>5.4</i>	<i>5.6</i>
Net financials	-1.2	-1.4	-3.8	-4.0	-4.4	-4.2	-5.0	-5.8
Pre-tax profit	15.4	18.7	10.6	16.9	16.4	26.5	30.3	32.2
Taxes	-3.0	-3.4	-2.7	-1.9	-4.8	-5.2	-6.1	-6.4
Minority shares	-2.7	-4.6	-3.3	-1.1	-0.2	-0.5	-0.5	-0.5
Net profit	8.2	9.8	4.0	3.2	8.8	20.6	23.7	25.2
Cash NRIs	-1.5	-0.9	-0.6	-10.7	-2.6	-0.2	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	67	83	68	74	66	67	68	67
Goodwill	92	104	170	174	174	174	174	174
Right of use assets	0	0	116	108	103	111	130	137
Inventory	2	2	3	2	3	3	3	3
Receivables	27	25	40	47	78	53	54	56
Liquid funds	28	37	36	27	13	28	33	34
Total assets	218	254	437	438	442	442	467	476
Liabilities								
Shareholder's equity	98	100	121	101	110	126	142	159
Minority interest	3	6	9	5	5	5	5	5
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	119	114	114	111	130	137
Deferred taxes	6	6	6	6	6	6	6	6
Interest bearing debt	52	77	99	107	94	156	82	64
Non-interest bearing current liabilities	55	62	80	102	109	34	99	102
Other interest-free debt	3	3	3	2	3	3	3	3
Total liabilities	217	254	437	438	442	442	467	476
CASH FLOW, EURm								
+ EBITDA	29	34	46	55	55	66	72	77
- Net financial items	-1	-1	-4	-4	-4	-4	-5	-6
- Taxes	-2	-5	-5	-4	-4	-5	-6	-6
- Increase in Net Working Capital	8	7	2	14	-23	-50	63	1
+/- Other	-1	0	-11	-12	-3	-1	-1	-1
= Cash flow from operations	32	35	27	49	21	5	123	66
- Capex	-5	-10	-23	-36	-20	-45	-56	-45
- Acquisitions	-22	-17	-79	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	6	8	-74	13	1	-39	67	21
+/- New issues/buybacks	-1	-2	24	-25	0	0	0	0
- Paid dividend	0	-3	-3	-2	0	-5	-7	-8
+/- Other	7	7	53	5	-14	59	-55	-11
Change in cash	12	10	-1	-9	-14	15	4	1

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	275	195	346	212	265	265	265
Net debt (excl. convertibles)	40	181	194	195	239	179	166
Enterprise value	325	391	557	417	515	454	440
Sales	424	488	519	509	569	657	677
EBITDA	34	46	55	55	66	72	77
EBIT	20	14	21	21	31	35	38
Pre-tax	19	11	17	16	27	30	32
Earnings	11	5	14	11	21	24	25
Equity book value (excl. minorities)	100	121	101	110	126	142	159
Valuation multiples							
EV/sales	0.8	0.8	1.1	0.8	0.9	0.7	0.7
EV/EBITDA	9.5	8.5	10.1	7.6	7.8	6.3	5.7
EV/EBITA	16.2	27.1	26.6	20.0	16.7	12.9	11.6
EV/EBIT	16.2	27.1	26.6	20.0	16.7	12.9	11.6
EV/OCF	9.3	14.3	11.3	20.3	95.9	3.7	6.7
EV/FCFF	19.3	-11.7	20.3	33.3	-47.8	4.2	8.3
P/FCFE	35.7	-2.6	27.0	424.3	-6.8	4.0	12.8
P/E	25.7	42.4	24.9	18.6	12.8	11.2	10.5
P/B	2.7	1.6	3.4	1.9	2.1	1.9	1.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.3	6.7	6.1
Target EV/EBIT	0.0	0.0	0.0	0.0	17.6	13.7	12.4
Target EV/FCF	0.0	0.0	0.0	0.0	-13.8	7.2	22.7
Target P/B	0.0	0.0	0.0	0.0	2.4	2.1	1.9
Target P/E	0.0	0.0	0.0	0.0	14.3	12.6	11.8
Per share measures							
Number of shares	20,613	22,620	22,620	22,618	22,584	22,584	22,584
Number of shares (diluted)	20,613	22,620	22,620	22,618	22,584	22,584	22,584
EPS	0.52	0.20	0.61	0.50	0.92	1.05	1.12
Operating cash flow per share	1.69	1.21	2.17	0.91	0.24	5.43	2.92
Free cash flow per share	0.37	-3.29	0.57	0.02	-1.74	2.96	0.92
Book value per share	4.87	5.36	4.47	4.85	5.57	6.30	7.04
Dividend per share	0.16	0.10	0.00	0.20	0.32	0.37	0.39
Dividend payout ratio, %	30.8	49.2	0.0	39.7	35.0	35.0	35.0
Dividend yield, %	1.2	1.2	0.0	2.1	2.7	3.1	3.3
FCF yield, %	2.8	-38.2	3.7	0.2	-14.8	25.3	7.8
Efficiency measures							
ROE	10.8	4.2	12.5	10.8	17.7	17.7	16.7
ROCE	12.2	5.4	6.2	6.4	8.5	9.3	10.5
Financial ratios							
Inventories as % of sales	0.5	0.5	0.4	0.7	0.5	0.5	0.5
Receivables as % of sales	5.9	8.2	9.1	15.3	9.3	8.3	8.3
Non-interest bearing liabilities as % of sales	14.6	16.3	19.7	21.5	6.0	15.0	15.0
NWC/sales, %	-8.4	-8.0	-10.2	-6.0	3.5	-6.5	-6.5
Operative CAPEX/sales, %	2.4	4.6	7.0	3.9	7.8	8.5	6.7
CAPEX/sales (incl. acquisitions), %	-1.6	-11.6	7.0	3.9	7.8	8.5	6.7
FCFF/EBITDA	0.5	-0.7	0.5	0.2	-0.2	1.5	0.7
Net debt/EBITDA, book-weighted	1.2	3.9	3.5	3.6	3.6	2.5	2.1
Debt/equity, market-weighted	0.3	0.5	0.3	0.4	0.6	0.3	0.2
Equity ratio, book-weighted	41.8	29.8	24.2	26.0	29.6	31.5	34.5
Gearing, %	37.3	138.7	182.9	169.5	182.1	121.3	101.3

