

A record large order for next year

Raute received a big EUR 58m order to be delivered in 2020, alleviating some of the short-term demand concerns that have clouded the outlook recently. We raise our estimates from 2020 onwards but retain our HOLD rating for now as we wait for more signs of improvement in demand outlook. Our new target price is EUR 25.0 (23.5).

New order more than twice the size of a usual large order

Raute will deliver all machinery and equipment for a greenfield plywood mill to be built in the Kostroma region of Russia. The order, commissioned by Segezha Group, totals EUR 58m and is the largest single order in Raute's history, a demonstration of Raute's technological competitiveness and core competence in delivering entire production lines. This is not Raute's first project delivery for the Russian forestry group. The new project will be delivered during 2020 and the 125,000m³ mill is scheduled to commence operations in the summer of 2021.

We raise our estimates as visibility has improved

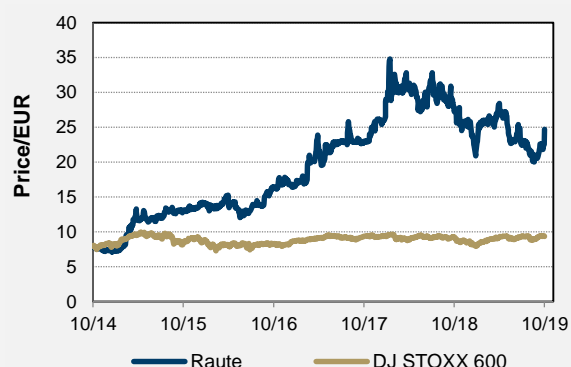
Raute says the order will have no impact on 2019 outlook as the company continues to expect both revenue and EBIT to decrease compared to the record year 2018. The EUR 58m new order is very significant in size considering the project value matches Raute's whole order intake for H1'19 (of which EUR 29m was attributable to project deliveries and the other EUR 29m to services). In other words, while the order is good news for Raute it also highlights the company's inherent project volume volatility. Raute's order book, which stood at EUR 72m at the end of Q2'19, covers an exceptionally long period of time as a significant share of deliveries is scheduled for 2020 (and some even for 2021). We adjust our estimates upwards from 2020 onwards. We now expect EUR 149m in '20e revenue (previously EUR 128m) and '20e EBIT of EUR 11m (previously EUR 9m).

New target price EUR 25.0 (23.5), HOLD rating maintained

Raute's current EV/EBITDA and EV/EBIT multiples, approximately 6x and 8x respectively, place the company's valuation on neutral ground in terms of historical averages. We raise our TP to EUR 25.0 (23.5) on the back of our updated estimates yet maintain HOLD rating for now as we wait for more signs of improvement in demand outlook.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 24.70

Target price, EUR 25.0

Latest change in recommendation 01-Aug-19

Latest report on company 01-Aug-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 105

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	0.4	-11.1	5.2	1.40
2019E	148	10	6.8%	10	1.87	13.2	0.6	6.9	8.5	1.40
2020E	149	11	7.5%	11	2.09	11.8	0.6	8.7	7.4	1.40
2021E	146	11	7.7%	11	2.10	11.8	0.5	8.6	7.0	1.40
Market cap, EURm		105		BV per share 2019E, EUR		11.4		CAGR EPS 2018-21, %		-8.7
Net debt 2019E, EURm		-20		Price/book 2019E		2.2		CAGR sales 2018-21, %		-7.0
Enterprise value, EURm		85		Dividend yield 2019E, %		5.7		ROE 2019E, %		16.7
Total assets 2019E, EURm		89		Tax rate 2019E, %		20.0		ROCE 2019E, %		20.9
Goodwill 2019E, EURm		1		Equity ratio 2019E, %		54.5		PEG, P/E 19/CAGR		4.3

