

Focus on the tender offer

Pihlajalinna's Q2 result was close to expectations. Revenue decreased by 11.6% y/y and was EUR 114.7m while adj. EBIT totaled EUR 0.6m. The tender offer by Mehiläinen is being under review of the FCCA and if approved, the process is expected to be completed during Q3. We keep our rating "HOLD" with TP of EUR 16.0.

The pandemic hampered especially non-urgent healthcare

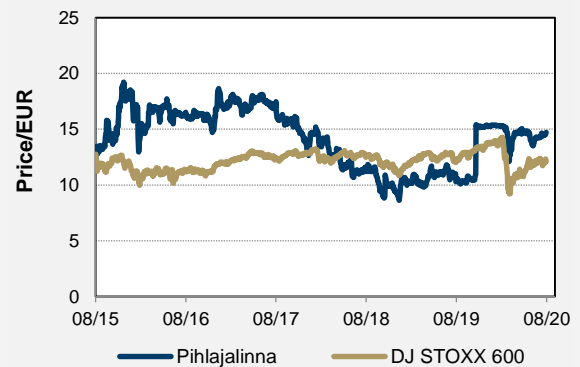
Pihlajalinna's April-June revenue of EUR 114.7m (-11.6% y/y) was slightly above our expectation of EUR 112.1m. Adj. EBITDA was EUR 9.0m vs. our EUR 9.1m and adj. EBIT was EUR 0.6m vs. our EUR 0.2m. Complete outsourcings and other fixed priced invoicing supported the company throughout Q2 (profitability of these remains relatively stable despite of the demand situation). The situation didn't also have significant impacts on the demand of housing services for elderly, recruitment services, public surgical operations or fertility treatments. Customer flows and demand decreased especially in private clinics and dental clinics. Revenue of Forever-fitness centers declined by over 80 percent y/y, resulting from the temporarily closure of the centers.

Releasing pent-up demand

According to the company, the biggest drop in demand is now behind and as the pent-up demand has started to release, the customer flows in private clinics, occupational healthcare services and dental care services have recovered relatively well and the demand is closer to a normal situation. As the restrictions impacted the most on the demand of non-urgent healthcare services, there are bottlenecks in the treatment queues especially on the public side. This could potentially further increase the customer flows of the private sector. However, the increasing number of new coronavirus infections is indicating a new wave, which increases uncertainties and makes the visibility of H2 blurry.

"HOLD" with TP of EUR 16.0

The tender offer by Mehiläinen is currently being under review of the FCCA (phase two investigation). The deadline for the investigation is 27th of August (plus possible extension period). Based on the current information, if the tender offer is approved, the process is expected to be completed during Q3. We have only made minor adjustment to our estimates after the Q2 result. We expect 20E revenue of EUR 517m (-0.3% y/y) and adj. EBIT of EUR 22.3m. We keep our TP at the tender offer price of EUR 16.0 and retain our rating "HOLD".

 Rating HOLD

 Share price, EUR (Last trading day's closing price) 14.70

 Target price, EUR 16.0

 Latest change in rating 11-May-20

 Latest report on company 10-Aug-20

 Research paid by issuer: YES

 No. of shares outstanding, '000's 22,573

 No. of shares fully diluted, '000's 22,573

 Market cap, EURm 332

 Free float, % 79.0

 Exchange rate 0.000

 Reuters code PIHLIS.HE

 Bloomberg code PIHLIS FH

 Average daily volume, EURm na.

 Next interim report 04-Nov-20

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KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	487.8	14.4	3.0%	-74.5	0.20	42.4	0.8	27.1	-38.2	0.10
2019	518.7	20.9	4.0%	9.6	0.47	32.3	1.1	26.6	2.8	0.00
2020E	517.2	22.3	4.3%	1.8	0.50	29.6	1.0	24.1	0.5	0.16
2021E	557.7	32.8	5.9%	16.8	0.86	17.1	0.9	16.0	5.1	0.28
2022E	574.5	37.3	6.5%	22.3	1.06	13.9	0.9	13.6	6.7	0.35
Market cap, EURm		332	Gearing 2020E, %			165.2	CAGR EPS 2019-22, %			30.7
Net debt 2020E, EURm		192	Price/book 2020E			3.0	CAGR sales 2019-22, %			3.5
Enterprise value, EURm		539	Dividend yield 2020E, %			1.1	ROE 2020E, %			10.5
Total assets 2020E, EURm		429	Tax rate 2020E, %			20.1	ROCE 2020E, %			6.6
Goodwill 2020E, EURm		174	Equity ratio 2020E, %			27.1	PEG, P/E 20/CAGR			1.5

