

This year relies on a record order

Raute reports Q4 results on Thu, Feb 13. Our estimates stand unchanged since we see market softness still exists as before. We retain our EUR 25 TP and HOLD rating.

Raute did not disclose any large orders in late '19

We see no reason to update our estimates for Q4 and beyond as Raute hasn't released information regarding any larger booked orders since the company disclosed the record-large EUR 58m Russian project. Raute booked the Segezha order at the end of Q3 and the project will be delivered this year, meaning Raute has a decent backbone from which to work on in an environment of cooling demand. All in all, our view towards Raute hasn't changed in the sense that we continue to wait to see more positive signals in the market, which is still mostly cooling in the wake of a strong capacity investment boom in Europe.

We expect Q4 order intake to have declined to EUR 19m

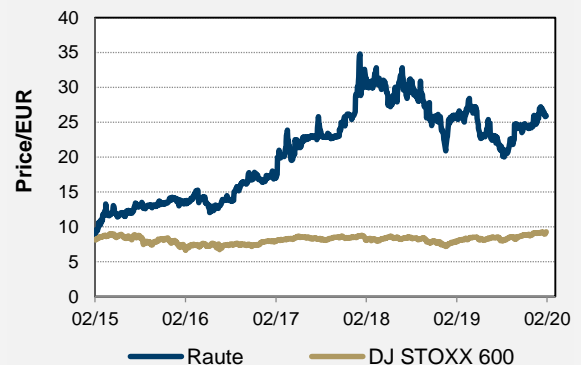
Raute's Q3 revenue decreased by 30% y/y to EUR 33.7m as project deliveries sales fell by 51% y/y to EUR 16.5m. Meanwhile technology services top line grew by 20% y/y to EUR 17.2m. However, we note services order intake fell to only EUR 8m in Q3 because of the slow demand for more cyclical modernization projects (the order intake had averaged some EUR 15m in recent quarters). Overall, Q3 order intake increased to EUR 73m from EUR 42m in Q3'18 owing to the Segezha order. We expect Q4 revenue to decline 32% y/y to EUR 37.0m as we see project deliveries down by 47% to EUR 20.0m and services up marginally to EUR 17.0m. We see Q4 EBIT at EUR 3.0m (EUR 3.4m a year ago); this would make Q4 the strongest quarter of the year in terms of profitability, as Raute suggested before.

Our TP of EUR 25 per share and HOLD rating are unchanged

We don't expect Raute to report meaningful changes to current market environment i.e. the sentiment is still characterized by uncertainty. We expect Raute to guide flat revenue and EBIT for FY '20; we see Raute's profitability improving slightly this year as the company is in a relatively good position thanks to the EUR 58m order. Still, Raute's conservative guidance policy is unlikely to reflect this. We view valuation (6.5x EV/EBITDA and 8.5x EV/EBIT '20e) neutral given the market softness. We believe the BoD will propose a dividend of EUR 1.40 per share.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 25.90

Target price, EUR 25.0

Latest change in recommendation 01-Aug-19

Latest report on company 31-Oct-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 110

Free float, % -

Exchange rate -

Reuters code RAUTE.HE

Bloomberg code RAUTE:FH

Average daily volume, EURm 0.1

Next interim report 13-Feb-20

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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	148.6	11.6	7.8%	11.4	2.22	13.1	0.6	8.1	9.3	1.25
2018	181.1	14.9	8.2%	-11.2	2.76	7.7	0.5	5.7	-12.4	1.40
2019E	149.0	9.6	6.4%	14.0	1.85	14.0	0.6	10.1	12.7	1.40
2020E	148.6	11.1	7.5%	9.4	2.02	12.8	0.6	8.4	8.5	1.40
2021E	145.8	11.2	7.7%	9.7	2.05	12.6	0.6	8.0	8.8	1.40
Market cap, EURm			110	Gearing 2019E, %		-27.9	CAGR EPS 2018-21, %			-9.4
Net debt 2019E, EURm			-13	Price/book 2019E		2.3	CAGR sales 2018-21, %			-7.0
Enterprise value, EURm			97	Dividend yield 2019E, %		5.4	ROE 2019E, %			16.6
Total assets 2019E, EURm			95	Tax rate 2019E, %		18.6	ROCE 2019E, %			17.6
Goodwill 2019E, EURm			1	Equity ratio 2019E, %		50.9	PEG, P/E 19/CAGR			5.8

