

Focus shifts towards bottom line

Pihlajalinna reports Q4 results on Feb 17. Last year the company positioned itself for growth, while this year focus rests more on profitability enhancing initiatives.

Less growth and more earnings this year

Pihlajalinna revised FY '22 guidance down in Q4 as the factors which hit EBITA earlier in the year persisted. Capacity additions hurt earnings especially in H1, while certain cost inflation and productivity issues continued to weigh H2. Covid-19 services have also been missing, but other than that there have been no demand side issues. Organic growth has been robust, and the Pohjola Hospital acquisition helped the company grow at a high-teens rate in FY '22. We make no changes to our Q4 estimates. We estimate 3% growth for FY '23 and ca. EUR 10m profitability increase; we expect Pihlajalinna to guide flat growth and increasing EBITA for the year as the company is now done with its late capacity expansion and will focus on enhancing margins.

Capacity costs have been accompanied by other items

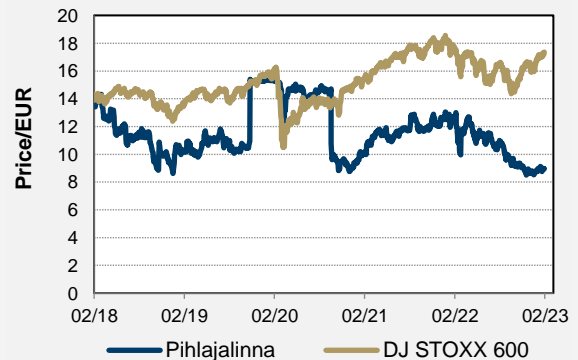
The two larger Finnish players, Mehiläinen and Terveystalo, had major issues last year despite strong growth. Mehiläinen, more than twice the size of Pihlajalinna in revenue, saw its profitability decrease by ca. EUR 35m due to many issues such as inflation and labor shortages. Pihlajalinna likewise has endured some cost inflation as well as labor issues due to both high sick rates and tight availability of recruits. The announced negotiations play their part in managing costs, while Pihlajalinna also divests its EUR 16m dental business, a small alleviation to the indebtedness issues. Price hikes prop top line in FY '23, but we would also like to hear views on volumes. Public queues need to be dealt with, one area which could add volumes. Organic growth outlook is decent; there are minor top line headwinds due to the dental divestment as well as outsourcing restructurings, but these represent only ca. 5% of revenue and support margins.

Valuation unchanged and relatively undemanding

Pihlajalinna's valuation, 14x EV/EBIT on our FY '23 estimates, hasn't changed in the past few months, while peer multiples have seen some gains. In our view the valuation leaves adequate upside potential as the roughly 5% EBIT margin we estimate for the year remains well short of the company's long-term earnings potential. We retain our EUR 10 TP and BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 8.97

Target price, EUR 10.0

Latest change in 22-Feb-21

Latest report on company 22-Nov-22

Research paid by issuer: YES

No. of shares outstanding, 22,584

No. of shares fully diluted, 22,584

Market cap, EURm 203

Free float, % 80.1

Exchange rate -

Reuters code PIHLIS.HE

Bloomberg code PIHLIS FH

Average daily volume, EURm 0.1

Next interim report 17-Feb-23

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

Analyst Joonas Ilvonen

 E-mail joonas.ilvonen@evli.com

Telephone +358 44 430 9071

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	679.9	25.5	3.8%	-137.3	0.92	9.8	0.8	21.5	-67.8	0.25	
2023E	700.9	36.1	5.2%	36.9	0.97	9.3	0.7	14.3	18.2	0.35	
2024E	722.2	42.2	5.8%	44.7	1.21	7.4	0.7	11.4	22.1	0.42	
Market cap, EURm			203	Gearing 2022E, %			248.0	CAGR EPS 2021-24, %			10.2
Net debt 2022E, EURm			339	Price/book 2022E			1.5	CAGR sales 2021-24, %			7.7
Enterprise value, EURm			549	Dividend yield 2022E, %			2.8	ROE 2022E, %			16.7
Total assets 2022E, EURm			622	Tax rate 2022E, %			-17.7	ROCE 2022E, %			6.1
Goodwill 2022E, EURm			189	Equity ratio 2022E, %			22.0	PEG, P/E 22/CAGR			0.7

