

Non-residential momentum continues

SRV reports its Q2 results on Thursday 18th of July. We expect continued y/y revenue and order backlog growth driven by non-residential momentum. Our main interests in the report lie in order development, outlook and profitability of the non-residential project portfolio.

Strong flow of orders during Q2

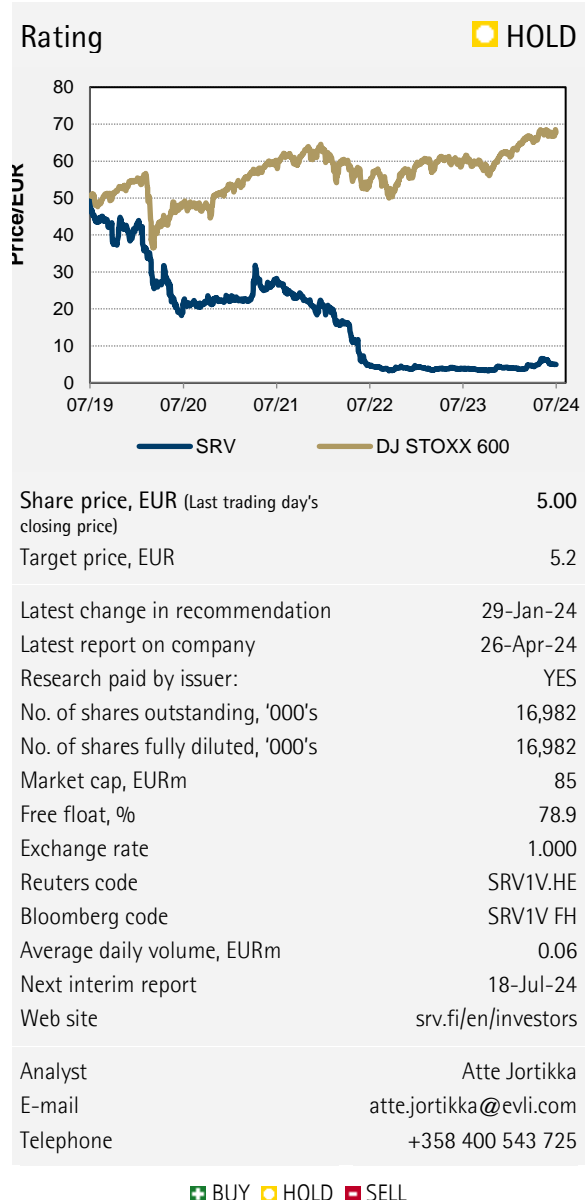
During the second quarter, SRV added multiple larger, mainly non-residential, projects into its backlog. In total, new orders worth nearly EUR 300m were announced and added to backlog. The majority of the projects are estimated to start during the second half of 2024 or early 2025 and expected to be finished during 2026-2027. Two of the largest published new orders that have been added to backlog during Q2 are the construction of a multipurpose building to Suutarila and a health and wellbeing center to Myllypuro, Helsinki. In addition, SRV has been selected as an alliance partner for the construction of the Kuopio Main Police Station which will be entered into backlog after the financial decision on its construction has been made.

Slow resi market showing some early signs of improvement

Some early clues of a better residential market emerge, though data on housing loans and building permits remain bleak. Prices of old dwellings in housing companies have started to increase from the lows seen at the start of the year. In addition, the Finnish construction confidence seems to have bottomed during Q4 of last year. Although there are some signs of recovery, we estimate that SRV's 24-25E volumes are driven by the company's non-residential backlog. We currently project that the developer contracted housing will not add to revenue until 2026E at the earliest (excl. sold completed units). Overall, we maintain our estimates mostly unchanged ahead of the Q2/24 report.

HOLD with a TP of EUR 5.2 (prev. EUR 4.3)

The company's strong non-residential momentum is set to continue. While the valuation remains elevated on our 2024E estimates, it looks already attractive on our estimates for 2025-2026E. With the positive start to the FY, improved controllability of projects and continued good order inflow, we increase our TP to EUR 5.2 (prev. EUR 4.3), while keeping rating at HOLD.



KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	770.1	-76.3	-9.9%	-67.8	-5.05	-0.8	0.2	-2.3	-105.1	0.00
2023	610.1	-6.8	-1.1%	-21.1	-0.90	-4.4	0.3	-29.6	-31.4	0.00
2024E	713.6	13.1	1.8%	-23.5	0.31	16.4	0.3	18.5	-27.6	0.00
2025E	810.0	21.8	2.7%	-13.4	0.74	6.8	0.3	11.7	-15.8	0.11
2026E	860.1	29.6	3.4%	4.8	1.11	4.5	0.3	8.5	5.7	0.33
Market cap, EURm	85		Gearing 2024E, %	85.3		CAGR EPS 2023-26, %		0.0		
Net debt 2024E, EURm	156		Price/book 2024E	0.8		CAGR sales 2023-26, %		12.1		
Enterprise value, EURm	241		Dividend yield 2024E, %	0.0		ROE 2024E, %		4.8		
Total assets 2024E, EURm	507		Tax rate 2024E, %	18.3		ROCE 2024E, %		4.4		
Goodwill 2024E, EURm	2		Equity ratio 2024E, %	34.2		PEG, P/E 24/CAGR		0.3		

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

Table 1: Peer group

Company name	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
YIT	537	23.1x	16.9x	12.3x	53.0x	22.8x	15.4x		68.8x	15.7x
Skanska	7177	10.0x	9.1x	8.6x	13.0x	11.3x	10.5x	13.5x	12.0x	11.2x
NCC	1228	6.3x	6.2x	6.2x	11.1x	10.5x	10.2x	10.8x	10.2x	9.9x
Peab	1792	10.4x	9.9x	9.1x	17.6x	16.4x	14.5x	14.1x	12.9x	11.1x
JM AB	1236	43.0x	31.8x	21.8x	38.8x	31.9x	21.8x	40.5x	23.8x	15.0x
Bonava	238	31.3x	56.4x	15.3x	32.1x	59.1x	15.5x			46.7x
AF Gruppen	1253	8.6x	7.7x	7.2x	12.3x	10.7x	9.9x	17.1x	15.1x	13.9x
Veidekke	1364							13.4x	12.9x	12.1x
Peer Group Average	1853	19.0x	19.7x	11.5x	25.4x	23.2x	14.0x	18.2x	22.2x	17.0x
Peer Group Median	1245	10.4x	9.9x	9.1x	17.6x	16.4x	14.5x	13.8x	12.9x	13.0x
SRV (Evli est.)	85	12.9x	8.8x	6.5x	18.5x	11.6x	8.4x	29.5x	8.4x	5.0x

SRV prem./disc. to peer median

25 % -11 % -29 % 5 % -29 % -42 % 114 % -35 % -61 %

Source FactSet, Evli Research

Table 2: Estimate summary

SRV	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Revenue	770.1	138.3	143.1	146.9	181.8	610.0	167.0	178.7	174.5	193.5	713.6	810.0	860.1
change, %	-17.4%	-27.5%	-32.3%	-21.4%	0.3%	-20.8%	20.8%	24.8%	18.8%	6.4%	17.0%	13.5%	6.2%
Revenue - Business construction	427.2	113.9	111.0	130.5	153.1	508.5	156.1	163.0	155.0	172.5	646.6	695.1	716.0
change, %	-26.5%	15.4%	-8.2%	36.9%	36.3%	19.0%	37.1%	46.8%	18.8%	12.7%	27.2%	7.5%	3.0%
Revenue - Housing construction	319.1	24.0	32.1	16.3	28.7	101.1	10.9	15.7	19.5	21.0	67.1	114.4	143.6
change, %	-8.5%	-68.6%	-62.6%	-81.6%	-57.9%	-68.3%	-54.6%	-51.2%	19.6%	-26.8%	-33.7%	70.6%	25.5%
Operative operating profit	18.8	-2.0	-3.9	4.6	2.4	1.1	1.3	2.5	5.2	4.2	13.1	21.8	29.6
-margin	2.4%	-1.4%	-2.7%	3.1%	1.3%	0.2%	0.8%	1.4%	3.0%	2.2%	1.8%	2.7%	3.4%
Operating profit	-76.4	-2.0	-3.0	-4.9	3.1	-6.8	1.3	2.5	5.2	4.2	13.1	21.8	29.6
-margin	-9.9%	-1.4%	-2.1%	-3.3%	1.7%	-1.1%	0.8%	1.4%	3.0%	2.2%	1.8%	2.7%	3.4%
Net financials	-2.7	-2.5	-2.5	-1.6	-2.5	-9.0	-0.7	-2.0	-2.0	-2.0	-6.7	-6.5	-5.8
Pre-tax profit	-79.1	-4.4	-5.5	-6.5	0.7	-15.8	0.5	0.5	3.2	2.2	6.3	15.3	23.8
Income taxes	-6.5	1.3	0.8	0.0	-1.4	0.7	0.0	-0.1	-0.6	-0.4	-1.3	-3.1	-4.8
Non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-85.7	-3.1	-4.7	-6.5	-0.7	-15.1	0.5	0.4	2.5	1.8	5.1	12.3	19.1
EPS*	-8.92	-0.20	-0.30	-0.40	-0.06	-0.96	-0.01	0.00	0.13	0.08	0.17	0.59	0.99

