

## Becomes part of the consolidation

Pihlajalinna's Q3 revenue was in line with expectations but profitability was better than expected. Mehiläinen made a cash tender offer of all the shares of Pihlajalinna with the offer price of EUR 16 per share. We see the offer likely to be approved by the shareholders. With the TP of EUR 16 (12) our rating is now "HOLD".

### Efficiency improvements already shown in Q3

Pihlajalinna delivered good Q3 result. Revenue grew by 5.5% (of which 3.7% organic growth) and was in line with estimates at EUR 122.7m (EUR 123.0m/121.5m Evli/consensus). The company's adj. EBITDA beat expectations and was at EUR 17.4m (21.9% y/y) vs. our EUR 15.7m. Profitability improved mainly as a result of the efficiency improvement program but was also supported by increased revenue growth.

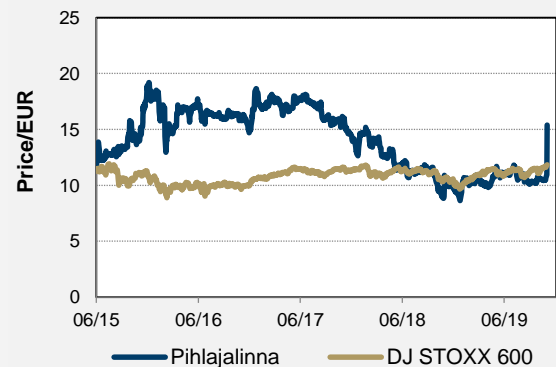
### Mehiläinen plans to acquire Pihlajalinna

Mehiläinen has made a cash tender offer of all the shares of Pihlajalinna with the offer price of EUR 16 per share which values Pihlajalinna's total equity at EUR ~362m. The offer price translates into a premium of ~46% compared to Monday's closing price of EUR 10.96. The tender offer is unanimously recommended by the non-conflicted members of the board of directors of Pihlajalinna. We see the offer likely to be approved by the shareholders as the largest shareholders have already accepted the offer (~63% of shares). The combined revenue would represent some 23% of the total private social and healthcare market and in certain sectors the market shares might become too large, harming the competition. At the same time Terveystalo's acquisition of Attendo's Finnish branch in 2018 supports the approval. The offer is subject to the approval of the Finnish Competition and Consumer Authority (FCCA).

### "HOLD" with TP of EUR 16.0 (12.0)

After the good Q3 result, we have fine-tuned our 19E-21E estimates. We expect 2019E sales to grow by 6.3% to EUR 518.5m and adj. EBIT of EUR 23.0 resulting in adj. EBIT margin of 4.4% (2018: 3.0%) The offer price of EUR 16.0 translates into EV/EBITDA multiple of 9.6x and 7.7x on our 19E-20E estimates which is 5-10% discount compared to the peer group. We have increased our TP to match the offer price of EUR 16.0 (prev. EUR 12.0) and our rating is now "HOLD".

## Rating HOLD



Share price, EUR (Last trading day's closing price) 15.40

Target price, EUR 16.0

Latest change in rating 06-Nov-19

Latest report on company 30-Oct-19

Research paid by issuer: YES

No. of shares outstanding, 22,620

No. of shares fully diluted, 22,620

Market cap, EURm 348

Free float, % 57.0

Exchange rate 0.000

Reuters code PIHLIS.HE

Bloomberg code PIHLIS FH

Average daily volume, EURm na.

