

## Seasonal slowness ahead

Etteplan reports its Q3 results on October 28<sup>th</sup>. We expect to see solid growth figures on the weak comparison period and continued good profitability, with some reservation for potential cost inflation. We retain our HOLD-rating and target price of EUR 17.5.

### Growth on weak comparison figures in H1

Etteplan's H1 started off on quite positively, with revenue growing 10.3%, albeit on weaker comparison period figures due to the impact of the pandemic. Growth was supported by recovery in demand but largely by inorganic growth. Good operational efficiency kept the group EBITA-margin above the target 10% level at 10.5%. Etteplan raised its revenue guidance range to EUR 295-315m (prev. EUR 285-305m), with the EUR 25-28m EBIT guidance range intact. Etteplan has during Q2-Q3 made several mainly smaller acquisitions, F.I.T. (DE) and Skyrise.tech (PL) in Q2 and BST Buck Systemtechnik (DE) and Adina Solutions (FI), strengthening especially the company's Technical Documentation Solutions and Software and Embedded Solutions service areas and the company's presence in Europe.

### Potential minor cost inflation concerns

Etteplan is set to grow well on the weak comparison period figures, with our Q3 growth estimate at 25.4%. We estimate a group EBIT of EUR 5.2m, at a 7.6% margin. We remain slightly more on the conservative side in particular in regard to profitability in comparison to previous quarters, as some potential triggers for cost inflation were seen in Q2 from new recruitments and own growth initiatives picking up. Q3 is also seasonally slower which will have an impact on figures compared to previous quarters. For the full year we estimate revenue of EUR 300m and an EBIT of EUR 26.4m, quite near the mid-point of the guidance.

### HOLD-rating with a target price of EUR 17.5

We have made no significant changes to our estimates ahead of the Q3 report and retain our HOLD-rating and target price of EUR 17.5. Our TP values Etteplan at ~20x 2022e P/E.

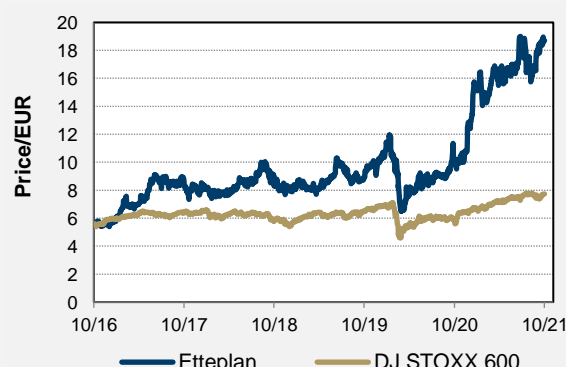
## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2019	262.7	22.8	8.7%	-1.0	0.70	15.6	1.1	12.9	-0.4	0.35
2020	259.7	22.4	8.6%	11.1	0.68	18.9	1.4	16.2	3.4	0.34
2021E	299.7	26.4	8.8%	14.3	0.81	23.0	1.7	19.0	3.1	0.41
2022E	324.2	28.3	8.7%	16.0	0.87	21.4	1.5	17.5	3.4	0.44
2023E	338.5	29.7	8.8%	27.0	0.93	20.2	1.4	16.1	5.8	0.46
Market cap, EURm	467			Gearing 2021E, %		35.2	CAGR EPS 2020-23, %			10.6
Net debt 2021E, EURm	35			Price/book 2021E		4.7	CAGR sales 2020-23, %			9.2
Enterprise value, EURm	502			Dividend yield 2021E, %		2.2	ROE 2021E, %			21.8
Total assets 2021E, EURm	237			Tax rate 2021E, %		19.5	ROCE 2021E, %			16.8
Goodwill 2021E, EURm	84			Equity ratio 2021E, %		41.8	PEG, P/E 21/CAGR			3.5