Estimates

Net sales	2017	2018	Q1'19	Q2'19	Q3'19	Q4'19	2019	Q1'20	Q2'20	Q3'20E	Q4'20E	2020E
Corporate Customers	82.6	103.7	31.6	30.3	27.0	32.8	121.7	32.9	27.8	29.3	36.5	126.6
of which insurance companies	26.6	25.2	7.1	6.7	5.9	7.9	27.6	8.3	6.6	7.3	9.4	31.6
of which other corporates	56.0	78.5	24.5	23.6	21.1	24.9	94.1	24.6	21.2	22.0	27.1	95.0
Private Customers	67.9	92.1	26.5	25.6	21.1	24.9	98.1	23.5	14.7	21.5	27.4	87.1
Public sector customers	330.5	349.7	89.3	89.6	90.0	91.9	360.8	92.6	88.1	92.3	94.2	367.2
Total	424.0	487.8	132.5	129.7	122.7	133.8	518.6	133.0	114.7	127.5	142.0	517.2
Net sales growth												
Corporate Customers	-	25.5%	20.6%	19.6%	18.4%	11.6%	17.3%	4.1%	-8.1%	8.7%	11.4%	4.1%
Private Customers	-	35.6%	19.4%	5.1%	0.5%	1.2%	6.5%	-11.3%	-42.5%	2.0%	10.0%	-11.2%
Public sector customers	-	5.8%	4.9%	-0.8%	5.0%	3.7%	3.2%	3.7%	-1.7%	2.6%	2.5%	1.8%
Total	6.2%	15.0%	11.1%	3.5%	5.5%	5.4%	6.3%	0.4%	-11.6%	3.9%	6.2%	-0.3%
Adj. EBITDA (group)	34.0	45.9	12.6	10.8	17.4	14.4	55.2	12.7	9.0	18.7	16.5	56.9
Adj. EBITDA-margin (group)	8.0%	9.4%	9.5%	8.3%	14.2%	10.8%	10.6%	9.5%	7.8%	14.7%	11.6%	11.0%

Source: Pihlajalinna, Evli Research

Valuation

PIHLAJALINNA PEER GROUP	Security identifier	MCAP Local FX	EV/EBITDA			EV/EBIT			P/E		
			20	21	22	20	21	22	20	21	22
Ambea AB	AMBEA-SE	5260	8.3x	6.9x	6.2x	18.0x	13.9x	12.0x	12.6x	9.5x	8.5x
Attendo AB	ATT-SE	7286	9.6x	8.4x	7.6x		22.0x	18.2x	62.9x	25.0x	17.2x
CareTech Holdings PLC	CTH-GB	502	9.5x	8.6x	7.8x	13.1x	11.2x	9.8x	10.9x	9.5x	8.5x
Fresenius SE & Co. KGaA	FRE-DE	21392	6.2x	5.5x	4.9x	9.5x	8.4x	7.4x	12.0x	10.7x	9.8x
Georgia Healthcare Group Plc	GHG-GB	92									
GHP Specialty Care AB	GHP-SE	1507	10.2x	8.9x	8.3x	23.6x	18.8x	17.5x	35.8x	26.5x	24.7x
Humana AB	HUM-SE	2843	7.9x	7.3x	6.7x	14.2x	12.7x	11.6x	11.6x	10.3x	9.3x
Korian SA	KORI-FR	2737	8.7x	7.6x	7.6x	24.5x	19.4x	18.5x	29.4x	17.3x	14.8x
LNA Sante SA	LNA-FR	493	10.8x	9.6x	8.7x	23.6x	19.3x	17.1x	27.3x	19.7x	17.9x
Mediclinic International Plc	MDC-GB	1959	10.1x	7.2x	6.6x	19.2x	11.9x	10.9x	22.4x	10.6x	9.8x
Orpea SA	ORP-FR	6925	16.3x	14.3x	13.2x	34.4x	28.5x	26.5x	37.6x	26.5x	24.0x
RHON-KLINIKUM AG	RHK-DE	1171							67.3x	40.7x	
Spire Healthcare Group PLC	SPI-GB	339	10.1x	8.8x	7.2x	23.6x	18.0x	13.8x		48.1x	25.2x
Terveystalo Oy Class A	TTALO-FI	1133	11.3x	8.7x	7.6x	29.5x	17.0x	13.9x	28.9x	16.6x	14.0x
Peer Group Median		3937	9.8x	8.5x	7.6x	23.6x	17.5x	13.9x	28.1x	17.3x	14.4x
Peer Group Average		1733	9.9x	8.5x	7.7x	21.2x	16.8x	14.8x	29.9x	20.8x	15.3x
Pihlajalinna (Evli est.)		332	9.5x	7.5x	6.9x	24.1x	16.0x	13.6x	29.6x	17.1x	13.9x

