

Strategy and EBIT on track

Pihlajalinna reports Q4 results on Fri, Feb 18. We make small positive revisions to our Q4 estimates as we expect Covid-19 services to have remained high due to Omicron, but we don't expect Pihlajalinna to guide much more than flat EBIT for FY '22 as M&A integration has barely begun.

We make small upward revisions to our Q4 estimates

Pihlajalinna's EBIT continued to improve in Q3 despite an increase in outsourcing costs for which the company hadn't yet received much compensation. The Finnish virus situation worsened again in Q4, and we believe Omicron has had a slight positive net effect on Q4 top line and EBIT; we previously expected Covid-19 services revenue to decline some in Q4 but we now estimate it to have remained pretty much flat q/q. We update our Q4 revenue estimate to EUR 156.4m (prev. EUR 153.9m) and thus expect y/y growth to have remained around 14%. We estimate y/y EBIT improvement to have steepened a bit in Q4 and now estimate Q4 EBIT at EUR 9.2m (prev. EUR 8.9m).

The acquisition will limit EBIT guidance in H1'22

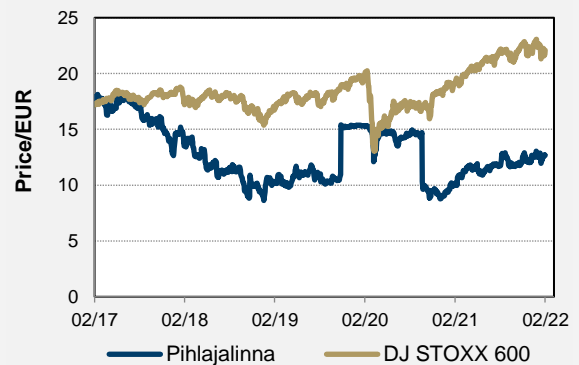
Pihlajalinna has just completed the acquisition of Pohjola Hospital, a chain with a focus on orthopaedics and some EUR 60m in revenue, which make it a target of reasonable size and complementary fit for Pihlajalinna. The target turned a loss of EUR 10m in terms of EBIT in FY '20 due to a dip in volumes; the losses might have narrowed somewhat already in FY '21, however this hadn't happened during the first 4 months of the year, but we expect losses or at least margin dilutive impact in H1'22. Margin accretion should occur in FY '23 as insurance customers drive volumes and Pihlajalinna achieves cost synergies. We expect more specific updates to financial targets either in connection with the Q4 report or later during the spring. We continue to expect meaningful EBIT upside beyond this year and last, although we believe Pihlajalinna will not guide much more than flat or slightly improving EBIT for FY '22 at such an early point when the target's integration has only started.

Both margins and multiples remain on the modest side

Our view is unchanged as Pihlajalinna trades ca. 6.5-8.0x EV/EBITDA and 13.0-16.5x EV/EBIT on our FY '21-22 estimates. The multiples are well below peers' while margins remain at relatively modest levels. We retain our EUR 14 TP and BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price)	12.66
Target price, EUR	14.0

Latest change in	22-Feb-21
Latest report on company	05-Nov-21
Research paid by issuer:	YES
No. of shares outstanding,	22,584
No. of shares fully diluted,	22,584
Market cap, EURm	286
Free float, %	80.1
Exchange rate	-
Reuters code	PIHLIS.HE
Bloomberg code	PIHLIS FH
Average daily volume, EURm	0.2
Next interim report	18-Feb-22
Web site	http://investors.pihlajalinna.fi/

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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
2019	518.7	20.9	4.0%	12.8	0.61	24.9	1.1	26.6	3.7	0.00
2020	508.8	20.8	4.1%	0.5	0.50	18.6	0.8	20.0	0.2	0.20
2021E	579.5	32.4	5.6%	-39.5	1.00	12.6	0.9	16.6	-13.8	0.35
2022E	663.9	36.7	5.5%	70.2	1.12	11.3	0.7	12.9	24.5	0.39
2023E	683.8	40.3	5.9%	23.2	1.23	10.3	0.7	11.3	8.1	0.43
Market cap, EURm	286			Gearing 2021E, %	179.5			CAGR EPS 2020-23, %	34.6	
Net debt 2021E, EURm	239			Price/book 2021E	2.2			CAGR sales 2020-23, %	10.4	
Enterprise value, EURm	536			Dividend yield 2021E, %	2.8			ROE 2021E, %	19.1	
Total assets 2021E, EURm	445			Tax rate 2021E, %	19.8			ROCE 2021E, %	8.9	
Goodwill 2021E, EURm	174			Equity ratio 2021E, %	29.9			PEG, P/E 21/CAGR	1.6	

