

CMD notes

Scanfil hosted its first-ever CMD yesterday, during which the company elaborated on customer service and internal processes. Long-term financial targets were left unchanged.

The focus was on Scanfil's positioning and latest trends

The CMD added color on Scanfil's comprehensive manufacturing service model and value chain positioning. Scanfil's service has over the years evolved to cover the entire life cycle for many high-mix low-volume industrial electronics products. Scanfil's own processes now appear well harmonized across the factory network. Scanfil can take care of the final product's delivery to end-use location, as highlighted in the case of TOMRA's reverse vending machines and grocery stores. Established OEM customers amount to 85% of accounts (95% of revenue) while start-ups make up the rest. Each factory has its own P&L and Scanfil monitors their strategic position as well as financial performance. The divested plant in Hangzhou was performing well in financial terms but no more seemed a great fit strategy-wise, whereas in the Hamburg closure case the reverse was true. According to Scanfil the Connectivity segment should have the highest relative growth potential, not a big surprise considering it is still by far the smallest of the five. Semiconductor sourcing challenges seem set to last at least until 2022 and affect accounts across all the segments. Scanfil doesn't see any internal bottlenecks an issue; business has mostly managed to stay on course thanks to extended planning and demand forecasts.

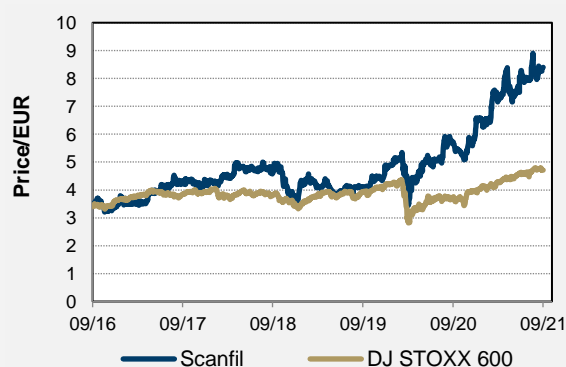
Organic growth potential is strong for the coming years

Scanfil recently announced the EUR 6m planned investment in Suzhou to double the current plant's production capacity. We consider this an efficient way to address organic growth opportunities driven by Chinese demand. Scanfil has also added new staff in China and the US to help capitalize on local sales potential. We continue to expect ca. 7% organic CAGR going forward, a strong figure in the EMS context.

The overall valuation context has not changed

Scanfil left its long-term financial targets intact for now and we make no changes to our estimates. Valuation hasn't changed much since the last update; Scanfil trades around 8.5-9.0x EV/EBITDA and 11-12x EV/EBIT on our FY '21-22 estimates. We retain our EUR 9.0 TP and HOLD rating.

Rating



Share price, EUR (Last trading day's closing price) 8.40

Target price, EUR 9.0

Latest change in recommendation	09-Aug-21
Latest report on company	09-Aug-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	537
Free float, %	46.6
Exchange rate	-
Reuters code	SCANFL.HE
Bloomberg code	SCANFL.FH
Average daily volume, EURm	0.1
Next interim report	26-Oct-21
Web site	www.scanfil.com/investors

Analyst Joonas Ilvonen
 E-mail joonas.ilvonen@evli.com
 Telephone +358 44 430 9071

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	657.5	42.9	6.5%	33.0	0.52	16.1	0.8	12.3	6.2	0.18
2022E	695.9	47.3	6.8%	22.9	0.56	15.1	0.7	10.9	4.3	0.19
2023E	732.9	51.3	7.0%	33.6	0.61	13.9	0.7	9.7	6.3	0.20
Market cap, EURm	537		Gearing 2021E, %	-3.7		CAGR EPS 2020-23, %	7.0			
Net debt 2021E, EURm	-8		Price/book 2021E	2.6		CAGR sales 2020-23, %	7.2			
Enterprise value, EURm	529		Dividend yield 2021E, %	2.1		ROE 2021E, %	17.1			
Total assets 2021E, EURm	359		Tax rate 2021E, %	19.4		ROCE 2021E, %	18.9			
Goodwill 2021E, EURm	8		Equity ratio 2021E, %	57.2		PEG, P/E 21/CAGR	2.4			