Pihlajalinna premium/discount to peer median

-4 % -11 % -9 % 2 % -8 % -2 % 5 % -2 % -3 %

Source: Factset, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	132.5	129.7	122.7	133.8	518.7	133.0	114.7	127.5	142.0	517.2	557.7	574.5
EBITDA	12.5	10.9	17.4	14.3	55.1	12.7	9.0	18.7	16.5	56.9	69.7	73.7
<i>EBITDA margin (%)</i>	<i>9.4</i>	<i>8.4</i>	<i>14.2</i>	<i>10.7</i>	<i>10.6</i>	<i>9.5</i>	<i>7.8</i>	<i>14.7</i>	<i>11.6</i>	<i>11.0</i>	<i>12.5</i>	<i>12.8</i>
EBIT	3.9	2.1	9.3	5.6	20.9	4.2	0.6	9.9	7.6	22.3	32.8	37.3
<i>EBIT margin (%)</i>	<i>2.9</i>	<i>1.6</i>	<i>7.6</i>	<i>4.2</i>	<i>4.0</i>	<i>3.2</i>	<i>0.5</i>	<i>7.8</i>	<i>5.4</i>	<i>4.3</i>	<i>5.9</i>	<i>6.5</i>
Net financial items	-1.0	-1.0	-1.0	-1.0	-4.0	-1.4	-1.0	-1.3	-1.2	-4.9	-5.0	-4.0
Pre-tax profit	2.9	1.1	8.3	4.6	16.9	2.8	-0.4	8.6	6.4	17.4	27.8	33.3
Tax	-0.7	-0.3	-0.3	-0.6	-1.9	-0.6	0.1	-1.7	-1.3	-3.5	-5.6	-6.7
<i>Tax rate (%)</i>	<i>24.1</i>	<i>27.3</i>	<i>3.6</i>	<i>13.0</i>	<i>11.2</i>	<i>21.4</i>	<i>25.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.1</i>	<i>20.0</i>	<i>20.0</i>
Net profit	1.8	-0.1	6.6	2.4	10.7	2.1	0.0	5.7	3.4	11.2	19.4	23.9
EPS	0.08	0.00	0.29	0.11	0.47	0.09	0.00	0.25	0.15	0.50	0.86	1.06
EPS adjusted (diluted no. of shares)	0.08	0.00	0.29	0.11	0.47	0.09	0.00	0.25	0.15	0.50	0.86	1.06
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.16	0.28	0.35
SALES, EURm												
Corporate Customers	31.6	30.3	27.0	32.8	121.7	32.9	27.8	29.3	36.5	126.6	144.6	149.0
Private Customers	26.5	25.6	21.1	24.9	98.1	23.5	14.7	21.5	27.4	87.1	97.6	100.5
Public sector customers	89.3	89.6	90.0	91.9	360.8	92.6	88.1	92.3	94.2	367.2	380.6	392.0
Eliminations	-14.9	-15.7	-15.4	-15.8	-61.8	-16.0	-15.9	-15.7	-16.2	-63.8	-65.0	-67.0
Total	132.5	129.7	122.7	133.8	518.7	133.0	114.7	127.5	142.0	517.2	557.7	574.5
SALES GROWTH, Y/Y %												
<i>Corporate Customers</i>	<i>14.1</i>	<i>27.1</i>	<i>8.9</i>	<i>11.6</i>	<i>15.1</i>	<i>4.1</i>	<i>-8.1</i>	<i>8.7</i>	<i>11.4</i>	<i>4.1</i>	<i>14.2</i>	<i>3.0</i>
<i>Private Customers</i>	<i>19.4</i>	<i>5.1</i>	<i>1.0</i>	<i>1.2</i>	<i>6.6</i>	<i>-11.3</i>	<i>-42.5</i>	<i>2.0</i>	<i>10.0</i>	<i>-11.2</i>	<i>12.0</i>	<i>3.0</i>
<i>Public sector customers</i>	<i>6.9</i>	<i>-2.5</i>	<i>7.5</i>	<i>3.7</i>	<i>3.8</i>	<i>3.7</i>	<i>-1.7</i>	<i>2.6</i>	<i>2.5</i>	<i>1.8</i>	<i>3.6</i>	<i>3.0</i>
<i>Eliminations</i>	<i>4.9</i>	<i>6.8</i>	<i>17.6</i>	<i>1.3</i>	<i>7.3</i>	<i>7.4</i>	<i>1.3</i>	<i>2.0</i>	<i>2.3</i>	<i>3.2</i>	<i>2.0</i>	<i>3.0</i>
Total	11.2	3.5	5.5	5.4	6.3	0.4	-11.6	3.9	6.1	-0.3	7.8	3.0
EBIT, EURm												