RAUTE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		19	20	21	19	20	21	19	20	21
Glaston	97	8.9x	5.7x	4.8x	23.0x	10.8x	7.8x	2.7 %	5.0 %	6.4 %
Sandvik	17441	8.7x	8.4x	8.2x	11.3x	10.6x	10.2x	17.8 %	18.5 %	18.8 %
Outotec	962	8.6x	6.7x	6.1x	12.6x	9.0x	7.8x	6.7 %	8.2 %	8.7 %
Valmet	2556	7.4x	6.8x	6.6x	9.7x	8.7x	8.5x	7.9 %	8.2 %	8.4 %
Ponsse	790	9.0x	8.3x	8.0x	11.4x	10.3x	9.9x	10.5 %	11.1 %	11.2 %
Metso	5043	10.5x	9.3x	8.8x	12.3x	10.8x	10.2x	12.2 %	12.3 %	12.5 %
Peer Group Average	4481	8.9x	7.5x	7.1x	13.4x	10.0x	9.1x	9.7 %	10.5 %	11.0 %
Peer Group Median	1759	8.8x	7.5x	7.3x	11.9x	10.4x	9.2x	9.2 %	9.7 %	9.9 %
Raute (Evli est.)	105	6.3x	5.7x	5.5x	8.5x	7.4x	7.0x	6.8 %	7.5 %	7.7 %
<i>Raute prem./disc. to peer median</i>		<i>-28 %</i>	<i>-24 %</i>	<i>-24 %</i>	<i>-28 %</i>	<i>-29 %</i>	<i>-24 %</i>	<i>-27 %</i>	<i>-23 %</i>	<i>-23 %</i>
<i>Source FactSet, Evli Research</i>										

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	24.70 PV of Free Cash Flow	60 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	26.99 PV of Horizon value	48 WACC, %	9.6 Market risk premium, %
Share price potential, %	9.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	28.6 Marketable securities	13 Minimum WACC, %	9.1 Equity beta coefficient
Minimum value	25.6 Debt - dividend	-7 Maximum WACC, %	10.1 Target debt ratio, %
Horizon value, %	44.6 Value of stock	115 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	149	146	151	156	161	165	169	173	176	180
<i>Sales growth, %</i>	<i>22.0</i>	<i>-18.2</i>	<i>0.2</i>	<i>-2.0</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	11	11	11	12	12	11	11	11	11	12
<i>EBIT margin, %</i>	<i>8.2</i>	<i>6.8</i>	<i>7.5</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	4	4	4	4	4	4	4
- Income taxes	-3	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
- Change in NWC	-23	4	0	0	-1	-1	-1	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>11.1</i>	<i>10.9</i>	<i>10.9</i>	<i>10.9</i>	<i>10.9</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Capital Expenditure	-4	-2	-3	-2	-5	-4	-4	-4	-4	-4	-4	-5
<i>Investments / Sales, %</i>	<i>2.4</i>	<i>1.4</i>	<i>1.7</i>	<i>1.7</i>	<i>3.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= Unlevered Free CF (FCF)	-12	13	10	10	5	8	8	8	8	8	8	113
= Discounted FCF (DFCF)		13	8	8	4	5	5	4	4	4	4	48
= DFCF min WACC		13	9	8	4	6	5	4	4	4	4	54
= DFCF max WACC		13	8	8	4	5	5	4	4	4	3	43