Next interim report 14-Feb-20

Web site <http://investors.pihlajalinna.fi/>

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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
2017	424.0	20.1	4.7%	-9.5	0.52	25.7	0.8	16.2	-3.5	0.16
2018	487.8	14.4	3.0%	-48.0	0.20	42.4	0.8	27.1	-24.6	0.10
2019E	518.5	23.0	4.4%	1.7	0.59	26.1	1.1	24.1	0.5	0.19
2020E	535.8	35.1	6.5%	15.6	0.93	16.6	1.0	15.4	4.5	0.31
2021E	549.2	37.3	6.8%	25.0	1.01	15.3	0.9	14.0	7.2	0.33
Market cap, EURm		348	Gearing 2019E, %			135.5	CAGR EPS 2018-21, %			70.4
Net debt 2019E, EURm		181	Price/book 2019E			2.8	CAGR sales 2018-21, %			4.0
Enterprise value, EURm		556	Dividend yield 2019E, %			1.3	ROE 2019E, %			10.9
Total assets 2019E, EURm		436	Tax rate 2019E, %			14.0	ROCE 2019E, %			6.6
Goodwill 2019E, EURm		170	Equity ratio 2019E, %			30.7	PEG, P/E 19/CAGR			1.1

## Estimates

Net sales	2017	Q1'18	Q2'18	Q3'18	Q4'18	2018E	Q1'19	Q2'19	Q3'19	Q4'19E	2019E	2020E
Corporate Customers	82.6	26.2	25.3	22.8	29.4	103.7	31.6	30.3	27.0	33.1	121.9	131.2
of which insurance companies	26.6	6.6	6.6	5.3	6.7	25.2	7.1	6.7	5.9	7.9	27.6	35.0
of which other corporates	56.0	19.6	18.7	17.5	22.7	78.5	24.5	23.6	21.1	25.2	94.4	96.2
Private Customers	67.9	22.2	24.3	21.0	24.6	92.1	26.5	25.6	21.1	25.4	98.5	100.5
Public sector customers	330.5	85.1	90.3	85.7	88.6	349.7	89.3	89.6	90.0	91.2	360.1	367.3
<b>Total</b>	<b>424.0</b>	<b>119.3</b>	<b>125.3</b>	<b>116.3</b>	<b>126.9</b>	<b>487.8</b>	<b>132.5</b>	<b>129.7</b>	<b>122.7</b>	<b>133.6</b>	<b>518.5</b>	<b>535.8</b>
<b>Net sales growth</b>												
Corporate Customers	-	17.0%	21.1%	25.3%	39.3%	25.5%	20.6%	19.6%	18.4%	12.4%	17.6%	7.6%
Private Customers	-	16.8%	35.0%	54.4%	42.2%	35.6%	19.4%	5.1%	0.5%	3.2%	7.0%	2.0%
Public sector customers	-	2.5%	9.9%	6.1%	4.9%	5.8%	4.9%	-0.8%	5.0%	2.9%	3.0%	2.0%
<b>Total</b>	<b>6.2%</b>	<b>8.5%</b>	<b>17.5%</b>	<b>17.0%</b>	<b>17.5%</b>	<b>15.0%</b>	<b>11.1%</b>	<b>3.5%</b>	<b>5.5%</b>	<b>5.3%</b>	<b>6.3%</b>	<b>3.3%</b>
Adj. EBITDA (group)	34.0	6.9	10.2	14.2	14.6	45.9	12.6	10.8	17.4	16.7	57.5	70.2
Adj. EBITDA-margin (group)	8.0%	5.8%	8.1%	12.2%	11.5%	9.4%	9.5%	8.3%	14.2%	12.5%	11.1%	13.1%

