

## We see extended solid performance

Scanfil's 7.9% EBIT margin topped our estimate, and while the result was partly due to a favorable product mix, we now see the company in shape to post 7% EBIT margins on a regular basis. Our new TP is EUR 5.00 (4.75), rating BUY.

### HASEC contributed, yet organic growth was also decent

Scanfil's sales have developed in a stable fashion during the last few years. The Communication segment was the only one of the five where revenue declined y/y. The segment supplies telecommunications companies with products such as base stations, is arguably the most cyclical and challenging of Scanfil segments, and with LTM revenue of EUR 86m the smallest. Nevertheless, even Communication sales have been improving since Q2. Consumer Applications and Energy & Automation grew slightly, and Medtec improved by 14% relative to the soft comparison period. Most noteworthy was the Industrial segment, which contributed ca. 80% of the revenue increase, and as such the most significant segment generates almost a third of Scanfil revenue. Although HASEC added revenue meaningfully, more than half of the Industrial segment's growth was organic.

### We see Scanfil able to routinely post 7% EBIT margins

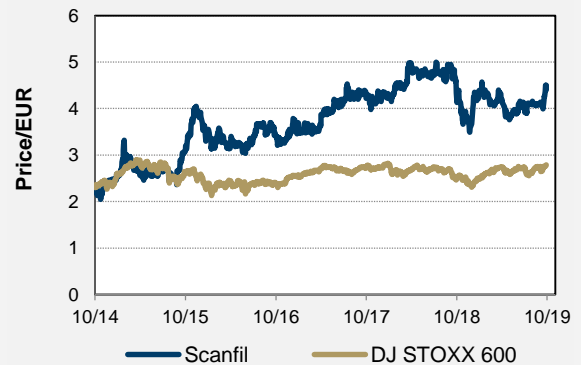
Scanfil says the integration of HASEC is proceeding according to plan. Revenues attributable to HASEC will be mostly reported under the Industrial and Medtec segments. Scanfil says the strong 7.9% operating margin was partly due to favorable product mix, and so we wouldn't extrapolate this profitability level too far. However, Scanfil posted an above 7% operating margin also in Q2 with what the company says was a normal product mix. It's early to assess prospects for next year, but in the light of such performance Scanfil's 7% operating margin target for '20 might start to look a tad conservative.

### We raise our TP due to continued good performance

We've made upward revisions to our EBIT estimates, now expecting Scanfil to reach 7.0% margin already in '19 (we previously expected 6.6%). We base our TP on Scanfil's historical multiples, which have valued the company at some 7x EV/EBITDA and 9x EV/EBIT, and thus our updated TP stands at EUR 5.00 (4.75). Our rating remains BUY. We also note Scanfil's peer group multiples have gained sharply during the last couple of months.

Rating

+ BUY



Share price, EUR (Last trading day's closing price) 4.40

Target price, EUR 5.00

Latest change in recommendation 29-Oct-18

Latest report on company 12-Aug-19

Research paid by issuer: YES

No. of shares outstanding, '000's 63,895

No. of shares fully diluted, '000's 63,895

Market cap, EURm 281

Free float, % -

Exchange rate -

Reuters code SCANFLHE

Bloomberg code SCANFL FH

Average daily volume, EURm 0.1

Next interim report

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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	529.9	31.3	5.9%	1.6	0.40	10.5	0.6	10.0	0.6	0.11
2018	563.0	37.8	6.7%	21.0	0.44	10.1	0.6	8.5	7.5	0.13
2019E	583.8	40.6	7.0%	17.7	0.49	9.0	0.5	7.6	6.3	0.16
2020E	613.0	42.9	7.0%	27.3	0.50	8.8	0.5	6.8	9.7	0.16
2021E	628.3	44.0	7.0%	30.6	0.52	8.5	0.4	6.2	10.9	0.17
Market cap, EURm	281		Gearing 2019E, %			17.1	CAGR EPS 2018-21, %		5.8	
Net debt 2019E, EURm	29		Price/book 2019E			1.6	CAGR sales 2018-21, %		3.7	
Enterprise value, EURm	310		Dividend yield 2019E, %			3.7	ROE 2019E, %		19.5	
Total assets 2019E, EURm	339		Tax rate 2019E, %			20.4	ROCE 2019E, %		18.3	
Goodwill 2019E, EURm	10		Equity ratio 2019E, %			50.5	PEG, P/E 19/CAGR		3.1	

