

Upgraded to "BUY"

Pihlajalinna's Q4 result and dividend proposal outpaced the expectations. We have increased our 21E estimates and expect revenue growth of 10% and adj. EBIT margin of 4.9%. We upgrade to "BUY" ("HOLD") with TP of EUR 12 (10.5).

Positive surprise with Q4 result

Pihlajalinna's Q4 result outpaced the expectations. Revenue increased by 2.6% y/y to EUR 137.2m (135.2m/135.5m Evli/cons). Revenue growth was driven by increased COVID-19 testing volumes which increased by 67% compared to the previous quarter. At the same time, customer volumes in private clinics locations were 10% lower compared to the comparison period. Adj. EBIT improved by ~31% to EUR 7.3m (5.3m/4.8m Evli/cons). 2020 dividend proposal of EUR 0.20 beat also clearly the expectations (0.12/0.09 Evli/cons).

Revenue streams from several sources

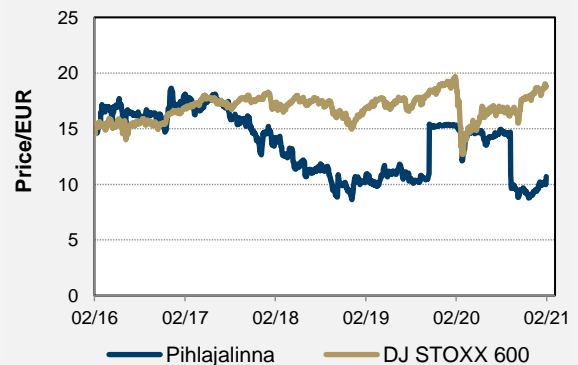
Pihlajalinna's measures taken towards improved profitability have worked and we expect the company is able to increase its profitability further. Pihlajalinna has growth opportunities in several markets and the company has strengthened its positioning e.g. in the occupational healthcare market (e.g. Työterveys Virta). The company has expanded its operations in the public side as the services of Selkämeren Terveys Oy began in the beginning of the year. The Huhtasuo health center outsourcing started in December. Additionally, Pihlajalinna won a significant proportion of a competitive bidding process for the outpatient clinic, surgery, and inpatient services of the Northern Ostrobothnia Hospital District in early 2021.

"BUY" ("HOLD") with TP of EUR 12 (10.5)

Pihlajalinna expects 2021 revenue to increase clearly and adj. EBIT to improve clearly compared to 2020. The company will introduce its updated strategy soon and we expect to get more color on that in connection with the CMD which takes place in late March. We expect 21E revenue growth of ~10% (EUR 559m) and adj. EBIT margin of 4.9% (EUR 27.3m). On our estimates, the company trades with 21E-22E EV/EBIT multiple of 15.6x and 13.2x which translates into 12-13% discount compared to the peers. We upgrade to "BUY" ("HOLD") with TP of EUR 12 (10.5).

Rating

BUY



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

Target price, EUR 12.0

Latest change in rating 22-Feb-21

Latest report on company 17-feb-21

Research paid by issuer: YES

No. of shares outstanding, '000's 22,618

No. of shares fully diluted, '000's 22,618

Market cap, EURm 242

Free float, % 80.1

Exchange rate -

Reuters code PIHLIS.HE

Bloomberg code PIHLIS FH

Average daily volume, EURm -

Next interim report 07-May-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%	9.6	0.47	32.3	1.1	26.6	2.8	0.00
2020	508.8	20.8	4.1%	0.9	0.52	18.0	0.8	20.0	0.4	0.20
2021E	558.9	27.3	4.9%	25.8	0.83	13.0	0.8	15.6	10.7	0.27
2022E	586.3	31.4	5.4%	17.0	0.93	11.4	0.7	13.2	7.0	0.31
2023E	603.9	33.8	5.6%	15.3	1.03	10.4	0.7	12.0	6.3	0.34
Market cap, EURm	242			Gearing 2021E, %	134.5			CAGR EPS 2020-23, %	25.3	
Net debt 2021E, EURm	174			Price/book 2021E	2.0			CAGR sales 2020-23, %	5.9	
Enterprise value, EURm	426			Dividend yield 2021E, %	2.5			ROE 2021E, %	16.0	
Total assets 2021E, EURm	432			Tax rate 2021E, %	20.0			ROCE 2021E, %	8.2	
Goodwill 2021E, EURm	174			Equity ratio 2021E, %	29.8			PEG, P/E 21/CAGR	1.2	

All the important disclosures can be found on the last pages of this report.

