

Profitability drop due to inventories

Raute recorded Q1 revenues at a healthy EUR 41.3m level (vs. EUR 35.3m a year ago), yet EBIT margin declined as timing of certain inventory-related items was unfavorable. Order intake, at EUR 32m, more than halved as the comparison period was also rather unfavorable in this regard. We retain our HOLD rating and EUR 27 target price.

Timing of certain inventory items dragged profitability

According to Raute, the low recorded Q1 EBIT was due to certain exceptional cost items (related to timing of inventories). The company says these amounted to the tune of EUR 0.5-1.0m. As a result, EBIT margin fell to 6.3% (7.8% a year ago). We continue to expect Raute to achieve EBIT margin at slightly above 7% in the coming quarters. Raute's 2019 guidance remains unchanged.

Russia's share of order intake high due to a large order

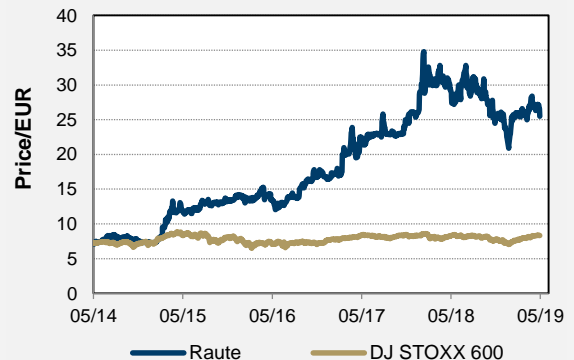
Earlier this spring, Raute announced a relatively large order to be delivered to Russia. The order, valued at over EUR 12m, is for Plyterra's plywood mill machinery. The order will be delivered in Q1'20. The order pushed Russia's share of Q1 order intake to 57% (without the order the share would have been around 30%). Raute continues to see Russia and Eastern Europe as promising markets, highlighting Ukraine and Poland as specific countries with good potential. Overall, Raute says the environment has remained stable. There is healthy activity concerning potential capacity expansion projects as well as other larger orders. Demand for maintenance and spare parts continues at a brisk level, signaling high mill capacity utilization rates. Modernization project orders remained low. One source of uncertainty is the rising portion of demand from smaller customers, whose decision-making processes Raute is unable to predict to the same extent as those of a larger customer (e.g. UPM).

Our estimates remain intact, TP at EUR 27 per share

Raute is unable to give very specific guidance. We expect '19 sales to decline by some 10% compared to the very high '18 benchmark figure. We make relatively small adjustments to our estimates based on the report. Our rating remains HOLD, target price at EUR 27 per share.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 25.50

Target price, EUR 27.0

Latest change in recommendation 21-Oct-18

Latest report on company 15-Feb-19

Research paid by issuer: YES

No. of shares outstanding, '000's 4,249

No. of shares fully diluted, '000's 4,249

Market cap, EURm 108

Free float, % -

Exchange rate -

Reuters code RAUTE.HE

Bloomberg code RAUTE:HH

Average daily volume, EURm -

Next interim report 31-Jul-19

Web site www.raute.com

Analyst Joonas Ilvonen

E-mail joonas.ilvonen@evli.com

Telephone +358 44 430 9071

+ 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	149	12	7.8%	12	2.22	13.1	0.6	6.7	8.1	1.25
2018	181	15	8.2%	15	2.76	7.7	0.3	6.2	3.8	1.40
2019E	158	12	7.4%	12	2.19	11.6	0.4	8.9	6.0	1.40
2020E	119	8	7.0%	8	1.56	16.3	0.6	11.9	8.3	1.40
2021E	124	9	7.4%	9	1.72	14.9	0.5	10.7	7.4	1.40
Market cap, EURm		108	BV per share 2019E, EUR		11.6	CAGR EPS 2018-21, %		-14.7		
Net debt 2019E, EURm		-38	Price/book 2019E		2.2	CAGR sales 2018-21, %		-12.0		
Enterprise value, EURm		70	Dividend yield 2019E, %		5.5	ROE 2019E, %		19.6		
Total assets 2019E, EURm		98	Tax rate 2019E, %		20.0	ROCE 2019E, %		23.8		
Goodwill 2019E, EURm		1	Equity ratio 2019E, %		50.1	PEG, P/E 19/CAGR		-1.6		