*incl. tax adjusted hybrid interest

Source: SRV, Evli estimates

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Preview

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	5.00 PV of Free Cash Flow	141 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	11.36 PV of Horizon value	184 WACC, %	9.5 Market risk premium, %	5.8
Share price potential, %	127.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.8
Maximum value	12.9 Marketable securities	40 Minimum WACC, %	9.0 Equity beta coefficient	1.30
Minimum value	10.1 Debt - dividend	-172 Maximum WACC, %	10.0 Target debt ratio, %	20
Horizon value, %	56.6 Value of stock	193 Nr of shares, Mn	17.0 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	610	714	810	860	877	895	913	931	950	969	988	1,009
<i>Sales growth, %</i>	-20.8	17.0	13.5	6.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Operating income (EBIT)	-7	13	22	30	33	34	35	35	36	37	38	38
<i>Operating income margin, %</i>	-1.1	1.8	2.7	3.4	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
+ Depreciation+amort.	6	6	7	9	9	9	9	9	9	9	9	9
EBITDA	-1	19	29	38	42	43	44	45	45	46	47	
- Paid taxes	-1	-2	-4	-5	-6	-6	-6	-6	-7	-7	-7	
- Change in NWC	9	-9	-9	-9	-4	-5	-5	-5	-5	-5	-3	
<i>NWC/Sales, %</i>	17.6	16.3	15.5	15.7	15.9	16.1	16.3	16.5	16.7	16.9	16.9	
+ Change in other liabs	-4	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-3	-3	-7	-4	-4	-4	-4	-4	-4	-4	-5	
<i>opCAPEX/Sales, %</i>	3.1	3.6	2.9	1.6	0.9	0.9	0.9	0.9	0.9	0.9	0.5	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	0	4	8	19	28	28	29	29	29	30	32	437
= Discounted FCFF		4	7	15	20	19	17	16	15	14	14	184
= DFCF min WACC		4	7	15	21	19	18	17	15	14	14	206
= DFCF max WACC		4	7	15	20	18	17	16	14	13	13	166

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	138.3	143.1	146.9	181.8	610.1	167.0	178.7	174.5	193.5	713.6	810.0	860.1
EBITDA	-0.6	-1.6	-3.5	4.5	-1.2	2.7	3.9	6.6	5.6	18.7	28.6	38.4
<i>EBITDA margin (%)</i>	<i>-0.4</i>	<i>-1.1</i>	<i>-2.4</i>	<i>2.5</i>	<i>-0.2</i>	<i>1.6</i>	<i>2.2</i>	<i>3.8</i>	<i>2.9</i>	<i>2.6</i>	<i>3.5</i>	<i>4.5</i>
EBIT	-2.0	-3.0	-4.9	3.1	-6.8	1.3	2.5	5.2	4.2	13.1	21.8	29.6
<i>EBIT margin (%)</i>	<i>-1.4</i>	<i>-2.1</i>	<i>-3.3</i>	<i>1.7</i>	<i>-1.1</i>	<i>0.8</i>	<i>1.4</i>	<i>3.0</i>	<i>2.2</i>	<i>1.8</i>	<i>2.7</i>	<i>3.4</i>
Net financial items	-2.5	-2.5	-1.5	-2.4	-9.0	-0.7	-2.0	-2.0	-2.0	-6.7	-6.5	-6.5
Pre-tax profit	-4.5	-5.5	-6.4	0.7	-15.8	0.5	0.5	3.2	2.2	6.3	15.3	23.1
Tax	1.3	0.8	0.0	-1.4	0.7	0.0	-0.1	-0.6	-0.4	-1.2	-2.8	-4.2
<i>Tax rate (%)</i>	<i>28.9</i>	<i>14.5</i>	<i>0.0</i>	<i>200.3</i>	<i>4.4</i>	<i>0.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>18.3</i>	<i>18.3</i>	<i>18.3</i>
Net profit	-3.5	-4.7	-6.4	-0.7	-15.4	0.5	0.4	2.5	1.8	5.2	12.5	18.9
EPS	-0.21	-0.28	-0.38	-0.04	-0.90	0.03	0.02	0.15	0.10	0.31	0.74	1.11
EPS adjusted (diluted no. of shares)	-0.21	-0.28	-0.38	-0.04	-0.90	0.03	0.02	0.15	0.10	0.31	0.74	1.11
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.33
SALES, EURm												
Group	138.3	143.1	146.9	181.8	610.1	167.0	178.7	174.5	193.5	713.6	810.0	860.1
Total	138.3	143.1	146.9	181.8	610.1	167.0	178.7	174.5	193.5	713.6	810.0	860.1
SALES GROWTH, Y/Y %												
Group	-27.5	-32.3	-21.4	0.4	-20.8	20.8	24.8	18.8	6.4	17.0	13.5	6.2
Total	-27.5	-32.3	-21.4	0.4	-20.8	20.8	24.8	18.8	6.4	17.0	13.5	6.2
EBIT, EURm												
Group	-2.0	-3.0	-4.9	3.1	-6.8	1.3	2.5	5.2	4.2	13.1	21.8	29.6
Total	-2.0	-3.0	-4.9	3.1	-6.8	1.3	2.5	5.2	4.2	13.1	21.8	29.6
EBIT margin, %												
Group	-1.4	-2.1	-3.3	1.7	-1.1	0.8	1.4	3.0	2.2	1.8	2.7	3.4
Total	-1.4	-2.1	-3.3	1.7	-1.1	0.8	1.4	3.0	2.2	1.8	2.7	3.4

