

Improvement amid breezy conditions

Exel Composites achieved an 8.5% adjusted operating margin in Q2, a profitability level some 200bps above our and consensus expectations. Exel's recent decision to retain its ambitious long-term financial targets also speaks volumes about the company's conviction on wind energy growth potential. So far development in 2019 has been encouraging, although the targets represent a gap which will not be closed for a while yet. We retain our BUY rating; our target price still stands at EUR 5 per share.

Wind energy sector continued to support volumes

Muted development extended within the Industrial Applications segment and Asia-Pacific region as telecommunications sector volumes remained weak. The Rest of the World region more than doubled its H1'19 revenues y/y due to the DSC acquisition; the transaction also boosted the Construction & Infrastructure segment thanks to the U.S. unit's wind energy exposure. DSC remained unprofitable in Q2 (cost measures' fruits should be visible already during Q3).

Financial targets remain stiff compared to current figures

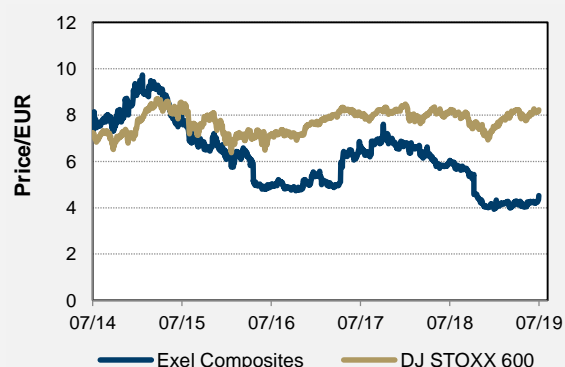
Exel lately confirmed its long-term financial targets for 2019-22, continuing to target adjusted operating margin at a level above 10% while aiming for ROCE north of 20%. Exel's Q2 recorded the respective figures at 8.5% and 14.1%. Q2 gross margin was strong at 63% i.e. somewhat above the typical level. We continue to expect the company's ongoing volume shift to wind energy applications will put slight pressure on gross margin; hence the realization of profit-based targets depends on continued strong volume growth. Exel also introduced a net gearing target (at or below 60%), according to which the company should more than halve its indebtedness from the current 123% level. Exel retained its guidance for FY 2019 (expects higher revenue and adj. EBIT).

Current valuation level means there's room for upside

We leave our revenue estimates largely intact but revise our operating margin estimates slightly upwards. Exel currently trades below 7x EV/EBITDA '19e (on our estimates) vs the historical 8-9x levels. Our rating remains BUY, our TP at EUR 5.

Rating

BUY



Share price, EUR (Last trading day's closing price) 4.53

Target price, EUR 5.0

Latest change in recommendation 20-Feb-19

Latest report on company 6-May-19

Research paid by issuer: YES

No. of shares outstanding, '000's 11,897

No. of shares fully diluted, '000's 11,897

Market cap, EURm 54

Free float, % 100

Exchange rate EUR/USD 1.15

Reuters code EXL1V.HE

Bloomberg code EXL1V FH

Average daily volume, EURm 0.1

Next interim report 30-Oct-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	86	6	7.1%	5	0.35	18.6	1.0	12.9	14.2	0.30
2018	97	2	2.3%	2	0.03	119.0	0.7	-16.4	32.9	0.18
2019E	105	6	5.8%	5	0.34	13.1	0.7	6.4	12.7	0.20
2020E	112	9	7.6%	8	0.51	8.9	0.7	5.1	8.7	0.20
2021E	120	9	7.8%	9	0.57	8.0	0.6	5.2	7.6	0.25
Market cap, EURm	54			BV per share 2019E, EUR	2.3			CAGR EPS 2018-21, %	156.4	
Net debt 2019E, EURm	24			Price/book 2019E	1.9			CAGR sales 2018-21, %	7.5	
Enterprise value, EURm	77			Dividend yield 2019E, %	4.4			ROE 2019E, %	15.3	
Total assets 2019E, EURm	77			Tax rate 2019E, %	22.6			ROCE 2019E, %	11.1	
Goodwill 2019E, EURm	13			Equity ratio 2019E, %	35.8			PEG, P/E 19/CAGR	0.8	

