

Upgraded to "Buy"

Pihlajalinna profitability turned to positive in Q3. Growth prospects now also look better, with new contracts and a more promising pipeline. We think valuation is now attractive against improving growth and profitability prospects. We upgrade to "Buy" ("Hold") with TP of EUR 12.

Profitability turned to the better

The main surprise in Pihlajalinna's Q3 report was better than expected profitability. Adj. EBITDA margin was at last year's level in Q3, after weakening clearly in H1. Organic growth also turned positive (+1%), after being negative in H1 (-2%). Profitability is still not at the targeted level, but the worst should now be behind. Management sees potential to improve profitability both in the private and public sides of the business.

Growth prospects now look brighter

Pihlajalinna started production of residential services in Laihia in Sep 2018, with an annual value of about EUR 5m. Provision of occupational healthcare services for Stora Enso will start in Jan 2019 (we estimate value at EUR ~4m). Negotiations for provision of residential services with about EUR 5m value are ongoing in Laitila. Ruovesi is considering joining Pihlajalinna's existing Mänttä-Vilppula contract, with potential value of some EUR 15m, and a decision from the Kristiinankaupunki tendering should arrive by the end of the year.

Less risk of profitability pressure

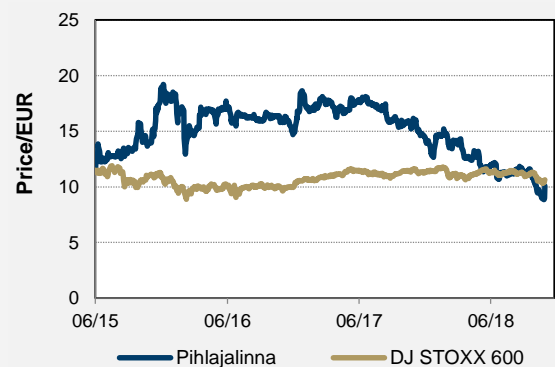
Pihlajalinna altered its expansion plan and no longer expects to open new surgical units this or next year. Expansion will be primarily based on M&A and potential municipal projects, rather than new larger clinic openings. Additionally, OP recently announced its retreat from expansion plans. These reduce the risk of added capacity burdening profitability in the mid-term.

Upgraded to "Buy" ("Hold"), TP intact at EUR 12

On our estimates Pihlajalinna now trades 8.6x and 7.2x EV/EBITDA in FY19-20E, which translate into 12-17% discount to the peer group. We consider valuation attractive against improving growth and profitability prospects and upgrade to "Buy" ("Hold") with an intact TP of EUR 12.

Rating

BUY



Share price, EUR (Last trading day's closing price) 10.08

Target price, EUR 12.0

Latest change in recommendation 02-Nov-18

Latest report on company 01-Nov-18

Research paid by issuer: Yes

No. of shares outstanding, '000's 22,620

No. of shares fully diluted, '000's 22,620

Market cap, EURm 228

Free float, % 68.0

Exchange rate 0.000

Reuters code PIHLIS.HE

Bloomberg code PIHLIS FH

Average daily volume, EURm na.

Next interim report -

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BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2016	399	17	4.2%	15	0.47	39.1	1.0	11.2	25.1	0.15
2017	424	20	4.7%	19	0.52	25.7	0.8	7.2	16.2	0.16
2018E	488	14	2.8%	11	0.26	39.2	0.7	7.1	24.8	0.08
2019E	510	18	3.6%	15	0.49	20.4	0.6	6.5	17.2	0.16
2020E	520	24	4.6%	21	0.69	14.6	0.6	6.0	12.6	0.23
Market cap, EURm	228			BV per share 2018E, EUR	4.5			CAGR EPS 2017-20, %	10.1	
Net debt 2018E, EURm	97			Price/book 2018E	2.2			CAGR sales 2017-20, %	7.1	
Enterprise value, EURm	337			Dividend yield 2018E, %	0.8			ROE 2018E, %	5.7	
Total assets 2018E, EURm	319			Tax rate 2018E, %	24.0			ROCE 2018E, %	6.5	
Goodwill 2018E, EURm	104			Equity ratio 2018E, %	33.8			PEG, P/E 18/CAGR	0.8	

