

Balancing volumes and yields

Finnair reports Q3 results on Oct 24. We make some downward revisions to our estimates, but note earnings outlook remains strong even if it has lately softened a bit.

We now estimate FY '23 EBIT at EUR 178m

Finnair's Q3 RPK gained 13% y/y, which augurs strong profitability as the comparison period's EUR 35m adj. EBIT wasn't too bad either, however the volume fell some 8% short of our previous estimate as PLF was more than 200bps softer than we anticipated. Unit yields have improved further, and a key question is just how much further they can do so in the short and medium term without sacrificing too much demand. Fuel prices bottomed out over the summer and are now 25% up from their lows; we revise our EBIT estimates down to reflect the change. We now estimate Q3 EBIT at EUR 74m (prev. EUR 85m). In our view Finnair's long-term 6% EBIT target still looks very reasonable, but an extended fuel price elevation would limit potential above that level as unit yields should stabilize soon.

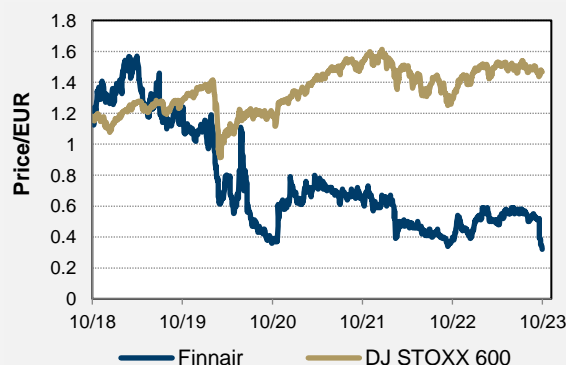
Equity issue gives the flexibility for narrow-body renewal

Finnair's EUR 600m equity issue will heal its balance sheet: Finnair has no urgent investment needs as current fleet is now pretty much optimal for the circumstances, however financial flexibility will be useful for the purposes of narrow-body fleet renewal. This will be a long-term development project and can be expected to materialize in steps towards the end of the decade as this portion of the fleet has a broad range in terms of age.

Lower earnings and multiples have hit airline valuations

Airline valuations have recently been hit hard as EV/EBIT multiples have declined by roughly 10% while earnings estimates have softened due to e.g. higher fuel prices. Expectations were high amid a boom in travel; earnings should remain high (and even improve a bit further) also next year, but expectations have moderated. Airline earnings remain cyclical, but so far there have been no major signs of weakening demand after a sharp post-pandemic recovery. Cost control is still important, but in our view focus now rests more on the revenue side (balancing between volumes and yields). Finnair is valued a bit above 7x EV/EBIT on our FY '23 estimates, in line with peers. We find the level neutral assuming roughly 6% EBIT margins going forward. Our TP is now EUR 0.35 (0.54); we retain our HOLD rating.

Rating HOLD



Share price, EUR (Last trading day's closing price) 0.32
Target price, EUR 0.35

Latest change in recommendation 24-Apr-23
Latest report on company 24-Jul-23
Research paid by issuer: YES
No. of shares outstanding, '000's 1,405,964
No. of shares fully diluted, '000's 1,405,964
Market cap, EURm 450
Free float, % 42.9
Exchange rate EUR/USD 1.06
Reuters code FIA1S.HE
Bloomberg code FIA1S.FH
Average daily volume, EURm 0.5
Next interim report 24-Oct-23
Web site investors.finnair.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	838.4	-468.9	-55.9%	-639.2	-0.34	-1.7	2.8	-5.1	-76.4	0.00
2022	2,356.6	-163.9	-7.0%	146.7	-0.31	-1.2	0.6	-8.8	26.9	0.00
2023E	3,029.1	177.5	5.9%	-20.0	0.12	2.6	0.4	7.1	-4.4	0.00
2024E	3,180.5	190.8	6.0%	41.0	0.06	5.1	0.4	6.4	9.1	0.02
2025E	3,276.0	203.1	6.2%	58.6	0.07	4.4	0.4	5.9	13.0	0.02
Market cap, EURm	450			Gearing 2023E, %	118.7		CAGR EPS 2022-25, %	0.0		
Net debt 2023E, EURm	817			Price/book 2023E	0.7		CAGR sales 2022-25, %	11.6		
Enterprise value, EURm	1,267			Dividend yield 2023E, %	0.0		ROE 2023E, %	31.4		
Total assets 2023E, EURm	4,142			Tax rate 2023E, %	-111.5		ROCE 2023E, %	2.8		
Goodwill 2023E, EURm	0			Equity ratio 2023E, %	18.8		PEG, P/E 23/CAGR	0.0		

