

Outlook remains robust

Scanfil's Q4 didn't serve any major surprises, but the overall picture turned even more encouraging. Our new TP is EUR 8.0 (6.5). Our rating is now BUY (HOLD).

Q4 figures as well as FY '21 guidance in line with estimates

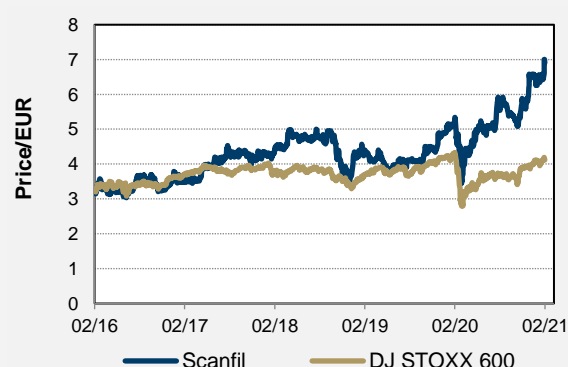
Scanfil Q4 revenue, flat y/y at EUR 154m, met the estimates. The Communication segment's top line remained a bit soft. This wasn't big news as the Hangzhou divestment and low base station product sales were known. The pick-up in Consumer Applications' demand was a positive surprise given that the segment had been underperforming already before the pandemic. Energy & Automation posted a respectable 18% organic growth. Industrial and Medtec & Life Science performed close to estimates. We view these two the most stable segments and positioned for ca. 5% growth in the coming years (it should be noted Medtec & Life Science hasn't gained any meaningful demand due to the pandemic). Scanfil thus posted EUR 10.4m Q4 EBIT, compared to the EUR 10.0m/9.9m Evli/cons. estimates.

Both guidance and comments are encouraging

We revise our estimates up a bit as the guidance implies demand holds even in an environment best described as extraordinary. Our previous EUR 617m FY '21 revenue estimate was close to the EUR 620m midpoint; we revise the figure up to EUR 625m. We continue to expect the same EBIT margin as before and so our EBIT estimate only increases from EUR 41.6m to EUR 42.2m. This is not a big quantitative difference, but the report adds confidence. Scanfil says outlook is perhaps a bit better now than a few months ago, in addition to which gross margin improved slightly in Q4. It thus seems unlikely the guidance will fail, particularly considering Scanfil's history. The company's balance sheet is ready for M&A, although any deal is not imminent. Relatively low capex needs also help the overall valuation picture, even if the share price has gained a lot in recent months.

Performance and outlook warrant higher valuation

In our opinion Scanfil's extended track record and robust outlook justify higher multiples. Our updated EUR 8.0 (6.5) TP values Scanfil at about 8.5x EV/EBITDA and 12x EV/EBIT on our estimates for this year. Earnings growth would help to decrease the multiples to respective 8x and 10.5x levels next year. Our TP is now EUR 8.0 (6.5). Our new rating is BUY (HOLD).

 Rating BUY

 Share price, EUR (Last trading day's closing price) 6.90

 Target price, EUR 8.0

 Latest change in recommendation 19-Feb-21

 Latest report on company 08-Jan-21

 Research paid by issuer: YES

 No. of shares outstanding, '000's 63,895

 No. of shares fully diluted, '000's 63,895

 Market cap, EURm 441

 Free float, % 46.6

 Exchange rate -

 Reuters code SCANFL.HE

 Bloomberg code SCANFL.FH

 Average daily volume, EURm 0.1

 Next interim report 23-Apr-21

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+ BUY □ HOLD - SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2019	579.4	39.4	6.8%	7.5	0.50	10.4	0.7	9.6	2.2	0.15
2020	595.3	39.1	6.6%	43.5	0.49	13.2	0.7	11.0	10.4	0.17
2021E	625.0	42.2	6.8%	38.5	0.48	14.3	0.7	10.1	8.7	0.18
2022E	661.0	46.3	7.0%	29.6	0.55	12.6	0.6	8.9	6.7	0.19
2023E	697.0	48.8	7.0%	30.1	0.58	12.0	0.6	8.0	6.8	0.20
Market cap, EURm	441			Gearing 2021E, %	-6.5			CAGR EPS 2020-23, %	5.2	
Net debt 2021E, EURm	-13			Price/book 2021E	2.2			CAGR sales 2020-23, %	5.4	
Enterprise value, EURm	428			Dividend yield 2021E, %	2.6			ROE 2021E, %	16.0	
Total assets 2021E, EURm	344			Tax rate 2021E, %	24.0			ROCE 2021E, %	19.0	
Goodwill 2021E, EURm	8			Equity ratio 2021E, %	58.9			PEG, P/E 21/CAGR	1.9	