Group	3.9	2.1	9.3	5.6	20.9	4.2	0.6	9.9	7.6	22.3	32.8	37.3
Total	3.9	2.1	9.3	5.6	20.9	4.2	0.6	9.9	7.6	22.3	32.8	37.3
EBIT margin, %												
<i>Total</i>	<i>2.9</i>	<i>1.6</i>	<i>7.6</i>	<i>4.2</i>	<i>4.0</i>	<i>3.2</i>	<i>0.5</i>	<i>7.8</i>	<i>5.4</i>	<i>4.3</i>	<i>5.9</i>	<i>6.5</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	213.4	399.1	424.0	487.8	518.7	517.2	557.7	574.5
<i>Sales growth (%)</i>	<i>43.3</i>	<i>87.0</i>	<i>6.2</i>	<i>15.0</i>	<i>6.3</i>	<i>-0.3</i>	<i>7.8</i>	<i>3.0</i>
EBITDA	12.7	29.4	34.3	45.9	55.1	56.9	69.7	73.7
<i>EBITDA margin (%)</i>	<i>6.0</i>	<i>7.4</i>	<i>8.1</i>	<i>9.4</i>	<i>10.6</i>	<i>11.0</i>	<i>12.5</i>	<i>12.8</i>
Depreciation	-8.0	-12.8	-14.2	-31.5	-34.2	-34.5	-37.0	-36.4
EBITA	4.7	16.6	20.1	14.4	20.9	22.3	32.8	37.3
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.7	16.6	20.1	14.4	20.9	22.3	32.8	37.3
<i>EBIT margin (%)</i>	<i>2.2</i>	<i>4.2</i>	<i>4.7</i>	<i>3.0</i>	<i>4.0</i>	<i>4.3</i>	<i>5.9</i>	<i>6.5</i>
Reported EBIT	3.9	15.1	19.2	13.8	10.2	21.4	32.8	37.3
<i>EBIT margin (reported) (%)</i>	<i>1.8</i>	<i>3.8</i>	<i>4.5</i>	<i>2.8</i>	<i>2.0</i>	<i>4.1</i>	<i>5.9</i>	<i>6.5</i>
Net financials	-2.3	-1.2	-1.4	-3.8	-4.0	-4.9	-5.0	-4.0
Pre-tax profit	2.4	15.4	18.7	10.6	16.9	17.4	27.8	33.3
Taxes	-0.1	-3.0	-3.4	-2.7	-1.9	-3.5	-5.6	-6.7
Minority shares	-0.8	-2.7	-4.6	-3.3	-4.3	-2.7	-2.8	-2.8
Net profit	0.7	8.2	9.8	4.0	0.0	10.3	19.4	23.9
Cash NRIs	-0.8	-1.5	-0.9	-0.6	-10.7	-0.9	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	69	67	83	68	74	70	68	67
Goodwill	76	92	104	170	174	174	174	174
Right of use assets	0	0	0	116	108	109	117	121
Inventory	2	2	2	3	2	3	3	3
Receivables	20	27	25	40	47	32	34	35
Liquid funds	15	28	37	36	27	36	39	40
Total assets	185	218	254	437	438	429	440	446
Liabilities								
Shareholder's equity	92	98	100	121	101	111	127	145
Minority interest	1	3	6	9	5	5	5	5
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	119	114	109	117	121
Deferred taxes	5	6	6	6	6	6	6	6
Interest bearing debt	42	52	77	99	107	120	101	83
Non-interest bearing current liabilities	42	55	62	80	102	75	81	83
Other interest-free debt	3	3	3	3	2	2	2	2
Total liabilities	185	217	254	437	438	429	440	446
CASH FLOW, EURm								
+ EBITDA	13	29	34	46	55	57	70	74
- Net financial items	-2	-1	-1	-4	-4	-5	-5	-4
- Taxes	0	-2	-5	-5	-4	-4	-6	-7
- Increase in Net Working Capital	9	8	7	2	14	-12	3	1
+/- Other	-2	-1	0	-11	-15	-4	-3	-3
= Cash flow from operations	18	32	35	27	46	33	60	62
- Capex	-48	-5	-10	-23	-36	-31	-43	-39
- Acquisitions	0	-22	-17	-79	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-30	6	8	-74	10	2	17	22