RAUTE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		19	20	21	19	20	21	19	20	21
Alfa Laval AB	10011	11.8x	12.6x	12.5x	14.9x	15.9x	15.7x	15.4 %	15.6 %	15.6 %
Cargotec	2096	7.4x	7.9x	7.5x	11.0x	11.1x	10.1x	7.2 %	7.4 %	7.9 %
Glaston	99	9.4x	5.4x	4.6x	16.2x	9.8x	7.7x	3.9 %	5.3 %	6.3 %
Kone	30501	19.7x	18.4x	17.2x	23.3x	21.4x	20.0x	12.4 %	12.9 %	13.2 %
Konecranes Oyj	2570	7.9x	7.8x	7.2x	12.4x	11.2x	10.2x	6.9 %	8.1 %	8.8 %
Metso	5028	10.9x	8.7x	8.3x	13.2x	10.1x	9.6x	11.9 %	12.5 %	12.7 %
Outotec	984	7.7x	6.0x	5.5x	11.1x	7.9x	7.0x	9.0 %	10.2 %	10.7 %
Ponsse	882	9.7x	9.5x	9.0x	12.5x	12.1x	11.3x	10.8 %	11.2 %	11.4 %
Sandvik	21627	9.2x	10.0x	9.6x	17.7x	12.9x	12.0x	13.5 %	18.7 %	19.4 %
Valmet	3615	8.5x	8.1x	7.7x	11.3x	10.4x	9.8x	8.2 %	8.7 %	9.2 %
Wartsila	6799	10.8x	11.1x	10.5x	14.0x	13.8x	13.2x	9.4 %	10.9 %	11.2 %
Peer Group Average	7655	10.3x	9.6x	9.1x	14.3x	12.4x	11.5x	9.9 %	11.0 %	11.5 %
Peer Group Median	3615	9.4x	8.7x	8.3x	13.2x	11.2x	10.2x	9.4 %	10.9 %	11.2 %
Raute (Evli est.)	111	7.4x	6.5x	6.4x	10.2x	8.5x	8.1x	6.4 %	7.5 %	7.7 %

Raute prem./disc. to peer median

-21 % -24 % -23 % -23 % -25 % -20 % -32 % -31 % -31 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	25.90 PV of Free Cash Flow	62 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	26.39 PV of Horizon value	50 WACC, %	9.6 Market risk premium, %	5.8
Share price potential, %	1.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	28.0 Marketable securities	19 Minimum WACC, %	9.1 Equity beta coefficient	1.35
Minimum value	25.0 Debt - dividend	-6 Maximum WACC, %	10.1 Target debt ratio, %	20
Horizon value, %	44.7 Value of stock	117 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	149	149	146	151	156	161	165	169	173	176	180
<i>Sales growth, %</i>	<i>21.9</i>	<i>-17.7</i>	<i>-0.3</i>	<i>-1.9</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	10	11	11	11	12	12	11	11	11	11	12
<i>Operating income margin, %</i>	<i>8.2</i>	<i>6.4</i>	<i>7.5</i>	<i>7.7</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	4	3	3	3	4	4	4	4	4	4	4
EBITDA	17	13	14	14	14	15	15	15	15	15	15	16
- Paid taxes	-3	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
- Change in NWC	-23	4	0	0	-1	-1	-1	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>11.1</i>	<i>11.0</i>	<i>10.9</i>	<i>10.9</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.1</i>	
+ Change in other liabs	-1	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-4	-2	-2	-2	-6	-4	-4	-4	-4	-5	-5	-5
<i>opCAPEX / Sales, %</i>	<i>2.0</i>	<i>0.8</i>	<i>1.7</i>	<i>1.6</i>	<i>3.9</i>	<i>2.8</i>	<i>2.8</i>	<i>2.7</i>	<i>2.7</i>	<i>2.7</i>	<i>2.7</i>	<i>2.7</i>
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= FCFF	-12	13	10	10	5	8	8	8	8	8	8	113
= Discounted FCFF		13	9	8	4	6	5	5	4	4	4	50
= DFCF min WACC		13	9	8	4	6	5	5	4	4	4	56
= DFCF max WACC		13	9	8	4	6	5	4	4	4	4	45

