

## Investments are starting to pay off

Pihlajalinna's Q2 didn't deliver many surprises; we expect further improvement to materialize over the course of H2.

### Q2 results were overall quite close to estimates

Pihlajalinna grew 22% y/y; the EUR 174m revenue topped the EUR 170m/167m Evli/cons. estimates thanks to strong corporate as well as private customers, although the latter volumes are still lagging relative to 2019. Outsourcing profitability improved by EUR 0.7m y/y, despite continued high costs, due to efficiency measures, index adjustments and service fee refunds. H1 employee costs were exceptionally high by EUR 2.5m; the burden was slightly higher in Q1 than in Q2, but together with capacity additions (including four new private clinics) meant profitability excluding outsourcing fell by EUR 2.3m y/y in Q2. The EUR 16.9m adj. EBITDA was in line with estimates while the EUR 5.2m EBIT was a bit soft relative to the EUR 5.9m/6.3m Evli/cons. estimates.

### We expect H2 improvement to be visible in Q4 profitability

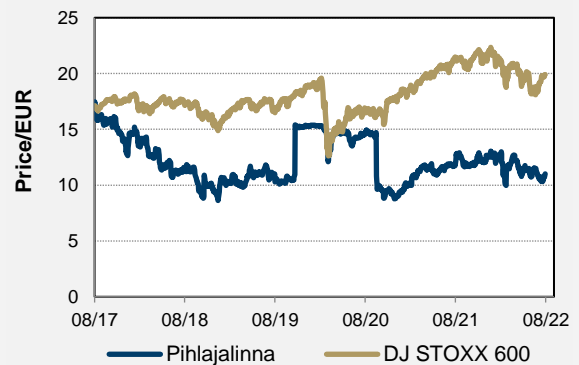
Q3 absences have been lower so far, but the situation could again change over the fall. Capacity scales further up, however Pihlajalinna has already added most of its targeted level and hence higher utilization rates should drive profitability in H2. Pihlajalinna has also increased prices while inflation appears to be manageable. Q3 EBITA will remain burdened y/y, yet Q4 could achieve significant y/y improvement (Q4'21 was negatively affected, by some EUR 2m, by a spike in complete outsourcing specialized care costs while Covid-19 services revenue was still at a high level). High demand continues to support profitability, and H2 tends to be seasonally favorable, but short-term cost issues and Pohjola Hospital's improvement pace create some uncertainty around H2 results. Meanwhile NIBD/EBITDA has been elevated, at least in the short-term, due to the various recent investments for which Pihlajalinna now looks to reap gains.

### Long-term margin potential remains the big upside driver

We still don't view the guidance challenging, although a positive revision may not arrive until around Q4; earnings growth should in any case continue next year. The 13x EV/EBIT valuation, on our FY '23 estimates, is some 15% below peers' while Pihlajalinna's EBIT margin is likely to stay at least a third below a typical peer. Long-term upside potential hence continues to be meaningful. We revise our TP to EUR 12.5 (13.0) and retain our BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 11.00

Target price, EUR 12.5

Latest change in	22-Feb-21
Latest report on company	09-Aug-22
Research paid by issuer:	YES
No. of shares outstanding,	22,584
No. of shares fully diluted,	22,584
Market cap, EURm	248
Free float, %	80.1
Exchange rate	-
Reuters code	PIHLIS.HE
Bloomberg code	PIHLIS.FH
Average daily volume, EURm	0.1
Next interim report	04-Nov-22
Web site	<a href="http://investors.pihlajalinna.fi/">http://investors.pihlajalinna.fi/</a>

