

Expecting a profitability turnaround in 20E

Pihlajalinna's Q4 revenue was as expected at EUR 133.8m (Evli 133.6m) but profitability was weighed down by increased costs. Q4 adj. EBIT amounted to EUR 5.6m (Evli 7.8m). The tender offer by Mehiläinen is currently being reviewed in FCCA and the process is expected to be completed at the end of Q2'20 or latest during Q3'20. For '20E we expect a clear improvement in profitability. We keep our rating "HOLD" with TP of EUR 16.

Q4 revenue in line – adj. EBIT missed expectations

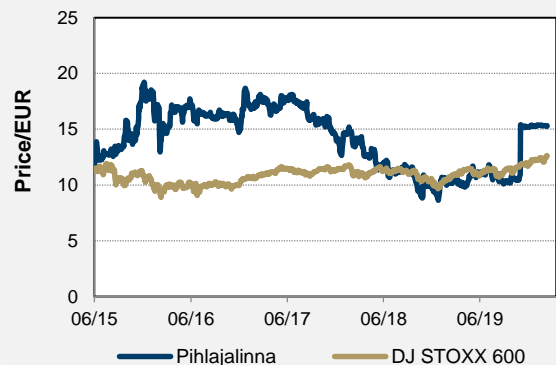
Pihlajalinna's Q4 revenue of EUR 133.8m (5.4% y/y) was as anticipated (Evli/cons EUR 133.6m/134.4m) but adj. EBIT of EUR 5.6m missed the expectations (Evli/cons EUR 7.8m/8.5m). Profitability was hampered by increased costs related to public specialized care which were concentrated towards the end of the year. Volume and profitability developed favorably in sales to insurance companies (revenue up by 18.1% y/y) but also in occupational healthcare, following the acquisition of Terveyspalvelu Verso. Due to the tender offer by Mehiläinen, no dividend for '19 is proposed (Evli/cons EUR 0.15/0.15).

Expecting a turnaround in profitability

In '19, the performance especially in occupational healthcare was good as revenue in the segment grew more than 25% y/y. Profitability was positively impacted by increased share of fixed price services and development of operational models. We expect further growth in occupational healthcare but also in sales to insurance companies, of which, the latest agreement with Pohjola Insurance is an example. Due to the uncertainties around the social and healthcare reform, municipalities have become more active on outsourcing projects. In late '19, Kristiinankaupunki and Pihlajalinna agreed on a partial outsourcing deal, starting in '21E, with total value of EUR ~90m. The contract is at least for 15 years. For '20E we don't expect any new outsourcings to occur. We expect profitability (adj. EBIT) to improve by 68% y/y in '20E and by 7% y/y in '21E due to the cost savings resulting from the efficiency improvement program that was launched last summer. We expect '20E-'21E revenue growth of ~3-4%.

"HOLD" with TP of EUR 16 intact

The tender offer by Mehiläinen is currently being under review of FCCA. The first phase investigation will be completed by mid-March though it is highly likely that FCCA will initiate continued phase two proceedings after phase one, meaning that the process is likely to be completed at the end of Q2'20E or latest during Q3'20E. According to Pihlajalinna's guidance, '20E revenue and adj. EBIT are expected to increase from '19. We expect '20E revenue of EUR 538m (3.8% y/y) and adj. EBIT of EUR 35.1 (68% y/y). Our target price is in line with the tender offer price of EUR 16. We keep our rating "HOLD".

 Rating 🟡 HOLD

 Share price, EUR (Last trading day's closing price) 15.28

 Target price, EUR 16.0

 Latest change in rating 06-Nov-19

 Latest report on company 07-Feb-20

 Research paid by issuer: YES

 No. of shares outstanding, '000's 22,620

 No. of shares fully diluted, '000's 22,620

 Market cap, EURm 346

 Free float, % 57.0

 Exchange rate 0.000

 Reuters code PIHLIS.HE

 Bloomberg code PIHLIS FH

 Average daily volume, EURm na.

