

Still left waiting for higher volumes

Exel cut guidance as Q3 was very soft. Exel works out its new strategy in detail, to achieve at least some efficiency gains, yet volume remains the value driver for now.

Q3 ended up being a lot softer than previously estimated

Exel revised its guidance down and now expects FY '23 revenue to decrease significantly. Demand softness has been widespread and extended for longer than previously seen. Order timings have also been delayed for larger projects. Exel published preliminary figures: Q3 was seen to be soft before, however a revenue of only EUR 20.5m proved to be way below our earlier EUR 29.9m estimate and thus we also cut our Q3 EBIT estimate by EUR 2.5m.

Improvement after Q3, but its pace remains uncertain

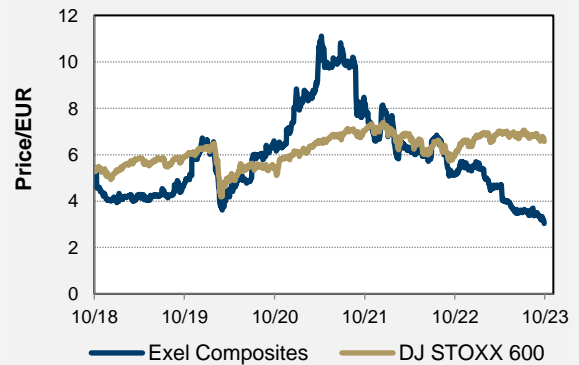
We cut our estimates also beyond Q3 as softness persists. Exel updates its plant network strategy to better organize production; some details have already been worked out but there are still reviews going on. Wind power volumes are to be generated mostly in China and India from now on while the US unit will focus on buildings and infrastructure applications as well as electrical products, which we believe remain attractive categories. The restructuring is to yield cost savings of EUR 3m, a big sum on top of other measures Exel has implemented (and is yet to decide on). Exel's reorganization means EBIT should bounce back sharp once the volumes come through, and hence focus rests on top line even more than usual over the next few quarters. The comparison volumes for Q4 aren't that high as they already fell 15% y/y, yet Exel may still struggle to achieve notable growth even if Q4 should gain q/q from the lows.

EBIT to bounce back with volumes, but outlook still unclear

Low demand over the past year has left Q3'23 LTM adj. EBIT around break-even, so it's clear Exel's EBIT improves next year. The two-tiered factory strategy is to bring more manufacturing efficiency gains, while demand is already improving, but it remains unclear how much volumes recover next year. We estimate EUR 120m in revenue and EUR 7.5m EBIT for next year, which roughly equal the average levels seen in FY '19-22. Exel is valued about 8x EV/EBIT on that estimate, which isn't very high considering how efficiency measures could also support EBIT above our estimate. Yet in our view limited demand outlook curbs upside for now. Our TP is now EUR 3.0 (3.5); retain HOLD.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 3.04

Target price, EUR 3.0

Latest change in recommendation 03-May-23

Latest report on company 21-Aug-23

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 36

Free float, % 100.0

Exchange rate EUR/USD 1.06

Reuters code EXL1V.HE

Bloomberg code EXL1V FH

Average daily volume, EURm 0.1

Next interim report 03-Nov-23

Web site www.exelcomposites.com

Analyst Joonas Ilvonen

E-mail joonas.ilvonen@evli.com

Telephone +358 44 430 9071

■ 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	106.5	-0.2	-0.2%	3.9	-0.35	-8.7	0.6	-277.8	10.7	0.00
2024E	119.8	7.5	6.3%	3.1	0.30	10.1	0.5	8.1	8.6	0.20
2025E	128.2	9.0	7.0%	5.2	0.44	6.8	0.5	6.5	14.4	0.25
Market cap, EURm	36			Gearing 2023E, %	118.5			CAGR EPS 2022-25, %	35.1	
Net debt 2023E, EURm	28			Price/book 2023E	1.5			CAGR sales 2022-25, %	-2.2	
Enterprise value, EURm	64			Dividend yield 2023E, %	0.0			ROE 2023E, %	-15.4	
Total assets 2023E, EURm	95			Tax rate 2023E, %	-68.8			ROCE 2023E, %	-2.0	
Goodwill 2023E, EURm	13			Equity ratio 2023E, %	25.0			PEG, P/E 23/CAGR	0.0	

