

Larger EBIT gain to materialize in '20

We met with Aspo's management to discuss near term outlook for ESL and Telko. Based on the discussions, we revise our estimates for 2019-20. While in our view Aspo companies are on a steady track towards higher EBIT margins, we acknowledge that our estimates have been too optimistic, especially for 2019. We update our projections to reflect the fact that the earnings improvement trajectory for ESL and Telko is likely to play out over a longer period than we previously expected.

We now expect flat H1'19 EBIT for ESL Shipping

Whereas we previously expected close to EUR 7m quarterly EBIT for ESL starting from the beginning of Q2'19, we now expect the second quarter to stay relatively muted (EUR 4m EBIT). Compared to our initial expectations, we now see it will take longer for ESL to reach the two new LNG vessels' optimal performance level. While the crane issue should be fixed by the end of Q1, it will be a few more months before operational efficiency will achieve the desired standards. We expect ESL to demonstrate more significant EBIT improvement during the second half of 2019, and we estimate a quarterly EBIT above EUR 6m to be feasible after 2019.

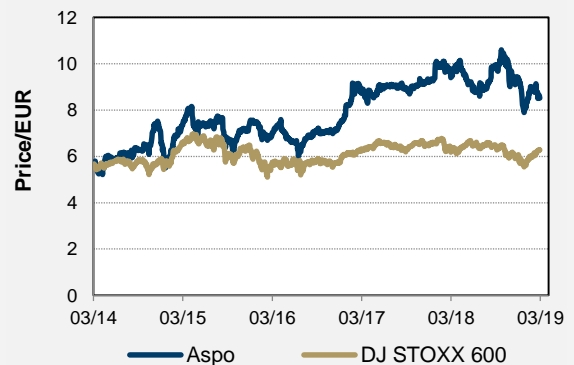
Telko's 2019 EBIT margin to improve by 30bps

Telko's EBIT margin improved by 40bps in 2018, reaching 4.5%. Whereas we previously expected further margin expansion to the tune of 100bps in 2019, we now moderate our estimate to equal a 30bps increase. Procurement efficiency will improve slower than we estimated earlier. Telko's stated target for 2020 is an EBIT margin of 6-7%. We now expect Telko to reach this target only during the last quarter of 2020.

Our rating is BUY, target EUR 9.50 (9.75) per share

Aspo now trades at 13.6x our 2019e EBIT. We update our target price to EUR 9.50 (9.75) per share based on SOTP and DCF valuations. Our rating remains BUY.

Rating BUY



Share price, EUR (Price at Mar 1, 2019, 13:00) 8.48

Target price, EUR 9.50

Latest change in recommendation 14-Feb-19

Latest report on company 14-Feb-19

Research paid by issuer: YES

No. of shares outstanding, '000's 31,420

No. of shares fully diluted, '000's 31,420

Market cap, EURm 266

Free float, % -

Exchange rate EUR/RUB -

Reuters code ASPO.HE

Bloomberg code ASPO FH

Average daily volume, EURm 0.1

Next interim report 08-May-19

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BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	502	23	4.6%	21	0.63	16.0	0.9	17.8	19.5	0.43
2018	541	21	3.8%	17	0.44	19.1	0.8	6.8	22.2	0.44
2019E	609	33	5.4%	29	0.83	10.2	0.7	7.3	13.7	0.50
2020E	648	44	6.7%	39	1.13	7.5	0.7	5.2	9.8	0.60
2021E	669	46	6.9%	42	1.22	7.0	0.6	4.8	8.8	0.73
Market cap, EURm		266	BV per share 2019E, EUR			3.2	CAGR EPS 2018-21, %			40.3
Net debt 2019E, EURm		182	Price/book 2019E			2.7	CAGR sales 2018-21, %			7.4
Enterprise value, EURm		449	Dividend yield 2019E, %			5.9	ROE 2019E, %			27.8
Total assets 2019E, EURm		402	Tax rate 2019E, %			7.5	ROCE 2019E, %			10.5
Goodwill 2019E, EURm		42	Equity ratio 2019E, %			24.9	PEG, P/E 19/CAGR			0.6