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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
2020	508.7	20.9	4.1%	0.6	0.51	18.4	0.8	20.0	0.3	0.20
2021	577.8	30.3	5.2%	33.8	0.90	14.0	0.9	16.3	11.8	0.30
2022E	681.1	30.1	4.4%	-134.7	1.05	10.5	0.9	19.7	-54.2	0.37
2023E	708.5	42.3	6.0%	40.5	1.20	9.2	0.8	13.3	16.3	0.42
2024E	729.9	45.0	6.2%	50.3	1.29	8.6	0.7	11.5	20.3	0.45
Market cap, EURm	248			Gearing 2022E, %	241.0			CAGR EPS 2021-24, %	12.5	
Net debt 2022E, EURm	336			Price/book 2022E	1.8			CAGR sales 2021-24, %	8.1	
Enterprise value, EURm	594			Dividend yield 2022E, %	3.3			ROE 2022E, %	18.8	
Total assets 2022E, EURm	622			Tax rate 2022E, %	-7.4			ROCE 2022E, %	7.2	
Goodwill 2022E, EURm	189			Equity ratio 2022E, %	22.4			PEG, P/E 22/CAGR	1.1	

**Estimates and peer group valuation**

<b>Net sales</b>	<b>2020</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22E</b>	<b>Q4'22E</b>	<b>2022E</b>
Corporate Customers	120.7	137.6	49.3	56.0	51.2	59.0	215.4
of which insurance companies	31.4	34.8	20.4	25.6	25.9	26.8	98.7
of which other corporates	89.3	102.8	28.9	30.4	25.3	32.2	116.7
Private Customers	81.1	85.5	22.8	27.4	21.4	24.9	96.5
Public sector customers	372.4	427.7	109.2	108.8	111.9	113.5	443.4
<b>Total</b>	<b>508.7</b>	<b>577.8</b>	163.1	173.7	166.8	177.5	<b>681.1</b>
<b>Net sales growth</b>							
Corporate Customers	-1.1%	14.6%	42.1%	71.3%	64.0%	52.0%	56.6%
Private Customers	-17.1%	5.6%	6.5%	26.9%	13.0%	7.0%	12.9%
Public sector customers	3.3%	14.5%	7.0%	2.0%	3.5%	2.0%	3.7%
<b>Total</b>	<b>-1.9%</b>	<b>13.5%</b>	16.6%	21.9%	18.6%	14.7%	<b>17.9%</b>
<b>Adj. EBITA (group)</b>	27.5	37.3	7.8	7.3	12.0	10.9	38.0
<b>Adj. EBITA-margin (group)</b>	5.4%	6.5%	4.8%	4.2%	7.2%	6.1%	5.6%

Source: Pihlajalinna, Evli Research

PIHLAJALINNA PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Ambea AB	449	7.6x	7.1x	6.7x	17.7x	15.6x	14.4x	7.0 %	7.7 %	8.1 %
Attendo AB	384	8.3x	6.7x	6.1x	28.4x	16.1x	13.5x	4.5 %	7.2 %	8.0 %
CareTech Holdings	997									
Fresenius SE	13699	7.5x	6.8x	6.2x	12.5x	11.0x	9.9x	10.1 %	11.0 %	11.6 %
Humana	222	7.3x	6.4x	6.0x	14.2x	11.4x	10.5x	5.3 %	6.1 %	6.4 %
Korian	1613	8.7x	8.0x	7.4x	22.5x	20.2x	18.5x	9.1 %	9.5 %	9.7 %
LNA Sante	356	8.3x	7.7x	7.0x	17.4x	16.1x	14.0x	9.2 %	9.2 %	9.8 %
Mediclinic International	4325	10.2x	9.5x	9.0x	17.4x	15.8x	14.8x	9.8 %	10.4 %	10.7 %
Orpea	1657							9.9 %	10.3 %	10.3 %
Spire Healthcare Group	1160	10.4x	9.1x	8.5x	17.8x	14.6x	12.9x	9.8 %	11.3 %	12.2 %
Terveystalo	1163	8.7x	7.9x	7.4x	17.1x	14.7x	12.9x	7.9 %	8.8 %	9.6 %
Peer Group Average	2366	<b>8.6x</b>	<b>7.7x</b>	<b>7.1x</b>	<b>18.3x</b>	<b>15.0x</b>	<b>13.5x</b>	<b>8.3 %</b>	<b>9.1 %</b>	<b>9.6 %</b>
Peer Group Median	1160	<b>8.3x</b>	<b>7.7x</b>	<b>7.0x</b>	<b>17.4x</b>	<b>15.6x</b>	<b>13.5x</b>	<b>9.1 %</b>	<b>9.4 %</b>	<b>9.7 %</b>
Pihlajalinna (Evli est.)	<b>248</b>	<b>8.9x</b>	<b>7.3x</b>	<b>5.9x</b>	<b>19.7x</b>	<b>13.3x</b>	<b>11.5x</b>	<b>4.4 %</b>	<b>6.0 %</b>	<b>6.2 %</b>

