

Sound demand outlook fully valued

Scanfil's Q1 featured very few surprises. The company remains well-positioned and many customer megatrends continue to drive demand in the short as well as long term perspective. Our TP is now EUR 8.5 (8), rating HOLD (BUY).

All five segments have developed positive since Q3'20

Scanfil's EUR 163m Q1 revenue was above the EUR 152m/151m Evli/cons. estimates even when excluding the discontinued trade in Hangzhou. Organic growth was 7% y/y when excluding the discontinued business. Scanfil renewed its segment structure as the previous Industrial segment had become too diverse. Advanced Consumer Applications and Energy & Cleantech, the two largest segments, both grew rapid. The former's demand stemmed e.g. from elevators (as well as new customers) while the latter was driven by e.g. reverse vending machines. The other three segments have also continued to develop well since Q3'20, demand overall improved throughout Q1 and March was especially strong and profitable. Scanfil posted EUR 10.0m in Q1 EBIT, in line with the EUR 10.5m/10.0m Evli/cons. estimates.

Strategy and day-to-day execution continue to work

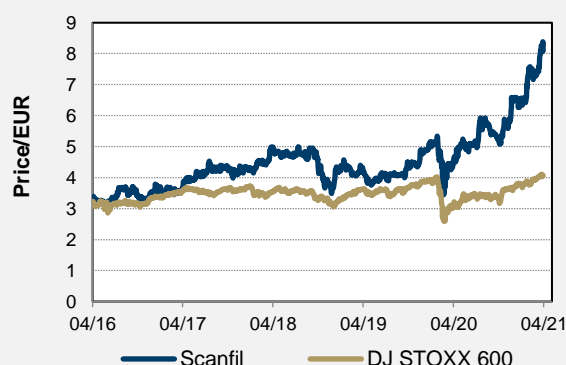
In our view Scanfil is headed for the upper end of its FY '21 revenue guidance range. Demand outlook supports Scanfil's long-term organic growth target and implies 5-6% CAGR in the years ahead. The accounts are unlikely to build up inventories, rather there seems to be solid demand that stems from many megatrends. Component bottlenecks are possible but so far these haven't had a negative impact on Scanfil. The company takes proactive measures to better anticipate demand and so secure relevant components early on. Scanfil also reports no gross margin pressure and remains able to pass price inflation forward to customers. M&A options remain relevant in the long-term.

In our view further upside is not found in the short-term

Scanfil is valued ca. 9x EV/EBITDA and 12x EV/EBIT on our FY '21 estimates. In terms of EBITDA the share trades at a peer premium while the EBIT multiples are in line. Scanfil is thus valued at a small premium and we see this well justified. Scanfil's and peers' multiples have alike rerated recently. EMS companies used to be valued very low, and in our view the current higher multiples are warranted at least in Scanfil's case. We view Scanfil's valuation now neutral. Our new TP is EUR 8.5 (8) and rating HOLD (BUY).

Rating

HOLD


 Share price, EUR (Last trading day's closing price) **8.08**

 Target price, EUR **8.5**

 Latest change in recommendation **26-Apr-21**

 Latest report on company **19-Feb-21**

 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 **516**

 Free float, % **46.6**

 Exchange rate **-**

 Reuters code **SCANFL.HE**

 Bloomberg code **SCANFL.FH**

 Average daily volume, EURm **0.1**

 Next interim report **06-Aug-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	579.4	39.4	6.8%	7.5	0.50	10.4	0.7	9.6	2.2	0.15
2020	595.3	39.1	6.6%	43.5	0.49	13.2	0.7	11.0	10.4	0.17
2021E	630.3	41.7	6.6%	37.0	0.48	16.8	0.8	12.1	7.2	0.18
2022E	665.8	45.9	6.9%	29.3	0.54	14.9	0.7	10.6	5.7	0.19
2023E	702.5	49.2	7.0%	30.2	0.58	13.9	0.7	9.5	5.8	0.20
Market cap, EURm			516	Gearing 2021E, %		-5.7		CAGR EPS 2020-23, %		5.5
Net debt 2021E, EURm			-12	Price/book 2021E		2.5		CAGR sales 2020-23, %		5.7
Enterprise value, EURm			505	Dividend yield 2021E, %		2.2		ROE 2021E, %		16.0
Total assets 2021E, EURm			346	Tax rate 2021E, %		22.7		ROCE 2021E, %		18.7
Goodwill 2021E, EURm			8	Equity ratio 2021E, %		58.6		PEG, P/E 21/CAGR		2.1