Estimates and valuation

Exel Composites	2019	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e
Buildings and infrastructure	23.5	23.5	32.9	7.7	8.9	7.8	8.1	32.5	7.8	6.5	5.1	8.6	28.0
Equipment and other industries	18.6	19.5	23.4	7.4	5.9	5.6	4.3	23.1	5.6	5.0	4.8	4.9	20.3
Wind power	23.6	28.1	32.1	6.8	6.5	8.0	5.5	26.8	1.5	2.3	2.0	4.8	10.6
Machinery and electrical	14.4	15.5	17.6	4.3	5.3	5.0	5.2	19.7	4.6	4.1	3.6	4.6	16.9
Transportation	13.1	10.2	10.2	3.1	7.2	3.7	3.3	17.4	4.2	3.7	2.3	4.0	14.2
Defense	2.3	5.3	8.7	2.1	1.6	2.0	1.9	7.5	2.9	2.6	1.5	2.1	9.1
Telecommunications	8.2	6.5	9.5	2.8	2.8	1.7	2.6	10.0	2.2	1.3	1.2	2.7	7.4
Revenue	103.8	108.6	134.4	34.2	38.1	33.8	31.0	137.0	28.8	25.4	20.6	31.7	106.5
<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>-16 %</i>	<i>-33 %</i>	<i>-39 %</i>	<i>2 %</i>	<i>-22 %</i>
Adjusted EBIT	7.2	9.7	6.0	2.2	3.1	1.8	0.9	8.0	0.0	0.1	-1.2	1.5	0.4
EBIT	5.1	9.4	3.7	0.0	3.0	1.7	-1.7	3.0	-0.3	-0.2			-0.2
<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>0.0 %</i>	<i>0.3 %</i>	<i>-5.8 %</i>	<i>4.7 %</i>	<i>0.3 %</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>	<i>-1.0 %</i>	<i>-1.0 %</i>			<i>-0.2 %</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	444		14.6x	9.7x		30.6x	16.0x	-8.0 %	4.2 %	7.4 %
Hexcel	5304	19.0x	16.9x	14.2x	31.6x	25.8x	20.3x	11.4 %	13.5 %	15.4 %
Avient	2799	8.0x	8.8x	8.0x	11.7x	14.8x	12.4x	11.9 %	9.6 %	10.9 %
SGL Carbon	727	6.0x	7.2x	4.8x	9.9x	12.1x	7.2x	9.9 %	6.6 %	10.4 %
TPI Composites	86	13.1x		7.7x			26.8x	-1.6 %	-5.1 %	1.3 %
Gurit Holding	386	13.5x	10.2x	7.7x	22.6x	16.2x	11.3x	4.5 %	5.4 %	7.1 %
Peer Group Average	1624	11.9x	11.5x	8.7x	18.9x	19.9x	15.7x	4.7 %	5.7 %	8.8 %
Peer Group Median	586	13.1x	10.2x	7.9x	17.2x	16.2x	14.2x	7.2 %	6.0 %	8.9 %
Exel Composites (Evli est.)	36	9.3x	10.4x	4.6x	31.4x	-277.8x	8.1x	2.2 %	-0.2 %	6.3 %

Exel Composites prem./disc. to peer median

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	3.04 PV of Free Cash Flow	66 Long-term growth, %	1.5 Risk-free interest rate, %	2.25
DCF share value	10.26 PV of Horizon value	88 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	237.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	11.3 Marketable securities	17 Minimum WACC, %	8.0 Equity beta coefficient	1.00
Minimum value	9.4 Debt - dividend	-50 Maximum WACC, %	9.0 Target debt ratio, %	10
Horizon value, %	57.0 Value of stock	122 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	107	120	128	135	137	140	143	146	149	151	153
<i>Sales growth, %</i>	<i>2.0</i>	<i>-22.3</i>	<i>12.5</i>	<i>7.0</i>	<i>5.0</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	0	8	9	11	14	15	16	17	17	17	18
<i>Operating income margin, %</i>	<i>2.2</i>	<i>-0.2</i>	<i>6.3</i>	<i>7.0</i>	<i>8.5</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>	<i>11.5</i>
+ Depreciation+amort.	7	6	6	6	5	5	5	4	4	4	4	4
EBITDA	10	6	13	14	17	19	20	21	21	21	22	
- Paid taxes	-1	-2	-2	-2	-3	-4	-4	-4	-4	-4	-4	-4
- Change in NWC	3	5	-2	-1	-1	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>10.3</i>	<i>9.0</i>	<i>9.7</i>	<i>10.0</i>	<i>10.2</i>	<i>10.3</i>	<i>10.4</i>	<i>10.5</i>	<i>10.6</i>	<i>10.7</i>	<i>10.7</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>2.8</i>	<i>3.6</i>	<i>3.4</i>	<i>3.2</i>	<i>2.9</i>	<i>2.9</i>	<i>2.9</i>	<i>2.9</i>	<i>2.9</i>	<i>2.9</i>	<i>2.9</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	6	5	7	9	11	12	12	13	13	13	187
= Discounted FCFF		6	5	6	7	8	8	7	7	6	6	88
= DFCF min WACC		6	5	6	7	8	8	8	7	7	6	99
= DFCF max WACC		6	5	6	7	8	8	7	7	6	6	79

