EVLI

EXEL COMPOSITES

Chemicals/Finland, May 3, 2021

Company update

Multiples are rerating

Exel's record Q1 orders surprised. In our view the next quarters' orders determine how much forward-look the multiples warrant. Our TP is EUR 11, now rate HOLD (BUY).

The EUR 42m order intake sets a new benchmark level

Exel's Q1 revenue grew 11% y/y to EUR 31m and was a bit above our EUR 30m estimate. Customer industries performed close to our expectations while Asia-Pacific contributed most of the growth. Adj. EBIT was EUR 2.5m vs our EUR 2.4m estimate. Strong demand was to be expected, yet the EUR 42m order intake (up 22% y/y from a high comparison figure) is a record and can be compared to the EUR 30m level Exel has averaged in the recent past. The orders stemmed from many industries and no large orders drove the intake. Operations ran almost as usual despite the pandemic, raw materials, and logistics issues. Exel managed to balance its raw material pool across the eight plants.

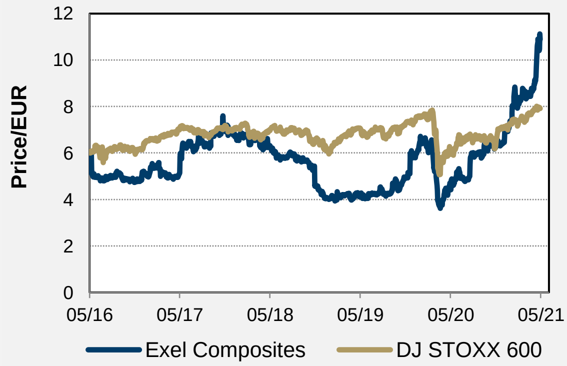
Organic CAGR outlook now closer to 10% than 5%

Exel already saw some raw materials inflation affecting Q1 margins. We expect a more pronounced negative effect in Q2 (we now estimate 7.2% Q2 EBIT vs our prev. 10.4% estimate), but also see EBIT margins bounce back to ca. 9-10% levels in H2. Exel has been able to pass raw materials inflation forward before and this is to be expected again considering the value chain position. Profitability slope remains attractive especially if the Q1 order levels continue to persist over the summer. We don't consider the EUR 42m figure just a fluke and even if Exel may not quite reach such high orders in the coming quarters we nevertheless see the company is now positioned for high single-digit organic CAGR for years to come. In our view Exel might well reach double-digit top line growth this year and we see such growth rates driving long-term EBIT margins meaningfully above 10%.

Earnings multiples have already rerated for a valid reason

Exel is valued ca. 9.5x EV/EBITDA and 15x EV/EBIT on our FY '21 estimates. The multiples are a bit high compared to the historical respective averages of 8x and 13x but in our view warranted by the current growth prospects. Top line growth continues to drive profitability and the multiples are some 8.5x and 12x on our FY '22 estimates. In our opinion the next few quarters' orders will determine how much forward into the future the multiples may lean. We retain our EUR 11 TP, rating now HOLD (BUY).

Rating: HOLD



Share price, EUR (Last trading day's closing price)	10.88
Target price, EUR	11.0
Latest change in recommendation	03-May-21
Latest report on company	16-Apr-21
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	129
Free float, %	100.0
Exchange rate EUR/USD	1.20
Reuters code	EXL1V.HE
Bloomberg code	EXL1V FH
Average daily volume, EURm	0.1
Next interim report	20-Jul-21
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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
2019	103.8	5.1	4.9%	0.7	0.20	32.5	1.0	21.0	0.9	0.18
2020	108.6	9.4	8.7%	0.5	0.45	16.4	1.1	12.5	0.5	0.20
2021E	119.6	10.3	8.6%	5.5	0.61	17.7	1.3	15.2	4.2	0.25
2022E	128.5	12.7	9.9%	7.6	0.77	14.1	1.2	11.9	5.9	0.30
2023E	136.2	13.6	10.0%	8.5	0.84	13.0	1.1	10.8	6.5	0.32

Market cap, EURm	129	Gearing 2021E, %	80.3	CAGR EPS 2020-23, %	23.0
Net debt 2021E, EURm	27	Price/book 2021E	3.8	CAGR sales 2020-23, %	7.8
Enterprise value, EURm	156	Dividend yield 2021E, %	2.3	ROE 2021E, %	23.5
Total assets 2021E, EURm	102	Tax rate 2021E, %	24.0	ROCE 2021E, %	14.5
Goodwill 2021E, EURm	13	Equity ratio 2021E, %	32.9	PEG, P/E 21/CAGR	1.2