Estimates and peer group valuation

Net sales	2017	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21E	2021E
Corporate Customers	82.6	103.7	122.1	31.6	26.5	28.0	36.1	122.2	35.4	34.7	31.2	40.8	142.0
of which insurance companies	26.6	25.2	27.6	8.3	6.6	6.7	8.6	30.2	8.5	7.9	7.7	9.7	33.8
of which other corporates	56.0	78.5	94.5	23.5	19.9	21.3	27.5	92.2	26.9	26.8	23.5	31.1	108.2
Private Customers	67.9	92.1	97.8	23.5	15.1	19.9	22.0	80.5	21.1	21.7	18.9	26.4	88.1
Public sector customers	330.5	349.7	360.6	93.9	89.0	91.3	97.5	371.7	101.7	104.6	108.1	107.2	421.6
Total	424.0	487.8	518.6	133.0	114.7	124.0	137.2	508.9	139.9	142.5	140.7	156.4	579.5
Net sales growth													
Corporate Customers	-	25.5%	17.3%	1.3%	-12.4%	3.7%	13.2%	0.1%	12.0%	30.8%	11.4%	13.0%	16.2%
Private Customers	-	35.6%	6.5%	-11.0%	-40.9%	-5.7%	-11.6%	-17.7%	-10.2%	43.7%	-5.0%	20.0%	9.4%
Public sector customers	-	5.8%	3.2%	4.6%	-0.7%	1.4%	5.2%	3.1%	8.3%	17.5%	18.4%	10.0%	13.4%
Total	6.2%	15.0%	6.3%	0.4%	-11.6%	1.0%	2.6%	-1.9%	5.2%	24.2%	13.5%	14.0%	13.9%
Adj. EBITDA (group)	34.0	45.9	55.2	12.7	9.0	17.2	15.7	54.6	15.2	15.2	18.8	18.0	67.2
Adj. EBITDA-margin (group)	8.0%	9.4%	10.6%	9.5%	7.8%	13.9%	11.4%	10.7%	10.9%	10.2%	14.2%	11.5%	11.6%

Source: Pihlajalinna, Evli Research

PIHLAJALINNA PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		21	22	23	21	22	23	21	22	23
Ambea AB	462	9.0x	7.4x	7.0x	22.5x	16.6x	15.3x	6.0 %	7.2 %	7.6 %
Attendo AB	494	9.0x	7.5x	6.7x	26.2x	17.9x	14.5x	5.8 %	7.5 %	8.8 %
CareTech	758	10.3x	9.8x	9.0x	12.7x	12.5x	11.2x	16.7 %	15.6 %	16.2 %
GHP Specialty Care	157	10.2x	9.5x	8.2x	21.6x	21.3x	17.0x	6.3 %	5.4 %	6.2 %
Humana	293	8.4x	7.2x	6.9x	14.9x	12.7x	12.1x	6.4 %	6.5 %	6.6 %
Korian	1864	10.3x	8.1x	7.5x	26.5x	19.1x	17.7x	9.1 %	10.3 %	10.4 %
LNA Sante	347	9.8x	7.9x	7.2x	20.5x	16.4x	14.5x	9.8 %	9.9 %	10.3 %
Mediclinic International	2974	9.5x	8.7x	8.2x	17.2x	14.8x	13.5x	8.6 %	9.9 %	10.5 %
Orpea	2134	15.3x	10.8x	10.1x	30.4x	21.1x	19.6x	12.6 %	13.0 %	13.1 %
Spire Healthcare Group	1140	10.8x	9.2x	8.9x	20.7x	16.5x	16.0x	9.1 %	10.8 %	10.9 %
Terveystalo	1492	10.2x	9.7x	9.2x	18.5x	17.6x	16.3x	9.7 %	9.4 %	9.9 %
Peer Group Average	1101	10.3x	8.7x	8.1x	21.1x	17.0x	15.3x	9.1 %	9.6 %	10.0 %
Peer Group Median	758	10.2x	8.7x	8.2x	20.7x	16.6x	15.3x	9.1 %	9.9 %	10.3 %
Pihlajalinna (Evli est.)	286	8.0x	6.4x	5.7x	16.6x	12.9x	11.3x	5.6 %	5.5 %	5.9 %