Pihlajalinna prem./disc. to peer median

Source FactSet, Evli Research

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	139.9	142.6	140.6	154.7	577.8	163.0	173.8	166.8	177.5	681.1	708.5	729.9
EBITDA	15.2	15.9	19.3	14.9	65.3	16.4	16.8	20.5	19.4	66.6	77.0	88.1
<i>EBITDA margin (%)</i>	<i>10.9</i>	<i>11.2</i>	<i>13.7</i>	<i>9.6</i>	<i>11.3</i>	<i>10.1</i>	<i>9.7</i>	<i>12.3</i>	<i>10.9</i>	<i>9.8</i>	<i>10.9</i>	<i>12.1</i>
EBIT	6.7	7.1	10.6	5.9	30.3	5.9	5.3	10.0	8.9	30.1	42.3	45.0
<i>EBIT margin (%)</i>	<i>4.8</i>	<i>5.0</i>	<i>7.5</i>	<i>3.8</i>	<i>5.2</i>	<i>3.6</i>	<i>3.0</i>	<i>6.0</i>	<i>5.0</i>	<i>4.4</i>	<i>6.0</i>	<i>6.2</i>
Net financial items	-0.9	-1.0	-0.8	-1.1	-3.8	-1.5	-1.6	-1.6	-1.6	-6.4	-6.2	-6.4
Pre-tax profit	5.8	6.1	9.8	4.8	26.5	4.4	3.7	8.4	7.3	23.7	36.1	38.6
Tax	-1.1	-1.1	-1.7	-1.2	-5.1	5.2	-0.3	-1.7	-1.5	1.8	-7.2	-7.7
<i>Tax rate (%)</i>	<i>19.0</i>	<i>18.0</i>	<i>17.3</i>	<i>25.0</i>	<i>19.2</i>	<i>-118.2</i>	<i>8.1</i>	<i>20.0</i>	<i>20.0</i>	<i>-7.4</i>	<i>20.0</i>	<i>20.0</i>
Net profit	4.6	5.2	8.1	2.5	20.4	6.9	3.8	7.0	6.1	23.7	27.1	29.0
EPS	0.20	0.23	0.36	0.11	0.90	0.31	0.17	0.31	0.27	1.05	1.20	1.29
EPS adjusted (diluted no. of shares)	0.20	0.23	0.36	0.11	0.90	0.31	0.17	0.31	0.27	1.05	1.20	1.29
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.37	0.42	0.45
<b>SALES, EURm</b>												
Corporate Customers	34.7	32.7	31.6	38.6	137.6	49.3	58.1	51.2	59.0	217.5	232.8	244.4
Private Customers	21.4	21.7	19.0	23.4	85.5	22.8	28.2	21.4	24.9	97.3	100.7	103.7
Public sector customers	102.1	106.7	107.5	111.4	427.7	109.2	106.1	111.9	113.5	440.7	451.7	460.8
Eliminations	-18.3	-18.5	-17.5	-18.7	-73.0	-18.3	-18.6	-17.6	-19.9	-74.4	-76.7	-79.0
Total	139.9	142.6	140.6	154.7	577.8	163.0	173.8	166.8	177.5	681.1	708.5	729.9
<b>SALES GROWTH, Y/Y %</b>												
Corporate Customers	5.5	17.6	2.9	31.7	14.0	42.1	77.7	61.9	52.8	58.1	7.0	5.0
Private Customers	-8.9	47.6	-2.6	0.0	5.4	6.5	30.0	12.4	6.5	13.8	3.5	3.0
Public sector customers	10.3	21.1	20.9	8.4	14.8	7.0	-0.6	4.1	1.9	3.0	2.5	2.0
Eliminations	14.4	16.4	14.8	1.6	11.4	0.0	0.5	0.6	6.6	2.0	3.0	3.0
Total	5.2	24.3	13.5	12.8	13.6	16.5	21.9	18.6	14.7	17.9	4.0	3.0
<b>EBIT, EURm</b>												
Group	6.7	7.1	10.6	5.9	30.3	5.9	5.3	10.0	8.9	30.1	42.3	45.0
Total	6.7	7.1	10.6	5.9	30.3	5.9	5.3	10.0	8.9	30.1	42.3	45.0
<b>EBIT margin, %</b>												
Total	4.8	5.0	7.5	3.8	5.2	3.6	3.0	6.0	5.0	4.4	6.0	6.2