Estimates and valuation

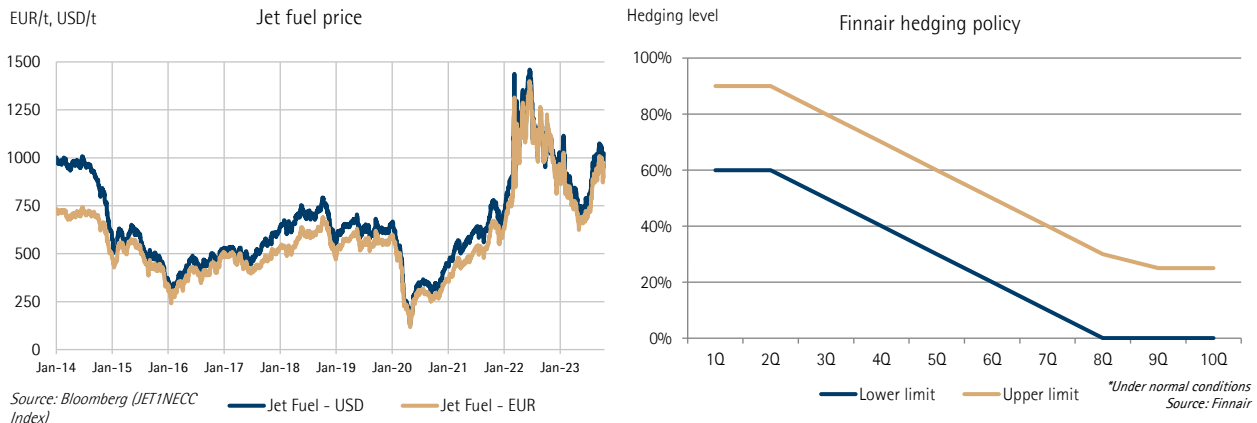
FINNAIR EURm	2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022 FY	2023 Q1	2023 Q2	2023E Q3	2023E Q4	2023E FY
ASK (mkm)	36 922	42 386	47 189	12 938	12 094	6 915	7 841	8 357	8 186	31 299	8 550	9 213	9 344	9 031	36 138
<i>y/y change</i>	9 %	15 %	11 %	-73 %	-7 %	476 %	453 %	154 %	32 %	159 %	24 %	17 %	12 %	10 %	15.5%-p
RPK (mkm)	30 749	34 660	38 534	8 150	5 178	3 269	5 275	6 695	5 918	21 157	6 419	7 031	7 562	7 175	28 186
<i>y/y change</i>	14 %	13 %	11 %	-79 %	-36 %	967 %	1114 %	389 %	93 %	309 %	96 %	33 %	13 %	21 %	33 %
Load factor (RPK/ASK), PLF	83.3 %	81.8 %	81.7%	63.0 %	42.8 %	47.3 %	67.3 %	80.1 %	72.3 %	67.6 %	75.1 %	76.3 %	80.9 %	79.4 %	78.0 %
<i>y/y change</i>	3.5%-p	-1.5%-p	-0.1%-p	-18.7%-p	-20.2%-p	21.8%-p	36.6%-p	38.5%-p	22.7%-p	24.8%-p	27.8%-p	9.1%-p	0.8%-p	7.1%-p	10.4%-p
Ancillary and retail	145	161	176	62	44	27	28	36	32	123	33	33	41	36	143
Cargo	197	207	212	178	335	121	90	73	69	352	53	47	44	52	197
Travel services	206	223	230	61	39	25	39	56	51	170	55	57	63	54	229
Total revenue	2569	2835	3098	829	838	400	550	719	687	2356	695	749	826	759	3029
<i>YoY change</i>	11 %	10 %	9 %	-73 %	1 %	252 %	392 %	261 %	66 %	181 %	74 %	36 %	15 %	10 %	29 %
Other income	77	74	56	48	63	20	41	56	37	154	34	28	40	33	135
Staff costs	-423	-500	-535	-284	-249	-102	-114	-117	-115	-447	-129	-125	-129	-123	-506
<i>y/y change</i>	17 %	18 %	7 %	-47 %	-12 %	93 %	111 %	101 %	36 %	80 %	27 %	10 %	10 %	7 %	13 %
<i>% of revenue</i>	16 %	18 %	17 %	34 %	30 %	25 %	21 %	16 %	17 %	19 %	19 %	17 %	16 %	16 %	17 %
Fuel	-472	-581	-687	-233	-212	-137	-229	-242	-228	-836	-220	-220	-259	-255	-954
<i>y/y change</i>	-4 %	23 %	18 %	-66 %	-9 %	350 %	644 %	405 %	123 %	295 %	61 %	-4 %	7 %	12 %	14 %
<i>% of revenue</i>	18 %	20 %	22 %	28 %	25 %	34 %	42 %	34 %	33 %	35 %	32 %	29 %	31 %	34 %	31 %
Other OPEX	-1314	-1316	-1444	-613	-566	-231	-251	-302	-283	-1067	-294	-282	-316	-287	-1179
<i>y/y change</i>	4 %	0 %	10 %	-58 %	-8 %	130 %	139 %	126 %	24 %	88 %	27 %	12 %	5 %	1 %	11 %
<i>% of revenue</i>	51 %	46 %	47 %	74 %	68 %	58 %	46 %	42 %	41 %	45 %	42 %	38 %	38 %	38 %	39 %
Comparable EBIT	171	218	163	-595	-469	-133	-84	35	18	-164	1	66	74	36	178
<i>Comp. EBIT-%</i>	6.6 %	7.7 %	5.3 %	-71.8 %	-56.0 %	-33.2 %	-15.3 %	4.9 %	2.6 %	-7.0 %	0.1 %	8.8 %	9.0 %	4.8 %	5.9 %