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INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	1,061.0	975.5	932.5	770.1	610.1	713.6	810.0	860.1
<i>Sales growth (%)</i>	<i>10.5</i>	<i>-8.1</i>	<i>-4.4</i>	<i>-17.4</i>	<i>-20.8</i>	<i>17.0</i>	<i>13.5</i>	<i>6.2</i>
EBITDA	-3.1	20.4	4.5	-67.0	-1.2	18.7	28.6	38.4
<i>EBITDA margin (%)</i>	<i>-0.3</i>	<i>2.1</i>	<i>0.5</i>	<i>-8.7</i>	<i>-0.2</i>	<i>2.6</i>	<i>3.5</i>	<i>4.5</i>
Depreciation	-90.0	-18.9	-6.3	-9.3	-5.6	-5.6	-6.8	-8.8
EBITA	-93.1	1.5	-1.8	-76.3	-6.8	13.1	21.8	29.6
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-93.1	1.5	-1.8	-76.3	-6.8	13.1	21.8	29.6
<i>EBIT margin (%)</i>	<i>-8.8</i>	<i>0.2</i>	<i>-0.2</i>	<i>-9.9</i>	<i>-1.1</i>	<i>1.8</i>	<i>2.7</i>	<i>3.4</i>
Reported EBIT	-14.7	1.5	-1.8	-76.3	-6.8	13.1	21.8	29.6
<i>EBIT margin (reported) (%)</i>	<i>-1.4</i>	<i>0.2</i>	<i>-0.2</i>	<i>-9.9</i>	<i>-1.1</i>	<i>1.8</i>	<i>2.7</i>	<i>3.4</i>
Net financials	-29.3	-29.4	-18.6	-2.7	-9.0	-6.7	-6.5	-6.5
Pre-tax profit	-122.4	-27.9	-20.4	-79.0	-15.8	6.3	15.3	23.1
Taxes	18.7	2.9	0.5	-6.6	0.7	-1.2	-2.8	-4.2
Minority shares	0.7	2.3	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-28.8	-27.1	-21.4	-85.7	-15.4	5.2	12.5	18.9
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	78.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	122	120	122	15	18	20	25	25
Goodwill	2	2	2	2	2	2	2	2
Right of use assets	149	130	82	84	96	114	126	129
Inventory	372	355	227	163	157	184	211	225
Receivables	204	155	143	103	89	103	117	125
Liquid funds	28	97	68	45	40	46	53	56
Total assets	913	899	686	448	439	507	570	600
Liabilities								
Shareholder's equity	95	170	150	113	105	110	123	140
Minority interest	-2	-4	0	0	0	0	0	0
Convertibles	83	15	15	34	34	34	34	0
Lease liabilities	150	136	89	92	106	114	126	129
Deferred taxes	3	3	1	1	0	0	0	0
Interest bearing debt	300	250	149	34	33	55	63	93
Non-interest bearing current liabilities	244	285	243	148	138	171	203	215
Other interest-free debt	21	21	15	7	3	3	3	3
Total liabilities	914	899	686	449	439	507	570	600
CASH FLOW, EURm								
+ EBITDA	-3	20	5	-67	-1	19	29	38
- Net financial items	-29	-29	-19	-3	-9	-7	-7	-7
- Taxes	-1	-2	-2	-2	0	-1	-3	-4
- Increase in Net Working Capital	-75	107	98	11	9	-9	-9	-9
+/- Other	98	-49	-13	50	0	0	0	0
= Cash flow from operations	-11	46	69	-10	-2	2	10	18
- Capex	-26	1	45	-58	-19	-25	-23	-13
- Acquisitions	0	-5	0	0	0	0	0	0
+ Divestments	0	29	0	0	0	0	0	0
= Free cash flow	-37	72	114	-68	-21	-23	-13	5
+/- New issues/buybacks	-67	100	5	49	8	0	0	0
- Paid dividend	0	0	0	0	0	0	0	-2
+/- Other	39	-103	-148	-4	8	30	20	0
Change in cash	-65	69	-29	-23	-6	7	6	3

