

'19E focus on improving profitability

Pihlajalinna's Q1 earnings were close to expectations. After a weak '18, the company was able to improve its profitability and increase its organic growth. Pihlajalinna's focus in 2019E is to take further actions to improve its operating profit. We keep our rating "BUY" with new TP of EUR 13 (12).

Profitability improvements continue in 2019E

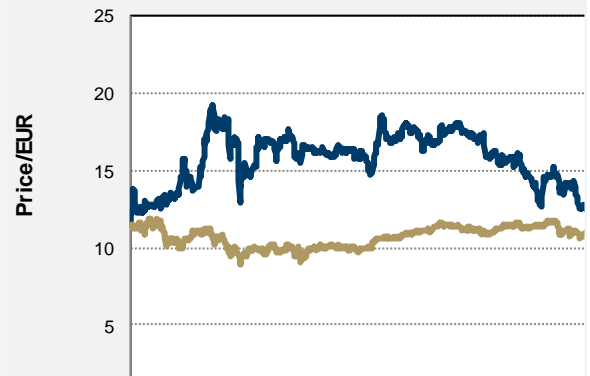
In Q1, Pihlajalinna improved its operating profit with adjusted EBIT margin of 3.0% (-0.1% in Q1'18). Revenue growth was supported by new customer relationships in occupational healthcare but also by the new partnership with Fennia. Organic growth was 2.8% in Q1. In 2019E, the company continues focusing to improve profitability especially in clinics with weaker profitability levels. The company will also strengthen its services locally in mobile. Pihlajalinna's interest is to expand its cooperation with municipalities and expand its occupational healthcare network in '19E.

SOTE collapsed but change is still needed

The health and social services reform collapsed in March. It is still unsure, whether the new government will start again with the SOTE reform but municipalities still need to find solutions for finding balance of financing health and social services. After the collapse of the reform, Pihlajalinna sees activity from municipalities has increased and expects that there is demand for their healthcare services.

We keep our rating "BUY" with new TP of EUR 13

Pihlajalinna targets to increase its revenue and EBIT in 2019E from 2018 levels. We foresee EBIT of EUR 24m (4.5% margin) and EUR 25m (4.6% margin) in '19-'20E. As Q1 revenue was above our expectations, we have increased our revenue expectation in 2019E to EUR 525m (previous EUR 515m). On our estimates, Pihlajalinna trades in 2019-2020E EV/EBITDA multiple of 7.3x and 5.9x, which translates into 23% and 26% discount compared to peer group. We maintain "BUY" with TP of EUR 13.

 Rating + BUY

 Share price, EUR (Last trading day's closing price) 11.36

 Target price, EUR 13.0

 Latest change in rating 01-Nov-18

 Latest report on company 24-Apr-19

 Research paid by issuer: Yes

 No. of shares outstanding, 22,620

 No. of shares fully diluted, 22,620

 Market cap, EURm 257

 Free float, % 57.0

 Exchange rate 0.000

 Reuters code PHLIS.HE

 Bloomberg code PHLIS FH

 Average daily volume, EURm na.

 Next interim report 15-Aug-19

 Web site <http://investors.pihlajalinna.fi/>

 Analyst Anna-Liisa Rissanen

 E-mail annaliisa.rissanen@evli.com

 Telephone +358401579919
+ 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
2017	424	20	4.7%	19	0.52	25.7	0.8	7.2	16.2	0.16
2018	488	14	2.9%	10	0.19	46.4	0.8	4.4	27.9	0.10
2019E	525	24	4.5%	20	0.64	17.8	0.8	4.5	18.3	0.21
2020E	535	25	4.6%	20	0.66	17.3	0.7	4.1	16.0	0.22
2021E	549	29	5.2%	25	0.82	13.8	0.7	4.2	12.5	0.27
Market cap, EURm		257		BV per share 2019E, EUR		5.9		CAGR EPS 2018-21, %		64.3
Net debt 2019E, EURm		162		Price/book 2019E		1.9		CAGR sales 2018-21, %		4.0
Enterprise value, EURm		437		Dividend yield 2019E, %		1.9		ROE 2019E, %		11.3
Total assets 2019E, EURm		428		Tax rate 2019E, %		20.6		ROCE 2019E, %		6.9
Goodwill 2019E, EURm		170		Equity ratio 2019E, %		33.3		PEG, P/E 19/CAGR		1.6

