

W&E business hurting from corona

Vaisala issued yesterday a profit warning due to estimated impacts related to the coronavirus pandemic. Consequently, we've revised down our estimates for 2020. Despite Vaisala being a great company, we see current valuation unattractive given the weakened financial outlook. We maintain our SELL with new target price of 25 euros (prev. 29.5).

W&E's project and services business suffering from corona

Vaisala expects delays or interruptions particularly in project and services deliveries due to the extensive restrictions imposed by governments and authorities. Demand in W&E has to some extent already weakened and Vaisala estimates that the situation will become more challenging as governments have tighter budgets, especially in emerging markets. The profit warning did not come as a complete surprise given that Vaisala's largest segment, W&E, consists roughly 40-45% of projects and services, and the growth is very dependent on investments from emerging market governments. Vaisala does not expect demand for IM to change materially, but growth will slow down from last year (+22.2%).

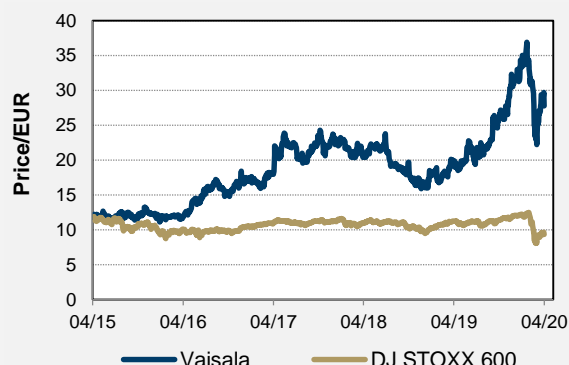
New guidance broader as predicting is currently difficult

Vaisala's now expects 2020 sales will be between 370-405 MEUR and EBIT between 34-46 MEUR (prev. sales 400-425 MEUR and EBIT 38-48 MEUR). The outlook's range for both net sales and EBIT is wide due to high uncertainty related to the duration and impact of coronavirus pandemic as well as unknown speed of recovery. Vaisala will provide an update to its market outlook in connection with its Q1 report due next week on Tuesday 28th.

Valuation still stretched given weakened financial outlook

Based on the new outlook, we have cut our estimates for 2020e and the coming years. For 2020e, we've cut our sales and EBIT estimates with 8% and 20% respectively. We expect 2020e net sales to decline 3% to 390 MEUR and reported EBIT to decline to 34.9 MEUR, mainly due to lower performance in W&E. On our renewed estimates, Vaisala is still trading at clear premiums compared to our peer group, which we do not see justified given the financial performance outlook currently weighed down by W&E. We maintain our SELL with new target price of 25 euros (prev. 29.5). Our target price values Vaisala at 20e EV/EBIT multiple of 25x which is still above peer group, reflecting Vaisala's strong sustainability profile, growing dividend, and especially IM's highly profitable growth with possibility of further add-on acquisitions.

Rating



Share price, EUR (Last trading day's closing price) 27.75

Target price, EUR 25.0

Latest change in recommendation 13-Feb-20

Latest report on company 13-Feb-20

Research paid by issuer: YES

No. of shares outstanding, '000's 35,881

No. of shares fully diluted, '000's 35,881

Market cap, EURm 996

Free float, % -

Exchange rate EUR/USD -

Reuters code VAIAS.HE

Bloomberg code VAIAS FH

Average daily volume, EURm -

Next interim report 28-Apr-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	348.8	39.0	11.2%	-17.7	0.83	22.2	1.8	16.4	-2.7	0.58
2019	403.6	41.1	10.2%	4.6	0.93	34.6	2.9	28.1	0.4	0.61
2020E	390.2	34.9	8.9%	31.2	0.77	36.2	2.5	28.2	3.1	0.63
2021E	409.1	47.0	11.5%	36.3	1.05	26.5	2.4	20.6	3.6	0.65
2022E	430.2	53.0	12.3%	38.0	1.11	25.0	2.2	18.0	3.8	0.68
Market cap, EURm		996	Gearing 2020E, %			-6.9	CAGR EPS 2019-22, %			5.8
Net debt 2020E, EURm		-14	Price/book 2020E			4.9	CAGR sales 2019-22, %			2.2
Enterprise value, EURm		981	Dividend yield 2020E, %			2.3	ROE 2020E, %			13.7
Total assets 2020E, EURm		353	Tax rate 2020E, %			20.0	ROCE 2020E, %			14.1
Goodwill 2020E, EURm		55	Equity ratio 2020E, %			57.8	PEG, P/E 20/CAGR			2.1