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

RAUTE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		19	20	21	19	20	21	19	20	21
Glaston	94	7.0x	4.1x	3.2x	7.4x	5.1x	4.1x	5.7 %	6.7 %	7.8 %
Sandvik	19993	9.4x	9.1x	8.8x	11.5x	11.1x	10.7x	18.9 %	19.0 %	19.1 %
Outotec	807	7.2x	6.1x	5.5x	10.1x	8.0x	6.8x	6.7 %	7.9 %	8.5 %
Valmet	3558	9.0x	8.4x	8.3x	11.8x	10.9x	10.6x	8.1 %	8.3 %	8.4 %
Ponsse	843	9.1x	8.3x	8.0x	11.5x	10.3x	10.0x	10.7 %	11.2 %	11.1 %
Metso	4876	10.2x	9.4x	9.0x	11.9x	10.8x	10.3x	11.9 %	12.2 %	12.3 %
Peer Group Average	5028	8.6x	7.6x	7.1x	10.7x	9.4x	8.8x	10.3 %	10.9 %	11.2 %
Peer Group Median	2200	9.0x	8.4x	8.2x	11.5x	10.5x	10.1x	9.4 %	9.7 %	9.8 %
Raute (Evli est.)	108	4.7x	6.1x	5.6x	6.0x	8.3x	7.4x	7.4 %	7.0 %	7.4 %

Raute prem./disc. to peer median

-48 % -27 % -31 % -48 % -21 % -27 % -21 % -29 % -25 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	25.50 PV of Free Cash Flow	50 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	28.14 PV of Horizon value	42 WACC, %	9.6 Market risk premium, %	5.8
Share price potential, %	10.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	29.5 Marketable securities	38 Minimum WACC, %	9.1 Equity beta coefficient	1.35
Minimum value	26.9 Debt - dividend	-9 Maximum WACC, %	10.1 Target debt ratio, %	20
Horizon value, %	45.4 Value of stock	120 Nr of shares, Mn	4.2 Effective tax rate, %	20

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	181	158	119	124	128	133	137	140	143	146	149	152
<i>Sales growth, %</i>	<i>22.0</i>	<i>-12.9</i>	<i>-24.6</i>	<i>3.7</i>	<i>3.6</i>	<i>3.6</i>	<i>3.0</i>	<i>2.5</i>	<i>2.3</i>	<i>2.3</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	15	12	8	9	9	10	10	9	9	10	10	10
<i>EBIT margin, %</i>	<i>8.2</i>	<i>7.4</i>	<i>7.0</i>	<i>7.4</i>	<i>7.2</i>	<i>7.4</i>	<i>7.2</i>	<i>6.5</i>	<i>6.5</i>	<i>6.5</i>	<i>6.5</i>	<i>6.5</i>
+ Depreciation+amort.	3	3	3	3	3	3	3	3	3	3	3	3
- Income taxes	-3	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
- Change in NWC	0	0	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>-1.7</i>	<i>-1.7</i>	<i>-1.9</i>	<i>-1.9</i>	<i>-1.8</i>	<i>-1.8</i>	<i>-1.8</i>	<i>-1.8</i>	<i>-1.8</i>	<i>-1.8</i>	<i>-1.8</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Capital Expenditure	-5	-2	-2	-3	-3	-3	-3	-3	-3	-3	-3	-4
<i>Investments / Sales, %</i>	<i>2.5</i>	<i>1.3</i>	<i>1.5</i>	<i>2.1</i>	<i>2.3</i>	<i>2.4</i>	<i>2.4</i>	<i>2.3</i>	<i>2.3</i>	<i>2.3</i>	<i>2.3</i>	<i>2.3</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= Unlevered Free CF (FCF)	10	10	7	8	7	7	8	7	7	7	8	101
= Discounted FCF (DFCF)		9	6	6	5	5	4	4	4	3	3	42
= DFCF min WACC		10	6	6	5	5	5	4	4	3	3	46
= DFCF max WACC		9	6	6	5	5	4	4	3	3	3	37