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

Sum-of-the-parts valuation

	EV/EBIT
ESL SHIPPING PEER GROUP	19
Golden Ocean Group Ltd	16.1x
Ship Finance International Limited	16.8x
Pangaea Logistics Solutions Ltd.	3.9x
Star Bulk Carriers Corp.	11.8x
Navios Maritime Partners LP	10.2x
Genco Shipping & Trading Ltd	6.3x
Diana Shipping Inc.	11.5x
Scorpio Bulkers, Inc.	21.0x
Safe Bulkers, Inc.	12.3x
Seenergy Maritime Holdings Corp.	
Euroseas Ltd.	
Peer Group Average	12.2x
Peer Group Median	11.8x

	EV/EBIT
TELKO PEER GROUP	19
Brenntag AG	11.1x
Nexeo Solutions, Inc.	11.2x
IMCD N.V.	21.1x
Univar, Inc.	10.9x
PT AKR Corporindo Tbk	16.9x
Sinochem International Corp	
Peer Group Average	14.2x
Peer Group Median	11.2x

SOTP Analysis

Group company	Metric	Est., EURM	Multiple*	EV
ESL	2019 EBIT	18.5	11.8x	218
Telko	2019 EBIT	13.8	11.2x	155
Leipurin	2019 EBIT	4.2	13.9x	59
Kauko	2019 EBIT	0.5	11.9x	6.5
Other operations	2019 EBIT	-4.4	11.9x	-52
Total				386
Net debt (end 2019, Evli est.), including hybrid				159
Equity value				227
Per share				7.2

*Peer group median (OMX H 25 for Kauko and other operations), source: FactSet

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	8.48 PV of Free Cash Flow	279 Long-term growth, %	1.0 Risk-free interest rate, %	2.25
DCF share value	11.73 PV of Horizon value	282 WACC, %	7.4 Market risk premium, %	5.8
Share price potential, %	38.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	13.1 Marketable securities	27 Minimum WACC, %	6.9 Equity beta coefficient	1.00
Minimum value	10.5 Debt - dividend	-220 Maximum WACC, %	7.9 Target debt ratio, %	35
Horizon value, %	50.3 Value of stock	368 Nr of shares, Mn	31.4 Effective tax rate, %	10

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	541	609	648	669	688	706	720	734	745	756	764	772
<i>Sales growth, %</i>	<i>7.7</i>	<i>12.6</i>	<i>6.4</i>	<i>3.2</i>	<i>2.9</i>	<i>2.5</i>	<i>2.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>	<i>1.0</i>	<i>1.0</i>
Operating income (EBIT)	21	33	44	46	51	49	47	44	41	42	42	42
<i>EBIT margin, %</i>	<i>3.8</i>	<i>5.4</i>	<i>6.7</i>	<i>6.9</i>	<i>7.4</i>	<i>7.0</i>	<i>6.5</i>	<i>6.0</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>
+ Depreciation+amort.	12	13	15	15	14	13	13	13	13	13	13	
- Income taxes	-2	-2	-3	-3	-4	-4	-4	-4	-3	-3	-3	
- Change in NWC	9	-7	-4	-2	-2	-2	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-72	-8	-7	-11	2	-13	-12	-12	-15	-15	-15	-15
<i>Investments / Sales, %</i>	<i>13.3</i>	<i>1.3</i>	<i>1.1</i>	<i>1.6</i>	<i>-0.3</i>	<i>1.9</i>	<i>1.7</i>	<i>1.7</i>	<i>2.0</i>	<i>2.0</i>	<i>1.9</i>	<i>1.9</i>
- Other items	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	0	
= Unlevered Free CF (FCF)	-34	27	43	43	60	42	41	38	33	34	36	571
= Discounted FCF (DFCF)		26	38	35	46	30	27	24	19	18	18	282
= DFCF min WACC		26	38	36	47	30	28	24	20	19	19	320
= DFCF max WACC		25	37	35	45	29	26	23	18	17	17	250