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

Revenue and adj. EBITDA Estimates

Net sales	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18	Q2'18	Q3'18	Q4'18e	2018E	2019E	2020E
Corporate Customers	22.4	20.9	18.2	21.1	82.6	26.2	25.3	22.8	26.3	100.6	107.1	109.3
of which insurance companies	7.8	6.9	5.4	6.5	26.6	6.6	6.6	5.3	6.5	25.0	25.0	25.5
of which other corporates	14.6	14.0	12.8	14.6	56.0	19.6	18.7	17.5	19.8	75.6	82.1	83.8
Private Customers	19.0	18.0	13.6	17.3	67.9	22.2	24.3	21.0	24.0	91.5	95.3	97.2
Public sector customers	83.0	82.2	80.8	84.5	330.5	85.1	90.3	85.7	91.7	352.8	365.9	373.2
Total	110.0	106.6	99.4	108.0	424.0	119.3	125.3	116.3	127.1	488.0	510.3	520.5
Net sales growth												
Corporate Customers	-	-	-	-	-	17.0%	21.1%	25.3%	24.6%	21.8%	6.5%	2.0%
Private Customers	-	-	-	-	-	16.8%	35.0%	54.4%	38.7%	34.8%	4.2%	2.0%
Public sector customers	-	-	-	-	-	2.5%	9.9%	6.1%	8.5%	6.7%	3.7%	2.0%
Total	10.0%	5.1%	5.7%	4.1%	6.2%	8.5%	17.5%	17.0%	17.7%	15.1%	4.6%	2.0%
Adj. EBITDA (group)	9.1	7.4	9.0	8.5	34.0	3.9	6.6	10.7	10.9	32.1	37.2	41.6
Adj. EBITDA-margin (group)	8.3%	6.9%	9.1%	7.9%	8.0%	3.3%	5.3%	9.2%	8.6%	6.6%	7.3%	8.0%