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	35	44	48	55	181	41	36	38	43	158	119	124
EBITDA	3	4	6	4	17	3	4	4	4	15	11	12
<i>EBITDA margin (%)</i>	<i>9.8</i>	<i>8.8</i>	<i>12.8</i>	<i>7.3</i>	<i>9.6</i>	<i>8.2</i>	<i>11.6</i>	<i>9.5</i>	<i>8.6</i>	<i>9.4</i>	<i>9.4</i>	<i>9.6</i>
EBIT	3	3	6	3	15	3	3	3	3	12	8	9
<i>EBIT margin (%)</i>	<i>7.9</i>	<i>7.3</i>	<i>11.5</i>	<i>6.2</i>	<i>8.2</i>	<i>6.3</i>	<i>9.4</i>	<i>7.5</i>	<i>6.8</i>	<i>7.4</i>	<i>7.0</i>	<i>7.4</i>
Net financial items	0	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	3	3	6	3	15	3	3	3	3	12	8	9
Tax	-1	-1	-1	-1	-3	-1	-1	-1	-1	-2	-2	-2
<i>Tax rate (%)</i>	<i>22.3</i>	<i>24.9</i>	<i>21.4</i>	<i>17.6</i>	<i>21.4</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	2	4	3	12	2	3	2	2	9	7	7
EPS	0.54	0.53	1.03	0.66	2.76	0.48	0.63	0.54	0.54	2.19	1.56	1.72
EPS adjusted (diluted no. of shares)	0.54	0.53	1.03	0.66	2.76	0.48	0.63	0.54	0.54	2.19	1.56	1.72
Dividend per share	0.00	0.00	0.00	0.00	1.40	0.00	0.00	0.00	0.00	1.40	1.40	1.40
SALES, EURm												
Project deliveries	25	31	33	39	127	26	23	24	28	102	60	62
Technology services	11	13	14	16	54	15	12	14	15	56	59	62
Total	35	44	48	55	181	41	36	38	43	158	119	124
SALES GROWTH, Y/Y %												
<i>Project deliveries</i>	<i>-7.2</i>	<i>30.4</i>	<i>47.8</i>	<i>47.0</i>	<i>28.7</i>	<i>6.5</i>	<i>-23.5</i>	<i>-27.4</i>	<i>-27.3</i>	<i>-19.9</i>	<i>-40.9</i>	<i>2.5</i>
<i>Technology services</i>	<i>5.8</i>	<i>12.2</i>	<i>0.0</i>	<i>16.8</i>	<i>8.6</i>	<i>41.8</i>	<i>-6.8</i>	<i>-1.5</i>	<i>-8.5</i>	<i>3.6</i>	<i>5.4</i>	<i>5.0</i>
<i>Total</i>	<i>-3.6</i>	<i>24.4</i>	<i>29.2</i>	<i>36.7</i>	<i>22.0</i>	<i>17.1</i>	<i>-18.6</i>	<i>-19.6</i>	<i>-21.8</i>	<i>-12.9</i>	<i>-24.6</i>	<i>3.7</i>
EBIT, EURm												
Project deliveries	2	2	4	2	10	1	2	2	1	6	4	5
Technology services	1	1	1	2	5	2	2	1	1	6	4	5
Total	3	3	6	3	15	3	3	3	3	12	8	9
EBIT margin, %												
<i>Project deliveries</i>	<i>6.9</i>	<i>6.2</i>	<i>12.3</i>	<i>4.7</i>	<i>7.5</i>	<i>4.2</i>	<i>7.7</i>	<i>6.5</i>	<i>5.2</i>	<i>5.8</i>	<i>7.0</i>	<i>7.4</i>
<i>Technology services</i>	<i>10.4</i>	<i>10.0</i>	<i>9.7</i>	<i>10.1</i>	<i>10.0</i>	<i>10.0</i>	<i>12.7</i>	<i>9.2</i>	<i>9.8</i>	<i>10.3</i>	<i>6.9</i>	<i>7.4</i>
<i>Total</i>	<i>7.9</i>	<i>7.3</i>	<i>11.5</i>	<i>6.2</i>	<i>8.2</i>	<i>6.3</i>	<i>9.4</i>	<i>7.5</i>	<i>6.8</i>	<i>7.4</i>	<i>7.0</i>	<i>7.4</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	94	127	113	149	181	158	119	124
<i>Sales growth (%)</i>	<i>12.9</i>	<i>35.4</i>	<i>-11.1</i>	<i>31.4</i>	<i>22.0</i>	<i>-12.9</i>	<i>-24.6</i>	<i>3.7</i>
