

Demand picks up towards year's end

Exel's Q4 figures missed estimates as demand was still softer than expected. H1'23 results are likely to remain modest relative to the high comparison period, but guidance indicates at least some improvement for H2'23.

Headly growth continued in H1'22, but H2'22 was slower

Exel's Q4 revenue landed at EUR 31m vs the EUR 36m/35m Evli/cons. estimates. Destocking, after a period of high demand following the initial shock of the pandemic, has been an issue lately and is expected to continue in H1'23. Equipment and other industries, the third largest customer group, was particularly soft relative to our estimates but there seems to have been nothing special going on apart from the destocking issues as well as normal cyclicality. The soft top line left adj. EBIT at EUR 0.9m vs the EUR 2.4m/2.0m Evli/cons. estimates.

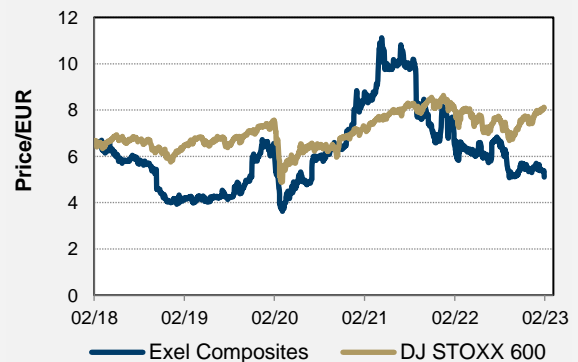
H1'23 will still be soft; guidance suggests better H2'23

Exel sees improvement from Q2 in orders as well as EBIT; top line is to remain flat this year, while EBIT has ground from which to gain. The Runcorn cuts should produce EUR 1.6m in annual savings. Inflation hasn't been a big issue for Exel and raw materials are stabilizing. Wind power should again grow, according to Exel, at a 15% y/y pace from H2'23. Wind power was Exel's largest customer in 2019-20 and continued to grow at a CAGR of 16.5% in FY '20-21, however its revenue fell by EUR 5.3m last year and was overtaken by Buildings and infrastructure already in 2021. Exel got its challenges in the US sorted out last year, but the relative softness in the three largest customer groups left its adj. EBIT for the year at EUR 8.0m (we consider it a modest level). We note the four smaller industries together grew by 19% last year, although this was mostly attributable to Transportation as it enjoyed pent-up demand after the pandemic and received initial orders for a new aerospace application.

Valuation is not challenging if growth returns in H2'23

Exel is valued 9.5x EV/EBIT on our FY '23 estimates, which we consider a neutral level. The multiple is not very low, however we estimate an EBIT margin of 6.3% for the year whereas the company should still be on track towards its long-term 10% target (it reached almost 9% in FY '20). For FY '24 we estimate 7% growth and 7.5% EBIT margin, which would translate to an EV/EBIT of 7.5x. Our new TP is EUR 5.8 (6.5); our rating is BUY.

Rating BUY



Share price, EUR (Last trading day's closing price) 5.10

Target price, EUR 5.8

Latest change in recommendation	20-Jul-21
Latest report on company	04-Nov-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	61
Free float, %	100.0
Exchange rate EUR/USD	1.07
Reuters code	EXL1V.HE
Bloomberg code	EXL1V.FH
Average daily volume, EURm	0.1
Next interim report	02-May-23
Web site	www.exelcomposites.com

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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
2021	134.4	3.7	2.8%	-6.2	0.14	57.0	1.0	34.9	-6.5	0.20
2022	137.0	3.0	2.2%	9.4	0.18	30.1	0.7	31.4	14.6	0.20
2023E	140.5	8.9	6.3%	6.7	0.41	12.6	0.6	9.7	11.0	0.25
2024E	150.3	11.3	7.5%	5.7	0.47	10.8	0.6	7.4	9.4	0.30
2025E	157.9	13.4	8.5%	8.4	0.70	7.3	0.5	5.9	13.9	0.32
Market cap, EURm	61			Gearing 2023E, %	77.6			CAGR EPS 2022-25, %	57.3	
Net debt 2023E, EURm	26			Price/book 2023E	1.8			CAGR sales 2022-25, %	4.8	
Enterprise value, EURm	86			Dividend yield 2023E, %	4.9			ROE 2023E, %	15.3	
Total assets 2023E, EURm	112			Tax rate 2023E, %	40.4			ROCE 2023E, %	10.0	
Goodwill 2023E, EURm	13			Equity ratio 2023E, %	29.3			PEG, P/E 23/CAGR	0.5	