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

## Rating

HOLD



Share price, EUR (Last trading day's closing price) 18.70

Target price, EUR 17.5

Latest change in recommendation 05-May-21

Latest report on company 12-Aug-21

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 467

Free float, % 16.0

Exchange rate 0.000

Reuters code ETTE.HE

Bloomberg code ETTE FH

Average daily volume, EURm 0.07

Next interim report 28-Oct-21

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BUY HOLD SELL

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	18.70 PV of Free Cash Flow	288 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	23.49 PV of Horizon value	363 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	25.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	25.7 Marketable securities	24 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	21.6 Debt - dividend	-73 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	55.8 Value of stock	602 Nr of shares, Mn	25.0 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	260	300	324	339	347	356	365	374	383	393	400	408
<i>Sales growth, %</i>	-1.1	15.4	8.2	4.4	2.5	2.5	2.5	2.5	2.5	2.5	2.0	2.0
Operating income (EBIT)	22	26	28	30	31	32	33	34	34	35	36	37
<i>Operating income margin, %</i>	8.6	8.8	8.7	8.8	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
+ Depreciation+amort.	18	18	20	22	22	21	21	21	21	21	21	
EBITDA	40	44	49	52	53	53	54	55	55	56	57	
- Paid taxes	-5	-5	-6	-6	-6	-6	-6	-7	-7	-7	-7	
- Change in NWC	1	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	-0.9	-0.8	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.6	-0.6	-0.6	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-2	-2	-3	-3	-3	-3	-4	-4	-4	-4	
<i>opCAPEX / Sales, %</i>	8.1	5.7	5.3	5.4	5.3	5.3	5.3	5.3	5.3	5.3	5.3	
- Acquisitions	-6	-7	-9	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	3	0	0	0	0	0	0	0	0	0	0	
= FCFF	32	30	32	43	44	44	44	45	45	46	47	755
= Discounted FCFF		29	29	36	34	31	29	27	25	24	22	363
= DFCF min WACC		30	29	37	34	32	30	28	26	25	23	411
= DFCF max WACC		29	29	36	33	31	28	26	25	23	21	322