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	34.2	38.1	33.8	31.0	137.0	28.8	25.4	20.6	31.7	106.5	119.8	128.2
EBITDA	1.8	4.8	3.6	0.0	10.1	1.5	1.5	0.3	3.0	6.2	13.4	14.5
<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>5.3</i>	<i>5.7</i>	<i>1.3</i>	<i>9.4</i>	<i>5.8</i>	<i>11.2</i>	<i>11.3</i>
EBIT	0.0	3.0	1.7	-1.7	3.0	-0.3	-0.2	-1.2	1.5	-0.2	7.5	9.0
<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>-1.0</i>	<i>-1.0</i>	<i>-5.8</i>	<i>4.7</i>	<i>-0.2</i>	<i>6.3</i>	<i>7.0</i>
Net financial items	0.5	1.9	1.6	-3.4	0.6	-1.2	-0.4	-0.4	-0.2	-2.2	-2.0	-1.9
Pre-tax profit	0.5	4.9	3.3	-5.1	3.6	-1.5	-0.7	-1.6	1.3	-2.5	5.6	7.1
Tax	-0.6	-0.9	-1.2	1.2	-1.5	-0.6	-0.2	-0.3	-0.5	-1.7	-2.0	-1.8
<i>Tax rate (%)</i>	<i>111.4</i>	<i>19.3</i>	<i>35.6</i>	<i>24.3</i>	<i>40.4</i>	<i>-43.8</i>	<i>-36.3</i>	<i>-18.7</i>	<i>38.5</i>	<i>-68.8</i>	<i>35.8</i>	<i>25.0</i>
Net profit	-0.1	4.0	2.1	-3.9	2.1	-2.1	-0.9	-1.9	0.8	-4.2	3.6	5.3
EPS	-0.01	0.33	0.18	-0.33	0.18	-0.18	-0.08	-0.16	0.07	-0.35	0.30	0.44
EPS adjusted (diluted no. of shares)	-0.01	0.33	0.18	-0.33	0.18	-0.18	-0.08	-0.16	0.07	-0.35	0.30	0.44
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.20	0.25
SALES, EURm												
Exel Composites	34.2	38.1	33.8	31.0	137.0	28.8	25.4	20.6	31.7	106.5	119.8	128.2
Total	34.2	38.1	33.8	31.0	137.0	28.8	25.4	20.6	31.7	106.5	119.8	128.2
SALES GROWTH, Y/Y %												
Exel Composites	10.3	13.5	1.2	-15.1	2.0	-15.7	-33.3	-39.0	2.3	-22.3	12.5	7.0
Total	10.3	13.5	1.2	-15.1	2.0	-15.7	-33.3	-39.0	2.3	-22.3	12.5	7.0
EBIT, EURm												
Exel Composites	0.0	3.0	1.7	-1.7	3.0	-0.3	-0.2	-1.2	1.5	-0.2	7.5	9.0
Total	0.0	3.0	1.7	-1.7	3.0	-0.3	-0.2	-1.2	1.5	-0.2	7.5	9.0
EBIT margin, %												
Exel Composites	0.1	7.9	5.0	-5.5	2.2	-1.0	-1.0	-5.8	4.7	-0.2	6.3	7.0
Total	0.1	7.9	5.0	-5.5	2.2	-1.0	-1.0	-5.8	4.7	-0.2	6.3	7.0