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3	2019Q4E	2019E	2020E	2021E
Net sales	35.3	43.7	48.0	54.2	181.1	41.3	37.0	33.7	37.0	149.0	148.6	145.8
EBITDA	3.5	3.8	6.1	4.0	17.4	3.6	3.2	2.6	3.8	13.2	14.3	14.2
<i>EBITDA margin (%)</i>	<i>9.8</i>	<i>8.8</i>	<i>12.7</i>	<i>7.4</i>	<i>9.6</i>	<i>8.7</i>	<i>8.6</i>	<i>7.7</i>	<i>10.2</i>	<i>8.8</i>	<i>9.6</i>	<i>9.8</i>
EBIT	2.8	3.2	5.5	3.4	14.9	2.6	2.3	1.7	3.0	9.6	11.1	11.2
<i>EBIT margin (%)</i>	<i>7.9</i>	<i>7.3</i>	<i>11.5</i>	<i>6.3</i>	<i>8.2</i>	<i>6.3</i>	<i>6.2</i>	<i>5.0</i>	<i>8.1</i>	<i>6.4</i>	<i>7.5</i>	<i>7.7</i>
Net financial items	0.2	-0.2	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.1	-0.3	-0.3
Pre-tax profit	3.0	3.0	5.6	3.4	14.9	2.7	2.3	1.7	3.0	9.7	10.7	10.9
Tax	-0.7	-0.7	-1.2	-0.6	-3.2	-0.6	-0.4	-0.3	-0.5	-1.8	-2.1	-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>22.2</i>	<i>17.4</i>	<i>17.6</i>	<i>16.9</i>	<i>18.6</i>	<i>20.0</i>	<i>20.0</i>
Net profit	2.3	2.3	4.4	2.8	11.7	2.1	1.9	1.4	2.5	7.9	8.6	8.7
EPS	0.54	0.53	1.03	0.66	2.76	0.49	0.45	0.33	0.58	1.85	2.02	2.05
EPS adjusted (diluted no. of shares)	0.54	0.53	1.03	0.66	2.76	0.49	0.45	0.33	0.58	1.85	2.02	2.05
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	24.7	30.7	33.4	37.4	126.2	26.8	18.2	16.5	20.0	81.5	78.2	71.8
Technology services	10.6	13.0	14.5	16.8	54.9	14.5	18.8	17.2	17.0	67.5	70.5	74.0
Total	35.3	43.7	48.0	54.2	181.1	41.3	37.0	33.7	37.0	149.0	148.6	145.8
SALES GROWTH, Y/Y %												
<i>Project deliveries</i>	<i>-7.2</i>	<i>30.4</i>	<i>47.8</i>	<i>42.4</i>	<i>27.5</i>	<i>8.5</i>	<i>-40.7</i>	<i>-50.7</i>	<i>-46.5</i>	<i>-35.4</i>	<i>-4.1</i>	<i>-8.1</i>
<i>Technology services</i>	<i>5.8</i>	<i>12.2</i>	<i>0.7</i>	<i>23.4</i>	<i>10.7</i>	<i>37.0</i>	<i>44.6</i>	<i>18.5</i>	<i>1.2</i>	<i>23.0</i>	<i>4.4</i>	<i>5.0</i>
Total	-3.6	24.4	29.5	35.9	21.9	17.1	-15.3	-29.7	-31.7	-17.7	-0.3	-1.9
EBIT, EURm												
Project deliveries	1.7	1.9	4.1	1.8	9.5	1.1	0.5	0.4	1.2	3.2	3.5	3.0
Technology services	1.1	1.3	1.4	1.6	5.4	1.5	1.8	1.3	1.8	6.4	7.6	8.2
Total	2.8	3.2	5.5	3.4	14.9	2.6	2.3	1.7	3.0	9.6	11.1	11.2
EBIT margin, %												
<i>Project deliveries</i>	<i>6.9</i>	<i>6.2</i>	<i>12.3</i>	<i>4.8</i>	<i>7.5</i>	<i>4.1</i>	<i>2.7</i>	<i>2.4</i>	<i>6.0</i>	<i>3.9</i>	<i>4.5</i>	<i>4.2</i>
<i>Technology services</i>	<i>10.4</i>	<i>10.0</i>	<i>9.6</i>	<i>9.5</i>	<i>9.8</i>	<i>10.3</i>	<i>9.6</i>	<i>7.6</i>	<i>10.5</i>	<i>9.5</i>	<i>10.8</i>	<i>11.1</i>
Total	7.9	7.3	11.5	6.3	8.2	6.3	6.2	5.0	8.1	6.4	7.5	7.7