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	71.3	62.9	55.2	70.3	259.7	73.0	75.0	69.3	82.5	299.7	324.2	338.5
EBITDA	9.7	9.9	9.1	11.7	40.4	11.0	11.1	9.8	12.4	44.3	48.6	52.0
<i>EBITDA margin (%)</i>	<i>13.6</i>	<i>15.7</i>	<i>16.5</i>	<i>16.6</i>	<i>15.6</i>	<i>15.1</i>	<i>14.8</i>	<i>14.1</i>	<i>15.1</i>	<i>14.8</i>	<i>15.0</i>	<i>15.4</i>
EBIT	5.7	5.4	4.3	7.1	22.4	6.6	6.7	5.2	7.9	26.4	28.3	29.7
<i>EBIT margin (%)</i>	<i>7.9</i>	<i>8.5</i>	<i>7.8</i>	<i>10.1</i>	<i>8.6</i>	<i>9.0</i>	<i>9.0</i>	<i>7.6</i>	<i>9.6</i>	<i>8.8</i>	<i>8.7</i>	<i>8.8</i>
Net financial items	-0.1	-0.3	-0.3	-0.5	-1.3	-0.1	-0.4	-0.3	-0.3	-1.2	-1.2	-1.0
Pre-tax profit	5.5	5.0	4.0	6.6	21.1	6.5	6.3	4.9	7.5	25.2	27.1	28.7
Tax	-1.3	-1.1	-0.9	-0.7	-4.0	-1.2	-1.4	-0.9	-1.4	-4.9	-5.3	-5.6
<i>Tax rate (%)</i>	<i>23.8</i>	<i>21.6</i>	<i>23.3</i>	<i>10.3</i>	<i>19.0</i>	<i>17.9</i>	<i>22.1</i>	<i>19.0</i>	<i>19.0</i>	<i>19.5</i>	<i>19.5</i>	<i>19.5</i>
Net profit	4.2	3.9	3.1	5.9	17.1	5.3	4.9	4.0	6.1	20.3	21.8	23.1
EPS	0.17	0.16	0.12	0.24	0.68	0.21	0.20	0.16	0.24	0.81	0.87	0.93
EPS adjusted (diluted no. of shares)	0.17	0.16	0.12	0.24	0.68	0.21	0.20	0.16	0.24	0.81	0.87	0.93
Dividend per share	0.00	0.00	0.00	0.00	0.34	0.00	0.00	0.00	0.00	0.41	0.44	0.46
<b>SALES, EURm</b>												
Engineering Solutions	41.3	35.9	31.0	40.6	148.9	41.4	42.0	39.5	47.6	170.5	183.3	190.6
Software and Embedded Solutions	17.0	15.2	13.8	17.7	63.7	18.8	19.9	17.8	21.2	77.7	85.8	90.1
Technical Documentation Solutions	12.8	11.6	10.2	11.9	46.5	12.5	13.0	11.8	13.5	50.8	54.4	57.1
Other	0.2	0.1	0.1	0.2	0.6	0.2	0.2	0.2	0.2	0.7	0.7	0.7
<b>Total</b>	<b>71.3</b>	<b>62.9</b>	<b>55.2</b>	<b>70.3</b>	<b>259.7</b>	<b>73.0</b>	<b>75.0</b>	<b>69.3</b>	<b>82.5</b>	<b>299.7</b>	<b>324.2</b>	<b>338.5</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Engineering Solutions</i>	<i>16.1</i>	<i>1.9</i>	<i>-12.1</i>	<i>-0.6</i>	<i>1.3</i>	<i>0.2</i>	<i>17.0</i>	<i>27.3</i>	<i>17.3</i>	<i>14.5</i>	<i>7.5</i>	<i>4.0</i>
<i>Software and Embedded Solutions</i>	<i>-2.0</i>	<i>-10.9</i>	<i>-10.2</i>	<i>0.0</i>	<i>-5.6</i>	<i>10.9</i>	<i>30.3</i>	<i>28.9</i>	<i>19.9</i>	<i>22.0</i>	<i>10.5</i>	<i>5.0</i>
<i>Technical Documentation Solutions</i>	<i>2.6</i>	<i>-2.0</i>	<i>-4.5</i>	<i>-9.3</i>	<i>-3.3</i>	<i>-2.3</i>	<i>11.8</i>	<i>15.4</i>	<i>13.7</i>	<i>9.2</i>	<i>7.0</i>	<i>5.0</i>
<i>Other</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>15.9</i>	<i>43.8</i>	<i>0.7</i>	<i>-2.0</i>	<i>13.5</i>	<i>0.0</i>	<i>0.0</i>
<b>Total</b>	<b>9.0</b>	<b>-2.1</b>	<b>-10.1</b>	<b>-1.8</b>	<b>-1.1</b>	<b>2.3</b>	<b>19.3</b>	<b>25.4</b>	<b>17.3</b>	<b>15.4</b>	<b>8.2</b>	<b>4.4</b>
<b>EBIT, EURm</b>												
Engineering Solutions	3.9	3.7	2.8	4.2	14.7	4.4	4.2	3.6	4.9	17.0	18.0	18.7
Software and Embedded Solutions	1.5	1.7	1.4	2.4	7.1	2.1	2.2	1.8	2.7	8.8	9.4	9.9
Technical Documentation Solutions	1.3	1.0	1.0	1.3	4.6	1.4	1.6	1.0	1.5	5.5	5.4	5.7
Other	-1.1	-1.1	-0.9	-0.9	-4.0	-1.3	-1.2	-1.1	-1.1	-4.8	-4.6	-4.6
<b>Total</b>	<b>5.7</b>	<b>5.4</b>	<b>4.3</b>	<b>7.1</b>	<b>22.4</b>	<b>6.6</b>	<b>6.7</b>	<b>5.2</b>	<b>7.9</b>	<b>26.4</b>	<b>28.3</b>	<b>29.7</b>
<b>EBIT margin, %</b>												
<i>Engineering Solutions</i>	<i>9.5</i>	<i>10.3</i>	<i>9.0</i>	<i>10.5</i>	<i>9.9</i>	<i>10.6</i>	<i>9.9</i>	<i>9.0</i>	<i>10.2</i>	<i>10.0</i>	<i>9.8</i>	<i>9.8</i>
<i>Software and Embedded Solutions</i>	<i>9.0</i>	<i>11.1</i>	<i>10.4</i>	<i>13.8</i>	<i>11.1</i>	<i>11.1</i>	<i>10.9</i>	<i>10.1</i>	<i>12.8</i>	<i>11.3</i>	<i>11.0</i>	<i>11.0</i>
<i>Technical Documentation Solutions</i>	<i>10.1</i>	<i>8.9</i>	<i>9.3</i>	<i>11.0</i>	<i>9.8</i>	<i>11.0</i>	<i>12.5</i>	<i>8.8</i>	<i>10.8</i>	<i>10.8</i>	<i>10.0</i>	<i>10.0</i>
<i>Other</i>	<i>-666.5</i>	<i>-840.6</i>	<i>-602.0</i>	<i>-585.0</i>	<i>-666.8</i>	<i>-665.3</i>	<i>-676.1</i>	<i>-766.7</i>	<i>-766.7</i>	<i>-713.4</i>	<i>-676.4</i>	<i>-676.4</i>
<b>Total</b>	<b>7.9</b>	<b>8.5</b>	<b>7.8</b>	<b>10.1</b>	<b>8.6</b>	<b>9.0</b>	<b>9.0</b>	<b>7.6</b>	<b>9.6</b>	<b>8.8</b>	<b>8.7</b>	<b>8.8</b>