Estimates and peer group multiples

Scanfil	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21e	Q3'21e	Q4'21e	2021e	2022e	2023e
Revenue	144	156	142	154	595	163	158	147	162	630	666	703
<i>growth-%</i>	10.9 %	9.1 %	-7.0 %	-0.4 %	2.8 %	13.4 %	1.4 %	4.1 %	5.0 %	5.9 %	5.6 %	5.5 %
Advanced Consumer Applications	31	40	39	41	151	43	46	44	46	179	192	203
Automation & Safety	38	37	34	34	142	35	37	35	36	142	152	161
Connectivity	7	8	7	6	29	8	8	8	7	31	33	35
Energy & Cleantech	34	34	30	37	136	40	39	34	42	155	167	176
Medtech & Life Science	27	25	26	30	108	29	27	28	31	115	122	128
Discontinued	6	12	6	5	30	9	0	0	0	9	0	0
EBIT	9	10	10	10	39	10	11	11	11	42	46	49
<i>EBIT margin</i>	6.0 %	6.5 %	7.0 %	6.7 %	6.6 %	6.1 %	6.8 %	7.1 %	6.5 %	6.6 %	6.9 %	7.0 %

Source: Evli Research

SCANFIL PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		20	21	22	20	21	22	20	21	22
Benchmark Electronics	914				16.1x	16.6x	14.1x	2.5 %	2.7 %	2.9 %
Celestica	887	3.8x	4.0x	3.7x	5.8x	6.3x	5.6x	3.5 %	3.4 %	3.7 %
TT Electronics	474	10.1x	9.6x	8.3x	15.9x	15.2x	11.9x	6.3 %	6.9 %	8.5 %
HANZA Holding	62	6.2x	5.1x	4.6x	19.9x	10.2x	8.6x	2.0 %	4.1 %	4.5 %
Kitron	367	9.6x	11.0x	9.9x	12.8x	14.7x	13.0x	7.9 %	7.2 %	7.5 %
Lacroix Group	164	7.1x	6.6x	5.5x	12.6x	10.6x	9.0x	3.4 %	4.1 %	4.6 %
Flex Ltd	7569	6.6x	7.0x	7.4x	11.6x	10.8x	10.4x	4.0 %	4.2 %	4.2 %
Plexus	2235	10.2x	10.4x	10.0x	13.9x	13.8x	13.2x	4.9 %	5.6 %	5.4 %
Sanmina	2247		6.2x		7.0x	8.4x		4.3 %	4.6 %	
SIIX	546	9.9x	7.4x	6.4x	23.3x	14.1x	11.3x	2.5 %	3.2 %	3.8 %
Valuetronics	171									
Peer Group Average	1422	7.9x	7.5x	7.0x	13.9x	12.1x	10.8x	4.1 %	4.6 %	5.0 %
Peer Group Median	546	8.3x	7.0x	6.9x	13.4x	12.3x	11.3x	3.7 %	4.2 %	4.5 %
Scanfil (Evli est.)	516	7.8x	8.8x	8.1x	11.0x	12.1x	10.6x	6.6 %	6.6 %	6.9 %