Estimates and peer group multiples

Scanfil	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Q3'21e	Q4'21e	2021e	2022e	2023e
Revenue	144	156	142	154	595	163	173	157	164	658	696	733
<i>growth-%</i>	10.9 %	9.1 %	-7.0 %	-0.4 %	2.8 %	13.4 %	11.1 %	10.8 %	6.7 %	10.4 %	5.8 %	5.3 %
Advanced Consumer Applications	31	40	39	41	151	43	53	45	47	188	201	211
Automation & Safety	38	37	34	34	142	35	37	37	37	145	152	158
Connectivity	7	8	7	6	29	8	7	8	7	30	32	33
Energy & Cleantech	34	34	30	37	136	40	45	39	42	166	186	199
Medtech & Life Science	27	25	26	30	108	29	29	29	32	118	125	131
Discontinued	6	12	6	5	30	9	2	0	0	11	0	0
EBIT	9	10	10	10	39	10	11	11	12	43	47	51
<i>EBIT margin</i>	6.0 %	6.5 %	7.0 %	6.8 %	6.6 %	6.1 %	6.1 %	6.9 %	7.0 %	6.5 %	6.8 %	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	820				16.1x	14.1x	12.4x	2.5 %	2.8 %	3.0 %
Celestica	924	3.8x	3.7x	3.5x	5.8x	5.6x	5.1x	3.5 %	3.8 %	3.9 %
TT Electronics	578	10.0x	11.2x	9.8x	15.8x	17.8x	13.9x	6.3 %	6.9 %	8.5 %
HANZA Holding	106	5.3x	6.4x	5.8x	19.9x	12.0x	9.9x	2.0 %	5.1 %	5.7 %
Kitron	331	9.6x	10.3x	9.2x	12.8x	13.7x	12.0x	7.9 %	7.2 %	7.5 %
Lacroix Group	202	6.9x			12.3x			3.4 %	4.1 %	4.5 %
Flex Ltd	7665	7.2x	7.2x	6.6x	11.2x	9.8x	9.1x	4.0 %	4.4 %	4.6 %
Plexus	2181	10.3x	10.5x	9.6x	14.3x	14.3x	12.8x	4.8 %	5.3 %	5.3 %
Sanmina	2189		5.4x	5.1x	6.9x	7.1x	6.7x	4.4 %	5.0 %	5.1 %
SIIX	472	9.9x	6.2x	5.5x	23.3x	11.4x	9.5x	2.5 %	3.3 %	3.8 %
Valuetronics	160	1.3x			1.6x			8.8 %		
Peer Group Average	1421	7.1x	7.6x	6.9x	12.7x	11.8x	10.1x	4.6 %	4.8 %	5.2 %
Peer Group Median	578	7.2x	6.8x	6.2x	12.8x	12.0x	9.9x	4.0 %	4.7 %	4.8 %
Scanfil (Evli est.)	537	7.8x	9.0x	8.4x	11.0x	12.3x	10.9x	6.6 %	6.5 %	6.8 %
<i>Scanfil prem./disc. to peer median</i>		9 %	33 %	35 %	-14 %	3 %	11 %	63 %	38 %	40 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	8.40 PV of Free Cash Flow	260 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	9.38 PV of Horizon value	365 WACC, %	8.0 Market risk premium, %	5.8
Share price potential, %	11.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	10.3 Marketable securities	26 Minimum WACC, %	7.5 Equity beta coefficient	1.00
Minimum value	8.6 Debt - dividend	-51 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	58.4 Value of stock	599 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	658	696	733	770	800	828	853	875	892	910	928
<i>Sales growth, %</i>	<i>2.7</i>	<i>10.4</i>	<i>5.8</i>	<i>5.3</i>	<i>5.0</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>
Operating income (EBIT)	39	43	47	51	54	56	58	60	61	62	64	65
<i>Operating income margin, %</i>	<i>6.6</i>	<i>6.5</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>
+ Depreciation+amort.	16	16	14	15	14	14	13	13	13	14	14	
EBITDA	55	59	61	67	68	70	71	73	75	76	77	
- Paid taxes	-8	-8	-11	-12	-13	-13	-14	-14	-15	-15	-15	
- Change in NWC	5	-1	-7	-6	-6	-5	-5	-4	-4	-3	-3	
<i>NWC / Sales, %</i>	<i>18.3</i>	<i>16.8</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>	<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	-19	-13	-13	-13	-14	-14	-14	-15	-15	
<i>opCAPEX / Sales, %</i>	<i>1.1</i>	<i>2.2</i>	<i>2.9</i>	<i>1.9</i>	<i>1.9</i>	<i>1.8</i>	<i>1.8</i>	<i>1.7</i>	<i>1.7</i>	<i>1.7</i>	<i>1.7</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	36	24	35	36	37	39	40	42	43	44	746
= Discounted FCFF		35	22	29	28	27	26	25	24	23	21	365
= DFCF min WACC		35	22	30	28	27	26	25	25	24	22	416
= DFCF max WACC		35	22	29	27	26	25	24	23	22	21	323