Pihlajalinna prem./disc. to peer median

-21 % -27 % -30 % -20 % -22 % -26 % -38 % -44 % -43 %

Source FactSet, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3	2021Q4E	2021E	2022E	2023E
Net sales	133.0	114.7	123.9	137.2	508.8	139.9	142.6	140.6	156.4	579.5	663.9	683.8
EBITDA	12.7	9.0	17.2	15.7	54.6	15.2	15.2	18.8	18.0	67.2	73.3	80.1
<i>EBITDA margin (%)</i>	<i>9.5</i>	<i>7.8</i>	<i>13.9</i>	<i>11.4</i>	<i>10.7</i>	<i>10.9</i>	<i>10.7</i>	<i>13.4</i>	<i>11.5</i>	<i>11.6</i>	<i>11.0</i>	<i>11.7</i>
EBIT	4.2	0.6	8.7	7.3	20.8	6.7	6.5	10.0	9.2	32.4	36.7	40.3
<i>EBIT margin (%)</i>	<i>3.2</i>	<i>0.5</i>	<i>7.0</i>	<i>5.3</i>	<i>4.1</i>	<i>4.8</i>	<i>4.6</i>	<i>7.1</i>	<i>5.9</i>	<i>5.6</i>	<i>5.5</i>	<i>5.9</i>
Net financial items	-1.4	-1.0	-1.0	-1.0	-4.4	-0.9	-1.0	-0.8	-1.1	-4.2	-5.0	-5.7
Pre-tax profit	2.8	-0.4	7.7	6.3	16.4	5.8	5.5	9.2	8.1	28.2	31.7	34.7
Tax	-0.6	0.1	-1.5	-2.8	-4.8	-1.1	-1.2	-1.6	-1.6	-5.6	-6.3	-6.9
<i>Tax rate (%)</i>	<i>21.4</i>	<i>25.0</i>	<i>19.5</i>	<i>44.4</i>	<i>29.3</i>	<i>19.0</i>	<i>21.8</i>	<i>17.4</i>	<i>20.0</i>	<i>19.8</i>	<i>20.0</i>	<i>20.0</i>
Net profit	2.1	0.0	5.4	3.9	11.4	4.6	4.5	7.7	6.3	22.7	25.4	27.8
EPS	0.09	0.00	0.24	0.17	0.50	0.20	0.20	0.34	0.28	1.00	1.12	1.23
EPS adjusted (diluted no. of shares)	0.09	0.00	0.24	0.17	0.50	0.20	0.20	0.34	0.28	1.00	1.12	1.23
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.35	0.39	0.43
SALES, EURm												
Corporate Customers	32.9	27.8	30.7	36.1	127.5	35.4	34.8	28.8	40.8	139.8	207.9	214.1
Private Customers	23.5	14.7	19.5	22.0	79.7	21.1	22.1	18.9	26.4	88.5	101.3	104.4
Public sector customers	92.6	88.1	88.9	97.5	367.1	101.7	104.2	110.4	107.2	423.5	429.1	442.0
Eliminations	-16.0	-15.9	-15.2	-18.4	-65.5	-18.3	-18.5	-17.5	-18.0	-72.3	-74.4	-76.7
Total	133.0	114.7	123.9	137.2	508.8	139.9	142.6	140.6	156.4	579.5	663.9	683.8
SALES GROWTH, Y/Y %												
<i>Corporate Customers</i>	<i>4.1</i>	<i>-8.1</i>	<i>13.7</i>	<i>10.1</i>	<i>4.8</i>	<i>7.6</i>	<i>25.2</i>	<i>-6.2</i>	<i>13.0</i>	<i>9.6</i>	<i>48.7</i>	<i>3.0</i>
<i>Private Customers</i>	<i>-11.3</i>	<i>-42.5</i>	<i>-7.6</i>	<i>-11.6</i>	<i>-18.7</i>	<i>-10.2</i>	<i>50.3</i>	<i>-3.1</i>	<i>20.0</i>	<i>11.0</i>	<i>14.5</i>	<i>3.0</i>
<i>Public sector customers</i>	<i>3.7</i>	<i>-1.7</i>	<i>-1.2</i>	<i>6.1</i>	<i>1.7</i>	<i>9.8</i>	<i>18.3</i>	<i>24.2</i>	<i>10.0</i>	<i>15.4</i>	<i>1.3</i>	<i>3.0</i>
<i>Eliminations</i>	<i>7.4</i>	<i>1.3</i>	<i>-1.0</i>	<i>16.5</i>	<i>6.1</i>	<i>14.4</i>	<i>16.4</i>	<i>14.8</i>	<i>-2.2</i>	<i>10.3</i>	<i>3.0</i>	<i>3.0</i>
Total	0.4	-11.6	0.9	2.5	-1.9	5.2	24.3	13.5	14.0	13.9	14.6	3.0
EBIT, EURm												
Group	4.2	0.6	8.7	7.3	20.8	6.7	6.5	10.0	9.2	32.4	36.7	40.3