Scanfil prem./disc. to peer median

-6 % 25 % 17 % -18 % -2 % -6 % 77 % 59 % 53 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	8.08 PV of Free Cash Flow	244 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	8.31 PV of Horizon value	302 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	2.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	9.0 Marketable securities	26 Minimum WACC, %	8.0 Equity beta coefficient	1.10
Minimum value	7.7 Debt - dividend	-40 Maximum WACC, %	9.0 Target debt ratio, %	20
Horizon value, %	55.3 Value of stock	531 Nr of shares, Mn	63.9 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	595	630	666	703	738	767	794	818	838	855	872	890
<i>Sales growth, %</i>	<i>2.7</i>	<i>5.9</i>	<i>5.6</i>	<i>5.5</i>	<i>5.0</i>	<i>4.0</i>	<i>3.5</i>	<i>3.0</i>	<i>2.5</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	39	42	46	49	52	54	56	57	59	60	61	62
<i>Operating income margin, %</i>	<i>6.6</i>	<i>6.6</i>	<i>6.9</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.	16	16	14	13	13	12	12	13	13	13	13	
EBITDA	55	58	60	62	64	66	68	70	71	73	74	
- Paid taxes	-8	-9	-11	-12	-12	-13	-13	-14	-14	-14	-15	
- Change in NWC	5	3	-6	-6	-6	-5	-5	-4	-4	-3	-3	
<i>NWC / Sales, %</i>	<i>18.3</i>	<i>16.8</i>	<i>16.8</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>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-9	-12	-12	-13	-13	-13	-13	-14	-14	-14	-15	
<i>opCAPEX / Sales, %</i>	<i>1.1</i>	<i>2.0</i>	<i>2.0</i>	<i>1.9</i>	<i>1.9</i>	<i>1.8</i>	<i>1.8</i>	<i>1.8</i>	<i>1.7</i>	<i>1.7</i>	<i>1.8</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	43	40	31	32	33	35	37	38	40	41	42	663
= Discounted FCFF		37	27	25	24	24	23	22	21	20	19	302
= DFCF min WACC		37	27	26	25	24	24	23	22	21	20	342
= DFCF max WACC		37	27	25	24	23	22	22	21	20	18	268

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	144.1	155.5	141.7	154.0	595.3	163.3	157.7	147.5	161.8	630.3	665.8	702.5
EBITDA	12.4	14.0	13.6	15.2	55.2	13.8	14.7	14.5	14.5	57.5	60.1	62.4
<i>EBITDA margin (%)</i>	<i>8.6</i>	<i>9.0</i>	<i>9.6</i>	<i>9.9</i>	<i>9.3</i>	<i>8.5</i>	<i>9.3</i>	<i>9.8</i>	<i>9.0</i>	<i>9.1</i>	<i>9.0</i>	<i>8.9</i>
EBIT	8.6	10.2	9.9	10.4	39.1	10.0	10.7	10.5	10.5	41.7	45.9	49.2
<i>EBIT margin (%)</i>	<i>6.0</i>	<i>6.6</i>	<i>7.0</i>	<i>6.8</i>	<i>6.6</i>	<i>6.1</i>	<i>6.8</i>	<i>7.1</i>	<i>6.5</i>	<i>6.6</i>	<i>6.9</i>	<i>7.0</i>
Net financial items	0.1	-0.6	-0.8	-1.3	-2.6	-0.7	-0.4	-0.4	-0.4	-1.9	-0.4	-0.4
Pre-tax profit	8.7	9.6	9.1	9.1	36.5	9.3	10.3	10.1	10.1	39.8	45.5	48.8
Tax	-1.2	-1.4	-2.4	0.1	-4.9	-1.7	-2.5	-2.4	-2.4	-9.0	-10.9	-11.7
<i>Tax rate (%)</i>	<i>13.8</i>	<i>14.6</i>	<i>26.4</i>	<i>-1.1</i>	<i>13.4</i>	<i>18.3</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>	<i>22.7</i>	<i>24.0</i>	<i>24.0</i>
Net profit	7.5	8.2	6.7	9.2	31.6	7.6	7.8	7.7	7.7	30.8	34.6	37.1
EPS	0.12	0.13	0.10	0.14	0.49	0.12	0.12	0.12	0.12	0.48	0.54	0.58
EPS adjusted (diluted no. of shares)	0.12	0.13	0.10	0.14	0.49	0.12	0.12	0.12	0.12	0.48	0.54	0.58
Dividend per share	0.00	0.00	0.00	0.00	0.17	0.00	0.00	0.00	0.00	0.18	0.19	0.20
SALES, EURm												
Group	144.1	155.5	141.7	154.0	595.3	163.3	157.7	147.5	161.8	630.3	665.8	702.5
Total	144.1	155.5	141.7	154.0	595.3	163.3	157.7	147.5	161.8	630.3	665.8	702.5
SALES GROWTH, Y/Y %												
Group	10.9	9.0	-7.0	-0.4	2.7	13.3	1.4	4.1	5.1	5.9	5.6	5.5
Total	10.9	9.0	-7.0	-0.4	2.7	13.3	1.4	4.1	5.1	5.9	5.6	5.5
EBIT, EURm												
Group	8.6	10.2	9.9	10.4	39.1	10.0	10.7	10.5	10.5	41.7	45.9	49.2
Total	8.6	10.2	9.9	10.4	39.1	10.0	10.7	10.5	10.5	41.7	45.9	49.2
EBIT margin, %												
Group	6.0	6.6	7.0	6.8	6.6	6.1	6.8	7.1	6.5	6.6	6.9	7.0
Total	6.0	6.6	7.0	6.8	6.6	6.1	6.8	7.1	6.5	6.6	6.9	7.0