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	144.1	155.5	141.7	154.0	595.3	163.3	172.9	156.9	164.4	657.5	695.9	732.9
EBITDA	12.4	14.0	13.6	15.2	55.2	13.8	14.4	14.8	15.5	58.5	61.4	66.7
<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>8.5</i>	<i>8.3</i>	<i>9.4</i>	<i>9.4</i>	<i>8.9</i>	<i>8.8</i>	<i>9.1</i>
EBIT	8.6	10.2	9.9	10.4	39.1	10.0	10.6	10.8	11.5	42.9	47.3	51.3
<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>6.1</i>	<i>6.1</i>	<i>6.9</i>	<i>7.0</i>	<i>6.5</i>	<i>6.8</i>	<i>7.0</i>
Net financial items	0.1	-0.6	-0.8	-1.3	-2.6	-0.7	-0.1	-0.4	-0.4	-1.6	-0.5	-0.4
Pre-tax profit	8.7	9.6	9.1	9.1	36.5	9.3	10.5	10.4	11.1	41.3	46.9	50.9
Tax	-1.2	-1.4	-2.4	0.1	-4.9	-1.7	-1.8	-2.2	-2.3	-8.0	-11.2	-12.2
<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>18.3</i>	<i>17.1</i>	<i>21.0</i>	<i>21.0</i>	<i>19.4</i>	<i>24.0</i>	<i>24.0</i>
Net profit	7.5	8.2	6.7	9.2	31.6	7.6	8.7	8.2	8.8	33.3	35.6	38.7
EPS	0.12	0.13	0.10	0.14	0.49	0.12	0.14	0.13	0.14	0.52	0.56	0.61
EPS adjusted (diluted no. of shares)	0.12	0.13	0.10	0.14	0.49	0.12	0.14	0.13	0.14	0.52	0.56	0.61
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	163.3	172.9	156.9	164.4	657.5	695.9	732.9
Total	144.1	155.5	141.7	154.0	595.3	163.3	172.9	156.9	164.4	657.5	695.9	732.9
SALES GROWTH, Y/Y %												
Group	10.9	9.0	-7.0	-0.4	2.7	13.3	11.2	10.7	6.8	10.4	5.8	5.3
Total	10.9	9.0	-7.0	-0.4	2.7	13.3	11.2	10.7	6.8	10.4	5.8	5.3
EBIT, EURm												
Group	8.6	10.2	9.9	10.4	39.1	10.0	10.6	10.8	11.5	42.9	47.3	51.3
Total	8.6	10.2	9.9	10.4	39.1	10.0	10.6	10.8	11.5	42.9	47.3	51.3
EBIT margin, %												
Group	6.0	6.6	7.0	6.8	6.6	6.1	6.1	6.9	7.0	6.5	6.8	7.0
Total	6.0	6.6	7.0	6.8	6.6	6.1	6.1	6.9	7.0	6.5	6.8	7.0