Estimates and peer group multiples

Scanfil	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21e	Q2'21e	Q3'21e	Q4'21e	2021e	2022e	2023e
Revenue	563	579	144	156	142	154	595	152	160	154	159	625	661	697
<i>growth-%</i>	6.2 %	2.9 %	10.9 %	9.1 %	-7.0 %	-0.5 %	2.8 %	5.5 %	2.8 %	8.7 %	3.3 %	5.0 %	5.8 %	5.5 %
Communication	98	79	22	29	21	20	91	21	26	22	21	90	94	98
Consumer Applications	126	107	19	20	21	28	88	23	24	25	26	98	105	112
Energy & Automation	108	111	31	33	29	35	127	35	34	33	35	137	147	157
Industrial	135	173	46	49	45	43	182	45	49	47	46	187	197	207
Medtec & Life Science	98	108	27	25	26	29	107	28	27	27	31	113	118	124
EBIT	38	39	9	10	10	10	39	11	11	11	11	42	46	49
<i>EBIT margin</i>	6.7 %	6.8 %	6.0 %	6.5 %	7.0 %	6.8 %	6.6 %	6.9 %	6.7 %	6.8 %	6.6 %	6.8 %	7.0 %	7.0 %

Source: Evli Research

SCANFIL PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		20	21	22	20	21	22	20	21	22
Benchmark Electronics	839				15.9x	14.7x	12.5x	2.5 %	2.7 %	2.9 %
Celestica	883	3.8x	4.0x	3.7x	5.8x	6.3x	5.6x	3.5 %	3.4 %	3.7 %
TT Electronics	421	11.2x	9.3x	8.0x	18.5x	13.9x	11.2x	5.9 %	7.4 %	8.8 %
HANZA Holding	48	6.2x	4.5x	4.0x	15.4x	9.1x	7.5x	2.6 %	4.0 %	4.5 %
Kitron	298	9.6x	9.5x	8.8x	12.7x	12.9x	11.7x	8.0 %	7.2 %	7.3 %
Lacroix Group	119	10.6x	5.7x	5.1x	21.4x	8.8x	7.7x	2.3 %	4.1 %	4.4 %
Flex Ltd	7864	6.6x	7.3x	7.7x	11.6x	11.2x	10.8x	4.0 %	4.2 %	4.3 %
Plexus	1931	10.3x	9.6x	9.1x	14.2x	12.9x	12.1x	4.9 %	5.3 %	5.3 %
Sanmina	1875		5.2x		7.0x	7.0x		4.3 %	4.6 %	
SIIX	652	10.4x	8.7x	7.3x	23.3x	18.2x	13.6x	2.5 %	2.9 %	3.5 %
Valuetronics	176	1.4x	2.3x	2.2x	1.8x	3.2x	3.3x	8.7 %	8.6 %	8.4 %
Peer Group Average	1373	7.8x	6.6x	6.2x	13.4x	10.7x	9.6x	4.5 %	4.9 %	5.3 %
Peer Group Median	652	9.6x	6.5x	7.3x	14.2x	11.2x	11.0x	4.0 %	4.2 %	4.5 %
Scanfil (Evli est.)	441	7.8x	7.4x	6.8x	11.0x	10.1x	8.9x	6.6 %	6.8 %	7.0 %