 Next interim report 08-May-20

 Web site investors.pihlajalinna.fi/

 Analyst Anna-Liisa Rissanen

 E-mail annaliisa.rissanen@evli.com

 Telephone +358401579919
🟢 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	487.8	14.4	3.0%	-74.5	0.20	42.4	0.8	27.1	-38.2	0.10
2019	518.7	20.9	4.0%	9.6	0.47	32.3	1.1	26.6	2.8	0.00
2020E	538.2	35.1	6.5%	9.9	0.90	17.0	1.0	15.5	2.9	0.30
2021E	555.0	37.6	6.8%	22.5	0.99	15.4	0.9	14.0	6.5	0.33
2022E	571.7	40.0	7.0%	23.4	1.11	13.8	0.9	12.7	6.8	0.37
Market cap, EURm	346			Gearing 2020E, %	145.7			CAGR EPS 2019-22, %	32.8	
Net debt 2020E, EURm	184			Price/book 2020E	2.8			CAGR sales 2019-22, %	3.3	
Enterprise value, EURm	544			Dividend yield 2020E, %	1.9			ROE 2020E, %	18.3	
Total assets 2020E, EURm	436			Tax rate 2020E, %	20.5			ROCE 2020E, %	10.4	
Goodwill 2020E, EURm	174			Equity ratio 2020E, %	29.0			PEG, P/E 20/CAGR	-5.3	

Estimates

Net sales	2017	2018E	Q1'19	Q2'19	Q3'19	Q4'19	2019	Q1'20E	Q2'20E	Q3'20E	Q4'20E	2020E
Corporate Customers	82.6	103.7	31.6	30.3	27.0	32.8	121.7	33.9	32.5	29.2	35.1	130.8
of which insurance companies	26.6	25.2	7.1	6.7	5.9	7.9	27.6	8.4	8.0	7.2	9.2	32.8
of which other corporates	56.0	78.5	24.5	23.6	21.1	24.9	94.1	25.5	24.6	22.0	25.9	98.0
Private Customers	67.9	92.1	26.5	25.6	21.1	24.9	98.1	27.2	26.2	21.6	25.5	100.5
Public sector customers	330.5	349.7	89.3	89.6	90.0	91.9	360.8	91.6	91.9	92.3	94.2	370.0
Total	424.0	487.8	132.5	129.7	122.7	133.8	518.6					538.2
Net sales growth												
Corporate Customers	-	25.5%	20.6%	19.6%	18.4%	11.6%	17.3%	7.3%	7.6%	8.3%	7.1%	7.5%
Private Customers	-	35.6%	19.4%	5.1%	0.5%	1.2%	6.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Public sector customers	-	5.8%	4.9%	-0.8%	5.0%	3.7%	3.2%	2.6%	2.6%	2.6%	2.5%	2.6%
Total		6.2%	15.0%	11.1%	3.5%	5.5%	5.4%	6.3%	3.7%	3.8%	3.9%	3.7%
Adj. EBITDA (group)	34.0	45.9	12.6	10.8	17.4	14.4	55.2	16.5	14.8	20.4	19.4	71.1
Adj. EBITDA-margin (group)	8.0%	9.4%	9.5%	8.3%	14.2%	10.8%	10.6%	12.0%	11.0%	16.0%	14.0%	13.2%

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	6899	11.2x	8.3x	7.4x	19.6x	17.2x	14.5x	15.0x	13.3x	11.0x
Attendo AB	ATT-SE	8600	12.5x	11.2x	9.8x	33.5x	30.3x	23.4x	43.8x	40.5x	24.4x
CareTech Holdings PLC	CTH-GB	559	10.9x	10.4x	9.4x	14.1x	12.8x	11.2x	13.5x	11.6x	10.0x
Fresenius SE & Co. KGaA	FRE-DE	26760	6.9x	6.4x	5.8x	10.4x	9.3x	8.4x	14.6x	13.9x	12.7x
Georgia Healthcare Group Plc	GHG-GB	146	5.3x	4.7x	3.9x	7.4x	6.2x	4.9x	14.1x	9.3x	7.3x
GHP Specialty Care AB	GHP-SE	1277	8.8x	7.6x	6.8x	19.6x	15.5x	13.6x	27.3x	21.6x	20.8x
Humana AB	HUM-SE	3002	9.5x	7.9x	7.4x	17.2x	14.0x	12.8x	13.5x	11.3x	10.2x
Korian SA	KORI-FR	3635	11.8x	11.1x	10.2x	18.1x	17.0x	15.4x	26.3x	22.4x	19.1x
LNA Sante SA	LNA-FR	467	12.4x	11.5x	9.9x	16.7x	15.5x	13.8x	18.5x	17.2x	15.1x
Mediclinic International Plc	MDC-GB	2887	9.1x	8.4x	7.9x	14.2x	13.0x	12.0x	15.1x	13.6x	12.1x
Orpea SA	ORP-FR	7903	18.8x	18.0x	17.9x	27.3x	26.1x	24.5x	31.4x	27.6x	24.9x
RHON-KLINIKUM AG	RHK-DE	1147	9.9x	10.6x	9.5x	29.9x	39.2x	29.2x	46.7x	58.4x	43.2x
Spire Healthcare Group PLC	SPI-GB	521	7.7x	7.5x	7.7x	16.9x	14.6x	14.3x	24.9x	20.0x	16.1x
Terveystalo Oy Class A	TTALO-FI	1505	11.4x	10.8x	9.9x	23.2x	20.6x	17.5x	26.7x	23.1x	19.8x
Peer Group Median		4742	10.4x	9.4x	8.6x	17.6x	15.5x	14.1x	21.7x	18.6x	15.6x
Peer Group Average		2082	10.4x	9.6x	8.8x	19.1x	18.0x	15.4x	23.7x	21.7x	17.6x
Pihlajalinna (Evli est.)		347	10.1x	7.7x	7.0x	26.6x	15.5x	14.0x	32.3x	17.0x	15.4x
<i>Pihlajalinna premium/discount to peer median</i>			-2%	-19%	-18%	51%	0%	0%	49%	-9%	-1%

