

## More orders needed

Raute's Q2 EBIT missed our estimates, but overall picture remains unchanged. Market uncertainty is postponing investment decisions. We adjust our estimates slightly downwards, lower our TP to 23.5 (25.5). Our rating is now HOLD (BUY).

### Market uncertainty continues

Raute's Q2 EBIT was EUR 2.3m, missing our estimate of EUR 2.9m. The miss was due to a few projects causing extra delay costs. Revenue amounted to EUR 37.0m vs. our EUR 35.6m estimate (EUR 43.7m in Q2'18). While project deliveries stood at a relatively low EUR 18m (vs EUR 30.7m a year ago), services revenue was EUR 19m, i.e. increasing by almost 50% y/y. Raute held its outlook and repeated the market remains uncertain, with current demand mostly attributable to larger as well as smaller projects, while within mid-sized orders there's unusual silence. Raute says so far it has only seen investment decisions and negotiations being delayed instead of actual cancellations. Activity concerning potential larger projects remains at a good level, and services demand remains stable.

### Order book and intake still healthy, but more is needed

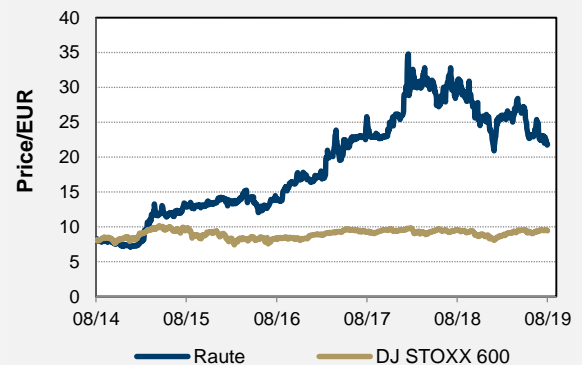
Raute's Q2 order intake, at EUR 26m, declined only slightly compared to the EUR 28m figure a year earlier. Considering Q2'19 did not include any new major capacity projects the figure could even be described as relatively strong. The current EUR 72m order book is clearly below the EUR 120-140m record 2018 highs. The book covers an exceptionally long period of time as a significant share of deliveries is scheduled for 2020 (and some even for 2021). Therefore, Raute needs clear pick-up in orders during H2'19 to reach our previous FY 2019 revenue estimate (EUR 158m). While larger orders may materialize shortly (e.g Russia), we adjust our FY 2019 estimates downwards to reflect the increased uncertainty. We now expect for 2019E EUR 148m in revenue and EUR 10m in EBIT (6.8% margin).

### Valuation is low but earnings development uncertain

On our revised estimates Raute trades ca. 4x EV/EBITDA and 6x EV/EBIT '19e (compared to their respective 6x and 8x historical averages). Due to uncertain earnings development, we see lower multiples justified. We revise our TP to reflect our slightly lower estimates; our TP is EUR 23.5 (25.5); rate HOLD (BUY).

## Rating

HOLD



Share price, EUR (Last trading day's closing price) 21.80

Target price, EUR 23.5

Latest change in recommendation 01-Aug-19

Latest report on company 29-Jul-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 93

Free float, % -

Exchange rate -

Reuters code RAUTE.HE

Bloomberg code RAUTE:FH

Average daily volume, EURm -

Next interim report 30-Oct-19

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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	148	10	6.8%	10	1.87	11.7	0.4	8.4	5.5	1.40
2020E	128	9	7.2%	9	1.73	12.6	0.4	9.0	5.8	1.40
2021E	132	10	7.6%	10	1.89	11.5	0.4	8.4	5.0	1.40
Market cap, EURm			93	BV per share 2019E, EUR		11.2	CAGR EPS 2018-21, %			-11.8
Net debt 2019E, EURm			-37	Price/book 2019E		1.9	CAGR sales 2018-21, %			-9.9
Enterprise value, EURm			55	Dividend yield 2019E, %		6.4	ROE 2019E, %			17.0
Total assets 2019E, EURm			94	Tax rate 2019E, %		20.0	ROCE 2019E, %			20.7
Goodwill 2019E, EURm			1	Equity ratio 2019E, %		50.9	PEG, P/E 19/CAGR			-71.8

