

A lot of room to improve

Exel's Q4 figures remained very low as account activity is only now bottoming out after a challenging period due to weakening end-market demand and customer destocking.

Q4 results were poor, but demand appears to have bottomed

Exel's Q4 revenue fell 29% y/y to EUR 22.1m vs our EUR 26.8m estimate. Wind power continued weak relative to our estimate, while all other customer industries except Transportation still declined by double-digit rates. The declines occurred through all the major geographic regions. The EUR -1.3m adj. EBIT was clearly below our EUR 0.7m estimate, however cash flow remained positive. Exel's positive FY '24 guidance wasn't any surprise given the very low comparison figures and so the only question remains just how steeply both top line and earnings recover this year. We believe Q1'24 earnings will already gain a bit although revenue is likely to remain rather subdued. In any case Exel is unlikely to see adequate levels of EBIT before H2 unless customer activity picks up faster than expected during the spring months.

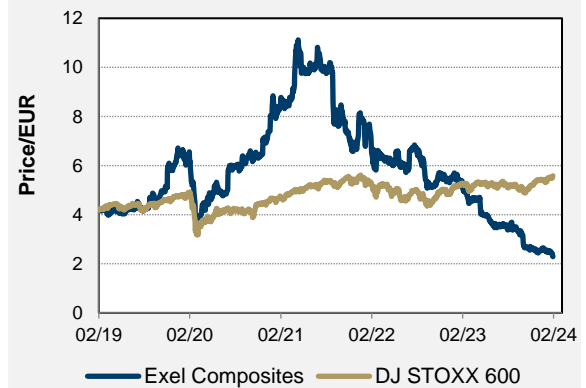
New operating model and strategy measures to deliver

January order intake was encouraging, but Q1 is unlikely to be a great quarter as customer activity appears to be only bottoming out. We therefore believe it will take until H2'24 before Exel can achieve a quarterly EBIT of some EUR 1.5m, which would still be a rather modest level in the company's context. Wind power recovery pace remains a bit uncertain for now, while Transportation grows due to demand attributable to electric busses and trains. Defense has scope to grow, whereas Buildings and infrastructure may be starting to recover (albeit from a low level). Exel starts to break figures according to its new structure from Q1 onwards: the volume-focused Industrial Solutions BU, driven by wind power orders, is to grow faster than the other unit which focuses on tailored solutions in multiple industries.

Multiples reflect some expectations of improvement

Exel is valued 10.5x EV/EBIT on our FY '24 estimates, which is not a particularly low level. We estimate EUR 5.1m FY '24 EBIT, a level still very modest relative to potential. The multiple would decrease to around 6x assuming a quarterly EBIT of around EUR 2m, in other words a normal historical level. Our new TP is EUR 2.2 (2.7) as we retain our HOLD rating.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 2.29
Target price, EUR 2.2

Latest change in 03-May-23
Latest report on company 14-Nov-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 27
Free float, % 100.0
Exchange rate EUR/USD 1.08
Reuters code EXL1V.HE
Bloomberg code EXL1V FH
Average daily volume, EURm 0.1
Next interim report 25-Apr-24
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
2022	137.0	3.0	2.2%	7.8	0.18	30.1	0.7	31.4	12.0	0.20
2023	96.8	-4.9	-5.0%	-1.0	-0.78	-3.2	0.6	-12.6	-3.3	0.00
2024E	104.0	5.1	4.9%	5.3	0.14	16.0	0.5	10.5	19.3	0.10
2025E	112.3	7.9	7.0%	6.1	0.35	6.6	0.4	6.2	22.5	0.20
2026E	117.9	9.4	8.0%	6.9	0.46	5.0	0.4	4.7	25.4	0.25