Sources: Finnair, Evli estimates

FINNAIR PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
SAS	35						43.7x	-9.4 %	-3.5 %	2.1 %
International Consolidated Airlines Group	8335	5.4x	3.1x	3.0x	14.6x	5.3x	5.0x	5.3 %	10.8 %	10.9 %
Air France-KLM	3110	3.1x			9.4x			4.5 %	6.3 %	6.3 %
Deutsche Lufthansa	8537	4.3x	2.9x	2.8x	11.2x	5.3x	5.3x	4.4 %	7.3 %	7.0 %
Norwegian Air Shuttle	706	11.3x	2.3x	2.1x	8.2x	6.4x	5.4x	8.0 %	7.8 %	8.6 %
Aegean Airlines	932	3.5x	3.8x	3.3x	6.9x	7.8x	6.4x	10.5 %	11.3 %	13.1 %
easyJet	3459	4.3x	2.6x	2.3x	24.4x	5.9x	4.9x	2.0 %	6.3 %	6.7 %
Ryanair Holdings	17126	7.6x	5.5x	4.6x	13.7x	8.5x	6.8x	11.6 %	15.3 %	16.9 %
Wizz Air Holdings	2029	54.7x	6.1x	3.9x		20.2x	8.3x	-14.0 %	5.9 %	11.6 %
American Airlines Group	7395	10.9x	6.3x	6.3x	23.5x	9.9x	10.2x	3.6 %	7.2 %	6.7 %
Delta Air Lines	20994	7.2x	4.9x	4.7x	12.6x	7.1x	6.8x	7.8 %	11.2 %	11.4 %
Peer Group Average	6605	11.2x	4.2x	3.7x	13.9x	8.5x	10.3x	3.1 %	7.8 %	9.2 %
Peer Group Median	3459	6.3x	3.8x	3.3x	12.6x	7.1x	6.6x	4.5 %	7.3 %	8.6 %
Finnair (Evli est.)	456	7.8x	2.5x	2.2x	-8.8x	7.2x	6.5x	-7.0 %	5.9 %	6.0 %