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1E	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	115	133	136	157	541	137	155	159	159	609	648	669
EBITDA	7	10	10	6	32	9	11	13	13	46	58	61
<i>EBITDA margin (%)</i>	<i>5.8</i>	<i>7.3</i>	<i>7.4</i>	<i>3.7</i>	<i>6.0</i>	<i>6.3</i>	<i>7.3</i>	<i>8.3</i>	<i>7.9</i>	<i>7.5</i>	<i>9.0</i>	<i>9.1</i>
EBIT	4	7	7	3	21	5	8	10	9	33	44	46
<i>EBIT margin (%)</i>	<i>3.2</i>	<i>5.4</i>	<i>5.3</i>	<i>1.7</i>	<i>3.8</i>	<i>4.0</i>	<i>5.2</i>	<i>6.3</i>	<i>5.9</i>	<i>5.4</i>	<i>6.7</i>	<i>6.9</i>
Net financial items	-1	-1	-1	-1	-4	-1	-1	-1	-1	-3	-4	-4
Pre-tax profit	3	6	6	2	17	5	7	9	9	29	39	42
Tax	0	-1	0	0	-2	0	0	-1	-1	-2	-3	-3
<i>Tax rate (%)</i>	<i>20.0</i>	<i>11.5</i>	<i>4.8</i>	<i>7.0</i>	<i>9.7</i>	<i>10.8</i>	<i>7.0</i>	<i>6.5</i>	<i>7.1</i>	<i>7.5</i>	<i>7.0</i>	<i>7.0</i>
Net profit	2	5	6	0	14	4	7	9	7	26	35	38
EPS	0.06	0.17	0.19	0.02	0.44	0.13	0.21	0.27	0.21	0.83	1.13	1.22
EPS adjusted (diluted no. of shares)	0.06	0.17	0.19	0.02	0.44	0.13	0.21	0.27	0.21	0.83	1.13	1.22
Dividend per share	0.00	0.00	0.00	0.00	0.44	0.00	0.00	0.00	0.00	0.50	0.60	0.73
SALES, EURm												
ESL Shipping	21	23	31	46	120	40	43	44	46	173	190	196
Leipurin	30	31	28	32	121	28	32	30	33	124	126	129
Telko	58	72	67	70	266	64	75	77	74	289	308	321
Kauko	7	7	10	9	34	5	5	7	6	23	23	23
Total	115	133	136	157	541	137	155	159	159	609	648	669
SALES GROWTH, Y/Y %												
<i>ESL Shipping</i>	<i>8.5</i>	<i>15.9</i>	<i>67.2</i>	<i>105.3</i>	<i>51.5</i>	<i>95.6</i>	<i>91.3</i>	<i>44.2</i>	<i>-0.8</i>	<i>44.5</i>	<i>9.8</i>	<i>3.0</i>
<i>Leipurin</i>	<i>2.7</i>	<i>3.7</i>	<i>-6.4</i>	<i>-4.0</i>	<i>-1.1</i>	<i>-5.6</i>	<i>1.3</i>	<i>8.9</i>	<i>5.5</i>	<i>2.4</i>	<i>2.0</i>	<i>2.0</i>
<i>Telko</i>	<i>-9.3</i>	<i>9.1</i>	<i>0.0</i>	<i>6.0</i>	<i>1.5</i>	<i>10.3</i>	<i>4.5</i>	<i>14.5</i>	<i>5.8</i>	<i>8.6</i>	<i>6.7</i>	<i>4.0</i>
<i>Kauko</i>	<i>-2.8</i>	<i>-15.3</i>	<i>-11.1</i>	<i>-19.5</i>	<i>-13.0</i>	<i>-33.0</i>	<i>-33.0</i>	<i>-33.0</i>	<i>-33.0</i>	<i>-33.0</i>	<i>2.0</i>	<i>2.0</i>
Total	-3.1	7.2	7.1	18.3	7.7	18.7	16.5	16.4	1.5	12.6	6.4	3.2
EBIT, EURm												
ESL Shipping	3	4	4	4	15	3	4	6	5	19	25	26
Leipurin	1	1	1	1	3	1	1	1	1	4	5	5
Telko	2	4	3	3	12	3	4	4	4	14	17	19
Kauko	-1	0	1	-4	-5	0	0	0	0	1	1	1
Other operations	-1	-1	-1	-1	-5	-1	-1	-1	-1	-4	-4	-4
Total	4	7	7	3	21	5	8	10	9	33	44	46
EBIT margin, %												
<i>ESL Shipping</i>	<i>12.7</i>	<i>19.0</i>	<i>13.1</i>	<i>9.1</i>	<i>12.6</i>	<i>7.2</i>	<i>9.8</i>	<i>13.6</i>	<i>11.7</i>	<i>10.7</i>	<i>13.2</i>	<i>13.0</i>
<i>Leipurin</i>	<i>2.6</i>	<i>2.9</i>	<i>2.9</i>	<i>2.5</i>	<i>2.7</i>	<i>3.5</i>	<i>3.1</i>	<i>3.5</i>	<i>3.5</i>	<i>3.4</i>	<i>3.9</i>	<i>4.0</i>
<i>Telko</i>	<i>3.8</i>	<i>5.0</i>	<i>4.3</i>	<i>4.9</i>	<i>4.5</i>	<i>4.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>4.8</i>	<i>5.6</i>	<i>6.0</i>
<i>Kauko</i>	<i>-8.7</i>	<i>-5.6</i>	<i>6.7</i>	<i>-48.4</i>	<i>-14.0</i>	<i>2.0</i>	<i>2.4</i>	<i>2.4</i>	<i>2.8</i>	<i>2.4</i>	<i>2.5</i>	<i>2.5</i>
Total	3.2	5.4	5.3	1.7	3.8	4.0	5.2	6.3	5.9	5.4	6.7	6.9

