

Downgrade to HOLD

Consti will report Q4 earnings on February 7th. We expect to see the favourable profitability development trend from Q3 to continue but for revenue to decline from the strong comparison period. Apart from margin development, the order intake will be of key interest following order backlog declines during 2019. Following a near 50% share price increase since our previous update we downgrade to HOLD (BUY) with a target price of EUR 7.0 (5.8).

Expect continued positive profitability development trend

Consti's Q3 saw profitability improve substantially, following a lengthy period of weaker profitability, affected in particular by a few large renovation projects. With some older projects still having an impact on Q3, we expect profitability to improve q/q and estimate a EUR 3.0m operating profit in Q4. We expect revenue to decline some 16% from the strong comparison period following the completion of some larger renovation projects and estimate a revenue of EUR 80.9m.

Profitability to improve in 2020, sales growth unlikely

Consti has in recent years typically given a rather vague guidance and not guided revenue development and we expect a likely guidance to reflect a higher operating profit in 2020 compared to 2019. Based on the weak H1/19 we expect a clear improvement in profitability in 2020 and the operating profit margin to improve from 1.5% in 2019E to 3.3% in 2020E. The sales growth outlook for 2020 remains unfavourable based on the order backlog development. We currently estimate only a minor decline of 1.7% in awaiting details on Q4 order intake.

HOLD (BUY) with a target price of EUR 7.0 (5.8)

Consti's share price has increased near 50% since our previous update. We are prepared to accept part of the increase following concurrent smaller peer multiple increases and although valuation compared to peers remains attractive, with the still limited proof of sustainable profitability improvement and the on-going St. George arbitration proceedings we downgrade to HOLD (BUY) with a target price of EUR 7.0 (5.8).

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 7.72

Target price, EUR 7.0

Latest change in recommendation 29-Jan-20

Latest report on company 28-Oct-19

Research paid by issuer: YES

No. of shares outstanding, '000's 7,858

No. of shares fully diluted, '000's 7,858

Market cap, EURm 61

Free float, % 62.0

Exchange rate EUR 1.000

Reuters code CONSTI.HE

Bloomberg code CONSTI FH

Average daily volume, EURm 0.1

Next interim report 07-Feb-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
2017	300.2	-0.4	-0.1%	4.5	-0.14	-61.0	0.3	-207.0	6.8	0.00
2018	315.8	-2.1	-0.7%	-7.5	-0.30	-18.5	0.2	-31.3	-17.4	0.00
2019E	317.4	4.8	1.5%	2.8	0.34	22.6	0.3	16.9	4.7	0.17
2020E	312.0	10.3	3.3%	6.9	0.88	8.8	0.2	7.3	11.4	0.44
2021E	319.0	11.6	3.6%	8.1	1.04	7.5	0.2	6.1	13.4	0.52
Market cap, EURm			61	Gearing 2019E, %			59.3	CAGR EPS 2018-21, %		0.0
Net debt 2019E, EURm			21	Price/book 2019E			2.3	CAGR sales 2018-21, %		0.3
Enterprise value, EURm			81	Dividend yield 2019E, %			2.2	ROE 2019E, %		10.8
Total assets 2019E, EURm			118	Tax rate 2019E, %			20.0	ROCE 2019E, %		9.5
Goodwill 2019E, EURm			49	Equity ratio 2019E, %			30.2	PEG, P/E 19/CAGR		0.4

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

Construction companies	MCAP MEUR	EV/EBITDA		EV/EBIT		P/E		Div. yield	
		19E	20E	19E	20E	19E	20E	19E	20E
YIT	1359	10.9x	10.7x	14.1x	13.9x	13.0x	11.4x	4.6 %	4.8 %
SRV Yhtiöt	87	89.8x	29.4x		52.5x			0.0 %	0.0 %
Lehto Group	132		18.2x		26.8x		13.3x	0.0 %	2.2 %
Skanska	8767	10.2x	11.7x	13.9x	14.7x	14.1x	15.1x	3.1 %	3.4 %
NCC	1637	9.2x	7.6x	16.9x	11.9x	16.7x	11.9x	3.7 %	4.6 %
Peab	2644	9.9x	9.3x	14.4x	12.8x	13.1x	12.4x	4.6 %	4.8 %
JM	1819	12.4x	12.7x	12.2x	12.6x	13.1x	13.5x	4.4 %	4.3 %
Veidekke	1641	10.5x	8.9x	18.4x	14.2x	16.8x	13.2x	4.1 %	4.3 %
Peer Group Average	2261	21.8x	13.6x	15.0x	19.9x	14.5x	13.0x	3.1 %	3.6 %
Peer Group Median	1639	10.5x	11.2x	14.2x	14.1x	13.6x	13.2x	3.9 %	4.3 %
Consti (Evli est.)	61	9.5x	5.4x	16.9x	7.3x	22.6x	8.8x	2.2 %	5.7 %

