

## Acquisitions boosting growth

Etteplan reports Q3 results on October 31<sup>st</sup>. The guidance revision in Q2 and steady development track should limit information value from financial figures of the seasonally slower quarter. Macro uncertainties, however, continue to pose a risk on demand. The acquisitions made during mid-2019 will bolster growth while opening some room for estimates deviations. Market outlook comments remain of key interest but will likely remain limited given the near-term uncertainties relating to the trade war and Brexit.

### Acquisitions to boost growth in seasonally slower quarter

Etteplan raised its guidance in Q2, largely due to acquisitions made in mid-2019, expecting revenue and EBIT for 2019 to grow significantly compared to 2018. With the revised guidance and the stable development that Etteplan has shown, results of the seasonally slower Q3 should not be particularly eventful, although the recent acquisitions may likely cause some estimates deviation due to lack of comparison figures. We expect revenue to amount to EUR 59.1m, with a growth of 12.5%. We expect over 10% growth in all service areas, with Engineering Solutions in particular boosted by the acquisitions. We expect an EBITA-margin of 9.3%.

### Market outlook comments remain of interest

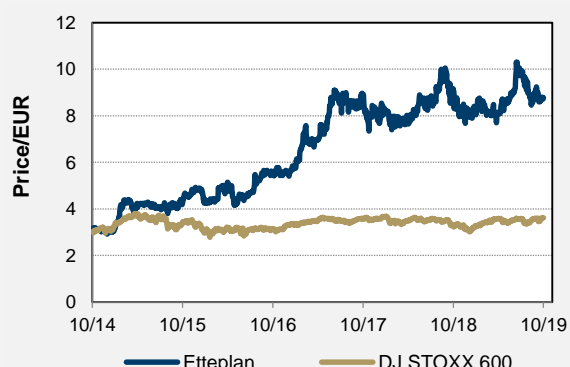
Our interest in the Q3 results will remain focused on remarks regarding market outlook and any possible comments on the outlook for 2020, as we are rather confident in the 2019 guidance being reached. Given the near-term nature of key uncertainties (Brexit and U.S-China trade war) forward-looking comments will likely still be limited. Some small positive signs have been seen post-Q3 but without agreements the uncertainty will likely continue to have an effect on investment decisions.

### HOLD with a target price of EUR 9.6

We have not made changes to our estimates ahead of Q3. We retain our HOLD-rating and target price of EUR 9.6 intact.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 8.78

Target price, EUR 9.6

Latest change in recommendation 08-Aug-19

Latest report on company 14-Aug-19

Research paid by issuer: YES

No. of shares outstanding, '000's 24,963

No. of shares fully diluted, '000's 24,963

Market cap, EURm 219

Free float, % 16.0

Exchange rate 0.000

Reuters code ETTE.HE

Bloomberg code ETTE FH

Average daily volume, EURm 0.03

Next interim report 31-Oct-19

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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	214.6	15.5	7.2%	12.5	0.47	16.6	1.0	14.1	6.5	0.23
2018	236.4	20.2	8.5%	7.0	0.61	13.0	1.0	11.6	3.5	0.30
2019E	263.3	23.4	8.9%	4.2	0.72	12.3	1.0	11.1	1.9	0.36
2020E	290.1	26.8	9.3%	15.0	0.82	10.7	0.9	9.4	6.9	0.41
2021E	303.6	29.1	9.6%	19.6	0.90	9.8	0.8	8.4	8.9	0.45
Market cap, EURm	219		Gearing 2019E, %	50.9		CAGR EPS 2018-21, %		13.5		
Net debt 2019E, EURm	40		Price/book 2019E	2.8		CAGR sales 2018-21, %		8.7		
Enterprise value, EURm	259		Dividend yield 2019E, %	4.1		ROE 2019E, %		24.6		
Total assets 2019E, EURm	189		Tax rate 2019E, %	21.5		ROCE 2019E, %		18.9		
Goodwill 2019E, EURm	71		Equity ratio 2019E, %	41.2		PEG, P/E 19/CAGR		2.7		