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

VAISALA PEER GROUP	Security identifier	EBIT %	EBIT %	EBITDA %	EBITDA %	ROCE %	ROCE %
		20E	21E	20E	21E	20E	21E
Keysight Technologies	KEYS-US	24,0	24,9	27,5	27,9	16,6	16,2
National Instruments Corp.	NATI-US	15,6	0,0	19,8	21,8	13,3	14,6
Spectris	SXS-GB	13,6	15,0	17,9	19,0	12,9	14,2
Oxford Instruments	OXIG-GB	13,3		15,7	16,8	16,1	16,6
Trimble	TRMB-US	17,0	19,1	20,1	21,7	9,4	10,7
Hexagon	HEXA.B-SE	23,0	25,0	32,6	34,2	9,3	10,5
Peer Group Average		17,7	21,0	22,3	23,5	12,9	13,8
Peer Group Median		16,3	22,0	19,9	21,7	13,1	14,4
Vaisala (Evli est.)		8,9	11,5	14,6	17,6	14,1	19,1

Premium/discount to peer median

-45 % -48 % -27 % -19 % 8 % 32 %

VAISALA PEER GROUP	Security identifier	ROE %	ROE %	DIV %	DIV %	P/E	P/E
		20E	21E	20E	21E	20E	21E
Keysight Technologies	KEYS-US	28	25	0,0	0,0	19,3x	17,6x
National Instruments Corp.	NATI-US	14	12	2,8	2,9	28,8x	30,2x
Spectris	SXS-GB	11	13	2,2	2,7	19,8x	16,7x
Oxford Instruments	OXIG-GB	13	13	1,1	1,2	24,1x	21,3x
Trimble	TRMB-US	12	13	0,0	0,0	19,7x	16,1x
Hexagon	HEXA.B-SE	11	12	1,4	1,6	22,1x	18,7x
Peer Group Average		14,8	14,9	1,3	1,4	22,3x	20,1x
Peer Group Median		12,2	13,0	1,3	1,4	21,0x	18,2x
Vaisala (Evli est.)		13,7	17,8	2,3	2,3	36,2	26,5

Premium/discount to peer median

12 % 37 % 78 % 66 % 73 % 46 %

VAISALA PEER GROUP	Security identifier	EV/S	EV/S	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT
		20E	21E	20E	21E	20E	21E
Keysight Technologies	KEYS-US	4,1x	3,9x	14,9x	14,1x	17,0x	15,8x
National Instruments Corp.	NATI-US	3,4x	3,1x	17,4x	14,4x	22,1x	17,9x
Spectris	SXS-GB	2,1x	1,9x	11,5x	10,0x	15,1x	12,6x
Oxford Instruments	OXIG-GB	2,1x	1,9x	13,1x	11,5x	15,4x	13,5x
Trimble	TRMB-US	3,0x	2,7x	15,1x	12,4x	17,9x	14,0x
Hexagon	HEXA.B-SE	4,5x	4,0x	13,9x	11,8x	19,7x	16,1x
Peer Group Average		3,2x	2,9x	14,3x	12,4x	17,9x	15,0x
Peer Group Median		3,2x	2,9x	14,4x	12,1x	17,5x	14,9x
Vaisala (Evli est.)		2,5x	2,4x	17,3x	13,8x	28,2x	20,6x