Estimates and peer group multiples

Exel Composites	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21e	Q3'21e	Q4'21e	2021e
Buildings and infrastructure	23.5	6.2	5.3	4.9	7.0	23.5	7.0	5.9	5.4	7.5	25.8
Equipment and other industries	18.6	6.1	4.0	4.3	5.1	19.5	5.6	4.3	4.6	5.5	20.1
Wind power	23.6	5.8	7.9	7.8	6.6	28.1	7.4	8.9	8.7	7.2	32.3
Machinery and electrical	14.4	3.8	4.8	3.3	3.7	15.5	3.7	5.1	3.4	3.9	16.1
Transportation	13.1	3.4	2.8	2.2	1.9	10.2	2.5	2.1	2.3	1.9	8.8
Defense	2.3	1.3	0.8	1.9	1.4	5.3	2.2	1.5	2.2	1.6	7.6
Telecommunications	8.2	1.2	1.7	1.7	1.8	6.5	2.5	2.6	1.9	2.0	8.9
Revenue	**103.8**	**27.8**	**27.2**	**26.0**	**27.5**	**108.6**	**31.0**	**30.4**	**28.5**	**29.7**	**119.6**
y/y change, %	*7 %*	*3 %*	*3 %*	*10 %*	*3 %*	*5 %*	*11 %*	*12 %*	*10 %*	*8 %*	*10 %*
Adjusted EBIT	**7.2**	**2.1**	**2.9**	**2.0**	**2.7**	**9.7**	**2.5**	**2.2**	**2.6**	**3.1**	**10.4**
EBIT	5.1	1.9	2.8	2.0	2.7	9.4	2.4				10.3
-margin, %	*6.9 %*	*7.5 %*	*10.6 %*	*7.8 %*	*9.9 %*	*8.9 %*	*7.9 %*	*7.2 %*	*9.1 %*	*10.4 %*	*8.7 %*
-margin (reported), %	*4.9 %*	*6.7 %*	*10.2 %*	*7.8 %*	*9.9 %*	*8.7 %*	*7.8 %*				*8.6 %*

Source: Evli Research

	MCAP		EV/EBITDA			EV/EBIT			EBIT-%	
EXEL COMPOSITES PEER GROUP	MEUR	20	21	22	20	21	22	20	21	22
Gurit Holding	1012	15.7x	15.3x	14.3x	18.9x	18.9x	17.5x	11.1 %	10.5 %	11.1 %
Hexagon Composites	1113	58.0x	94.2x	33.7x			239.5x	-1.9 %	-3.8 %	0.9 %
Hexcel	3926	26.6x	28.0x	17.1x	351.9x	99.5x	29.9x	0.9 %	4.0 %	11.3 %
Avient	3850	13.0x	11.3x	10.5x	18.9x	15.6x	14.3x	8.1 %	9.3 %	9.6 %
SGL Carbon	757	7.1x	10.1x	7.8x		32.5x	17.2x	-11.1 %	3.4 %	6.1 %
TPI Composites	1621	22.7x	17.4x	13.1x	85.8x	33.6x	20.8x	1.5 %	3.6 %	5.2 %
Peer Group Average	2046	**23.9x**	**29.4x**	**16.1x**	**118.9x**	**40.0x**	**56.5x**	**1.4 %**	**4.5 %**	**7.4 %**
Peer Group Median	1367	**19.2x**	**16.4x**	**13.7x**	**52.4x**	**32.5x**	**19.1x**	**1.2 %**	**3.8 %**	**7.9 %**
Exel Composites (Evli est.)	**129**	**7.7x**	**9.6x**	**8.3x**	**12.5x**	**15.2x**	**11.9x**	**8.7 %**	**8.6 %**	**9.9 %**
Exel Composites prem./disc. to peer median		*-60 %*	*-41 %*	*-39 %*	*-76 %*	*-53 %*	*-38 %*	*612 %*	*127 %*	*26 %*