**European revenue exposure set to decline due to low orders**

Geographical sales split didn't change much during the second quarter as Europe accounted for roughly 45% of revenue, Russia for 25% and North America ca. 15%. While the split has remained steady compared to last year, Europe's share is bound to decline significantly in the coming quarters due to much lower order intake during 2019. So far this year European order intake has been a fraction of previous year's volume (EUR 9m in H1'19 compared to EUR 49m in H1'18). Russia has developed strong, almost doubling order intake in H1'19 (EUR 26m) compared to year earlier (EUR 14m), while North American orders have been stable, increasing by a couple of million to EUR 12m. In other words, Russia and North America are set to generate major portions of revenue next year.

RAUTE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		19	20	21	19	20	21	19	20	21
Glaston	105	6.5x	3.0x	2.2x	7.4x	4.8x	3.5x	5.2 %	6.5 %	7.8 %
Sandvik	17516	8.7x	8.4x	8.1x	11.1x	10.4x	10.0x	17.9 %	18.7 %	19.0 %
Outotec	1032	9.3x	7.4x	6.7x	13.8x	9.8x	8.5x	6.7 %	8.1 %	8.7 %
Valmet	2635	7.6x	6.9x	6.7x	10.0x	8.9x	8.6x	7.9 %	8.2 %	8.5 %
Ponsse	795	8.6x	7.8x	7.7x	11.0x	9.6x	9.3x	10.4 %	11.1 %	11.3 %
Metso	5239	10.9x	9.7x	9.2x	12.8x	11.2x	10.6x	12.2 %	12.2 %	12.4 %
Peer Group Average	4554	<b>8.6x</b>	<b>7.2x</b>	<b>6.8x</b>	<b>11.0x</b>	<b>9.1x</b>	<b>8.4x</b>	<b>10.1 %</b>	<b>10.8 %</b>	<b>11.3 %</b>
Peer Group Median	1834	<b>8.6x</b>	<b>7.6x</b>	<b>7.2x</b>	<b>11.1x</b>	<b>9.7x</b>	<b>9.0x</b>	<b>9.2 %</b>	<b>9.7 %</b>	<b>10.0 %</b>
<b>Raute (Evli est.)</b>	<b>93</b>	<b>4.1x</b>	<b>4.3x</b>	<b>3.9x</b>	<b>5.5x</b>	<b>5.8x</b>	<b>5.0x</b>	<b>6.8 %</b>	<b>7.2 %</b>	<b>7.6 %</b>

*Raute prem./disc. to peer median*

-52 %   -43 %   -46 %   -50 %   -40 %   -44 %   -26 %   -25 %   -24 %

*Source FactSet, Evli Research*

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	21.80 PV of Free Cash Flow	53 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	29.71 PV of Horizon value	46 WACC, %	9.6 Market risk premium, %
Share price potential, %	36.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	31.2 Marketable securities	38 Minimum WACC, %	9.1 Equity beta coefficient
Minimum value	28.4 Debt - dividend	-9 Maximum WACC, %	10.1 Target debt ratio, %
Horizon value, %	46.4 Value of stock	126 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	148	128	132	137	142	146	150	154	157	160	163
<i>Sales growth, %</i>	<i>22.0</i>	<i>-18.2</i>	<i>-14.0</i>	<i>3.9</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	10	9	10	10	11	11	10	10	10	10	11
<i>EBIT margin, %</i>	<i>8.2</i>	<i>6.8</i>	<i>7.2</i>	<i>7.6</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	4	4	4	4	
- Income taxes	-3	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	
- Change in NWC	0	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-1.7</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>-1.8</i>	<i>-1.7</i>	<i>-1.7</i>	<i>-1.7</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-5	-2	-2	-3	-5	-4	-4	-4	-4	-4	-4	-4
<i>Investments / Sales, %</i>	<i>2.5</i>	<i>1.3</i>	<i>1.7</i>	<i>2.0</i>	<i>3.3</i>	<i>2.7</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	10	9	8	8	6	8	8	7	8	8	8	108
= Discounted FCF (DFCF)		9	7	7	5	5	5	4	4	4	3	46
= DFCF min WACC		9	7	7	5	5	5	4	4	4	4	51
= DFCF max WACC		9	7	7	5	5	5	4	4	3	3	41