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

Estimates summary

Exel Composites	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18	2018	Q1/'19	Q2/'19	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Industrial Applications	48.2	11.3	11.2	8.8	8.6	39.9	9.3	9.5	8.7	8.7	36.2	38.0	39.9
Construction & Infrastructure	21.3	5.6	8.6	9.8	12.9	36.9	11.3	10.9	11.0	13.0	46.2	50.9	56.0
Other Applications	16.7	4.7	5.4	4.6	5.2	19.9	6.5	6.0	5.0	5.4	22.9	23.6	24.3
Revenue	86.3	21.5	25.2	23.2	26.7	96.6	27.1	26.5	24.7	27.1	105.3	112.4	120.1
<i>change, %</i>	<i>18 %</i>	<i>6 %</i>	<i>9 %</i>	<i>13 %</i>	<i>19 %</i>	<i>12 %</i>	<i>26 %</i>	<i>5 %</i>	<i>7 %</i>	<i>1 %</i>	<i>9 %</i>	<i>7 %</i>	<i>7 %</i>
Gross profit	52.1	14.0	15.5	13.7	14.6	57.8	16.1	16.7	14.9	16.4	64.1	67.9	71.5
<i>-margin, %</i>	<i>60.4 %</i>	<i>65.0 %</i>	<i>61.7 %</i>	<i>59.1 %</i>	<i>54.7 %</i>	<i>59.9 %</i>	<i>59.4 %</i>	<i>63.2 %</i>	<i>60.5 %</i>	<i>60.5 %</i>	<i>60.9 %</i>	<i>60.4 %</i>	<i>59.5 %</i>
EBITDA	9.3	2.5	2.3	1.8	1.2	7.8	1.8	3.5	3.0	3.2	11.5	13.8	14.6
<i>-margin, %</i>	<i>10.8 %</i>	<i>11.5 %</i>	<i>9.1 %</i>	<i>7.7 %</i>	<i>4.6 %</i>	<i>8.0 %</i>	<i>6.5 %</i>	<i>13.3 %</i>	<i>12.0 %</i>	<i>11.8 %</i>	<i>10.9 %</i>	<i>12.3 %</i>	<i>12.2 %</i>
Adjusted EBIT	6.3	1.8	2.0	0.5	0.8	5.0	2.0	2.2	1.7	1.9	7.8	8.6	9.4
EBIT	6.1	1.6	1.3	0.5	-1.2	2.2	0.4	2.1					
<i>-margin, %</i>	<i>7.3 %</i>	<i>8.4 %</i>	<i>7.8 %</i>	<i>2.1 %</i>	<i>2.9 %</i>	<i>5.2 %</i>	<i>7.2 %</i>	<i>8.5 %</i>	<i>6.8 %</i>	<i>7.0 %</i>	<i>7.4 %</i>	<i>7.6 %</i>	<i>7.8 %</i>
<i>-margin (reported), %</i>	<i>7.0 %</i>	<i>7.4 %</i>	<i>5.2 %</i>	<i>2.0 %</i>	<i>-4.3 %</i>	<i>2.3 %</i>	<i>1.5 %</i>	<i>8.1 %</i>			<i>5.8 %</i>		