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INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	183.9	214.6	236.4	262.7	259.7	299.7	324.2	338.5
<i>Sales growth (%)</i>	<i>30.3</i>	<i>16.7</i>	<i>10.1</i>	<i>11.1</i>	<i>-1.1</i>	<i>15.4</i>	<i>8.2</i>	<i>4.4</i>
EBITDA	15.0	20.8	26.0	37.5	40.4	44.3	48.6	52.0
<i>EBITDA margin (%)</i>	<i>8.1</i>	<i>9.7</i>	<i>11.0</i>	<i>14.3</i>	<i>15.6</i>	<i>14.8</i>	<i>15.0</i>	<i>15.4</i>
Depreciation	-4.8	-5.3	-5.8	-14.7	-18.0	-17.9	-20.3	-22.2
EBITA	10.1	15.5	20.2	22.8	22.4	26.4	28.3	29.7
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	10.1	15.5	20.2	22.8	22.4	26.4	28.3	29.7
<i>EBIT margin (%)</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>	<i>8.6</i>	<i>8.8</i>	<i>8.7</i>	<i>8.8</i>
Reported EBIT	10.1	15.5	20.2	22.8	22.4	26.4	28.3	29.7
<i>EBIT margin (reported) (%)</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>	<i>8.6</i>	<i>8.8</i>	<i>8.7</i>	<i>8.8</i>
Net financials	-0.7	-0.7	-0.8	-0.9	-1.3	-1.2	-1.2	-1.0
Pre-tax profit	9.4	14.7	19.4	21.9	21.1	25.2	27.1	28.7
Taxes	-1.8	-3.2	-4.1	-4.5	-4.0	-4.9	-5.3	-5.6
Minority shares	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	7.4	11.6	15.3	17.4	17.1	20.3	21.8	23.1
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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	22	22	26	30	29	32	36	31
Goodwill	58	59	65	79	84	84	84	84
Right of use assets	0	0	12	15	23	26	28	30
Inventory	0	0	0	0	0	0	0	0
Receivables	49	53	53	62	57	65	71	74
Liquid funds	5	10	16	16	24	28	30	32
Total assets	134	144	173	203	218	237	250	251
<b>Liabilities</b>								
Shareholder's equity	53	58	68	77	87	99	111	123
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	12	16	24	26	28	30
Deferred taxes	3	3	5	6	7	7	7	7
Interest bearing debt	34	35	36	41	40	37	31	15
Non-interest bearing current liabilities	43	46	48	61	57	66	72	75
Other interest-free debt	2	2	4	2	2	2	2	2
Total liabilities	134	144	173	203	218	237	250	251
<b>CASH FLOW, EURm</b>								
+ EBITDA	15	21	26	38	40	44	49	52
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-3	-2	-4	-4	-5	-5	-5	-6
- Increase in Net Working Capital	-1	1	2	4	1	0	0	0
+/- Other	-5	0	-1	-4	3	0	0	0
= Cash flow from operations	6	18	23	33	38	38	42	45
- Capex	-2	-2	-2	-13	-21	-17	-17	-18
- Acquisitions	-22	-3	-8	-21	-6	-7	-9	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-18	13	13	-1	11	14	16	27
+/- New issues/buybacks	14	-2	0	-1	2	0	0	0
- Paid dividend	-3	-4	-6	-7	-9	-8	-10	-11
+/- Other	4	-1	-1	9	4	-2	-4	-15
Change in cash	-4	5	6	0	9	4	2	1