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1E	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	132.5	129.7	122.7	133.8	518.7	137.5	134.6	127.5	138.7	538.2	555.0	571.7
EBITDA	12.5	10.9	17.4	14.3	55.1	16.5	14.8	20.4	19.4	71.1	74.9	76.1
<i>EBITDA margin (%)</i>	<i>9.4</i>	<i>8.4</i>	<i>14.2</i>	<i>10.7</i>	<i>10.6</i>	<i>12.0</i>	<i>11.0</i>	<i>16.0</i>	<i>14.0</i>	<i>13.2</i>	<i>13.5</i>	<i>13.3</i>
EBIT	3.9	2.1	9.3	5.6	20.9	7.5	5.8	11.4	10.4	35.1	37.6	40.0
<i>EBIT margin (%)</i>	<i>2.9</i>	<i>1.6</i>	<i>7.6</i>	<i>4.2</i>	<i>4.0</i>	<i>5.5</i>	<i>4.3</i>	<i>8.9</i>	<i>7.5</i>	<i>6.5</i>	<i>6.8</i>	<i>7.0</i>
Net financial items	-1.0	-1.0	-1.0	-1.0	-4.0	-1.2	-1.2	-1.2	-1.2	-5.0	-5.0	-4.0
Pre-tax profit	2.9	1.1	8.3	4.6	16.9	6.2	4.6	10.1	9.2	30.1	32.6	36.0
Tax	-0.7	-0.3	-0.3	-0.6	-1.9	-1.5	-1.5	-1.5	-1.5	-6.2	-6.5	-7.2
<i>Tax rate (%)</i>	<i>24.1</i>	<i>27.3</i>	<i>3.6</i>	<i>13.0</i>	<i>11.2</i>	<i>24.7</i>	<i>33.9</i>	<i>15.2</i>	<i>16.8</i>	<i>20.5</i>	<i>20.0</i>	<i>20.0</i>
Net profit	1.8	-0.1	6.6	2.4	10.7	4.3	2.4	7.2	6.4	20.4	22.4	25.1
EPS	0.08	0.00	0.29	0.11	0.47	0.19	0.11	0.32	0.28	0.90	0.99	1.11
EPS adjusted (diluted no. of shares)	0.08	0.00	0.29	0.11	0.47	0.19	0.11	0.32	0.28	0.90	0.99	1.11
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.33	0.37
SALES, EURm												
Corporate Customers	31.6	30.3	27.0	32.8	121.7	33.9	32.5	29.2	35.1	130.8	133.4	137.4
Private Customers	26.5	25.6	21.1	24.9	98.1	27.2	26.2	21.6	25.5	100.5	102.5	105.6
Public sector customers	89.3	89.6	90.0	91.9	360.8	91.6	91.9	92.3	94.2	370.0	383.4	394.9
Eliminations	-14.9	-15.7	-15.4	-15.8	-61.8	-15.2	-16.0	-15.7	-16.2	-63.1	-64.3	-66.3
Total	132.5	129.7	122.7	133.8	518.7	137.5	134.6	127.5	138.7	538.2	555.0	571.7
SALES GROWTH, Y/Y %												
<i>Corporate Customers</i>	<i>14.1</i>	<i>27.1</i>	<i>8.9</i>	<i>11.6</i>	<i>15.1</i>	<i>7.3</i>	<i>7.6</i>	<i>8.3</i>	<i>7.1</i>	<i>7.5</i>	<i>2.0</i>	<i>3.0</i>
<i>Private Customers</i>	<i>19.4</i>	<i>5.1</i>	<i>1.0</i>	<i>1.2</i>	<i>6.6</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.0</i>	<i>3.0</i>
<i>Public sector customers</i>	<i>6.9</i>	<i>-2.5</i>	<i>7.5</i>	<i>3.7</i>	<i>3.8</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.5</i>	<i>2.6</i>	<i>3.6</i>	<i>3.0</i>
<i>Eliminations</i>	<i>4.9</i>	<i>6.8</i>	<i>17.6</i>	<i>1.3</i>	<i>7.3</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.3</i>	<i>2.1</i>	<i>2.0</i>	<i>3.0</i>
Total	11.2	3.5	5.5	5.4	6.3	3.7	3.8	3.9	3.7	3.8	3.1	3.0
EBIT, EURm												
Group	3.9	2.1	9.3	5.6	20.9	7.5	5.8	11.4	10.4	35.1	37.6	40.0
