

Catching up with potential

Exel's EBIT appears bound to improve more from the recent lows. We make only minor revisions to our estimates.

Margins seem set to improve further during this year

Exel's Q1 revenue grew 10% y/y to EUR 34.2m, compared to the EUR 37.1m/33.9m Evli/cons. estimates. All industries continued to grow except Wind power and Defense, where timing issues led to 8% y/y top line declines but for which long-term outlook has clearly improved in the past few months. The latter remains relatively small but has a lot more potential in markets such as India, while we believe China's weakness also contributed to the decline of the former. Adj. EBIT amounted to EUR 2.2m vs the EUR 1.7m/1.4m Evli/cons. estimates. Product mix and variable cost inflation had a negative impact on profitability, masking some of the underlying positive development as Exel's pricing adjusts with a lag of few months. Energy costs are also up, but Exel should be able to pass them on as well; we note Exel can also adjust already signed orders' prices.

Guidance upgrade is much possible later this year

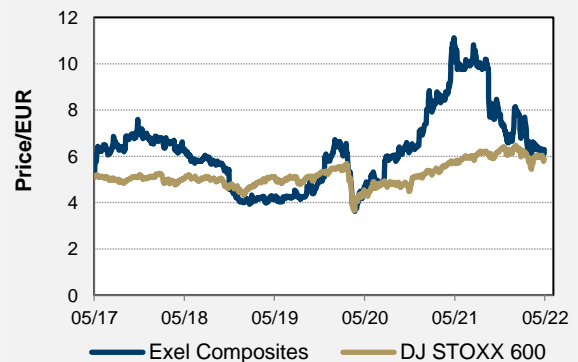
The US unit has now reached a break-even result; we estimate Exel's EBIT margin continues to improve towards 7% and beyond during this year. We estimate 7.5% margin for H2'22, a level previously seen in H1'21 but with the difference that this year top line will be 15% higher. The Chinese restructuring will also produce EUR 0.7m in annual cost synergies. China's virus situation pushed the Asia-Pacific region down 22% y/y in Q1; we believe there's a good chance Exel will revise guidance upwards later this year, especially if Chinese demand normalizes and productivity further progresses in the US.

Valuation appears very conservative

We estimate EUR 10.2m adj. EBIT for this year, on which Exel is valued about 11x. Exel has additional profitability potential beyond that and is valued 8x EV/EBIT on our FY '23 estimates. An 8.5% EBIT margin estimate doesn't seem to be too high for next year, considering Exel reached a higher margin in FY '20 while revenue will soon have grown by some 40% since then. There are no particularly relevant peers for Exel and hence valuation is a matter of judgment, but in our view Exel's earnings-based multiples appear very undemanding in the short and long-term perspective. Our new TP is EUR 8.5 (9); we retain our BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 6.30

Target price, EUR 8.5

Latest change in recommendation 20-Jul-21

Latest report on company 16-Feb-22

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 75

Free float, % 100.0

Exchange rate EUR/USD 1.06

Reuters code EXL1V.HE

Bloomberg code EXL1V FH

Average daily volume, EURm 0.2

Next interim report 20-Jul-22

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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
2020	108.6	9.4	8.7%	0.5	0.45	16.4	1.1	12.5	0.6	0.20
2021	134.4	3.7	2.8%	-6.2	0.14	57.0	1.0	34.9	-6.5	0.20
2022E	145.4	8.0	5.5%	3.9	0.49	12.9	0.8	13.7	5.2	0.25
2023E	155.5	13.2	8.5%	7.2	0.77	8.2	0.7	8.0	9.6	0.30
2024E	163.3	16.3	10.0%	10.4	1.01	6.3	0.6	6.0	13.9	0.32
Market cap, EURm			75	Gearing 2022E, %		100.0	CAGR EPS 2021-24, %			93.4
Net debt 2022E, EURm			35	Price/book 2022E		2.2	CAGR sales 2021-24, %			6.7
Enterprise value, EURm			110	Dividend yield 2022E, %		4.0	ROE 2022E, %			17.7
Total assets 2022E, EURm			123	Tax rate 2022E, %		26.5	ROCE 2022E, %			9.7
Goodwill 2022E, EURm			13	Equity ratio 2022E, %		28.1	PEG, P/E 22/CAGR			0.4