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

Etteplan	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18	2018	Q1/'19	Q2/'19	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Net sales	214.6	59.0	62.0	52.6	62.8	236.4	65.4	64.2	59.1	74.6	263.3	290.1	303.6
sales growth %	16.7%	7.7%	14.3%	11.5%	7.4%	10.1%	11.0%	3.5%	12.5%	18.6%	11.4%	10.2%	4.7%
EBITA	17.2	4.9	6.2	5.0	6.4	22.6	6.4	6.5	5.5	7.6	26.0	29.4	31.1
EBITA margin	8.0%	8.3%	10.1%	9.6%	10.2%	9.5%	9.8%	10.1%	9.3%	10.2%	9.9%	10.1%	10.2%
EBIT	15.5	4.4	5.7	4.4	5.7	20.8	5.8	5.8	4.9	7.0	23.4	26.8	29.1
EBIT margin	1.4%	7.5%	9.1%	8.3%	9.1%	8.8%	8.8%	9.0%	8.2%	9.4%	8.9%	9.3%	9.6%
<b>Engineering Solutions</b>	<b>2017</b>	<b>Q1/'18</b>	<b>Q2/'18</b>	<b>Q3/'18</b>	<b>Q4/'18</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19E</b>	<b>Q4/'19E</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Net sales	120.9	33.6	35.0	28.8	34.6	132.1	35.6	35.3	31.9	42.0	144.7	162.1	167.0
sales growth %	7.1%	8.3%	13.7%	11.4%	4.4%	9.3%	5.8%	0.8%	10.5%	21.4%	9.6%	12.0%	3.0%
EBITA	9.8	3.1	3.7	2.9	3.3	13.0	3.7	3.8	3.0	4.2	14.7	16.2	16.7
EBITA margin	8.1%	9.1%	10.7%	10.0%	9.5%	9.8%	10.3%	10.9%	9.3%	10.0%	10.1%	10.0%	10.0%
<b>Software and Embedded Solutions</b>	<b>2017</b>	<b>Q1/'18</b>	<b>Q2/'18</b>	<b>Q3/'18</b>	<b>Q4/'18</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19E</b>	<b>Q4/'19E</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Net sales	52.0	14.1	15.8	13.6	16.5	60.0	17.3	17.1	15.8	19.1	69.3	76.3	82.4
sales growth %	46.6%	4.0%	19.2%	18.7%	20.7%	15.5%	22.8%	8.5%	16.0%	15.5%	15.5%	10.0%	8.0%
EBITA	4.4	1.1	1.4	1.3	2.0	5.8	1.7	1.6	1.6	2.1	7.0	8.3	9.2
EBITA margin	8.4%	7.9%	8.6%	9.8%	12.3%	9.7%	9.8%	9.3%	10.0%	11.2%	10.1%	10.9%	11.2%
<b>Technical Documentation Solutions</b>	<b>2017</b>	<b>Q1/'18</b>	<b>Q2/'18</b>	<b>Q3/'18</b>	<b>Q4/'18</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19E</b>	<b>Q4/'19E</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Net sales	41.8	11.2	11.3	10.1	11.7	44.3	12.5	11.8	11.5	13.5	49.3	51.7	54.3
sales growth %	17.0%	10.8%	9.8%	3.5%	0.7%	6.0%	11.6%	5.1%	13.4%	15.0%	11.2%	5.0%	5.0%
EBITA	3.8	0.8	1.1	0.8	1.0	3.7	1.2	1.0	1.0	1.3	4.6	4.9	5.2
EBITA margin	9.1%	7.6%	9.5%	8.0%	8.1%	8.3%	9.9%	8.8%	8.5%	9.7%	9.3%	9.5%	9.5%

