

## Near term uncertainty masks the potential

LapWall releases its Q3 business review on the 29<sup>th</sup> of October. We expect relatively steady development despite the challenging market. In addition to the figures, our focus lies on order development and market commentary.

### Market has bottomed out, slow recovery ahead

According to The Confederation of Finnish Construction Industries RT estimate, residential construction volumes will fall 26% in 2024 with total Finnish construction volumes declining 7%. In 2025, residential construction is expected to grow 15% y/y, while overall construction volumes are expected to grow 4%. The y/y growth is estimated to be relatively fast, yet it is coming from a low base. The detached house starts are expected to be 3 500 units in 2024 while RT estimates 4 500 starts in 2025, still far from the levels seen during 2020-2022. While still relatively low absolute levels, the volume growth in both residential and non-residential construction should support LapWall already in 2025E.

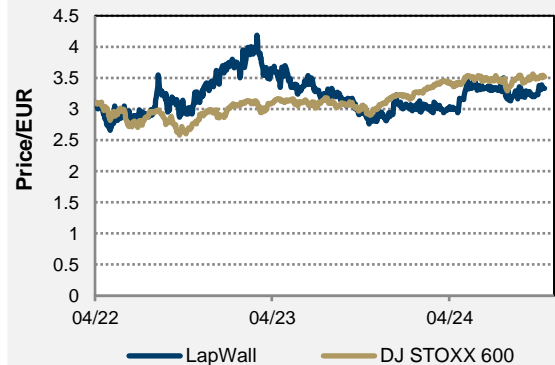
### Relatively steady development expected in Q3

We have marginally raised our estimates ahead of the Q3/24 business review. We now project net sales to be EUR 44m and EBITA to be EUR 4.4m for FY 2024E. For Q3/24, we predict net sales of EUR 10.7m (prev. EUR 10.2m) and EBITA of EUR 1.0 million (EUR 0.9m) due to anticipated steadier earnings across the remaining quarters. Backlog was down to EUR 15.8m at the end of H1 vs. EUR 23.0m last year. We expect a slight y/y revenue decline overall for the second half of the year. Regarding the roof element segment, the company's significant project in Äänekoski (valued at EUR 6.5m) was finished in early H2/24. As a result, we anticipate slower y/y sales development since the project contributed to revenue during the comparison period of H2/23 (contract confirmed in 9/23). We estimate improved net sales development for the Pyhäntä unit in H2 as we project growth to continue in the roof element system segment while the wall element segment continues to face easier comparable figures.

### BUY with a TP of EUR 3.8

The current pricing remains undemanding, reflecting the short-term uncertainty. While the potential profit warning presents a short-term risk, we still see the long-term potential high.

Rating + BUY



Share price, EUR (Last trading day's closing price) 3.37  
Target price, EUR 3.8

Latest change in  
Latest report on company 21-Aug-24  
Research paid by issuer: YES  
No. of shares outstanding, 14,526  
No. of shares fully diluted, 14,526  
Market cap, EURm 49  
Free float, %  
Exchange rate EUR  
Reuters code LAPWALL.HE  
Bloomberg code LAPWALL.FH  
Average daily volume, EURm 0.033  
Next interim report 29-Oct-24  
Web site <https://lapwall.fi/sijoittajille>

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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
2022	52.5	7.8	14.9%	3.5	0.38	9.3	0.9	5.8	6.9	0.19
2023	41.9	3.2	7.7%	-0.9	0.18	17.6	1.0	13.1	-2.0	0.13
2024E	43.7	3.5	8.0%	-2.6	0.19	18.1	1.2	14.5	-5.3	0.07
2025E	48.7	4.8	9.8%	-3.3	0.24	14.3	1.1	11.5	-6.8	0.09
2026E	61.8	7.0	11.3%	4.6	0.36	9.4	0.8	7.4	9.3	0.18
Market cap, EURm	49			Gearing 2024E, %	8.5			CAGR EPS 2023-26, %	26.6	
Net debt 2024E, EURm	2			Price/book 2024E	2.8			CAGR sales 2023-26, %	13.9	
Enterprise value, EURm	50			Dividend yield 2024E, %	2.2			ROE 2024E, %	15.8	
Total assets 2024E, EURm	37			Tax rate 2024E, %	18.6			ROCE 2024E, %	16.3	
Goodwill 2024E, EURm	5			Equity ratio 2024E, %	47.9			PEG, P/E 24/CAGR	0.5	

All the important disclosures can be found on the last pages of this report.