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	96.6	103.8	108.6	134.4	137.0	106.5	119.8	128.2
<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>-22.3</i>	<i>12.5</i>	<i>7.0</i>
EBITDA	7.7	10.7	15.3	11.9	10.1	6.2	13.4	14.5
<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>5.8</i>	<i>11.2</i>	<i>11.3</i>
Depreciation	-5.5	-5.6	-5.8	-8.2	-7.1	-6.4	-5.9	-5.5
EBITA	2.2	5.1	9.4	3.7	3.0	-0.2	7.5	9.0
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	-0.2	7.5	9.0
<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>-0.2</i>	<i>6.3</i>	<i>7.0</i>
Reported EBIT	2.2	5.1	9.4	3.7	3.0	-0.2	7.5	9.0
<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>-0.2</i>	<i>6.3</i>	<i>7.0</i>
Net financials	-0.5	-1.2	-2.3	0.4	0.6	-2.2	-2.0	-1.9
Pre-tax profit	1.7	3.9	7.1	4.2	3.6	-2.5	5.6	7.1
Taxes	-1.3	-1.5	-1.7	-2.5	-1.5	-1.7	-2.0	-1.8
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	-4.2	3.6	5.3
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	26	25
Goodwill	13	13	13	13	13	13	13	13
Right of use assets	5	5	3	3	2	2	2	2
Inventory	15	17	16	24	23	18	20	22
Receivables	20	20	21	26	24	19	21	23
Liquid funds	5	7	12	16	17	14	15	16
Total assets	79	85	97	118	113	95	100	103
Liabilities								
Shareholder's equity	26	26	29	31	30	24	27	30
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	2
Deferred taxes	0	0	0	0	1	1	1	1
Interest bearing debt	30	32	40	50	46	40	38	37
Non-interest bearing current liabilities	18	21	24	32	26	20	23	25
Other interest-free debt	2	2	2	3	9	9	9	9
Total liabilities	79	85	97	118	113	95	100	103
CASH FLOW, EURm								
+ EBITDA	8	11	15	12	10	6	13	14
- Net financial items	0	-1	-2	0	1	-2	-2	-2
- Taxes	-2	-2	-2	-3	-1	-2	-2	-2
- Increase in Net Working Capital	-4	1	3	-5	3	5	-2	-1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	1	8	13	5	13	7	7	10
- Capex	-10	-8	-13	-11	-3	-3	-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	4	3	5
+/- New issues/buybacks	0	0	-1	3	-1	0	0	0
- Paid dividend	-4	-2	-2	-2	-2	-2	0	-2
+/- Other	9	3	7	9	-5	-5	-1	-2
Change in cash	-3	2	5	4	2	-4	2	1

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	78	88	94	64	36	36	36
Net debt (excl. convertibles)	29	30	36	30	28	25	22
Enterprise value	107	118	131	94	64	61	59
Sales	104	109	134	137	107	120	128
EBITDA	11	15	12	10	6	13	14
EBIT	5	9	4	3	0	8	9
Pre-tax	4	7	4	4	-2	6	7
Earnings	2	5	2	2	-4	4	5
Equity book value (excl. minorities)	26	29	31	30	24	27	30
Valuation multiples							
EV/sales	1.0	1.1	1.0	0.7	0.6	0.5	0.5
EV/EBITDA	10.0	7.7	10.9	9.3	10.4	4.6	4.0
EV/EBITA	21.0	12.5	34.9	31.4	-277.8	8.1	6.5
EV/EBIT	21.0	12.5	34.9	31.4	-277.8	8.1	6.5
EV/OCF	12.9	8.8	27.2	7.4	9.4	8.2	6.1
EV/FCFF	32.5	52.9	-26.0	10.2	11.4	11.6	8.0
P/FCFE	110.9	179.1	-15.3	6.8	9.3	11.7	6.9
P/E	32.5	16.4	57.0	30.1	-8.7	10.1	6.8
P/B	3.0	3.1	3.0	2.1	1.5	1.3	1.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	10.3	4.5	4.0
Target EV/EBIT	0.0	0.0	0.0	0.0	-275.7	8.1	6.5
Target EV/FCF	0.0	0.0	0.0	0.0	16.5	19.6	11.1
Target P/B	0.0	0.0	0.0	0.0	1.5	1.3	1.2
Target P/E	0.0	0.0	0.0	0.0	-8.6	9.9	6.7
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	0.20	0.45	0.14	0.18	-0.35	0.30	0.44
Operating cash flow per share	0.70	1.12	0.40	1.06	0.57	0.63	0.80
Free cash flow per share	0.06	0.04	-0.52	0.79	0.33	0.26	0.44
Book value per share	2.21	2.41	2.62	2.56	2.01	2.31	2.55
Dividend per share	0.18	0.20	0.20	0.20	0.00	0.20	0.25
Dividend payout ratio, %	89.2	44.3	143.7	110.9	0.0	66.3	56.2
Dividend yield, %	2.7	2.7	2.5	3.7	0.0	6.6	8.2
FCF yield, %	0.9	0.6	-6.5	14.6	10.7	8.6	14.4
Efficiency measures							
ROE	9.2	19.5	5.5	7.0	-15.4	14.0	18.3
ROCE	8.6	14.4	5.1	4.0	-2.0	9.8	11.7
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	18.0	17.9	17.8
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	9.0	9.7	10.0
Operative CAPEX/sales, %	7.3	11.9	8.2	2.4	2.8	3.6	3.4
CAPEX/sales (incl. acquisitions), %	7.3	11.9	8.2	2.4	2.8	3.6	3.4
FCFF/EBITDA	0.3	0.1	-0.4	0.9	0.9	0.4	0.5
Net debt/EBITDA, book-weighted	2.7	2.0	3.0	2.9	4.6	1.9	1.5
Debt/equity, market-weighted	0.4	0.5	0.5	0.7	1.1	1.1	1.0
Equity ratio, book-weighted	30.8	29.7	26.5	26.9	25.0	27.5	29.6
Gearing, %	110.2	104.7	115.9	98.1	118.5	91.7	73.6