Finnair prem./disc. to peer median

Source FactSet, Evli Research

Jet fuel cost


INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	399.8	550.3	719.2	687.3	2,356.6	694.7	749.2	825.7	759.4	3,029.1	3,180.5	3,276.0
EBITDA	-54.7	-5.4	114.2	131.8	185.9	82.9	149.0	157.1	119.3	508.3	550.6	556.1
<i>EBITDA margin (%)</i>	<i>-13.7</i>	<i>-1.0</i>	<i>15.9</i>	<i>19.2</i>	<i>7.9</i>	<i>11.9</i>	<i>19.9</i>	<i>19.0</i>	<i>15.7</i>	<i>16.8</i>	<i>17.3</i>	<i>17.0</i>
EBIT	-132.9	-84.2	35.3	17.9	-163.9	0.9	66.2	74.1	36.3	177.5	190.8	203.1
<i>EBIT margin (%)</i>	<i>-33.2</i>	<i>-15.3</i>	<i>4.9</i>	<i>2.6</i>	<i>-7.0</i>	<i>0.1</i>	<i>8.8</i>	<i>9.0</i>	<i>4.8</i>	<i>5.9</i>	<i>6.0</i>	<i>6.2</i>
Net financial items	-47.1	-76.5	-63.8	17.2	-170.2	-15.7	-22.2	-30.0	-25.0	-92.9	-64.0	-60.0
Pre-tax profit	-180.0	-160.7	-28.5	35.1	-334.1	-14.8	44.0	44.1	11.3	84.6	126.8	143.1
Tax	-0.7	-110.3	7.6	-2.0	-105.4	10.3	95.1	-8.8	-2.3	94.3	-25.4	-28.6
<i>Tax rate (%)</i>	<i>-0.4</i>	<i>-68.6</i>	<i>26.7</i>	<i>5.7</i>	<i>-31.5</i>	<i>69.6</i>	<i>-216.1</i>	<i>20.0</i>	<i>20.0</i>	<i>-111.5</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-180.7	-271.0	-20.9	33.1	-439.5	-4.5	139.1	32.1	5.9	172.6	88.9	101.9
EPS	-0.13	-0.19	-0.01	0.02	-0.31	0.00	0.10	0.02	0.00	0.12	0.06	0.07
EPS adjusted (diluted no. of shares)	-0.13	-0.19	-0.01	0.02	-0.31	0.00	0.10	0.02	0.00	0.12	0.06	0.07
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02
SALES, EURm												
Group total	399.8	550.3	719.2	687.3	2,356.6	694.7	749.2	825.7	759.4	3,029.1	3,180.5	3,276.0
Total	399.8	550.3	719.2	687.3	2,356.6	694.7	749.2	825.7	759.4	3,029.1	3,180.5	3,276.0
SALES GROWTH, Y/Y %												
Group total	251.9	392.2	260.5	66.2	181.1	73.8	36.1	14.8	10.5	28.5	5.0	3.0
Total	251.9	392.2	260.5	66.2	181.1	73.8	36.1	14.8	10.5	28.5	5.0	3.0
EBIT, EURm												
Group total	-132.9	-84.2	35.3	17.9	-163.9	0.9	66.2	74.1	36.3	177.5	190.8	203.1
Total	-132.9	-84.2	35.3	17.9	-163.9	0.9	66.2	74.1	36.3	177.5	190.8	203.1
EBIT margin, %												
Group total	-33.2	-15.3	4.9	2.6	-7.0	0.1	8.8	9.0	4.8	5.9	6.0	6.2
Total	-33.2	-15.3	4.9	2.6	-7.0	0.1	8.8	9.0	4.8	5.9	6.0	6.2