Estimates and valuation

Net sales	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22E	2022E
Corporate Customers	120.7	137.6	49.3	56.0	52.8	59.0	217.1
of which insurance companies	31.4	34.8	20.4	25.6	23.3	26.8	96.1
of which other corporates	89.3	102.8	28.9	30.4	29.5	32.2	121.0
Private Customers	81.1	85.5	22.8	27.4	23.9	26.3	100.4
Public sector customers	372.4	427.7	109.2	108.8	106.3	112.4	436.7
Total	508.7	577.8	163.1	173.7	165.4	177.8	680.0
Net sales growth							
Corporate Customers	-1.1%	14.6%	42.1%	71.3%	69.2%	52.0%	57.8%
Private Customers	-17.1%	5.6%	6.5%	26.9%	26.5%	13.0%	17.5%
Public sector customers	3.3%	14.5%	7.0%	2.0%	-1.7%	1.0%	2.1%
Total	-1.9%	13.5%	16.6%	21.9%	17.6%	14.9%	17.7%
Adj. EBITA (group)	27.5	37.3	7.8	7.3	9.4	9.0	33.5
Adj. EBITA-margin (group)	5.4%	6.5%	4.8%	4.2%	5.7%	5.1%	4.9%

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	296	7.1x	6.6x	6.1x	17.3x	16.1x	14.0x	6.8 %	6.7 %	7.4 %
Attendo AB	358	8.4x	6.9x	6.2x	30.9x	17.6x	14.3x	4.1 %	6.4 %	7.5 %
CareTech Holdings										
Fresenius SE	16074	8.1x	8.1x	7.3x	13.8x	13.9x	12.2x	9.6 %	9.3 %	10.1 %
Humana	74	7.4x	5.7x	5.5x	15.6x	11.3x	10.9x	4.5 %	4.9 %	5.4 %
Korian	1008	8.3x	7.7x	7.1x	22.7x	21.1x	19.3x	8.5 %	8.3 %	8.5 %
LNA Sante	315	8.5x	8.0x	7.2x	17.4x	16.8x	15.1x	8.9 %	8.5 %	8.9 %
Mediclinic International	4139	10.8x	10.1x	9.6x	18.5x	17.1x	16.0x	9.7 %	10.1 %	10.4 %
Orpea	158	15.5x	13.4x	11.5x	82.5x	57.8x	35.7x	3.2 %	4.1 %	6.1 %
Spire Healthcare Group	1139	9.4x	8.7x	7.9x	18.2x	15.4x	13.6x	9.1 %	10.6 %	11.4 %
Terveystalo	925	7.7x	7.9x	7.0x	21.6x	16.6x	12.8x	5.0 %	6.9 %	8.6 %
Peer Group Average	2449	9.1x	8.3x	7.5x	25.9x	20.4x	16.4x	6.9 %	7.6 %	8.4 %
Peer Group Median	641	8.4x	7.9x	7.1x	18.4x	16.7x	14.2x	7.6 %	7.6 %	8.5 %
Pihlajalinna (Evli est.)	203	8.9x	7.3x	5.9x	21.5x	14.3x	11.4x	3.8 %	5.2 %	5.8 %