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	59.0	62.0	52.6	62.8	236.4	65.4	64.2	59.1	74.6	263.3	290.1	303.6
EBITDA	5.7	7.1	5.9	7.3	26.0	8.9	9.1	8.3	10.5	36.8	41.8	45.5
<i>EBITDA margin (%)</i>	<i>9.7</i>	<i>11.4</i>	<i>11.1</i>	<i>11.7</i>	<i>11.0</i>	<i>13.7</i>	<i>14.2</i>	<i>14.0</i>	<i>14.1</i>	<i>14.0</i>	<i>14.4</i>	<i>15.0</i>
EBIT	4.4	5.7	4.4	5.7	20.2	5.8	5.8	4.9	7.0	23.4	26.8	29.1
<i>EBIT margin (%)</i>	<i>7.5</i>	<i>9.1</i>	<i>8.4</i>	<i>9.1</i>	<i>8.5</i>	<i>8.8</i>	<i>9.0</i>	<i>8.2</i>	<i>9.4</i>	<i>8.9</i>	<i>9.3</i>	<i>9.6</i>
Net financial items	-0.2	-0.1	-0.3	-0.3	-0.8	-0.2	-0.1	-0.2	-0.2	-0.6	-0.6	-0.6
Pre-tax profit	4.3	5.5	4.1	5.5	19.4	5.6	5.7	4.7	6.8	22.8	26.2	28.5
Tax	-1.0	-1.2	-0.9	-1.1	-4.1	-1.3	-1.2	-1.0	-1.4	-4.9	-5.6	-6.1
<i>Tax rate (%)</i>	<i>23.0</i>	<i>21.3</i>	<i>21.9</i>	<i>19.3</i>	<i>21.2</i>	<i>23.4</i>	<i>20.3</i>	<i>21.2</i>	<i>21.2</i>	<i>21.5</i>	<i>21.5</i>	<i>21.5</i>
Net profit	3.3	4.4	3.2	4.4	15.3	4.3	4.5	3.7	5.4	17.9	20.6	22.4
EPS	0.13	0.17	0.13	0.18	0.61	0.17	0.18	0.15	0.21	0.72	0.82	0.90
EPS adjusted (diluted no. of shares)	0.13	0.17	0.13	0.18	0.61	0.17	0.18	0.15	0.21	0.72	0.82	0.90
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.36	0.41	0.45
<b>SALES, EURm</b>												
Engineering Solutions	33.6	35.0	28.8	34.6	132.1	35.6	35.3	31.9	42.0	144.7	162.1	167.0
Software and Embedded Solutions	14.1	15.8	13.6	16.5	60.0	17.3	17.1	15.8	19.1	69.3	76.3	82.4
Technical Documentation Solutions	11.2	11.3	10.1	11.7	44.3	12.5	11.8	11.5	13.5	49.3	51.7	54.3
<b>Total</b>	<b>59.0</b>	<b>62.0</b>	<b>52.6</b>	<b>62.8</b>	<b>236.4</b>	<b>65.4</b>	<b>64.2</b>	<b>59.1</b>	<b>74.6</b>	<b>263.3</b>	<b>290.1</b>	<b>303.6</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Engineering Solutions</i>	<i>8.3</i>	<i>13.7</i>	<i>11.4</i>	<i>4.4</i>	<i>9.3</i>	<i>5.8</i>	<i>0.8</i>	<i>10.5</i>	<i>21.4</i>	<i>9.6</i>	<i>12.0</i>	<i>3.0</i>
<i>Software and Embedded Solutions</i>	<i>4.0</i>	<i>19.2</i>	<i>18.7</i>	<i>20.7</i>	<i>15.5</i>	<i>22.8</i>	<i>8.5</i>	<i>16.0</i>	<i>15.5</i>	<i>15.5</i>	<i>10.0</i>	<i>8.0</i>
<i>Technical Documentation Solutions</i>	<i>10.8</i>	<i>9.8</i>	<i>3.5</i>	<i>0.6</i>	<i>6.0</i>	<i>11.6</i>	<i>5.1</i>	<i>13.3</i>	<i>15.0</i>	<i>11.2</i>	<i>5.0</i>	<i>5.0</i>
<b>Total</b>	<b>7.7</b>	<b>14.3</b>	<b>11.5</b>	<b>7.4</b>	<b>10.1</b>	<b>11.0</b>	<b>3.5</b>	<b>12.5</b>	<b>18.6</b>	<b>11.4</b>	<b>10.2</b>	<b>4.7</b>
<b>EBIT, EURm</b>												
Engineering Solutions	3.1	3.7	2.9	3.3	13.0	3.7	3.8	3.0	4.2	14.7	16.2	16.7
Software and Embedded Solutions	1.1	1.4	1.3	2.0	5.8	1.7	1.6	1.6	2.1	7.0	8.3	9.2
Technical Documentation Solutions	0.8	1.1	0.8	1.0	3.7	1.2	1.0	1.0	1.3	4.6	4.9	5.2
Other	-0.6	-0.5	-0.6	-0.5	-2.3	-0.9	-0.7	-0.7	-0.7	-2.8	-2.6	-2.0
<b>Total</b>	<b>4.4</b>	<b>5.7</b>	<b>4.4</b>	<b>5.7</b>	<b>20.2</b>	<b>5.8</b>	<b>5.8</b>	<b>4.9</b>	<b>7.0</b>	<b>23.4</b>	<b>26.8</b>	<b>29.1</b>
<b>EBIT margin, %</b>												
<i>Engineering Solutions</i>	<i>9.1</i>	<i>10.7</i>	<i>10.0</i>	<i>9.5</i>	<i>9.8</i>	<i>10.3</i>	<i>10.9</i>	<i>9.3</i>	<i>10.0</i>	<i>10.1</i>	<i>10.0</i>	<i>10.0</i>