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	35	44	48	55	181	41	37	35	35	148	128	132
EBITDA	3	4	6	4	17	4	3	3	3	13	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>8.7</i>	<i>8.6</i>	<i>9.2</i>	<i>9.8</i>	<i>9.1</i>	<i>9.7</i>	<i>9.8</i>
EBIT	3	3	6	3	15	3	2	2	3	10	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>6.2</i>	<i>7.0</i>	<i>7.6</i>	<i>6.8</i>	<i>7.2</i>	<i>7.6</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	2	2	3	10	9	10
Tax	-1	-1	-1	-1	-3	-1	0	0	-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	8	7	8
EPS	0.54	0.53	1.03	0.66	2.76	0.48	0.43	0.46	0.50	1.87	1.73	1.89
EPS adjusted (diluted no. of shares)	0.54	0.53	1.03	0.66	2.76	0.48	0.43	0.46	0.50	1.87	1.73	1.89
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
<b>SALES, EURm</b>												
Project deliveries	25	31	33	39	127	26	19	18	19	82	57	58
Technology services	11	13	14	16	54	15	18	17	16	66	71	74
Total	35	44	48	55	181	41	37	35	35	148	128	132
<b>SALES GROWTH, Y/Y %</b>												
<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>-38.0</i>	<i>-46.2</i>	<i>-50.8</i>	<i>-35.4</i>	<i>-30.8</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>38.5</i>	<i>17.9</i>	<i>0.6</i>	<i>22.4</i>	<i>7.0</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>-15.3</i>	<i>-26.9</i>	<i>-35.8</i>	<i>-18.2</i>	<i>-14.0</i>	<i>3.9</i>
<b>EBIT, EURm</b>												
Project deliveries	2	2	4	2	10	1	1	1	1	3	2	2
Technology services	1	1	1	2	5	2	2	2	2	7	8	8
Total	3	3	6	3	15	3	2	2	3	10	9	10
<b>EBIT margin, %</b>												
<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>2.6</i>	<i>4.2</i>	<i>4.8</i>	<i>4.0</i>	<i>2.8</i>	<i>3.3</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>10.0</i>	<i>10.0</i>	<i>11.0</i>	<i>10.2</i>	<i>10.8</i>	<i>11.0</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>6.2</i>	<i>7.0</i>	<i>7.6</i>	<i>6.8</i>	<i>7.2</i>	<i>7.6</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	94	127	113	149	181	148	128	132
<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>-18.2</i>	<i>-14.0</i>	<i>3.9</i>
Costs	-89	-116	-102	-134	-164	-135	-115	-119
Reported EBITDA	5	12	11	14	17	13	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>9.8</i>
Depreciation	-2	-2	-2	-3	-2	-3	-3	-3
EBITA	3	9	9	12	15	10	9	10
Goodwill amortization / writedown	0	-1	0	0	0	0	0	0
Reported EBIT	3	8	9	12	15	10	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>6.8</i>	<i>7.2</i>	<i>7.6</i>
Net financials	0	0	0	0	0	0	0	0
Pre-tax profit	3	8	9	12	15	10	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	8	7	8
<b>BALANCE SHEET, EURm</b>								
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>10</i>	<i>9</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	11	9	10
<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	30	26	27
<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	37	39	42
<i>% of sales</i>	<i>5</i>	<i>5</i>	<i>21</i>	<i>21</i>	<i>21</i>	<i>25</i>	<i>31</i>	<i>32</i>
Total assets	53	62	70	87	105	94	89	93
Liabilities								
Equity	24	30	34	39	46	48	49	51
<i>% of sales</i>	<i>26</i>	<i>23</i>	<i>30</i>	<i>26</i>	<i>25</i>	<i>32</i>	<i>39</i>	<i>39</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	43	37	39
<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	94	89	93
<b>CASH FLOW, EURm</b>								
+ EBITDA	5	12	11	14	17	13	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	11	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	9	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	3