Consti prem./disc. to peer median

-9% -52% 19% -48% 66% -34%

Source Bloomberg, Evli Research

Building installations and services companies	MCAP EUR	EV/EBITDA		EV/EBIT		P/E		Div. yield	
		19E	20E	19E	20E	19E	20E	19E	20E
Caverion	1056	11.1x	8.3x	26.2x	14.8x	33.1x	16.8x	1.9 %	3.2 %
Bravida Holding	1642	11.5x	10.4x	14.8x	13.2x	19.2x	17.5x	2.5 %	2.8 %
MITIE Group	565	6.2x	5.9x	8.8x	8.3x	8.5x	7.9x	3.1 %	3.1 %
ISS A/S	4168	10.1x	8.8x	14.6x	12.5x	16.0x	12.7x	4.6 %	4.7 %
Bilfinger	1394	8.9x	6.9x	19.2x	11.0x	20.3x	13.2x	3.2 %	3.4 %
Instalco	620	13.7x	12.5x	15.4x	14.8x	18.0x	16.4x	1.4 %	1.5 %
Peer Group Average	1574	10.3x	8.8x	16.5x	12.4x	19.2x	14.1x	2.8 %	3.1 %
Peer Group Median	1394	10.1x	8.3x	14.8x	12.5x	19.2x	13.2x	3.1 %	3.2 %
Consti (Evli est.)	61	9.5x	5.4x	16.9x	7.3x	22.6x	8.8x	2.2 %	5.7 %