Market cap, EURm	27	Gearing 2024E, %	135.6	CAGR EPS 2023-26, %	0.0
Net debt 2024E, EURm	26	Price/book 2024E	1.4	CAGR sales 2023-26, %	6.8
Enterprise value, EURm	54	Dividend yield 2024E, %	4.4	ROE 2024E, %	9.2
Total assets 2024E, EURm	84	Tax rate 2024E, %	19.0	ROCE 2024E, %	7.0
Goodwill 2024E, EURm	13	Equity ratio 2024E, %	23.1	PEG, P/E 24/CAGR	0.2

Estimates and valuation

Exel Composites	2019	2020	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e
Buildings and infrastructure	23.5	23.5	32.9	32.5	7.8	6.5	5.7	6.1	26.0	5.9	6.9	6.9	7.0	26.7
Equipment and other industries	18.6	19.5	23.4	23.1	5.6	5.0	4.0	3.9	18.5	4.9	4.6	4.4	4.6	18.7
Wind power	23.6	28.1	32.1	26.8	1.5	2.3	2.1	1.7	7.6	1.3	3.0	2.9	2.2	9.4
Machinery and electrical	14.4	15.5	17.6	19.7	4.6	4.1	3.4	3.8	15.9	3.4	3.8	4.3	4.5	15.9
Transportation	13.1	10.2	10.2	17.4	4.2	3.7	3.1	4.7	15.7	5.1	4.7	4.0	5.8	19.5
Defense	2.3	5.3	8.7	7.5	2.9	2.6	1.4	1.0	7.9	2.5	3.0	1.8	1.2	8.5
Telecommunications	8.2	6.5	9.5	10.0	2.2	1.3	0.8	1.0	5.3	1.7	1.4	1.0	1.1	5.3
Revenue	103.8	108.6	134.4	137.0	28.8	25.4	20.5	22.1	96.8	24.9	27.4	25.3	26.4	103.9
y/y change, %	7 %	5 %	24 %	2 %	-16 %	-33 %	-39 %	-29 %	-29 %	-14 %	8 %	23 %	19 %	7 %
Adjusted EBIT	7.2	9.7	6.0	8.0	0.0	0.1	-1.2	-1.3	-2.4	0.7	1.2	1.3	1.9	5.1
EBIT	5.1	9.4	3.7	3.0	-0.3	-0.2	-0.7	-3.7	-4.9					
-margin, %	6.9 %	8.9 %	4.5 %	5.9 %	0.0 %	0.3 %	-5.9 %	-5.9 %	-2.5 %	2.8 %	4.4 %	5.1 %	7.2 %	4.9 %
-margin (reported), %	4.9 %	8.7 %	2.8 %	2.2 %	-1.0 %	-1.0 %	-3.2 %	-16.7 %	-5.0 %					

Source: Evli Research

EXEL COMPOSITES PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		23	24	25	23	24	25	23	24	25
Hexagon Composites	364	15.1x	9.3x	6.7x	32.7x	17.1x	10.2x	4.3 %	6.0 %	8.8 %
Hexcel	5873	19.7x	17.0x	14.3x	31.5x	25.3x	20.0x	12.1 %	13.7 %	15.6 %
Avient	3302	10.8x	10.0x	9.1x	21.3x	16.2x	13.9x	8.1 %	10.0 %	11.0 %
SGL Carbon	771	8.2x	5.3x	4.4x	12.4x	8.3x	6.4x	7.2 %	10.1 %	12.1 %
TPI Composites	121		13.7x	7.2x			19.7x	-9.4 %	-0.5 %	1.9 %
Gurit Holding	333	12.7x	7.9x	6.2x	21.5x	12.0x	8.5x	4.6 %	6.4 %	8.1 %
Peer Group Average	1794	13.3x	10.5x	8.0x	23.9x	15.8x	13.1x	4.5 %	7.6 %	9.6 %
Peer Group Median	568	12.7x	9.6x	6.9x	21.5x	16.2x	12.1x	5.9 %	8.2 %	9.9 %
Exel Composites (Evli est.)	27	15.9x	4.6x	3.6x	-12.6x	10.5x	6.2x	-5.0 %	4.9 %	7.0 %