Table 1: Peer group

Peer group	MCAP MEUR	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26	24	25	26
STEICO	366	1.4x	1.2x	1.1x	6.6x	7.0x	6.1x	10.7x	12.9x	10.8x	12.6x	15.5x	12.5x
Inwido	901	1.3x	1.2x	1.1x	10.3x	8.9x	8.1x	14.7x	12.2x	10.7x	18.6x	14.3x	12.2x
Nordic Waterproofing Hld	341	1.1x	1.0x	1.0x	10.3x	8.4x	8.0x	15.8x	11.7x	10.9x	18.3x	12.9x	12.0x
H+H International	193	0.8x	0.8x	0.7x	11.0x	6.5x	5.4x	37.4x	12.7x	9.6x	49.3x	13.2x	9.1x
Nobia	294	0.8x	0.7x	0.6x	7.1x	4.9x	4.2x		18.3x	10.9x			12.5x
Balco Group	82	0.8x	0.6x	0.5x	10.9x	6.6x	6.0x	20.4x	9.1x	8.1x	20.9x	8.7x	7.3x
Peer Group Average	363	1.0x	0.9x	0.8x	9.4x	7.1x	6.3x	19.8x	12.8x	10.2x	23.9x	12.9x	10.9x
Peer Group Median	318	1.0x	0.9x	0.8x	10.3x	6.8x	6.0x	15.8x	12.4x	10.7x	18.6x	13.2x	12.1x
LapWall (Evli est.)	49	1.1x	0.9x	0.7x	9.0x	7.7x	5.1x	11.6x	9.8x	6.6x	14.2x	11.6x	8.2x

LapWall prem./disc. to peer median

7 % 4 % -14 % -12 % 13 % -16 % -27 % -21 % -38 % -24 % -12 % -33 %

Source FactSet, Evli Research

Peer group		Sales gr.			EBIT-%			ROE-%			Div. yield		
		24	25	26	24	25	26	24	25	26	24	25	26
STEICO	366	(16.6)%	7.5 %	14.1 %	13.2 %	10.2 %	10.6 %	8.5 %	6.6 %	7.8 %	2.1 %	1.9 %	2.2 %
Inwido	901	(9.2)%	6.2 %	5.4 %	9.5 %	10.8 %	11.6 %	10.2 %	12.6 %	13.7 %	3.5 %	3.8 %	4.0 %
Nordic Waterproofing Hld	341	(4.3)%	5.1 %	3.2 %	7.2 %	9.2 %	9.6 %	11.6 %	15.0 %	15.0 %	3.2 %	4.1 %	4.5 %
H+H International	193	(24.7)%	7.3 %	6.4 %	2.4 %	6.7 %	8.3 %	1.9 %	6.6 %	9.1 %	-	-	-
Nobia	294	(30.8)%	4.0 %	4.6 %	0.8 %	3.2 %	5.1 %	(7.8)%	0.9 %	4.9 %	-	-	4.1 %
Balco Group	82	10.8 %	14.0 %	5.6 %	4.2 %	8.2 %	8.8 %	5.5 %	11.3 %	12.3 %	1.5 %	3.8 %	4.0 %
Peer Group Average	363	(12.5)%	7.3 %	6.5 %	6.2 %	8.1 %	9.0 %	5.0 %	8.8 %	10.5 %	1.7 %	2.3 %	3.1 %
Peer Group Median	318	(12.9)%	6.7 %	5.5 %	5.7 %	8.7 %	9.2 %	7.0 %	9.0 %	10.7 %	1.8 %	2.9 %	4.0 %
LapWall (Evli est.)	49	4.4 %	11.5 %	26.8 %	9.8 %	11.5 %	12.6 %	15.8 %	18.3 %	23.8 %	2.2 %	2.8 %	5.3 %