Estimates

Net sales	2017	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21E	Q2'21E	Q3'21E	Q4'21E	2021E
Corporate Customers	82.6	103.7	122.1	32.9	27.8	30.7	36.1	127.5	37.0	35.4	34.2	39.7	146.3
of which insurance companies	26.6	25.2	27.6	8.3	6.6	6.4	8.6	29.9	8.7	7.4	7.0	9.5	32.5
of which other corporates	56.0	78.5	94.5	24.6	21.2	24.3	27.5	97.6	28.3	28.0	27.2	30.3	113.7
Private Customers	67.9	92.1	97.8	23.5	14.7	19.5	22.0	79.7	21.2	22.1	21.5	26.4	91.1
Public sector customers	330.5	349.7	360.6	92.6	88.1	88.9	97.5	367.1	98.7	95.8	93.1	100.0	387.5
Total	424.0	487.8	518.6	133.0	114.7	123.9	137.2	508.8	140.4	136.7	132.2	149.6	558.9
Net sales growth													
Corporate Customers	-	25.5%	17.3%	5.4%	-8.1%	13.7%	13.2%	4.4%	12.5%	27.3%	11.4%	10.0%	14.7%
Private Customers	-	35.6%	6.5%	-11.0%	-42.5%	-7.6%	-11.6%	-18.5%	-10.0%	50.0%	10.0%	20.0%	14.2%
Public sector customers	-	5.8%	3.2%	3.1%	-1.7%	-1.2%	5.2%	1.8%	6.6%	8.7%	4.7%	2.5%	5.6%
Total	6.2%	15.0%	6.3%	0.4%	-11.6%	0.9%	2.6%	-1.9%	5.6%	19.2%	6.7%	9.0%	9.9%
Adj. EBITDA (group)	34.0	45.9	55.2	12.7	9.0	17.2	15.7	54.6	14.7	12.2	19.2	16.5	62.5
Adj. EBITDA-margin (group)	8.0%	9.4%	10.6%	9.5%	7.8%	13.9%	10.4%	10.7%	10.5%	8.9%	14.5%	11.0%	11.0%

Source: Pihlajalinna, Evli Research

Valuation

PIHLAJALINNA PEER GROUP	Security identifier	MCAP Local FX	EV/EBITDA			EV/EBIT			P/E		
			20	21	22	20	21	22	20	21	22
Ambea AB	AMBEA-SE	6847	8.9x	8.2x	7.3x	19.2x	17.4x	14.6x	15.6x	13.3x	11.3x
Attendo AB	ATT-SE	7505	9.3x	8.5x	7.5x		22.8x	17.8x	76.1x	28.3x	17.0x
CareTech Holdings PLC	CTH-GB	587	10.2x	8.9x	8.1x	12.6x	11.5x	10.0x	13.2x	11.4x	10.2x
Fresenius SE & Co. KGaA	FRE-DE	19867	6.3x	5.9x	5.2x	9.8x	9.2x	8.0x	11.2x	10.8x	9.6x
Georgia Healthcare Group Plc	GHG-GB										
GHP Specialty Care AB	GHP-SE	1683	11.6x	8.9x	7.8x	27.4x	17.6x	15.2x	37.4x	25.5x	22.4x
Humana AB	HUM-SE	3587	7.9x	7.8x	7.2x	14.5x	13.7x	12.3x	14.3x	12.2x	10.8x
Korian SA	KORI-FR	3159	9.7x	8.1x	7.1x	28.0x	20.2x	17.3x	42.3x	20.9x	16.6x
LNA Sante SA	LNA-FR	450	10.8x	9.7x	9.1x	23.5x	19.7x	17.9x	29.4x	17.0x	14.1x
Mediclinic International Plc	MDC-GB	2160	9.8x	7.9x	7.3x	20.5x	13.9x	12.4x	24.8x	12.9x	11.2x
Orpea SA	ORP-FR	7017	16.6x	14.5x	12.9x	35.3x	28.9x	25.1x	42.5x	28.1x	24.9x
RHON-KLINIKUM AG	RHK-DE	1059							60.8x	36.8x	29.3x
Spire Healthcare Group PLC	SPI-GB	619	12.8x	9.1x	6.4x	40.8x	18.1x	11.9x		58.1x	26.8x
Terveystalo Oy Class A	TTALO-FI	1357	11.1x	9.8x	8.8x	24.7x	18.6x	15.6x	28.7x	19.3x	16.8x
Peer Group Median		4336	10.0x	8.7x	7.4x	23.5x	17.9x	14.9x	29.0x	19.3x	16.6x
Peer Group Average		2160	10.4x	8.9x	7.9x	23.3x	17.6x	14.8x	33.0x	22.7x	17.0x
Pihlajalinna (Evli est.)		212	7.6x	6.8x	6.1x	20.0x	15.6x	13.2x	18.0x	13.0x	11.4x
<i>Pihlajalinna premium/discount to peer median</i>			<i>-24 %</i>	<i>-22 %</i>	<i>-17 %</i>	<i>-15 %</i>	<i>-13 %</i>	<i>-12 %</i>	<i>-38 %</i>	<i>-33 %</i>	<i>-31 %</i>