Exel Composites prem./disc. to peer median 26 % -5.3 % -48 % -159 % -35 % -49 % -185 % -40 % -29 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	2.29 PV of Free Cash Flow	72 Long-term growth, %	1.5 Risk-free interest rate, %	2.25
DCF share value	10.17 PV of Horizon value	81 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	343.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	11.2 Marketable securities	11 Minimum WACC, %	8.0 Equity beta coefficient	1.00
Minimum value	9.3 Debt - dividend	-43 Maximum WACC, %	9.0 Target debt ratio, %	10
Horizon value, %	53.1 Value of stock	121 Nr of shares, Mn	11.9 Effective tax rate, %	21

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	97	104	112	118	120	123	125	128	130	133	135	137
<i>Sales growth, %</i>	-29.3	7.4	8.0	5.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5
Operating income (EBIT)	-5	5	8	9	13	13	14	15	15	15	16	16
<i>Operating income margin, %</i>	-5.0	4.9	7.0	8.0	10.5	11.0	11.5	11.5	11.5	11.5	11.5	11.5
+ Depreciation+amort.	9	7	6	5	4	3	3	3	3	3	3	
EBITDA	4	12	14	14	16	17	17	18	18	18	18	
- Paid taxes	0	-1	-1	-2	-2	-3	-3	-3	-3	-3	-3	
- Change in NWC	3	-1	-1	-1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	11.7	11.7	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.9	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-3	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	
<i>opCAPEX / Sales, %</i>	4.3	2.1	2.3	2.2	1.9	1.9	1.9	1.9	1.9	1.9	1.9	
- 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	4	8	9	10	12	12	12	12	12	12	13	182
= Discounted FCFF		7	8	8	9	8	8	7	6	6	6	81
= DFCF min WACC		7	8	8	9	8	8	7	7	6	6	91
= DFCF max WACC		7	8	7	8	8	7	7	6	6	5	72

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	28.8	25.4	20.5	22.1	96.8	24.9	27.4	25.3	26.4	104.0	112.3	117.9
EBITDA	1.5	1.5	1.1	-0.3	3.8	2.4	2.9	3.0	3.6	11.7	13.5	14.2
<i>EBITDA margin (%)</i>	<i>5.3</i>	<i>5.7</i>	<i>5.6</i>	<i>-1.2</i>	<i>4.0</i>	<i>9.4</i>	<i>10.4</i>	<i>11.7</i>	<i>13.4</i>	<i>11.3</i>	<i>12.0</i>	<i>12.0</i>
EBIT	-0.3	-0.2	-0.7	-3.7	-4.9	0.7	1.2	1.3	1.9	5.1	7.9	9.4
<i>EBIT margin (%)</i>	<i>-1.0</i>	<i>-1.0</i>	<i>-3.2</i>	<i>-16.7</i>	<i>-5.0</i>	<i>2.8</i>	<i>4.4</i>	<i>5.1</i>	<i>7.2</i>	<i>4.9</i>	<i>7.0</i>	<i>8.0</i>
Net financial items	-1.2	-0.4	0.2	-2.0	-3.4	-0.7	-0.7	-0.7	-0.7	-3.0	-2.8	-2.7
Pre-tax profit	-1.5	-0.7	-0.4	-5.7	-8.3	0.0	0.5	0.6	1.2	2.1	5.1	6.7
Tax	-0.6	-0.2	-0.2	0.1	-1.0	-0.1	-0.1	-0.1	-0.1	-0.4	-1.0	-1.3
<i>Tax rate (%)</i>	<i>-43.8</i>	<i>-36.3</i>	<i>-48.2</i>	<i>1.8</i>	<i>-12.1</i>	<i>-200.0</i>	<i>22.2</i>	<i>18.2</i>	<i>8.7</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>
Net profit	-2.1	-0.9	-0.6	-5.6	-9.3	-0.1	0.4	0.5	1.1	1.7	4.1	5.5
EPS	-0.18	-0.08	-0.05	-0.47	-0.78	-0.01	0.03	0.04	0.09	0.14	0.35	0.46
EPS adjusted (diluted no. of shares)	-0.18	-0.08	-0.05	-0.47	-0.78	-0.01	0.03	0.04	0.09	0.14	0.35	0.46
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.20	0.25
SALES, EURm												
Exel Composites	28.8	25.4	20.5	22.1	96.8	24.9	27.4	25.3	26.4	104.0	112.3	117.9
Total	28.8	25.4	20.5	22.1	96.8	24.9	27.4	25.3	26.4	104.0	112.3	117.9
SALES GROWTH, Y/Y %												
Exel Composites	-15.7	-33.3	-39.2	-28.8	-29.3	-13.6	7.9	23.2	19.6	7.4	8.0	5.0
Total	-15.7	-33.3	-39.2	-28.8	-29.3	-13.6	7.9	23.2	19.6	7.4	8.0	5.0
EBIT, EURm												
Exel Composites	-0.3	-0.2	-0.7	-3.7	-4.9	0.7	1.2	1.3	1.9	5.1	7.9	9.4
Total	-0.3	-0.2	-0.7	-3.7	-4.9	0.7	1.2	1.3	1.9	5.1	7.9	9.4
EBIT margin, %												
Exel Composites	-1.0	-1.0	-3.2	-16.7	-5.0	2.8	4.4	5.1	7.2	4.9	7.0	8.0
Total	-1.0	-1.0	-3.2	-16.7	-5.0	2.8	4.4	5.1	7.2	4.9	7.0	8.0