LapWall prem./disc. to peer median

-134 % 70 % 388 % 73 % 31 % 37 % 126 % 104 % 123 % 24 % -2 % 32 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	3.37 PV of Free Cash Flow	31 Long-term growth, %	2.0 Risk-free interest rate, %	2.50
DCF share value	5.34 PV of Horizon value	45 WACC, %	9.6 Market risk premium, %	5.8
Share price potential, %	58.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.5
Maximum value	5.8 Marketable securities	4 Minimum WACC, %	9.1 Equity beta coefficient	1.30
Minimum value	5.0 Debt - dividend	-3 Maximum WACC, %	10.1 Target debt ratio, %	20
Horizon value, %	58.8 Value of stock	77 Nr of shares, Mn	14.5 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	42	44	49	62	73	80	86	88	90	92	94	96
<i>Sales growth, %</i>	-20.2	4.4	11.5	26.8	17.5	10.0	7.5	3.0	2.0	2.0	2.0	2.0
Operating income (EBIT)	3	3	5	7	9	10	10	10	10	10	10	11
<i>Operating income margin, %</i>	7.7	8.0	9.8	11.3	12.5	12.5	12.0	11.5	11.5	11.0	11.0	11.0
+ Depreciation+amort.	2	2	2	3	3	3	3	3	3	3	3	
EBITDA	5	6	7	10	12	13	13	13	13	13	13	
- Paid taxes	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	-2	
- Change in NWC	0	0	0	-1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	-3.0	-3.3	-3.7	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-5	-8	-9	-2	-2	-2	-2	-4	-3	-3	-3	
<i>opCAPEX / Sales, %</i>	12.0	17.3	19.5	3.7	2.9	2.8	2.7	4.4	3.3	3.3	3.3	
- 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	-1	-2	-3	5	8	9	9	7	8	8	8	104
= Discounted FCFF		-2	-3	4	6	6	6	4	4	4	3	45
= DFCF min WACC		-2	-3	4	6	6	6	4	4	4	3	50
= DFCF max WACC		-2	-3	4	6	6	5	4	4	3	3	40

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	9.3	9.6	10.9	12.1	41.9	10.1	11.0	10.7	11.8	43.7	48.7	61.8
EBITDA	1.5	1.1	1.3	1.3	5.3	1.3	1.4	1.3	1.4	5.6	7.1	10.2
<i>EBITDA margin (%)</i>	<i>15.9</i>	<i>11.6</i>	<i>12.2</i>	<i>11.1</i>	<i>12.6</i>	<i>13.3</i>	<i>13.1</i>	<i>12.5</i>	<i>12.2</i>	<i>12.8</i>	<i>14.7</i>	<i>16.4</i>
EBIT	1.0	0.6	0.8	0.8	3.2	0.8	0.9	0.8	0.9	3.5	4.8	7.0
<i>EBIT margin (%)</i>	<i>11.1</i>	<i>6.5</i>	<i>7.2</i>	<i>6.6</i>	<i>7.7</i>	<i>7.9</i>	<i>8.1</i>	<i>7.9</i>	<i>8.0</i>	<i>8.0</i>	<i>9.8</i>	<i>11.3</i>
Net financial items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.4	-0.3
Pre-tax profit	1.0	0.6	0.8	0.8	3.2	0.8	0.9	0.8	0.9	3.4	4.4	6.7
Tax	-0.2	-0.2	-0.2	-0.2	-0.6	-0.2	-0.2	-0.2	-0.2	-0.8	-1.0	-1.5
<i>Tax rate (%)</i>	<i>14.6</i>	<i>21.4</i>	<i>15.4</i>	<i>15.3</i>	<i>16.4</i>	<i>15.6</i>	<i>18.8</i>	<i>20.0</i>	<i>20.0</i>	<i>18.6</i>	<i>19.0</i>	<i>20.0</i>
Net profit	0.9	0.5	0.6	0.6	2.6	0.7	0.7	0.6	0.7	2.7	3.4	5.2
EPS	0.06	0.03	0.04	0.04	0.18	0.05	0.05	0.04	0.05	0.19	0.24	0.36
EPS adjusted (diluted no. of shares)	0.06	0.03	0.04	0.04	0.18	0.05	0.05	0.04	0.05	0.19	0.24	0.36
Dividend per share	0.00	0.00	0.00	0.00	0.13	0.00	0.00	0.00	0.00	0.07	0.09	0.18
<b>SALES, EURm</b>												
LapWall	9.3	9.6	10.9	12.1	41.9	10.1	11.0	10.7	11.8	43.7	48.7	61.8
Total	9.3	9.6	10.9	12.1	41.9	10.1	11.0	10.7	11.8	43.7	48.7	61.8
<b>SALES GROWTH, Y/Y %</b>												
LapWall	-23.6	-28.0	-18.5	-11.3	-20.2	9.4	14.6	-1.6	-2.0	4.4	11.5	26.8
Total	-23.6	-28.0	-18.5	-11.3	-20.2	9.4	14.6	-1.6	-2.0	4.4	11.5	26.8
<b>EBIT, EURm</b>												
LapWall	1.0	0.6	0.8	0.8	3.2	0.8	0.9	0.8	0.9	3.5	4.8	7.0
Total	1.0	0.6	0.8	0.8	3.2	0.8	0.9	0.8	0.9	3.5	4.8	7.0
<b>EBIT margin, %</b>												
LapWall	11.1	6.5	7.2	6.6	7.7	7.9	8.1	7.9	8.0	8.0	9.8	11.3
Total	11.1	6.5	7.2	6.6	7.7	7.9	8.1	7.9	8.0	8.0	9.8	11.3