Source FactSet, Evli Research

VALUATION RESULTS		BASE CASE DETAILS		VALUATION ASSUMPTIONS		ASSUMPTIONS FOR WACC	
Current share price	10.88	PV of Free Cash Flow	74	Long-term growth, %	1.5	Risk-free interest rate, %	2.25
DCF share value	11.21	PV of Horizon value	91	WACC, %	8.5	Market risk premium, %	5.8
Share price potential, %	3.0	Unconsolidated equity	0	Spread, %	0.5	Debt risk premium, %	3.3
Maximum value	12.3	Marketable securities	12	Minimum WACC, %	8.0	Equity beta coefficient	1.00
Minimum value	10.2	Debt - dividend	-44	Maximum WACC, %	9.0	Target debt ratio, %	10
Horizon value, %	55.2	Value of stock	133	Nr of shares, Mn	11.9	Effective tax rate, %	21

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	109	120	129	136	143	147	151	154	157	160	163	165
Sales growth, %	*4.6*	*10.1*	*7.5*	*6.0*	*5.0*	*3.0*	*2.5*	*2.0*	*2.0*	*2.0*	*1.5*	*1.5*
Operating income (EBIT)	9	10	13	14	15	15	16	16	17	18	19	19
Operating income margin, %	*8.7*	*8.6*	*9.9*	*10.0*	*10.5*	*10.5*	*10.5*	*10.5*	*11.0*	*11.5*	*11.5*	*11.5*
+ Depreciation+amort.	6	6	6	6	6	6	6	5	5	5	5	
EBITDA	15	16	18	19	21	21	22	21	23	24	24	
- Paid taxes	-3	-2	-3	-3	-4	-4	-4	-4	-4	-4	-4	
- Change in NWC	3	-1	-1	-1	-1	-1	0	0	0	0	0	
NWC / Sales, %	*11.2*	*11.3*	*11.3*	*11.4*	*11.4*	*11.4*	*11.5*	*11.5*	*11.5*	*11.5*	*11.5*	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-13	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	
opCAPEX / Sales, %	*11.9*	*5.5*	*4.7*	*4.5*	*4.4*	*4.2*	*4.2*	*3.7*	*3.7*	*3.7*	*3.6*	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	2	8	9	10	11	12	12	12	13	14	14	202
= Discounted FCFF		7	8	8	8	8	8	7	7	7	6	91
= DFCF min WACC		7	8	8	8	8	8	7	7	7	7	103
= DFCF max WACC		7	8	8	8	8	8	7	7	6	6	82

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	27.8	27.2	26.1	27.5	108.6	31.0	30.4	28.5	29.7	119.6	128.5	136.2
EBITDA	3.4	4.3	3.5	4.1	15.3	3.9	3.7	4.1	4.6	16.3	18.3	19.2
EBITDA margin (%)	*12.1*	*15.8*	*13.5*	*14.8*	*14.0*	*12.7*	*12.2*	*14.4*	*15.5*	*13.7*	*14.2*	*14.1*
EBIT	1.9	2.8	2.0	2.7	9.4	2.4	2.2	2.6	3.1	10.3	12.7	13.6
EBIT margin (%)	*6.7*	*10.3*	*7.8*	*9.9*	*8.7*	*7.8*	*7.2*	*9.1*	*10.4*	*8.6*	*9.9*	*10.0*
Net financial items	-0.6	0.2	-0.7	-1.2	-2.3	0.5	-0.4	-0.4	-0.4	-0.7	-0.6	-0.5
Pre-tax profit	1.3	2.9	1.3	1.5	7.1	2.9	1.8	2.2	2.7	9.6	12.1	13.1
Tax	-0.6	-0.4	-0.2	-0.4	-1.7	-0.9	-0.4	-0.5	-0.6	-2.3	-2.9	-3.1
Tax rate (%)	*49.4*	*15.3*	*15.1*	*29.7*	*24.6*	*30.8*	*21.0*	*21.0*	*21.0*	*24.0*	*24.0*	*24.0*
Net profit	0.7	2.5	1.1	1.1	5.4	2.0	1.4	1.7	2.1	7.3	9.2	10.0
EPS	0.06	0.21	0.09	0.09	0.45	0.17	0.12	0.15	0.18	0.61	0.77	0.84
EPS adjusted (diluted no. of shares)	0.06	0.21	0.09	0.09	0.45	0.17	0.12	0.15	0.18	0.61	0.77	0.84
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.25	0.30	0.32
SALES, EURm												
Exel Composites	27.8	27.2	26.1	27.5	108.6	31.0	30.4	28.5	29.7	119.6	128.5	136.2
Total	27.8	27.2	26.1	27.5	108.6	31.0	30.4	28.5	29.7	119.6	128.5	136.2
SALES GROWTH, Y/Y %												
Exel Composites	*2.6*	*2.6*	*10.5*	*3.4*	*4.6*	*11.3*	*11.8*	*9.2*	*7.9*	*10.1*	*7.5*	*6.0*
Total	*2.6*	*2.6*	*10.5*	*3.4*	*4.6*	*11.3*	*11.8*	*9.2*	*7.9*	*10.1*	*7.5*	*6.0*
EBIT, EURm												
Exel Composites	1.9	2.8	2.0	2.7	9.4	2.4	2.2	2.6	3.1	10.3	12.7	13.6
Total	1.9	2.8	2.0	2.7	9.4	2.4	2.2	2.6	3.1	10.3	12.7	13.6
EBIT margin, %												
Exel Composites	*6.7*	*10.3*	*7.8*	*9.9*	*8.7*	*7.8*	*7.2*	*9.1*	*10.4*	*8.6*	*9.9*	*10.0*
Total	*6.7*	*10.3*	*7.8*	*9.9*	*8.7*	*7.8*	*7.2*	*9.1*	*10.4*	*8.6*	*9.9*	*10.0*