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	58	70	123	91	93	93	93
Net debt	-5	-21	-29	-34	-37	-39	-42
Enterprise value	53	50	94	56	55	53	51
Sales	127	113	149	181	148	128	132
EBITDA	12	11	14	17	13	12	13
EBIT	8	9	12	15	10	9	10
Pre-tax	8	9	12	15	10	9	10
Earnings	7	7	9	12	8	7	8
Book value	30	34	39	46	48	49	51
<b>Valuation multiples</b>							
EV/sales	0.4	0.4	0.6	0.3	0.4	0.4	0.4
EV/EBITDA	4.6	4.6	6.6	3.2	4.1	4.3	3.9
EV/EBITA	5.6	5.8	8.1	3.8	5.5	5.8	5.0
EV/EBIT	6.5	5.8	8.1	3.8	5.5	5.8	5.0
EV/operating cash flow	7.1	2.3	5.1	3.9	5.0	5.2	4.6
EV/cash earnings	5.2	5.3	8.0	4.0	4.9	5.1	4.6
P/E	8.6	10.0	13.1	7.7	11.7	12.6	11.5
P/E excl. goodwill	7.2	10.0	13.1	7.7	11.7	12.6	11.5
P/B	2.0	2.1	3.1	2.0	1.9	1.9	1.8
P/sales	0.5	0.6	0.8	0.5	0.6	0.7	0.7
P/CF	7.8	3.3	6.7	6.2	8.4	9.0	8.4
Target EV/EBIT	0.0	0.0	0.0	0.0	6.3	6.6	5.8
Target P/E	0.0	0.0	0.0	9.8	12.6	13.6	12.4
Target P/B	0.0	0.0	0.0	0.0	2.1	2.0	1.9
<b>Per share measures</b>							
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	1.87	1.73	1.89
EPS excl. goodwill	1.97	1.68	2.22	2.76	1.87	1.73	1.89
Cash EPS	2.49	2.21	2.76	3.35	2.68	2.48	2.59
Operating cash flow per share	1.82	5.05	4.34	3.43	2.61	2.42	2.60
Capital employed per share	6.01	3.23	2.37	2.76	2.50	2.32	2.22
Book value per share	7.22	8.13	9.27	10.78	11.25	11.58	12.07
Book value excl. goodwill	7.22	8.13	9.02	10.53	11.00	11.34	11.83
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	74.9	80.8	73.9
Dividend yield, %	5.7	6.0	4.3	6.6	6.4	6.4	6.4
<b>Efficiency measures</b>							
ROE	24.9	22.1	25.6	27.5	17.0	15.2	16.0
ROCE	27.8	25.0	29.7	33.1	20.7	19.0	20.0
<b>Financial ratios</b>							
Capex/sales, %	1.9	2.7	4.7	2.5	1.3	1.7	2.0
Capex/depreciation excl. goodwill,%	48.2	131.9	226.6	182.4	56.1	67.8	87.3
Net debt/EBITDA, book-weighted	-0.4	-1.9	-2.1	-2.0	-2.8	-3.2	-3.2
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	50.9	55.1	55.2
Gearing	-0.17	-0.60	-0.74	-0.74	-0.78	-0.80	-0.82
Number of employees, average	624	643	682	748	748	748	748
Sales per employee, EUR	203,970	175,894	217,911	242,380	198,262	170,515	177,138
EBIT per employee, EUR	13,010	13,330	17,009	19,920	13,406	12,310	13,445

**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	10.900	11.8%
Mandatum Life Unit-Linked	131,396	2.864	3.1%
Laakkonen Mikko Kalervo	119,919	2.614	2.8%
Suominen Pekka	110,429	2.407	2.6%
Siivonen Osku Pekka	104,179	2.271	2.5%
Kirmo Kaisa Marketta	104,021	2.268	2.4%
Suominen Tiina Sini-Maria	100,856	2.199	2.4%
Keskiaho Kaija Leena	84,716	1.847	2.0%
Mustakallio Mika Tapani	83,270	1.815	2.0%
Särkijärvi Anna Riitta	82,489	1.798	1.9%
Ten largest	1,421,275	30.984	33%
Residual	2,827,973	61.650	67%
Total	4,249,248	92.634	100%

**EARNINGS CALENDAR**

October 30, 2019

Q3 report

**OTHER EVENTS**

**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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