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	6841	10.6x	8.4x	7.5x	23.0x	17.1x	14.6x	14.8x	12.8x	10.9x
Attendo AB	ATT-SE	8173	11.5x	10.5x	9.4x	32.6x	29.0x	23.6x	57.5x	37.9x	24.6x
CareTech Holdings PLC	CTH-GB	433	10.2x	8.8x	8.0x	12.3x	10.4x	9.4x	11.2x	9.3x	8.1x
Fresenius SE & Co. KGaA	FRE-DE	26630	6.8x	6.2x	5.7x	9.9x	9.0x	8.1x	14.6x	13.7x	12.6x
Georgia Healthcare Group Plc	GHG-GB	99	7.3x	6.0x	4.9x	9.4x	7.4x	6.0x	17.9x	12.2x	9.4x
GHP Specialty Care AB	GHP-SE	1209	8.2x	7.2x	6.5x	18.4x	14.7x	12.9x	25.8x	20.5x	19.7x
Humana AB	HUM-SE	3114	9.2x	7.8x	7.2x	16.6x	13.7x	12.5x	13.7x	11.3x	10.3x
Korian SA	KORI-FR	3162	12.5x	11.5x	11.5x	19.0x	17.3x	17.1x	23.0x	19.4x	16.6x
LNA Sante SA	LNA-FR	467	11.6x	10.5x	9.4x	15.7x	14.0x	12.9x	19.7x	17.0x	15.0x
Mediclinic International Plc	MDC-GB	2771	8.5x	7.9x	7.4x	13.2x	12.3x	11.2x	14.6x	13.1x	11.6x
Orpea SA	ORP-FR	6942	19.5x	18.1x	17.0x	26.9x	24.8x	23.3x	27.8x	24.6x	22.1x
RHON-KLINIKUM AG	RHK-DE	1245	10.1x	9.7x	9.4x	26.6x	25.0x	23.4x	39.8x	36.6x	33.9x
Spire Healthcare Group PLC	SPI-GB	482	7.8x	7.2x	6.8x	16.7x	14.7x	13.4x	22.5x	17.5x	14.3x
Terveystalo Oy Class A	TTALO-FI	1329	11.3x	10.3x	9.4x	20.2x	17.8x	16.2x	23.6x	20.3x	17.5x
<b>Peer Group Median</b>		<b>4560</b>	<b>10.2x</b>	<b>8.6x</b>	<b>7.8x</b>	<b>17.5x</b>	<b>14.7x</b>	<b>13.2x</b>	<b>21.1x</b>	<b>17.3x</b>	<b>14.6x</b>
<b>Peer Group Average</b>		<b>2008</b>	<b>10.4x</b>	<b>9.3x</b>	<b>8.6x</b>	<b>18.6x</b>	<b>16.2x</b>	<b>14.6x</b>	<b>23.3x</b>	<b>19.0x</b>	<b>16.2x</b>
<b>Pihlajalinna (Evli est.)</b>		<b>347</b>	<b>9.7x</b>	<b>7.7x</b>	<b>7.0x</b>	<b>24.1x</b>	<b>15.4x</b>	<b>14.0x</b>	<b>26.1x</b>	<b>16.6x</b>	<b>15.3x</b>
<i>Pihlajalinna premium/discount to peer median</i>			-5%	-11%	-9%	38%	5%	6%	24%	-4%	5%