Estimates and peer group multiples

Exel Composites	2019	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e
Buildings and infrastructure	23.5	23.5	32.9	7.7	8.9	7.8	8.1	32.5	6.8	7.7	8.4	9.0	31.9
Equipment and other industries	18.6	19.5	23.4	7.4	5.9	5.6	4.3	23.1	6.5	6.0	5.7	4.4	22.6
Wind power	23.6	28.1	32.1	6.8	6.5	8.0	5.5	26.8	5.9	5.7	8.6	6.2	26.4
Machinery and electrical	14.4	15.5	17.6	4.3	5.3	5.0	5.2	19.7	4.4	5.5	5.1	5.5	20.5
Transportation	13.1	10.2	10.2	3.1	7.2	3.7	3.3	17.4	3.8	8.0	5.1	4.5	21.4
Defense	2.3	5.3	8.7	2.1	1.6	2.0	1.9	7.5	2.2	1.6	2.1	2.0	7.9
Telecommunications	8.2	6.5	9.5	2.8	2.8	1.7	2.6	10.0	2.7	2.8	1.8	2.7	10.0
Revenue	103.8	108.6	134.4	34.2	38.1	33.8	31.0	137.0	32.2	37.3	36.6	34.4	140.5
<i>y/y change, %</i>	<i>7 %</i>	<i>5 %</i>	<i>24 %</i>	<i>10 %</i>	<i>14 %</i>	<i>1 %</i>	<i>-15 %</i>	<i>2 %</i>	<i>-6 %</i>	<i>-2 %</i>	<i>8 %</i>	<i>11 %</i>	<i>3 %</i>
Adjusted EBIT	7.2	9.7	6.0	2.2	3.1	1.8	0.9	8.0	1.2	2.7	2.8	2.2	8.9
EBIT	5.1	9.4	3.7	0.0	3.0	1.7	-1.7	3.0					
<i>-margin, %</i>	<i>6.9 %</i>	<i>8.9 %</i>	<i>4.5 %</i>	<i>6.4 %</i>	<i>8.2 %</i>	<i>5.4 %</i>	<i>3.0 %</i>	<i>5.9 %</i>	<i>3.7 %</i>	<i>7.2 %</i>	<i>7.6 %</i>	<i>6.4 %</i>	<i>6.3 %</i>
<i>-margin (reported), %</i>	<i>4.9 %</i>	<i>8.7 %</i>	<i>2.8 %</i>	<i>0.1 %</i>	<i>7.9 %</i>	<i>5.0 %</i>	<i>-5.5 %</i>	<i>2.2 %</i>					

Source: Evli Research

EXEL COMPOSITES PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Hexagon Composites	655			40.2x				-8.0 %	-7.2 %	-3.1 %
Hexcel	5760	19.0x	18.8x	15.6x	31.6x	28.4x	22.1x	11.4 %	13.5 %	15.7 %
Avient	3597	8.0x	10.3x	9.3x	11.6x	16.5x	13.8x	12.0 %	9.6 %	10.9 %
SGL Carbon	1071	5.8x	7.7x	6.8x	9.1x	12.5x	10.8x	9.7 %	8.5 %	9.3 %
TPI Composites	513	17.4x	18.9x	8.3x			16.6x	-2.8 %	-0.5 %	2.7 %
Peer Group Average	2319	12.6x	13.9x	16.0x	17.4x	19.1x	15.8x	4.4 %	4.8 %	7.1 %
Peer Group Median	1071	12.7x	14.5x	9.3x	11.6x	16.5x	15.2x	9.7 %	8.5 %	9.3 %
Exel Composites (Evli est.)	61	9.3x	5.8x	4.1x	31.4x	9.7x	7.4x	2.2 %	6.3 %	7.5 %