<i>Software and Embedded Solutions</i>	<i>7.9</i>	<i>8.6</i>	<i>9.8</i>	<i>12.3</i>	<i>9.7</i>	<i>9.8</i>	<i>9.3</i>	<i>10.0</i>	<i>11.2</i>	<i>10.1</i>	<i>10.9</i>	<i>11.2</i>
<i>Technical Documentation Solutions</i>	<i>7.6</i>	<i>9.5</i>	<i>8.0</i>	<i>8.1</i>	<i>8.3</i>	<i>9.9</i>	<i>8.8</i>	<i>8.5</i>	<i>9.7</i>	<i>9.3</i>	<i>9.5</i>	<i>9.5</i>
<b>Total</b>	<b>7.5</b>	<b>9.1</b>	<b>8.4</b>	<b>9.1</b>	<b>8.5</b>	<b>8.8</b>	<b>9.0</b>	<b>8.2</b>	<b>9.4</b>	<b>8.9</b>	<b>9.3</b>	<b>9.6</b>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	131.9	141.2	183.9	214.6	236.4	263.3	290.1	303.6
<i>Sales growth (%)</i>	<i>2.6</i>	<i>7.0</i>	<i>30.3</i>	<i>16.7</i>	<i>10.1</i>	<i>11.4</i>	<i>10.2</i>	<i>4.7</i>
EBITDA	10.5	11.7	15.0	20.8	26.0	36.8	41.8	45.5
<i>EBITDA margin (%)</i>	<i>8.0</i>	<i>8.3</i>	<i>8.1</i>	<i>9.7</i>	<i>11.0</i>	<i>14.0</i>	<i>14.4</i>	<i>15.0</i>
Depreciation	-2.6	-3.1	-4.8	-5.3	-5.8	-6.4	-7.1	-7.8
EBITA	7.9	8.6	10.1	15.5	20.2	23.4	26.8	29.1
Goodwill amortization / writedown	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	7.4	8.6	10.1	15.5	20.2	23.4	26.8	29.1
<i>EBIT margin (%)</i>	<i>5.6</i>	<i>6.1</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>8.9</i>	<i>9.3</i>	<i>9.6</i>
Reported EBIT	8.2	8.6	10.1	15.5	20.2	23.4	26.8	29.1
<i>EBIT margin (reported) (%)</i>	<i>6.2</i>	<i>6.1</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>8.9</i>	<i>9.3</i>	<i>9.6</i>
Net financials	-0.7	-0.7	-0.7	-0.7	-0.8	-0.6	-0.6	-0.6
Pre-tax profit	6.7	7.9	9.4	14.7	19.4	22.8	26.2	28.5
Taxes	-1.0	-1.7	-1.8	-3.2	-4.1	-4.9	-5.6	-6.1
Minority shares	0.0	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0
Net profit	6.5	6.1	7.4	11.6	15.3	17.9	20.6	22.4
Cash NRIs	0.8	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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	8	12	22	22	26	28	31	32
Goodwill	39	43	58	59	65	71	71	71
Right of use assets	0	0	0	0	16	18	20	21
Inventory	0	0	0	0	0	0	0	0
Receivables	26	28	49	53	53	61	67	70
Liquid funds	3	9	5	10	16	11	17	18
Total assets	75	93	134	144	177	189	207	213
<b>Liabilities</b>								
Shareholder's equity	29	35	53	58	68	78	90	102
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	16	18	20	21
Deferred taxes	1	2	3	3	5	5	5	5
Interest bearing debt	19	23	34	35	36	32	31	22
Non-interest bearing current liabilities	27	32	43	46	48	53	58	61
Other interest-free debt	0	1	2	2	4	4	4	4
Total liabilities	75	93	134	144	177	189	207	213
<b>CASH FLOW, EURm</b>								
+ EBITDA	10	12	15	21	26	37	42	46
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-2	-1	-3	-2	-4	-5	-6	-6
- Increase in Net Working Capital	0	-1	-1	1	2	-4	-1	0
+/- Other	-1	0	-6	-1	-1	0	0	0
= Cash flow from operations	7	9	5	18	22	28	35	38
- Capex	-1	-2	-2	-2	-7	-10	-10	-11
- Acquisitions	-1	-2	-22	-3	-8	-14	-10	-8
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	5	6	-19	12	7	4	15	20
+/- New issues/buybacks	-1	3	14	-2	0	0	0	0
- Paid dividend	-2	-3	-3	-4	-6	-7	-9	-10
+/- Other	0	1	4	-1	5	-2	1	-8
Change in cash	2	6	-4	5	6	-6	7	1