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	2,836.1	3,097.7	829.2	838.4	2,356.6	3,029.1	3,180.5	3,276.0
<i>Sales growth (%)</i>	<i>10.4</i>	<i>9.2</i>	<i>-73.2</i>	<i>1.1</i>	<i>181.1</i>	<i>28.5</i>	<i>5.0</i>	<i>3.0</i>
EBITDA	512.6	488.2	-251.5	-149.0	185.9	508.3	550.6	556.1
<i>EBITDA margin (%)</i>	<i>18.1</i>	<i>15.8</i>	<i>-30.3</i>	<i>-17.8</i>	<i>7.9</i>	<i>16.8</i>	<i>17.3</i>	<i>17.0</i>
Depreciation	-294.2	-325.4	-343.8	-319.9	-349.8	-330.8	-359.8	-353.0
EBITA	218.4	162.8	-595.3	-468.9	-163.9	177.5	190.8	203.1
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	218.4	162.8	-595.3	-468.9	-163.9	177.5	190.8	203.1
<i>EBIT margin (%)</i>	<i>7.7</i>	<i>5.3</i>	<i>-71.8</i>	<i>-55.9</i>	<i>-7.0</i>	<i>5.9</i>	<i>6.0</i>	<i>6.2</i>
Reported EBIT	218.3	160.0	-597.7	-474.7	-163.9	177.5	190.8	203.1
<i>EBIT margin (reported) (%)</i>	<i>7.7</i>	<i>5.2</i>	<i>-72.1</i>	<i>-56.6</i>	<i>-7.0</i>	<i>5.9</i>	<i>6.0</i>	<i>6.2</i>
Net financials	-129.0	-67.0	-190.1	-127.5	-170.2	-92.9	-64.0	-60.0
Pre-tax profit	89.4	95.8	-785.4	-596.4	-334.1	84.6	126.8	143.1
Taxes	-25.6	-18.4	131.2	117.6	-105.4	94.3	-25.4	-28.6
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	51.1	61.8	-671.4	-484.6	-439.5	172.6	88.9	101.9
Cash NRIs	-0.1	-2.8	-2.4	-5.8	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	1,547	1,751	1,683	1,215	1,165	1,236	1,297	1,409
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	999	878	918	1,182	1,083	1,424	1,431	1,376
Inventory	121	80	68	56	122	76	80	82
Receivables	210	217	70	137	158	114	119	122
Liquid funds	1,067	952	824	1,266	1,524	1,212	1,272	1,310
Total assets	3,944	3,878	3,646	4,047	4,133	4,142	4,279	4,379
Liabilities								
Shareholder's equity	918	966	897	476	411	688	777	850
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	1,159	1,054	1,016	1,381	1,128	1,424	1,431	1,376
Deferred taxes	48	64	0	0	0	0	0	0
Interest bearing debt	615	521	1,182	1,428	1,299	605	617	681
Non-interest bearing current liabilities	285	243	176	291	452	581	610	628
Other interest-free debt	811	873	215	271	658	658	658	658
Total liabilities	3,944	3,878	3,647	4,047	4,133	4,142	4,279	4,379
CASH FLOW, EURm								
+ EBITDA	513	488	-251	-149	186	508	551	556
- Net financial items	-129	-67	-190	-127	-170	-93	-64	-60
- Taxes	-52	-2	-18	11	6	94	-25	-29
- Increase in Net Working Capital	50	-7	-489	117	274	219	21	13
+/- Other	1	-16	-17	-6	0	-6	-13	-13
= Cash flow from operations	383	397	-966	-155	296	723	469	468
- Capex	-330	-409	-315	-484	-149	-743	-428	-409
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	214	0	0	0	0	0	0	0
= Free cash flow	268	-12	-1,281	-639	147	-20	41	59
+/- New issues/buybacks	-110	21	602	64	374	105	0	0
- Paid dividend	-38	-35	0	0	0	0	0	-29
+/- Other	-17	-89	551	1,018	-262	-398	20	9
Change in cash	103	-116	-128	442	259	-313	61	38