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	424.0	487.8	518.7	508.7	577.8	681.1	708.5	729.9
<i>Sales growth (%)</i>	<i>6.2</i>	<i>15.0</i>	<i>6.3</i>	<i>-1.9</i>	<i>13.6</i>	<i>17.9</i>	<i>4.0</i>	<i>3.0</i>
EBITDA	34.3	45.9	55.1	54.7	65.3	66.6	77.0	88.1
<i>EBITDA margin (%)</i>	<i>8.1</i>	<i>9.4</i>	<i>10.6</i>	<i>10.8</i>	<i>11.3</i>	<i>9.8</i>	<i>10.9</i>	<i>12.1</i>
Depreciation	-14.2	-31.5	-34.2	-33.8	-35.0	-36.5	-34.7	-43.1
EBITA	20.1	14.4	20.9	20.9	30.3	30.1	42.3	45.0
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	20.1	14.4	20.9	20.9	30.3	30.1	42.3	45.0
<i>EBIT margin (%)</i>	<i>4.7</i>	<i>3.0</i>	<i>4.0</i>	<i>4.1</i>	<i>5.2</i>	<i>4.4</i>	<i>6.0</i>	<i>6.2</i>
Reported EBIT	19.2	13.8	10.2	18.3	30.3	30.1	42.3	45.0
<i>EBIT margin (reported) (%)</i>	<i>4.5</i>	<i>2.8</i>	<i>2.0</i>	<i>3.6</i>	<i>5.2</i>	<i>4.4</i>	<i>6.0</i>	<i>6.2</i>
Net financials	-1.4	-3.8	-4.0	-4.4	-3.8	-6.4	-6.2	-6.4
Pre-tax profit	18.7	10.6	16.9	16.5	26.5	23.7	36.1	38.6
Taxes	-3.4	-2.7	-1.9	-4.8	-5.1	1.8	-7.2	-7.7
Minority shares	-4.6	-3.3	-1.1	-0.2	-1.0	-1.8	-1.8	-1.9
Net profit	9.8	4.0	3.2	8.9	20.4	23.7	27.1	29.0
Cash NRIs	-0.9	-0.6	-10.7	-2.6	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>								
<b>Assets</b>								
Fixed assets	83	68	74	66	67	97	97	85
Goodwill	104	170	174	174	189	189	189	189
Right of use assets	0	116	108	103	96	238	227	219
Inventory	2	3	2	3	4	3	4	4
Receivables	25	40	47	78	93	55	57	59
Liquid funds	37	36	27	13	4	34	35	36
Total assets	254	437	438	442	457	622	614	597
<b>Liabilities</b>								
Shareholder's equity	100	121	101	110	117	134	153	173
Minority interest	6	9	5	5	5	5	5	5
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	119	114	114	106	238	227	219
Deferred taxes	6	6	6	6	6	6	6	6
Interest bearing debt	77	99	107	94	93	132	113	81
Non-interest bearing current liabilities	62	80	102	109	125	102	106	109
Other interest-free debt	3	3	2	3	4	4	4	4
Total liabilities	254	437	438	442	457	622	614	597
<b>CASH FLOW, EURm</b>								
+ EBITDA	34	46	55	55	65	67	77	88
- Net financial items	-1	-4	-4	-4	-4	-6	-6	-6
- Taxes	-5	-5	-4	-4	-5	2	-7	-8
- Increase in Net Working Capital	7	2	14	-23	2	15	2	1
+/- Other	0	-11	-12	-3	-1	-2	-2	-2
= Cash flow from operations	35	27	49	21	57	75	64	73
- Capex	-10	-23	-36	-20	-24	-170	-23	-23
- Acquisitions	-17	-79	0	0	0	-40	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	8	-74	13	1	34	-135	41	50
+/- New issues/buybacks	-2	24	-25	0	-8	0	0	0
- Paid dividend	-3	-3	-2	0	-5	-7	-8	-9
+/- Other	7	53	5	-14	-30	171	-31	-40
Change in cash	10	-1	-9	-14	-9	30	1	1