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	508.0	529.9	563.0	579.4	595.3	630.3	665.8	702.5
<i>Sales growth (%)</i>	<i>34.6</i>	<i>4.3</i>	<i>6.2</i>	<i>2.9</i>	<i>2.7</i>	<i>5.9</i>	<i>5.6</i>	<i>5.5</i>
EBITDA	33.3	40.0	47.2	53.6	55.2	57.5	60.1	62.4
<i>EBITDA margin (%)</i>	<i>6.5</i>	<i>7.5</i>	<i>8.4</i>	<i>9.3</i>	<i>9.3</i>	<i>9.1</i>	<i>9.0</i>	<i>8.9</i>
Depreciation	-11.0	-8.7	-9.4	-14.2	-16.1	-15.8	-14.2	-13.2
EBITA	22.3	31.3	37.8	39.4	39.1	41.7	45.9	49.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	22.3	31.3	37.8	39.4	39.1	41.7	45.9	49.2
<i>EBIT margin (%)</i>	<i>4.4</i>	<i>5.9</i>	<i>6.7</i>	<i>6.8</i>	<i>6.6</i>	<i>6.6</i>	<i>6.9</i>	<i>7.0</i>
Reported EBIT	7.2	31.3	37.8	39.4	39.1	41.7	45.9	49.2
<i>EBIT margin (reported) (%)</i>	<i>1.4</i>	<i>5.9</i>	<i>6.7</i>	<i>6.8</i>	<i>6.6</i>	<i>6.6</i>	<i>6.9</i>	<i>7.0</i>
Net financials	-1.2	1.3	-1.7	-1.3	-2.6	-1.9	-0.4	-0.4
Pre-tax profit	21.1	32.6	36.1	38.1	36.5	39.8	45.5	48.8
Taxes	-6.0	-6.8	-8.3	-5.9	-4.9	-9.0	-10.9	-11.7
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.0	25.8	27.8	32.2	31.6	30.8	34.6	37.1
Cash NRIs	-15.1	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	57	62	64	68	61	57	55	55
Goodwill	11	10	10	8	8	8	8	8
Right of use assets	0	0	15	21	18	19	20	21
Inventory	85	101	96	102	103	107	113	119
Receivables	92	108	104	115	116	116	122	129
Liquid funds	20	21	28	20	26	32	50	69
Total assets	267	307	321	340	339	346	376	408
Liabilities								
Shareholder's equity	108	125	148	167	183	203	226	251
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	15	19	16	19	20	21
Deferred taxes	3	5	5	7	6	6	6	6
Interest bearing debt	60	61	52	44	24	1	0	0
Non-interest bearing current liabilities	88	113	99	96	103	110	117	123
Other interest-free debt	1	2	2	7	7	7	7	7
Total liabilities	267	307	321	340	339	346	376	408
CASH FLOW, EURm								
+ EBITDA	33	40	47	54	55	58	60	62
- Net financial items	-1	2	-2	-1	-3	-2	0	0
- Taxes	-5	-8	-7	-5	-7	-9	-11	-12
- Increase in Net Working Capital	-6	-6	-9	-15	5	3	-6	-6
+/- Other	-5	-6	0	0	0	0	0	0
= Cash flow from operations	16	22	29	32	50	50	43	44
- Capex	-5	-21	-10	-24	-6	-13	-13	-14
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	10	2	19	8	44	37	29	30
+/- New issues/buybacks	13	-4	3	-6	-6	0	0	0
- Paid dividend	-5	-6	-7	-8	-10	-11	-12	-12
+/- Other	-21	8	-7	-1	-23	-20	0	1
Change in cash	-2	0	8	-8	5	6	18	19