Consti prem./disc. to peer median

-6% -35% 14% -41% 18% -34%

Source Bloomberg, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3	2019Q4E	2019E	2020E	2021E
Net sales	62.3	77.8	78.9	96.8	315.8	73.5	81.2	81.8	80.9	317.4	312.0	319.0
EBITDA	0.2	2.1	-1.0	-1.7	-0.5	0.5	1.0	3.0	4.0	8.5	14.1	15.3
<i>EBITDA margin (%)</i>	<i>0.3</i>	<i>2.7</i>	<i>-1.3</i>	<i>-1.8</i>	<i>-0.1</i>	<i>0.7</i>	<i>1.3</i>	<i>3.6</i>	<i>5.0</i>	<i>2.7</i>	<i>4.5</i>	<i>4.8</i>
EBIT	-0.2	1.7	-1.4	-2.2	-2.1	-0.4	0.1	2.1	3.0	4.8	10.3	11.6
<i>EBIT margin (%)</i>	<i>-0.4</i>	<i>2.2</i>	<i>-1.8</i>	<i>-2.2</i>	<i>-0.7</i>	<i>-0.5</i>	<i>0.1</i>	<i>2.6</i>	<i>3.7</i>	<i>1.5</i>	<i>3.3</i>	<i>3.6</i>
Net financial items	-0.2	-0.2	-0.2	-0.2	-0.7	-0.2	-0.4	-0.3	-0.3	-1.2	-1.2	-0.9
Pre-tax profit	-0.4	1.5	-1.6	-2.3	-2.8	-0.6	-0.3	1.8	2.7	3.6	9.1	10.7
Tax	0.1	-0.3	0.3	0.4	0.5	0.1	0.1	-0.4	-0.5	-0.7	-1.8	-2.1
<i>Tax rate (%)</i>	<i>18.9</i>	<i>19.7</i>	<i>20.0</i>	<i>17.4</i>	<i>17.9</i>	<i>20.1</i>	<i>19.6</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-0.3	1.2	-1.3	-1.9	-2.3	-0.5	-0.3	1.4	2.1	2.7	6.9	8.1
EPS	-0.04	0.16	-0.17	-0.25	-0.30	-0.06	-0.04	0.18	0.26	0.34	0.88	1.04
EPS adjusted (diluted no. of shares)	-0.04	0.16	-0.17	-0.25	-0.30	-0.06	-0.04	0.18	0.26	0.34	0.88	1.04
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.17	0.44	0.52
SALES, EURm												
Housing Companies	17.9	25.1	28.9	32.4	104.3	28.3	27.7	30.4	30.9	117.2	120.0	124.0
Corporations	26.0	33.1	33.2	42.0	134.3	27.6	31.7	27.9	26.5	113.8	106.0	110.0
Public Sector	3.0	3.8	4.0	7.2	18.0	5.3	8.3	10.5	11.5	35.6	35.0	34.0
Building Technology	17.9	20.1	16.8	20.4	75.2	16.4	18.8	18.0	17.0	70.1	70.0	71.0
Elimination	-2.5	-4.5	-4.0	-5.1	-16.0	-4.1	-5.2	-5.0	-5.0	-19.3	-19.0	-20.0
Total	62.3	77.8	78.9	96.8	315.8	73.5	81.2	81.8	80.9	317.4	312.0	319.0
SALES GROWTH, Y/Y %												
<i>Housing Companies</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>58.6</i>	<i>10.2</i>	<i>4.9</i>	<i>-4.7</i>	<i>12.4</i>	<i>2.4</i>	<i>3.3</i>
<i>Corporations</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>6.4</i>	<i>-4.3</i>	<i>-15.9</i>	<i>-36.9</i>	<i>-15.3</i>	<i>-6.8</i>	<i>3.8</i>
<i>Public Sector</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>75.1</i>	<i>116.8</i>	<i>161.4</i>	<i>60.8</i>	<i>97.6</i>	<i>-1.7</i>	<i>-2.9</i>
<i>Building Technology</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-8.4</i>	<i>-6.9</i>	<i>7.2</i>	<i>-16.5</i>	<i>-6.7</i>	<i>-0.2</i>	<i>1.4</i>
<i>Elimination</i>	<i>53.0</i>	<i>97.5</i>	<i>15.1</i>	<i>53.8</i>	<i>50.4</i>	<i>67.8</i>	<i>16.8</i>	<i>24.5</i>	<i>-2.7</i>	<i>20.3</i>	<i>-1.6</i>	<i>5.3</i>
<i>Group</i>	<i>-100.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Total	8.7	-1.3	1.4	12.1	5.2	18.0	4.4	3.7	-16.4	0.5	-1.7	2.2
EBIT, EURm												
Group	-0.2	1.7	-1.4	-2.2	-2.1	-0.4	0.1	2.1	3.0	4.8	10.3	11.6
Total	-0.2	1.7	-1.4	-2.2	-2.1	-0.4	0.1	2.1	3.0	4.8	10.3	11.6
EBIT margin, %												
Total	-0.4	2.2	-1.8	-2.2	-0.7	-0.5	0.1	2.6	3.7	1.5	3.3	3.6