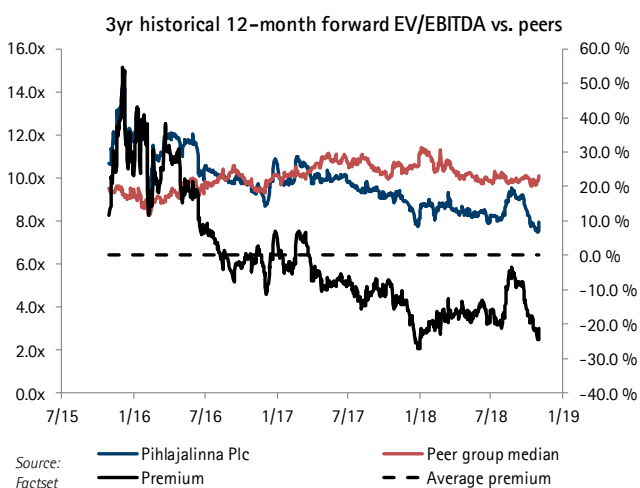
Source: Pihlajalinna, Evli Research

Valuation

PIHLAJALINNA PEER GROUP	Security identifier	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT	EV/EBIT	P/E	P/E	P/E
		18	19	20	18	19	20	18	19	20
Attendo AB	ATT-SE	16.7x	13.9x	11.9x	25.2x	19.4x	16.0x	22.7x	18.1x	15.9x
Cambian Group Plc	CMBN-GB	11.4x	9.4x	8.4x	34.7x	19.2x	14.9x	31.4x	19.9x	16.3x
Capio AB	CAPIO-SE	10.5x	9.5x	8.5x	22.1x	17.5x	14.7x	18.5x	16.0x	13.8x
CareTech Holdings PLC	CTH-GB	13.3x	10.7x	9.1x	15.4x	12.9x	10.8x	11.4x	11.0x	9.2x
Fresenius SE & Co. KGaA	FRE-DE	7.2x	7.0x	6.4x	9.4x	9.0x	8.2x	16.5x	15.2x	14.0x
GHP Specialty Care AB	GHP-SE	11.5x	9.6x	8.5x	16.3x	13.4x	11.9x	21.7x	17.2x	17.9x
Humana AB	HUM-SE	9.4x	8.4x	7.5x	10.9x	9.8x	8.7x	11.9x	10.6x	9.7x
Korian SA	KORI-FR	11.6x	10.8x	10.1x	18.2x	16.7x	15.4x	27.4x	23.2x	20.1x
LNA Sante SA	LNA-FR	11.7x	10.1x	9.4x	14.1x	12.1x	10.8x	16.3x	15.0x	13.8x
MEDICLIN AG	MED-DE							13.4x	12.0x	11.3x
Mediclinic International Plc	MDC-GB	9.0x	8.3x	7.5x	13.1x	11.9x	10.6x	14.1x	12.3x	10.7x
Orpea SA	ORP-FR	19.3x	17.9x	16.7x	26.7x	24.6x	22.6x	31.0x	27.1x	24.1x
Ramsay Generale de Sante SA	GDS-FR									
RHON-KLINIKUM AG	RHK-DE	10.9x	10.2x	10.1x	22.9x	20.2x	20.5x	36.5x	32.7x	30.2x
Spire Healthcare Group PLC	SPI-GB	8.0x	7.2x	6.5x	16.6x	14.1x	12.2x	17.7x	14.0x	11.7x
Terveystalo Oy Class A	TTALO-FI	12.3x	9.9x	8.9x	19.7x	15.8x	14.2x	17.4x	13.6x	13.8x
Peer Group Median		11.5x	9.8x	8.7x	17.4x	15.0x	13.2x	17.7x	15.2x	13.8x
Peer Group Average		11.6x	10.2x	9.2x	19.0x	15.5x	13.7x	20.5x	17.2x	15.5x
Pihlajalinna (Evli est.)		10.5x	8.6x	7.2x	24.8x	17.2x	12.6x	39.2x	20.4x	14.6x

Pihlajalinna premium/discount to peer median

Source: Factset, Evli Research



VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	10.08 PV of Free Cash Flow	108 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	15.58 PV of Horizon value	299 WACC, %	7.0 Market risk premium, %	5.8
Share price potential, %	54.6 Unconsolidated equity	-11 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	18.0 Marketable securities	37 Minimum WACC, %	6.5 Equity beta coefficient	0.80
Minimum value	13.6 Debt - dividend	-80 Maximum WACC, %	7.5 Target debt ratio, %	20
Horizon value, %	73.5 Value of stock	353 Nr of shares, Mn	22.6 Effective tax rate, %	25

DCF valuation, EURm	2017	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	Horizon
Net sales	424	488	510	520	536	552	569	586	603	621	637	653
<i>Sales growth, %</i>	6.2	15.0	4.6	2.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5	2.5
Operating income (EBIT)	20	14	18	24	27	28	28	29	30	31	32	33
<i>EBIT margin, %</i>	4.7	2.8	3.6	4.6	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
+ Depreciation+amort.	14	19	19	18	17	17	16	16	16	17	17	
- Income taxes	-4	-3	-4	-5	-5	-6	-6	-6	-6	-6	-6	
- Change in NWC	8	3	2	1	1	1	1	1	1	1	1	
<i>NWC/Sales, %</i>	-8.4	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-41	-82	-13	-13	-14	-15	-16	-17	-18	-18	-19	-19
<i>Investments/Sales, %</i>	9.7	16.7	2.5	2.5	2.6	2.7	2.8	2.9	3.0	2.9	3.0	3.0
- Other items	-1	-1	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	-4	-50	22	25	26	25	25	24	24	25	25	557
= Discounted FCF (DFCF)		-49	21	21	21	19	17	16	15	14	13	299
= DFCF min WACC		-50	21	22	21	19	18	16	15	15	14	351
= DFCF max WACC		-49	21	21	21	19	17	15	14	14	13	258