+/- New issues/buybacks	82	-1	-2	24	-22	0	0	0
- Paid dividend	0	0	-3	-3	-2	0	-4	-6
+/- Other	-48	7	7	53	5	7	-10	-15
Change in cash	4	12	10	-1	-9	9	3	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	380	275	195	346	332	332	332
Net debt (excl. convertibles)	25	40	181	194	192	179	163
Enterprise value	416	325	391	557	539	524	507
Sales	399	424	488	519	517	558	574
EBITDA	29	34	46	55	57	70	74
EBIT	17	20	14	21	22	33	37
Pre-tax	15	19	11	17	17	28	33
Earnings	10	11	5	11	11	19	24
Equity book value (excl. minorities)	98	100	121	101	111	127	145
Valuation multiples							
EV/sales	1.0	0.8	0.8	1.1	1.0	0.9	0.9
EV/EBITDA	14.2	9.5	8.5	10.1	9.5	7.5	6.9
EV/EBITA	25.1	16.2	27.1	26.6	24.1	16.0	13.6
EV/EBIT	25.1	16.2	27.1	26.6	24.1	16.0	13.6
EV/OCF	12.9	9.3	14.3	12.1	16.5	8.8	8.2
EV/FCFF	66.9	19.3	-11.7	20.3	22.2	10.6	10.0
P/FCFE	67.8	35.7	-2.6	36.0	183.7	19.8	14.9
P/E	39.1	25.7	42.4	32.3	29.6	17.1	13.9
P/B	3.9	2.7	1.6	3.4	3.0	2.6	2.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.8	7.8	7.2
Target EV/EBIT	0.0	0.0	0.0	0.0	25.0	16.7	14.2
Target EV/FCF	0.0	0.0	0.0	0.0	309.2	32.5	23.7
Target P/B	0.0	0.0	0.0	0.0	3.2	2.8	2.5
Target P/E	0.0	0.0	0.0	0.0	32.2	18.6	15.1
Per share measures							
Number of shares	20,613	20,613	22,620	22,620	22,573	22,573	22,573
Number of shares (diluted)	20,613	20,613	22,620	22,620	22,573	22,573	22,573
EPS	0.47	0.52	0.20	0.47	0.50	0.86	1.06
Operating cash flow per share	1.57	1.69	1.21	2.03	1.44	2.64	2.73
Free cash flow per share	0.27	0.37	-3.29	0.42	0.08	0.74	0.99
Book value per share	4.74	4.87	5.36	4.47	4.94	5.63	6.41
Dividend per share	0.15	0.16	0.10	0.00	0.16	0.28	0.35
Dividend payout ratio, %	31.9	30.8	49.2	0.0	33.0	33.0	33.0
Dividend yield, %	0.8	1.2	1.2	0.0	1.1	1.9	2.4
FCF yield, %	1.5	2.8	-38.2	2.8	0.5	5.1	6.7
Efficiency measures							
ROE	10.2	10.8	4.2	9.6	10.5	16.3	17.6
ROCE	11.7	12.2	5.4	6.2	6.6	9.4	10.6
Financial ratios							
Inventories as % of sales	0.5	0.5	0.5	0.4	0.5	0.5	0.5
Receivables as % of sales	6.7	5.9	8.2	9.1	6.2	6.2	6.2
Non-interest bearing liabilities as % of sales	13.8	14.6	16.3	19.7	14.5	14.5	14.5
NWC/sales, %	-6.9	-8.4	-8.0	-10.2	-7.9	-7.9	-7.9
Operative CAPEX/sales, %	1.3	2.4	4.6	7.0	6.0	7.7	6.8
CAPEX/sales (incl. acquisitions), %	-4.1	-1.6	-11.6	7.0	6.0	7.7	6.8
FCFF/EBITDA	0.2	0.5	-0.7	0.5	0.4	0.7	0.7
Net debt/EBITDA, book-weighted	0.8	1.2	3.9	3.5	3.4	2.6	2.2
Debt/equity, market-weighted	0.1	0.3	0.5	0.3	0.4	0.3	0.2
Equity ratio, book-weighted	46.4	41.8	29.8	24.2	27.1	30.0	33.6
Gearing, %	24.3	37.3	138.7	182.9	165.2	135.6	109.2