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	215.9	256.2	261.5	300.2	315.8	317.4	312.0	319.0
<i>Sales growth (%)</i>	<i>25.6</i>	<i>18.6</i>	<i>2.1</i>	<i>14.8</i>	<i>5.2</i>	<i>0.5</i>	<i>-1.7</i>	<i>2.2</i>
EBITDA	9.8	12.6	13.1	1.7	-0.5	8.5	14.1	15.3
<i>EBITDA margin (%)</i>	<i>4.5</i>	<i>4.9</i>	<i>5.0</i>	<i>0.6</i>	<i>-0.1</i>	<i>2.7</i>	<i>4.5</i>	<i>4.8</i>
Depreciation	-2.0	-2.1	-2.1	-2.1	-1.7	-3.7	-3.8	-3.7
EBITA	7.8	10.5	10.9	-0.4	-2.1	4.8	10.3	11.6
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	7.8	10.5	10.9	-0.4	-2.1	4.8	10.3	11.6
<i>EBIT margin (%)</i>	<i>3.6</i>	<i>4.1</i>	<i>4.2</i>	<i>-0.1</i>	<i>-0.7</i>	<i>1.5</i>	<i>3.3</i>	<i>3.6</i>
Reported EBIT	7.8	8.4	10.9	-0.4	-2.1	4.8	10.3	11.6
<i>EBIT margin (reported) (%)</i>	<i>3.6</i>	<i>3.3</i>	<i>4.2</i>	<i>-0.1</i>	<i>-0.7</i>	<i>1.5</i>	<i>3.3</i>	<i>3.6</i>
Net financials	-5.2	-4.4	-0.9	-0.8	-0.7	-1.2	-1.2	-0.9
Pre-tax profit	2.6	6.2	10.1	-1.2	-2.8	3.6	9.1	10.7
Taxes	-0.6	-0.8	-2.1	0.1	0.5	-0.7	-1.8	-2.1
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	2.0	3.3	8.0	-1.1	-2.3	2.7	6.9	8.1
Cash NRIs	0.0	-2.1	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
BALANCE SHEET, EURm								
Assets								
Fixed assets	7	6	6	5	4	4	4	4
Goodwill	44	43	44	49	49	49	49	49
Right of use assets	0	0	0	0	4	4	4	4
Inventory	1	1	1	1	1	1	1	1
Receivables	35	36	39	36	53	53	52	54
Liquid funds	10	4	9	10	3	6	8	8
Total assets	96	91	98	101	115	118	119	120
Liabilities								
Shareholder's equity	1	25	30	25	23	26	32	36
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	3	3	3
Lease liabilities	0	0	0	0	4	4	4	4
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	55	21	21	22	23	20	16	11
Non-interest bearing current liabilities	40	43	46	52	62	62	61	62
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	96	91	98	101	115	118	119	120
CASH FLOW, EURm								
+ EBITDA	10	13	13	2	0	9	14	15
- Net financial items	-5	-4	-1	-1	-1	-1	-1	-1
- Taxes	0	-1	-1	-1	0	0	-2	-2
- Increase in Net Working Capital	8	2	0	9	-5	0	0	0
+/- Other	0	-2	0	0	0	0	0	0
= Cash flow from operations	12	7	11	9	-7	7	11	12
- Capex	-2	-1	-2	-1	-1	-4	-4	-4
- Acquisitions	0	0	-1	-4	0	0	0	0
+ Divestments	0	0	0	1	1	0	0	0
= Free cash flow	10	6	8	4	-8	3	7	8
+/- New issues/buybacks	0	21	0	1	0	0	0	0
- Paid dividend	0	0	-3	-4	0	0	-1	-3
+/- Other	0	-33	0	-1	1	0	-4	-5
Change in cash	9	-6	5	0	-6	3	2	0