Source: Evli Research, Exel Composites

EXEL COMPOSITES PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		19	20	21	19	20	21	19	20	21
Gurit Holding	444	8.5x	8.2x	8.1x	11.1x	11.1x	11.3x	9.5 %	9.2 %	9.0 %
Hexagon Composites	626	16.3x	13.7x	10.7x	30.1x	21.7x	15.1x	6.8 %	8.3 %	9.9 %
Hexcel	6371	14.2x	13.3x	12.5x	19.1x	17.6x	16.5x	18.0 %	18.5 %	18.8 %
PolyOne	2181	9.3x	8.6x	8.2x	12.0x	11.0x	10.6x	8.7 %	9.1 %	9.3 %
SGL Carbon	773	7.3x	6.4x	6.2x	16.6x	12.4x	10.7x	5.6 %	7.0 %	7.6 %
TPI Composites	818	12.1x	5.6x	4.8x	38.4x	8.8x	6.6x	1.8 %	6.3 %	7.3 %
Peer Group Average	1869	11.3x	9.3x	8.4x	21.2x	13.8x	11.8x	8.4 %	9.7 %	10.3 %
Peer Group Median	795	10.7x	8.4x	8.2x	17.9x	11.8x	11.0x	7.8 %	8.7 %	9.1 %
Exel Composites (Evli est.)	54	6.8x	5.4x	5.1x	12.7x	8.7x	7.6x	5.8 %	7.6 %	7.8 %

Exel Composites prem./disc. to peer median

-36 % -36 % -37 % -29 % -26 % -31 % -25 % -13 % -15 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	4.53 PV of Free Cash Flow	42 Long-term growth, %	1.5 Risk-free interest rate, %	2.25
DCF share value	5.59 PV of Horizon value	52 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	23.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	6.2 Marketable securities	5 Minimum WACC, %	8.0 Equity beta coefficient	1.00
Minimum value	5.1 Debt - dividend	-32 Maximum WACC, %	9.0 Target debt ratio, %	10
Horizon value, %	55.2 Value of stock	67 Nr of shares, Mn	11.9 Effective tax rate, %	21

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	97	105	112	120	127	135	141	146	149	152	155	157
<i>Sales growth, %</i>	<i>11.9</i>	<i>9.1</i>	<i>6.6</i>	<i>6.7</i>	<i>6.0</i>	<i>6.0</i>	<i>5.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	2	6	9	9	9	9	10	10	10	11	11	11
<i>EBIT margin, %</i>	<i>2.3</i>	<i>5.8</i>	<i>7.6</i>	<i>7.8</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>
+ Depreciation+amort.	6	5	5	5	4	4	4	4	4	4	4	4
- Income taxes	-2	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
- Change in NWC	-9	-2	-1	-1	-1	-1	-1	-1	-1	-1	0	
<i>NWC / Sales, %</i>	<i>17.4</i>	<i>17.4</i>	<i>17.4</i>	<i>17.4</i>	<i>17.4</i>	<i>17.4</i>	<i>17.4</i>	<i>17.4</i>	<i>17.4</i>	<i>17.4</i>	<i>17.4</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-9	-4	-4	-4	-4	-4	-5	-5	-5	-5	-5	-5
<i>Investments / Sales, %</i>	<i>9.7</i>	<i>4.2</i>	<i>3.8</i>	<i>3.6</i>	<i>3.5</i>	<i>3.3</i>	<i>3.2</i>	<i>3.1</i>	<i>3.1</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= Unlevered Free CF (FCF)	-12	4	6	6	6	6	6	7	7	7	8	112
= Discounted FCF (DFCF)		4	6	5	4	4	4	4	4	4	4	52
= DFCF min WACC		4	6	5	4	4	4	4	4	4	4	58
= DFCF max WACC		4	6	5	4	4	4	4	4	4	3	46

