

Moderated guidance for 2019

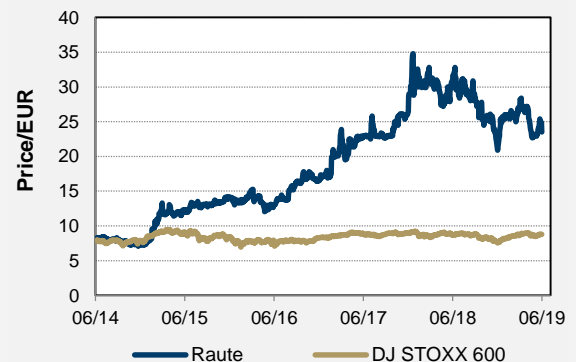
Raute has downgraded its 2019 guidance. The company now expects 2019 revenue and operating profit to decline compared to the record highs set in 2018. Raute previously guided flat 2019 figures. We don't see the profit warning as a major negative development relative to our own expectations as we have previously acknowledged Raute is unlikely to reach similarly lofty figures anytime soon. Our rating remains HOLD; we adjust our TP to EUR 25.5 (27.0).

Raute doesn't see marked changes in environment

Raute refrains from issuing too specific guidance due to the company's project-like business. We understand the previous flat guidance covered a relatively wide revenue and profitability range, and we continue to expect double-digit revenue decline in 2019. We expect quarterly revenues at levels close to Q1'19 for the remainder of the year. We lower our 2019 operating margin expectation slightly, to 7.1% (we previously expected 7.4%). In comparison, Raute averaged 8% operating margin in 2017-18. The company cites delays in challenging project deliveries and postponement of larger order negotiations as the reason for lowered guidance. Raute still views the operating environment stable, and sees healthy activity related to possible capacity expansion projects. The company has several large projects pending. On the other hand, Raute highlights additional uncertainty stemming from the increased share of smaller customers, the types of whose decision-making isn't as straightforward as those of the likes of more established and traditional customers, such as UPM. Raute will assess the need for possible adaptation measures only later in the summer along with the realization of certain orders.

Multiples are undemanding amid uncertainties

Raute continues to trade at low multiples (4.3x EV/EBITDA '19e and 5.5x EV/EBIT '19e on our estimates). However, the investment cycle for plywood and LVL industries is probably past its peak and demand volumes are shifting to smaller customer accounts, thus making any predictions of potential investment project realizations doubly more difficult. We retain our HOLD rating and adjust our target price to EUR 25.5 (27.0) per share.

 Rating 🟡 HOLD


Share price, EUR (Last trading day's closing price)	23.50
Target price, EUR	25.5

Latest change in recommendation	21-Oct-18
Latest report on company	6-May-19
Research paid by issuer:	YES
No. of shares outstanding, '000's	4,249
No. of shares fully diluted, '000's	4,249
Market cap, EURm	100
Free float, %	-
Exchange rate	-
Reuters code	RAUTE.HE
Bloomberg code	RAUTE:FH
Average daily volume, EURm	-
Next interim report	31-Jul-19
Web site	www.raute.com

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🟢 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	149	12	7.8%	12	2.22	13.1	0.6	6.7	8.1	1.25
2018	181	15	8.2%	15	2.76	7.7	0.3	6.2	3.8	1.40
2019E	158	11	7.1%	11	2.10	11.2	0.4	8.5	5.5	1.40
2020E	122	9	7.3%	9	1.68	14.0	0.5	10.3	6.7	1.40
2021E	127	10	7.7%	10	1.84	12.8	0.5	9.4	6.0	1.40
Market cap, EURm			100	BV per share 2019E, EUR		11.5	CAGR EPS 2018-21, %			-12.7
Net debt 2019E, EURm			-38	Price/book 2019E		2.0	CAGR sales 2018-21, %			-11.2
Enterprise value, EURm			62	Dividend yield 2019E, %		6.0	ROE 2019E, %			18.9
Total assets 2019E, EURm			98	Tax rate 2019E, %		20.0	ROCE 2019E, %			22.9
Goodwill 2019E, EURm			1	Equity ratio 2019E, %		49.9	PEG, P/E 19/CAGR			-2.1

All the important disclosures can be found on the last pages of this report.