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	753	1,069	837	546	450	450	450
Net debt (excl. convertibles)	623	1,374	1,543	902	817	776	747
Enterprise value	1,377	2,443	2,380	1,448	1,267	1,226	1,197
Sales	3,098	829	838	2,357	3,029	3,181	3,276
EBITDA	488	-251	-149	186	508	551	556
EBIT	163	-595	-469	-164	178	191	203
Pre-tax	96	-785	-596	-334	85	127	143
Earnings	65	-669	-479	-439	173	89	102
Equity book value (excl. minorities)	966	897	476	411	688	777	850
Valuation multiples							
EV/sales	0.4	2.9	2.8	0.6	0.4	0.4	0.4
EV/EBITDA	2.8	-9.7	-16.0	7.8	2.5	2.2	2.2
EV/EBITA	8.5	-4.1	-5.1	-8.8	7.1	6.4	5.9
EV/EBIT	8.5	-4.1	-5.1	-8.8	7.1	6.4	5.9
EV/OCF	3.5	-2.5	-15.4	4.9	1.8	2.6	2.6
EV/FCFF	8.4	-2.4	-26.4	2.4	2.3	4.5	4.5
P/FCFE	-333.2	-0.8	-1.3	3.7	-22.5	11.0	7.7
P/E	11.7	-1.6	-1.7	-1.2	2.6	5.1	4.4
P/B	0.8	1.2	1.8	1.3	0.7	0.6	0.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	2.6	2.3	2.2
Target EV/EBIT	0.0	0.0	0.0	0.0	7.4	6.6	6.1
Target EV/FCF	0.0	0.0	0.0	0.0	-65.6	31.0	21.1
Target P/B	0.0	0.0	0.0	0.0	0.7	0.6	0.6
Target P/E	0.0	0.0	0.0	0.0	2.9	5.5	4.8
Per share measures							
Number of shares	695,894	1,407,231	1,405,964	1,405,964	1,405,964	1,405,964	1,405,964
Number of shares (diluted)	695,894	1,407,231	1,405,964	1,405,964	1,405,964	1,405,964	1,405,964
EPS	0.09	-0.48	-0.34	-0.31	0.12	0.06	0.07
Operating cash flow per share	0.57	-0.69	-0.11	0.21	0.51	0.33	0.33
Free cash flow per share	-0.02	-0.91	-0.45	0.10	-0.01	0.03	0.04
Book value per share	1.39	0.64	0.34	0.29	0.49	0.55	0.60
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.02	0.02
Dividend payout ratio, %	0.0	0.0	0.0	0.0	0.0	33.0	33.0
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	6.5	7.5
FCF yield, %	-1.6	-119.8	-76.4	26.9	-4.4	9.1	13.0
Efficiency measures							
ROE	6.9	-71.8	-69.8	-99.2	31.4	12.1	12.5
ROCE	6.2	-21.1	-17.9	-8.9	2.8	3.5	5.2
Financial ratios							
Inventories as % of sales	2.6	8.2	6.7	5.2	2.5	2.5	2.5
Receivables as % of sales	7.0	8.4	16.3	6.7	3.8	3.7	3.7
Non-interest bearing liabilities as % of sales	7.8	21.2	34.7	19.2	19.2	19.2	19.2
NWC/sales, %	-23.9	-30.3	-43.9	-27.3	-28.5	-27.8	-27.3
Operative CAPEX/sales, %	13.2	38.0	57.8	6.3	24.5	13.5	12.5
CAPEX/sales (incl. acquisitions), %	13.2	38.0	57.8	6.3	24.5	13.5	12.5
FCFF/EBITDA	0.3	4.0	0.6	3.2	1.1	0.5	0.5
Net debt/EBITDA, book-weighted	1.3	-5.5	-10.4	4.9	1.6	1.4	1.3
Debt/equity, market-weighted	0.7	1.1	1.7	2.4	1.3	1.4	1.5
Equity ratio, book-weighted	27.4	25.5	12.2	10.9	18.8	20.6	22.1
Gearing, %	64.5	153.3	324.4	219.7	118.7	99.9	87.9