Estimates and peer group multiples

Exel Composites	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22e	Q3'22e	Q4'22e	2022e
Buildings and infrastructure	23.5	23.5	7.0	8.7	8.1	8.4	32.2	7.7	9.2	8.5	8.7	34.0
Equipment and other industries	18.6	19.5	5.6	5.2	5.4	7.1	23.4	7.4	6.1	6.0	7.6	27.1
Wind power	23.6	28.1	7.4	7.8	8.6	8.3	32.1	6.8	8.7	9.2	8.7	33.4
Machinery and electrical	14.4	15.5	3.6	5.1	4.8	4.9	18.4	4.3	5.3	5.1	5.1	19.7
Transportation	13.1	10.2	2.5	2.7	2.1	2.9	10.2	3.1	3.1	2.3	3.0	11.4
Defense	2.3	5.3	2.2	1.8	2.2	2.5	8.7	2.1	2.0	2.6	2.8	9.5
Telecommunications	8.2	6.5	2.5	2.3	2.3	2.3	9.5	2.8	2.4	2.4	2.4	10.1
Revenue	103.8	108.6	31.0	33.5	33.4	36.5	134.4	34.2	36.8	36.1	38.3	145.4
<i>y/y change, %</i>	<i>7 %</i>	<i>5 %</i>	<i>11 %</i>	<i>23 %</i>	<i>28 %</i>	<i>33 %</i>	<i>24 %</i>	<i>10 %</i>	<i>10 %</i>	<i>8 %</i>	<i>5 %</i>	<i>8 %</i>
Adjusted EBIT	7.2	9.7	2.5	2.5	0.1	1.0	6.0	2.2	2.4	2.6	3.0	10.2
EBIT	5.1	9.4	2.4	2.4	-1.7	0.6	3.7	0.0				8.0
<i>-margin, %</i>	<i>6.9 %</i>	<i>8.9 %</i>	<i>7.9 %</i>	<i>7.3 %</i>	<i>0.3 %</i>	<i>2.8 %</i>	<i>4.5 %</i>	<i>6.4 %</i>	<i>6.5 %</i>	<i>7.2 %</i>	<i>7.8 %</i>	<i>7.0 %</i>
<i>-margin (reported), %</i>	<i>4.9 %</i>	<i>8.7 %</i>	<i>7.8 %</i>	<i>7.0 %</i>	<i>-5.1 %</i>	<i>1.8 %</i>	<i>2.8 %</i>	<i>0.1 %</i>				<i>5.5 %</i>

Source: Evli Research

EXEL COMPOSITES PEER GF	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Gurit Holding	570	14.7x	12.0x	10.6x	20.8x	16.4x	14.3x	6.6 %	7.8 %	8.7 %
Hexagon Composites	753	35.4x	19.0x	13.3x		74.3x	48.4x	-1.5 %	2.2 %	2.2 %
Hexcel	4456	17.9x	13.9x	12.2x	33.5x	22.3x	18.5x	10.3 %	13.5 %	15.0 %
Avient	4372	9.5x	8.6x	8.5x	12.5x	11.1x	10.9x	9.4 %	10.0 %	10.9 %
SGL Carbon	639	6.8x	5.8x	5.1x	12.4x	9.6x	8.3x	6.9 %	8.5 %	9.2 %
TPI Composites	408	21.8x	7.6x	4.1x		21.2x	6.6x	-1.9 %	1.7 %	4.7 %
Peer Group Average	1866	17.7x	11.1x	9.0x	19.8x	25.8x	17.8x	5.0 %	7.3 %	8.4 %
Peer Group Median	696	16.3x	10.3x	9.5x	16.6x	18.8x	12.6x	6.7 %	8.1 %	8.9 %
Exel Composites (Evli est.)	75	7.8x	5.2x	4.2x	13.7x	8.0x	6.0x	5.5 %	8.5 %	10.0 %