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	483	446	457	502	541	609	648	669
<i>Sales growth (%)</i>	<i>1.4</i>	<i>-7.7</i>	<i>2.6</i>	<i>9.8</i>	<i>7.7</i>	<i>12.6</i>	<i>6.4</i>	<i>3.2</i>
Costs	-448	-413	-425	-467	-509	-564	-590	-609
Reported EBITDA	35	33	32	35	32	46	58	61
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>7.2</i>	<i>7.4</i>	<i>7.0</i>	<i>7.0</i>	<i>6.0</i>	<i>7.5</i>	<i>9.0</i>	<i>9.1</i>
Depreciation	-11	-12	-12	-12	-12	-13	-15	-15
EBITA	23	21	20	23	21	33	44	46
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	23	21	20	23	21	33	44	46
<i>EBIT margin (%)</i>	<i>4.8</i>	<i>4.6</i>	<i>4.5</i>	<i>4.6</i>	<i>3.8</i>	<i>5.4</i>	<i>6.7</i>	<i>6.9</i>
Net financials	-4	1	-3	-2	-4	-3	-4	-4
Pre-tax profit	19	21	17	21	17	29	39	42
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	-1	-1	-1	-2	-2	-2	-3	-3
Minority shares	0	0	0	0	0	0	0	0
Net profit	18	20	16	19	14	26	35	38
BALANCE SHEET, EURm								
Assets								
Fixed assets	127	128	124	128	188	183	176	172
<i>% of sales</i>	<i>26</i>	<i>29</i>	<i>27</i>	<i>25</i>	<i>35</i>	<i>30</i>	<i>27</i>	<i>26</i>
Goodwill	44	43	43	42	42	42	42	42
<i>% of sales</i>	<i>9</i>	<i>10</i>	<i>9</i>	<i>8</i>	<i>8</i>	<i>7</i>	<i>6</i>	<i>6</i>
Inventory	47	48	57	61	59	67	71	74
<i>% of sales</i>	<i>10</i>	<i>11</i>	<i>12</i>	<i>12</i>	<i>11</i>	<i>11</i>	<i>11</i>	<i>11</i>
Receivables	56	58	60	70	70	79	84	87
<i>% of sales</i>	<i>12</i>	<i>13</i>	<i>13</i>	<i>14</i>	<i>13</i>	<i>13</i>	<i>13</i>	<i>13</i>
Liquid funds	19	24	23	20	27	30	32	33
<i>% of sales</i>	<i>4</i>	<i>5</i>	<i>5</i>	<i>4</i>	<i>5</i>	<i>5</i>	<i>5</i>	<i>5</i>
Total assets	298	305	310	321	387	402	406	408
Liabilities								
Equity	84	83	90	87	88	100	120	139
<i>% of sales</i>	<i>17</i>	<i>19</i>	<i>20</i>	<i>17</i>	<i>16</i>	<i>16</i>	<i>18</i>	<i>21</i>
Deferred taxes	6	5	4	0	0	0	0	0
<i>% of sales</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Interest bearing debt	144	148	150	162	220	213	191	171
<i>% of sales</i>	<i>30</i>	<i>33</i>	<i>33</i>	<i>32</i>	<i>41</i>	<i>35</i>	<i>30</i>	<i>26</i>
Non-interest bearing current liabilities	62	68	64	68	76	85	91	94
<i>% of sales</i>	<i>13</i>	<i>15</i>	<i>14</i>	<i>14</i>	<i>14</i>	<i>14</i>	<i>14</i>	<i>14</i>
Other interest free debt	1	2	1	4	4	4	4	4
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Total liabilities	298	305	310	321	387	402	406	408
CASH FLOW, EURm								
+ EBITDA	35	33	32	35	32	46	58	61
- Net financial items	-4	1	-3	-2	-4	-3	-4	-4
- Taxes	-2	-2	-2	-3	-2	-2	-3	-3
- Increase in Net Working Capital	-8	-4	-11	-13	9	-7	-4	-2
+/- Other	2	-2	0	0	-1	-1	-1	-1
= Cash flow from operations	22	25	16	17	34	32	46	51
- Capex	-20	-15	-6	-18	-72	-8	-7	-11
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	2	10	10	0	-38	24	39	40
+/- Change in interest-bearing debt	-6	3	3	11	58	-7	-21	-20
+/- New issues/buybacks	-11	-9	4	-9	0	0	0	0
- Paid dividend	-6	-12	-13	-13	-13	-14	-16	-19
+/- Change in loan receivables	3	5	0	1	0	0	0	0
Change in cash	-18	-3	4	-10	7	3	2	1