Premium/discount to peer median

-22 % -19 % 20 % 14 % 61 % 38 %

VAISALA PEER GROUP	Security identifier	Sales growth	Sales growth	Net debt / EBITDA	Net debt / EBITDA	Equity ratio %	Equity ratio %
		20E	21E	20E	21E	20E	21E
Keysight Technologies	KEYS-US	2,5%	5,3%	0,2x	0,3x	48,7	54,1
National Instruments Corp.	NATI-US	-3,1%	0,0%	-1,1x	-1,2x	74,0	75,9
Spectris	SXS-GB	-14,6%	6,4%	-0,1x	-0,3x	67,4	67,5
Oxford Instruments	OXIG-GB	-8,6%		-1,3x	-1,5x	61,5	64,3
Trimble	TRMB-US	-4,9%	8,0%	2,2x	1,3x	49,5	52,7
Hexagon	HEXA.B-SE	-4,7%	8,7%	1,4x	0,8x	59,1	60,1
Peer Group Average		-5,6%	7,1%	0,2x	-0,1x	60,0	62,4
Peer Group Median		-4,8%	7,2%	0,0x	0,0x	60,3	62,2
Vaisala (Evli est.)		-3,3%	4,8%	-0,2x	-0,4x	57,8	60,6

Premium/discount to peer median

-31 % -32 % -658 % -1808 % -4 % -3 %

VAISALA PEER GROUP	Security identifier	P/B	P/B
		20E	21E
Keysight Technologies	KEYS-US	4,9	4,1
National Instruments Corp.	NATI-US	3,9	3,6
Spectris	SXS-GB	2,2	2,1
Oxford Instruments	OXIG-GB	3,0	2,7
Trimble	TRMB-US	2,2	2,0
Hexagon	HEXA.B-SE	2,4	2,2
Peer Group Average		3,1	2,8
Peer Group Median		2,7	2,5
Vaisala (Evli est.)		4,9	4,9

Premium/discount to peer median

82 % 97 %

Source: Factset, Evli Research

Electronic Equipment & Instruments/Finland, April 22, 2020
Company update

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1E	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	84.2	96.1	105.2	118.1	403.6	84.5	93.6	100.9	111.2	390.2	409.1	430.2
EBITDA	6.3	13.0	21.8	23.6	64.7	7.6	10.8	19.0	19.4	56.9	70.0	75.0
<i>EBITDA margin (%)</i>	<i>7.5</i>	<i>13.5</i>	<i>20.7</i>	<i>20.0</i>	<i>16.0</i>	<i>9.0</i>	<i>11.5</i>	<i>18.9</i>	<i>17.5</i>	<i>14.6</i>	<i>17.1</i>	<i>17.4</i>
EBIT	0.0	7.2	16.3	17.6	41.1	2.1	5.3	13.5	13.9	34.9	47.0	53.0
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>7.5</i>	<i>15.5</i>	<i>14.9</i>	<i>10.2</i>	<i>2.5</i>	<i>5.6</i>	<i>13.4</i>	<i>12.5</i>	<i>8.9</i>	<i>11.5</i>	<i>12.3</i>
Net financial items	0.2	-0.7	0.6	-1.1	-1.0	-0.2	0.3	-0.2	-0.2	-0.5	0.0	0.0
Pre-tax profit	0.2	6.5	16.9	16.5	40.1	1.9	5.5	13.3	13.7	34.4	47.0	53.0
Tax	0.0	-1.4	-3.6	-1.5	-6.5	-0.4	-1.1	-2.7	-2.7	-6.9	-9.4	-13.2
<i>Tax rate (%)</i>	<i>25.0</i>	<i>21.5</i>	<i>21.3</i>	<i>9.2</i>	<i>16.4</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>25.0</i>
Net profit	0.2	5.1	13.3	15.0	33.5	1.5	4.4	10.6	11.0	27.5	37.6	39.8
EPS	0.00	0.14	0.37	0.42	0.93	0.04	0.12	0.30	0.31	0.77	1.05	1.11
EPS adjusted (diluted no. of shares)	0.00	0.14	0.37	0.42	0.93	0.04	0.12	0.30	0.31	0.77	1.05	1.11
Dividend per share	0.00	0.00	0.00	0.00	0.61	0.00	0.00	0.00	0.00	0.63	0.65	0.68
SALES, EURm												
Weather and Environment	49.6	60.7	69.1	81.9	261.3	48.0	56.2	63.1	73.5	240.8	249.2	259.1
Industrial Measurements	34.6	35.4	36.1	36.3	142.4	36.5	37.4	37.8	37.7	149.4	159.9	171.1
Total	84.2	96.1	105.2	118.1	403.6	84.5	93.6	100.9	111.2	390.2	409.1	430.2
SALES GROWTH, Y/Y %												
<i>Weather and Environment</i>	<i>3.1</i>	<i>16.7</i>	<i>26.6</i>	<i>5.5</i>	<i>12.5</i>	<i>-3.2</i>	<i>-7.4</i>	<i>-8.7</i>	<i>-10.2</i>	<i>-7.8</i>	<i>3.5</i>	<i>4.0</i>
<i>Industrial Measurements</i>	<i>22.7</i>	<i>26.0</i>	<i>22.4</i>	<i>18.1</i>	<i>22.2</i>	<i>5.5</i>	<i>5.6</i>	<i>4.7</i>	<i>4.0</i>	<i>5.0</i>	<i>7.0</i>	<i>7.0</i>
Total	10.4	20.0	25.1	9.0	15.7	0.4	-2.6	-4.1	-5.8	-3.3	4.8	5.2