RAUTE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		19	20	21	19	20	21	19	20	21
Glaston	80	11.0x	2.9x	2.3x	7.3x	4.6x	3.7x	5.4 %	6.8 %	7.8 %
Sandvik	20026	9.3x	9.0x	8.7x	11.4x	11.0x	10.6x	18.8 %	18.9 %	19.0 %
Outotec	817	7.8x	6.3x	5.5x	11.4x	8.5x	7.1x	6.7 %	8.1 %	8.8 %
Valmet	3316	8.4x	7.7x	7.6x	11.0x	10.0x	9.7x	8.1 %	8.3 %	8.5 %
Ponsse	871	9.4x	8.6x	8.3x	11.9x	10.6x	10.3x	10.7 %	11.2 %	11.1 %
Metso	5172	10.7x	9.7x	9.3x	12.4x	11.2x	10.6x	11.9 %	12.2 %	12.4 %
Peer Group Average	5047	9.4x	7.4x	6.9x	10.9x	9.3x	8.7x	10.3 %	10.9 %	11.2 %
Peer Group Median	2093	9.3x	8.2x	7.9x	11.4x	10.3x	10.0x	9.4 %	9.8 %	9.9 %
Raute (Evli est.)	100	4.3x	5.1x	4.6x	5.5x	6.7x	6.0x	7.1 %	7.3 %	7.7 %

Raute prem./disc. to peer median

-54 % -38 % -42 % -52 % -35 % -40 % -24 % -25 % -23 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	23.50 PV of Free Cash Flow	52 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	28.94 PV of Horizon value	43 WACC, %	9.6 Market risk premium, %
Share price potential, %	23.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	30.4 Marketable securities	38 Minimum WACC, %	9.1 Equity beta coefficient
Minimum value	27.7 Debt - dividend	-9 Maximum WACC, %	10.1 Target debt ratio, %
Horizon value, %	45.6 Value of stock	123 Nr of shares, Mn	4.2 Effective tax rate, %

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	181	158	122	127	132	136	140	144	147	150	153	157
<i>Sales growth, %</i>	<i>22.0</i>	<i>-12.9</i>	<i>-22.5</i>	<i>3.7</i>	<i>3.6</i>	<i>3.6</i>	<i>3.0</i>	<i>2.5</i>	<i>2.3</i>	<i>2.3</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	15	11	9	10	9	10	10	9	10	10	10	10
<i>EBIT margin, %</i>	<i>8.2</i>	<i>7.1</i>	<i>7.3</i>	<i>7.7</i>	<i>7.2</i>	<i>7.4</i>	<i>7.2</i>	<i>6.5</i>	<i>6.5</i>	<i>6.5</i>	<i>6.5</i>	<i>6.5</i>
+ Depreciation+amort.	3	3	3	3	3	3	3	3	3	3	3	3
- Income taxes	-3	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
- Change in NWC	0	0	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>-1.7</i>	<i>-1.7</i>	<i>-1.9</i>	<i>-1.9</i>	<i>-1.8</i>	<i>-1.8</i>	<i>-1.8</i>	<i>-1.8</i>	<i>-1.8</i>	<i>-1.8</i>	<i>-1.7</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Capital Expenditure	-5	-2	-2	-3	-3	-3	-3	-3	-3	-4	-4	-4
<i>Investments / Sales, %</i>	<i>2.5</i>	<i>1.3</i>	<i>1.5</i>	<i>2.0</i>	<i>2.5</i>	<i>2.4</i>	<i>2.4</i>	<i>2.3</i>	<i>2.3</i>	<i>2.3</i>	<i>2.3</i>	<i>2.3</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= Unlevered Free CF (FCF)	10	10	8	8	7	8	8	7	7	8	8	104
= Discounted FCF (DFCF)		9	7	6	5	5	5	4	4	3	3	43
= DFCF min WACC		9	7	6	5	5	5	4	4	4	3	48
= DFCF max WACC		9	7	6	5	5	5	4	4	3	3	39