Estimates

Net sales	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18	Q2'18	Q3'18	Q4'18	2018E	Q1'19E	Q2'19E	Q3'19E	Q4'19E	2019E	2020E
Corporate Customers	22,4	20,9	18,2	21,1	82,6	26,2	25,3	22,8	29,4	103,7	31,6	27,8	26,5	31,9	117,8	120,1
of which insurance companies	7,8	6,9	5,4	6,5	26,6	6,6	6,6	5,3	6,7	25,2	7,1	7,1	7,1	7,1	28,4	29,0
of which other corporates	14,6	14,0	12,8	14,6	56,0	19,6	18,7	17,5	22,7	78,5	24,5	20,7	19,4	24,8	89,4	91,2
Private Customers	19,0	18,0	13,6	17,3	67,9	22,2	24,3	21,0	24,6	92,1	26,5	25,3	22,0	25,7	99,5	101,5
Public sector customers	83,0	82,2	80,8	84,5	330,5	85,1	90,3	85,7	88,6	349,7	89,3	94,6	89,9	92,9	366,7	374,0
Total	110,0	106,6	99,4	108,0	424,0	119,3	125,3	116,3	126,9	487,8	132,5	132,8	125,0	134,4	524,7	535,2
Net sales growth																
Corporate Customers	-	-	-	-	-	17,0%	21,1%	25,3%	39,3%	25,5%	20,6%	9,8%	16,4%	8,4%	13,6%	2,0%
Private Customers	-	-	-	-	-	16,8%	35,0%	54,4%	42,2%	35,6%	19,4%	4,1%	4,9%	4,5%	8,1%	2,0%
Public sector customers	-	-	-	-	-	2,5%	9,9%	6,1%	4,9%	5,8%	4,9%	4,8%	4,9%	4,8%	4,9%	2,0%
Total	10,0%	5,1%	5,7%	4,1%	6,2%	8,5%	17,5%	17,0%	17,5%	15,0%	11,1%	6,0%	7,5%	5,9%	7,6%	2,0%
Adj. EBITDA (group)	9,1	7,4	9,0	8,5	34,0	6,9	10,2	14,2	14,6	45,9	12,6	13,1	16,0	16,8	58,6	61,5
Adj. EBITDA-margin (group)	8,3%	6,9%	9,1%	7,9%	8,0%	5,8%	8,1%	12,2%	11,5%	9,4%	9,5%	9,9%	12,8%	12,5%	11,2%	11,5%

Source: Pihlajalinna, Evli Research

Valuation

PIHLAJALINNA PEER GROUP	Security identifier	MCAP Local FX	EV/EBITDA			EV/EBIT			P/E		
			19	20	21	19	20	21	19	20	21
Ambea AB	AMBEA-SE	5299	9,5x	7,6x	6,4x	16,1x	11,0x	9,1x	11,4x	9,9x	8,7x
Attendo AB	ATT-SE	8872	8,3x	7,2x	6,3x	17,7x	14,4x	12,2x	22,7x	17,1x	14,3x
Cambian Group Plc	CMBN-GB										
Capio AB	CAPIO-SE										
CareTech Holdings PLC	CTH-GB	391	9,7x	8,3x	7,5x	11,8x	9,9x	8,6x	10,2x	8,4x	7,3x
Fresenius SE & Co. KGaA	FRE-DE	28596	7,1x	6,5x	6,0x	9,6x	8,8x	8,1x	15,3x	14,3x	13,2x
Georgia Healthcare Group Plc	GHG-GB	125	8,2x	6,7x	5,5x	10,4x	8,2x	6,7x	18,3x	13,4x	10,9x
GHP Specialty Care AB	GHP-SE	915	6,8x	6,1x	5,7x	14,3x	12,7x	11,6x	20,0x	17,3x	17,6x
Humana AB	HUM-SE	3146	9,5x	8,2x	7,4x	12,6x	10,7x	9,5x	11,6x	9,9x	8,9x
Korian SA	KORI-FR	2924	11,0x	10,1x	9,3x	16,8x	15,2x	13,7x	21,5x	18,1x	15,6x
LNA Sante SA	LNA-FR	450	11,6x	10,5x	10,0x	13,9x	12,4x	11,6x	18,7x	16,2x	14,7x
Mediclinic International Plc	MDC-GB	2542	8,3x	7,5x	6,5x	12,3x	11,0x	8,9x	12,7x	11,1x	8,9x
Orpea SA	ORP-FR	6901	18,0x	16,8x	16,0x	25,2x	23,5x	22,3x	27,0x	24,2x	23,0x
RHON-KLINIKUM AG	RHK-DE	1791	14,4x	13,6x	13,4x	30,3x	29,3x	33,4x	43,5x	40,4x	42,0x
Spire Healthcare Group PLC	SPI-GB	543	8,5x	7,7x	8,4x	18,9x	16,3x	17,5x	25,2x	18,8x	16,4x
Terveystalo Oy Class A	TTALO-FI	1157	10,0x	9,1x	8,6x	19,3x	16,9x	15,0x	17,7x	16,1x	15,2x
Peer Group Median		4766	9,5x	8,0x	7,5x	15,2x	12,6x	11,6x	18,5x	16,2x	14,5x
Peer Group Average		2166	10,1x	9,0x	8,4x	16,4x	14,3x	13,4x	19,7x	16,8x	15,5x
Pihlajalinna (Evli est.)		257	7,3x	5,9x	5,2x	18,1x	16,4x	11,6x	17,8x	18,5x	12,9x
<i>Pihlajalinna premium/discount to peer median</i>			-23 %	-26 %	-31 %	19 %	30 %	0 %	-4 %	14 %	-11 %