Construction & Engineering/Finland, October 22, 2024  
Preview

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	0.0	0.0	35.5	52.5	41.9	43.7	48.7	61.8
<i>Sales growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>48.0</i>	<i>-20.2</i>	<i>4.4</i>	<i>11.5</i>	<i>26.8</i>
EBITDA	0.0	0.0	6.1	9.5	5.3	5.6	7.1	10.2
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>17.2</i>	<i>18.1</i>	<i>12.6</i>	<i>12.8</i>	<i>14.7</i>	<i>16.4</i>
Depreciation	0.0	0.0	-1.4	-1.2	-1.3	-1.3	-1.6	-2.4
EBITA	0.0	0.0	4.8	8.3	4.0	4.3	5.6	7.8
Goodwill amortization / writedown	0.0	0.0	-0.4	-0.5	-0.7	-0.8	-0.8	-0.8
EBIT	0.0	0.0	4.4	7.8	3.2	3.5	4.8	7.0
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>12.3</i>	<i>14.9</i>	<i>7.7</i>	<i>8.0</i>	<i>9.8</i>	<i>11.3</i>
Reported EBIT	0.0	0.0	4.4	7.8	3.2	3.5	4.8	7.0
<i>EBIT margin (reported) (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>12.3</i>	<i>14.9</i>	<i>7.7</i>	<i>8.0</i>	<i>9.8</i>	<i>11.3</i>
Net financials	0.0	0.0	-0.1	-0.7	0.0	-0.1	-0.4	-0.3
Pre-tax profit	0.0	0.0	4.2	7.1	3.2	3.4	4.4	6.7
Taxes	0.0	0.0	-0.9	-1.4	-0.6	-0.8	-1.0	-1.5
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.0	0.0	3.3	5.5	2.6	2.7	3.4	5.2
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
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	0	8	7	10	9	16	24	24
Goodwill	0	2	2	2	6	5	4	3
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	1	3	3	3	5	8	8
Receivables	0	3	3	5	5	5	7	6
Liquid funds	0	2	2	8	4	5	1	2
Total assets	0	17	17	28	27	37	44	43
Liabilities								
Shareholder's equity	0	5	7	16	17	18	20	24
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	0	5	3	2	1	7	7	5
Non-interest bearing current liabilities	0	6	7	10	9	9	11	15
Other interest-free debt	0	0	0	0	0	3	6	0
Total liabilities	0	17	17	28	27	37	44	43
<b>CASH FLOW, EURm</b>								
+ EBITDA	0	0	6	10	5	6	7	10
- Net financial items	0	0	0	-1	0	0	0	0
- Taxes	0	0	-1	-1	-1	-1	-1	-2
- Increase in Net Working Capital	0	2	-1	1	0	0	0	-1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	0	2	4	8	4	5	6	7
- Capex	0	-11	0	-4	-5	-8	-9	-2
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	0	-9	4	4	-1	-3	-3	5
+/- New issues/buybacks	0	5	-2	5	1	0	0	0
- Paid dividend	0	0	0	-2	-3	-2	-1	-1
+/- Other	0	5	-2	-1	-1	6	0	-3
Change in cash	0	2	0	6	-3	1	-4	0