Source: Factset, Evli Research

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3	2019Q4E	2019E	2020E	2021E
Net sales	119.2	125.3	116.3	127.0	487.8	132.5	129.7	122.7	133.6	518.5	535.8	549.2
EBITDA	6.9	10.1	13.8	15.1	45.9	12.5	10.8	17.4	16.7	57.4	70.2	74.1
<i>EBITDA margin (%)</i>	<i>5.8</i>	<i>8.1</i>	<i>11.9</i>	<i>11.9</i>	<i>9.4</i>	<i>9.4</i>	<i>8.4</i>	<i>14.2</i>	<i>12.5</i>	<i>11.1</i>	<i>13.1</i>	<i>13.5</i>
EBIT	-0.1	2.0	5.6	6.9	14.4	3.9	2.1	9.3	7.8	23.0	35.1	37.3
<i>EBIT margin (%)</i>	<i>-0.1</i>	<i>1.6</i>	<i>4.8</i>	<i>5.4</i>	<i>3.0</i>	<i>2.9</i>	<i>1.6</i>	<i>7.6</i>	<i>5.8</i>	<i>4.4</i>	<i>6.5</i>	<i>6.8</i>
Net financial items	-1.0	-0.8	-0.9	-1.1	-3.8	-1.0	-1.0	-1.0	-1.0	-4.0	-5.0	-5.0
Pre-tax profit	-1.1	1.2	4.7	5.8	10.6	2.9	1.1	8.3	6.8	19.0	30.1	32.3
Tax	0.0	-0.3	-1.1	-1.3	-2.7	-0.7	-0.3	-0.3	-1.4	-2.7	-6.0	-6.5
<i>Tax rate (%)</i>	<i>0.0</i>	<i>25.0</i>	<i>23.4</i>	<i>22.4</i>	<i>25.5</i>	<i>24.1</i>	<i>28.6</i>	<i>3.6</i>	<i>20.0</i>	<i>14.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-1.7	1.0	1.9	3.4	4.6	1.8	-0.1	6.6	5.1	13.4	21.0	22.7
EPS	-0.08	0.04	0.08	0.15	0.20	0.08	-0.01	0.29	0.23	0.59	0.93	1.01
EPS adjusted (diluted no. of shares)	-0.08	0.04	0.08	0.15	0.20	0.08	-0.01	0.29	0.23	0.59	0.93	1.01
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.19	0.31	0.33
<b>SALES, EURm</b>												
Corporate Customers	27.7	23.8	24.8	29.4	105.7	31.6	30.3	27.0	33.1	121.9	131.2	134.5
Private Customers	22.2	24.3	20.9	24.6	92.0	26.5	25.6	21.1	25.4	98.5	100.5	103.0
Public sector customers	83.5	91.9	83.7	88.6	347.7	89.3	89.6	90.0	91.2	360.1	367.3	376.5
Eliminations	-14.2	-14.7	-13.1	-15.6	-57.6	-14.9	-15.7	-15.4	-16.0	-62.0	-63.3	-64.8
<b>Total</b>	<b>119.2</b>	<b>125.3</b>	<b>116.3</b>	<b>127.0</b>	<b>487.8</b>	<b>132.5</b>	<b>129.7</b>	<b>122.7</b>	<b>133.6</b>	<b>518.5</b>	<b>535.8</b>	<b>549.2</b>
<b>SALES GROWTH, Y/Y %</b>												
<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>27.1</i>	<i>8.9</i>	<i>12.4</i>	<i>15.3</i>	<i>7.6</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>5.1</i>	<i>1.0</i>	<i>3.2</i>	<i>7.1</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>-2.5</i>	<i>7.5</i>	<i>2.9</i>	<i>3.6</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>6.8</i>	<i>17.6</i>	<i>2.7</i>	<i>7.7</i>	<i>2.0</i>	<i>2.5</i>
<b>Total</b>	<b>8.4</b>	<b>17.5</b>	<b>17.0</b>	<b>17.6</b>	<b>15.0</b>	<b>11.2</b>	<b>3.5</b>	<b>5.5</b>	<b>5.2</b>	<b>6.3</b>	<b>3.3</b>	<b>2.5</b>
<b>EBIT, EURm</b>												
Group	-0.1	2.0	5.6	6.9	14.4	3.9	2.1	9.3	7.8	23.0	35.1	37.3
<b>Total</b>	<b>-0.1</b>	<b>2.0</b>	<b>5.6</b>	<b>6.9</b>	<b>14.4</b>	<b>3.9</b>	<b>2.1</b>	<b>9.3</b>	<b>7.8</b>	<b>23.0</b>	<b>35.1</b>	<b>37.3</b>