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	103.8	108.6	134.4	137.0	96.8	104.0	112.3	117.9
<i>Sales growth (%)</i>	7.5	4.6	23.7	2.0	-29.3	7.4	8.0	5.0
EBITDA	10.7	15.3	11.9	10.1	3.8	11.7	13.5	14.2
<i>EBITDA margin (%)</i>	10.3	14.1	8.9	7.4	4.0	11.3	12.0	12.0
Depreciation	-5.6	-5.8	-8.2	-7.1	-8.7	-6.6	-5.6	-4.7
EBITA	5.1	9.4	3.7	3.0	-4.9	5.1	7.9	9.4
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	5.1	9.4	3.7	3.0	-4.9	5.1	7.9	9.4
<i>EBIT margin (%)</i>	4.9	8.7	2.8	2.2	-5.0	4.9	7.0	8.0
Reported EBIT	5.1	9.4	3.7	3.0	-4.9	5.1	7.9	9.4
<i>EBIT margin (reported) (%)</i>	4.9	8.7	2.8	2.2	-5.0	4.9	7.0	8.0
Net financials	-1.2	-2.3	0.4	0.6	-3.4	-3.0	-2.8	-2.7
Pre-tax profit	3.9	7.1	4.2	3.6	-8.3	2.1	5.1	6.7
Taxes	-1.5	-1.7	-2.5	-1.5	-1.0	-0.4	-1.0	-1.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	2.4	5.4	1.7	2.1	-9.3	1.7	4.1	5.5
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	23	30	34	31	25	21	17	15
Goodwill	13	13	13	13	13	13	13	13
Right of use assets	5	3	3	2	1	1	2	2
Inventory	17	16	24	23	17	18	20	21
Receivables	20	21	26	24	18	19	20	21
Liquid funds	7	12	16	17	11	12	13	13
Total assets	85	97	118	113	85	84	85	85
Liabilities								
Shareholder's equity	26	29	31	30	18	19	22	25
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	4	2	2	1	0	1	2	2
Deferred taxes	0	0	0	1	0	0	0	0
Interest bearing debt	32	40	50	46	42	37	33	29
Non-interest bearing current liabilities	21	24	32	26	22	24	25	27
Other interest-free debt	2	2	3	9	3	3	3	3
Total liabilities	85	97	118	113	85	84	85	85
CASH FLOW, EURm								
+ EBITDA	11	15	12	10	4	12	14	14
- Net financial items	-1	-2	0	1	-3	-3	-3	-3
- Taxes	-2	-2	-3	-1	0	0	-1	-1
- Increase in Net Working Capital	1	3	-5	3	3	-1	-1	-1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	8	13	5	13	3	7	9	9
- Capex	-8	-13	-11	-5	-4	-2	-3	-3
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	1	0	-6	8	-1	5	6	7
+/- New issues/buybacks	0	-1	3	-1	-1	0	0	0
- Paid dividend	-2	-2	-2	-2	-2	0	-1	-2
+/- Other	3	7	9	-3	-2	-4	-4	-4
Change in cash	2	5	4	2	-6	1	1	1