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	35	44	48	55	181	41	36	38	43	158	122	127
EBITDA	3	4	6	4	17	3	4	4	4	14	12	13
<i>EBITDA margin (%)</i>	<i>9.8</i>	<i>8.8</i>	<i>12.8</i>	<i>7.3</i>	<i>9.6</i>	<i>8.2</i>	<i>10.2</i>	<i>9.5</i>	<i>8.6</i>	<i>9.1</i>	<i>9.7</i>	<i>9.9</i>
EBIT	3	3	6	3	15	3	3	3	3	11	9	10
<i>EBIT margin (%)</i>	<i>7.9</i>	<i>7.3</i>	<i>11.5</i>	<i>6.2</i>	<i>8.2</i>	<i>6.3</i>	<i>8.1</i>	<i>7.5</i>	<i>6.8</i>	<i>7.1</i>	<i>7.3</i>	<i>7.7</i>
Net financial items	0	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	3	3	6	3	15	3	3	3	3	11	9	10
Tax	-1	-1	-1	-1	-3	-1	-1	-1	-1	-2	-2	-2
<i>Tax rate (%)</i>	<i>22.3</i>	<i>24.9</i>	<i>21.4</i>	<i>17.6</i>	<i>21.4</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	2	2	4	3	12	2	2	2	2	9	7	8
EPS	0.54	0.53	1.03	0.66	2.76	0.48	0.54	0.54	0.54	2.10	1.68	1.84
EPS adjusted (diluted no. of shares)	0.54	0.53	1.03	0.66	2.76	0.48	0.54	0.54	0.54	2.10	1.68	1.84
Dividend per share	0.00	0.00	0.00	0.00	1.40	0.00	0.00	0.00	0.00	1.40	1.40	1.40
SALES, EURm												
Project deliveries	25	31	33	39	127	26	23	24	28	102	64	65
Technology services	11	13	14	16	54	15	12	14	15	56	59	62
Total	35	44	48	55	181	41	36	38	43	158	122	127
SALES GROWTH, Y/Y %												
<i>Project deliveries</i>	<i>-7.2</i>	<i>30.4</i>	<i>47.8</i>	<i>47.0</i>	<i>28.7</i>	<i>6.5</i>	<i>-23.5</i>	<i>-27.4</i>	<i>-27.3</i>	<i>-19.9</i>	<i>-37.7</i>	<i>2.5</i>
<i>Technology services</i>	<i>5.8</i>	<i>12.2</i>	<i>0.0</i>	<i>16.8</i>	<i>8.6</i>	<i>41.8</i>	<i>-6.8</i>	<i>-1.5</i>	<i>-8.5</i>	<i>3.6</i>	<i>5.4</i>	<i>5.0</i>
<i>Total</i>	<i>-3.6</i>	<i>24.4</i>	<i>29.2</i>	<i>36.7</i>	<i>22.0</i>	<i>17.1</i>	<i>-18.6</i>	<i>-19.6</i>	<i>-21.8</i>	<i>-12.9</i>	<i>-22.5</i>	<i>3.7</i>
EBIT, EURm												
Project deliveries	2	2	4	2	10	1	1	2	1	5	5	5
Technology services	1	1	1	2	5	2	2	1	1	6	4	5
Total	3	3	6	3	15	3	3	3	3	11	9	10
EBIT margin, %												
<i>Project deliveries</i>	<i>6.9</i>	<i>6.2</i>	<i>12.3</i>	<i>4.7</i>	<i>7.5</i>	<i>4.2</i>	<i>5.7</i>	<i>6.5</i>	<i>5.2</i>	<i>5.4</i>	<i>7.3</i>	<i>7.7</i>
<i>Technology services</i>	<i>10.4</i>	<i>10.0</i>	<i>9.7</i>	<i>10.1</i>	<i>10.0</i>	<i>10.0</i>	<i>12.7</i>	<i>9.2</i>	<i>9.8</i>	<i>10.3</i>	<i>7.3</i>	<i>7.7</i>
<i>Total</i>	<i>7.9</i>	<i>7.3</i>	<i>11.5</i>	<i>6.2</i>	<i>8.2</i>	<i>6.3</i>	<i>8.1</i>	<i>7.5</i>	<i>6.8</i>	<i>7.1</i>	<i>7.3</i>	<i>7.7</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	94	127	113	149	181	158	122	127
<i>Sales growth (%)</i>	<i>12.9</i>	<i>35.4</i>	<i>-11.1</i>	<i>31.4</i>	<i>22.0</i>	<i>-12.9</i>	<i>-22.5</i>	<i>3.7</i>
Costs	-89	-116	-102	-134	-164	-144	-111	-114
Reported EBITDA	5	12	11	14	17	14	12	13
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>4.9</i>	<i>9.1</i>	<i>9.6</i>	<i>9.6</i>	<i>9.6</i>	<i>9.1</i>	<i>9.7</i>	<i>9.9</i>
Depreciation	-2	-2	-2	-3	-2	-3	-3	-3
EBITA	3	9	9	12	15	11	9	10
Goodwill amortization / writedown	0	-1	0	0	0	0	0	0
Reported EBIT	3	8	9	12	15	11	9	10
<i>EBIT margin (%)</i>	<i>2.8</i>	<i>6.4</i>	<i>7.6</i>	<i>7.8</i>	<i>8.2</i>	<i>7.1</i>	<i>7.3</i>	<i>7.7</i>
Net financials	0	0	0	0	0	0	0	0
Pre-tax profit	3	8	9	12	15	11	9	10
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	0	-1	-2	-2	-3	-2	-2	-2
Minority shares	0	0	0	0	0	0	0	0
Net profit	2	7	7	9	12	9	7	8
BALANCE SHEET, EURm								
Assets								
Fixed assets	12	11	12	13	15	14	13	13
<i>% of sales</i>	<i>13</i>	<i>8</i>	<i>10</i>	<i>9</i>	<i>9</i>	<i>9</i>	<i>11</i>	<i>10</i>
Goodwill	0	0	0	1	1	1	1	1
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Inventory	8	10	10	11	13	12	9	9
<i>% of sales</i>	<i>8</i>	<i>8</i>	<i>9</i>	<i>7</i>	<i>7</i>	<i>7</i>	<i>7</i>	<i>7</i>
Receivables	28	35	24	30	37	32	25	26
<i>% of sales</i>	<i>30</i>	<i>27</i>	<i>22</i>	<i>20</i>	<i>21</i>	<i>21</i>	<i>21</i>	<i>21</i>
Liquid funds	4	7	24	31	38	38	40	42
<i>% of sales</i>	<i>5</i>	<i>5</i>	<i>21</i>	<i>21</i>	<i>21</i>	<i>24</i>	<i>32</i>	<i>33</i>
Total assets	53	62	70	87	105	98	89	92
Liabilities								
Equity	24	30	34	39	46	49	50	52
<i>% of sales</i>	<i>26</i>	<i>23</i>	<i>30</i>	<i>26</i>	<i>25</i>	<i>31</i>	<i>41</i>	<i>41</i>
Deferred taxes	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Interest bearing debt	3	2	3	1	3	0	0	0
<i>% of sales</i>	<i>3</i>	<i>1</i>	<i>3</i>	<i>1</i>	<i>2</i>	<i>0</i>	<i>0</i>	<i>0</i>
Non-interest bearing current liabilities	23	28	29	43	53	46	36	37
<i>% of sales</i>	<i>24</i>	<i>22</i>	<i>26</i>	<i>29</i>	<i>29</i>	<i>29</i>	<i>29</i>	<i>29</i>
Other interest free debt	0	0	1	1	1	1	1	1
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>1</i>
Total liabilities	53	62	70	87	105	98	89	92
CASH FLOW, EURm								
+ EBITDA	5	12	11	14	17	14	12	13
- Net financial items	0	0	0	0	0	0	0	0
- Taxes	-1	-1	0	-3	-3	-2	-2	-2
- Increase in Net Working Capital	-7	-3	12	6	0	0	0	0
+/- Other	2	-1	-2	1	0	0	0	0
= Cash flow from operations	-2	7	21	18	15	12	10	11
- Capex	-1	-2	-3	-7	-5	-2	-2	-3
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	-3	5	18	11	10	10	8	8
+/- Change in interest-bearing debt	-3	-1	2	-2	2	-3	0	0
+/- New issues/buybacks	-1	0	1	0	0	0	0	0
- Paid dividend	-1	-2	-3	-4	-5	-6	-6	-6
+/- Change in loan receivables	0	0	0	1	0	0	0	0
Change in cash	-8	3	17	7	7	0	2	2