Construction & Engineering/Finland, July 16, 2024
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KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	155	139	65	67	85	85	85
Net debt (excl. convertibles)	289	170	80	99	123	136	167
Enterprise value	456	325	178	200	241	255	252
Sales	976	933	770	610	714	810	860
EBITDA	20	5	-67	-1	19	29	38
EBIT	2	-2	-76	-7	13	22	30
Pre-tax	-28	-20	-79	-16	6	15	23
Earnings	-27	-21	-86	-15	5	12	19
Equity book value (excl. minorities)	170	150	113	105	110	123	140
Valuation multiples							
EV/sales	0.5	0.3	0.2	0.3	0.3	0.3	0.3
EV/EBITDA	22.4	72.2	-2.7	-173.7	12.9	8.9	6.6
EV/EBITA	304.1	-180.4	-2.3	-29.6	18.5	11.7	8.5
EV/EBIT	304.1	-180.4	-2.3	-29.6	18.5	11.7	8.5
EV/OCF	9.9	4.7	-17.7	-105.2	122.9	25.3	13.8
EV/FCFF	5.5	3.4	-3.2	-558.8	58.9	31.0	13.1
P/FCFE	0.1	0.0	-1.0	-3.2	-3.6	-6.3	17.5
P/E	-5.7	-6.5	-0.8	-4.4	16.4	6.8	4.5
P/B	0.9	0.9	0.6	0.6	0.8	0.7	0.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	13.1	9.0	6.6
Target EV/EBIT	0.0	0.0	0.0	0.0	18.7	11.8	8.6
Target EV/FCF	0.0	0.0	0.0	0.0	-10.4	-19.2	52.6
Target P/B	0.0	0.0	0.0	0.0	0.8	0.7	0.6
Target P/E	0.0	0.0	0.0	0.0	17.0	7.1	4.7
Per share measures							
Number of shares	9,429	9,429	16,982	16,982	16,982	16,982	16,982
Number of shares (diluted)	9,429	9,429	16,982	16,982	16,982	16,982	16,982
EPS	-2.88	-2.27	-5.05	-0.90	0.31	0.74	1.11
Operating cash flow per share	4.91	7.31	-0.59	-0.11	0.12	0.59	1.07
Free cash flow per share	7.64	12.08	-3.99	-1.24	-1.38	-0.79	0.29
Book value per share	17.99	15.88	6.64	6.20	6.51	7.24	8.24
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.11	0.33
Dividend payout ratio, %	0.0	0.0	0.0	0.0	0.0	15.0	30.0
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	2.2	6.7
FCF yield, %	46.4	81.7	-105.1	-31.4	-27.6	-15.8	5.7
Efficiency measures							
ROE	-20.5	-13.4	-65.3	-14.1	4.8	10.7	14.4
ROCE	0.9	0.7	-21.4	-2.5	4.4	6.6	8.4
Financial ratios							
Inventories as % of sales	36.4	24.4	21.1	25.8	25.8	26.0	26.2
Receivables as % of sales	15.8	15.4	13.3	14.5	14.5	14.5	14.5
Non-interest bearing liabilities as % of sales	29.2	26.1	19.2	22.7	24.0	25.0	25.0
NWC/sales, %	23.1	13.7	15.1	17.6	16.3	15.5	15.7
Operative CAPEX/sales, %	-0.2	-4.8	7.5	3.1	3.6	2.9	1.6
CAPEX/sales (incl. acquisitions), %	-0.6	-4.8	7.5	3.1	3.6	2.9	1.6
FCFF/EBITDA	4.1	21.5	0.8	0.3	0.2	0.3	0.5
Net debt/EBITDA, book-weighted	14.2	37.8	-1.2	-86.3	6.6	4.8	4.3
Debt/equity, market-weighted	1.6	1.1	0.5	0.5	0.6	0.7	1.1
Equity ratio, book-weighted	22.3	27.5	40.3	39.4	34.2	32.3	27.2
Gearing, %	159.8	103.0	55.0	71.6	85.3	87.1	119.1

