

## Outlook basically unchanged

Scanfil operations continue to develop on a positive note as industrial OEM customer demand seems remarkably strong in the face of the pandemic. We have made rather small downward revisions to our estimates due to increasing uncertainty. Our TP is EUR 5.25 (5.75), rating BUY.

### No dramatic effects to segment performances so far

Q1 revenue grew by 11% y/y (two-thirds due to the HASEC acquisition) to EUR 144m and thus beat estimates by ca. EUR 10m. ROI, at 17.8% in Q1, continued to develop strong. February saw the Chinese plants stall due to the coronavirus situation that hadn't back then escalated into a pandemic. There has been only one production plant closure so far since (in Poland). In fact, March was the strongest month in terms of (organic) growth and helped to compensate for slow February. According to Scanfil supply chains have continued to work well and only a few customer accounts have seen demand forecasts drop for Q2 and Q3. Naturally uncertainty is growing but for now Scanfil can reiterate its previous strong outlook for this year.

### Scanfil continues to perform and is ready for acquisitions

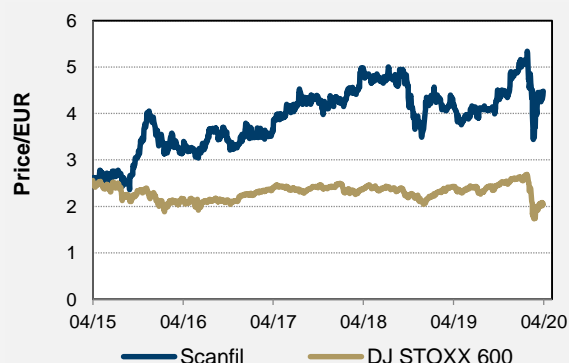
We have slightly revised our estimates down due to increased uncertainty. The adjustments are remarkably small, amounting to an average of EUR 6m in quarterly revenue, or 4%. We have also done a small downward adjustment to operating margin, now expecting 6.5% instead of the previous 6.75%. We thus see EBIT at the low bound of the guidance range i.e. at EUR 39.0m; we previously expected EUR 41.4m. Scanfil says it has a liquidity position of some EUR 60m ready to be deployed for e.g. M&A.

### A valuation above peer multiples is well justified

The pandemic seems to pose no cracks to Scanfil's fundamentals. According to one narrative the pandemic will reverse globalization and thus supply chains and actors such as contract manufacturers are hit particularly hard. In our opinion such stories fly a bit too high and are based on unsound reasoning. Scanfil's comments readily confirm industrial OEMs still want to outsource significant amounts of production. We update our TP to EUR 5.25 (5.75) due to increased macroeconomic uncertainty but note how few facts seem to impair Scanfil's long-term story. We see good upside to Scanfil's 5.5x EV/EBITDA and 7.5x EV/EBIT '20e valuation multiples.

Rating

BUY



Share price, EUR (Last trading day's closing price) 4.48

Target price, EUR 5.25

Latest change in recommendation 30-Oct-18

Latest report on company 20-Feb-20

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 286

Free float, % -

Exchange rate -

Reuters code SCANFL.HE

Bloomberg code SCANFL.FH

Average daily volume, EURm 0.1

Next interim report 07-Aug-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
2018	563.0	37.8	6.7%	18.9	0.44	10.1	0.6	8.5	6.7	0.13
2019	579.4	39.4	6.8%	7.5	0.50	10.4	0.7	9.6	2.2	0.15
2020E	604.2	39.0	6.5%	40.4	0.48	9.3	0.5	7.6	14.1	0.16
2021E	636.2	42.9	6.8%	24.5	0.52	8.6	0.4	6.5	8.5	0.17
2022E	668.0	46.8	7.0%	26.3	0.55	8.1	0.4	5.7	9.2	0.18
Market cap, EURm	286			Gearing 2020E, %	4.8			CAGR EPS 2019-22, %	3.0	
Net debt 2020E, EURm	9			Price/book 2020E	1.5			CAGR sales 2019-22, %	4.9	
Enterprise value, EURm	295			Dividend yield 2020E, %	3.5			ROE 2020E, %	17.2	
Total assets 2020E, EURm	350			Tax rate 2020E, %	19.0			ROCE 2020E, %	17.0	
Goodwill 2020E, EURm	8			Equity ratio 2020E, %	54.4			PEG, P/E 20/CAGR	1.5	