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	229	250	310	265	266	266	266
Net debt	124	128	142	193	182	159	138
Enterprise value	353	378	451	458	449	425	404
Sales	446	457	502	541	609	648	669
EBITDA	33	32	35	32	46	58	61
EBIT	21	20	23	21	33	44	46
Pre-tax	21	17	21	17	29	39	42
Earnings	20	16	19	14	26	35	38
Book value	83	90	87	88	100	120	139
Valuation multiples							
EV/sales	0.8	0.8	0.9	0.8	0.7	0.7	0.6
EV/EBITDA	10.7	11.8	12.9	14.2	9.8	7.3	6.7
EV/EBITA	17.1	18.5	19.5	22.2	13.7	9.8	8.8
EV/EBIT	17.1	18.5	19.5	22.2	13.7	9.8	8.8
EV/operating cash flow	14.1	23.3	25.9	11.8	12.4	8.3	7.3
EV/cash earnings	11.4	13.9	14.8	17.1	11.2	8.2	7.5
P/E	11.6	15.7	16.0	19.1	10.2	7.5	7.0
P/E excl. goodwill	11.6	15.7	16.0	19.1	10.2	7.5	7.0
P/B	2.8	2.8	3.5	3.0	2.7	2.2	1.9
P/sales	0.5	0.5	0.6	0.5	0.4	0.4	0.4
P/CF	9.2	15.4	17.8	6.8	7.3	5.2	4.8
Target EV/EBIT	0.0	0.0	0.0	0.0	14.7	10.5	9.5
Target P/E	0.0	0.0	0.0	0.0	11.4	8.4	7.8
Target P/B	0.0	0.0	0.0	0.0	3.0	2.5	2.1
Per share measures							
Number of shares	30,496	30,579	30,976	31,420	31,420	31,420	31,420
Number of shares (diluted)	30,496	30,579	30,976	31,420	31,420	31,420	31,420
EPS	0.65	0.52	0.63	0.44	0.83	1.13	1.22
EPS excl. goodwill	0.65	0.52	0.63	0.44	0.83	1.13	1.22
Cash EPS	1.02	0.89	0.98	0.85	1.28	1.64	1.72
Operating cash flow per share	0.82	0.53	0.56	1.24	1.16	1.64	1.76
Capital employed per share	6.77	7.11	7.39	8.93	8.99	8.88	8.83
Book value per share	2.71	2.93	2.82	2.80	3.19	3.82	4.43
Book value excl. goodwill	1.31	1.53	1.46	1.46	1.85	2.48	3.10
Dividend per share	0.41	0.42	0.43	0.44	0.50	0.60	0.73
Dividend payout ratio, %	63.1	80.8	68.7	99.6	60.2	53.1	60.0
Dividend yield, %	5.5	5.1	4.3	5.2	5.9	7.1	8.6
Efficiency measures							
ROE	23.8	18.5	21.9	15.8	27.8	32.3	29.5
ROCE	9.0	8.7	9.5	7.4	10.5	13.9	14.8
Financial ratios							
Capex/sales, %	3.4	1.4	3.5	13.3	1.3	1.1	1.6
Capex/depreciation excl. goodwill,%	133.5	54.8	154.0	616.9	62.2	49.5	74.6
Net debt/EBITDA, book-weighted	3.7	4.0	4.0	6.0	4.0	2.7	2.3
Debt/equity, market-weighted	0.6	0.6	0.5	0.8	0.8	0.7	0.6
Equity ratio, book-weighted	27.1	28.9	27.2	22.7	24.9	29.5	34.1
Gearing	1.50	1.43	1.62	2.19	1.82	1.33	0.99
Number of employees, average	862	871	909	909	909	909	909
Sales per employee, EUR	517,169	525,144	552,695	595,050	670,084	713,122	736,266
EBIT per employee, EUR	23,898	23,421	25,413	22,662	35,965	47,856	50,703