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	149	146
EBITDA	3	4	6	4	17	4	3	3	3	13	14	14
<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>9.6</i>	<i>9.7</i>
EBIT	3	3	6	3	15	3	2	2	3	10	11	11
<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>7.5</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	2	2	3	10	11	11
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	9	9
EPS	0.54	0.53	1.03	0.66	2.76	0.48	0.43	0.46	0.50	1.87	2.09	2.10
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	2.09	2.10
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	19	18	19	82	78	72
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	149	146
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>-38.0</i>	<i>-46.2</i>	<i>-50.8</i>	<i>-35.4</i>	<i>-5.3</i>	<i>-8.3</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>0.2</i>	<i>-2.0</i>
EBIT, EURm												
Project deliveries	2	2	4	2	10	1	1	1	1	3	4	3
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	11	11
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>2.6</i>	<i>4.2</i>	<i>4.8</i>	<i>4.0</i>	<i>4.5</i>	<i>4.2</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>7.5</i>	<i>7.7</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	94	127	113	149	181	148	149	146
<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>0.2</i>	<i>-2.0</i>
Costs	-89	-116	-102	-134	-164	-135	-134	-132
Reported EBITDA	5	12	11	14	17	13	14	14
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>9.6</i>	<i>9.7</i>
Depreciation	-2	-2	-2	-3	-2	-3	-3	-3
EBITA	3	9	9	12	15	10	11	11
Goodwill amortization / writedown	0	-1	0	0	0	0	0	0
Reported EBIT	3	8	9	12	15	10	11	11
<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>7.5</i>	<i>7.7</i>
Net financials	0	0	0	0	0	0	0	0
Pre-tax profit	3	8	9	12	15	10	11	11
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	9	9
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>8</i>	<i>9</i>	<i>9</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	14	12	12	12
<i>% of sales</i>	<i>8</i>	<i>8</i>	<i>9</i>	<i>7</i>	<i>8</i>	<i>8</i>	<i>8</i>	<i>8</i>
Receivables	28	35	24	30	52	43	43	42
<i>% of sales</i>	<i>30</i>	<i>27</i>	<i>22</i>	<i>20</i>	<i>29</i>	<i>29</i>	<i>29</i>	<i>29</i>
Liquid funds	4	7	24	31	13	20	23	27
<i>% of sales</i>	<i>5</i>	<i>5</i>	<i>21</i>	<i>21</i>	<i>7</i>	<i>13</i>	<i>16</i>	<i>18</i>
Total assets	53	62	70	87	96	89	92	94
Liabilities								
Equity	24	30	34	39	47	49	51	54
<i>% of sales</i>	<i>26</i>	<i>23</i>	<i>30</i>	<i>26</i>	<i>26</i>	<i>33</i>	<i>35</i>	<i>37</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	1	0	0	0
<i>% of sales</i>	<i>3</i>	<i>1</i>	<i>3</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>
Non-interest bearing current liabilities	23	28	29	43	46	37	37	37
<i>% of sales</i>	<i>24</i>	<i>22</i>	<i>26</i>	<i>29</i>	<i>25</i>	<i>25</i>	<i>25</i>	<i>25</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>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Total liabilities	53	62	70	87	96	89	92	94
CASH FLOW, EURm								
+ EBITDA	5	12	11	14	17	13	14	14
- 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	-23	4	0	0
+/- Other	2	-1	-2	1	0	0	0	0
= Cash flow from operations	-2	7	21	18	-8	15	12	12
- Capex	-1	-2	-3	-7	-4	-2	-3	-2
- 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	-13	13	10	10
+/- Change in interest-bearing debt	-3	-1	2	-2	0	-1	0	0
+/- New issues/buybacks	-1	0	1	0	1	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	-18	6	4	4

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	58	70	123	91	105	105	105
Net debt	-5	-21	-29	-12	-20	-23	-27
Enterprise value	53	50	94	78	85	82	78
Sales	127	113	149	181	148	149	146
EBITDA	12	11	14	17	13	14	14
EBIT	8	9	12	15	10	11	11
Pre-tax	8	9	12	15	10	11	11
Earnings	7	7	9	12	8	9	9
Book value	30	34	39	47	49	51	54
Valuation multiples							
EV/sales	0.4	0.4	0.6	0.4	0.6	0.6	0.5
EV/EBITDA	4.6	4.6	6.6	4.5	6.3	5.7	5.5
EV/EBITA	5.6	5.8	8.1	5.2	8.5	7.4	7.0
EV/EBIT	6.5	5.8	8.1	5.2	8.5	7.4	7.0
EV/operating cash flow	7.1	2.3	5.1	-9.6	5.6	6.8	6.4
EV/cash earnings	5.2	5.3	8.0	5.4	7.5	6.8	6.6
P/E	8.6	10.0	13.1	7.7	13.2	11.8	11.8
P/E excl. goodwill	7.2	10.0	13.1	7.7	13.2	11.8	11.8
P/B	2.0	2.1	3.1	1.9	2.2	2.0	1.9
P/sales	0.5	0.6	0.8	0.5	0.7	0.7	0.7
P/CF	7.8	3.3	6.7	-11.1	6.9	8.7	8.6
Target EV/EBIT	0.0	0.0	0.0	0.0	8.6	7.5	7.1
Target P/E	0.0	0.0	0.0	0.0	13.4	12.0	11.9
Target P/B	0.0	0.0	0.0	0.0	2.2	2.1	2.0
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	1.87	2.09	2.10
EPS excl. goodwill	1.97	1.68	2.22	2.76	1.87	2.09	2.10
Cash EPS	2.49	2.21	2.76	3.42	2.68	2.84	2.80
Operating cash flow per share	1.82	5.05	4.34	-1.92	3.60	2.83	2.88
Capital employed per share	6.01	3.23	2.37	8.05	6.82	6.67	6.47
Book value per share	7.22	8.13	9.27	10.95	11.42	12.11	12.81
Book value excl. goodwill	7.22	8.13	9.02	10.70	11.17	11.86	12.56
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	66.9	66.7
Dividend yield, %	5.7	6.0	4.3	6.6	5.7	5.7	5.7
Efficiency measures							
ROE	24.9	22.1	25.6	27.3	16.7	17.8	16.9
ROCE	27.8	25.0	29.7	33.7	20.9	22.2	21.1
Financial ratios							
Capex/sales, %	1.9	2.7	4.7	2.4	1.4	1.7	1.7
Capex/depreciation excl. goodwill,%	48.2	131.9	226.6	175.1	59.4	79.1	82.9
Net debt/EBITDA, book-weighted	-0.4	-1.9	-2.1	-0.7	-1.4	-1.6	-1.9
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	48.3	54.5	55.9	57.7
Gearing	-0.17	-0.60	-0.74	-0.26	-0.40	-0.45	-0.49
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	198,655	194,738
EBIT per employee, EUR	13,010	13,330	17,009	19,920	13,406	14,850	14,915