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	508.0	529.9	563.0	579.4	595.3	657.5	695.9	732.9
<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>10.4</i>	<i>5.8</i>	<i>5.3</i>
EBITDA	33.3	40.0	47.2	53.6	55.2	58.5	61.4	66.7
<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>8.9</i>	<i>8.8</i>	<i>9.1</i>
Depreciation	-11.0	-8.7	-9.4	-14.2	-16.1	-15.6	-14.1	-15.4
EBITA	22.3	31.3	37.8	39.4	39.1	42.9	47.3	51.3
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	42.9	47.3	51.3
<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>6.5</i>	<i>6.8</i>	<i>7.0</i>
Reported EBIT	7.2	31.3	37.8	39.4	39.1	42.9	47.3	51.3
<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>6.5</i>	<i>6.8</i>	<i>7.0</i>
Net financials	-1.2	1.3	-1.7	-1.3	-2.6	-1.6	-0.5	-0.4
Pre-tax profit	21.1	32.6	36.1	38.1	36.5	41.3	46.9	50.9
Taxes	-6.0	-6.8	-8.3	-5.9	-4.9	-8.0	-11.2	-12.2
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	33.3	35.6	38.7
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	58	63	60
Goodwill	11	10	10	8	8	8	8	8
Right of use assets	0	0	15	21	18	20	21	22
Inventory	85	101	96	102	103	112	118	125
Receivables	92	108	104	115	116	121	128	134
Liquid funds	20	21	28	20	26	33	40	63
Total assets	267	307	321	340	339	359	385	420
Liabilities								
Shareholder's equity	108	125	148	167	183	205	229	256
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	20	21	22
Deferred taxes	3	5	5	7	6	6	6	6
Interest bearing debt	60	61	52	44	24	5	0	0
Non-interest bearing current liabilities	88	113	99	96	103	115	122	128
Other interest-free debt	1	2	2	7	7	7	7	7
Total liabilities	267	307	321	340	339	359	385	420
CASH FLOW, EURm								
+ EBITDA	33	40	47	54	55	59	61	67
- Net financial items	-1	2	-2	-1	-3	-2	0	0
- Taxes	-5	-8	-7	-5	-7	-8	-11	-12
- Increase in Net Working Capital	-6	-6	-9	-15	5	-1	-7	-6
+/- Other	-5	-6	0	0	0	0	0	0
= Cash flow from operations	16	22	29	32	50	47	43	48
- Capex	-5	-21	-10	-24	-6	-14	-20	-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	33	23	34
+/- 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	-15	-4	1
Change in cash	-2	0	8	-8	5	7	7	23

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	272	281	336	417	537	537	537
Net debt (excl. convertibles)	41	39	43	15	-8	-19	-40
Enterprise value	312	320	379	431	529	518	496
Sales	530	563	579	595	658	696	733
EBITDA	40	47	54	55	59	61	67
EBIT	31	38	39	39	43	47	51
Pre-tax	33	36	38	37	41	47	51
Earnings	26	28	32	32	33	36	39
Equity book value (excl. minorities)	125	148	167	183	205	229	256
Valuation multiples							
EV/sales	0.6	0.6	0.7	0.7	0.8	0.7	0.7
EV/EBITDA	7.8	6.8	7.1	7.8	9.0	8.4	7.4
EV/EBITA	10.0	8.5	9.6	11.0	12.3	10.9	9.7
EV/EBIT	10.0	8.5	9.6	11.0	12.3	10.9	9.7
EV/OCF	14.0	11.0	11.9	8.6	11.2	12.1	10.4
EV/FCFF	29.5	15.5	25.7	10.0	14.6	21.2	14.2
P/FCFE	169.7	14.9	44.7	9.6	16.2	23.5	16.0
P/E	10.5	10.1	10.4	13.2	16.1	15.1	13.9
P/B	2.2	1.9	2.0	2.3	2.6	2.3	2.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.7	9.1	8.0
Target EV/EBIT	0.0	0.0	0.0	0.0	13.2	11.8	10.4
Target EV/FCF	0.0	0.0	0.0	0.0	17.2	24.3	15.9
Target P/B	0.0	0.0	0.0	0.0	2.8	2.5	2.2
Target P/E	0.0	0.0	0.0	0.0	17.3	16.1	14.9
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	0.52	0.56	0.61
Operating cash flow per share	0.35	0.45	0.50	0.78	0.74	0.67	0.74
Free cash flow per share	0.03	0.30	0.12	0.68	0.52	0.36	0.53
Book value per share	1.95	2.32	2.61	2.86	3.21	3.59	4.01
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	34.6	34.1	33.1
Dividend yield, %	2.6	3.0	2.9	2.6	2.1	2.3	2.4
FCF yield, %	0.6	6.7	2.2	10.4	6.2	4.3	6.3
Efficiency measures							
ROE	22.2	20.4	20.4	18.1	17.1	16.4	15.9
ROCE	17.7	18.8	17.7	17.3	18.9	19.7	19.4
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	18.3	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	16.9	16.9
Operative CAPEX/sales, %	3.9	1.8	4.2	1.1	2.2	2.9	1.9
CAPEX/sales (incl. acquisitions), %	3.9	1.8	4.2	1.1	2.2	2.9	1.9
FCFF/EBITDA	0.3	0.4	0.3	0.8	0.6	0.4	0.5
Net debt/EBITDA, book-weighted	1.0	0.8	0.8	0.3	-0.1	-0.3	-0.6
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	57.2	59.5	61.0
Gearing, %	32.7	26.0	25.6	7.9	-3.7	-8.3	-15.8