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	22	25	23	27	97	27	27	25	27	105	112	120
EBITDA	3	2	2	1	8	2	4	3	3	11	14	14
<i>EBITDA margin (%)</i>	<i>11.6</i>	<i>8.7</i>	<i>7.8</i>	<i>4.5</i>	<i>8.0</i>	<i>6.3</i>	<i>13.2</i>	<i>12.1</i>	<i>11.8</i>	<i>10.8</i>	<i>12.2</i>	<i>11.6</i>
EBIT	2	1	1	-1	2	0	2	2	2	6	9	9
<i>EBIT margin (%)</i>	<i>7.4</i>	<i>5.1</i>	<i>2.2</i>	<i>-4.5</i>	<i>2.3</i>	<i>1.5</i>	<i>7.9</i>	<i>6.9</i>	<i>7.0</i>	<i>5.8</i>	<i>7.6</i>	<i>7.8</i>
Net financial items	0	0	0	0	0	0	0	0	0	-1	-1	-1
Pre-tax profit	1	2	1	-1	2	0	2	2	2	5	8	9
Tax	0	0	0	0	-1	0	0	0	0	-1	-2	-2
<i>Tax rate (%)</i>	<i>25.0</i>	<i>33.3</i>	<i>80.0</i>	<i>-6.7</i>	<i>76.5</i>	<i>150.0</i>	<i>15.8</i>	<i>20.0</i>	<i>17.6</i>	<i>22.6</i>	<i>22.6</i>	<i>22.6</i>
Net profit	1	1	0	-2	0	0	2	1	1	4	6	7
EPS	0.08	0.08	0.01	-0.13	0.03	-0.01	0.13	0.10	0.12	0.34	0.51	0.57
EPS adjusted (diluted no. of shares)	0.08	0.08	0.01	-0.13	0.03	-0.01	0.13	0.10	0.12	0.34	0.51	0.57
Dividend per share	0.00	0.00	0.00	0.00	0.18	0.00	0.00	0.00	0.00	0.20	0.20	0.25
SALES, EURm												
Exel Composites	22	25	23	27	97	27	27	25	27	105	112	120
Total	22	25	23	27	97	27	27	25	27	105	112	120
SALES GROWTH, Y/Y %												
Exel Composites	5.9	9.5	13.2	18.7	11.9	26.0	4.7	6.9	1.5	9.1	6.6	6.7
Total	5.9	9.5	13.2	18.7	11.9	26.0	4.7	6.9	1.5	9.1	6.6	6.7
EBIT, EURm												
Exel Composites	2	1	1	-1	2	0	2	2	2	6	9	9
Total	2	1	1	-1	2	0	2	2	2	6	9	9
EBIT margin, %												
Exel Composites	7.4	5.1	2.2	-4.5	2.3	1.5	7.9	6.9	7.0	5.8	7.6	7.8
Total	7.4	5.1	2.2	-4.5	2.3	1.5	7.9	6.9	7.0	5.8	7.6	7.8