Costs	-89	-116	-102	-134	-164	-143	-108	-112
Reported EBITDA	5	12	11	14	17	15	11	12
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>4.9</i>	<i>9.1</i>	<i>9.6</i>	<i>9.6</i>	<i>9.6</i>	<i>9.4</i>	<i>9.4</i>	<i>9.6</i>
Depreciation	-2	-2	-2	-3	-2	-3	-3	-3
EBITA	3	9	9	12	15	12	8	9
Goodwill amortization / writedown	0	-1	0	0	0	0	0	0
Reported EBIT	3	8	9	12	15	12	8	9
<i>EBIT margin (%)</i>	<i>2.8</i>	<i>6.4</i>	<i>7.6</i>	<i>7.8</i>	<i>8.2</i>	<i>7.4</i>	<i>7.0</i>	<i>7.4</i>
Net financials	0	0	0	0	0	0	0	0
Pre-tax profit	3	8	9	12	15	12	8	9
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	0	-1	-2	-2	-3	-2	-2	-2
Minority shares	0	0	0	0	0	0	0	0
Net profit	2	7	7	9	12	9	7	7
BALANCE SHEET, EURm								
Assets								
Fixed assets	12	11	12	13	15	14	13	13
<i>% of sales</i>	<i>13</i>	<i>8</i>	<i>10</i>	<i>9</i>	<i>9</i>	<i>9</i>	<i>11</i>	<i>11</i>
Goodwill	0	0	0	1	1	1	1	1
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Inventory	8	10	10	11	13	12	9	9
<i>% of sales</i>	<i>8</i>	<i>8</i>	<i>9</i>	<i>7</i>	<i>7</i>	<i>7</i>	<i>7</i>	<i>7</i>
Receivables	28	35	24	30	37	32	24	25
<i>% of sales</i>	<i>30</i>	<i>27</i>	<i>22</i>	<i>20</i>	<i>21</i>	<i>21</i>	<i>21</i>	<i>21</i>
Liquid funds	4	7	24	31	38	38	39	41
<i>% of sales</i>	<i>5</i>	<i>5</i>	<i>21</i>	<i>21</i>	<i>21</i>	<i>24</i>	<i>33</i>	<i>33</i>
Total assets	53	62	70	87	105	98	88	90
Liabilities								
Equity	24	30	34	39	46	49	50	51
<i>% of sales</i>	<i>26</i>	<i>23</i>	<i>30</i>	<i>26</i>	<i>25</i>	<i>31</i>	<i>42</i>	<i>41</i>
Deferred taxes	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Interest bearing debt	3	2	3	1	3	0	0	0
<i>% of sales</i>	<i>3</i>	<i>1</i>	<i>3</i>	<i>1</i>	<i>2</i>	<i>0</i>	<i>0</i>	<i>0</i>
Non-interest bearing current liabilities	23	28	29	43	53	46	35	36
<i>% of sales</i>	<i>24</i>	<i>22</i>	<i>26</i>	<i>29</i>	<i>29</i>	<i>29</i>	<i>29</i>	<i>29</i>
Other interest free debt	0	0	1	1	1	1	1	1
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>1</i>
Total liabilities	53	62	70	87	105	98	88	90
CASH FLOW, EURm								
+ EBITDA	5	12	11	14	17	15	11	12
- Net financial items	0	0	0	0	0	0	0	0
- Taxes	-1	-1	0	-3	-3	-2	-2	-2
- Increase in Net Working Capital	-7	-3	12	6	0	0	0	0
+/- Other	2	-1	-2	1	0	0	0	0
= Cash flow from operations	-2	7	21	18	15	12	9	10
- Capex	-1	-2	-3	-7	-5	-2	-2	-3
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	-3	5	18	11	10	10	7	8
+/- Change in interest-bearing debt	-3	-1	2	-2	2	-3	0	0
+/- New issues/buybacks	-1	0	1	0	0	0	0	0
- Paid dividend	-1	-2	-3	-4	-5	-6	-6	-6
+/- Change in loan receivables	0	0	0	1	0	0	0	0
Change in cash	-8	3	17	7	7	1	1	2