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	73.1	86.3	96.6	103.8	108.6	119.6	128.5	136.2
Sales growth (%)	*-8.9*	*18.1*	*11.9*	*7.5*	*4.6*	*10.1*	*7.5*	*6.0*
EBITDA	3.8	9.3	7.7	10.7	15.3	16.3	18.3	19.2
EBITDA margin (%)	*5.2*	*10.8*	*8.0*	*10.3*	*14.0*	*13.7*	*14.2*	*14.1*
Depreciation	-3.2	-3.2	-5.5	-5.6	-5.8	-6.0	-5.6	-5.6
EBITA	0.6	6.1	2.2	5.1	9.4	10.3	12.7	13.6
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.6	6.1	2.2	5.1	9.4	10.3	12.7	13.6
EBIT margin (%)	*0.8*	*7.1*	*2.3*	*4.9*	*8.7*	*8.6*	*9.9*	*10.0*
Reported EBIT	-1.2	6.1	2.2	5.1	9.4	10.3	12.7	13.6
EBIT margin (reported) (%)	*-1.6*	*7.1*	*2.3*	*4.9*	*8.7*	*8.6*	*9.9*	*10.0*
Net financials	-0.1	-0.7	-0.5	-1.2	-2.3	-0.7	-0.6	-0.5
Pre-tax profit	0.5	5.4	1.7	3.9	7.1	9.6	12.1	13.1
Taxes	-0.2	-1.2	-1.3	-1.5	-1.7	-2.3	-2.9	-3.1
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-1.4	4.2	0.4	2.4	5.4	7.3	9.2	10.0
Cash NRIs	-1.8	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
BALANCE SHEET, EURm								
Assets								
Fixed assets	17	16	21	23	30	30	31	31
Goodwill	10	13	13	13	13	13	13	13
Right of use assets	0	0	5	5	3	4	4	4
Inventory	9	12	15	17	16	18	19	20
Receivables	10	15	20	20	21	23	25	26
Liquid funds	7	8	5	7	12	13	14	15
Total assets	54	64	79	85	97	102	107	111
Liabilities								
Shareholder's equity	27	29	26	26	29	34	40	46
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	3	4	2	4	4	4
Deferred taxes	1	0	0	0	0	0	0	0
Interest bearing debt	14	16	30	32	40	37	33	28
Non-interest bearing current liabilities	12	18	18	21	24	26	28	30
Other interest-free debt	1	0	2	2	2	2	2	2
Total liabilities	54	64	79	85	97	102	107	111
CASH FLOW, EURm								
+ EBITDA	4	9	8	11	15	16	18	19
- Net financial items	0	-1	0	-1	-2	-1	-1	-1
- Taxes	0	-1	-2	-2	-2	-2	-3	-3
- Increase in Net Working Capital	1	-3	-4	1	3	-1	-1	-1
+/- Other	-1	1	0	0	0	0	0	0
= Cash flow from operations	3	5	1	8	13	12	14	15
- Capex	-3	-3	-10	-8	-13	-7	-6	-6
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	0	1	-9	1	0	5	8	8
+/- New issues/buybacks	0	-1	0	0	-1	0	0	0
- Paid dividend	-3	-1	-4	-2	-2	-2	-3	-4
+/- Other	2	1	9	3	7	-2	-4	-4
Change in cash	-1	0	-3	2	5	1	1	1