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	89	138	193	198	219	219	219
Net debt (excl. convertibles)	14	29	25	36	40	34	24
Enterprise value	104	168	218	235	259	253	243
Sales	141	184	215	236	263	290	304
EBITDA	12	15	21	26	37	42	46
EBIT	9	10	15	20	23	27	29
Pre-tax	8	9	15	19	23	26	28
Earnings	6	7	12	15	18	21	22
Equity book value (excl. minorities)	35	53	58	68	78	90	102
<b>Valuation multiples</b>							
EV/sales	0.7	0.9	1.0	1.0	1.0	0.9	0.8
EV/EBITDA	8.9	11.2	10.5	9.0	7.0	6.0	5.4
EV/EBITA	12.0	16.6	14.1	11.6	11.1	9.4	8.4
EV/EBIT	12.0	16.6	14.1	11.6	11.1	9.4	8.4
EV/OCF	11.0	33.1	12.3	10.5	9.3	7.3	6.3
EV/FCFF	12.3	-42.6	19.1	26.3	19.1	10.0	8.2
P/FCFE	15.2	-7.3	15.4	28.5	52.4	14.6	11.2
P/E	14.6	18.6	16.6	13.0	12.3	10.7	9.8
P/B	2.6	2.6	3.3	2.9	2.8	2.4	2.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.6	6.5	5.8
Target EV/EBIT	0.0	0.0	0.0	0.0	11.9	10.2	9.1
Target EV/FCF	0.0	0.0	0.0	0.0	66.7	18.2	13.5
Target P/B	0.0	0.0	0.0	0.0	3.1	2.7	2.4
Target P/E	0.0	0.0	0.0	0.0	13.4	11.7	10.7
<b>Per share measures</b>							
Number of shares	20,666	24,771	24,771	24,963	24,963	24,963	24,963
Number of shares (diluted)	20,666	24,771	24,771	24,963	24,963	24,963	24,963
EPS	0.30	0.30	0.47	0.61	0.72	0.82	0.90
Operating cash flow per share	0.45	0.21	0.71	0.90	1.11	1.39	1.54
Free cash flow per share	0.28	-0.77	0.50	0.28	0.17	0.60	0.78
Book value per share	1.68	2.12	2.34	2.71	3.12	3.59	4.07
Dividend per share	0.15	0.16	0.23	0.30	0.36	0.41	0.45
Dividend payout ratio, %	50.6	53.3	49.2	49.0	50.0	50.0	50.0
Dividend yield, %	3.5	2.9	3.0	3.8	4.1	4.7	5.1
FCF yield, %	6.6	-13.8	6.5	3.5	1.9	6.9	8.9
<b>Efficiency measures</b>							
ROE	19.3	17.1	21.0	24.4	24.6	24.6	23.4
ROCE	16.3	14.0	17.2	19.0	18.9	20.0	20.4
<b>Financial ratios</b>							
Inventories as % of sales	0.0	0.1	0.1	0.2	0.2	0.2	0.2
Receivables as % of sales	20.0	26.7	24.5	22.4	23.0	23.0	23.0
Non-interest bearing liabilities as % of sales	22.6	23.1	21.3	20.5	20.0	20.0	20.0
NWC/sales, %	-3.2	3.2	2.5	1.3	2.5	2.5	2.6
Operative CAPEX/sales, %	1.1	1.0	1.0	3.0	3.6	3.3	3.6
CAPEX/sales (incl. acquisitions), %	-0.2	-11.1	-0.5	-0.5	-1.7	-0.1	0.9
FCFF/EBITDA	0.7	-0.3	0.5	0.3	0.4	0.6	0.7
Net debt/EBITDA, book-weighted	1.2	2.0	1.2	1.4	1.1	0.8	0.5
Debt/equity, market-weighted	0.3	0.2	0.2	0.2	0.1	0.1	0.1
Equity ratio, book-weighted	37.4	39.2	40.1	38.2	41.2	43.3	47.7
Gearing, %	41.1	55.7	43.0	53.9	50.9	37.5	23.9