Exel Composites prem./disc. to peer median

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	6.30 PV of Free Cash Flow	78 Long-term growth, %	1.5 Risk-free interest rate, %	2.25
DCF share value	11.89 PV of Horizon value	102 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	88.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	13.1 Marketable securities	16 Minimum WACC, %	8.0 Equity beta coefficient	1.00
Minimum value	10.8 Debt - dividend	-54 Maximum WACC, %	9.0 Target debt ratio, %	10
Horizon value, %	56.5 Value of stock	141 Nr of shares, Mn	11.9 Effective tax rate, %	21

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	134	145	156	163	168	172	176	179	183	187	189	192
<i>Sales growth, %</i>	<i>23.7</i>	<i>8.2</i>	<i>7.0</i>	<i>5.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	4	8	13	16	18	18	18	20	21	21	22	22
<i>Operating income margin, %</i>	<i>2.8</i>	<i>5.5</i>	<i>8.5</i>	<i>10.0</i>	<i>10.5</i>	<i>10.5</i>	<i>10.5</i>	<i>11.0</i>	<i>11.5</i>	<i>11.5</i>	<i>11.5</i>	<i>11.5</i>
+ Depreciation+amort.	8	6	7	7	7	7	7	7	7	7	7	7
EBITDA	12	14	20	23	25	25	25	26	28	28	29	
- Paid taxes	-3	-2	-4	-4	-5	-5	-5	-5	-6	-6	-6	
- Change in NWC	-5	-1	-1	-1	-1	-1	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>12.7</i>	<i>12.7</i>	<i>12.8</i>	<i>12.8</i>	<i>12.9</i>	<i>12.9</i>	<i>12.9</i>	<i>12.9</i>	<i>12.9</i>	<i>12.9</i>	<i>12.9</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-10	-6	-6	-6	-6	-7	-7	-7	-7	-7	-7	
<i>opCAPEX / Sales, %</i>	<i>8.2</i>	<i>4.5</i>	<i>4.8</i>	<i>4.6</i>	<i>4.5</i>	<i>4.4</i>	<i>4.1</i>	<i>4.1</i>	<i>4.1</i>	<i>4.1</i>	<i>4.0</i>	
- 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	-5	4	9	12	13	13	13	14	15	15	16	225
= Discounted FCFF		4	8	9	10	9	8	8	8	7	7	102
= DFCF min WACC		4	8	9	10	9	8	8	8	8	7	115
= DFCF max WACC		4	8	9	9	9	8	8	8	7	7	91