Scanfil prem./disc. to peer median

-19 % 14 % -7 % -22 % -9 % -20 % 66 % 61 % 57 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	6.90 PV of Free Cash Flow	240 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	8.01 PV of Horizon value	286 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	16.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	8.7 Marketable securities	26 Minimum WACC, %	8.0 Equity beta coefficient	1.10
Minimum value	7.4 Debt - dividend	-40 Maximum WACC, %	9.0 Target debt ratio, %	20
Horizon value, %	54.4 Value of stock	512 Nr of shares, Mn	63.9 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	595	625	661	697	725	750	773	792	808	824	841	857
<i>Sales growth, %</i>	<i>2.7</i>	<i>5.0</i>	<i>5.8</i>	<i>5.4</i>	<i>4.0</i>	<i>3.5</i>	<i>3.0</i>	<i>2.5</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	39	42	46	49	51	53	54	55	57	58	59	60
<i>Operating income margin, %</i>	<i>6.6</i>	<i>6.8</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>
+ Depreciation+amort.	16	16	14	13	13	12	12	13	13	13	13	13
EBITDA	55	58	61	62	63	65	67	68	69	71	72	
- Paid taxes	-8	-10	-11	-12	-12	-13	-13	-13	-14	-14	-14	
- Change in NWC	5	4	-6	-6	-5	-4	-4	-3	-3	-3	-3	
<i>NWC / Sales, %</i>	<i>18.3</i>	<i>16.8</i>	<i>16.8</i>	<i>16.9</i>	<i>16.9</i>	<i>16.9</i>	<i>16.9</i>	<i>16.9</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-9	-12	-12	-13	-13	-13	-13	-14	-14	-14	-15	
<i>opCAPEX / Sales, %</i>	<i>1.1</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</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>	
- 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	43	41	31	32	34	35	36	38	39	40	40	638
= Discounted FCFF		38	27	25	25	24	23	22	21	19	18	286
= DFCF min WACC		38	27	25	25	24	23	22	21	20	19	325
= DFCF max WACC		38	26	25	24	23	22	21	20	19	17	254

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	144.1	155.5	141.7	154.0	595.3	152.0	160.0	154.0	159.0	625.0	661.0	697.0
EBITDA	12.4	14.0	13.6	15.2	55.2	14.5	14.7	14.5	14.5	58.2	60.5	62.1
<i>EBITDA margin (%)</i>	<i>8.6</i>	<i>9.0</i>	<i>9.6</i>	<i>9.9</i>	<i>9.3</i>	<i>9.5</i>	<i>9.2</i>	<i>9.4</i>	<i>9.1</i>	<i>9.3</i>	<i>9.2</i>	<i>8.9</i>
EBIT	8.6	10.2	9.9	10.4	39.1	10.5	10.7	10.5	10.5	42.2	46.3	48.8
<i>EBIT margin (%)</i>	<i>6.0</i>	<i>6.6</i>	<i>7.0</i>	<i>6.8</i>	<i>6.6</i>	<i>6.9</i>	<i>6.7</i>	<i>6.8</i>	<i>6.6</i>	<i>6.8</i>	<i>7.0</i>	<i>7.0</i>
Net financial items	0.1	-0.6	-0.8	-1.3	-2.6	-0.4	-0.4	-0.4	-0.4	-1.6	-0.4	-0.4
Pre-tax profit	8.7	9.6	9.1	9.1	36.5	10.1	10.3	10.1	10.1	40.6	45.9	48.4
Tax	-1.2	-1.4	-2.4	0.1	-4.9	-2.4	-2.5	-2.4	-2.4	-9.7	-11.0	-11.6
<i>Tax rate (%)</i>	<i>13.8</i>	<i>14.6</i>	<i>26.4</i>	<i>-1.1</i>	<i>13.4</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>
Net profit	7.5	8.2	6.7	9.2	31.6	7.7	7.8	7.7	7.7	30.9	34.9	36.8
EPS	0.12	0.13	0.10	0.14	0.49	0.12	0.12	0.12	0.12	0.48	0.55	0.58
EPS adjusted (diluted no. of shares)	0.12	0.13	0.10	0.14	0.49	0.12	0.12	0.12	0.12	0.48	0.55	0.58
Dividend per share	0.00	0.00	0.00	0.00	0.17	0.00	0.00	0.00	0.00	0.18	0.19	0.20
SALES, EURm												
Group	144.1	155.5	141.7	154.0	595.3	152.0	160.0	154.0	159.0	625.0	661.0	697.0
Total	144.1	155.5	141.7	154.0	595.3	152.0	160.0	154.0	159.0	625.0	661.0	697.0
SALES GROWTH, Y/Y %												
Group	10.9	9.0	-7.0	-0.4	2.7	5.5	2.9	8.7	3.2	5.0	5.8	5.4
Total	10.9	9.0	-7.0	-0.4	2.7	5.5	2.9	8.7	3.2	5.0	5.8	5.4
EBIT, EURm												
Group	8.6	10.2	9.9	10.4	39.1	10.5	10.7	10.5	10.5	42.2	46.3	48.8
Total	8.6	10.2	9.9	10.4	39.1	10.5	10.7	10.5	10.5	42.2	46.3	48.8
EBIT margin, %												
Group	6.0	6.6	7.0	6.8	6.6	6.9	6.7	6.8	6.6	6.8	7.0	7.0
Total	6.0	6.6	7.0	6.8	6.6	6.9	6.7	6.8	6.6	6.8	7.0	7.0