Total	4.2	0.6	8.7	7.3	20.8	6.7	6.5	10.0	9.2	32.4	36.7	40.3
EBIT margin, %												
<i>Total</i>	<i>3.2</i>	<i>0.5</i>	<i>7.0</i>	<i>5.3</i>	<i>4.1</i>	<i>4.8</i>	<i>4.6</i>	<i>7.1</i>	<i>5.9</i>	<i>5.6</i>	<i>5.5</i>	<i>5.9</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	399.1	424.0	487.8	518.7	508.8	579.5	663.9	683.8
<i>Sales growth (%)</i>	<i>87.0</i>	<i>6.2</i>	<i>15.0</i>	<i>6.3</i>	<i>-1.9</i>	<i>13.9</i>	<i>14.6</i>	<i>3.0</i>
EBITDA	29.4	34.3	45.9	55.1	54.6	67.2	73.3	80.1
<i>EBITDA margin (%)</i>	<i>7.4</i>	<i>8.1</i>	<i>9.4</i>	<i>10.6</i>	<i>10.7</i>	<i>11.6</i>	<i>11.0</i>	<i>11.7</i>
Depreciation	-12.8	-14.2	-31.5	-34.2	-33.8	-34.8	-36.6	-39.8
EBITA	16.6	20.1	14.4	20.9	20.8	32.4	36.7	40.3
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	16.6	20.1	14.4	20.9	20.8	32.4	36.7	40.3
<i>EBIT margin (%)</i>	<i>4.2</i>	<i>4.7</i>	<i>3.0</i>	<i>4.0</i>	<i>4.1</i>	<i>5.6</i>	<i>5.5</i>	<i>5.9</i>
Reported EBIT	15.1	19.2	13.8	10.2	18.2	32.4	36.7	40.3
<i>EBIT margin (reported) (%)</i>	<i>3.8</i>	<i>4.5</i>	<i>2.8</i>	<i>2.0</i>	<i>3.6</i>	<i>5.6</i>	<i>5.5</i>	<i>5.9</i>
Net financials	-1.2	-1.4	-3.8	-4.0	-4.4	-4.2	-5.0	-5.7
Pre-tax profit	15.4	18.7	10.6	16.9	16.4	28.2	31.7	34.7
Taxes	-3.0	-3.4	-2.7	-1.9	-4.8	-5.6	-6.3	-6.9
Minority shares	-2.7	-4.6	-3.3	-1.1	-0.2	0.1	0.1	0.1
Net profit	8.2	9.8	4.0	3.2	8.8	22.7	25.4	27.8
Cash NRIs	-1.5	-0.9	-0.6	-10.7	-2.6	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	67	83	68	74	66	67	68	67
Goodwill	92	104	170	174	174	174	174	174
Right of use assets	0	0	116	108	103	113	131	138
Inventory	2	2	3	2	3	3	3	3
Receivables	27	25	40	47	78	54	55	57
Liquid funds	28	37	36	27	13	29	33	34
Total assets	218	254	437	438	442	445	470	478
Liabilities								
Shareholder's equity	98	100	121	101	110	128	145	164
Minority interest	3	6	9	5	5	5	5	5
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	119	114	114	113	131	138
Deferred taxes	6	6	6	6	6	6	6	6
Interest bearing debt	52	77	99	107	94	155	79	58
Non-interest bearing current liabilities	55	62	80	102	109	35	100	103
Other interest-free debt	3	3	3	2	3	3	3	3
Total liabilities	217	254	437	438	442	445	470	478
CASH FLOW, EURm								
+ EBITDA	29	34	46	55	55	67	73	80
- Net financial items	-1	-1	-4	-4	-4	-4	-5	-6
- Taxes	-2	-5	-5	-4	-4	-6	-6	-7
- Increase in Net Working Capital	8	7	2	14	-23	-50	63	1
+/- Other	-1	0	-11	-12	-3	0	0	0
= Cash flow from operations	32	35	27	49	21	7	125	69
- Capex	-5	-10	-23	-36	-20	-47	-55	-46
- Acquisitions	-22	-17	-79	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	6	8	-74	13	1	-40	70	23
+/- New issues/buybacks	-1	-2	24	-25	0	0	0	0
- Paid dividend	0	-3	-3	-2	0	-5	-8	-9
+/- Other	7	7	53	5	-14	60	-58	-13
Change in cash	12	10	-1	-9	-14	16	4	1