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	58	70	123	91	100	100	100
Net debt	-5	-21	-29	-34	-38	-40	-42
Enterprise value	53	50	94	56	62	60	58
Sales	127	113	149	181	158	122	127
EBITDA	12	11	14	17	14	12	13
EBIT	8	9	12	15	11	9	10
Pre-tax	8	9	12	15	11	9	10
Earnings	7	7	9	12	9	7	8
Book value	30	34	39	46	49	50	52
Valuation multiples							
EV/sales	0.4	0.4	0.6	0.3	0.4	0.5	0.5
EV/EBITDA	4.6	4.6	6.6	3.2	4.3	5.1	4.6
EV/EBITA	5.6	5.8	8.1	3.8	5.5	6.7	6.0
EV/EBIT	6.5	5.8	8.1	3.8	5.5	6.7	6.0
EV/operating cash flow	7.1	2.3	5.1	3.9	5.3	6.2	5.5
EV/cash earnings	5.2	5.3	8.0	4.0	5.2	6.0	5.5
P/E	8.6	10.0	13.1	7.7	11.2	14.0	12.8
P/E excl. goodwill	7.2	10.0	13.1	7.7	11.2	14.0	12.8
P/B	2.0	2.1	3.1	2.0	2.0	2.0	1.9
P/sales	0.5	0.6	0.8	0.5	0.6	0.8	0.8
P/CF	7.8	3.3	6.7	6.2	8.5	10.3	9.4
Target EV/EBIT	0.0	0.0	0.0	0.0	6.3	7.7	6.8
Target P/E	0.0	0.0	0.0	9.8	12.1	15.2	13.9
Target P/B	0.0	0.0	0.0	0.0	2.2	2.2	2.1
Per share measures							
Number of shares	4,112	4,206	4,249	4,249	4,249	4,249	4,249
Number of shares (diluted)	4,112	4,206	4,249	4,249	4,249	4,249	4,249
EPS	1.64	1.68	2.22	2.76	2.10	1.68	1.84
EPS excl. goodwill	1.97	1.68	2.22	2.76	2.10	1.68	1.84
Cash EPS	2.49	2.21	2.76	3.35	2.83	2.37	2.50
Operating cash flow per share	1.82	5.05	4.34	3.43	2.78	2.27	2.51
Capital employed per share	6.01	3.23	2.37	2.76	2.60	2.45	2.38
Book value per share	7.22	8.13	9.27	10.78	11.47	11.76	12.19
Book value excl. goodwill	7.22	8.13	9.02	10.53	11.23	11.51	11.95
Dividend per share	0.80	1.00	1.25	1.40	1.40	1.40	1.40
Dividend payout ratio, %	48.8	59.7	56.4	50.7	66.7	83.2	76.3
Dividend yield, %	5.7	6.0	4.3	6.6	6.0	6.0	6.0
Efficiency measures							
ROE	24.9	22.1	25.6	27.5	18.9	14.5	15.3
ROCE	27.8	25.0	29.7	33.1	22.9	18.1	19.2
Financial ratios							
Capex/sales, %	1.9	2.7	4.7	2.5	1.3	1.5	2.0
Capex/depreciation excl. goodwill,%	48.2	131.9	226.6	182.4	67.9	64.5	91.6
Net debt/EBITDA, book-weighted	-0.4	-1.9	-2.1	-2.0	-2.6	-3.3	-3.3
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	48.1	49.0	45.3	43.6	49.9	56.4	56.5
Gearing	-0.17	-0.60	-0.74	-0.74	-0.77	-0.79	-0.80
Number of employees, average	624	643	682	748	748	748	748
Sales per employee, EUR	203,970	175,894	217,911	242,380	211,177	163,732	169,793
EBIT per employee, EUR	13,010	13,330	17,009	19,920	15,033	11,950	13,031