Electronic Equipment & Instruments/Finland, April 22, 2020
Company update

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	318.6	319.2	332.6	348.8	403.6	390.2	409.1	430.2
<i>Sales growth (%)</i>	<i>6.3</i>	<i>0.2</i>	<i>4.2</i>	<i>4.9</i>	<i>15.7</i>	<i>-3.3</i>	<i>4.8</i>	<i>5.2</i>
EBITDA	44.6	46.3	50.3	51.1	64.7	56.9	70.0	75.0
<i>EBITDA margin (%)</i>	<i>14.0</i>	<i>14.5</i>	<i>15.1</i>	<i>14.7</i>	<i>16.0</i>	<i>14.6</i>	<i>17.1</i>	<i>17.4</i>
Depreciation	-14.7	-13.5	-9.5	-12.1	-23.6	-22.0	-23.0	-22.0
EBITA	29.9	32.8	40.8	39.0	41.1	34.9	47.0	53.0
Goodwill amortization / writedown	-0.4	-10.6	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	29.5	22.2	40.8	39.0	41.1	34.9	47.0	53.0
<i>EBIT margin (%)</i>	<i>9.3</i>	<i>7.0</i>	<i>12.3</i>	<i>11.2</i>	<i>10.2</i>	<i>8.9</i>	<i>11.5</i>	<i>12.3</i>
Reported EBIT	29.5	22.2	40.8	39.0	41.1	34.9	47.0	53.0
<i>EBIT margin (reported) (%)</i>	<i>9.3</i>	<i>7.0</i>	<i>12.3</i>	<i>11.2</i>	<i>10.2</i>	<i>8.9</i>	<i>11.5</i>	<i>12.3</i>
Net financials	3.4	-0.2	-2.8	-1.4	-1.0	-0.5	0.0	0.0
Pre-tax profit	32.9	22.0	38.0	37.6	40.1	34.4	47.0	53.0
Taxes	-5.5	-3.3	-10.9	-8.0	-6.5	-6.9	-9.4	-13.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	27.4	18.7	27.1	29.6	33.5	27.5	37.6	39.8
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	63	46	46	72	83	81	80	78
Goodwill	16	17	16	55	55	55	55	55
Right of use assets	0	0	0	12	12	12	12	13
Inventory	39	32	29	32	40	38	40	42
Receivables	77	78	84	93	105	102	107	112
Liquid funds	59	72	91	73	56	55	57	60
Total assets	264	255	274	347	361	353	361	371
Liabilities								
Shareholder's equity	181	179	186	183	198	204	219	235
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	12	11	12	12	13
Deferred taxes	5	0	1	9	8	8	8	8
Interest bearing debt	0	0	0	41	40	29	17	5
Non-interest bearing current liabilities	75	71	81	89	94	90	95	100
Other interest-free debt	3	4	5	9	7	7	7	7
Total liabilities	264	255	274	347	361	353	361	371
CASH FLOW, EURm								
+ EBITDA	45	46	50	51	65	57	70	75
- Net financial items	59	0	-3	-1	-1	0	0	0
- Taxes	-7	-9	-7	-9	-8	-7	-9	-13
- Increase in Net Working Capital	2	2	7	-4	-16	2	-2	-3
+/- Other	-59	3	2	11	0	0	0	0
= Cash flow from operations	39	42	49	48	40	51	58	59
- Capex	-8	-8	-8	-14	-35	-20	-22	-21
- Acquisitions	0	0	-2	-52	0	0	0	0
+ Divestments	0	1	0	0	0	0	0	0
= Free cash flow	31	35	39	-18	5	31	36	38
+/- New issues/buybacks	0	-4	-2	5	3	0	0	0
- Paid dividend	-16	-17	-18	-37	-21	-22	-23	-23
+/- Other	-3	-1	0	31	-3	-11	-11	-12
Change in cash	12	13	19	-19	-16	-2	3	3