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	88	94	64	30	27	27	27
Net debt (excl. convertibles)	30	36	30	32	26	21	17
Enterprise value	118	131	94	61	54	49	44
Sales	109	134	137	97	104	112	118
EBITDA	15	12	10	4	12	14	14
EBIT	9	4	3	-5	5	8	9
Pre-tax	7	4	4	-8	2	5	7
Earnings	5	2	2	-9	2	4	5
Equity book value (excl. minorities)	29	31	30	18	19	22	25
Valuation multiples							
EV/sales	1.1	1.0	0.7	0.6	0.5	0.4	0.4
EV/EBITDA	7.7	10.9	9.3	15.9	4.6	3.6	3.1
EV/EBITA	12.5	34.9	31.4	-12.6	10.5	6.2	4.7
EV/EBIT	12.5	34.9	31.4	-12.6	10.5	6.2	4.7
EV/OCF	8.8	27.2	7.4	19.2	7.2	5.6	4.6
EV/FCFF	52.9	-26.0	12.5	17.2	6.9	5.5	4.6
P/FCFE	179.1	-15.3	8.3	-30.6	5.2	4.4	3.9
P/E	16.4	57.0	30.1	-3.2	16.0	6.6	5.0
P/B	3.1	3.0	2.1	1.7	1.4	1.2	1.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	4.5	3.5	3.0
Target EV/EBIT	0.0	0.0	0.0	0.0	10.3	6.1	4.6
Target EV/FCF	0.0	0.0	0.0	0.0	10.0	7.8	6.2
Target P/B	0.0	0.0	0.0	0.0	1.3	1.2	1.0
Target P/E	0.0	0.0	0.0	0.0	15.4	6.4	4.8
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	0.45	0.14	0.18	-0.78	0.14	0.35	0.46
Operating cash flow per share	1.12	0.40	1.06	0.27	0.62	0.73	0.80
Free cash flow per share	0.04	-0.52	0.65	-0.08	0.44	0.52	0.58
Book value per share	2.41	2.62	2.56	1.49	1.63	1.88	2.14
Dividend per share	0.20	0.20	0.20	0.00	0.10	0.20	0.25
Dividend payout ratio, %	44.3	143.7	110.9	0.0	70.0	58.0	54.5
Dividend yield, %	2.7	2.5	3.7	0.0	4.4	8.7	10.9
FCF yield, %	0.6	-6.5	12.0	-3.3	19.3	22.5	25.4
Efficiency measures							
ROE	19.5	5.5	7.0	-38.5	9.2	19.7	22.8
ROCE	14.4	5.1	4.0	-8.8	7.0	12.0	14.9
Financial ratios							
Inventories as % of sales	14.9	17.8	17.1	17.4	17.4	17.4	17.4
Receivables as % of sales	19.2	19.6	17.8	18.1	18.1	18.1	18.0
Non-interest bearing liabilities as % of sales	22.0	23.8	19.1	22.7	22.7	22.7	22.7
NWC/sales, %	11.2	12.7	10.3	11.7	11.7	11.8	11.8
Operative CAPEX/sales, %	11.9	8.2	3.6	4.3	2.1	2.3	2.2
CAPEX/sales (incl. acquisitions), %	11.9	8.2	3.6	4.3	2.1	2.3	2.2
FCFF/EBITDA	0.1	-0.4	0.7	0.9	0.7	0.7	0.7
Net debt/EBITDA, book-weighted	2.0	3.0	2.9	8.2	2.3	1.6	1.2
Debt/equity, market-weighted	0.5	0.5	0.7	1.4	1.3	1.2	1.0
Equity ratio, book-weighted	29.7	26.5	26.9	20.8	23.1	26.4	29.8
Gearing, %	104.7	115.9	98.1	178.2	135.6	95.8	66.3