Source: Factset, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	11.36 PV of Free Cash Flow	255 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	14.75 PV of Horizon value	280 WACC, %	7.0 Market risk premium, %
Share price potential, %	29.8 Unconsolidated equity	-18 Spread, %	0.5 Debt risk premium, %
Maximum value	17.0 Marketable securities	36 Minimum WACC, %	6.5 Equity beta coefficient
Minimum value	12.9 Debt - dividend	-219 Maximum WACC, %	7.5 Target debt ratio, %
Horizon value, %	52.3 Value of stock	334 Nr of shares, Mn	22.6 Effective tax rate, %

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	488	525	535	549	565	582	599	617	636	655	668	682
<i>Sales growth, %</i>	<i>15.0</i>	<i>7.6</i>	<i>2.0</i>	<i>2.5</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	14	24	25	29	29	32	33	34	35	33	33	34
<i>EBIT margin, %</i>	<i>2.9</i>	<i>4.5</i>	<i>4.6</i>	<i>5.2</i>	<i>5.2</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>
+ Depreciation+amort.	32	35	42	37	31	25	22	20	19	18	18	
- Income taxes	-5	-5	-5	-6	-6	-6	-7	-7	-7	-7	-7	
- Change in NWC	3	3	1	1	1	1	1	1	1	2	1	
<i>NWC / Sales, %</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	
+ Change in other liabs	-1	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-202	-32	-13	-14	-15	-16	-17	-18	-18	-18	-19	-19
<i>Investments / Sales, %</i>	<i>41.3</i>	<i>6.0</i>	<i>2.4</i>	<i>2.5</i>	<i>2.7</i>	<i>2.7</i>	<i>2.8</i>	<i>2.9</i>	<i>2.8</i>	<i>2.7</i>	<i>2.8</i>	<i>2.8</i>
- Other items	-1	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	-159	25	50	47	41	36	33	30	30	27	27	539
= Discounted FCF (DFCF)		24	44	39	32	27	22	19	18	15	14	280
= DFCF min WACC		24	45	40	33	27	23	20	19	16	14	325
= DFCF max WACC		24	44	39	31	26	22	19	17	15	13	243