COMPANY DESCRIPTION: Aspo is a conglomerate operating mainly in Northern and Eastern Europe through subsidiaries ESL Shipping, Telko, Leipurin and Kauko. Two thirds of Aspo's revenue is attributable to Finland, Russia, Ukraine and other CIS countries.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Havsudden Oy Ab	3,142,941	26.652	10.0%
Vehmas Tatu Antti Aleksi	2,306,676	19.561	7.3%
Varma Mutual Pension Insurance Company	1,438,412	12.198	4.6%
Vehmas Tapio	1,375,827	11.667	4.4%
Ilmarinen Mutual Pension Insurance Company	1,000,676	8.486	3.2%
Robinson Joanna	754,259	6.396	2.4%
Nyberg Gustav	731,667	6.205	2.3%
Nordea Nordic Small Cap Fund	721,040	6.114	2.3%
Mandatum Life Unit-Linked	515,000	4.367	1.6%
Procurator-Holding Oy	470,969	3.994	1.5%
Ten largest	12,457,467	105.639	40%
Residual	18,962,312	160.800	60%
Total	31,419,779	266.440	100%

EARNINGS CALENDAR

May 08, 2019	Q1 report
August 14, 2019	Q2 report
October 29, 2019	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Ojanen Aki
CFO: Meitsalo Arto
IR:

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Tel: +358,9 5,211

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

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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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