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	272	281	336	417	516	516	516
Net debt (excl. convertibles)	41	39	43	15	-12	-29	-47
Enterprise value	312	320	379	431	505	487	469
Sales	530	563	579	595	630	666	703
EBITDA	40	47	54	55	58	60	62
EBIT	31	38	39	39	42	46	49
Pre-tax	33	36	38	37	40	46	49
Earnings	26	28	32	32	31	35	37
Equity book value (excl. minorities)	125	148	167	183	203	226	251
Valuation multiples							
EV/sales	0.6	0.6	0.7	0.7	0.8	0.7	0.7
EV/EBITDA	7.8	6.8	7.1	7.8	8.8	8.1	7.5
EV/EBITA	10.0	8.5	9.6	11.0	12.1	10.6	9.5
EV/EBIT	10.0	8.5	9.6	11.0	12.1	10.6	9.5
EV/OCF	14.0	11.0	11.9	8.6	10.1	11.4	10.7
EV/FCFF	29.5	15.5	25.7	10.0	12.8	15.9	14.8
P/FCFE	169.7	14.9	44.7	9.6	14.0	17.6	17.1
P/E	10.5	10.1	10.4	13.2	16.8	14.9	13.9
P/B	2.2	1.9	2.0	2.3	2.5	2.3	2.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.2	8.5	7.9
Target EV/EBIT	0.0	0.0	0.0	0.0	12.7	11.2	10.1
Target EV/FCF	0.0	0.0	0.0	0.0	14.4	17.5	16.4
Target P/B	0.0	0.0	0.0	0.0	2.7	2.4	2.2
Target P/E	0.0	0.0	0.0	0.0	17.6	15.7	14.7
Per share measures							
Number of shares	63,895	63,895	63,895	63,895	63,895	63,895	63,895
Number of shares (diluted)	63,895	63,895	63,895	63,895	63,895	63,895	63,895
EPS	0.40	0.44	0.50	0.49	0.48	0.54	0.58
Operating cash flow per share	0.35	0.45	0.50	0.78	0.78	0.67	0.69
Free cash flow per share	0.03	0.30	0.12	0.68	0.58	0.46	0.47
Book value per share	1.95	2.32	2.61	2.86	3.17	3.54	3.93
Dividend per share	0.11	0.13	0.15	0.17	0.18	0.19	0.20
Dividend payout ratio, %	27.2	29.9	29.8	34.4	37.4	35.1	34.5
Dividend yield, %	2.6	3.0	2.9	2.1	2.2	2.4	2.5
FCF yield, %	0.6	6.7	2.2	10.4	7.2	5.7	5.8
Efficiency measures							
ROE	22.2	20.4	20.4	18.1	16.0	16.1	15.5
ROCE	17.7	18.8	17.7	17.3	18.7	19.6	19.0
Financial ratios							
Inventories as % of sales	19.0	17.0	17.6	17.4	17.0	17.0	17.0
Receivables as % of sales	20.5	18.4	19.8	19.4	18.4	18.4	18.3
Non-interest bearing liabilities as % of sales	21.3	17.5	16.6	17.3	17.5	17.5	17.5
NWC/sales, %	17.7	17.5	19.7	18.3	16.8	16.8	16.9
Operative CAPEX/sales, %	3.9	1.8	4.2	1.1	2.0	2.0	1.9
CAPEX/sales (incl. acquisitions), %	3.9	1.8	4.2	1.1	2.0	2.0	1.9
FCFF/EBITDA	0.3	0.4	0.3	0.8	0.7	0.5	0.5
Net debt/EBITDA, book-weighted	1.0	0.8	0.8	0.3	-0.2	-0.5	-0.8
Debt/equity, market-weighted	0.2	0.2	0.1	0.1	0.0	0.0	0.0
Equity ratio, book-weighted	40.6	46.2	49.0	53.9	58.6	60.1	61.4
Gearing, %	32.7	26.0	25.6	7.9	-5.7	-13.0	-18.9