Exel Composites prem./disc. to peer median

-27 % -60 % -56 % 170 % -41 % -51 % -77 % -25 % -20 %

Source FactsSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	5.10 PV of Free Cash Flow	67 Long-term growth, %	1.5 Risk-free interest rate, %	2.25
DCF share value	9.75 PV of Horizon value	79 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	91.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	10.7 Marketable securities	17 Minimum WACC, %	8.0 Equity beta coefficient	1.00
Minimum value	8.9 Debt - dividend	-47 Maximum WACC, %	9.0 Target debt ratio, %	10
Horizon value, %	54.3 Value of stock	116 Nr of shares, Mn	11.9 Effective tax rate, %	21

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	137	141	150	158	163	166	169	173	176	180	182	185
<i>Sales growth, %</i>	<i>2.0</i>	<i>2.6</i>	<i>7.0</i>	<i>5.0</i>	<i>3.0</i>	<i>2.0</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)	3	9	11	13	16	17	19	20	20	21	21	21
<i>Operating income margin, %</i>	<i>2.2</i>	<i>6.3</i>	<i>7.5</i>	<i>8.5</i>	<i>10.0</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>	<i>11.5</i>
+ Depreciation+amort.	7	6	6	6	5	5	5	4	4	4	4	4
EBITDA	10	15	17	19	22	22	23	24	25	25	25	
- Paid taxes	-1	-3	-4	-6	-7	-7	-8	-8	-8	-8	-8	-9
- Change in NWC	3	-1	-1	-1	-1	0	0	-1	-1	-1	0	0
<i>NWC / Sales, %</i>	<i>10.3</i>	<i>10.4</i>	<i>10.7</i>	<i>10.9</i>	<i>11.1</i>	<i>11.1</i>	<i>11.2</i>	<i>11.3</i>	<i>11.3</i>	<i>11.4</i>	<i>11.5</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-3	-3	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4
<i>opCAPEX / Sales, %</i>	<i>2.4</i>	<i>2.5</i>	<i>2.9</i>	<i>2.8</i>	<i>2.7</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.4</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= FCFF	9	7	8	9	10	11	11	12	12	12	12	178
= Discounted FCFF		7	7	7	8	7	7	7	6	6	5	79
= DFCF min WACC		7	7	7	8	7	7	7	6	6	6	89
= DFCF max WACC		7	7	7	8	7	7	7	6	6	5	71