**Estimates and peer group multiples**

Scanfil	Q1'18	Q2'18	Q3'18	Q4'18	2018	Q1'19	Q2'19	Q3'19	Q4'19E	2019E	2020E	2021E
<b>Revenue</b>	140	152	132	140	563	130	143	152	159	584	613	628
<i>growth-%</i>	<i>14.2 %</i>	<i>14.5 %</i>	<i>0.5 %</i>	<i>-2.9 %</i>	<i>6.2 %</i>	<i>-6.9 %</i>	<i>-6.0 %</i>	<i>15.8 %</i>	<i>13.4 %</i>	<i>3.7 %</i>	<i>5.0 %</i>	<i>2.5 %</i>
Communication	22	24	24	27	98	18	19	21	23	82	81	83
Consumer Applications	36	39	26	25	126	24	28	28	27	106	112	114
Energy Et Automation	26	27	27	28	108	26	28	28	29	111	116	119
Industrial	30	37	32	35	135	36	42	49	51	177	188	192
Medtec	25	25	23	25	98	27	26	26	29	108	116	120
<b>EBITDA</b>	12	14	11	10	47	10	13	16	15	54	56	56
<i>EBITDA margin</i>	<i>8.9 %</i>	<i>9.0 %</i>	<i>8.6 %</i>	<i>7.0 %</i>	<i>8.4 %</i>	<i>7.7 %</i>	<i>9.4 %</i>	<i>10.6 %</i>	<i>9.3 %</i>	<i>9.3 %</i>	<i>9.1 %</i>	<i>8.9 %</i>
<b>EBIT</b>	10	11	9	8	38	7	11	12	11	41	43	44
<i>EBIT margin</i>	<i>7.4 %</i>	<i>7.4 %</i>	<i>6.7 %</i>	<i>5.3 %</i>	<i>6.7 %</i>	<i>5.2 %</i>	<i>7.4 %</i>	<i>7.9 %</i>	<i>7.1 %</i>	<i>7.0 %</i>	<i>7.0 %</i>	<i>7.0 %</i>

Source: Evli Research

SCANFIL PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		19	20	21	19	20	21	19	20	21
Benchmark Electronics	1069				21.5x	17.4x		2.1 %	2.6 %	
Celestica	740	4.4x	4.0x	3.7x	7.7x	6.8x	6.4x	2.6 %	3.1 %	3.4 %
exceed Group	139	5.6x	5.3x	4.9x	11.2x	10.4x	9.5x	6.1 %	6.3 %	6.7 %
HANZA Holding	47	4.3x	3.7x	3.4x	9.9x	7.7x	5.8x	3.8 %	4.1 %	5.1 %
Kitron	167	8.7x	7.6x	7.1x	11.7x	10.0x	9.4x	6.3 %	6.8 %	6.7 %
Lacroix	79	4.8x	4.5x		7.4x	6.8x		4.0 %	4.2 %	
Neways Electronics Intl	119							4.7 %	4.7 %	
Plexus	1891	11.5x	10.5x	9.7x	15.7x	14.1x	12.9x	4.6 %	4.8 %	4.9 %
Sanmina	1975	5.2x			7.0x			4.0 %		
SIIX	650	10.0x	8.1x	6.9x	16.7x	12.7x	10.4x	3.0 %	3.7 %	4.0 %
Valuetronics	199	2.8x	2.7x	2.5x	3.4x	3.3x	3.1x	7.6 %	7.7 %	8.0 %
Peer Group Average	643	<b>6.4x</b>	<b>5.8x</b>	<b>5.5x</b>	<b>11.2x</b>	<b>9.9x</b>	<b>8.2x</b>	<b>4.4 %</b>	<b>4.8 %</b>	<b>5.5 %</b>
Peer Group Median	199	<b>5.2x</b>	<b>4.9x</b>	<b>4.9x</b>	<b>10.6x</b>	<b>10.0x</b>	<b>9.4x</b>	<b>4.0 %</b>	<b>4.4 %</b>	<b>5.1 %</b>
Scanfil (Evli est.)	<b>281</b>	<b>5.7x</b>	<b>5.3x</b>	<b>4.9x</b>	<b>7.6x</b>	<b>6.8x</b>	<b>6.2x</b>	<b>7.0 %</b>	<b>7.0 %</b>	<b>7.0 %</b>