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	51.180	15.4%
Mww Yhtiö Oy	2,309,010	33.942	10.2%
Fennia Mutual Insurance Company	1,998,965	29.385	8.9%
Tapiola Keskinäinen Henkivakuutusyhtiö	1,891,385	27.803	8.4%
Elo Pension Company	1,267,161	18.627	5.6%
Niemistö Leena Katriina	703,475	10.341	3.1%
Ilmarinen Mutual Pension Insurance Company	490,000	7.203	2.2%
Fondita Nordic Micro Cap	470,000	6.909	2.1%
Fennia Life Insurance Company Ltd	265,528	3.903	1.2%
Sijoitusrahasto Taaleritehdas Mikro Markka	260,000	3.822	1.2%
Ten largest	13,137,165	193.116	58%
Residual	9,435,571	138.703	42%
Total	22,572,736	331.819	100%

EARNINGS CALENDAR

November 04, 2020

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

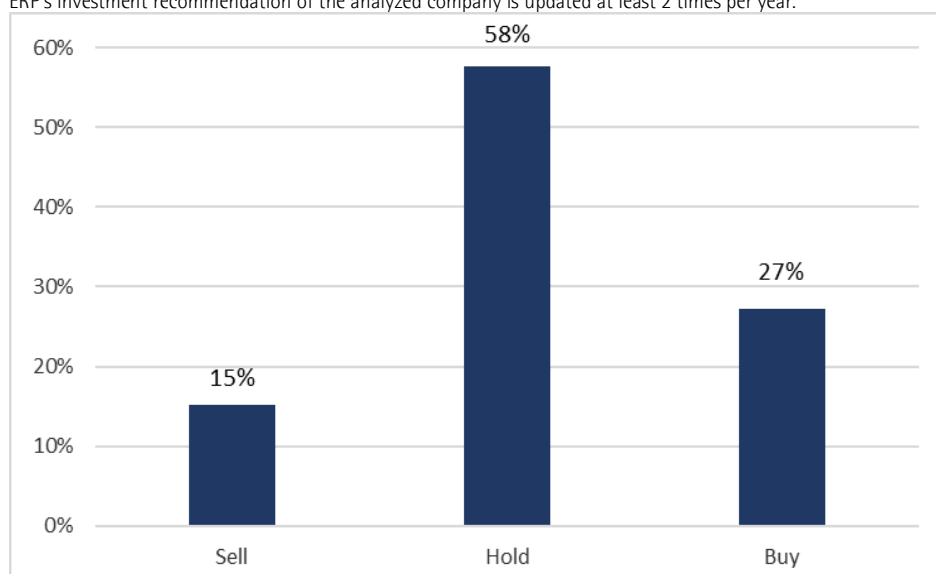
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Investment recommendations are defined as follows:

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

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

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