COMPANY DESCRIPTION: Pihlajalinna is the 3rd largest private social welfare and healthcare service provider in Finland offering a wide selection of services to private individuals, businesses, insurance companies and public sector entities, such as municipalities and joint municipal authorities. In its private clinics and hospitals Pihlajalinna provides general practitioner services, specialized care, emergency and on-call services, a wide range of surgical services, occupational healthcare and dental care. Pihlajalinna is the market leader in complete social and healthcare outsourcings in Finland.

INVESTMENT CASE: The demand for private social and healthcare services is growing due to ageing population and increasing pressure on public healthcare spending, offering Pihlajalinna growth opportunities in primary care as well as in specialized care. Profitability improvement stems from increased volumes and better utilization rate of the clinics.

OWNERSHIP STRUCTURE	SHARES	EURm	%
LähiTapiola Keskinäinen Vakuutusyhtiö	3,481,641	40.874	15.4%
Mww Yhtiö Oy	2,309,010	27.108	10.2%
Fennia Mutual Insurance Company	1,998,965	23.468	8.9%
Tapiola Keskinäinen Henkivakuutusyhtiö	1,893,985	22.235	8.4%
Elo Pension Company	1,267,161	14.876	5.6%
Niemistö Leena Katriina	704,687	8.273	3.1%
Ilmarinen Mutual Pension Insurance Company	628,431	7.378	2.8%
Fondita Nordic Micro Cap	470,000	5.518	2.1%
Fennia Life Insurance Company Ltd	321,643	3.776	1.4%
Sijoitusrahasto Taaleritehdas Mikro Markka	260,000	3.052	1.2%
Ten largest	13,335,523	156.559	59%
Residual	9,248,864	108.582	41%
Total	22,584,387	265.141	100%

EARNINGS CALENDAR

August 13, 2021 Q2 report
November 04, 2021 Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Joni Aaltonen Kehräsaari B, 33200 Tampere
CFO: Tarja Rantala Tel:
IR: Marko Savolainen

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

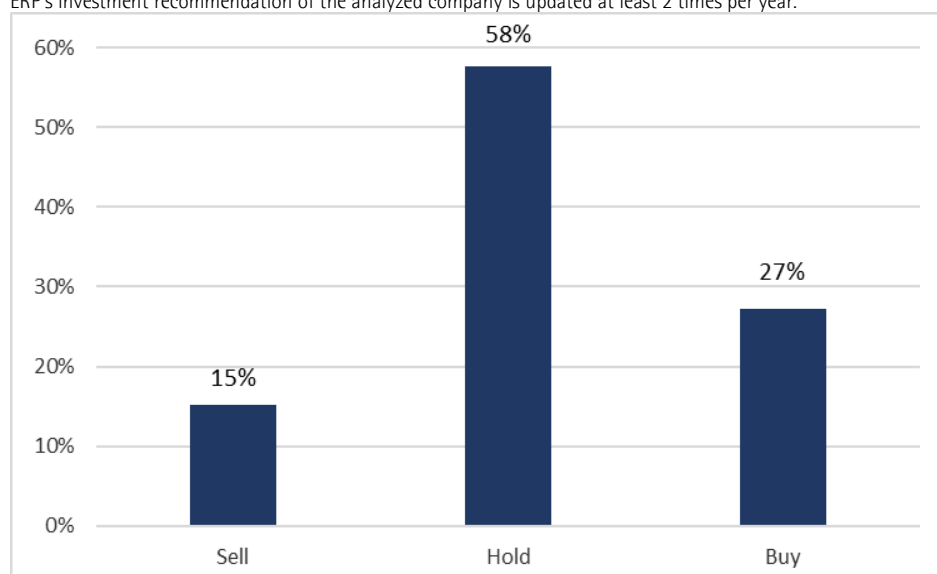
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Investment recommendations are defined as follows:

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 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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