*Scanfil prem./disc. to peer median*

9 %    7 %    0 %    -28 %    -32 %    -34 %    73 %    58 %    36 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	4.40 PV of Free Cash Flow	216 Long-term growth, %	1.5 Risk-free interest rate, %	2.25
DCF share value	6.44 PV of Horizon value	242 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	46.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	7.0 Marketable securities	28 Minimum WACC, %	8.0 Equity beta coefficient	1.10
Minimum value	6.0 Debt - dividend	-75 Maximum WACC, %	9.0 Target debt ratio, %	20
Horizon value, %	52.8 Value of stock	412 Nr of shares, Mn	63.9 Effective tax rate, %	20

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	563	584	613	628	644	660	673	687	697	708	718	729
<i>Sales growth, %</i>	<i>6.2</i>	<i>3.7</i>	<i>5.0</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	38	41	43	44	45	46	47	48	49	50	50	51
<i>Operating income margin, %</i>	<i>6.7</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>
+ Depreciation+amort.	9	14	13	12	12	12	12	12	12	12	12	12
EBITDA	47	54	56	56	57	58	59	60	61	62	63	
- Paid taxes	-9	-8	-10	-11	-11	-11	-11	-12	-12	-12	-12	
- Change in NWC	-5	-4	-5	-3	-3	-3	-2	-2	-2	-2	-2	
<i>NWC / Sales, %</i>	<i>17.5</i>	<i>17.5</i>	<i>17.5</i>	<i>17.5</i>	<i>17.5</i>	<i>17.5</i>	<i>17.5</i>	<i>17.5</i>	<i>17.5</i>	<i>17.5</i>	<i>17.5</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-11	-21	-11	-11	-12	-12	-12	-13	-13	-13	-14	
<i>opCAPEX / Sales, %</i>	<i>2.0</i>	<i>4.0</i>	<i>2.0</i>	<i>1.9</i>	<i>1.9</i>	<i>1.9</i>	<i>1.9</i>	<i>1.9</i>	<i>1.9</i>	<i>1.9</i>	<i>2.0</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	22	22	29	32	32	32	33	33	34	35	35	510
= Discounted FCFF		21	26	26	24	23	22	20	19	18	17	242
= DFCF min WACC		21	26	27	25	23	22	21	20	18	17	272
= DFCF max WACC		21	26	26	24	22	21	20	18	17	16	217