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	78	48	78	88	129	129	129
Net debt (excl. convertibles)	9	28	29	30	27	22	18
Enterprise value	87	76	107	118	156	152	147
Sales	86	97	104	109	120	129	136
EBITDA	9	8	11	15	16	18	19
EBIT	6	2	5	9	10	13	14
Pre-tax	5	2	4	7	10	12	13
Earnings	4	0	2	5	7	9	10
Equity book value (excl. minorities)	29	26	26	29	34	40	46
Valuation multiples							
EV/sales	1.0	0.8	1.0	1.1	1.3	1.2	1.1
EV/EBITDA	9.3	9.9	10.0	7.7	9.6	8.3	7.6
EV/EBITA	14.2	34.5	21.0	12.5	15.2	11.9	10.8
EV/EBIT	14.2	34.5	21.0	12.5	15.2	11.9	10.8
EV/OCF	17.7	84.3	12.9	8.8	13.1	11.1	10.1
EV/FCFF	-28.4	-6.6	32.5	53.3	20.5	16.5	14.6
P/FCFE	55.8	-5.5	110.9	185.6	23.7	17.1	15.3
P/E	18.6	119.0	32.5	16.4	17.7	14.1	13.0
P/B	2.7	1.8	3.0	3.1	3.8	3.2	2.8
Target EV/EBITDA	*0.0*	*0.0*	*0.0*	*0.0*	*9.7*	*8.4*	*7.7*
Target EV/EBIT	*0.0*	*0.0*	*0.0*	*0.0*	*15.3*	*12.0*	*10.9*
Target EV/FCF	*0.0*	*0.0*	*0.0*	*0.0*	*28.9*	*20.2*	*17.5*
Target P/B	*0.0*	*0.0*	*0.0*	*0.0*	*3.9*	*3.3*	*2.8*
Target P/E	*0.0*	*0.0*	*0.0*	*0.0*	*17.9*	*14.2*	*13.1*
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	0.35	0.03	0.20	0.45	0.61	0.77	0.84
Operating cash flow per share	0.41	0.08	0.70	1.12	1.01	1.15	1.23
Free cash flow per share	0.12	-0.73	0.06	0.04	0.46	0.64	0.71
Book value per share	2.42	2.16	2.21	2.41	2.83	3.35	3.89
Dividend per share	0.30	0.18	0.18	0.20	0.25	0.30	0.32
Dividend payout ratio, %	85.0	535.4	89.2	44.5	40.7	38.8	38.3
Dividend yield, %	4.6	4.5	2.7	2.7	2.3	2.8	2.9
FCF yield, %	1.8	-18.3	0.9	0.5	4.2	5.9	6.5
Efficiency measures							
ROE	15.2	1.5	9.2	19.4	23.5	25.0	23.1
ROCE	14.6	4.5	8.6	14.3	14.5	17.2	17.8
Financial ratios							
Inventories as % of sales	13.5	15.7	16.3	14.9	14.9	14.9	14.9
Receivables as % of sales	17.1	20.8	19.2	19.2	19.2	19.2	19.2
Non-interest bearing liabilities as % of sales	21.4	19.2	20.2	22.0	22.0	22.0	22.0
NWC/sales, %	9.3	16.1	14.1	11.2	11.3	11.3	11.4
Operative CAPEX/sales, %	4.1	9.9	7.3	11.9	5.5	4.7	4.5
CAPEX/sales (incl. acquisitions), %	4.1	9.9	7.3	11.9	5.5	4.7	4.5
FCFF/EBITDA	-0.3	-1.5	0.3	0.1	0.5	0.5	0.5
Net debt/EBITDA, book-weighted	0.9	3.7	2.7	2.0	1.7	1.2	0.9
Debt/equity, market-weighted	0.2	0.6	0.4	0.5	0.3	0.3	0.2
Equity ratio, book-weighted	44.7	32.5	30.8	29.7	32.9	37.3	41.7
Gearing, %	30.3	109.9	110.2	104.7	80.3	56.2	37.9

COMPANY DESCRIPTION: Exel Composites manufactures composites profiles for various demanding, mainly industrial end-use, applications. Exel's customer base includes companies operating in industries such as wind energy, transportation and telecommunications. Exel Composites is one of the largest manufacturers of pultruded composites profiles globally and currently operates eight manufacturing plants on three continents.