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	94.0	127.3	113.1	148.6	181.1	149.0	148.6	145.8
<i>Sales growth (%)</i>	<i>12.9</i>	<i>35.4</i>	<i>-11.1</i>	<i>31.4</i>	<i>21.9</i>	<i>-17.7</i>	<i>-0.3</i>	<i>-1.9</i>
EBITDA	4.6	11.6	10.9	14.2	17.4	13.2	14.3	14.2
<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>8.8</i>	<i>9.6</i>	<i>9.8</i>
Depreciation	-2.0	-2.1	-2.3	-2.6	-2.5	-3.6	-3.2	-3.0
EBITA	2.6	9.5	8.6	11.6	14.9	9.6	11.1	11.2
Goodwill amortization / writedown	0.0	-1.4	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	2.6	8.1	8.6	11.6	14.9	9.6	11.1	11.2
<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>6.4</i>	<i>7.5</i>	<i>7.7</i>
Reported EBIT	2.6	8.1	8.6	11.6	14.9	9.6	11.1	11.2
<i>EBIT margin (reported) (%)</i>	<i>2.8</i>	<i>6.4</i>	<i>7.6</i>	<i>7.8</i>	<i>8.2</i>	<i>6.4</i>	<i>7.5</i>	<i>7.7</i>
Net financials	0.2	0.1	0.0	0.0	0.0	0.1	-0.3	-0.3
Pre-tax profit	2.8	8.2	8.6	11.6	14.9	9.7	10.7	10.9
Taxes	-0.4	-1.4	-1.5	-2.1	-3.2	-1.8	-2.1	-2.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	2.4	6.7	7.0	9.4	11.7	7.9	8.6	8.7
Cash NRIs	0.0	0.0	0.0	0.0	0.0	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	12	11	12	13	15	14	13	12
Goodwill	0	0	0	1	1	1	1	1
Right of use assets	0	0	0	0	7	6	6	6
Inventory	8	10	10	11	14	12	12	12
Receivables	28	35	24	30	52	43	43	42
Liquid funds	4	7	24	31	13	19	23	27
Total assets	53	62	70	87	103	95	98	100
Liabilities								
Shareholder's equity	24	30	34	39	47	48	51	54
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	7	6	6	6
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	3	2	3	1	1	0	0	0
Non-interest bearing current liabilities	23	28	29	43	46	38	37	37
Other interest-free debt	0	0	1	1	1	1	1	1
Total liabilities	53	62	70	87	103	95	98	100
CASH FLOW, EURm								
+ EBITDA	5	12	11	14	17	13	14	14
- Net financial items	-8	2	17	7	0	0	0	0
- Taxes	-1	-1	0	-3	-3	-2	-2	-2
- Increase in Net Working Capital	-7	-3	12	6	-23	4	0	0
+/- Other	10	-3	-19	-6	0	0	0	0
= Cash flow from operations	-2	8	21	18	-8	15	12	12
- Capex	-1	-2	-3	-7	-4	-1	-2	-2
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-3	5	18	11	-11	14	9	10
+/- New issues/buybacks	-1	0	1	0	1	0	0	0
- Paid dividend	-1	-2	-3	-4	-5	-6	-6	-6
+/- Other	-3	-2	2	0	-2	-2	0	0
Change in cash	-8	2	17	7	-17	6	3	4