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	31.0	33.5	33.4	36.5	134.4	34.2	36.8	36.1	38.3	145.4	155.5	163.3
EBITDA	4.0	3.9	0.0	4.1	11.9	1.3	4.0	4.2	4.6	14.1	20.1	23.3
<i>EBITDA margin (%)</i>	<i>13.0</i>	<i>11.7</i>	<i>-0.1</i>	<i>11.1</i>	<i>8.9</i>	<i>3.9</i>	<i>10.8</i>	<i>11.6</i>	<i>12.0</i>	<i>9.7</i>	<i>12.9</i>	<i>14.3</i>
EBIT	2.4	2.4	-1.7	0.6	3.7	0.0	2.4	2.6	3.0	8.0	13.2	16.3
<i>EBIT margin (%)</i>	<i>7.8</i>	<i>7.0</i>	<i>-5.1</i>	<i>1.8</i>	<i>2.8</i>	<i>0.1</i>	<i>6.5</i>	<i>7.2</i>	<i>7.8</i>	<i>5.5</i>	<i>8.5</i>	<i>10.0</i>
Net financial items	0.5	-0.5	0.4	0.0	0.4	0.5	-0.2	-0.2	-0.2	-0.1	-0.8	0.0
Pre-tax profit	2.9	1.9	-1.3	0.7	4.2	0.5	2.2	2.4	2.8	7.9	12.4	16.3
Tax	-0.9	-0.5	-0.9	-0.2	-2.5	-0.5	-0.5	-0.5	-0.6	-2.1	-3.3	-4.3
<i>Tax rate (%)</i>	<i>30.8</i>	<i>25.4</i>	<i>-68.9</i>	<i>31.2</i>	<i>60.2</i>	<i>104.4</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>26.5</i>	<i>26.5</i>	<i>26.5</i>
Net profit	2.0	1.4	-2.2	0.5	1.7	0.0	1.7	1.9	2.2	5.8	9.1	12.0
EPS	0.17	0.12	-0.19	0.04	0.14	0.00	0.15	0.16	0.19	0.49	0.77	1.01
EPS adjusted (diluted no. of shares)	0.17	0.12	-0.19	0.04	0.14	0.00	0.15	0.16	0.19	0.49	0.77	1.01
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	31.0	33.5	33.4	36.5	134.4	34.2	36.8	36.1	38.3	145.4	155.5	163.3
Total	31.0	33.5	33.4	36.5	134.4	34.2	36.8	36.1	38.3	145.4	155.5	163.3
SALES GROWTH, Y/Y %												
Exel Composites	11.3	23.3	28.0	32.6	23.7	10.3	9.8	8.1	4.9	8.2	7.0	5.0
Total	11.3	23.3	28.0	32.6	23.7	10.3	9.8	8.1	4.9	8.2	7.0	5.0
EBIT, EURm												
Exel Composites	2.4	2.4	-1.7	0.6	3.7	0.0	2.4	2.6	3.0	8.0	13.2	16.3
Total	2.4	2.4	-1.7	0.6	3.7	0.0	2.4	2.6	3.0	8.0	13.2	16.3
EBIT margin, %												
Exel Composites	7.8	7.0	-5.1	1.8	2.8	0.1	6.5	7.2	7.8	5.5	8.5	10.0
Total	7.8	7.0	-5.1	1.8	2.8	0.1	6.5	7.2	7.8	5.5	8.5	10.0

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	86.3	96.6	103.8	108.6	134.4	145.4	155.5	163.3
<i>Sales growth (%)</i>	<i>18.1</i>	<i>11.9</i>	<i>7.5</i>	<i>4.6</i>	<i>23.7</i>	<i>8.2</i>	<i>7.0</i>	<i>5.0</i>
EBITDA	9.3	7.7	10.7	15.3	11.9	14.1	20.1	23.3
<i>EBITDA margin (%)</i>	<i>10.8</i>	<i>8.0</i>	<i>10.3</i>	<i>14.1</i>	<i>8.9</i>	<i>9.7</i>	<i>12.9</i>	<i>14.3</i>
Depreciation	-3.2	-5.5	-5.6	-5.8	-8.2	-6.1	-6.9	-7.0
EBITA	6.1	2.2	5.1	9.4	3.7	8.0	13.2	16.3
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	6.1	2.2	5.1	9.4	3.7	8.0	13.2	16.3
<i>EBIT margin (%)</i>	<i>7.1</i>	<i>2.3</i>	<i>4.9</i>	<i>8.7</i>	<i>2.8</i>	<i>5.5</i>	<i>8.5</i>	<i>10.0</i>
Reported EBIT	6.1	2.2	5.1	9.4	3.7	8.0	13.2	16.3
<i>EBIT margin (reported) (%)</i>	<i>7.1</i>	<i>2.3</i>	<i>4.9</i>	<i>8.7</i>	<i>2.8</i>	<i>5.5</i>	<i>8.5</i>	<i>10.0</i>
Net financials	-0.7	-0.5	-1.2	-2.3	0.4	-0.1	-0.8	0.0
Pre-tax profit	5.4	1.7	3.9	7.1	4.2	7.9	12.4	16.3
Taxes	-1.2	-1.3	-1.5	-1.7	-2.5	-2.1	-3.3	-4.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	4.2	0.4	2.4	5.4	1.7	5.8	9.1	12.0
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	16	21	23	30	34	34	34	35
Goodwill	13	13	13	13	13	13	13	13
Right of use assets	0	5	5	3	3	3	4	4
Inventory	12	15	17	16	24	26	28	29
Receivables	15	20	20	21	26	28	30	32
Liquid funds	8	5	7	12	16	17	18	19
Total assets	64	79	85	97	118	123	129	133
Liabilities								
Shareholder's equity	29	26	26	29	31	35	41	49
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	3	4	2	2	3	4	4
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	16	30	32	40	50	48	45	39
Non-interest bearing current liabilities	18	18	21	24	32	35	37	39
Other interest-free debt	0	2	2	2	3	3	3	3
Total liabilities	64	79	85	97	118	123	129	133
CASH FLOW, EURm								
+ EBITDA	9	8	11	15	12	14	20	23
- Net financial items	-1	0	-1	-2	0	0	-1	0
- Taxes	-1	-2	-2	-2	-3	-2	-3	-4
- Increase in Net Working Capital	-3	-4	1	3	-5	-1	-1	-1
+/- Other	1	0	0	0	0	0	0	0
= Cash flow from operations	5	1	8	13	5	10	15	18
- Capex	-3	-10	-8	-13	-11	-6	-7	-8
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	1	-9	1	0	-6	4	7	10
+/- New issues/buybacks	-1	0	0	-1	3	0	0	0
- Paid dividend	-1	-4	-2	-2	-2	-2	-3	-4
+/- Other	1	9	3	7	9	0	-3	-6
Change in cash	0	-3	2	5	4	1	1	1