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	275	195	346	212	286	286	286
Net debt (excl. convertibles)	40	181	194	195	239	177	162
Enterprise value	325	391	557	417	536	473	457
Sales	424	488	519	509	580	664	684
EBITDA	34	46	55	55	67	73	80
EBIT	20	14	21	21	32	37	40
Pre-tax	19	11	17	16	28	32	35
Earnings	11	5	14	11	23	25	28
Equity book value (excl. minorities)	100	121	101	110	128	145	164
Valuation multiples							
EV/sales	0.8	0.8	1.1	0.8	0.9	0.7	0.7
EV/EBITDA	9.5	8.5	10.1	7.6	8.0	6.4	5.7
EV/EBITA	16.2	27.1	26.6	20.0	16.6	12.9	11.3
EV/EBIT	16.2	27.1	26.6	20.0	16.6	12.9	11.3
EV/OCF	9.3	14.3	11.3	20.3	76.9	3.8	6.6
EV/FCFF	19.3	-11.7	20.3	33.3	-55.3	4.3	8.3
P/FCFE	35.7	-2.6	27.0	424.3	-7.2	4.1	12.3
P/E	25.7	42.4	24.9	18.6	12.6	11.3	10.3
P/B	2.7	1.6	3.4	1.9	2.2	2.0	1.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.3	6.8	6.0
Target EV/EBIT	0.0	0.0	0.0	0.0	17.3	13.6	12.0
Target EV/FCF	0.0	0.0	0.0	0.0	-14.2	7.1	20.8
Target P/B	0.0	0.0	0.0	0.0	2.5	2.2	1.9
Target P/E	0.0	0.0	0.0	0.0	14.0	12.4	11.4
Per share measures							
Number of shares	20,613	22,620	22,620	22,618	22,584	22,584	22,584
Number of shares (diluted)	20,613	22,620	22,620	22,618	22,584	22,584	22,584
EPS	0.52	0.20	0.61	0.50	1.00	1.12	1.23
Operating cash flow per share	1.69	1.21	2.17	0.91	0.31	5.56	3.05
Free cash flow per share	0.37	-3.29	0.57	0.02	-1.75	3.11	1.03
Book value per share	4.87	5.36	4.47	4.85	5.66	6.43	7.27
Dividend per share	0.16	0.10	0.00	0.20	0.35	0.39	0.43
Dividend payout ratio, %	30.8	49.2	0.0	39.7	35.0	35.0	35.0
Dividend yield, %	1.2	1.2	0.0	2.1	2.8	3.1	3.4
FCF yield, %	2.8	-38.2	3.7	0.2	-13.8	24.5	8.1
Efficiency measures							
ROE	10.8	4.2	12.5	10.8	19.1	18.6	17.9
ROCE	12.2	5.4	6.2	6.4	8.9	9.6	11.1
Financial ratios							
Inventories as % of sales	0.5	0.5	0.4	0.7	0.5	0.5	0.5
Receivables as % of sales	5.9	8.2	9.1	15.3	9.3	8.3	8.3
Non-interest bearing liabilities as % of sales	14.6	16.3	19.7	21.5	6.0	15.0	15.0
NWC/sales, %	-8.4	-8.0	-10.2	-6.0	3.5	-6.5	-6.5
Operative CAPEX/sales, %	2.4	4.6	7.0	3.9	8.0	8.3	6.7
CAPEX/sales (incl. acquisitions), %	-1.6	-11.6	7.0	3.9	8.0	8.3	6.7
FCFF/EBITDA	0.5	-0.7	0.5	0.2	-0.1	1.5	0.7
Net debt/EBITDA, book-weighted	1.2	3.9	3.5	3.6	3.6	2.4	2.0
Debt/equity, market-weighted	0.3	0.5	0.3	0.4	0.5	0.3	0.2
Equity ratio, book-weighted	41.8	29.8	24.2	26.0	29.9	32.1	35.4
Gearing, %	37.3	138.7	182.9	169.5	179.5	117.3	95.8