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	0	0	51	45	49	49	49
Net debt (excl. convertibles)	4	1	-6	-3	2	6	3
Enterprise value	4	1	45	42	50	55	52
Sales	0	35	53	42	44	49	62
EBITDA	0	6	10	5	6	7	10
EBIT	0	4	8	3	3	5	7
Pre-tax	0	4	7	3	3	4	7
Earnings	0	3	5	3	3	3	5
Equity book value (excl. minorities)	5	7	16	17	18	20	24
<b>Valuation multiples</b>							
EV/sales	0.0	0.0	0.9	1.0	1.2	1.1	0.8
EV/EBITDA	0.0	0.2	4.8	8.0	9.0	7.7	5.1
EV/EBITA	0.0	0.3	5.5	10.7	11.7	9.8	6.6
EV/EBIT	0.0	0.3	5.8	13.1	14.5	11.5	7.4
EV/OCF	2.2	0.3	5.8	10.3	10.1	8.9	7.5
EV/FCFF	-0.4	0.3	10.9	-48.0	-20.3	-18.0	10.7
P/FCFE	0.0	0.0	14.4	-50.4	-19.0	-14.6	10.7
P/E	0.0	0.0	9.3	17.6	18.1	14.3	9.4
P/B	0.0	0.0	3.2	2.7	2.8	2.5	2.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	10.2	8.6	5.7
Target EV/EBIT	0.0	0.0	0.0	0.0	16.3	12.8	8.3
Target EV/FCF	0.0	0.0	0.0	0.0	-22.0	-18.3	12.7
Target P/B	0.0	0.0	0.0	0.0	3.1	2.8	2.3
Target P/E	0.0	0.0	0.0	0.0	20.4	16.1	10.6
<b>Per share measures</b>							
Number of shares	0	12,379	14,226	14,526	14,526	14,526	14,526
Number of shares (diluted)	0	12,379	14,226	14,526	14,526	14,526	14,526
EPS	0.00	0.27	0.38	0.18	0.19	0.24	0.36
Operating cash flow per share	0.00	0.36	0.55	0.28	0.34	0.42	0.47
Free cash flow per share	0.00	0.33	0.25	-0.06	-0.18	-0.23	0.31
Book value per share	0.00	0.58	1.11	1.15	1.21	1.37	1.64
Dividend per share	0.00	0.14	0.19	0.13	0.07	0.09	0.18
Dividend payout ratio, %	0.0	51.9	49.4	73.7	40.0	40.0	50.0
Dividend yield, %	0.0	0.0	5.3	4.2	2.2	2.8	5.3
FCF yield, %	0.0	0.0	6.9	-2.0	-5.3	-6.8	9.3
<b>Efficiency measures</b>							
ROE	0.0	53.4	47.6	15.7	15.8	18.3	23.8
ROCE	0.0	41.0	54.4	17.8	16.3	18.4	25.1
<b>Financial ratios</b>							
Inventories as % of sales	0.0	7.1	6.1	7.4	12.0	16.0	13.0
Receivables as % of sales	0.0	8.8	9.5	10.9	12.5	14.0	10.5
Non-interest bearing liabilities as % of sales	0.0	18.8	19.0	21.3	21.3	22.0	24.0
NWC/sales, %	0.0	-2.9	-3.3	-3.0	-3.3	-3.7	-0.5
Operative CAPEX/sales, %	0.0	1.2	8.3	12.0	17.3	19.5	3.7
CAPEX/sales (incl. acquisitions), %	0.0	1.2	8.3	12.0	17.3	19.5	3.7
FCFF/EBITDA	0.0	0.7	0.4	-0.2	-0.4	-0.4	0.5
Net debt/EBITDA, book-weighted	0.0	0.2	-0.6	-0.6	0.3	0.8	0.3
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.1	0.2	0.1
Equity ratio, book-weighted	31.2	41.6	56.3	62.0	47.9	45.6	55.0
Gearing, %	69.6	17.7	-34.7	-18.0	8.5	29.8	11.5