Total	3.9	2.1	9.3	5.6	20.9	7.5	5.8	11.4	10.4	35.1	37.6	40.0
EBIT margin, %												
<i>Total</i>	<i>2.9</i>	<i>1.6</i>	<i>7.6</i>	<i>4.2</i>	<i>4.0</i>	<i>5.5</i>	<i>4.3</i>	<i>8.9</i>	<i>7.5</i>	<i>6.5</i>	<i>6.8</i>	<i>7.0</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	213.4	399.1	424.0	487.8	518.7	538.2	555.0	571.7
<i>Sales growth (%)</i>	<i>43.3</i>	<i>87.0</i>	<i>6.2</i>	<i>15.0</i>	<i>6.3</i>	<i>3.8</i>	<i>3.1</i>	<i>3.0</i>
EBITDA	12.7	29.4	34.3	45.9	55.1	71.1	74.9	76.1
<i>EBITDA margin (%)</i>	<i>6.0</i>	<i>7.4</i>	<i>8.1</i>	<i>9.4</i>	<i>10.6</i>	<i>13.2</i>	<i>13.5</i>	<i>13.3</i>
Depreciation	-8.0	-12.8	-14.2	-31.5	-34.2	-36.0	-37.4	-36.1
EBITA	4.7	16.6	20.1	14.4	20.9	35.1	37.6	40.0
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.7	16.6	20.1	14.4	20.9	35.1	37.6	40.0
<i>EBIT margin (%)</i>	<i>2.2</i>	<i>4.2</i>	<i>4.7</i>	<i>3.0</i>	<i>4.0</i>	<i>6.5</i>	<i>6.8</i>	<i>7.0</i>
Reported EBIT	3.9	15.1	19.2	13.8	10.2	35.1	37.6	40.0
<i>EBIT margin (reported) (%)</i>	<i>1.8</i>	<i>3.8</i>	<i>4.5</i>	<i>2.8</i>	<i>2.0</i>	<i>6.5</i>	<i>6.8</i>	<i>7.0</i>
Net financials	-2.3	-1.2	-1.4	-3.8	-4.0	-5.0	-5.0	-4.0
Pre-tax profit	2.4	15.4	18.7	10.6	16.9	30.1	32.6	36.0
Taxes	-0.1	-3.0	-3.4	-2.7	-1.9	-6.2	-6.5	-7.2
Minority shares	-0.8	-2.7	-4.6	-3.3	-4.3	-3.6	-3.7	-3.7
Net profit	0.7	8.2	9.8	4.0	0.0	20.4	22.4	25.1
Cash NRIs	-0.8	-1.5	-0.9	-0.6	-10.7	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	69	67	83	68	74	69	67	67
Goodwill	76	92	104	170	174	174	174	174
Right of use assets	0	0	0	116	108	113	117	120
Inventory	2	2	2	3	2	3	3	3
Receivables	20	27	25	40	47	33	34	35
Liquid funds	15	28	37	36	27	38	39	40
Total assets	185	218	254	437	438	436	439	444
Liabilities								
Shareholder's equity	92	98	100	121	101	121	137	155
Minority interest	1	3	6	9	5	5	5	5
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	119	114	113	117	120
Deferred taxes	5	6	6	6	6	6	6	6
Interest bearing debt	42	52	77	99	107	109	91	72
Non-interest bearing current liabilities	42	55	62	80	102	78	80	83
Other interest-free debt	3	3	3	3	2	2	2	2
Total liabilities	185	217	254	437	438	436	439	444
CASH FLOW, EURm								
+ EBITDA	13	29	34	46	55	71	75	76
- Net financial items	-2	-1	-1	-4	-4	-5	-5	-4
- Taxes	0	-2	-5	-5	-4	-6	-7	-7
- Increase in Net Working Capital	9	8	7	2	14	-11	1	1
+/- Other	-2	-1	0	-11	-15	-4	-4	-4
= Cash flow from operations	18	32	35	27	46	46	61	63
- Capex	-48	-5	-10	-23	-36	-36	-39	-39
- Acquisitions	0	-22	-17	-79	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-30	6	8	-74	10	10	22	23