Source: Factset, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	133.0	114.7	123.9	137.2	508.8	140.4	136.7	132.2	149.6	558.9	586.3	603.9
EBITDA	12.7	9.0	17.2	15.7	54.6	14.7	12.2	19.2	16.5	62.5	67.3	66.9
<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>10.5</i>	<i>8.9</i>	<i>14.5</i>	<i>11.0</i>	<i>11.2</i>	<i>11.5</i>	<i>11.1</i>
EBIT	4.2	0.6	8.7	7.3	20.8	5.9	3.4	10.4	7.7	27.3	31.4	33.8
<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>4.2</i>	<i>2.5</i>	<i>7.8</i>	<i>5.1</i>	<i>4.9</i>	<i>5.4</i>	<i>5.6</i>
Net financial items	-1.4	-1.0	-1.0	-1.0	-4.4	-1.0	-1.0	-1.0	-1.0	-4.0	-5.0	-4.8
Pre-tax profit	2.8	-0.4	7.7	6.3	16.4	4.9	2.4	9.4	6.7	23.3	26.4	29.0
Tax	-0.6	0.1	-1.5	-2.8	-4.8	-1.0	-0.5	-1.9	-1.3	-4.7	-5.3	-5.8
<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>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	2.3	-0.6	7.0	3.1	11.8	4.0	1.9	7.5	5.3	18.7	21.1	23.2
EPS	0.10	-0.03	0.31	0.14	0.52	0.17	0.08	0.33	0.24	0.83	0.93	1.03
EPS adjusted (diluted no. of shares)	0.10	-0.03	0.31	0.14	0.52	0.17	0.08	0.33	0.24	0.83	0.93	1.03
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.27	0.31	0.34
SALES, EURm												
Corporate Customers	32.9	27.8	30.7	36.1	127.5	37.0	35.4	34.2	39.7	146.3	152.9	157.5
Private Customers	23.5	14.7	19.5	22.0	79.7	21.2	22.1	21.5	26.4	91.1	104.7	107.8
Public sector customers	92.6	88.1	88.9	97.5	367.1	98.7	95.8	93.1	100.0	387.5	395.3	407.1
Eliminations	-16.0	-15.9	-15.2	-18.4	-65.5	-16.5	-16.5	-16.5	-16.5	-66.0	-66.7	-68.7
Total	133.0	114.7	123.9	137.2	508.8	140.4	136.7	132.2	149.6	558.9	586.3	603.9
SALES GROWTH, Y/Y %												
Corporate Customers	4.1	-8.1	13.7	10.1	4.8	12.5	27.3	11.4	10.0	14.7	4.6	3.0
Private Customers	-11.3	-42.5	-7.6	-11.6	-18.7	-10.0	50.0	10.0	20.0	14.2	15.0	3.0
Public sector customers	3.7	-1.7	-1.2	6.1	1.7	6.6	8.7	4.7	2.5	5.6	2.0	3.0
Eliminations	7.4	1.3	-1.0	16.5	6.1	3.1	3.8	8.2	-10.3	0.7	1.0	3.0
Total	0.4	-11.6	0.9	2.5	-1.9	5.6	19.2	6.7	9.0	9.9	4.9	3.0
EBIT, EURm												
Group	4.2	0.6	8.7	7.3	20.8	5.9	3.4	10.4	7.7	27.3	31.4	33.8
Total	4.2	0.6	8.7	7.3	20.8	5.9	3.4	10.4	7.7	27.3	31.4	33.8
EBIT margin, %												
Total	3.2	0.5	7.0	5.3	4.1	4.2	2.5	7.8	5.1	4.9	5.4	5.6