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	48	78	88	94	75	75	75
Net debt (excl. convertibles)	28	29	30	36	35	30	24
Enterprise value	76	107	118	131	110	105	99
Sales	97	104	109	134	145	156	163
EBITDA	8	11	15	12	14	20	23
EBIT	2	5	9	4	8	13	16
Pre-tax	2	4	7	4	8	12	16
Earnings	0	2	5	2	6	9	12
Equity book value (excl. minorities)	26	26	29	31	35	41	49
Valuation multiples							
EV/sales	0.8	1.0	1.1	1.0	0.8	0.7	0.6
EV/EBITDA	9.9	10.0	7.7	10.9	7.8	5.2	4.2
EV/EBITA	34.5	21.0	12.5	34.9	13.7	8.0	6.0
EV/EBIT	34.5	21.0	12.5	34.9	13.7	8.0	6.0
EV/OCF	84.3	12.9	8.8	27.2	10.5	7.2	5.5
EV/FCFF	-6.6	32.5	52.9	-26.0	25.8	11.8	8.6
P/FCFE	-5.5	110.9	179.1	-15.3	19.1	10.4	7.2
P/E	119.0	32.5	16.4	57.0	12.9	8.2	6.3
P/B	1.8	3.0	3.1	3.0	2.2	1.8	1.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.6	6.5	5.3
Target EV/EBIT	0.0	0.0	0.0	0.0	16.9	10.0	7.6
Target EV/FCF	0.0	0.0	0.0	0.0	34.7	18.2	12.0
Target P/B	0.0	0.0	0.0	0.0	2.9	2.5	2.1
Target P/E	0.0	0.0	0.0	0.0	17.4	11.1	8.4
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	0.03	0.20	0.45	0.14	0.49	0.77	1.01
Operating cash flow per share	0.08	0.70	1.12	0.40	0.87	1.23	1.50
Free cash flow per share	-0.73	0.06	0.04	-0.52	0.33	0.61	0.87
Book value per share	2.16	2.21	2.41	2.62	2.91	3.43	4.14
Dividend per share	0.18	0.18	0.20	0.20	0.25	0.30	0.32
Dividend payout ratio, %	535.4	89.2	44.3	143.7	51.1	39.1	31.8
Dividend yield, %	4.5	2.7	2.7	2.5	4.0	4.8	5.1
FCF yield, %	-18.3	0.9	0.6	-6.5	5.2	9.6	13.9
Efficiency measures							
ROE	1.5	9.2	19.5	5.5	17.7	24.2	26.6
ROCE	4.5	8.6	14.4	5.1	9.7	13.7	18.3
Financial ratios							
Inventories as % of sales	15.7	16.3	14.9	17.8	17.8	17.8	17.8
Receivables as % of sales	20.8	19.2	19.2	19.6	19.6	19.6	19.6
Non-interest bearing liabilities as % of sales	19.2	20.2	22.0	23.8	23.8	23.8	23.8
NWC/sales, %	16.1	14.1	11.2	12.7	12.7	12.8	12.8
Operative CAPEX/sales, %	9.9	7.3	11.9	8.2	4.5	4.8	4.6
CAPEX/sales (incl. acquisitions), %	9.9	7.3	11.9	8.2	4.5	4.8	4.6
FCFF/EBITDA	-1.5	0.3	0.1	-0.4	0.3	0.4	0.5
Net debt/EBITDA, book-weighted	3.7	2.7	2.0	3.0	2.5	1.5	1.0
Debt/equity, market-weighted	0.6	0.4	0.5	0.5	0.6	0.6	0.5
Equity ratio, book-weighted	32.5	30.8	29.7	26.5	28.1	31.6	36.9
Gearing, %	109.9	110.2	104.7	115.9	100.0	74.5	47.9