COMPANY DESCRIPTION: Raute is a globally operating company that offers project deliveries (production lines and machinery) and technology services (maintenance, spare parts, consulting and modernizations) for the entire production process of veneer, plywood and LVL (laminated veneer lumber).

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Sundholm Göran Wilhelm	500,000	11.750	11.8%
Mandatum Life Unit-Linked	131,396	3.088	3.1%
Laakkonen Mikko Kalervo	119,919	2.818	2.8%
Suominen Pekka	110,429	2.595	2.6%
Siivonen Osku Pekka	104,179	2.448	2.5%
Kirmo Kaisa Marketta	104,021	2.444	2.4%
Suominen Tiina Sini-Maria	100,856	2.370	2.4%
Keskiaho Kaija Leena	84,716	1.991	2.0%
Mustakallio Mika Tapani	83,270	1.957	2.0%
Särkijärvi Anna Riitta	82,489	1.938	1.9%
Ten largest	1,421,275	33.400	33%
Residual	2,827,973	66.457	67%
Total	4,249,248	99.857	100%

EARNINGS CALENDAR

July 31, 2019 Q2 report
October 30, 2019 Q3 report

OTHER EVENTS

April 02, 2019 AGM

COMPANY MISCELLANEOUS

CEO: Tapani Kiiski Rautetie 2, FI-15550 Nastola
CFO: Tarja Järvinen Tel: +358 3, 82,911
IR:

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

ERP's investment recommendation of the analyzed company is updated at least 2 timer per year.

Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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