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	119	125	116	127	488	133	133	125	134	525	535	549
EBITDA	7	10	14	15	46	13	13	16	17	58	67	65
<i>EBITDA margin (%)</i>	<i>5.6</i>	<i>8.1</i>	<i>12.1</i>	<i>11.6</i>	<i>9.3</i>	<i>9.4</i>	<i>9.9</i>	<i>12.8</i>	<i>12.5</i>	<i>11.1</i>	<i>12.5</i>	<i>11.9</i>
EBIT	0	2	6	7	14	4	5	7	8	24	25	29
<i>EBIT margin (%)</i>	<i>-0.3</i>	<i>1.5</i>	<i>5.1</i>	<i>5.1</i>	<i>2.9</i>	<i>2.9</i>	<i>3.4</i>	<i>5.8</i>	<i>6.0</i>	<i>4.5</i>	<i>4.6</i>	<i>5.2</i>
Net financial items	-1	-1	-1	-1	-4	-1	-1	-1	-1	-4	-4	-4
Pre-tax profit	-1	1	5	5	10	3	4	6	7	20	20	25
Tax	0	0	-1	-1	-3	-1	-1	-1	-1	-4	-4	-5
<i>Tax rate (%)</i>	<i>0.0</i>	<i>27.3</i>	<i>22.0</i>	<i>24.1</i>	<i>26.5</i>	<i>24.1</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.6</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-2	1	2	3	4	2	3	5	5	14	15	19
EPS	-0.08	0.04	0.10	0.13	0.19	0.08	0.11	0.21	0.24	0.64	0.66	0.82
EPS adjusted (diluted no. of shares)	-0.08	0.04	0.10	0.13	0.19	0.08	0.11	0.21	0.24	0.64	0.66	0.82
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.21	0.22	0.27
SALES, EURm												
Corporate Customers	28	24	25	29	106	32	28	27	32	118	120	123
Private Customers	22	24	21	25	92	27	25	22	26	100	102	104
Public sector customers	84	92	84	89	348	89	95	90	93	367	374	383
Eliminations	-14	-15	-13	-16	-58	-15	-15	-13	-16	-59	-60	-62
Total	119	125	116	127	488	133	133	125	134	525	535	549
SALES GROWTH, Y/Y %												
<i>Corporate Customers</i>	<i>23.7</i>	<i>13.9</i>	<i>36.3</i>	<i>39.3</i>	<i>28.0</i>	<i>14.1</i>	<i>16.7</i>	<i>7.0</i>	<i>8.4</i>	<i>11.4</i>	<i>2.0</i>	<i>2.5</i>
<i>Private Customers</i>	<i>16.8</i>	<i>35.0</i>	<i>53.7</i>	<i>42.2</i>	<i>35.5</i>	<i>19.4</i>	<i>4.1</i>	<i>5.4</i>	<i>4.5</i>	<i>8.2</i>	<i>2.0</i>	<i>2.5</i>
<i>Public sector customers</i>	<i>0.6</i>	<i>11.8</i>	<i>3.6</i>	<i>4.9</i>	<i>5.2</i>	<i>6.9</i>	<i>2.9</i>	<i>7.4</i>	<i>4.8</i>	<i>5.5</i>	<i>2.0</i>	<i>2.5</i>
<i>Eliminations</i>	<i>-1.4</i>	<i>1.4</i>	<i>-0.8</i>	<i>4.7</i>	<i>1.1</i>	<i>4.9</i>	<i>1.3</i>	<i>2.8</i>	<i>2.7</i>	<i>2.9</i>	<i>2.0</i>	<i>2.5</i>
Total	8.4	17.5	17.0	17.6	15.0	11.2	6.0	7.5	5.9	7.6	2.0	2.5
EBIT, EURm												
Group	0	2	6	7	14	4	5	7	8	24	25	29
Total	0	2	6	7	14	4	5	7	8	24	25	29
EBIT margin, %												
<i>Total</i>	<i>-0.3</i>	<i>1.5</i>	<i>5.1</i>	<i>5.1</i>	<i>2.9</i>	<i>2.9</i>	<i>3.4</i>	<i>5.8</i>	<i>6.0</i>	<i>4.5</i>	<i>4.6</i>	<i>5.2</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	149	213	399	424	488	525	535	549
<i>Sales growth (%)</i>	<i>42.6</i>	<i>43.3</i>	<i>87.0</i>	<i>6.2</i>	<i>15.0</i>	<i>7.6</i>	<i>2.0</i>	<i>2.5</i>
Costs	-135	-201	-370	-390	-442	-466	-468	-483
Reported EBITDA	14	13	29	34	46	58	67	65
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>9.3</i>	<i>6.0</i>	<i>7.4</i>	<i>8.1</i>	<i>9.3</i>	<i>11.1</i>	<i>12.5</i>	<i>11.9</i>
Depreciation	-6	-8	-13	-14	-32	-35	-42	-37
EBITA	8	5	17	20	14	24	25	29
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	8	5	17	20	14	24	25	29
<i>EBIT margin (%)</i>	<i>5.4</i>	<i>2.2</i>	<i>4.2</i>	<i>4.7</i>	<i>2.9</i>	<i>4.5</i>	<i>4.6</i>	<i>5.2</i>
Net financials	-3	-2	-1	-1	-4	-4	-4	-4
Pre-tax profit	5	2	15	19	10	20	20	25
Extraordinary items	-2	-1	-1	-1	-1	0	0	0
Taxes	-1	0	-3	-3	-3	-4	-4	-5
Minority shares	0	-1	-3	-5	-3	-1	-1	-1
Net profit	1	1	8	10	4	14	15	19
BALANCE SHEET, EURm								
Assets								
Fixed assets	47	69	67	83	184	181	152	129
<i>% of sales</i>	<i>31</i>	<i>32</i>	<i>17</i>	<i>20</i>	<i>38</i>	<i>35</i>	<i>28</i>	<i>24</i>
Goodwill	56	76	92	104	170	170	170	170
<i>% of sales</i>	<i>38</i>	<i>36</i>	<i>23</i>	<i>25</i>	<i>35</i>	<i>32</i>	<i>32</i>	<i>31</i>
Inventory	1	2	2	2	3	3	3	3
<i>% of sales</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Receivables	14	20	27	25	40	33	34	35
<i>% of sales</i>	<i>10</i>	<i>9</i>	<i>7</i>	<i>6</i>	<i>8</i>	<i>6</i>	<i>6</i>	<i>6</i>
Liquid funds	11	15	28	37	36	37	37	38
<i>% of sales</i>	<i>7</i>	<i>7</i>	<i>7</i>	<i>9</i>	<i>7</i>	<i>7</i>	<i>7</i>	<i>7</i>
Total assets	131	185	218	254	437	428	400	379
Liabilities								
Equity	10	93	101	106	130	143	153	166
<i>% of sales</i>	<i>7</i>	<i>44</i>	<i>25</i>	<i>25</i>	<i>27</i>	<i>27</i>	<i>29</i>	<i>30</i>
Deferred taxes	4	5	6	6	6	6	6	6
<i>% of sales</i>	<i>3</i>	<i>2</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Interest bearing debt	88	42	52	77	217	199	160	123
<i>% of sales</i>	<i>59</i>	<i>20</i>	<i>13</i>	<i>18</i>	<i>45</i>	<i>38</i>	<i>30</i>	<i>22</i>
Non-interest bearing current liabilities	27	42	55	62	80	76	78	80
<i>% of sales</i>	<i>18</i>	<i>20</i>	<i>14</i>	<i>15</i>	<i>16</i>	<i>15</i>	<i>15</i>	<i>15</i>
Other interest free debt	1	3	3	3	3	3	3	3
<i>% of sales</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Total liabilities	131	185	217	254	437	428	400	379
CASH FLOW, EURm								
+ EBITDA	14	13	29	34	46	58	67	65
- Net financial items	-3	-2	-1	-1	-4	-4	-4	-4
- Taxes	-1	0	-2	-4	-4	-4	-4	-5
- Increase in Net Working Capital	4	9	7	8	3	3	1	1
+/- Other	-2	-2	-4	-5	-4	-1	-1	-1
= Cash flow from operations	11	19	30	37	42	53	59	58
- Capex	-28	-48	-27	-41	-122	-32	-13	-14
- Acquisitions	0	0	0	0	-79	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	-17	-29	3	-4	-160	22	46	44
+/- Change in interest-bearing debt	46	-46	10	25	141	-18	-39	-37
+/- New issues/buybacks	-29	82	-1	-2	24	0	0	0
- Paid dividend	0	0	0	-3	-3	-2	-5	-5
+/- Change in loan receivables	0	1	1	0	-1	0	0	0
Change in cash	0	8	13	15	1	2	2	2