+/- New issues/buybacks	82	-1	-2	24	-22	0	0	0
- Paid dividend	0	0	-3	-3	-2	0	-7	-7
+/- Other	-48	7	7	53	5	1	-15	-15
Change in cash	4	12	10	-1	-9	11	1	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	380	275	195	346	346	346	346
Net debt (excl. convertibles)	25	40	181	194	184	168	152
Enterprise value	416	325	391	557	544	527	509
Sales	399	424	488	519	538	555	572
EBITDA	29	34	46	55	71	75	76
EBIT	17	20	14	21	35	38	40
Pre-tax	15	19	11	17	30	33	36
Earnings	10	11	5	11	20	22	25
Equity book value (excl. minorities)	98	100	121	101	121	137	155
Valuation multiples							
EV/sales	1.0	0.8	0.8	1.1	1.0	0.9	0.9
EV/EBITDA	14.2	9.5	8.5	10.1	7.7	7.0	6.7
EV/EBITA	25.1	16.2	27.1	26.6	15.5	14.0	12.7
EV/EBIT	25.1	16.2	27.1	26.6	15.5	14.0	12.7
EV/OCF	12.9	9.3	14.3	12.1	11.9	8.6	8.1
EV/FCFF	66.9	19.3	-11.7	20.3	14.2	10.2	9.7
P/FCFE	67.8	35.7	-2.6	36.0	35.0	15.4	14.8
P/E	39.1	25.7	42.4	32.3	17.0	15.4	13.8
P/B	3.9	2.7	1.6	3.4	2.8	2.5	2.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.7	7.1	6.8
Target EV/EBIT	0.0	0.0	0.0	0.0	15.7	14.3	13.0
Target EV/FCF	0.0	0.0	0.0	0.0	55.8	23.8	22.2
Target P/B	0.0	0.0	0.0	0.0	3.0	2.6	2.3
Target P/E	0.0	0.0	0.0	0.0	17.8	16.2	14.4
Per share measures							
Number of shares	20,613	20,613	22,620	22,620	22,620	22,620	22,620
Number of shares (diluted)	20,613	20,613	22,620	22,620	22,620	22,620	22,620
EPS	0.47	0.52	0.20	0.47	0.90	0.99	1.11
Operating cash flow per share	1.57	1.69	1.21	2.03	2.02	2.70	2.76
Free cash flow per share	0.27	0.37	-3.29	0.42	0.44	0.99	1.03
Book value per share	4.74	4.87	5.36	4.47	5.37	6.06	6.84
Dividend per share	0.15	0.16	0.10	0.00	0.30	0.33	0.37
Dividend payout ratio, %	31.9	30.8	49.2	0.0	33.0	33.0	33.0
Dividend yield, %	0.8	1.2	1.2	0.0	1.9	2.1	2.4
FCF yield, %	1.5	2.8	-38.2	2.8	2.9	6.5	6.8
Efficiency measures							
ROE	10.2	10.8	4.2	9.6	18.3	17.3	17.2
ROCE	11.7	12.2	5.4	6.2	10.4	10.8	11.4
Financial ratios							
Inventories as % of sales	0.5	0.5	0.5	0.4	0.5	0.5	0.5
Receivables as % of sales	6.7	5.9	8.2	9.1	6.2	6.2	6.2
Non-interest bearing liabilities as % of sales	13.8	14.6	16.3	19.7	14.5	14.5	14.5
NWC/sales, %	-6.9	-8.4	-8.0	-10.2	-7.9	-7.9	-7.9
Operative CAPEX/sales, %	1.3	2.4	4.6	7.0	6.7	7.0	6.8
CAPEX/sales (incl. acquisitions), %	-4.1	-1.6	-11.6	7.0	6.7	7.0	6.8
FCFF/EBITDA	0.2	0.5	-0.7	0.5	0.5	0.7	0.7
Net debt/EBITDA, book-weighted	0.8	1.2	3.9	3.5	2.6	2.2	2.0
Debt/equity, market-weighted	0.1	0.3	0.5	0.3	0.3	0.3	0.2
Equity ratio, book-weighted	46.4	41.8	29.8	24.2	29.0	32.4	36.0
Gearing, %	24.3	37.3	138.7	182.9	145.7	118.5	95.4