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	58	70	123	91	110	110	110
Net debt (excl. convertibles)	-5	-21	-29	-5	-13	-17	-21
Enterprise value	53	50	94	85	97	93	89
Sales	127	113	149	181	149	149	146
EBITDA	12	11	14	17	13	14	14
EBIT	8	9	12	15	10	11	11
Pre-tax	8	9	12	15	10	11	11
Earnings	7	7	9	12	8	9	9
Equity book value (excl. minorities)	30	34	39	47	48	51	54
Valuation multiples							
EV/sales	0.4	0.4	0.6	0.5	0.6	0.6	0.6
EV/EBITDA	4.6	4.6	6.6	4.9	7.3	6.5	6.3
EV/EBITA	5.6	5.8	8.1	5.7	10.1	8.4	8.0
EV/EBIT	6.5	5.8	8.1	5.7	10.1	8.4	8.0
EV/OCF	7.1	2.3	5.1	-11.2	6.4	7.8	7.4
EV/FCFF	10.3	2.7	7.4	-7.2	7.4	9.6	9.1
P/FCFE	11.3	3.9	10.8	-8.1	7.9	11.7	11.3
P/E	8.6	10.0	13.1	7.7	14.0	12.8	12.6
P/B	2.0	2.1	3.1	1.9	2.3	2.2	2.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.0	6.2	6.0
Target EV/EBIT	0.0	0.0	0.0	0.0	9.7	8.1	7.6
Target EV/FCF	0.0	0.0	0.0	0.0	6.6	9.5	8.8
Target P/B	0.0	0.0	0.0	0.0	2.2	2.1	2.0
Target P/E	0.0	0.0	0.0	0.0	13.5	12.4	12.2
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	1.85	2.02	2.05
Operating cash flow per share	1.83	5.05	4.33	-1.79	3.57	2.80	2.84
Free cash flow per share	1.25	4.33	2.68	-2.64	3.29	2.21	2.29
Book value per share	7.22	8.13	9.27	10.95	11.40	12.02	12.67
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	75.7	69.2	68.2
Dividend yield, %	5.7	6.0	4.3	5.4	5.4	5.4	5.4
FCF yield, %	8.8	25.9	9.3	-12.4	12.7	8.5	8.8
Efficiency measures							
ROE	24.9	22.1	25.6	27.3	16.6	17.3	16.6
ROCE	27.8	25.0	29.7	31.3	17.6	19.9	19.2
Financial ratios							
Inventories as % of sales	7.5	8.6	7.4	7.9	7.9	7.9	7.9
Receivables as % of sales	27.4	21.6	20.5	28.9	28.9	28.9	28.9
Non-interest bearing liabilities as % of sales	22.3	26.1	29.1	25.2	25.2	25.2	25.2
NWC/sales, %	12.6	3.1	-1.8	11.1	11.0	10.9	10.9
Operative CAPEX/sales, %	1.9	2.7	4.7	2.0	0.8	1.7	1.6
CAPEX/sales (incl. acquisitions), %	1.9	2.7	4.7	2.0	0.8	1.7	1.6
FCFF/EBITDA	0.4	1.7	0.9	-0.7	1.0	0.7	0.7
Net debt/EBITDA, book-weighted	-0.4	-1.9	-2.1	-0.3	-1.0	-1.2	-1.5
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	45.1	50.9	52.3	54.1
Gearing, %	-16.8	-60.3	-74.4	-11.8	-27.9	-33.2	-38.5

COMPANY DESCRIPTION: Raute offers production lines, machinery and services for the entire production process of veneer and veneer-based products, which include plywood and laminated veneer lumber (LVL). The company's strategy is premised on a complementary offering of veneer production technology and services. Raute has differentiated itself through technological leadership and the ability to supply entire plywood and LVL production processes. Raute delivers most of its equipment in a tailored project-driven fashion to a global customer base consisting of hundreds of plywood and LVL mills. Raute has its main production plant in Lahti, Finland, however the company also operates a global sales and services network. Raute is a global leader in its niche market.

INVESTMENT CASE: Raute is the most technologically sophisticated vendor and a market leader within its niche. In our view this set-up will not change as current competition lags quite far behind and larger capital goods companies are unlikely to enter the relatively small market. Predicting Raute's project delivery flow is not easy and a single large project can make up a significant portion of a given calendar year's activity. Services growth might help to smooth financial performance, however project deliveries will always remain crucially important for Raute's success.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Sundholm Göran Wilhelm	500,000	12.950	11.8%
Mandatum Life Unit-Linked	138,302	3.582	3.3%
Laakkonen Mikko Kalervo	119,919	3.106	2.8%
Suominen Pekka	110,429	2.860	2.6%
Siivonen Osku Pekka	104,179	2.698	2.5%
Kirmo Kaisa Marketta	104,021	2.694	2.4%
Suominen Tiina Sini-Maria	100,856	2.612	2.4%
Keskiaho Kaija Leena	84,716	2.194	2.0%
Mustakallio Mika Tapani	83,270	2.157	2.0%
Särkijärvi Anna Riitta	82,489	2.136	1.9%
Ten largest	1,428,181	36.990	34%
Residual	2,821,067	73.066	66%
Total	4,249,248	110.056	100%

EARNINGS CALENDAR	
February 13, 2020	FY 2019 Results
April 29, 2020	Q1 report
July 23, 2020	Q2 report
October 29, 2020	Q3 report
OTHER EVENTS	
March 31, 2020	AGM

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	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
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%

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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