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1E	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	34.2	38.1	33.8	31.0	137.0	32.2	37.3	36.6	34.4	140.5	150.3	157.9
EBITDA	1.8	4.8	3.6	0.0	10.1	2.7	4.2	4.3	3.7	14.8	17.2	19.0
<i>EBITDA margin (%)</i>	<i>5.2</i>	<i>12.5</i>	<i>10.5</i>	<i>0.0</i>	<i>7.4</i>	<i>8.3</i>	<i>11.2</i>	<i>11.7</i>	<i>10.7</i>	<i>10.5</i>	<i>11.5</i>	<i>12.0</i>
EBIT	0.0	3.0	1.7	-1.7	3.0	1.2	2.7	2.8	2.2	8.9	11.3	13.4
<i>EBIT margin (%)</i>	<i>0.1</i>	<i>7.9</i>	<i>5.0</i>	<i>-5.5</i>	<i>2.2</i>	<i>3.7</i>	<i>7.2</i>	<i>7.7</i>	<i>6.4</i>	<i>6.3</i>	<i>7.5</i>	<i>8.5</i>
Net financial items	0.5	1.9	1.6	-3.4	0.6	-0.2	-0.2	-0.2	-0.2	-0.8	-1.9	0.6
Pre-tax profit	0.5	4.9	3.3	-5.1	3.6	1.0	2.5	2.6	2.0	8.1	9.4	14.0
Tax	-0.5	-1.0	-1.2	1.2	-1.5	-0.4	-1.0	-1.1	-0.8	-3.3	-3.8	-5.7
<i>Tax rate (%)</i>	<i>104.4</i>	<i>20.0</i>	<i>35.6</i>	<i>24.3</i>	<i>40.4</i>	<i>40.4</i>	<i>40.4</i>	<i>40.4</i>	<i>40.4</i>	<i>40.4</i>	<i>40.4</i>	<i>40.4</i>
Net profit	0.0	3.9	2.1	-3.9	2.1	0.6	1.5	1.5	1.2	4.8	5.6	8.4
EPS	0.00	0.33	0.18	-0.33	0.18	0.05	0.13	0.13	0.10	0.41	0.47	0.70
EPS adjusted (diluted no. of shares)	0.00	0.33	0.18	-0.33	0.18	0.05	0.13	0.13	0.10	0.41	0.47	0.70
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	34.2	38.1	33.8	31.0	137.0	32.2	37.3	36.6	34.4	140.5	150.3	157.9
Total	34.2	38.1	33.8	31.0	137.0	32.2	37.3	36.6	34.4	140.5	150.3	157.9
SALES GROWTH, Y/Y %												
Exel Composites	10.3	13.5	1.2	-15.1	2.0	-5.7	-2.0	8.3	11.0	2.6	7.0	5.0
Total	10.3	13.5	1.2	-15.1	2.0	-5.7	-2.0	8.3	11.0	2.6	7.0	5.0
EBIT, EURm												
Exel Composites	0.0	3.0	1.7	-1.7	3.0	1.2	2.7	2.8	2.2	8.9	11.3	13.4
Total	0.0	3.0	1.7	-1.7	3.0	1.2	2.7	2.8	2.2	8.9	11.3	13.4
EBIT margin, %												
Exel Composites	0.1	7.9	5.0	-5.5	2.2	3.7	7.2	7.7	6.4	6.3	7.5	8.5
Total	0.1	7.9	5.0	-5.5	2.2	3.7	7.2	7.7	6.4	6.3	7.5	8.5

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	96.6	103.8	108.6	134.4	137.0	140.5	150.3	157.9
<i>Sales growth (%)</i>	<i>11.9</i>	<i>7.5</i>	<i>4.6</i>	<i>23.7</i>	<i>2.0</i>	<i>2.6</i>	<i>7.0</i>	<i>5.0</i>
EBITDA	7.7	10.7	15.3	11.9	10.1	14.8	17.2	19.0
<i>EBITDA margin (%)</i>	<i>8.0</i>	<i>10.3</i>	<i>14.1</i>	<i>8.9</i>	<i>7.4</i>	<i>10.5</i>	<i>11.5</i>	<i>12.0</i>
Depreciation	-5.5	-5.6	-5.8	-8.2	-7.1	-5.9	-6.0	-5.6
EBITA	2.2	5.1	9.4	3.7	3.0	8.9	11.3	13.4
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	2.2	5.1	9.4	3.7	3.0	8.9	11.3	13.4
<i>EBIT margin (%)</i>	<i>2.3</i>	<i>4.9</i>	<i>8.7</i>	<i>2.8</i>	<i>2.2</i>	<i>6.3</i>	<i>7.5</i>	<i>8.5</i>
Reported EBIT	2.2	5.1	9.4	3.7	3.0	8.9	11.3	13.4
<i>EBIT margin (reported) (%)</i>	<i>2.3</i>	<i>4.9</i>	<i>8.7</i>	<i>2.8</i>	<i>2.2</i>	<i>6.3</i>	<i>7.5</i>	<i>8.5</i>
Net financials	-0.5	-1.2	-2.3	0.4	0.6	-0.8	-1.9	0.6
Pre-tax profit	1.7	3.9	7.1	4.2	3.6	8.1	9.4	14.0
Taxes	-1.3	-1.5	-1.7	-2.5	-1.5	-3.3	-3.8	-5.7
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.4	2.4	5.4	1.7	2.1	4.8	5.6	8.4
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	21	23	30	34	31	28	27	25
Goodwill	13	13	13	13	13	13	13	13
Right of use assets	5	5	3	3	2	2	2	3
Inventory	15	17	16	24	23	24	26	27
Receivables	20	20	21	26	24	25	27	28
Liquid funds	5	7	12	16	17	18	19	20
Total assets	79	85	97	118	113	112	115	118
Liabilities								
Shareholder's equity	26	26	29	31	30	33	35	40
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	3	4	2	2	1	2	2	3
Deferred taxes	0	0	0	0	1	1	1	1
Interest bearing debt	30	32	40	50	46	41	39	35
Non-interest bearing current liabilities	18	21	24	32	26	27	29	30
Other interest-free debt	2	2	2	3	9	9	9	9
Total liabilities	79	85	97	118	113	112	115	118
CASH FLOW, EURm								
+ EBITDA	8	11	15	12	10	15	17	19
- Net financial items	0	-1	-2	0	1	-1	-2	1
- Taxes	-2	-2	-2	-3	-1	-3	-4	-6
- Increase in Net Working Capital	-4	1	3	-5	3	-1	-1	-1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	1	8	13	5	13	10	10	13
- Capex	-10	-8	-13	-11	-3	-4	-4	-4
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-9	1	0	-6	9	7	6	8
+/- New issues/buybacks	0	0	-1	3	-1	0	0	0
- Paid dividend	-4	-2	-2	-2	-2	-2	-3	-4
+/- Other	9	3	7	9	-5	-4	-1	-4
Change in cash	-3	2	5	4	2	0	1	1