INVESTMENT CASE: Our positive view is based on good long-term composites demand outlook, coupled with the fact that Exel Composites' current manufacturing footprint could support annual revenue in the EUR 150m ballpark i.e. there's still plenty of room to improve delivery volumes. Exel's rather high fixed cost base translates to meaningful operating leverage, and thus higher revenues should lead to improving operating margins. The company is also progressing well with its cost savings program. Operating profit could further significantly improve if good execution continues. Recently the wind energy sector has provided great lift for volumes; other attractive applications include e.g. transportation industry profiles.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Skandinaviska Enskilda Banken AB	1,427,256	15.529	12.0%
Nordea Bank ABP	1,065,975	11.598	9.0%
Sijoitusrahasto Taaleritehdas Mikro Markka	800,000	8.704	6.7%
OP-Finland Small Firms Fund	598,259	6.509	5.0%
Danske Invest Finnish Equity Fund	546,650	5.948	4.6%
Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	443,541	4.826	3.7%
Phoebus Fund	311,348	3.387	2.6%
Säästöpankki Pienyhtiöt	288,710	3.141	2.4%
Nelimarkka Heikki Antero	242,836	2.642	2.0%
Ilmarinen Mutual Pension Insurance	242,733	2.641	2.0%
Ten largest	5,967,308	64.924	50%
Residual	5,929,535	64.513	50%
Total	11,896,843	129.438	100%

EARNINGS CALENDAR	
July 20, 2021	Q2 report
November 04, 2021	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS	
CEO: Riku Kytömäki	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** $\frac{\text{Profit before extraord. items and taxes– income taxes + minority interest}}{\text{Number of shares}}$
P/BV $\frac{\text{Price per share}}{\text{Shareholders' equity + taxed provisions per share}}$	**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** $\frac{\text{Capital expenditure – divestments – acquisitions}}{\text{Sales}}$
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** $\frac{\text{Total assets – non-interest bearing debt}}{\text{Number of shares}}$
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, %** $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity + minority interest + taxed provisions}}$
Payout ratio, % $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes – income taxes + minority interest}}$	**Equity ratio, %** $\frac{\text{Shareholders' equity + minority interest + taxed provisions}}{\text{Total assets – interest-free loans}}$
ROCE, % $\frac{\text{Profit before extraordinary items + interest expenses+ other financial costs}}{\text{Balance sheet total – non-interest bearing debt (average)}}$	**CAGR, %** Cumulative annual growth rate = Average growth per year
ROE, % $\frac{\text{Profit before extraordinary items and taxes – income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	

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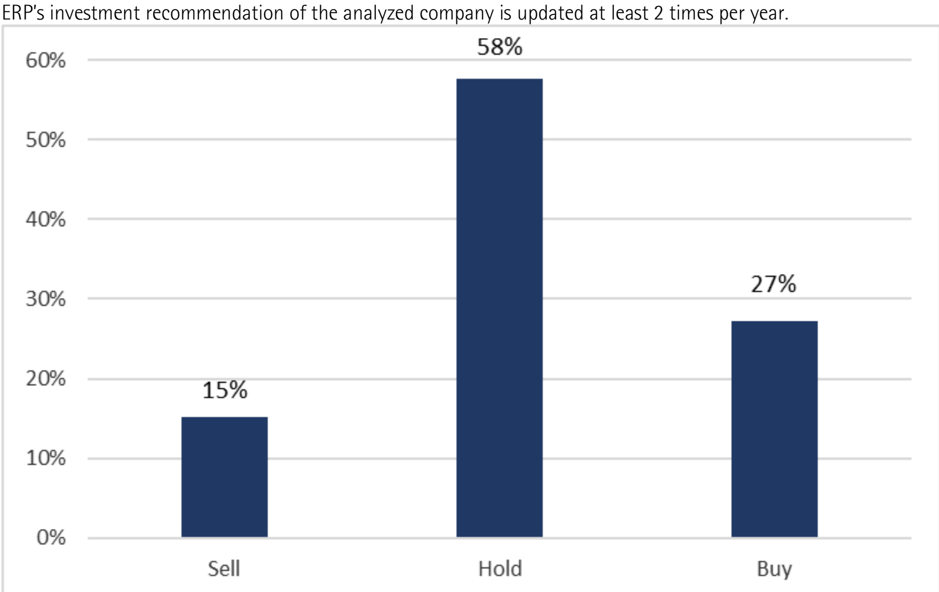
Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at Analysts' recommendations and ratings revisions.

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.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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