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3	2019Q4E	2019E	2020E	2021E
Net sales	139.6	151.7	131.5	140.2	563.0	129.9	142.6	152.3	159.0	583.8	613.0	628.3
EBITDA	12.4	13.7	11.3	9.8	47.2	10.0	13.4	16.2	14.8	54.4	55.7	56.2
<i>EBITDA margin (%)</i>	<i>8.9</i>	<i>9.0</i>	<i>8.6</i>	<i>7.0</i>	<i>8.4</i>	<i>7.7</i>	<i>9.4</i>	<i>10.6</i>	<i>9.3</i>	<i>9.3</i>	<i>9.1</i>	<i>8.9</i>
EBIT	10.3	11.2	8.8	7.5	37.8	6.8	10.5	12.0	11.3	40.6	42.9	44.0
<i>EBIT margin (%)</i>	<i>7.4</i>	<i>7.4</i>	<i>6.7</i>	<i>5.3</i>	<i>6.7</i>	<i>5.2</i>	<i>7.4</i>	<i>7.9</i>	<i>7.1</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>
Net financial items	-1.0	-1.2	0.6	-0.1	-1.7	-0.8	0.4	-0.9	-0.2	-1.5	-1.0	-0.7
Pre-tax profit	9.3	10.0	9.4	7.4	36.1	6.0	10.9	11.1	11.1	39.1	41.9	43.3
Tax	-1.7	-2.0	-2.5	-2.1	-8.3	-1.2	-2.2	-2.3	-2.2	-7.9	-10.1	-10.4
<i>Tax rate (%)</i>	<i>18.3</i>	<i>20.0</i>	<i>26.6</i>	<i>28.4</i>	<i>23.0</i>	<i>20.0</i>	<i>20.2</i>	<i>20.7</i>	<i>20.4</i>	<i>20.4</i>	<i>24.0</i>	<i>24.0</i>
Net profit	7.6	8.0	6.9	5.3	27.8	4.8	8.7	8.8	8.8	31.1	31.8	32.9
EPS	0.12	0.13	0.11	0.08	0.44	0.08	0.14	0.14	0.14	0.49	0.50	0.52
EPS adjusted (diluted no. of shares)	0.12	0.13	0.11	0.08	0.44	0.08	0.14	0.14	0.14	0.49	0.50	0.52
Dividend per share	0.00	0.00	0.00	0.00	0.13	0.00	0.00	0.00	0.00	0.16	0.16	0.17
<b>SALES, EURm</b>												
Group	139.6	151.7	131.5	140.2	563.0	129.9	142.6	152.3	159.0	583.8	613.0	628.3
Total	139.6	151.7	131.5	140.2	563.0	129.9	142.6	152.3	159.0	583.8	613.0	628.3
<b>SALES GROWTH, Y/Y %</b>												
Group	14.2	14.5	0.5	-2.9	6.2	-6.9	-6.0	15.8	13.4	3.7	5.0	2.5
Total	14.2	14.5	0.5	-2.9	6.2	-6.9	-6.0	15.8	13.4	3.7	5.0	2.5
<b>EBIT, EURm</b>												
Group	10.3	11.2	8.8	7.5	37.8	6.8	10.5	12.0	11.3	40.6	42.9	44.0
Total	10.3	11.2	8.8	7.5	37.8	6.8	10.5	12.0	11.3	40.6	42.9	44.0
<b>EBIT margin, %</b>												
Group	7.4	7.4	6.7	5.3	6.7	5.2	7.4	7.9	7.1	7.0	7.0	7.0
Total	7.4	7.4	6.7	5.3	6.7	5.2	7.4	7.9	7.1	7.0	7.0	7.0