**Estimates and peer group multiples**

Scanfil	2018	Q1'19	Q2'19	Q3'19	Q4'19	2019	Q1'20	Q2'20e	Q3'20e	Q4'20e	2020e	2021e	2022e	2023e
<b>Revenue</b>	563	130	143	152	155	579	144	145	155	160	604	636	668	696
<i>growth-%</i>	6.2 %	-6.9 %	-6.0 %	15.8 %	10.3 %	2.9 %	10.9 %	1.9 %	1.8 %	3.2 %	4.3 %	5.3 %	5.0 %	4.3 %
Communication	98	18	19	21	21	79	22	20	22	22	86	88	90	93
Consumer Applications	126	24	28	28	28	107	19	26	28	29	102	104	106	108
Energy & Automation	108	26	28	28	29	111	31	29	28	30	118	124	130	137
Industrial	135	36	42	49	47	173	46	43	49	48	186	200	215	226
Medtec & Life Science	98	27	26	26	29	108	27	26	27	31	111	120	126	132
<b>EBITDA</b>	47	10	13	16	14	54	12	13	14	15	55	59	64	66
<i>EBITDA margin</i>	8.4 %	7.7 %	9.4 %	10.6 %	9.0 %	9.2 %	8.6 %	8.8 %	9.3 %	9.5 %	9.1 %	9.3 %	9.5 %	9.4 %
<b>EBIT</b>	38	7	11	12	10	39	8.6	9	10	11	39	43	47	49
<i>EBIT margin</i>	6.7 %	5.2 %	7.4 %	7.9 %	6.5 %	6.8 %	6.0 %	6.0 %	6.8 %	7.0 %	6.5 %	6.8 %	7.0 %	7.0 %

Source: Evli Research

SCANFIL PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		19	20	21	19	20	21	19	20	21
Benchmark Electronics	693				25.0x	14.0x	9.1x	2.1 %	2.2 %	3.1 %
Celestica	566	4.7x	3.4x	3.0x	7.9x	5.1x	4.3x	2.8 %	3.2 %	3.8 %
exceet Group	83									
HANZA Holding	33	6.2x	5.1x	4.0x	14.6x	10.5x	8.3x	3.1 %	3.2 %	3.8 %
Kitron	168	9.6x	8.3x	7.4x	13.5x	11.3x	10.0x	6.2 %	6.7 %	7.1 %
Lacroix	69	5.6x	4.7x		8.4x	6.0x		4.0 %	4.4 %	
Neways Electronics Intl	79									
Plexus	1593	12.3x	9.5x	8.4x	17.1x	13.6x	11.3x	4.4 %	4.2 %	4.7 %
Sanmina	1745		5.5x		8.0x	7.7x		4.0 %	3.7 %	
SIIX	323	9.6x	5.4x	4.5x	19.2x	8.2x	6.6x	2.5 %	3.5 %	3.9 %
Valuetronics	168	3.8x	1.7x	1.5x	4.7x	2.1x	1.9x	7.6 %	7.3 %	7.5 %
<b>Peer Group Average</b>	502	<b>7.4x</b>	<b>5.4x</b>	<b>4.8x</b>	<b>13.2x</b>	<b>8.7x</b>	<b>7.4x</b>	<b>4.1 %</b>	<b>4.3 %</b>	<b>4.9 %</b>
<b>Peer Group Median</b>	168	<b>6.2x</b>	<b>5.3x</b>	<b>4.2x</b>	<b>13.5x</b>	<b>8.2x</b>	<b>8.3x</b>	<b>4.0 %</b>	<b>3.7 %</b>	<b>3.9 %</b>
<b>Scanfil (Evli est.)</b>	<b>286</b>	<b>7.1x</b>	<b>5.4x</b>	<b>4.8x</b>	<b>9.6x</b>	<b>7.6x</b>	<b>6.5x</b>	<b>6.8 %</b>	<b>6.5 %</b>	<b>6.8 %</b>