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	508.0	529.9	563.0	579.4	595.3	625.0	661.0	697.0
<i>Sales growth (%)</i>	<i>34.6</i>	<i>4.3</i>	<i>6.2</i>	<i>2.9</i>	<i>2.7</i>	<i>5.0</i>	<i>5.8</i>	<i>5.4</i>
EBITDA	33.3	40.0	47.2	53.6	55.2	58.2	60.5	62.1
<i>EBITDA margin (%)</i>	<i>6.5</i>	<i>7.5</i>	<i>8.4</i>	<i>9.3</i>	<i>9.3</i>	<i>9.3</i>	<i>9.2</i>	<i>8.9</i>
Depreciation	-11.0	-8.7	-9.4	-14.2	-16.1	-16.0	-14.3	-13.3
EBITA	22.3	31.3	37.8	39.4	39.1	42.2	46.3	48.8
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	22.3	31.3	37.8	39.4	39.1	42.2	46.3	48.8
<i>EBIT margin (%)</i>	<i>4.4</i>	<i>5.9</i>	<i>6.7</i>	<i>6.8</i>	<i>6.6</i>	<i>6.8</i>	<i>7.0</i>	<i>7.0</i>
Reported EBIT	7.2	31.3	37.8	39.4	39.1	42.2	46.3	48.8
<i>EBIT margin (reported) (%)</i>	<i>1.4</i>	<i>5.9</i>	<i>6.7</i>	<i>6.8</i>	<i>6.6</i>	<i>6.8</i>	<i>7.0</i>	<i>7.0</i>
Net financials	-1.2	1.3	-1.7	-1.3	-2.6	-1.6	-0.4	-0.4
Pre-tax profit	21.1	32.6	36.1	38.1	36.5	40.6	45.9	48.4
Taxes	-6.0	-6.8	-8.3	-5.9	-4.9	-9.7	-11.0	-11.6
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.0	25.8	27.8	32.2	31.6	30.9	34.9	36.8
Cash NRIs	-15.1	0.0	0.0	0.0	0.0	0.0	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	57	62	64	68	61	57	55	54
Goodwill	11	10	10	8	8	8	8	8
Right of use assets	0	0	15	21	18	19	20	21
Inventory	85	101	96	102	103	106	112	118
Receivables	92	108	104	115	116	115	121	128
Liquid funds	20	21	28	20	26	32	51	70
Total assets	267	307	321	340	339	344	375	407
Liabilities								
Shareholder's equity	108	125	148	167	183	203	226	251
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	15	19	16	19	20	21
Deferred taxes	3	5	5	7	6	6	6	6
Interest bearing debt	60	61	52	44	24	0	0	0
Non-interest bearing current liabilities	88	113	99	96	103	109	116	122
Other interest-free debt	1	2	2	7	7	7	7	7
Total liabilities	267	307	321	340	339	344	375	407
CASH FLOW, EURm								
+ EBITDA	33	40	47	54	55	58	61	62
- Net financial items	-1	2	-2	-1	-3	-2	0	0
- Taxes	-5	-8	-7	-5	-7	-10	-11	-12
- Increase in Net Working Capital	-6	-6	-9	-15	5	4	-6	-6
+/- Other	-5	-6	0	0	0	0	0	0
= Cash flow from operations	16	22	29	32	50	51	43	44
- Capex	-5	-21	-10	-24	-6	-13	-13	-14
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	10	2	19	8	44	38	30	30
+/- New issues/buybacks	13	-4	3	-6	-6	0	0	0
- Paid dividend	-5	-6	-7	-8	-10	-11	-12	-12
+/- Other	-21	8	-7	-1	-23	-21	1	1
Change in cash	-2	0	8	-8	5	6	19	19