COMPANY DESCRIPTION: Finnair is a network airline established in 1923. The company focuses on passenger and cargo traffic between Nordic capitals and destinations across the northern hemisphere and it has over 100 destinations worldwide. The company has modern and eco-friendly fleet that consists of over 80 aircrafts.

INVESTMENT CASE: Finnair's investment case relies on restoring profitability according to its new strategy and operating a cost efficient and eco-friendly modern fleet.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Prime Minister's Office	786,669,685	251.734	56.0%
Varma Mutual Pension Insurance Company	50,081,263	16.026	3.6%
Ilmarinen Mutual Pension Insurance Company	30,000,000	9.600	2.1%
Elo Mutual Pension Insurance Company	14,008,115	4.483	1.0%
The State Pension Fund	11,000,000	3.520	0.8%
Finnairin Henkilöstöraho Hr.	3,772,902	1.207	0.3%
OP Life Assurance Company Ltd	1,954,798	0.626	0.1%
Finnairin Eläkesäätiö	1,505,262	0.482	0.1%
Finnair Oyj	1,421,133	0.455	0.1%
Mäkitalo Allan Risto Pekka	1,195,547	0.383	0.1%
Ten largest	901,608,705	288.515	64%
Residual	504,355,367	161.394	36%
Total	1,405,964,072	449.909	100%

EARNINGS CALENDAR

October 24, 2023

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Topi Manner

Tietotie 9, 01053 FINNAIR (VANTAA AIRPORT)

CFO: Kristian Pullola

Tel: +358 9 818 2780

IR: Erkkä Salonen

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

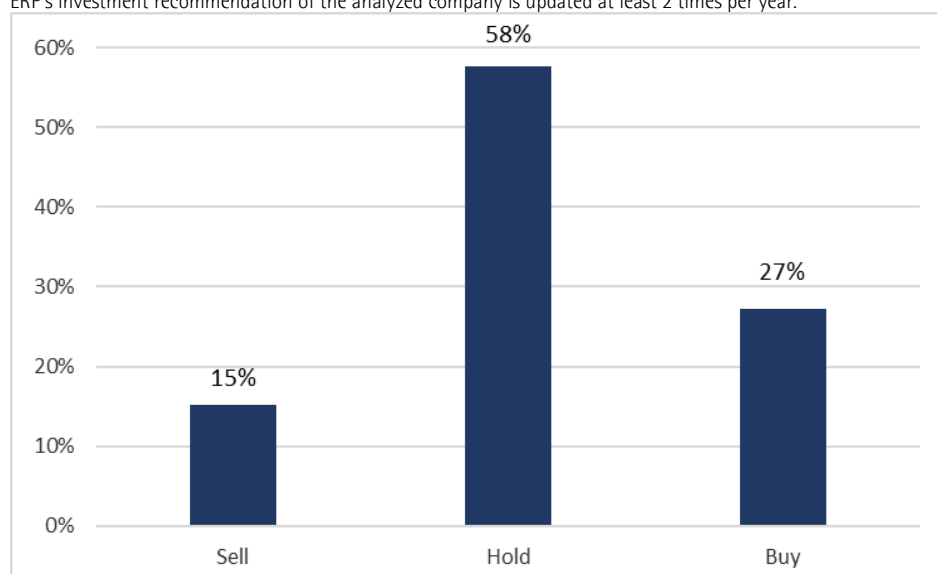
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Investment recommendations are defined as follows:

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

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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
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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