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	%
Erikoissijoitusrahasto Aktia Mikro Markka	762,984	1.747	6.4%
OP-Finland Small Firms Fund	752,993	1.724	6.3%
Ilmarinen Mutual Pension Insurance	496,547	1.137	4.2%
Phoebus Fund	420,000	0.962	3.5%
Säästöpankki Pienyhtiöt	288,710	0.661	2.4%
Sumato Oy	231,821	0.531	1.9%
Nelimarkka Heikki Antero	213,545	0.489	1.8%
Veritas Pension Insurance Company Ltd.	199,946	0.458	1.7%
Suutarinen Timo	160,000	0.366	1.3%
Säästöpankki Kotimaa	132,680	0.304	1.1%
Ten largest	3,659,226	8.380	31%
Residual	8,237,617	18.864	69%
Total	11,896,843	27.244	100%

EARNINGS CALENDAR

April 25, 2024	Q1 report
August 15, 2024	Q2 report
October 31, 2024	Q3 report

OTHER EVENTS

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

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

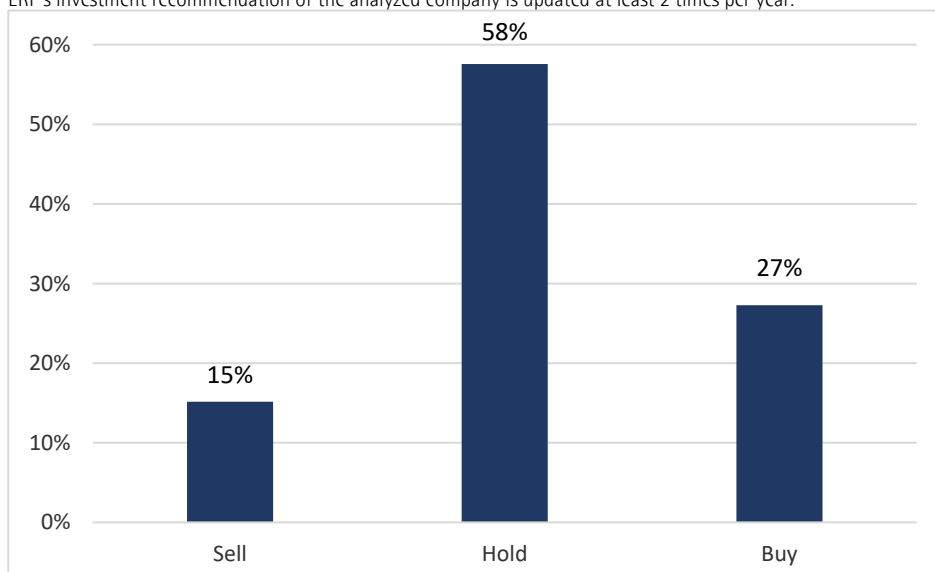
Important Disclosures

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Plc. Production of the investment recommendation has been concluded on [19.2.2024, 9:00]. This report has been published on [19.2.2024, 9:15].

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Plc is supervised by the Finnish Financial Supervision Authority.

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

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lijja +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

Atte Jortikka +358 40 054 3725
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205

EVLI

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