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	73	112	66	43	61	61	61
Net debt (excl. convertibles)	17	12	12	23	17	12	7
Enterprise value	91	125	78	67	81	76	71
Sales	256	262	300	316	317	312	319
EBITDA	13	13	2	0	9	14	15
EBIT	11	11	0	-2	5	10	12
Pre-tax	6	10	-1	-3	4	9	11
Earnings	5	8	-1	-2	3	7	8
Equity book value (excl. minorities)	25	30	25	23	26	32	36
Valuation multiples							
EV/sales	0.4	0.5	0.3	0.2	0.3	0.2	0.2
EV/EBITDA	7.2	9.5	45.3	-143.6	9.5	5.4	4.6
EV/EBITA	8.6	11.4	-207.0	-31.3	16.9	7.3	6.1
EV/EBIT	8.6	11.4	-207.0	-31.3	16.9	7.3	6.1
EV/OCF	13.0	11.7	8.8	-9.9	12.0	7.1	5.9
EV/FCFF	9.2	13.8	14.9	-9.6	13.6	7.6	6.4
P/FCFE	13.0	13.5	14.6	-5.8	21.4	8.8	7.5
P/E	13.6	14.1	-61.0	-18.5	22.6	8.8	7.5
P/B	3.0	3.8	2.6	1.8	2.3	1.9	1.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.9	5.0	4.3
Target EV/EBIT	0.0	0.0	0.0	0.0	15.7	6.8	5.6
Target EV/FCF	0.0	0.0	0.0	0.0	26.6	10.1	8.0
Target P/B	0.0	0.0	0.0	0.0	2.1	1.7	1.5
Target P/E	0.0	0.0	0.0	0.0	20.5	7.9	6.8
Per share measures							
Number of shares	7,615	7,621	7,621	7,858	7,858	7,858	7,858
Number of shares (diluted)	7,615	7,621	7,621	7,858	7,858	7,858	7,858
EPS	0.70	1.05	-0.14	-0.30	0.34	0.88	1.04
Operating cash flow per share	0.92	1.40	1.16	-0.85	0.86	1.35	1.53
Free cash flow per share	0.74	1.09	0.59	-0.96	0.36	0.88	1.04
Book value per share	3.22	3.89	3.32	2.98	3.32	4.03	4.63
Dividend per share	0.39	0.54	0.00	0.00	0.17	0.44	0.52
Dividend payout ratio, %	55.4	51.5	0.0	0.0	50.0	50.0	50.0
Dividend yield, %	4.1	3.7	0.0	0.0	2.2	5.7	6.7
FCF yield, %	7.7	7.4	6.8	-17.4	4.7	11.4	13.4
Efficiency measures							
ROE	42.8	29.5	-3.9	-9.6	10.8	24.0	23.9
ROCE	21.0	22.7	-0.6	-4.2	9.5	19.3	21.4
Financial ratios							
Inventories as % of sales	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Receivables as % of sales	14.2	14.7	12.1	16.8	16.8	16.8	16.8
Non-interest bearing liabilities as % of sales	16.9	17.5	17.3	19.5	19.5	19.5	19.5
NWC/sales, %	-2.5	-2.6	-5.0	-2.5	-2.5	-2.5	-2.5
Operative CAPEX/sales, %	0.5	0.7	0.5	0.4	1.2	1.2	1.2
CAPEX/sales (incl. acquisitions), %	0.5	0.4	-0.8	0.4	1.2	1.2	1.2
FCFF/EBITDA	0.8	0.7	3.0	14.9	0.7	0.7	0.7
Net debt/EBITDA, book-weighted	1.4	0.9	7.0	-50.5	2.0	0.8	0.5
Debt/equity, market-weighted	0.3	0.2	0.3	0.5	0.3	0.3	0.2
Equity ratio, book-weighted	31.4	34.8	28.8	24.4	30.2	29.4	32.9
Gearing, %	70.9	40.8	47.7	100.0	59.3	33.8	18.0

COMPANY DESCRIPTION: Consti is one of the leading renovation and technical service companies in Finland. Consti has a comprehensive service offering covering technical building services, residential pipeline renovation, renovation contracting, building facade repair and maintenance, and other renovation and technical services for residential and non-residential properties. Consti was established in 2008 to meet the growing need for repair and construction work.

INVESTMENT CASE: Consti should seek to regain healthier levels of profitability after a period of weaker profitability during the past few years driven by a number of weak margin projects. Reorganisations and more disciplined bidding procedures support the profitability outlook, although the latter has had an unfavourable impact on the order backlog. In the near-term the decline in order backlog along with an anticipated increase in competition following a slow-down in new construction volumes pose growth challenges. The long-term market outlook, however, remains favourable due to among other things a large aging building stock, and the renovation market is expected to see steady growth.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Danske Invest Finnish Equity Fund	558,708	4.313	7.1%
Evli Finnish Small Cap Fund	454,200	3.506	5.8%
Korkeela Esa Sakari	434,133	3.352	5.5%
Ilmarinen Mutual Pension Insurance Company	400,000	3.088	5.1%
Kivi Risto Juhani	377,937	2.918	4.8%
Wipunen varainhallinta Oy	334,077	2.579	4.3%
Riikantorppa Oy	334,077	2.579	4.3%
Kalervo Markku	298,692	2.306	3.8%
OP-Finland Small Firms Fund	277,977	2.146	3.5%
Korkeela Antti Petteri	276,894	2.138	3.5%
Ten largest	3,746,695	28.924	48%
Residual	4,111,572	31.741	52%
Total	7,858,267	60.666	100%

EARNINGS CALENDAR	
February 07, 2020	FY 2019 Results
April 29, 2020	Q1 report
July 24, 2020	Q2 report
October 28, 2020	Q3 report
OTHER EVENTS	
April 06, 2020	AGM

COMPANY MISCELLANEOUS	
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CFO: Joni Sorsanen	Tel: +358 10 288 6000
IR: Ismo Heikkilä	

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): Salokivi

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