Electronic Equipment & Instruments/Finland, April 22, 2020
Company update

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	602	794	659	1,159	996	996	996
Net debt (excl. convertibles)	-72	-91	-20	-5	-14	-28	-42
Enterprise value	529	703	638	1,154	981	968	953
Sales	319	333	349	404	390	409	430
EBITDA	46	50	51	65	57	70	75
EBIT	22	41	39	41	35	47	53
Pre-tax	22	38	38	40	34	47	53
Earnings	19	27	30	34	27	38	40
Equity book value (excl. minorities)	179	186	183	198	204	219	235
Valuation multiples							
EV/sales	1.7	2.1	1.8	2.9	2.5	2.4	2.2
EV/EBITDA	11.4	14.0	12.5	17.8	17.3	13.8	12.7
EV/EBITA	16.1	17.2	16.4	28.1	28.2	20.6	18.0
EV/EBIT	23.8	17.2	16.4	28.1	28.2	20.6	18.0
EV/OCF	12.7	14.3	13.2	28.9	19.2	16.6	16.1
EV/FCFF	14.9	17.1	-38.5	141.1	27.9	23.7	22.3
P/FCFE	34.0	40.6	-37.2	250.6	31.9	27.4	26.2
P/E	32.2	29.3	22.2	34.6	36.2	26.5	25.0
P/B	3.4	4.3	3.6	5.8	4.9	4.6	4.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	15.5	12.4	11.4
Target EV/EBIT	0.0	0.0	0.0	0.0	25.3	18.5	16.1
Target EV/FCF	0.0	0.0	0.0	0.0	28.3	23.9	22.5
Target P/B	0.0	0.0	0.0	0.0	4.4	4.1	3.8
Target P/E	0.0	0.0	0.0	0.0	32.6	23.9	22.6
Per share measures							
Number of shares	35,703	35,692	35,790	35,881	35,881	35,881	35,881
Number of shares (diluted)	35,703	35,692	35,790	35,881	35,881	35,881	35,881
EPS	0.52	0.76	0.83	0.93	0.77	1.05	1.11
Operating cash flow per share	1.17	1.38	1.35	1.11	1.43	1.62	1.64
Free cash flow per share	0.99	1.10	-0.49	0.13	0.87	1.01	1.06
Book value per share	5.00	5.20	5.11	5.52	5.68	6.10	6.55
Dividend per share	0.50	1.05	0.58	0.61	0.63	0.65	0.68
Dividend payout ratio, %	95.5	138.3	70.1	65.3	82.3	62.0	61.0
Dividend yield, %	3.0	4.7	3.2	1.9	2.3	2.3	2.4
FCF yield, %	5.9	4.9	-2.7	0.4	3.1	3.6	3.8
Efficiency measures							
ROE	10.4	14.9	16.1	17.6	13.7	17.8	17.5
ROCE	12.4	22.4	18.5	17.0	14.1	19.1	21.2
Financial ratios							
Inventories as % of sales	10.1	8.6	9.2	9.8	9.8	9.8	9.8
Receivables as % of sales	24.3	25.3	26.7	26.0	26.0	26.0	26.0
Non-interest bearing liabilities as % of sales	22.2	24.4	25.5	23.2	23.2	23.2	23.2
NWC/sales, %	12.1	9.5	10.1	12.7	12.7	12.7	12.7
Operative CAPEX/sales, %	2.4	2.5	4.1	8.7	5.1	5.3	4.9
CAPEX/sales (incl. acquisitions), %	2.4	1.9	-10.7	8.7	5.1	5.3	4.9
FCFF/EBITDA	0.8	0.8	-0.3	0.1	0.6	0.6	0.6
Net debt/EBITDA, book-weighted	-1.6	-1.8	-0.4	-0.1	-0.2	-0.4	-0.6
Debt/equity, market-weighted	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	70.0	67.7	52.8	54.9	57.8	60.6	63.5
Gearing, %	-40.5	-49.2	-11.0	-2.5	-6.9	-12.7	-18.1