INTERIM FIGURES

EVLI ESTIMATES, EURm	2017Q1	2017Q2	2017Q3	2017Q4	2017	2018Q1	2018Q2	2018Q3	2018Q4E	2018E	2019E	2020E
Net sales	110	107	99	108	424	119	125	116	127	488	510	520
EBITDA	9	7	9	9	34	4	7	11	11	32	37	42
EBITDA margin (%)	8.4	6.9	9.2	8.0	8.1	3.3	5.3	9.1	8.6	6.6	7.3	8.0
EBIT	6	4	5	5	20	0	2	6	6	14	18	24
EBIT margin (%)	5.2	3.8	5.4	4.6	4.7	-0.3	1.5	5.1	4.8	2.8	3.6	4.6
Net financial items	0	0	0	0	-1	-1	-1	-1	-1	-3	-3	-3
Pre-tax profit	5	4	5	5	19	-1	1	5	6	11	15	21
Tax	-1	-1	-1	-1	-3	0	0	-1	-1	-3	-3	-4
Tax rate (%)	18.9	19.4	22.4	13.0	18.5	0.0	23.1	23.5	20.3	24.0	20.0	20.0
Net profit	4	2	2	3	11	-2	1	2	4	6	11	16
EPS	0.18	0.11	0.09	0.14	0.52	-0.07	0.05	0.10	0.18	0.26	0.49	0.69
EPS adjusted (diluted no. of shares)	0.18	0.11	0.09	0.14	0.52	-0.07	0.05	0.10	0.18	0.26	0.49	0.69
Dividend per share	0.00	0.00	0.00	0.00	0.16	0.00	0.00	0.00	0.00	0.08	0.16	0.23
SALES, EURm												
Corporate Customers	22	21	18	21	83	26	25	25	26	103	107	109
Private Customers	19	18	14	17	68	22	24	21	24	91	95	97
Public sector customers	83	82	81	85	331	85	90	84	92	351	366	373
Eliminations	-14	-14	-13	-15	-57	-14	-15	-13	-15	-57	-58	-59
Total	110	107	99	108	424	119	125	116	127	488	510	520
SALES GROWTH, Y/Y %												
Corporate Customers	0.0	0.0	0.0	0.0	0.0	17.0	21.1	35.7	24.6	24.1	4.5	2.0
Private Customers	0.0	0.0	0.0	0.0	0.0	16.8	35.0	53.7	38.7	34.6	4.3	2.0
Public sector customers	0.0	0.0	0.0	0.0	0.0	2.5	9.9	3.6	8.5	6.1	4.3	2.0
Eliminations	0.0	0.0	0.0	0.0	0.0	-1.4	0.7	0.0	0.0	-0.2	2.0	2.0
Private Clinics and Specialised Care	-100.0	-100.0	-100.0	-100.0	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary and Social Care	-100.0	-100.0	-100.0	-100.0	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unallocated & Eliminations	-100.0	-100.0	-100.0	-100.0	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	10.0	5.1	5.7	4.1	6.2	8.5	17.5	16.8	17.7	15.0	4.6	2.0
EBIT, EURm												
Group	6	4	5	5	20	0	2	6	6	14	18	24
Total	6	4	5	5	20	0	2	6	6	14	18	24
EBIT margin, %												
Total	5.2	3.8	5.4	4.6	4.7	-0.3	1.5	5.1	4.8	2.8	3.6	4.6