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	12.350	11.8%
Mandatum Life Unit-Linked	131,396	3.245	3.1%
Laakkonen Mikko Kalervo	119,919	2.962	2.8%
Suominen Pekka	110,429	2.728	2.6%
Siivonen Osku Pekka	104,179	2.573	2.5%
Kirmo Kaisa Marketta	104,021	2.569	2.4%
Suominen Tiina Sini-Maria	100,856	2.491	2.4%
Keskiaho Kaija Leena	84,716	2.092	2.0%
Mustakallio Mika Tapani	83,270	2.057	2.0%
Särkijärvi Anna Riitta	82,489	2.037	1.9%
Ten largest	1,421,275	35.105	33%
Residual	2,827,973	69.851	67%
Total	4,249,248	104.956	100%

EARNINGS CALENDAR

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

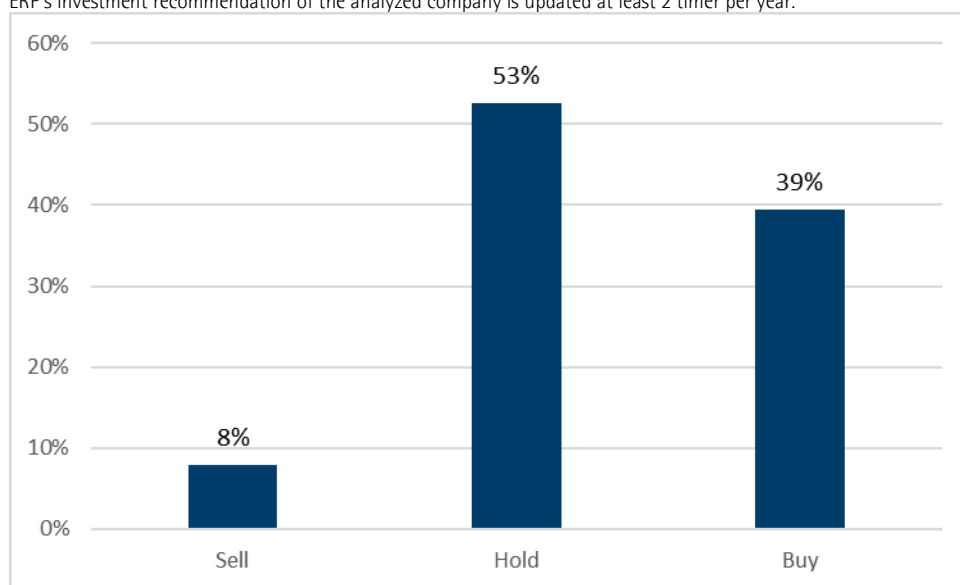
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Investment recommendations are defined as follows:

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 times per year.



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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