**COMPANY DESCRIPTION:** LapWall is a Finnish construction material company that produces prefabricated wooden construction elements for both residential and non-residential buildings. The company operates through its three production facilities located in Finland. LapWall's business model is centered around its LEKO® element system that covers everything from element design to installation. LapWall was founded in 2011 and currently employs roughly 115 personnel. The company was listed to the First North Growth Market in 2022.

**INVESTMENT CASE:** The sluggish residential construction market has decreased demand for LapWall's wooden wall element products during 2023-2024. While the wall elements market remains difficult, the firm's expansion into roof element capabilities has proven fruitful, with roof element demand holding up better. The company is currently investing in its Pyhätä factory to triple the capacity. We forecast 2023-2024 to be the cycle-low in terms of earnings and expect that the company will continue its profitable growth as market stabilizes throughout 2025-2028 and LapWall gains market share.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Jarmo Pekkarinen	2,700,000	9.099	18.6%
Timo Pekkarinen	2,245,000	7.566	15.5%
Pohjanmaan Arvo Sijoitusosuuskunta	1,510,306	5.090	10.4%
Ahola Tuomas Veli	1,289,739	4.346	8.9%
Pekkarinen Janne Petteri	964,751	3.251	6.6%
Alquila Oy	424,111	1.429	2.9%
Pekkarinen Antti Olavi	390,632	1.316	2.7%
Kari Viljamaa	385,644	1.300	2.7%
Suomen Teollisuussijoitus Oy	294,108	0.991	2.0%
Ahti Väisänen	271,254	0.914	1.9%
Ten largest	10,475,545	35.303	72%
Residual	4,049,973	13.648	28%
Total	14,525,518	48.951	100%

**EARNINGS CALENDAR**

October 29, 2024

Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

CEO: Jarmo Pekkarinen

Yrittäjätie 7, 36600 Pälkäne

CFO: Tuomo Riihonen

Tel:

IR:

## 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> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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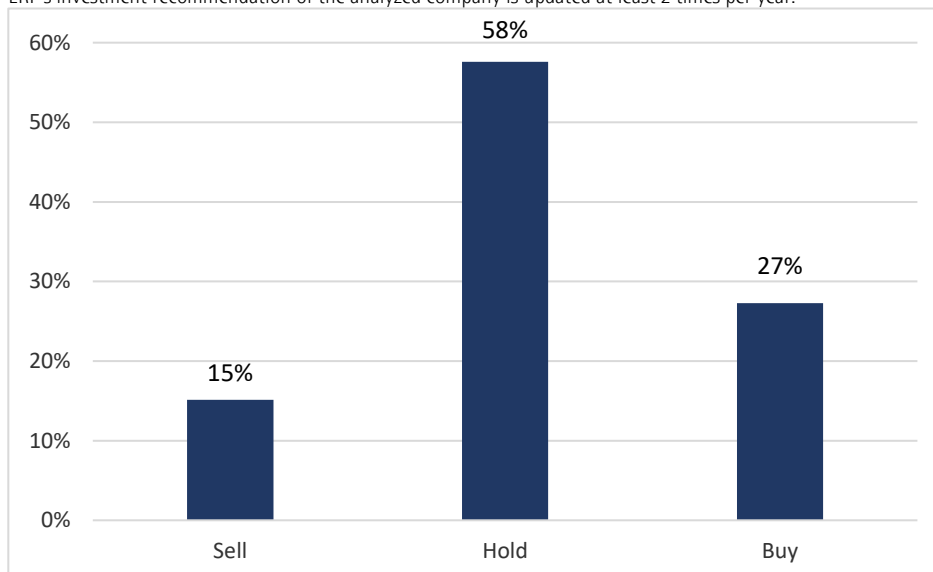
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Investment recommendations are defined as follows:

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): Jortikka

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