COMPANY DESCRIPTION: Pihlajalinna is the 3rd largest private social welfare and healthcare service provider in Finland offering a wide selection of services to private individuals, businesses, insurance companies and public sector entities, such as municipalities and joint municipal authorities. In its private clinics and hospitals Pihlajalinna provides general practitioner services, specialized care, emergency and on-call services, a wide range of surgical services, occupational healthcare and dental care. Pihlajalinna is the market leader in complete social and healthcare outsourcings in Finland.

INVESTMENT CASE: The demand for private social and healthcare services is growing due to ageing population and increasing pressure on public healthcare spending, offering Pihlajalinna growth opportunities in primary care as well as in specialized care. Profitability improvement stems from increased volumes and better utilization rate of the clinics.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Lähiapiola Keskinäinen Vakuutusyhtiö	3,481,641	44.078	15.4%
Mww Yhtiö Oy	2,309,010	29.232	10.2%
Fennia Mutual Insurance Company	1,998,965	25.307	8.9%
Tapiola Keskinäinen Henkivakuutusyhtiö	1,893,985	23.978	8.4%
Elo Pension Company	1,267,161	16.042	5.6%
Niemistö Leena Katriina	704,687	8.921	3.1%
Ilmarinen Mutual Pension Insurance Company	628,431	7.956	2.8%
Fondita Nordic Micro Cap	470,000	5.950	2.1%
Fennia Life Insurance Company Ltd	322,443	4.082	1.4%
OP-Finland Small Firms Fund	305,644	3.869	1.4%
Ten largest	13,381,967	169.416	59%
Residual	9,202,420	116.503	41%
Total	22,584,387	285.918	100%

EARNINGS CALENDAR

February 18, 2022	FY 2021 Results
May 05, 2022	Q1 report
August 12, 2022	Q2 report
November 04, 2022	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Joni Aaltonen	Kehräsaari B, 33200 Tampere
CFO: Tarja Rantala	Tel:
IR: Marko Savolainen	

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

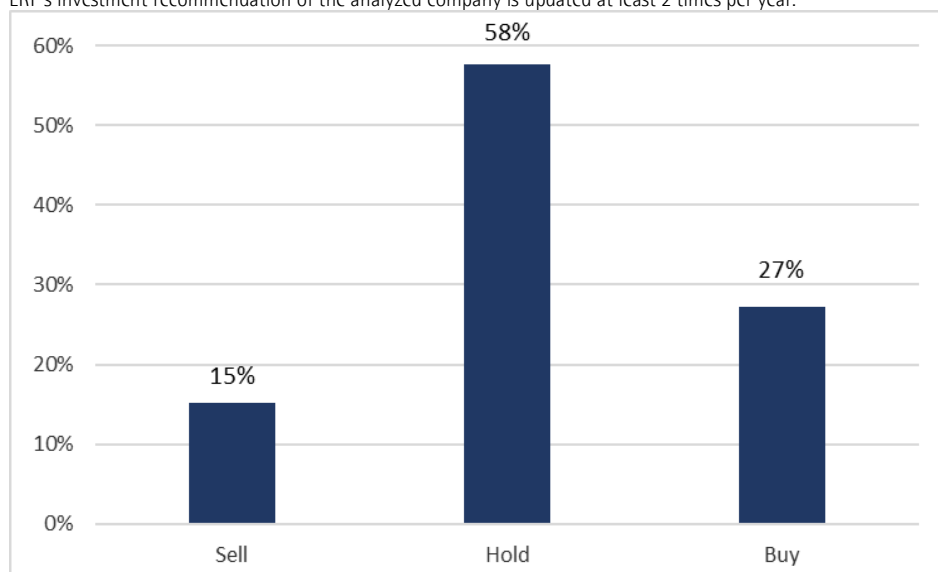
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Investment recommendations are defined as follows:

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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