Scanfil prem./disc. to peer median

14 %    3 %    13 %    -29 %    -8 %    -21 %    72 %    76 %    72 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	4.48 PV of Free Cash Flow	227 Long-term growth, %	1.5 Risk-free interest rate, %	2.25
DCF share value	6.85 PV of Horizon value	254 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	53.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	7.4 Marketable securities	20 Minimum WACC, %	8.0 Equity beta coefficient	1.10
Minimum value	6.4 Debt - dividend	-63 Maximum WACC, %	9.0 Target debt ratio, %	20
Horizon value, %	52.8 Value of stock	438 Nr of shares, Mn	63.9 Effective tax rate, %	20

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	579	604	636	668	696	720	742	761	776	787	799	811
<i>Sales growth, %</i>	<i>2.9</i>	<i>4.3</i>	<i>5.3</i>	<i>5.0</i>	<i>4.2</i>	<i>3.5</i>	<i>3.0</i>	<i>2.5</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	39	39	43	47	49	50	52	53	54	55	56	57
<i>Operating income margin, %</i>	<i>6.8</i>	<i>6.5</i>	<i>6.8</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.	14	16	16	16	17	17	18	18	19	19	20	
EBITDA	54	55	59	63	66	68	70	71	73	74	76	
- Paid taxes	-5	-7	-8	-11	-12	-12	-12	-13	-13	-13	-13	
- Change in NWC	-15	12	-6	-6	-5	-4	-4	-3	-3	-2	-2	
<i>NWC / Sales, %</i>	<i>19.7</i>	<i>16.9</i>	<i>16.9</i>	<i>16.9</i>	<i>16.9</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-18	-17	-18	-19	-19	-19	-20	-20	-21	-21	-22	
<i>opCAPEX / Sales, %</i>	<i>4.2</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.9</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</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	15	42	27	28	30	32	33	35	36	38	38	557
= Discounted FCFF		40	23	22	22	22	21	20	20	19	17	254
= DFCF min WACC		40	24	23	23	22	22	21	20	19	18	286
= DFCF max WACC		40	23	22	22	21	21	20	19	18	17	227

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	129.9	142.6	152.3	154.6	579.4	144.1	145.4	155.0	159.7	604.2	636.2	668.0
EBITDA	10.0	13.4	16.2	14.0	53.6	12.4	12.7	14.5	15.2	54.8	58.9	63.2
<i>EBITDA margin (%)</i>	<i>7.7</i>	<i>9.4</i>	<i>10.6</i>	<i>9.1</i>	<i>9.3</i>	<i>8.6</i>	<i>8.7</i>	<i>9.4</i>	<i>9.5</i>	<i>9.1</i>	<i>9.3</i>	<i>9.5</i>
EBIT	6.8	10.5	12.0	10.1	39.4	8.6	8.7	10.5	11.2	39.0	42.9	46.8
<i>EBIT margin (%)</i>	<i>5.2</i>	<i>7.4</i>	<i>7.9</i>	<i>6.5</i>	<i>6.8</i>	<i>6.0</i>	<i>6.0</i>	<i>6.8</i>	<i>7.0</i>	<i>6.5</i>	<i>6.8</i>	<i>7.0</i>
Net financial items	-0.8	0.4	-0.9	0.0	-1.3	0.1	-0.4	-0.4	-0.4	-1.1	-1.6	-0.5
Pre-tax profit	6.0	10.9	11.1	10.1	38.1	8.7	8.3	10.1	10.8	37.9	41.3	46.3
Tax	-1.2	-2.2	-2.3	-0.2	-5.9	-1.2	-2.0	-2.0	-2.0	-7.2	-8.0	-11.1
<i>Tax rate (%)</i>	<i>20.0</i>	<i>20.2</i>	<i>20.7</i>	<i>2.0</i>	<i>15.5</i>	<i>13.8</i>	<i>24.1</i>	<i>19.8</i>	<i>18.5</i>	<i>19.0</i>	<i>19.3</i>	<i>24.0</i>
Net profit	4.8	8.7	8.8	9.9	32.2	7.5	6.3	8.1	8.8	30.7	33.3	35.2
EPS	0.08	0.14	0.14	0.15	0.50	0.12	0.10	0.13	0.14	0.48	0.52	0.55
EPS adjusted (diluted no. of shares)	0.08	0.14	0.14	0.15	0.50	0.12	0.10	0.13	0.14	0.48	0.52	0.55
Dividend per share	0.00	0.00	0.00	0.00	0.15	0.00	0.00	0.00	0.00	0.16	0.17	0.18
<b>SALES, EURm</b>												
Group	129.9	142.6	152.3	154.6	579.4	144.1	145.4	155.0	159.7	604.2	636.2	668.0
Total	129.9	142.6	152.3	154.6	579.4	144.1	145.4	155.0	159.7	604.2	636.2	668.0
<b>SALES GROWTH, Y/Y %</b>												
Group	-6.9	-6.0	15.8	10.3	2.9	10.9	2.0	1.8	3.3	4.3	5.3	5.0
Total	-6.9	-6.0	15.8	10.3	2.9	10.9	2.0	1.8	3.3	4.3	5.3	5.0
<b>EBIT, EURm</b>												
Group	6.8	10.5	12.0	10.1	39.4	8.6	8.7	10.5	11.2	39.0	42.9	46.8
Total	6.8	10.5	12.0	10.1	39.4	8.6	8.7	10.5	11.2	39.0	42.9	46.8
<b>EBIT margin, %</b>												
Group	5.2	7.4	7.9	6.5	6.8	6.0	6.0	6.8	7.0	6.5	6.8	7.0
Total	5.2	7.4	7.9	6.5	6.8	6.0	6.0	6.8	7.0	6.5	6.8	7.0