INCOME STATEMENT, EURm	2013	2014	2015	2016	2017	2018E	2019E	2020E
Sales	104	149	213	399	424	488	510	520
<i>Sales growth (%)</i>	120.8	42.6	43.3	87.0	6.2	15.0	4.6	2.0
Costs	-92	-135	-201	-370	-390	-456	-473	-479
Reported EBITDA	12	14	13	29	34	32	37	42
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	11.6	9.3	6.0	7.4	8.1	6.6	7.3	8.0
Depreciation	-4	-6	-8	-13	-14	-18	-19	-18
EBITA	8	8	5	17	20	14	18	24
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	8	8	5	17	20	14	18	24
<i>EBIT margin (%)</i>	7.3	5.4	2.2	4.2	4.7	2.8	3.6	4.6
Net financials	-2	-3	-2	-1	-1	-3	-3	-3
Pre-tax profit	6	5	2	15	19	11	15	21
Extraordinary items	0	-2	-1	-1	-1	-1	0	0
Taxes	-1	-1	0	-3	-3	-3	-3	-4
Minority shares	0	0	-1	-3	-5	-3	-1	-1
Net profit	5	1	1	8	10	5	11	16
BALANCE SHEET, EURm								
Assets								
Fixed assets	34	47	69	67	83	146	141	136
<i>% of sales</i>	32	31	32	17	20	30	28	26
Goodwill	47	56	76	92	104	104	104	104
<i>% of sales</i>	45	38	36	23	25	21	20	20
Inventory	1	1	2	2	2	2	3	3
<i>% of sales</i>	1	1	1	1	1	1	1	1
Receivables	13	14	20	27	25	30	32	32
<i>% of sales</i>	12	10	9	7	6	6	6	6
Liquid funds	11	11	15	28	37	34	36	36
<i>% of sales</i>	11	7	7	7	9	7	7	7
Total assets	106	131	185	218	254	319	317	313
Liabilities								
Equity	38	10	93	101	106	108	117	129
<i>% of sales</i>	37	7	44	25	25	22	23	25
Deferred taxes	4	4	5	6	6	6	6	6
<i>% of sales</i>	3	3	2	1	1	1	1	1
Interest bearing debt	42	88	42	52	77	132	116	99
<i>% of sales</i>	40	59	20	13	18	27	23	19
Non-interest bearing current liabilities	22	27	42	55	62	71	74	75
<i>% of sales</i>	21	18	20	14	15	15	15	15
Other interest free debt	1	1	3	3	3	3	3	3
<i>% of sales</i>	1	1	1	1	1	1	1	1
Total liabilities	106	131	185	217	254	319	317	313
CASH FLOW, EURm								
+ EBITDA	12	14	13	29	34	32	37	42
- Net financial items	-2	-3	-2	-1	-1	-3	-3	-3
- Taxes	-2	-1	0	-2	-4	-3	-3	-4
- Increase in Net Working Capital	4	4	9	7	8	3	2	1
+/- Other	0	-2	-2	-4	-5	-3	-1	-1
= Cash flow from operations	13	11	19	30	37	30	33	36
- Capex	-7	-28	-48	-27	-41	-20	-13	-13
- Acquisitions	0	0	0	0	0	-62	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	5	-17	-29	3	-4	-52	20	23
+/- Change in interest-bearing debt	-6	46	-46	10	25	55	-15	-17
+/- New issues/buybacks	4	-29	82	-1	-2	0	0	0
- Paid dividend	0	0	0	0	-3	-3	-2	-4
+/- Change in loan receivables	1	0	1	1	0	0	0	0
Change in cash	5	0	8	13	15	0	3	2