<b>EBIT margin, %</b>												
<i>Total</i>	<i>-0.1</i>	<i>1.6</i>	<i>4.8</i>	<i>5.4</i>	<i>3.0</i>	<i>2.9</i>	<i>1.6</i>	<i>7.6</i>	<i>5.8</i>	<i>4.4</i>	<i>6.5</i>	<i>6.8</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	148.9	213.4	399.1	424.0	487.8	518.5	535.8	549.2
<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>6.3</i>	<i>3.3</i>	<i>2.5</i>
EBITDA	13.8	12.7	29.4	34.3	45.9	57.4	70.2	74.1
<i>EBITDA margin (%)</i>	<i>9.3</i>	<i>6.0</i>	<i>7.4</i>	<i>8.1</i>	<i>9.4</i>	<i>11.1</i>	<i>13.1</i>	<i>13.5</i>
Depreciation	-5.8	-8.0	-12.8	-14.2	-31.5	-17.9	-19.9	-21.0
EBITA	8.0	4.7	16.6	20.1	14.4	23.0	35.1	37.3
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	8.0	4.7	16.6	20.1	14.4	23.0	35.1	37.3
<i>EBIT margin (%)</i>	<i>5.4</i>	<i>2.2</i>	<i>4.2</i>	<i>4.7</i>	<i>3.0</i>	<i>4.4</i>	<i>6.5</i>	<i>6.8</i>
Reported EBIT	5.9	3.9	15.1	19.2	13.8	15.1	35.1	37.3
<i>EBIT margin (reported) (%)</i>	<i>4.0</i>	<i>1.8</i>	<i>3.8</i>	<i>4.5</i>	<i>2.8</i>	<i>2.9</i>	<i>6.5</i>	<i>6.8</i>
Net financials	-3.1	-2.3	-1.2	-1.4	-3.8	-4.0	-5.0	-5.0
Pre-tax profit	4.9	2.4	15.4	18.7	10.6	19.0	30.1	32.3
Taxes	-1.0	-0.1	-3.0	-3.4	-2.7	-2.7	-6.0	-6.5
Minority shares	-0.4	-0.8	-2.7	-4.6	-3.3	-3.0	-3.1	-3.1
Net profit	1.4	0.7	8.2	9.8	4.0	5.5	21.0	22.7
Cash NRIs	-2.1	-0.8	-1.5	-0.9	-0.6	-7.9	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	47	69	67	83	68	82	85	81
Goodwill	56	76	92	104	170	170	170	170
Right of use assets	0	0	0	0	116	109	113	115
Inventory	1	2	2	2	3	3	3	3
Receivables	14	20	27	25	40	33	34	35
Liquid funds	11	15	28	37	36	36	38	38
Total assets	131	185	218	254	437	436	445	446
<b>Liabilities</b>								
Shareholder's equity	9	92	98	100	121	124	141	157
Minority interest	1	1	3	6	9	9	9	9
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	119	109	113	115
Deferred taxes	4	5	6	6	6	6	6	6
Interest bearing debt	88	42	52	77	99	109	95	75
Non-interest bearing current liabilities	27	42	55	62	80	75	78	80
Other interest-free debt	1	3	3	3	3	3	3	3
Total liabilities	131	185	217	254	437	436	445	446
<b>CASH FLOW, EURm</b>								
+ EBITDA	14	13	29	34	46	57	70	74
- Net financial items	-3	-2	-1	-1	-4	-4	-5	-5
- Taxes	-1	0	-2	-4	-4	-3	-6	-6
- Increase in Net Working Capital	4	9	7	8	3	3	1	1
+/- Other	-2	-2	-4	-5	-4	-11	-3	-3
= Cash flow from operations	11	18	29	32	38	42	57	61
- Capex	-28	-48	-27	-41	-6	-41	-42	-36
- Acquisitions	0	0	0	0	-79	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-17	-30	2	-9	-48	2	16	25
+/- New issues/buybacks	-29	82	-1	-2	24	0	0	0
- Paid dividend	0	0	0	-3	-3	-2	-4	-7
+/- Other	46	-48	11	24	27	0	-10	-17
Change in cash	0	4	12	10	-1	0	1	1