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	377.3	508.0	529.9	563.0	579.4	604.2	636.2	668.0
<i>Sales growth (%)</i>	<i>75.9</i>	<i>34.6</i>	<i>4.3</i>	<i>6.2</i>	<i>2.9</i>	<i>4.3</i>	<i>5.3</i>	<i>5.0</i>
EBITDA	30.4	33.3	40.0	47.2	53.6	54.8	58.9	63.2
<i>EBITDA margin (%)</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>9.3</i>	<i>9.5</i>
Depreciation	-10.8	-11.0	-8.7	-9.4	-14.2	-15.8	-16.0	-16.4
EBITA	19.6	22.3	31.3	37.8	39.4	39.0	42.9	46.8
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	19.6	22.3	31.3	37.8	39.4	39.0	42.9	46.8
<i>EBIT margin (%)</i>	<i>5.2</i>	<i>4.4</i>	<i>5.9</i>	<i>6.7</i>	<i>6.8</i>	<i>6.5</i>	<i>6.8</i>	<i>7.0</i>
Reported EBIT	14.0	7.2	31.3	37.8	39.4	39.0	42.9	46.8
<i>EBIT margin (reported) (%)</i>	<i>3.7</i>	<i>1.4</i>	<i>5.9</i>	<i>6.7</i>	<i>6.8</i>	<i>6.5</i>	<i>6.8</i>	<i>7.0</i>
Net financials	-0.2	-1.2	1.3	-1.7	-1.3	-1.1	-1.6	-0.5
Pre-tax profit	19.4	21.1	32.6	36.1	38.1	37.9	41.3	46.3
Taxes	-5.4	-6.0	-6.8	-8.3	-5.9	-7.2	-8.0	-11.1
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	8.4	0.0	25.8	27.8	32.2	30.7	33.3	35.2
Cash NRIs	-5.6	-15.1	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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	68	57	62	64	68	70	72	74
Goodwill	11	11	10	10	8	8	8	8
Right of use assets	0	0	0	15	21	22	23	24
Inventory	91	85	101	96	102	103	108	114
Receivables	107	92	108	104	115	112	117	123
Liquid funds	22	20	21	28	20	30	32	45
Total assets	302	267	307	321	340	350	366	393
<b>Liabilities</b>								
Shareholder's equity	100	108	125	148	167	190	214	238
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	15	19	22	23	24
Deferred taxes	3	3	5	5	7	7	7	7
Interest bearing debt	88	60	61	52	44	18	4	0
Non-interest bearing current liabilities	105	88	113	99	96	106	111	117
Other interest-free debt	4	1	2	2	7	7	7	7
Total liabilities	302	267	307	321	340	350	366	393
<b>CASH FLOW, EURm</b>								
+ EBITDA	30	33	40	47	54	55	59	63
- Net financial items	2	-1	2	-2	-1	-1	-2	-1
- Taxes	-4	-5	-8	-7	-5	-7	-8	-11
- Increase in Net Working Capital	-8	-6	-6	-9	-15	12	-6	-6
+/- Other	-9	-5	-6	0	0	0	0	0
= Cash flow from operations	13	16	22	29	32	59	44	46
- Capex	-52	-5	-21	-10	-24	-18	-19	-20
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-39	10	2	19	8	40	24	26
+/- New issues/buybacks	1	13	-4	3	-6	3	0	0
- Paid dividend	-4	-5	-6	-7	-8	-10	-10	-11
+/- Other	45	-21	8	-7	-1	-24	-13	-2
Change in cash	3	-2	0	8	-8	10	2	13