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	272	281	336	417	441	441	441
Net debt (excl. convertibles)	41	39	43	15	-13	-31	-49
Enterprise value	312	320	379	431	428	410	392
Sales	530	563	579	595	625	661	697
EBITDA	40	47	54	55	58	61	62
EBIT	31	38	39	39	42	46	49
Pre-tax	33	36	38	37	41	46	48
Earnings	26	28	32	32	31	35	37
Equity book value (excl. minorities)	125	148	167	183	203	226	251
Valuation multiples							
EV/sales	0.6	0.6	0.7	0.7	0.7	0.6	0.6
EV/EBITDA	7.8	6.8	7.1	7.8	7.4	6.8	6.3
EV/EBITA	10.0	8.5	9.6	11.0	10.1	8.9	8.0
EV/EBIT	10.0	8.5	9.6	11.0	10.1	8.9	8.0
EV/OCF	14.0	11.0	11.9	8.6	8.4	9.6	9.0
EV/FCFF	29.5	15.5	25.7	10.0	10.5	13.2	12.4
P/FCFE	169.7	14.9	44.7	9.6	11.5	14.9	14.6
P/E	10.5	10.1	10.4	13.2	14.3	12.6	12.0
P/B	2.2	1.9	2.0	2.3	2.2	1.9	1.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.6	7.9	7.4
Target EV/EBIT	0.0	0.0	0.0	0.0	11.8	10.4	9.5
Target EV/FCF	0.0	0.0	0.0	0.0	12.9	16.2	15.4
Target P/B	0.0	0.0	0.0	0.0	2.5	2.3	2.0
Target P/E	0.0	0.0	0.0	0.0	16.6	14.7	13.9
Per share measures							
Number of shares	63,895	63,895	63,895	63,895	63,895	63,895	63,895
Number of shares (diluted)	63,895	63,895	63,895	63,895	63,895	63,895	63,895
EPS	0.40	0.44	0.50	0.49	0.48	0.55	0.58
Operating cash flow per share	0.35	0.45	0.50	0.78	0.80	0.67	0.68
Free cash flow per share	0.03	0.30	0.12	0.68	0.60	0.46	0.47
Book value per share	1.95	2.32	2.61	2.86	3.18	3.54	3.93
Dividend per share	0.11	0.13	0.15	0.17	0.18	0.19	0.20
Dividend payout ratio, %	27.2	29.9	29.8	34.4	37.3	34.8	34.8
Dividend yield, %	2.6	3.0	2.9	2.5	2.6	2.8	2.9
FCF yield, %	0.6	6.7	2.2	10.4	8.7	6.7	6.8
Efficiency measures							
ROE	22.2	20.4	20.4	18.1	16.0	16.2	15.4
ROCE	17.7	18.8	17.7	17.3	19.0	19.8	18.8
Financial ratios							
Inventories as % of sales	19.0	17.0	17.6	17.4	17.0	17.0	17.0
Receivables as % of sales	20.5	18.4	19.8	19.4	18.4	18.4	18.3
Non-interest bearing liabilities as % of sales	21.3	17.5	16.6	17.3	17.5	17.5	17.5
NWC/sales, %	17.7	17.5	19.7	18.3	16.8	16.8	16.9
Operative CAPEX/sales, %	3.9	1.8	4.2	1.1	2.0	2.0	2.0
CAPEX/sales (incl. acquisitions), %	3.9	1.8	4.2	1.1	2.0	2.0	2.0
FCFF/EBITDA	0.3	0.4	0.3	0.8	0.7	0.5	0.5
Net debt/EBITDA, book-weighted	1.0	0.8	0.8	0.3	-0.2	-0.5	-0.8
Debt/equity, market-weighted	0.2	0.2	0.1	0.1	0.0	0.0	0.0
Equity ratio, book-weighted	40.6	46.2	49.0	53.9	58.9	60.3	61.6
Gearing, %	32.7	26.0	25.6	7.9	-6.5	-13.8	-19.6