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	214.5	377.3	508.0	529.9	563.0	583.8	613.0	628.3
<i>Sales growth (%)</i>	<i>13.8</i>	<i>75.9</i>	<i>34.6</i>	<i>4.3</i>	<i>6.2</i>	<i>3.7</i>	<i>5.0</i>	<i>2.5</i>
EBITDA	20.8	30.4	33.3	40.0	47.2	54.4	55.7	56.2
<i>EBITDA margin (%)</i>	<i>9.7</i>	<i>8.1</i>	<i>6.5</i>	<i>7.5</i>	<i>8.4</i>	<i>9.3</i>	<i>9.1</i>	<i>8.9</i>
Depreciation	-4.6	-10.8	-11.0	-8.7	-9.4	-13.8	-12.8	-12.2
EBITA	16.2	19.6	22.3	31.3	37.8	40.6	42.9	44.0
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	16.2	19.6	22.3	31.3	37.8	40.6	42.9	44.0
<i>EBIT margin (%)</i>	<i>7.6</i>	<i>5.2</i>	<i>4.4</i>	<i>5.9</i>	<i>6.7</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>
Reported EBIT	16.2	14.0	7.2	31.3	37.8	40.6	42.9	44.0
<i>EBIT margin (reported) (%)</i>	<i>7.6</i>	<i>3.7</i>	<i>1.4</i>	<i>5.9</i>	<i>6.7</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>
Net financials	-0.3	-0.2	-1.2	1.3	-1.7	-1.5	-1.0	-0.7
Pre-tax profit	15.9	19.4	21.1	32.6	36.1	39.1	41.9	43.3
Taxes	-3.6	-5.4	-6.0	-6.8	-8.3	-7.9	-10.1	-10.4
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	12.3	8.4	0.0	25.8	27.8	31.1	31.8	32.9
Cash NRIs	0.0	-5.6	-15.1	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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	32	68	57	62	64	71	70	69
Goodwill	6	11	11	10	10	10	10	10
Right of use assets	0	0	0	0	15	18	18	19
Inventory	36	91	85	101	96	99	104	107
Receivables	41	107	92	108	104	107	113	115
Liquid funds	19	22	20	21	28	29	31	31
Total assets	134	302	267	307	321	339	351	356
<b>Liabilities</b>								
Shareholder's equity	95	100	108	125	148	171	193	215
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	15	18	18	19
Deferred taxes	0	3	3	5	5	5	5	5
Interest bearing debt	9	88	60	61	52	41	25	5
Non-interest bearing current liabilities	29	105	88	113	99	102	107	110
Other interest-free debt	1	4	1	2	2	2	2	2
Total liabilities	134	302	267	307	321	339	351	356
<b>CASH FLOW, EURm</b>								
+ EBITDA	21	30	33	40	47	54	56	56
- Net financial items	-10	2	-1	2	-2	-2	-1	-1
- Taxes	-3	-4	-5	-8	-8	-8	-10	-10
- Increase in Net Working Capital	-5	-8	-6	-6	-5	-4	-5	-3
+/- Other	9	-9	-5	-6	0	0	0	0
= Cash flow from operations	11	13	16	22	32	41	40	42
- Capex	-8	-52	-5	-21	-11	-24	-12	-12
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	3	-39	10	2	21	18	27	31
+/- New issues/buybacks	5	1	13	-4	3	0	0	0
- Paid dividend	-3	-4	-5	-6	-7	-8	-10	-11
+/- Other	-13	45	-21	8	-9	-8	-16	-19
Change in cash	-9	3	-2	0	8	1	1	1