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	78	88	94	64	61	61	61
Net debt (excl. convertibles)	29	30	36	30	26	23	18
Enterprise value	107	118	131	94	86	83	79
Sales	104	109	134	137	141	150	158
EBITDA	11	15	12	10	15	17	19
EBIT	5	9	4	3	9	11	13
Pre-tax	4	7	4	4	8	9	14
Earnings	2	5	2	2	5	6	8
Equity book value (excl. minorities)	26	29	31	30	33	35	40
Valuation multiples							
EV/sales	1.0	1.1	1.0	0.7	0.6	0.6	0.5
EV/EBITDA	10.0	7.7	10.9	9.3	5.8	4.8	4.1
EV/EBITA	21.0	12.5	34.9	31.4	9.7	7.4	5.9
EV/EBIT	21.0	12.5	34.9	31.4	9.7	7.4	5.9
EV/OCF	12.9	8.8	27.2	7.4	8.5	8.3	6.1
EV/FCFF	32.5	52.9	-26.0	10.2	11.7	10.5	9.1
P/FCFE	110.9	179.1	-15.3	6.8	9.1	10.6	7.2
P/E	32.5	16.4	57.0	30.1	12.6	10.8	7.3
P/B	3.0	3.1	3.0	2.1	1.8	1.7	1.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.4	5.3	4.6
Target EV/EBIT	0.0	0.0	0.0	0.0	10.6	8.1	6.5
Target EV/FCF	0.0	0.0	0.0	0.0	14.2	16.1	10.3
Target P/B	0.0	0.0	0.0	0.0	2.1	1.9	1.7
Target P/E	0.0	0.0	0.0	0.0	14.3	12.3	8.3
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	0.20	0.45	0.14	0.18	0.41	0.47	0.70
Operating cash flow per share	0.70	1.12	0.40	1.06	0.86	0.85	1.08
Free cash flow per share	0.06	0.04	-0.52	0.79	0.56	0.48	0.71
Book value per share	2.21	2.41	2.62	2.56	2.76	2.98	3.39
Dividend per share	0.18	0.20	0.20	0.20	0.25	0.30	0.32
Dividend payout ratio, %	89.2	44.3	143.7	110.9	61.6	63.7	45.6
Dividend yield, %	2.7	2.7	2.5	3.9	4.9	5.9	6.3
FCF yield, %	0.9	0.6	-6.5	14.6	11.0	9.4	13.9
Efficiency measures							
ROE	9.2	19.5	5.5	7.0	15.3	16.4	22.0
ROCE	8.6	14.4	5.1	4.0	10.0	11.8	17.6
Financial ratios							
Inventories as % of sales	16.3	14.9	17.8	17.1	17.1	17.1	17.1
Receivables as % of sales	19.2	19.2	19.6	17.8	17.8	17.7	17.7
Non-interest bearing liabilities as % of sales	20.2	22.0	23.8	19.1	19.1	19.1	19.1
NWC/sales, %	14.1	11.2	12.7	10.3	10.4	10.7	10.9
Operative CAPEX/sales, %	7.3	11.9	8.2	2.4	2.5	2.9	2.8
CAPEX/sales (incl. acquisitions), %	7.3	11.9	8.2	2.4	2.5	2.9	2.8
FCFF/EBITDA	0.3	0.1	-0.4	0.9	0.5	0.5	0.5
Net debt/EBITDA, book-weighted	2.7	2.0	3.0	2.9	1.7	1.3	0.9
Debt/equity, market-weighted	0.4	0.5	0.5	0.7	0.7	0.6	0.6
Equity ratio, book-weighted	30.8	29.7	26.5	26.9	29.3	30.8	34.2
Gearing, %	110.2	104.7	115.9	98.1	77.6	64.2	44.5