**COMPANY DESCRIPTION:** Etteplan is a specialist in industrial equipment engineering, embedded systems and IoT and technical documentation solutions and services. The company is market leader in Finland and among the largest operators in the field in Sweden and one of the largest companies in Europe providing technical documentation solutions. Customers are leading global manufacturers of industrial equipment and machinery.

**INVESTMENT CASE:**

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,500,000	144.870	66.1%
Oy Fincorp Ab	2,502,500	21.972	10.0%
Varma Mutual Pension Insurance Company	985,593	8.654	3.9%
Tuori Klaus	402,134	3.531	1.6%
VAS Invest Oy	390,629	3.430	1.6%
Taaleri Mikro Markka fund	339,048	2.977	1.4%
SEB Gyllenberg Finland Small Cap Fund	319,612	2.806	1.3%
Tuori Aino Mirjami	308,275	2.707	1.2%
Etteplan Oyj	156,203	1.371	0.6%
Näkki Juha	104,947	0.921	0.4%
Ten largest	22,008,941	193.239	88%
Residual	2,954,367	25.939	12%
Total	24,963,308	219.178	100%

**EARNINGS CALENDAR**

October 31, 2019	Q3 report
February 11, 2020	FY 2019 Results
May 05, 2020	Q1 report
August 11, 2020	Q2 report

**OTHER EVENTS**

April 02, 2020	AGM
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**COMPANY MISCELLANEOUS**

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CFO: Per-Anders Gådin	Tel: +358 1,0 3,070
IR: Outi Tornainen	

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

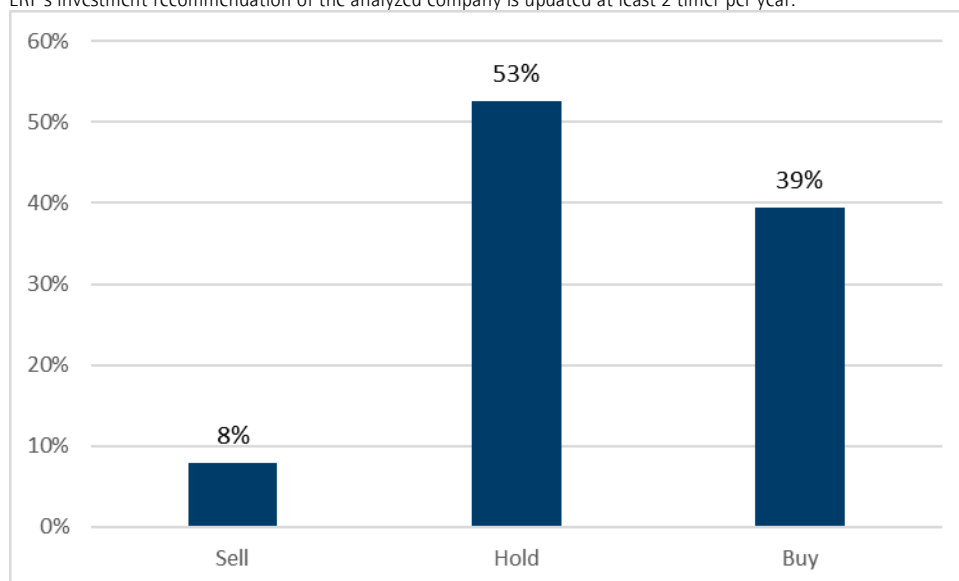
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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