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	195	346	212	285	248	248	248
Net debt (excl. convertibles)	181	194	195	195	336	304	263
Enterprise value	391	557	417	493	594	561	519
Sales	488	519	509	578	681	709	730
EBITDA	46	55	55	65	67	77	88
EBIT	14	21	21	30	30	42	45
Pre-tax	11	17	17	27	24	36	39
Earnings	5	14	12	20	24	27	29
Equity book value (excl. minorities)	121	101	110	117	134	153	173
<b>Valuation multiples</b>							
EV/sales	0.8	1.1	0.8	0.9	0.9	0.8	0.7
EV/EBITDA	8.5	10.1	7.6	7.5	8.9	7.3	5.9
EV/EBITA	27.1	26.6	20.0	16.3	19.7	13.3	11.5
EV/EBIT	27.1	26.6	20.0	16.3	19.7	13.3	11.5
EV/OCF	14.3	11.3	20.2	8.6	7.9	8.8	7.1
EV/FCFF	-11.7	20.3	33.0	10.7	17.6	10.7	7.9
P/FCFE	-2.6	27.0	353.6	8.4	-1.8	6.1	4.9
P/E	42.4	24.9	18.4	14.0	10.5	9.2	8.6
P/B	1.6	3.4	1.9	2.4	1.8	1.6	1.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.4	7.7	6.3
Target EV/EBIT	0.0	0.0	0.0	0.0	20.7	14.0	12.2
Target EV/FCF	0.0	0.0	0.0	0.0	-4.6	14.6	10.9
Target P/B	0.0	0.0	0.0	0.0	2.1	1.8	1.6
Target P/E	0.0	0.0	0.0	0.0	11.9	10.4	9.7
<b>Per share measures</b>							
Number of shares	22,620	22,620	22,618	22,584	22,584	22,584	22,584
Number of shares (diluted)	22,620	22,620	22,618	22,584	22,584	22,584	22,584
EPS	0.20	0.61	0.51	0.90	1.05	1.20	1.29
Operating cash flow per share	1.21	2.17	0.91	2.54	3.32	2.81	3.25
Free cash flow per share	-3.29	0.57	0.03	1.50	-5.97	1.79	2.23
Book value per share	5.36	4.47	4.85	5.20	5.95	6.78	7.64
Dividend per share	0.10	0.00	0.20	0.30	0.37	0.42	0.45
Dividend payout ratio, %	49.2	0.0	39.3	33.2	35.0	35.0	35.0
Dividend yield, %	1.2	0.0	2.1	2.4	3.3	3.8	4.1
FCF yield, %	-38.2	3.7	0.3	11.8	-54.2	16.3	20.3
<b>Efficiency measures</b>							
ROE	4.2	12.5	10.9	18.0	18.8	18.8	17.8
ROCE	5.4	6.2	6.4	9.4	7.2	8.4	9.2
<b>Financial ratios</b>							
Inventories as % of sales	0.5	0.4	0.7	0.6	0.5	0.5	0.5
Receivables as % of sales	8.2	9.1	15.3	16.0	8.1	8.1	8.1
Non-interest bearing liabilities as % of sales	16.3	19.7	21.5	21.7	15.0	15.0	15.0
NWC/sales, %	-8.0	-10.2	-6.0	-5.6	-6.9	-6.9	-6.9
Operative CAPEX/sales, %	4.6	7.0	3.9	4.1	24.9	3.3	3.2
CAPEX/sales (incl. acquisitions), %	-11.6	7.0	3.9	4.1	19.1	3.3	3.2
FCFF/EBITDA	-0.7	0.5	0.2	0.7	0.5	0.7	0.7
Net debt/EBITDA, book-weighted	3.9	3.5	3.6	3.0	5.0	3.9	3.0
Debt/equity, market-weighted	0.5	0.3	0.4	0.3	0.5	0.5	0.3
Equity ratio, book-weighted	29.8	24.2	26.0	26.8	22.4	25.8	29.8
Gearing, %	138.7	182.9	169.5	158.8	241.0	192.0	147.9