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	4.080	6.7%
OP-Finland Small Firms Fund	590,119	3.010	5.0%
Ilmarinen Mutual Pension Insurance	496,547	2.532	4.2%
Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	420,000	2.142	3.5%
Phoebus Fund	370,000	1.887	3.1%
Säästöpankki Pienyhtiöt	288,710	1.472	2.4%
Nelimarkka Heikki Antero	213,545	1.089	1.8%
Veritas Pension Insurance Company Ltd.	207,479	1.058	1.7%
Säästöpankki Kotimaa	132,680	0.677	1.1%
Sumato Oy	131,821	0.672	1.1%
Ten largest	3,650,901	18.620	31%
Residual	8,245,942	42.054	69%
Total	11,896,843	60.674	100%

EARNINGS CALENDAR

May 02, 2023	Q1 report
August 18, 2023	Q2 report
November 03, 2023	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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CFO: Mikko Rummukainen	Tel: +358 20 7541 200
IR: Sanna Ahvenniemi	

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

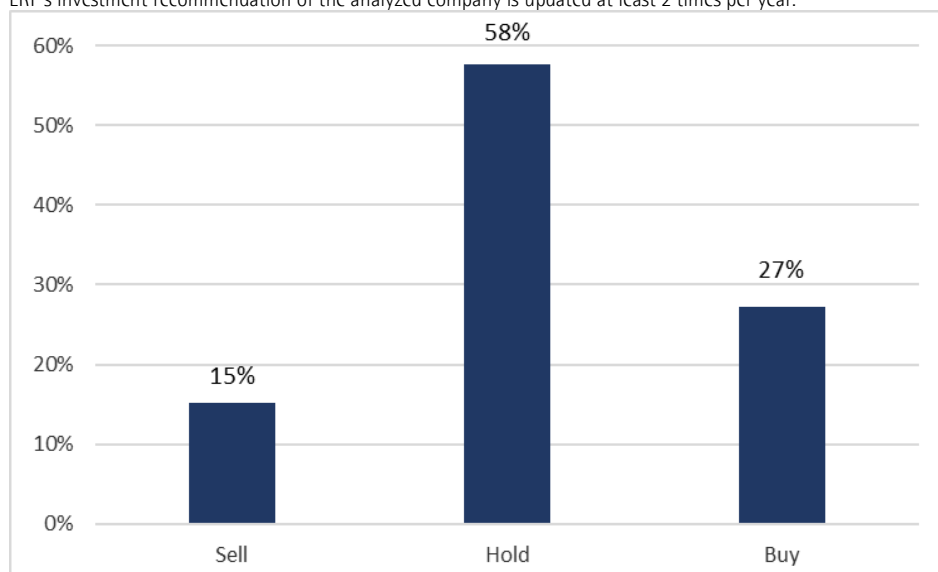
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Investment recommendations are defined as follows:

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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