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	83.270	15.5%
Takanen Jarkko	8,596,169	72.208	13.5%
Varikot Oy	7,606,442	63.894	11.9%
Takanen Jorma	6,129,305	51.486	9.6%
Tolonen Jonna	3,351,950	28.156	5.2%
Pöllä Reijo	3,328,745	27.961	5.2%
Laakkonen Mikko	2,531,187	21.262	4.0%
Takanen Martti	1,947,018	16.355	3.0%
Foundation of Riitta and Jorma J.Takanen	1,900,000	15.960	3.0%
Sijoitusrahasto Aktia Capital	1,688,000	14.179	2.6%
Ten largest	46,991,962	394.732	74%
Residual	16,903,477	141.989	26%
Total	63,895,439	536.722	100%

EARNINGS CALENDAR

October 26, 2021

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Petteri Jokitalo

Yritystie 6, FI-85410 Sievi

CFO: Kai Valo

Tel: +358 8 48 82 111

IR: Pasi Hiedanpää

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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

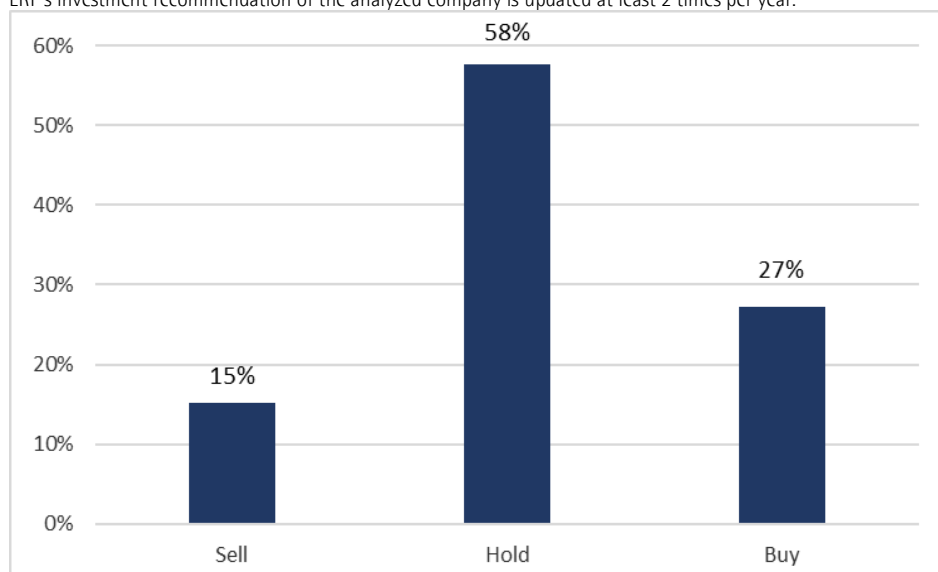
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Investment recommendations are defined as follows:

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

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 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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Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg	+358 9 4766 9123
Ari Laine	+358 9 4766 9115
Kimmo Lilja	+358 9 4766 9130

Trading

Lauri Vehkaluoto (Head)	+358 9 4766 9120
Pasi Väisänen	+358 9 4766 9120
Antti Kässi	+358 9 4766 9120
Miika Ronkanen	+358 9 4766 9120

Structured Investments

Heikki Savijoki	+358 9 4766 9726
Aki Lakkisto	+358 9 4766 9123

Equity Research

Jonas Forslund	+358 9 4766 9314
Joonas Ilvonen	+358 44 430 9071
Jerker Salokivi	+358 9 4766 9149
Anna-Liisa Rissanen	+358 40 157 9919
Teemu Reiman	+358 40 352 6175

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
Markku Reinikainen	+358 9 4766 9669



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001