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KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	193	198	253	323	467	467	467
Net debt (excl. convertibles)	25	32	40	41	35	29	13
Enterprise value	218	231	294	364	502	496	480
Sales	215	236	263	260	300	324	339
EBITDA	21	26	38	40	44	49	52
EBIT	15	20	23	22	26	28	30
Pre-tax	15	19	22	21	25	27	29
Earnings	12	15	17	17	20	22	23
Equity book value (excl. minorities)	58	68	77	87	99	111	123
<b>Valuation multiples</b>							
EV/sales	1.0	1.0	1.1	1.4	1.7	1.5	1.4
EV/EBITDA	10.5	8.9	7.8	9.0	11.3	10.2	9.2
EV/EBITA	14.1	11.4	12.9	16.2	19.0	17.5	16.1
EV/EBIT	14.1	11.4	12.9	16.2	19.0	17.5	16.1
EV/OCF	11.9	10.0	8.9	9.6	13.1	11.8	10.6
EV/FCFF	18.2	16.9	27.3	11.5	16.8	15.5	11.2
P/FCFE	14.8	15.2	-247.0	29.2	32.7	29.3	17.3
P/E	16.6	13.0	15.6	18.9	23.0	21.4	20.2
P/B	3.3	2.9	3.3	3.7	4.7	4.2	3.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	10.6	9.6	8.7
Target EV/EBIT	0.0	0.0	0.0	0.0	17.8	16.5	15.1
Target EV/FCF	0.0	0.0	0.0	0.0	33.1	29.2	16.6
Target P/B	0.0	0.0	0.0	0.0	4.4	4.0	3.6
Target P/E	0.0	0.0	0.0	0.0	21.5	20.0	18.9
<b>Per share measures</b>							
Number of shares	24,771	24,963	24,963	24,963	24,963	24,963	24,963
Number of shares (diluted)	24,771	24,963	24,963	24,963	24,963	24,963	24,963
EPS	0.47	0.61	0.70	0.68	0.81	0.87	0.93
Operating cash flow per share	0.74	0.92	1.32	1.52	1.53	1.69	1.82
Free cash flow per share	0.53	0.52	-0.04	0.44	0.57	0.64	1.08
Book value per share	2.34	2.71	3.07	3.49	3.96	4.43	4.92
Dividend per share	0.23	0.30	0.35	0.34	0.41	0.44	0.46
Dividend payout ratio, %	49.2	49.0	50.2	49.6	50.0	50.0	50.0
Dividend yield, %	3.0	3.8	3.4	2.6	2.2	2.3	2.5
FCF yield, %	6.8	6.6	-0.4	3.4	3.1	3.4	5.8
<b>Efficiency measures</b>							
ROE	21.0	24.4	24.1	20.9	21.8	20.8	19.8
ROCE	17.2	19.3	18.3	15.7	16.8	17.0	17.6
<b>Financial ratios</b>							
Inventories as % of sales	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Receivables as % of sales	24.5	22.4	23.6	21.8	21.8	21.8	21.8
Non-interest bearing liabilities as % of sales	21.3	20.5	23.2	22.1	22.1	22.1	22.1
NWC/sales, %	2.5	1.3	-0.5	-0.9	-0.8	-0.7	-0.7
Operative CAPEX/sales, %	1.0	0.7	4.9	8.1	5.7	5.3	5.4
CAPEX/sales (incl. acquisitions), %	-0.5	-2.8	-3.1	5.9	3.3	2.5	5.4
FCFF/EBITDA	0.6	0.5	0.3	0.8	0.7	0.7	0.8
Net debt/EBITDA, book-weighted	1.2	1.3	1.1	1.0	0.8	0.6	0.2
Debt/equity, market-weighted	0.2	0.2	0.2	0.1	0.1	0.1	0.0
Equity ratio, book-weighted	40.1	39.1	37.8	40.0	41.8	44.2	49.0
Gearing, %	43.0	48.1	52.6	46.6	35.2	26.2	10.5