Pihlajalinna prem./disc. to peer median

Source FactSet, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2	2022Q3	2022Q4E	2022E	2023E	2024E
Net sales	139.9	142.6	140.6	154.7	577.8	163.0	173.8	165.3	177.8	679.9	700.9	722.2
EBITDA	15.2	15.9	19.3	14.9	65.3	16.4	16.8	18.8	17.5	62.0	70.8	81.3
<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>11.4</i>	<i>9.8</i>	<i>9.1</i>	<i>10.1</i>	<i>11.3</i>
EBIT	6.7	7.1	10.6	5.9	30.3	5.9	5.3	7.3	7.0	25.5	36.1	42.2
<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>4.4</i>	<i>3.9</i>	<i>3.8</i>	<i>5.2</i>	<i>5.8</i>
Net financial items	-0.9	-1.0	-0.8	-1.1	-3.8	-1.5	-1.6	-2.0	-1.6	-6.8	-7.2	-6.5
Pre-tax profit	5.8	6.1	9.8	4.8	26.5	4.4	3.7	5.3	5.4	18.7	28.9	35.7
Tax	-1.1	-1.1	-1.7	-1.2	-5.1	5.2	-0.3	-0.5	-1.1	3.3	-5.8	-7.1
<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>9.4</i>	<i>20.0</i>	<i>-17.7</i>	<i>20.0</i>	<i>20.0</i>
Net profit	4.6	5.2	7.9	2.7	20.4	6.9	3.8	5.6	4.6	20.8	21.8	27.3
EPS	0.20	0.23	0.35	0.12	0.90	0.31	0.17	0.25	0.20	0.92	0.97	1.21
EPS adjusted (diluted no. of shares)	0.20	0.23	0.35	0.12	0.90	0.31	0.17	0.25	0.20	0.92	0.97	1.21
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.25	0.35	0.42
SALES, EURm												
Corporate Customers	34.7	32.7	31.2	39.0	137.6	49.3	58.1	52.7	59.0	219.1	234.4	246.1
Private Customers	21.4	21.7	18.8	23.6	85.5	22.8	28.2	23.9	26.3	101.2	104.8	107.9
Public sector customers	102.1	106.7	108.1	110.8	427.7	109.2	106.1	106.3	112.4	434.0	438.4	447.1
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	165.3	177.8	679.9	700.9	722.2
SALES GROWTH, Y/Y %												
<i>Corporate Customers</i>	<i>5.5</i>	<i>17.6</i>	<i>1.6</i>	<i>33.1</i>	<i>14.0</i>	<i>42.1</i>	<i>77.7</i>	<i>68.9</i>	<i>51.2</i>	<i>59.2</i>	<i>7.0</i>	<i>5.0</i>
<i>Private Customers</i>	<i>-8.9</i>	<i>47.6</i>	<i>-3.6</i>	<i>0.9</i>	<i>5.4</i>	<i>6.5</i>	<i>30.0</i>	<i>27.1</i>	<i>11.6</i>	<i>18.4</i>	<i>3.5</i>	<i>3.0</i>
<i>Public sector customers</i>	<i>10.3</i>	<i>21.1</i>	<i>21.6</i>	<i>7.8</i>	<i>14.8</i>	<i>7.0</i>	<i>-0.6</i>	<i>-1.7</i>	<i>1.5</i>	<i>1.5</i>	<i>1.0</i>	<i>2.0</i>
<i>Eliminations</i>	<i>14.4</i>	<i>16.4</i>	<i>14.8</i>	<i>1.6</i>	<i>11.4</i>	<i>0.0</i>	<i>0.5</i>	<i>0.6</i>	<i>6.6</i>	<i>2.0</i>	<i>3.0</i>	<i>3.0</i>
Total	5.2	24.3	13.5	12.8	13.6	16.5	21.9	17.6	14.9	17.7	3.1	3.0
EBIT, EURm												
Group	6.7	7.1	10.6	5.9	30.3	5.9	5.3	7.3	7.0	25.5	36.1	42.2
Total	6.7	7.1	10.6	5.9	30.3	5.9	5.3	7.3	7.0	25.5	36.1	42.2
EBIT margin, %												
<i>Total</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>4.4</i>	<i>3.9</i>	<i>3.8</i>	<i>5.2</i>	<i>5.8</i>