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	%
Lähiapiola Keskinäinen Vakuutusyhtiö	3,481,641	53.199	15.4%
Mww Yhtiö Oy	2,309,010	35.282	10.2%
Fennia Mutual Insurance Company	1,998,965	30.544	8.8%
Tapiola Keskinäinen Henkivakuutusyhtiö	1,891,385	28.900	8.4%
Elo Pension Company	1,267,161	19.362	5.6%
Niemistö Leena Katriina	703,475	10.749	3.1%
Ilmarinen Mutual Pension Insurance Company	490,000	7.487	2.2%
Fondita Nordic Micro Cap	470,000	7.182	2.1%
Fennia Life Insurance Company Ltd	273,099	4.173	1.2%
Sijoitusrahasto Taaleritehdas Mikro Markka	220,000	3.362	1.0%
Ten largest	13,104,736	200.240	58%
Residual	9,515,399	145.395	42%
Total	22,620,135	345.636	100%

EARNINGS CALENDAR

May 08, 2020	Q1 report
August 14, 2020	Q2 report
November 04, 2020	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

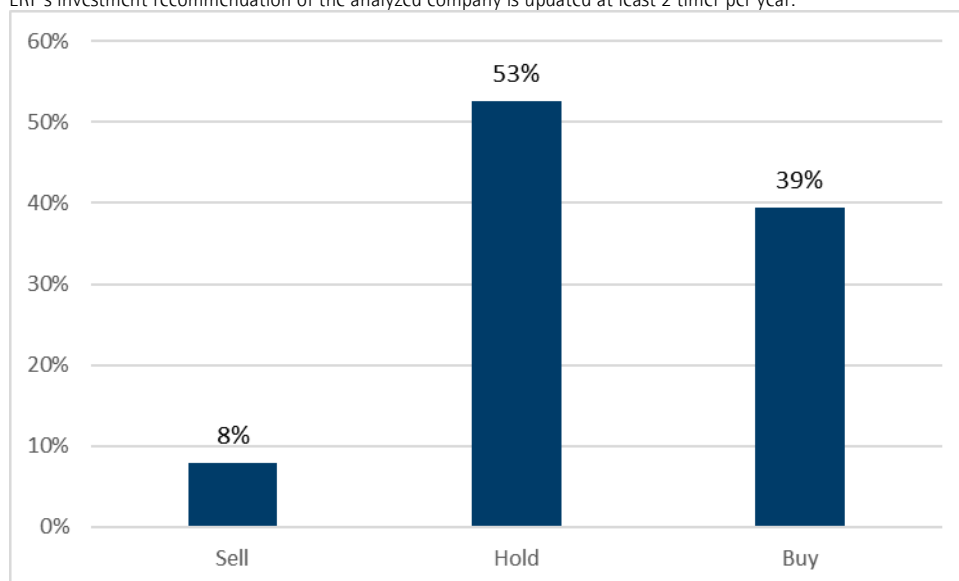
Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

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): Rissanen

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Bank Plc. Production of the investment recommendation has been concluded on [17.02.2020, 8:00]. This report has been published on [17.2.2020, 8:30].

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services. months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the. For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment

Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Bank Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Bank Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli Bank is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Bank Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity Sales**

Ari Laine +358 9 4766 9115
Lauri Ahokanto +358 9 4766 9117
Niclas Henelius +358 9 4766 9116

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

ETFs and Derivatives

Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001