KEY FIGURES	2014	2015	2016	2017	2018E	2019E	2020E
M-cap	0	256	380	275	228	228	228
Net debt	77	27	25	40	97	81	63
Enterprise value	77	286	416	325	337	319	300
Sales	149	213	399	424	488	510	520
EBITDA	14	13	29	34	32	37	42
EBIT	8	5	17	20	14	18	24
Pre-tax	5	2	15	19	11	15	21
Earnings	4	2	10	11	6	11	16
Book value	9	92	98	100	102	111	123
Valuation multiples							
EV/sales	0.5	1.3	1.0	0.8	0.7	0.6	0.6
EV/EBITDA	5.6	22.5	14.2	9.5	10.5	8.6	7.2
EV/EBITA	9.6	60.8	25.1	16.2	24.8	17.2	12.6
EV/EBIT	9.6	60.8	25.1	16.2	24.8	17.2	12.6
EV/operating cash flow	4.8	13.4	12.3	8.5	10.4	9.0	8.0
EV/cash earnings	7.7	28.6	15.8	11.2	12.5	10.2	8.6
P/E	0.0	170.5	39.1	25.7	39.2	20.4	14.6
P/E excl. goodwill	0.0	170.5	39.1	25.7	39.2	20.4	14.6
P/B	0.0	2.8	3.9	2.7	2.2	2.0	1.8
P/sales	0.0	1.2	1.0	0.6	0.5	0.4	0.4
P/CF	0.0	12.0	11.2	7.2	7.1	6.5	6.0
Target EV/EBIT	0.0	0.0	0.0	0.0	27.5	19.3	14.3
Target P/E	0.0	0.0	0.0	0.0	46.7	24.3	17.3
Target P/B	0.0	0.0	0.0	0.0	2.7	2.4	2.2
Per share measures							
Number of shares	13,399	20,613	20,613	20,613	22,620	22,620	22,620
Number of shares (diluted)	13,399	20,613	20,613	20,613	22,620	22,620	22,620
EPS	0.26	0.07	0.47	0.52	0.26	0.49	0.69
EPS excl. goodwill	0.26	0.07	0.47	0.52	0.26	0.49	0.69
Cash EPS	0.75	0.49	1.28	1.40	1.19	1.38	1.54
Operating cash flow per share	1.21	1.03	1.64	1.86	1.43	1.56	1.67
Capital employed per share	6.52	5.68	5.95	6.91	8.94	8.60	8.35
Book value per share	0.70	4.47	4.74	4.87	4.52	4.93	5.46
Book value excl. goodwill	-3.50	0.78	0.26	-0.17	-0.07	0.33	0.86
Dividend per share	0.00	0.00	0.15	0.16	0.08	0.16	0.23
Dividend payout ratio, %	0.0	0.0	31.9	30.8	33.0	33.0	33.0
Dividend yield, %	0.0	0.0	0.8	1.2	0.8	1.6	2.3
Efficiency measures							
ROE	15.1	3.0	10.2	10.8	5.7	10.4	13.3
ROCE	9.0	4.0	11.7	12.2	6.5	7.9	10.3
Financial ratios							
Capex/sales, %	18.9	22.3	6.8	9.7	16.7	2.5	2.5
Capex/depreciation excl. goodwill, %	329.0	346.6	85.2	209.2	441.6	69.3	72.6
Net debt/EBITDA, book-weighted	5.6	2.1	0.8	1.2	3.0	2.2	1.5
Debt/equity, market-weighted	0.0	0.2	0.1	0.3	0.6	0.5	0.4
Equity ratio, book-weighted	7.9	50.5	46.4	41.8	33.8	37.0	41.2
Gearing	7.42	0.28	0.24	0.37	0.90	0.69	0.49
Number of employees, average	1,619	2,503	3,526	3,879	3,879	3,879	3,879
Sales per employee, EUR	91,970	85,258	113,188	109,307	125,754	131,544	134,175
EBIT per employee, EUR	4,941	1,878	4,708	5,182	3,506	4,765	6,119

COMPANY DESCRIPTION:

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Lähitapiola Keskinäinen Vakuutusyhtiö	3,481,641	35.095	15.4%
Mww Yhtiö Oy	2,309,010	23.275	10.2%
Tapiola Keskinäinen Henkivakuutusyhtiö	1,892,203	19.073	8.4%
Elo Pension Company	1,267,161	12.773	5.6%
Niemistö Leena Katriina	703,475	7.091	3.1%
Fondita Nordic Micro Cap	605,000	6.098	2.7%
Fennia Mutual Insurance Company	530,000	5.342	2.3%
Ilmarinen Mutual Pension Insurance Company	490,000	4.939	2.2%
Nordea Pro Finland Fund	473,418	4.772	2.1%
Evli Finnish Small Cap Fund	390,531	3.937	1.7%
Ten largest	12,142,439	122.396	54%
Residual	10,477,696	105.615	46%
Total	22,620,135	228.011	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Joni Aaltonen
 CFO: Ville Lehtonen
 IR: Siri Markula

Kehräsaari B, 33200 Tampere
 Tel:

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

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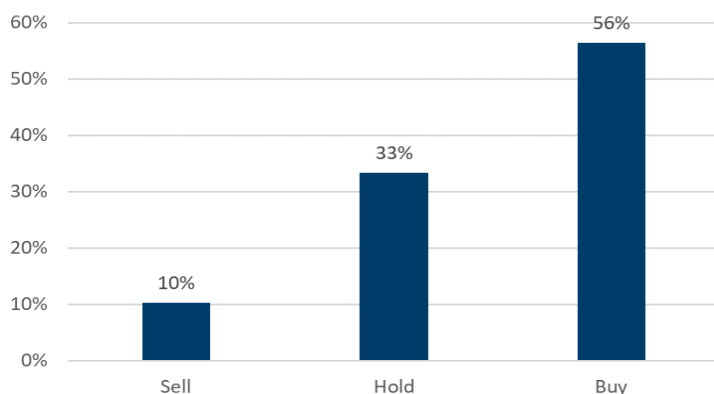
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 16th of April 2018. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Häyhä

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