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	79	80	73	86	97	105	112	120
<i>Sales growth (%)</i>	<i>14.4</i>	<i>1.1</i>	<i>-8.9</i>	<i>18.1</i>	<i>11.9</i>	<i>9.1</i>	<i>6.6</i>	<i>6.7</i>
Costs	-67	-73	-69	-77	-89	-94	-99	-106
Reported EBITDA	13	7	4	9	8	11	14	14
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>15.8</i>	<i>9.1</i>	<i>5.2</i>	<i>10.8</i>	<i>8.0</i>	<i>10.8</i>	<i>12.2</i>	<i>11.6</i>
Depreciation	-3	-3	-3	-3	-5	-5	-5	-5
EBITA	9	4	1	6	2	6	9	9
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	9	4	1	6	2	6	9	9
<i>EBIT margin (%)</i>	<i>11.9</i>	<i>5.5</i>	<i>0.8</i>	<i>7.1</i>	<i>2.3</i>	<i>5.8</i>	<i>7.6</i>	<i>7.8</i>
Net financials	0	0	0	-1	0	-1	-1	-1
Pre-tax profit	9	4	1	5	2	5	8	9
Extraordinary items	0	0	-2	0	0	0	0	0
Taxes	-3	-1	0	-1	-1	-1	-2	-2
Minority shares	0	0	0	0	0	0	0	0
Net profit	6	2	-1	4	0	4	6	7
BALANCE SHEET, EURm								
Assets								
Fixed assets	13	15	17	16	21	20	19	19
<i>% of sales</i>	<i>17</i>	<i>19</i>	<i>24</i>	<i>19</i>	<i>22</i>	<i>19</i>	<i>17</i>	<i>16</i>
Goodwill	10	10	10	13	13	13	13	13
<i>% of sales</i>	<i>12</i>	<i>12</i>	<i>13</i>	<i>16</i>	<i>13</i>	<i>12</i>	<i>11</i>	<i>11</i>
Inventory	10	10	9	12	15	17	18	19
<i>% of sales</i>	<i>13</i>	<i>12</i>	<i>12</i>	<i>14</i>	<i>16</i>	<i>16</i>	<i>16</i>	<i>16</i>
Receivables	11	12	10	15	20	22	23	25
<i>% of sales</i>	<i>14</i>	<i>14</i>	<i>14</i>	<i>17</i>	<i>21</i>	<i>21</i>	<i>21</i>	<i>21</i>
Liquid funds	8	8	7	8	5	5	6	6
<i>% of sales</i>	<i>10</i>	<i>10</i>	<i>10</i>	<i>9</i>	<i>5</i>	<i>5</i>	<i>5</i>	<i>5</i>
Total assets	52	54	54	64	75	77	79	82
Liabilities								
Equity	30	31	27	29	26	28	31	36
<i>% of sales</i>	<i>38</i>	<i>38</i>	<i>36</i>	<i>33</i>	<i>27</i>	<i>26</i>	<i>28</i>	<i>30</i>
Deferred taxes	1	1	1	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	6	8	14	16	30	29	26	23
<i>% of sales</i>	<i>7</i>	<i>11</i>	<i>18</i>	<i>19</i>	<i>31</i>	<i>27</i>	<i>23</i>	<i>19</i>
Non-interest bearing current liabilities	16	14	12	18	18	20	22	23
<i>% of sales</i>	<i>20</i>	<i>17</i>	<i>17</i>	<i>21</i>	<i>19</i>	<i>19</i>	<i>19</i>	<i>19</i>
Other interest free debt	0	1	1	0	0	0	0	0
<i>% of sales</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total liabilities	52	54	54	64	75	77	79	82
CASH FLOW, EURm								
+ EBITDA	13	7	4	9	8	11	14	14
- Net financial items	0	0	0	-1	0	-1	-1	-1
- Taxes	-2	-1	0	-2	-2	-1	-2	-2
- Increase in Net Working Capital	0	-3	1	-1	-9	-2	-1	-1
+/- Other	0	0	-2	0	0	0	0	0
= Cash flow from operations	9	3	3	6	-3	8	10	10
- Capex	-5	-4	-6	-6	-9	-4	-4	-4
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	4	-2	-3	0	-12	3	6	6
+/- Change in interest-bearing debt	-7	3	5	3	13	-1	-3	-3
+/- New issues/buybacks	1	1	0	-1	0	0	0	0
- Paid dividend	0	-2	-3	-1	-4	-2	-2	-2
+/- Change in loan receivables	0	0	0	0	0	0	0	0
Change in cash	-2	0	-1	1	-3	0	0	0