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	223	272	281	336	286	286	286
Net debt (excl. convertibles)	40	41	39	43	9	-5	-20
Enterprise value	263	312	320	379	295	281	266
Sales	508	530	563	579	604	636	668
EBITDA	33	40	47	54	55	59	63
EBIT	22	31	38	39	39	43	47
Pre-tax	21	33	36	38	38	41	46
Earnings	15	26	28	32	31	33	35
Equity book value (excl. minorities)	108	125	148	167	190	214	238
<b>Valuation multiples</b>							
EV/sales	0.5	0.6	0.6	0.7	0.5	0.4	0.4
EV/EBITDA	7.9	7.8	6.8	7.1	5.4	4.8	4.2
EV/EBITA	11.8	10.0	8.5	9.6	7.6	6.5	5.7
EV/EBIT	11.8	10.0	8.5	9.6	7.6	6.5	5.7
EV/OCF	16.9	14.0	11.0	11.9	5.0	6.4	5.8
EV/FCFF	-120.1	29.5	15.5	25.7	7.0	10.4	9.6
P/FCFE	21.4	169.7	14.9	44.7	7.1	11.7	10.9
P/E	14.7	10.5	10.1	10.4	9.3	8.6	8.1
P/B	2.1	2.2	1.9	2.0	1.5	1.3	1.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.3	5.6	5.0
Target EV/EBIT	0.0	0.0	0.0	0.0	8.8	7.7	6.7
Target EV/FCF	0.0	0.0	0.0	0.0	8.5	13.5	12.0
Target P/B	0.0	0.0	0.0	0.0	1.8	1.6	1.4
Target P/E	0.0	0.0	0.0	0.0	10.9	10.1	9.5
<b>Per share measures</b>							
Number of shares	63,670	63,895	63,895	63,895	63,895	63,895	63,895
Number of shares (diluted)	63,670	63,895	63,895	63,895	63,895	63,895	63,895
EPS	0.24	0.40	0.44	0.50	0.48	0.52	0.55
Operating cash flow per share	0.24	0.35	0.45	0.50	0.92	0.68	0.72
Free cash flow per share	0.16	0.03	0.30	0.12	0.63	0.38	0.41
Book value per share	1.70	1.95	2.32	2.61	2.98	3.34	3.72
Dividend per share	0.09	0.11	0.13	0.15	0.16	0.17	0.18
Dividend payout ratio, %	37.9	27.2	29.9	29.8	33.0	33.0	33.0
Dividend yield, %	2.6	2.6	3.0	3.3	3.5	3.8	4.1
FCF yield, %	4.7	0.6	6.7	2.2	14.1	8.5	9.2
<b>Efficiency measures</b>							
ROE	14.5	22.2	20.4	20.4	17.2	16.5	15.6
ROCE	12.5	17.7	18.8	17.7	17.0	18.3	18.6
<b>Financial ratios</b>							
Inventories as % of sales	16.8	19.0	17.0	17.6	17.0	17.0	17.0
Receivables as % of sales	18.1	20.5	18.4	19.8	18.5	18.5	18.4
Non-interest bearing liabilities as % of sales	17.4	21.3	17.5	16.6	17.5	17.5	17.5
NWC/sales, %	17.2	17.7	17.5	19.7	16.9	16.9	16.9
Operative CAPEX/sales, %	1.0	3.9	1.8	4.2	3.0	3.0	3.0
CAPEX/sales (incl. acquisitions), %	1.0	3.9	1.8	4.2	3.0	3.0	3.0
FCFF/EBITDA	-0.1	0.3	0.4	0.3	0.8	0.5	0.4
Net debt/EBITDA, book-weighted	1.2	1.0	0.8	0.8	0.2	-0.1	-0.3
Debt/equity, market-weighted	0.3	0.2	0.2	0.1	0.1	0.0	0.0
Equity ratio, book-weighted	40.6	40.6	46.2	49.0	54.4	58.4	60.5
Gearing, %	36.9	32.7	26.0	25.6	4.8	-2.4	-8.6