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	2.432	6.7%
OP-Finland Small Firms Fund	590,119	1.794	5.0%
Ilmarinen Mutual Pension Insurance	496,547	1.510	4.2%
Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	420,000	1.277	3.5%
Phoebus Fund	370,000	1.125	3.1%
Säästöpankki Pienyhtiöt	288,710	0.878	2.4%
Nelimarkka Heikki Antero	213,545	0.649	1.8%
Veritas Pension Insurance Company Ltd.	207,479	0.631	1.7%
Säästöpankki Kotimaa	132,680	0.403	1.1%
Sumato Oy	131,821	0.401	1.1%
Ten largest	3,650,901	11.099	31%
Residual	8,245,942	25.068	69%
Total	11,896,843	36.166	100%

EARNINGS CALENDAR	
November 03, 2023	Q3 report
OTHER EVENTS	
November 13, 2023	CMD

COMPANY MISCELLANEOUS	
CEO: Paul Sohlberg	Mäkituvantie 5 01510 Vantaa
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

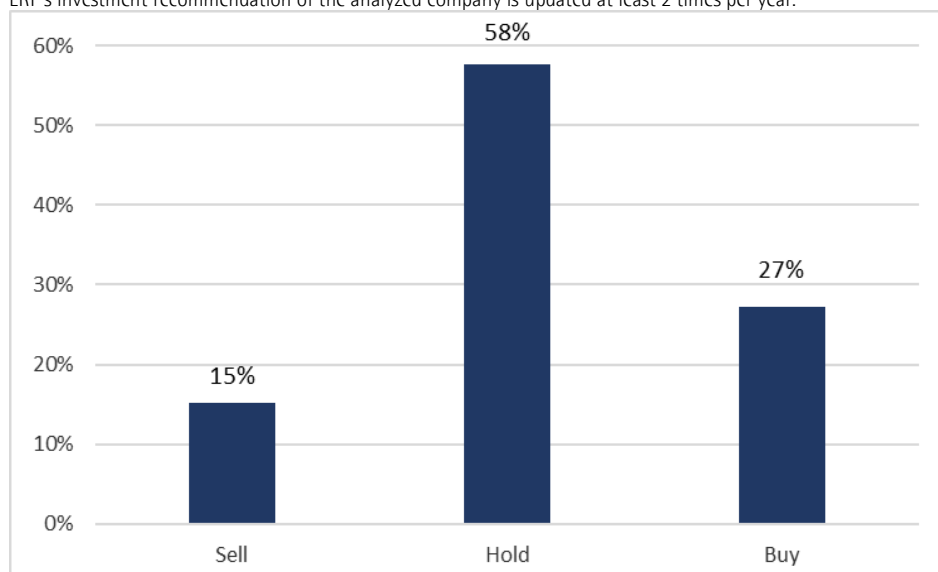
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Investment recommendations are defined as follows:

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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Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lilja +358 9 4766 9130

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Arttu Heikura +358 40 082 8098
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205



EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000