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	424.0	487.8	518.7	508.7	577.8	679.9	700.9	722.2
<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>17.7</i>	<i>3.1</i>	<i>3.0</i>
EBITDA	34.3	45.9	55.1	54.7	65.3	62.0	70.8	81.3
<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>9.1</i>	<i>10.1</i>	<i>11.3</i>
Depreciation	-14.2	-31.5	-34.2	-33.8	-35.0	-36.5	-34.7	-39.1
EBITA	20.1	14.4	20.9	20.9	30.3	25.5	36.1	42.2
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	25.5	36.1	42.2
<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>3.8</i>	<i>5.2</i>	<i>5.8</i>
Reported EBIT	19.2	13.8	10.2	18.3	30.3	25.5	36.1	42.2
<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>3.8</i>	<i>5.2</i>	<i>5.8</i>
Net financials	-1.4	-3.8	-4.0	-4.4	-3.8	-6.8	-7.2	-6.5
Pre-tax profit	18.7	10.6	16.9	16.5	26.5	18.7	28.9	35.7
Taxes	-3.4	-2.7	-1.9	-4.8	-5.1	3.3	-5.8	-7.1
Minority shares	-4.6	-3.3	-1.1	-0.2	-1.0	-1.2	-1.3	-1.3
Net profit	9.8	4.0	3.2	8.9	20.4	20.8	21.8	27.3
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	83	68	74	66	67	97	97	89
Goodwill	104	170	174	174	189	189	189	189
Right of use assets	0	116	108	103	96	238	224	217
Inventory	2	3	2	3	4	3	4	4
Receivables	25	40	47	78	93	55	56	58
Liquid funds	37	36	27	13	4	34	35	36
Total assets	254	437	438	442	457	622	611	598
Liabilities								
Shareholder's equity	100	121	101	110	117	131	148	167
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	224	217
Deferred taxes	6	6	6	6	6	6	6	6
Interest bearing debt	77	99	107	94	93	135	118	90
Non-interest bearing current liabilities	62	80	102	109	125	102	105	108
Other interest-free debt	3	3	2	3	4	4	4	4
Total liabilities	254	437	438	442	457	622	611	598
CASH FLOW, EURm								
+ EBITDA	34	46	55	55	65	62	71	81
- Net financial items	-1	-4	-4	-4	-4	-7	-7	-6
- Taxes	-5	-5	-4	-4	-5	3	-6	-7
- Increase in Net Working Capital	7	2	14	-23	2	15	1	1
+/- Other	0	-11	-12	-3	-1	-1	-1	-1
= Cash flow from operations	35	27	49	21	57	72	58	68
- Capex	-10	-23	-36	-20	-24	-169	-21	-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	-137	37	45
+/- New issues/buybacks	-2	24	-25	0	-8	0	0	0
- Paid dividend	-3	-3	-2	0	-5	-7	-6	-8
+/- Other	7	53	5	-14	-30	174	-30	-36
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	203	203	203
Net debt (excl. convertibles)	181	194	195	195	339	308	271
Enterprise value	391	557	417	493	549	517	480
Sales	488	519	509	578	680	701	722
EBITDA	46	55	55	65	62	71	81
EBIT	14	21	21	30	26	36	42
Pre-tax	11	17	17	27	19	29	36
Earnings	5	14	12	20	21	22	27
Equity book value (excl. minorities)	121	101	110	117	131	148	167
Valuation multiples							
EV/sales	0.8	1.1	0.8	0.9	0.8	0.7	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	21.5	14.3	11.4
EV/EBIT	27.1	26.6	20.0	16.3	21.5	14.3	11.4
EV/OCF	14.3	11.3	20.2	8.6	7.6	8.9	7.1
EV/FCFF	-11.7	20.3	33.0	10.7	17.6	11.0	8.1
P/FCFE	-2.6	27.0	353.6	8.4	-1.5	5.5	4.5
P/E	42.4	24.9	18.4	14.0	9.8	9.3	7.4
P/B	1.6	3.4	1.9	2.4	1.5	1.4	1.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.2	7.6	6.2
Target EV/EBIT	0.0	0.0	0.0	0.0	22.3	14.9	11.9
Target EV/FCF	0.0	0.0	0.0	0.0	-4.2	14.6	11.2
Target P/B	0.0	0.0	0.0	0.0	1.7	1.5	1.4
Target P/E	0.0	0.0	0.0	0.0	10.9	10.3	8.3
Per share measures							
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	0.92	0.97	1.21
Operating cash flow per share	1.21	2.17	0.91	2.54	3.19	2.56	3.00
Free cash flow per share	-3.29	0.57	0.03	1.50	-6.08	1.63	1.98
Book value per share	5.36	4.47	4.85	5.20	5.82	6.53	7.39
Dividend per share	0.10	0.00	0.20	0.30	0.25	0.35	0.42
Dividend payout ratio, %	49.2	0.0	39.3	33.2	27.2	36.2	35.0
Dividend yield, %	1.2	0.0	2.1	2.4	2.8	3.9	4.7
FCF yield, %	-38.2	3.7	0.3	11.8	-67.8	18.2	22.1
Efficiency measures							
ROE	4.2	12.5	10.9	18.0	16.7	15.6	17.3
ROCE	5.4	6.2	6.4	9.4	6.1	7.2	8.7
Financial ratios							
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	3.0	3.2
CAPEX/sales (incl. acquisitions), %	-11.6	7.0	3.9	4.1	19.0	3.0	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	5.5	4.3	3.3
Debt/equity, market-weighted	0.5	0.3	0.4	0.3	0.7	0.6	0.4
Equity ratio, book-weighted	29.8	24.2	26.0	26.8	22.0	25.0	28.8
Gearing, %	138.7	182.9	169.5	158.8	248.0	201.3	157.3