COMPANY DESCRIPTION: Vaisala develops, manufactures and markets products and services for environmental and industrial measurement. Vaisala's strategy relies on R&D and focusing on technology leadership in its selected segments. Vaisala has two segments: Weather & Environment (W&E), and Industrial Measurement (IM). The W&E customers include meteorological institutes, airports, roads and railroad, defense, and energy industry. IM serves industrial customers in life science, power transmission, and targeted industrial applications offering a broad range of measurement instruments to ensure operational quality and productivity. Headquartered in Finland, Vaisala employs around 1,850 professionals worldwide.

INVESTMENT CASE: Vaisala should continue to profitably grow due to continued good growth in IM, with possible additional organic and non-organic opportunities in other niche areas supporting growth, and a more stable outlook for W&E. Vaisala benefits from its strong R&D based market leadership in both segments, with main profitability drivers being economies of scale and increasing share of IM sales. The healthy business and strong net cash position support ability to pay an increasing dividend.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Novamator Oy	3,774,792	104.750	10.5%
Nordea Bank Ab (publ), Finnish Branch	3,186,914	88.437	8.9%
Skandinaviska Enskilda Banken Ab (publ) Helsinki Branch	2,247,215	62.360	6.3%
Finnish Academy of Science and Letters	2,130,832	59.131	5.9%
Mandatum Life Insurance Company Ltd.	1,533,300	42.549	4.3%
Nordea Nordic Small Cap Fund	1,475,832	40.954	4.1%
Ilmarinen Mutual Pension Insurance Company	1,470,628	40.810	4.1%
Weisell-Säätiö Sr	1,440,000	39.960	4.0%
Voipio Mikko	1,268,312	35.196	3.5%
Caspers Anja	969,496	26.904	2.7%
Ten largest	19,497,321	541.051	54%
Residual	16,383,679	454.647	46%
Total	35,881,000	995.698	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Kjell Forsén

CFO: Kaarina Muurinen

IR: Paula Liimatta

Vanha Nurmijärventie 21, 01670 Vantaa

Tel:

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

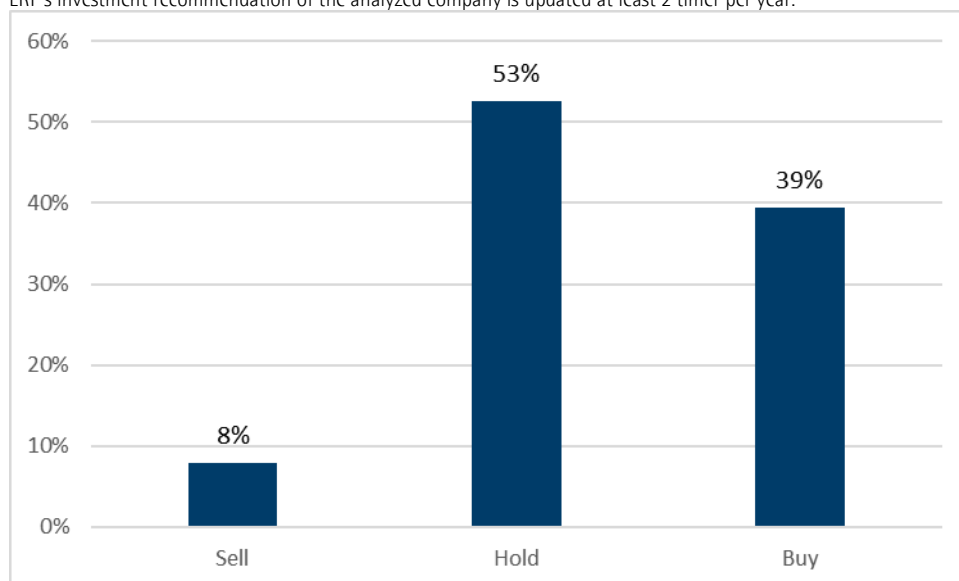
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Investment recommendations are defined as follows:

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 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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