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	256	380	275	195	257	257	257
Net debt	27	25	40	181	162	122	85
Enterprise value	286	416	325	391	437	396	357
Sales	213	399	424	488	525	535	549
EBITDA	13	29	34	46	58	67	65
EBIT	5	17	20	14	24	25	29
Pre-tax	2	15	19	10	20	20	25
Earnings	2	10	11	4	14	15	19
Book value	92	98	100	121	133	143	157
Valuation multiples							
EV/sales	1.3	1.0	0.8	0.8	0.8	0.7	0.7
EV/EBITDA	22.5	14.2	9.5	8.6	7.5	5.9	5.5
EV/EBITA	60.8	25.1	16.2	27.9	18.3	16.0	12.5
EV/EBIT	60.8	25.1	16.2	27.9	18.3	16.0	12.5
EV/operating cash flow	13.4	12.3	8.5	8.9	7.7	6.3	5.9
EV/cash earnings	28.6	15.8	11.2	10.3	8.7	6.8	6.3
P/E	170.5	39.1	25.7	46.4	17.8	17.3	13.8
P/E excl. goodwill	170.5	39.1	25.7	46.4	17.8	17.3	13.8
P/B	2.8	3.9	2.7	1.6	1.9	1.8	1.6
P/sales	1.2	1.0	0.6	0.4	0.5	0.5	0.5
P/CF	12.0	11.2	7.2	4.4	4.5	4.1	4.2
Target EV/EBIT	0.0	0.0	0.0	0.0	19.5	17.2	13.6
Target P/E	0.0	0.0	0.0	0.0	20.4	19.8	15.8
Target P/B	0.0	0.0	0.0	0.0	2.2	2.0	1.9
Per share measures							
Number of shares	20,613	20,613	20,613	22,620	22,620	22,620	22,620
Number of shares (diluted)	20,613	20,613	20,613	22,620	22,620	22,620	22,620
EPS	0.07	0.47	0.52	0.19	0.64	0.66	0.82
EPS excl. goodwill	0.07	0.47	0.52	0.19	0.64	0.66	0.82
Cash EPS	0.49	1.28	1.40	1.67	2.23	2.58	2.51
Operating cash flow per share	1.03	1.64	1.86	1.94	2.50	2.78	2.68
Capital employed per share	5.68	5.95	6.91	13.76	13.48	12.16	11.10
Book value per share	4.47	4.74	4.87	5.36	5.90	6.34	6.95
Book value excl. goodwill	0.78	0.26	-0.17	-2.15	-1.61	-1.17	-0.56
Dividend per share	0.00	0.15	0.16	0.10	0.21	0.22	0.27
Dividend payout ratio, %	0.0	31.9	30.8	53.9	33.0	33.0	33.0
Dividend yield, %	0.0	0.8	1.2	1.2	1.9	1.9	2.4
Efficiency measures							
ROE	3.0	10.2	10.8	3.8	11.3	10.7	12.4
ROCE	4.0	11.7	12.2	5.3	6.9	7.6	9.5
Financial ratios							
Capex/sales, %	22.3	6.8	9.7	41.3	6.0	2.4	2.5
Capex/depreciation excl. goodwill,%	346.6	85.2	209.2	429.1	91.2	30.8	37.7
Net debt/EBITDA, book-weighted	2.1	0.8	1.2	4.0	2.8	1.8	1.3
Debt/equity, market-weighted	0.2	0.1	0.3	1.1	0.8	0.6	0.5
Equity ratio, book-weighted	50.5	46.4	41.8	29.8	33.3	38.2	43.9
Gearing	0.28	0.24	0.37	1.39	1.14	0.80	0.51
Number of employees, average	2,503	3,526	3,879	3,879	3,879	3,879	3,879
Sales per employee, EUR	85,258	113,188	109,307	125,754	135,273	137,978	141,428
EBIT per employee, EUR	1,878	4,708	5,182	3,609	6,149	6,376	7,354