COMPANY DESCRIPTION: Scanfil is a contract electronics manufacturer based in Sievi, Finland, operating a global plant network with nine 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	9,913,146	80.098	15.5%
Takanen Jarkko	8,596,169	69.457	13.5%
Varikot Oy	7,606,442	61.460	11.9%
Takanen Jorma	6,129,305	49.525	9.6%
Tolonen Jonna	3,351,950	27.084	5.2%
Pöllä Reijo	3,328,745	26.896	5.2%
Laakkonen Mikko	2,531,187	20.452	4.0%
Takanen Martti	1,947,018	15.732	3.0%
Foundation of Riitta and Jorma J.Takanen	1,900,000	15.352	3.0%
Sijoitusrahasto Aktia Capital	1,688,000	13.639	2.6%
Ten largest	46,991,962	379.695	74%
Residual	16,903,477	136.580	26%
Total	63,895,439	516.275	100%

EARNINGS CALENDAR

August 06, 2021	Q2 report
October 26, 2021	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Kai Valo	Tel: +358 8 48 82 111
IR: Pasi Hiedanpää	

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

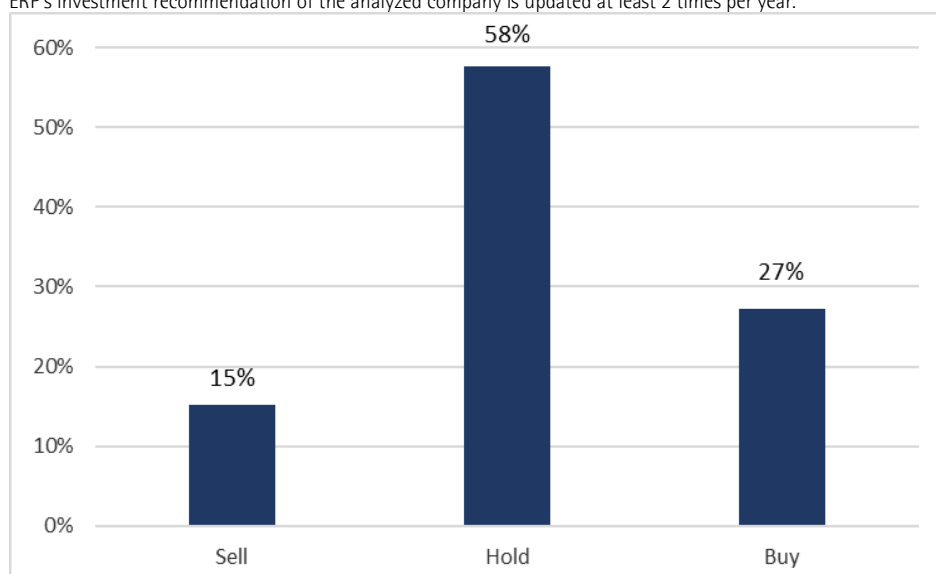
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Investment recommendations are defined as follows:

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.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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