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	399.1	424.0	487.8	518.7	508.8	558.9	586.3	603.9
<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>9.9</i>	<i>4.9</i>	<i>3.0</i>
EBITDA	29.4	34.3	45.9	55.1	54.6	62.5	67.3	66.9
<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>11.2</i>	<i>11.5</i>	<i>11.1</i>
Depreciation	-12.8	-14.2	-31.5	-34.2	-33.8	-35.2	-35.9	-33.1
EBITA	16.6	20.1	14.4	20.9	20.8	27.3	31.4	33.8
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	27.3	31.4	33.8
<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>4.9</i>	<i>5.4</i>	<i>5.6</i>
Reported EBIT	15.1	19.2	13.8	10.2	18.2	27.3	31.4	33.8
<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>4.9</i>	<i>5.4</i>	<i>5.6</i>
Net financials	-1.2	-1.4	-3.8	-4.0	-4.4	-4.0	-5.0	-4.8
Pre-tax profit	15.4	18.7	10.6	16.9	16.4	23.3	26.4	29.0
Taxes	-3.0	-3.4	-2.7	-1.9	-4.8	-4.7	-5.3	-5.8
Minority shares	-2.7	-4.6	-3.3	-4.3	0.2	0.0	0.0	0.0
Net profit	8.2	9.8	4.0	0.0	9.2	18.7	21.1	23.2
Cash NRIs	-1.5	-0.9	-0.6	-10.7	-2.6	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	67	83	68	74	66	67	68	71
Goodwill	92	104	170	174	174	174	174	174
Right of use assets	0	0	116	108	103	109	114	121
Inventory	2	2	3	2	3	3	3	3
Receivables	27	25	40	47	78	35	37	38
Liquid funds	28	37	36	27	13	39	41	42
Total assets	218	254	437	438	442	432	442	454
Liabilities								
Shareholder's equity	98	100	121	101	110	124	139	155
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	109	114	121
Deferred taxes	6	6	6	6	6	6	6	6
Interest bearing debt	52	77	99	107	94	104	89	76
Non-interest bearing current liabilities	55	62	80	102	109	81	85	88
Other interest-free debt	3	3	3	2	3	3	3	3
Total liabilities	217	254	437	438	442	432	442	454
CASH FLOW, EURm								
+ EBITDA	29	34	46	55	55	63	67	67
- Net financial items	-1	-1	-4	-4	-4	-4	-5	-5
- Taxes	-2	-5	-5	-4	-4	-5	-5	-6
- Increase in Net Working Capital	8	7	2	14	-23	15	2	1
+/- Other	-1	0	-11	-15	-2	0	0	0
= Cash flow from operations	32	35	27	46	21	68	59	58
- Capex	-5	-10	-23	-36	-20	-43	-42	-42
- Acquisitions	-22	-17	-79	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	6	8	-74	10	1	26	17	15
+/- New issues/buybacks	-1	-2	24	-22	0	0	0	0
- Paid dividend	0	-3	-3	-2	0	-5	-6	-7
+/- Other	7	7	53	5	-14	5	-9	-7
Change in cash	12	10	-1	-9	-14	26	2	1