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	58	70	123	91	108	108	108
Net debt	-5	-21	-29	-34	-38	-39	-41
Enterprise value	53	50	94	56	70	69	67
Sales	127	113	149	181	158	119	124
EBITDA	12	11	14	17	15	11	12
EBIT	8	9	12	15	12	8	9
Pre-tax	8	9	12	15	12	8	9
Earnings	7	7	9	12	9	7	7
Book value	30	34	39	46	49	50	51
Valuation multiples							
EV/sales	0.4	0.4	0.6	0.3	0.4	0.6	0.5
EV/EBITDA	4.6	4.6	6.6	3.2	4.7	6.1	5.6
EV/EBITA	5.6	5.8	8.1	3.8	6.0	8.3	7.4
EV/EBIT	6.5	5.8	8.1	3.8	6.0	8.3	7.4
EV/operating cash flow	7.1	2.3	5.1	3.9	5.8	7.6	6.6
EV/cash earnings	5.2	5.3	8.0	4.0	5.7	7.2	6.7
P/E	8.6	10.0	13.1	7.7	11.6	16.3	14.9
P/E excl. goodwill	7.2	10.0	13.1	7.7	11.6	16.3	14.9
P/B	2.0	2.1	3.1	2.0	2.2	2.2	2.1
P/sales	0.5	0.6	0.8	0.5	0.7	0.9	0.9
P/CF	7.8	3.3	6.7	6.2	8.9	11.9	10.7
Target EV/EBIT	0.0	0.0	0.0	0.0	6.5	9.1	8.1
Target P/E	0.0	0.0	0.0	9.8	12.3	17.3	15.7
Target P/B	0.0	0.0	0.0	0.0	2.3	2.3	2.2
Per share measures							
Number of shares	4,112	4,206	4,249	4,249	4,249	4,249	4,249
Number of shares (diluted)	4,112	4,206	4,249	4,249	4,249	4,249	4,249
EPS	1.64	1.68	2.22	2.76	2.19	1.56	1.72
EPS excl. goodwill	1.97	1.68	2.22	2.76	2.19	1.56	1.72
Cash EPS	2.49	2.21	2.76	3.35	2.92	2.25	2.38
Operating cash flow per share	1.82	5.05	4.34	3.43	2.87	2.14	2.39
Capital employed per share	6.01	3.23	2.37	2.76	2.60	2.45	2.38
Book value per share	7.22	8.13	9.27	10.78	11.56	11.73	12.04
Book value excl. goodwill	7.22	8.13	9.02	10.53	11.32	11.48	11.80
Dividend per share	0.80	1.00	1.25	1.40	1.40	1.40	1.40
Dividend payout ratio, %	48.8	59.7	56.4	50.7	63.9	89.6	81.6
Dividend yield, %	5.7	6.0	4.3	6.6	5.5	5.5	5.5
Efficiency measures							
ROE	24.9	22.1	25.6	27.5	19.6	13.4	14.4
ROCE	27.8	25.0	29.7	33.1	23.8	16.8	18.0
Financial ratios							
Capex/sales, %	1.9	2.7	4.7	2.5	1.3	1.5	2.1
Capex/depreciation excl. goodwill,%	48.2	131.9	226.6	182.4	67.9	62.6	91.5
Net debt/EBITDA, book-weighted	-0.4	-1.9	-2.1	-2.0	-2.6	-3.5	-3.4
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	48.1	49.0	45.3	43.6	50.1	56.9	56.8
Gearing	-0.17	-0.60	-0.74	-0.74	-0.78	-0.79	-0.80
Number of employees, average	624	643	704	704	704	704	704
Sales per employee, EUR	203,970	175,894	211,101	257,528	224,375	169,239	175,559
EBIT per employee, EUR	13,010	13,330	16,477	21,165	16,654	11,791	12,940