**COMPANY DESCRIPTION:** Scanfil is a contract electronics manufacturer based in Sievi, Finland, operating a global plant network with 11 sites located across 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 with which the company aims to provide solutions to cover the entire supply chain during the whole life-cycle of a given customer product.

**INVESTMENT CASE:** In our view Scanfil is well-positioned to achieve its target 7% operating margin. We see upside to the current share price when customer product volumes continue to develop positively, helping to lift absolute operating profit. We expect Scanfil to achieve even more diversified customer portfolio; this would justify an increase in valuation multiples.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Takanen Harri	9,858,146	44.164	15.4%
Takanen Jarkko	8,541,169	38.264	13.4%
Varikot Oy	7,606,442	34.077	11.9%
Takanen Jorma	6,129,305	27.459	9.6%
Tolonen Jonna	3,351,950	15.017	5.2%
Pöllä Reijo	3,328,745	14.913	5.2%
Laakkonen Mikko	2,531,187	11.340	4.0%
Takanen Martti	1,947,018	8.723	3.0%
Foundation of Riitta and Jorma J.Takanen	1,900,000	8.512	3.0%
Sijoitusrahasto Aktia Capital	1,528,000	6.845	2.4%
Ten largest	46,721,962	209.314	73%
Residual	17,173,477	76.937	27%
Total	63,895,439	286.252	100%

**EARNINGS CALENDAR**

August 07, 2020	Q2 report
October 27, 2020	Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

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Tel: +358 8 48 82 111

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



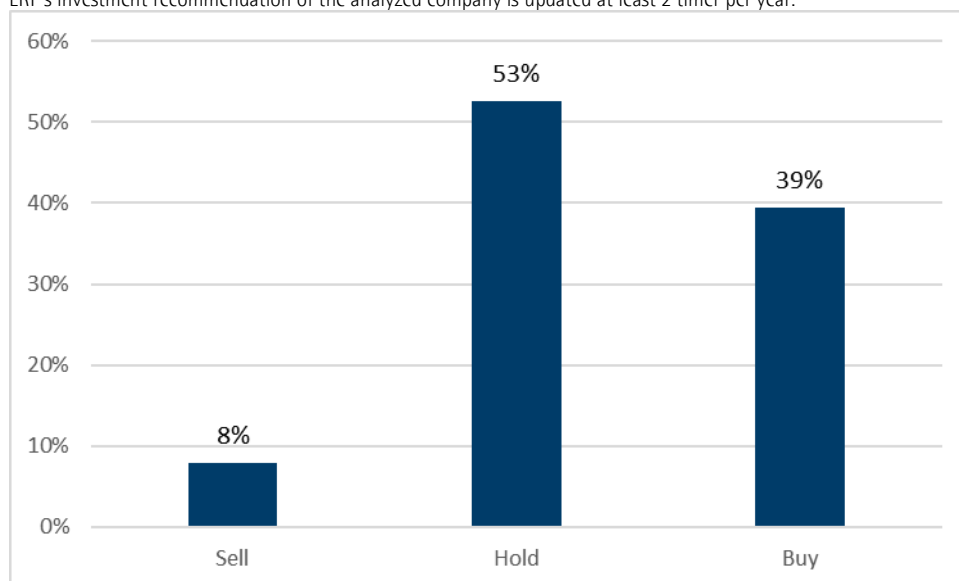
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Investment recommendations are defined as follows:

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

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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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