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	%
Sijoitusrahasto Taaleritehdas Mikro Markka	800,000	5.040	6.7%
OP-Finland Small Firms Fund	590,119	3.718	5.0%
Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	420,000	2.646	3.5%
Ilmarinen Mutual Pension Insurance	392,733	2.474	3.3%
Phoebus Fund	350,000	2.205	2.9%
Säästöpankki Pienyhtiöt	288,710	1.819	2.4%
Veritas Pension Insurance Company Ltd.	224,261	1.413	1.9%
Nelimarkka Heikki Antero	213,545	1.345	1.8%
Matti Suutarinen	198,000	1.247	1.7%
Säästöpankki Kotimaa	132,680	0.836	1.1%
Ten largest	3,610,048	22.743	30%
Residual	8,286,795	52.207	70%
Total	11,896,843	74.950	100%

EARNINGS CALENDAR

July 20, 2022

Q2 report

November 03, 2022

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Mikko Kettunen

Tel: +358 20 7541 200

IR: Noora Koikkalainen

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

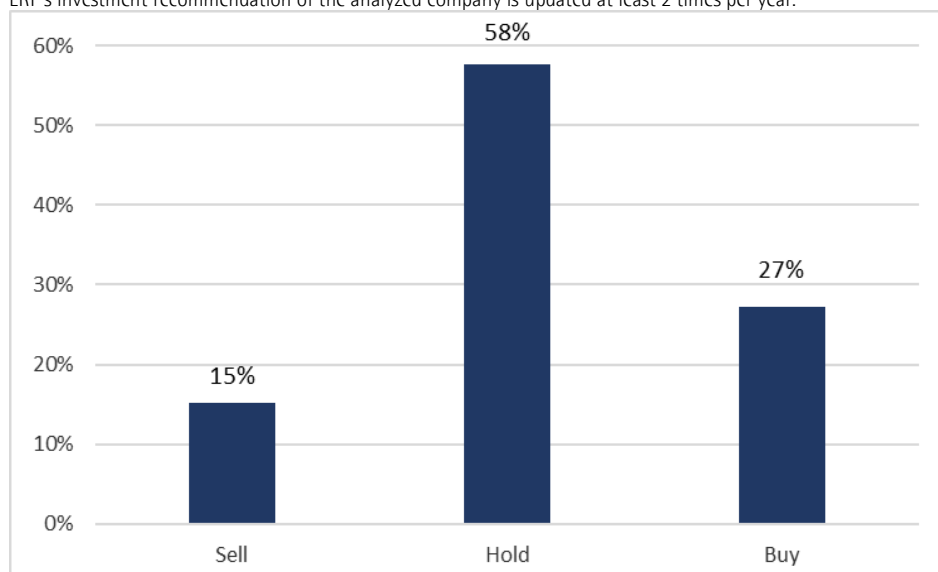
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Investment recommendations are defined as follows:

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

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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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