COMPANY DESCRIPTION: SRV is a Finnish project management contractor that develops and builds commercial and business premises, residential units as well as infrastructure and logistics projects.

INVESTMENT CASE: SRV's road has been bumpy in the past few years and earnings have been weak despite good demand. The current slower residential construction market presents challenges yet several factors support the company including a healthy balance sheet, low amount of unsold developer contracted units and a solid backlog of lower-risk business construction projects. With the revised strategy, SRV aims towards sustainable profitability driven by increasing the share accounted for by housing construction and especially by housing and business premises construction based on in-house project development in a controlled manner.

OWNERSHIP STRUCTURE	SHARES	EURm	%
As Pontos Baltic	2,877,709	14.389	16.9%
Ilmarinen Mutual Pension Insurance Company	1,942,246	9.711	11.4%
Kolpi Investments Oy	1,446,353	7.232	8.5%
Havu Capital Oy	957,562	4.788	5.6%
OP Life Assurance Company Ltd	772,377	3.862	4.5%
Tungelin Investments Oy	654,055	3.270	3.9%
Lareale Investments Oy	654,055	3.270	3.9%
Varma Mutual Pension Insurance Company	483,611	2.418	2.8%
Pohjola Insurance Ltd	394,650	1.973	2.3%
Nordea Life Assurance Finland Ltd.	382,510	1.913	2.3%
Ten largest	10,565,128	52.826	62%
Residual	6,417,215	32.086	38%
Total	16,982,343	84.912	100%

EARNINGS CALENDAR

July 18, 2024 Q2 report
October 24, 2024 Q3 report

OTHER EVENTS

March 27, 2023 AGM

COMPANY MISCELLANEOUS

CEO: Saku Sipola Tarvonsalmenkatu 15, Espoo
CFO: Jarkko Rantala Tel: +358 20 145 5200
IR:

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

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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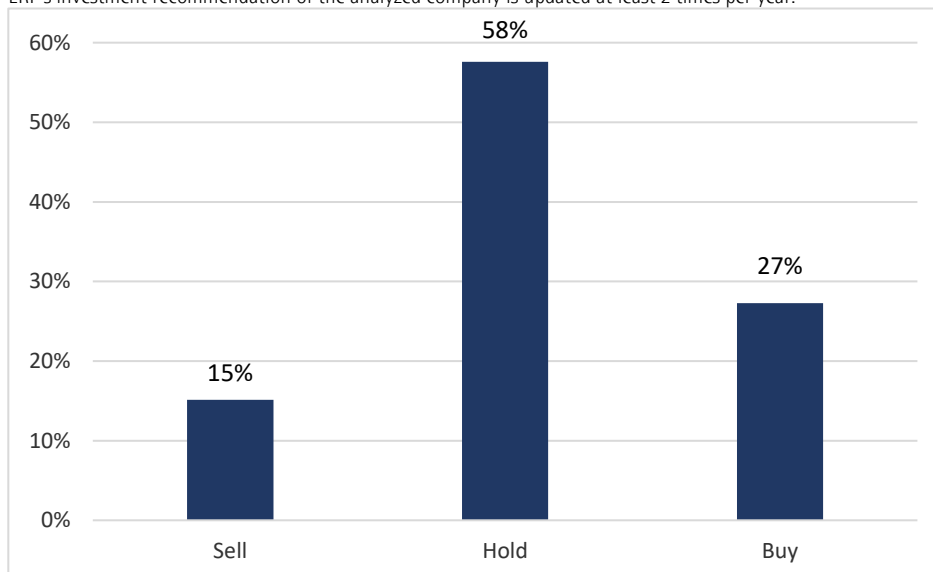
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Investment recommendations are defined as follows:

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

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

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