COMPANY DESCRIPTION: Scanfil is a contract electronics manufacturer based in Sievi, Finland, operating a global plant network with nine sites located across three continents. The company focuses on producing industrial electronics for its customers, many of which are large global industrial original equipment manufacturers. In practice Northern Europe is by far Scanfil's most important market. Scanfil's strategy is based on a vertically integrated model with which the company aims to provide solutions to cover the entire supply chain during the whole life-cycle of a given customer product.

INVESTMENT CASE: In our view Scanfil is well-positioned to achieve its target 7% operating margin. We see upside to the current share price when customer product volumes continue to develop positively, helping to lift absolute operating profit. We expect Scanfil to achieve even more diversified customer portfolio; this would justify an increase in valuation multiples.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Takanen Harri	9,913,146	68.401	15.5%
Takanen Jarkko	8,596,169	59.314	13.5%
Varikot Oy	7,606,442	52.484	11.9%
Takanen Jorma	6,129,305	42.292	9.6%
Tolonen Jonna	3,351,950	23.128	5.2%
Pöllä Reijo	3,328,745	22.968	5.2%
Laakkonen Mikko	2,531,187	17.465	4.0%
Takanen Martti	1,947,018	13.434	3.0%
Foundation of Riitta and Jorma J.Takanen	1,900,000	13.110	3.0%
Sijoitusrahasto Aktia Capital	1,688,000	11.647	2.6%
Ten largest	46,991,962	324.245	74%
Residual	16,903,477	116.634	26%
Total	63,895,439	440.879	100%

EARNINGS CALENDAR

April 23, 2021	Q1 report
August 06, 2021	Q2 report
October 26, 2021	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Kai Valo	Tel: +358 8 48 82 111
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
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

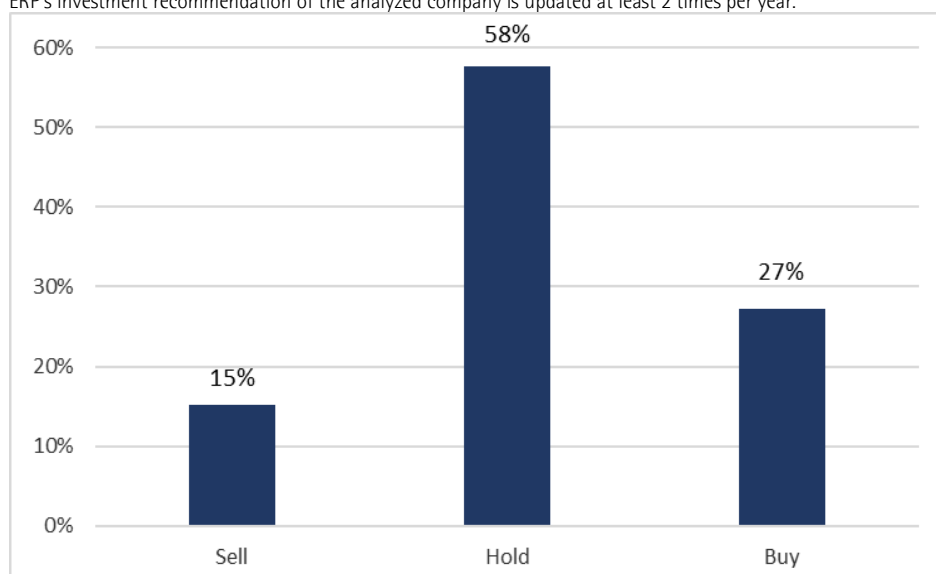
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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