**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:** Etteplan is in our view set to continue on a track of profitable growth. The comprehensive service offering and good market positioning provides organic growth opportunities while the company's M&A track record will see growth further boosted through acquisitions. Etteplan has achieved a solid level of relative profitability and further improvement appears challenging, although optimization of resources through an increase in Managed services and an increase in own software products could further boost margins.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,500,000	308.550	66.1%
Oy Fincorp Ab	2,515,000	47.031	10.1%
Varma Mutual Pension Insurance Company	985,593	18.431	3.9%
SEB Gyllenberg Finland Small Cap Fund	488,000	9.126	2.0%
Tuori Klaus	399,134	7.464	1.6%
Tuori Aino	308,275	5.765	1.2%
Ilmarinen Mutual Pension Insurance Company	266,000	4.974	1.1%
Elo Mutual Pension Insurance Company	209,662	3.921	0.8%
VAS Invest Oy	194,035	3.628	0.8%
Taaleri Mikro Markka fund	164,048	3.068	0.7%
Ten largest	22,029,747	411.956	88%
Residual	2,933,561	54.858	12%
Total	24,963,308	466.814	100%

**EARNINGS CALENDAR**

February 10, 2022	FY 2021 Results
May 05, 2022	Q1 report
August 10, 2022	Q2 report
October 28, 2022	Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

CEO: Juha Näkki	Tekniikantie 4 B, 02150 Espoo
CFO: Helena Kukkonen	Tel: +358 1,0 3,070
IR: Outi Torniainen	

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

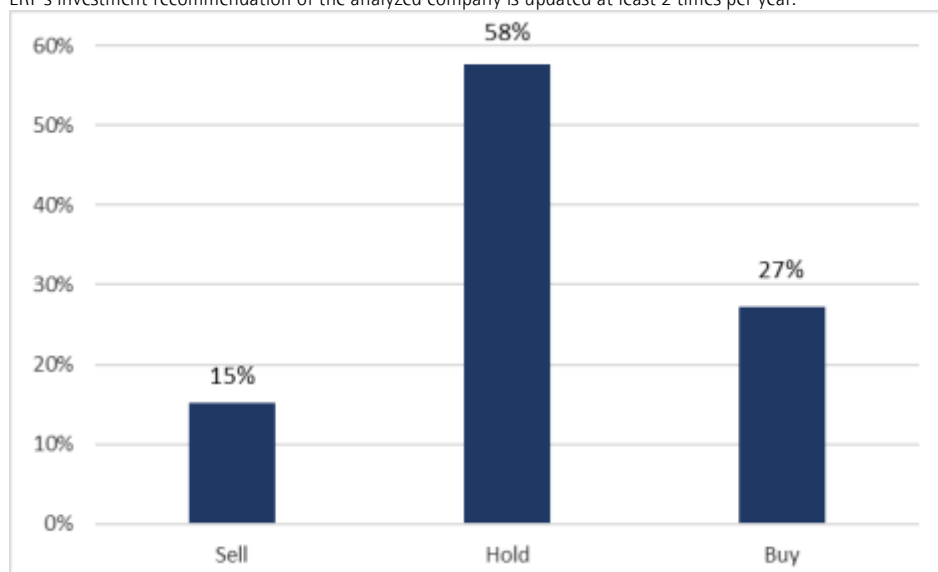
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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