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	77	60	78	48	54	54	54
Net debt	1	6	9	25	24	20	17
Enterprise value	78	66	87	72	77	74	71
Sales	80	73	86	97	105	112	120
EBITDA	7	4	9	8	11	14	14
EBIT	4	1	6	2	6	9	9
Pre-tax	4	1	5	2	5	8	9
Earnings	3	0	4	0	4	6	7
Book value	31	27	29	26	28	31	36
Valuation multiples							
EV/sales	1.0	0.9	1.0	0.7	0.7	0.7	0.6
EV/EBITDA	10.7	17.3	9.3	9.4	6.8	5.4	5.1
EV/EBITA	17.7	109.9	14.2	32.9	12.7	8.7	7.6
EV/EBIT	17.7	109.9	14.2	32.9	12.7	8.7	7.6
EV/operating cash flow	24.1	14.6	14.3	-25.0	9.1	7.0	6.8
EV/cash earnings	13.5	18.5	12.6	13.1	8.2	6.6	6.3
P/E	27.3	164.3	18.6	119.0	13.1	8.9	8.0
P/E excl. goodwill	27.3	164.3	18.6	119.0	13.1	8.9	8.0
P/B	2.5	2.2	2.7	1.8	1.9	1.7	1.5
P/sales	1.0	0.8	0.9	0.5	0.5	0.5	0.4
P/CF	23.9	13.2	12.9	-16.4	6.4	5.1	5.2
Target EV/EBIT	0.0	0.0	0.0	0.0	13.6	9.3	8.2
Target P/E	28.9	31.4	19.7	14.1	14.5	9.8	8.8
Target P/B	0.0	0.0	0.0	0.0	2.1	1.9	1.7
Per share measures							
Number of shares	11,897	11,897	11,897	11,897	11,897	11,897	11,897
Number of shares (diluted)	11,897	11,897	11,897	11,897	11,897	11,897	11,897
EPS	0.24	0.03	0.35	0.03	0.34	0.51	0.57
EPS excl. goodwill	0.24	0.03	0.35	0.03	0.34	0.51	0.57
Cash EPS	0.48	0.30	0.58	0.47	0.79	0.94	0.95
Operating cash flow per share	0.27	0.38	0.51	-0.24	0.71	0.89	0.88
Capital employed per share	2.62	2.76	3.15	4.25	4.31	4.33	4.43
Book value per share	2.57	2.24	2.42	2.16	2.33	2.64	3.00
Book value excl. goodwill	1.77	1.43	1.29	1.09	1.26	1.56	1.93
Dividend per share	0.22	0.10	0.30	0.18	0.20	0.20	0.25
Dividend payout ratio, %	92.5	327.2	85.0	535.4	58.0	39.4	44.1
Dividend yield, %	3.4	2.0	4.6	4.5	4.4	4.4	5.5
Efficiency measures							
ROE	9.4	1.3	15.2	1.5	15.3	20.5	20.1
ROCE	12.1	1.8	14.6	4.6	11.1	15.2	16.4
Financial ratios							
Capex/sales, %	5.6	7.8	6.9	9.7	4.2	3.8	3.6
Capex/depreciation excl. goodwill,%	156.6	177.6	66.8	183.2	82.7	82.8	96.1
Net debt/EBITDA, book-weighted	0.1	1.6	0.9	3.2	2.1	1.5	1.2
Debt/equity, market-weighted	0.1	0.2	0.2	0.6	0.5	0.5	0.4
Equity ratio, book-weighted	56.7	49.5	44.7	34.5	35.8	39.5	43.4
Gearing	0.02	0.23	0.30	0.96	0.85	0.64	0.47
Number of employees, average	498	479	532	647	647	647	647
Sales per employee, EUR	161,044	152,610	162,218	149,304	162,906	173,658	185,293
EBIT per employee, EUR	8,835	1,253	11,466	3,400	9,428	13,198	14,453

COMPANY DESCRIPTION: Exel Composites designs, manufactures and markets composite profiles and tubes for industrial applications.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Nordea Bank ABP (Nom. reg.)	2,086,347	9.451	17.5%
Skandinaviska Enskilda Banken AB (Nom. reg.)	1,004,989	4.553	8.4%
Sijoitusrahasto Taaleritehdas Mikro Markka	650,000	2.944	5.5%
OP-Finland Small Firms Fund	598,259	2.710	5.0%
Phoebus Fund	290,000	1.314	2.4%
Säästöpankki Pienyhtiöt	288,710	1.308	2.4%
Danske Invest Finnish Institutional Equity Fund	265,000	1.200	2.2%
Ilmarinen Mutual Pension Insurance Company	242,733	1.100	2.0%
Matti Suutarinen	231,821	1.050	1.9%
Nelimarkka Heikki Antero	230,495	1.044	1.9%
Ten largest	5,888,354	26.674	49%
Residual	6,008,489	27.218	51%
Total	11,896,843	53.893	100%

EARNINGS CALENDAR

October 30, 2019

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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Mäkituvantie 5 01510 Vantaa

CFO: Mikko Kettunen

Tel: +358 20 7541 200

IR: Noora Koikkalainen

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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