**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	%
LähiTapiola Keskinäinen Vakuutusyhtiö	3,481,641	38.298	15.4%
Mww Yhtiö Oy	2,309,010	25.399	10.2%
Fennia Mutual Insurance Company	1,998,965	21.989	8.9%
Tapiola Keskinäinen Henkivakuutusyhtiö	1,893,985	20.834	8.4%
Elo Pension Company	1,267,161	13.939	5.6%
Niemistö Leena Katriina	704,687	7.752	3.1%
Ilmarinen Mutual Pension Insurance Company	628,431	6.913	2.8%
Fondita Nordic Micro Cap	470,000	5.170	2.1%
Fennia Life Insurance Company Ltd	322,443	3.547	1.4%
OP-Finland Small Firms Fund	305,644	3.362	1.4%
Ten largest	13,381,967	147.202	59%
Residual	9,202,420	101.227	41%
Total	22,584,387	248.428	100%

**EARNINGS CALENDAR**

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

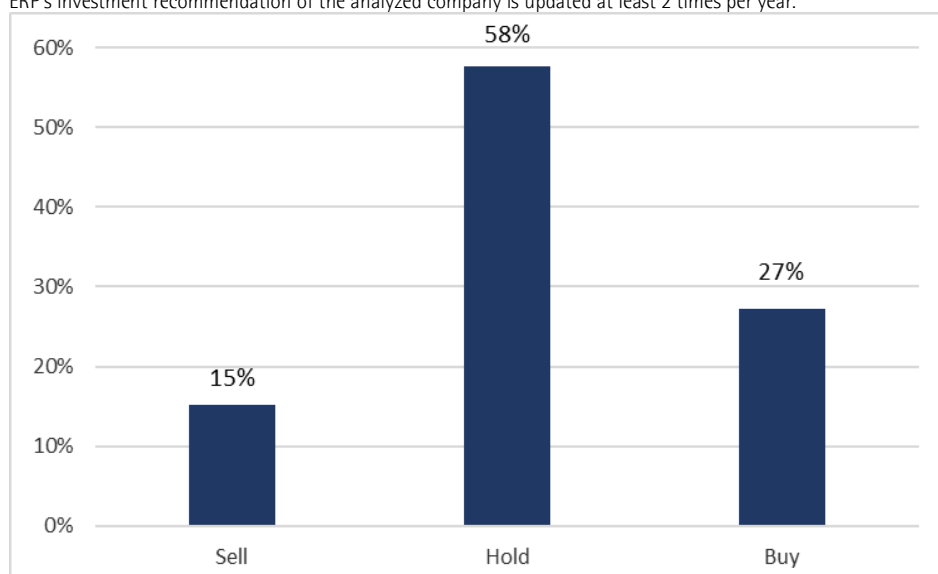
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Investment recommendations are defined as follows:

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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