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	31.230	15.4%
Mww Yhtiö Oy	2,309,010	20.712	10.2%
Fennia Mutual Insurance Company	1,998,965	17.931	8.9%
Tapiola Keskinäinen Henkivakuutusyhtiö	1,893,985	16.989	8.4%
Elo Pension Company	1,267,161	11.366	5.6%
Niemistö Leena Katriina	704,687	6.321	3.1%
Ilmarinen Mutual Pension Insurance Company	628,431	5.637	2.8%
Fondita Nordic Micro Cap	470,000	4.216	2.1%
Fennia Life Insurance Company Ltd	322,443	2.892	1.4%
OP-Finland Small Firms Fund	305,644	2.742	1.4%
Ten largest	13,381,967	120.036	59%
Residual	9,202,420	82.546	41%
Total	22,584,387	202.582	100%

EARNINGS CALENDAR

February 17, 2023	FY 2022 Results
April 28, 2023	Q1 report
August 11, 2023	Q2 report
November 03, 2023	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Joni Aaltonen	Kehräsaari B, 33200 Tampere
CFO: Tarja Rantala	Tel:
IR: Tuula Lehto	

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

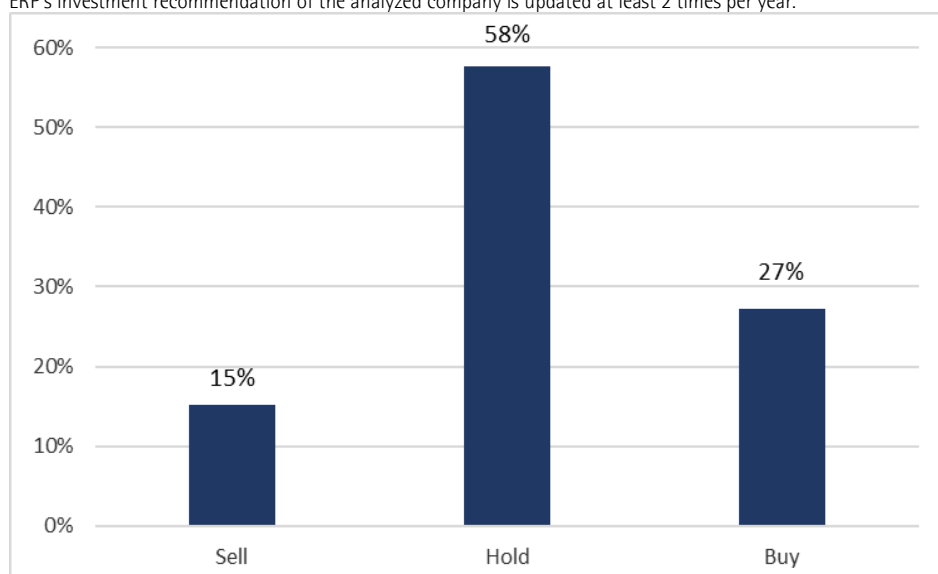
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Investment recommendations are defined as follows:

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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Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg	+358 9 4766 9123
Ari Laine	+358 9 4766 9115
Kimmo Lilja	+358 9 4766 9130

Trading

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

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
Teemu Reiman	+358 40 352 6175

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
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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