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	220	223	272	281	281	281	281
Net debt (excl. convertibles)	66	40	41	39	29	12	-8
Enterprise value	286	263	312	320	310	293	273
Sales	377	508	530	563	584	613	628
EBITDA	30	33	40	47	54	56	56
EBIT	20	22	31	38	41	43	44
Pre-tax	19	21	33	36	39	42	43
Earnings	14	15	26	28	31	32	33
Equity book value (excl. minorities)	100	108	125	148	171	193	215
<b>Valuation multiples</b>							
EV/sales	0.8	0.5	0.6	0.6	0.5	0.5	0.4
EV/EBITDA	9.4	7.9	7.8	6.8	5.7	5.3	4.9
EV/EBITA	14.6	11.8	10.0	8.5	7.6	6.8	6.2
EV/EBIT	14.6	11.8	10.0	8.5	7.6	6.8	6.2
EV/OCF	22.6	16.9	14.0	9.9	7.5	7.4	6.4
EV/FCFF	-6.5	-120.1	29.5	14.4	14.4	10.2	8.7
P/FCFE	-5.6	21.4	169.7	13.4	15.9	10.3	9.2
P/E	15.8	14.7	10.5	10.1	9.0	8.8	8.5
P/B	2.2	2.1	2.2	1.9	1.6	1.5	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.4	6.0	5.5
Target EV/EBIT	0.0	0.0	0.0	0.0	8.6	7.7	7.1
Target EV/FCF	0.0	0.0	0.0	0.0	19.7	12.2	10.2
Target P/B	0.0	0.0	0.0	0.0	1.9	1.7	1.5
Target P/E	0.0	0.0	0.0	0.0	10.3	10.0	9.7
<b>Per share measures</b>							
Number of shares	57,730	63,670	63,895	63,895	63,895	63,895	63,895
Number of shares (diluted)	57,730	63,670	63,895	63,895	63,895	63,895	63,895
EPS	0.24	0.24	0.40	0.44	0.49	0.50	0.52
Operating cash flow per share	0.22	0.24	0.35	0.51	0.65	0.62	0.66
Free cash flow per share	-0.67	0.16	0.03	0.33	0.28	0.43	0.48
Book value per share	1.74	1.70	1.95	2.32	2.68	3.02	3.37
Dividend per share	0.08	0.09	0.11	0.13	0.16	0.16	0.17
Dividend payout ratio, %	33.1	37.9	27.2	29.9	33.0	33.0	33.0
Dividend yield, %	2.1	2.6	2.6	3.0	3.7	3.7	3.9
FCF yield, %	-17.7	4.7	0.6	7.5	6.3	9.7	10.9
<b>Efficiency measures</b>							
ROE	14.3	14.5	22.2	20.4	19.5	17.5	16.1
ROCE	13.4	12.5	17.7	18.8	18.3	18.4	18.5
<b>Financial ratios</b>							
Inventories as % of sales	24.1	16.8	19.0	17.0	17.0	17.0	17.0
Receivables as % of sales	28.4	18.1	20.5	18.4	18.4	18.4	18.4
Non-interest bearing liabilities as % of sales	27.8	17.4	21.3	17.5	17.5	17.5	17.5
NWC/sales, %	23.8	17.2	17.7	17.5	17.5	17.5	17.5
Operative CAPEX/sales, %	13.7	1.0	3.9	2.0	4.0	2.0	1.9
CAPEX/sales (incl. acquisitions), %	13.7	1.0	3.9	2.0	4.0	2.0	1.9
FCFF/EBITDA	-1.4	-0.1	0.3	0.5	0.4	0.5	0.6
Net debt/EBITDA, book-weighted	2.2	1.2	1.0	0.8	0.5	0.2	-0.1
Debt/equity, market-weighted	0.4	0.3	0.2	0.2	0.1	0.1	0.0
Equity ratio, book-weighted	33.2	40.6	40.6	46.2	50.5	55.0	60.4
Gearing, %	65.4	36.9	32.7	26.0	17.1	6.4	-3.7

**COMPANY DESCRIPTION:** Scanfil is a contract electronics manufacturer based in Sievi, Finland operating a global plant network with 11 sites located on three continents. The company focuses on producing industrial electronics for its customers, many of which are large global industrial original equipment manufacturers. In practice Northern Europe is by far Scanfil's most important market. Scanfil's strategy is based on a vertically integrated model where the company aims to provide solutions to cover the entire supply chain during the whole lifecycle of a given customer product.

**INVESTMENT CASE:**

OWNERSHIP STRUCTURE	SHARES	EURm	%
Takanen Harri	9,858,146	43.376	15.4%
Takanen Jarkko	8,541,169	37.581	13.4%
Varikot Oy	7,606,442	33.468	11.9%
Takanen Jorma	6,129,305	26.969	9.6%
Tolonen Jonna	3,351,950	14.749	5.2%
Pöllä Reijo	3,328,745	14.646	5.2%
Laakkonen Mikko	2,531,187	11.137	4.0%
Takanen Martti	1,947,018	8.567	3.0%
Foundation of Riitta and Jorma J.Takanen	1,900,000	8.360	3.0%
Sijoitusrahasto Aktia Capital	1,528,000	6.723	2.4%
Ten largest	46,721,962	205.577	73%
Residual	17,173,477	75.563	27%
Total	63,895,439	281.140	100%

**EARNINGS CALENDAR****OTHER EVENTS****COMPANY MISCELLANEOUS**

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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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