COMPANY DESCRIPTION:

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Lähitapiola Keskinäinen Vakuutusyhtiö	3,481,641	39.551	15.4%
Mww Yhtiö Oy	2,309,010	26.230	10.2%
Fennia Mutual Insurance Company	1,998,965	22.708	8.8%
Tapiola Keskinäinen Henkivakuutusyhtiö	1,891,865	21.492	8.4%
Elo Pension Company	1,267,161	14.395	5.6%
Niemistö Leena Katriina	703,475	7.991	3.1%
Fondita Nordic Micro Cap	550,000	6.248	2.4%
Ilmarinen Mutual Pension Insurance Company	490,000	5.566	2.2%
Fennia Life Insurance Company Ltd	270,759	3.076	1.2%
Nordea Pro Finland Fund	241,920	2.748	1.1%
Ten largest	13,204,796	150.006	58%
Residual	9,415,339	106.958	42%
Total	22,620,135	256.965	100%

EARNINGS CALENDAR

August 15, 2019

Q2 report

November 05, 2019

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Joni Aaltonen

Kehräsaari B, 33200 Tampere

CFO: Ville Lehtonen

Tel:

IR: Taina Erkkilä

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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Investment recommendations are defined as follows:

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

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Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

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Name(s) of the analyst(s): Rissanen

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Contact information**SALES, TRADING AND RESEARCH****Equity Sales**

Ari Laine +358 9 4766 9115
Lauri Ahokanto +358 9 4766 9117
Niclas Henelius +358 9 4766 9116

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9130
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120

ETFs and Derivatives

Tobias Björk (Head) +358 9 4766 9130
Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130
Sami Järvinen +358 9 4766 9110

Structured Investments

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

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001