COMPANY DESCRIPTION: Raute is a globally operating company that offers project deliveries (production lines and machinery) and technology services (maintenance, spare parts, consulting and modernizations) for the entire production process of veneer, plywood and LVL (laminated veneer lumber).

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Sundholm Göran Wilhelm	500,000	12.750	11.8%
Mandatum Life Unit-Linked	131,396	3.351	3.1%
Laakkonen Mikko Kalervo	119,919	3.058	2.8%
Suominen Pekka	110,429	2.816	2.6%
Siivonen Osku Pekka	104,179	2.657	2.5%
Kirmo Kaisa Marketta	104,021	2.653	2.4%
Suominen Tiina Sini-Maria	100,856	2.572	2.4%
Keskiaho Kaija Leena	84,716	2.160	2.0%
Mustakallio Mika Tapani	83,270	2.123	2.0%
Särkijärvi Anna Riitta	82,489	2.103	1.9%
Ten largest	1,421,275	36.243	33%
Residual	2,827,973	72.113	67%
Total	4,249,248	108.356	100%

EARNINGS CALENDAR

July 31, 2019

Q2 report

October 30, 2019

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Tapani Kiiski

Rautetie 2, FI-15550 Nastola

CFO: Tarja Järvinen

Tel: +358 3, 82,911

IR:

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

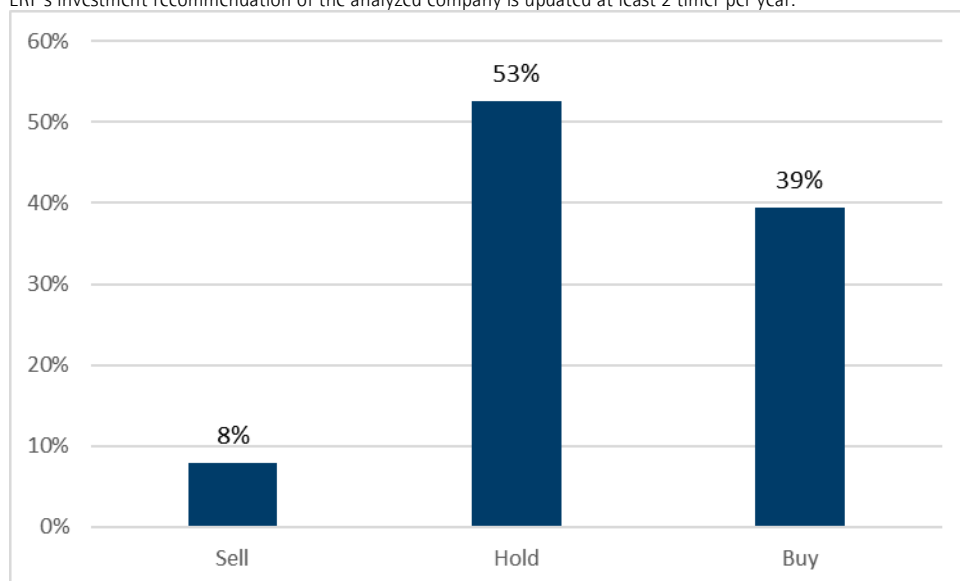
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<https://research.evli.com/JasperAllModels.action?authParam=key;461&authParam=x;G3rNagWrtf7K&authType=3>

Investment recommendations are defined as follows:

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

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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): Ilvonen

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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 9130
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120

ETFs and Derivatives

Tobias Björk (Head) +358 9 4766 9130
Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130
Sami Järvinen +358 9 4766 9110

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