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	275	195	346	212	242	242	242
Net debt (excl. convertibles)	40	181	194	195	174	163	154
Enterprise value	325	391	557	417	426	414	405
Sales	424	488	519	509	559	586	604
EBITDA	34	46	55	55	63	67	67
EBIT	20	14	21	21	27	31	34
Pre-tax	19	11	17	16	23	26	29
Earnings	11	5	11	12	19	21	23
Equity book value (excl. minorities)	100	121	101	110	124	139	155
Valuation multiples							
EV/sales	0.8	0.8	1.1	0.8	0.8	0.7	0.7
EV/EBITDA	9.5	8.5	10.1	7.6	6.8	6.1	6.0
EV/EBITA	16.2	27.1	26.6	20.0	15.6	13.2	12.0
EV/EBIT	16.2	27.1	26.6	20.0	15.6	13.2	12.0
EV/OCF	9.3	14.3	12.1	19.9	6.2	7.0	7.0
EV/FCFF	19.3	-11.7	20.3	33.3	8.3	9.6	9.7
P/FCFE	35.7	-2.6	36.0	235.7	9.4	14.3	15.9
P/E	25.7	42.4	32.3	18.0	13.0	11.4	10.4
P/B	2.7	1.6	3.4	1.9	2.0	1.7	1.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.2	6.5	6.4
Target EV/EBIT	0.0	0.0	0.0	0.0	16.5	14.0	12.7
Target EV/FCF	0.0	0.0	0.0	0.0	17.5	25.9	28.2
Target P/B	0.0	0.0	0.0	0.0	2.2	2.0	1.8
Target P/E	0.0	0.0	0.0	0.0	14.5	12.8	11.7
Per share measures							
Number of shares	20,613	22,620	22,620	22,618	22,618	22,618	22,618
Number of shares (diluted)	20,613	22,620	22,620	22,618	22,618	22,618	22,618
EPS	0.52	0.20	0.47	0.52	0.83	0.93	1.03
Operating cash flow per share	1.69	1.21	2.03	0.93	3.02	2.62	2.55
Free cash flow per share	0.37	-3.29	0.42	0.04	1.14	0.75	0.68
Book value per share	4.87	5.36	4.47	4.85	5.48	6.14	6.86
Dividend per share	0.16	0.10	0.00	0.20	0.27	0.31	0.34
Dividend payout ratio, %	30.8	49.2	0.0	38.3	33.0	33.0	33.0
Dividend yield, %	1.2	1.2	0.0	1.9	2.5	2.9	3.2
FCF yield, %	2.8	-38.2	2.8	0.4	10.7	7.0	6.3
Efficiency measures							
ROE	10.8	4.2	9.6	11.2	16.0	16.1	15.8
ROCE	12.2	5.4	6.2	6.4	8.2	9.1	9.6
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	6.3	6.3	6.3
Non-interest bearing liabilities as % of sales	14.6	16.3	19.7	21.5	14.5	14.5	14.5
NWC/sales, %	-8.4	-8.0	-10.2	-6.0	-8.0	-8.0	-8.0
Operative CAPEX/sales, %	2.4	4.6	7.0	3.9	7.6	7.2	7.0
CAPEX/sales (incl. acquisitions), %	-1.6	-11.6	7.0	3.9	7.6	7.2	7.0
FCFF/EBITDA	0.5	-0.7	0.5	0.2	0.8	0.6	0.6
Net debt/EBITDA, book-weighted	1.2	3.9	3.5	3.6	2.8	2.4	2.3
Debt/equity, market-weighted	0.3	0.5	0.3	0.4	0.4	0.4	0.3
Equity ratio, book-weighted	41.8	29.8	24.2	26.0	29.8	32.5	35.3
Gearing, %	37.3	138.7	182.9	169.5	134.5	113.0	96.4

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	%
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	1,891,385	20.238	8.4%
Elo Pension Company	1,267,161	13.559	5.6%
Niemistö Leena Katriina	703,475	7.527	3.1%
Ilmarinen Mutual Pension Insurance Company	490,000	5.243	2.2%
Fondita Nordic Micro Cap	470,000	5.029	2.1%
Fennia Life Insurance Company Ltd	286,454	3.065	1.3%
Sijoitusrahasto Taaleritehdas Mikro Markka	260,000	2.782	1.1%
Ten largest	13,158,091	140.792	58%
Residual	9,459,750	101.219	42%
Total	22,617,841	242.011	100%

EARNINGS CALENDAR	
May 07, 2021	Q1 report
August 13, 2021	Q2 report
November 04, 2021	Q3 report

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

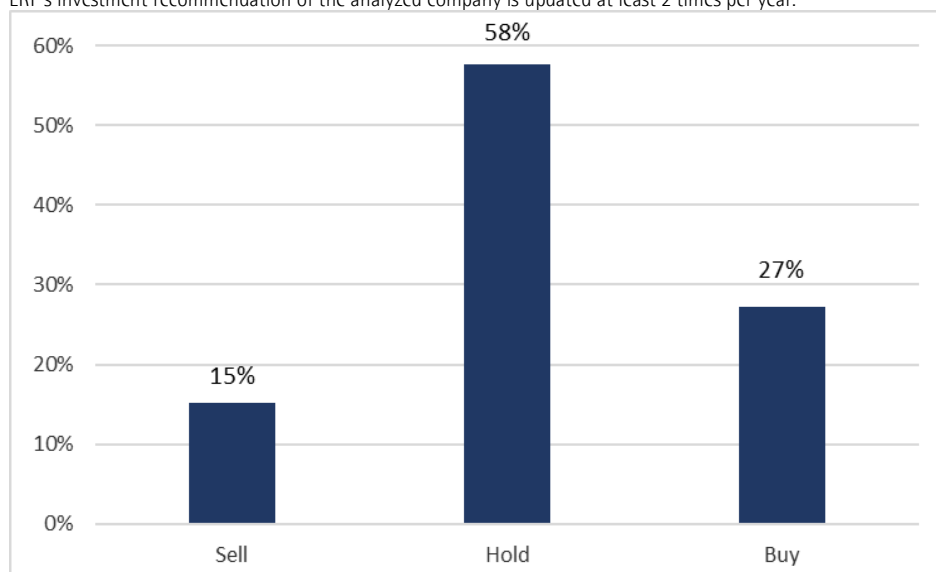
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Investment recommendations are defined as follows:

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

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

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