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	256	380	275	195	348	348	348
Net debt (excl. convertibles)	27	25	40	181	181	170	152
Enterprise value	286	416	325	391	556	541	521
Sales	213	399	424	488	519	536	549
EBITDA	13	29	34	46	57	70	74
EBIT	5	17	20	14	23	35	37
Pre-tax	2	15	19	11	19	30	32
Earnings	2	10	11	5	13	21	23
Equity book value (excl. minorities)	92	98	100	121	124	141	157
<b>Valuation multiples</b>							
EV/sales	1.3	1.0	0.8	0.8	1.1	1.0	0.9
EV/EBITDA	22.5	14.2	9.5	8.5	9.7	7.7	7.0
EV/EBITA	60.8	25.1	16.2	27.1	24.1	15.4	14.0
EV/EBIT	60.8	25.1	16.2	27.1	24.1	15.4	14.0
EV/OCF	16.3	14.5	10.2	10.4	13.1	9.4	8.6
EV/FCFF	-11.0	69.1	-80.9	-9.2	31.8	13.0	10.3
P/FCFE	-8.5	237.3	-28.9	-4.1	210.0	22.3	13.9
P/E	170.5	39.1	25.7	42.4	26.1	16.6	15.3
P/B	2.8	3.9	2.7	1.6	2.8	2.5	2.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.6	7.7	7.1
Target EV/EBIT	0.0	0.0	0.0	0.0	24.0	15.4	14.0
Target EV/FCF	0.0	0.0	0.0	0.0	333.1	34.7	20.9
Target P/B	0.0	0.0	0.0	0.0	2.9	2.6	2.3
Target P/E	0.0	0.0	0.0	0.0	27.1	17.2	15.9
<b>Per share measures</b>							
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	0.20	0.59	0.93	1.01
Operating cash flow per share	0.85	1.39	1.54	1.66	1.88	2.54	2.68
Free cash flow per share	-1.46	0.08	-0.46	-2.12	0.07	0.69	1.10
Book value per share	4.47	4.74	4.87	5.36	5.50	6.23	6.93
Dividend per share	0.00	0.15	0.16	0.10	0.19	0.31	0.33
Dividend payout ratio, %	0.0	31.9	30.8	49.2	33.0	33.0	33.0
Dividend yield, %	0.0	0.8	1.2	1.2	1.3	2.0	2.2
FCF yield, %	-11.8	0.4	-3.5	-24.6	0.5	4.5	7.2
<b>Efficiency measures</b>							
ROE	3.0	10.2	10.8	4.2	10.9	15.8	15.3
ROCE	4.0	11.7	12.2	5.4	6.6	9.9	10.5
<b>Financial ratios</b>							
Inventories as % of sales	0.8	0.5	0.5	0.5	0.5	0.5	0.5
Receivables as % of sales	9.4	6.7	5.9	8.2	6.3	6.3	6.3
Non-interest bearing liabilities as % of sales	19.7	13.8	14.6	16.3	14.5	14.5	14.5
NWC/sales, %	-9.8	-6.9	-8.4	-8.0	-8.0	-8.0	-8.0
Operative CAPEX/sales, %	22.3	6.8	9.7	1.3	7.9	7.8	6.5
CAPEX/sales (incl. acquisitions), %	22.3	6.8	9.7	-15.0	7.9	7.8	6.5
FCFF/EBITDA	-2.0	0.2	-0.1	-0.9	0.3	0.6	0.7
Net debt/EBITDA, book-weighted	2.1	0.8	1.2	3.9	3.2	2.4	2.1
Debt/equity, market-weighted	0.2	0.1	0.3	0.5	0.3	0.3	0.2
Equity ratio, book-weighted	50.5	46.4	41.8	29.8	30.7	33.8	37.2
Gearing, %	28.4	24.3	37.3	138.7	135.5	113.1	91.5

OWNERSHIP STRUCTURE	SHARES	EURm	%
Lähitapiola Keskinäinen Vakuutusyhtiö	3,481,641	53.617	15.4%
Mww Yhtiö Oy	2,309,010	35.559	10.2%
Fennia Mutual Insurance Company	1,998,965	30.784	8.8%
Tapiola Keskinäinen Henkivakuutusyhtiö	1,891,385	29.127	8.4%
Elo Pension Company	1,267,161	19.514	5.6%
Niemistö Leena Katriina	703,475	10.834	3.1%
Fondita Nordic Micro Cap	540,000	8.316	2.4%
Ilmarinen Mutual Pension Insurance Company	490,000	7.546	2.2%
Fennia Life Insurance Company Ltd	270,179	4.161	1.2%
Nordea Fennia Fund	258,421	3.980	1.1%
Ten largest	13,210,237	203.438	58%
Residual	9,409,898	144.912	42%
Total	22,620,135	348.350	100%

EARNINGS CALENDAR	
February 14, 2020	FY 2019 Results
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

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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.

Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

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

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