

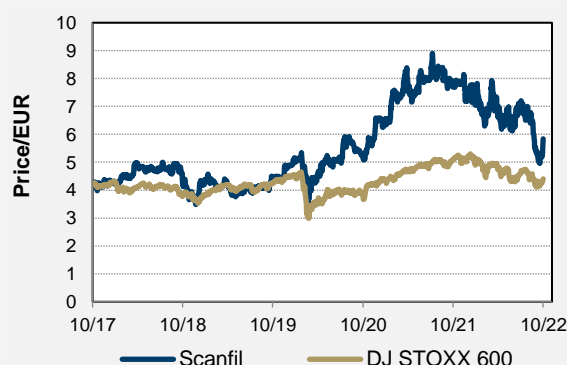
Profitability continues to improve

Scanfil's Q3 results were largely as expected. Demand remains strong and EBIT should continue to increase as the gradually easing component shortage situation further helps plant productivity.

Q3 figures and management comments largely as expected
 Scanfil Q3 revenue grew to EUR 212m, compared to the EUR 210m/209m Evli/cons. estimates. Growth continued to stem across all customer segments. The 26% y/y growth (23% without the EUR 20m transitory spot component purchases) was a record pace and may not be reached again as it was driven by a very high level of customer demand as well as inflation. EBIT amounted to EUR 11.5m vs the EUR 12.3m/11.5m Evli/cons. estimates, and EBIT margin was a decent 6% when excluding the spot purchases. The amount of these transitory items already declined by a third q/q and thus suggests component availability challenges continue to ease, yet the situation will still take a while to wholly normalize.

Underlying growth should moderate a bit but remain strong
 Scanfil's business model allows incremental capacity additions, and hence supply-demand balance is unlikely to be altered too unfavorably even if EMS players, including Scanfil, expand their footprint in response to a particular phase of high demand. The Atlanta investments (EUR 4m in an SMT line as well as additional production space), in addition to production space increases in other locations, will mostly address needs current customers have, although Scanfil is also active in new customer acquisition. Customer demand forecasts remain strong across all key markets, at least for now, and Scanfil's diverse customer base means demand risks are manageable even in the case of softening.

Further earnings growth with an undemanding valuation
 The plant network is performing well, and no plant is lagging. The guidance midpoint suggests y/y growth will continue at a 14% pace in Q4; Scanfil should reach an above 6% EBIT margin even with some spot purchases. The estimated Q4 run-rate EBIT implies well above EUR 50m figure for FY '23, which should be achievable even if top line growth turns negative due to the lost transitory invoicing items. Meanwhile Scanfil's valuation is not too demanding, below 9x EV/EBIT on our FY '22 estimates and around 7x next year. Our updated TP is EUR 7.0 (8.0); retain BUY.

 Rating BUY


Share price, EUR (Last trading day's closing price)	5.84
Target price, EUR	7.0

Latest change in recommendation	14-Oct-21
Latest report on company	08-Aug-22
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	373
Free float, %	46.6
Exchange rate	-
Reuters code	SCANFL.HE
Bloomberg code	SCANFL.FH
Average daily volume, EURm	0.1
Next interim report	
Web site	www.scanfil.com/investors

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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
2020	595.3	39.1	6.6%	43.5	0.49	13.2	0.7	11.0	10.4	0.17
2021	695.7	40.3	5.8%	-31.7	0.48	15.6	0.8	13.2	-6.7	0.19
2022E	837.0	44.8	5.4%	49.0	0.54	10.9	0.5	8.8	13.1	0.20
2023E	819.4	50.8	6.2%	46.8	0.59	9.8	0.4	7.1	12.5	0.21
2024E	860.4	55.9	6.5%	35.8	0.66	8.9	0.4	6.0	9.6	0.22
Market cap, EURm		373	Gearing 2022E, %			8.6	CAGR EPS 2021-24, %			11.3
Net debt 2022E, EURm		20	Price/book 2022E			1.6	CAGR sales 2021-24, %			7.3
Enterprise value, EURm		393	Dividend yield 2022E, %			3.4	ROE 2022E, %			15.7
Total assets 2022E, EURm		450	Tax rate 2022E, %			17.8	ROCE 2022E, %			15.4
Goodwill 2022E, EURm		8	Equity ratio 2022E, %			51.0	PEG, P/E 22/CAGR			1.0

Estimates and valuation

Scanfil	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e
Revenue	595	163	173	168	192	696	197	213	212	216	837	819
<i>growth-%</i>	<i>2.8 %</i>	<i>13.4 %</i>	<i>11.1 %</i>	<i>18.4 %</i>	<i>24.4 %</i>	<i>16.9 %</i>	<i>20.4 %</i>	<i>23.2 %</i>	<i>26.3 %</i>	<i>12.5 %</i>	<i>20.3 %</i>	<i>-2.1 %</i>
Advanced Consumer Applications	151	43	53	55	53	205	55	69	68	60	251	236
Automation & Safety	142	35	37	33	41	145	43	46	44	46	178	182
Connectivity	29	8	7	7	10	33	11	9	8	11	39	41
Energy & Cleantech	136	40	45	44	53	182	55	54	53	60	222	210
Medtech & Life Science	108	29	29	29	34	121	34	36	39	38	147	150
Discontinued	30	9	2	0	0	11	0	0	0	0	0	0
EBIT	39	10	11	10	10	40	10	10	12	13	45	51
<i>EBIT margin</i>	<i>6.6 %</i>	<i>6.1 %</i>	<i>6.1 %</i>	<i>5.7 %</i>	<i>5.3 %</i>	<i>5.8 %</i>	<i>5.2 %</i>	<i>4.7 %</i>	<i>5.4 %</i>	<i>5.9 %</i>	<i>5.3 %</i>	<i>6.2 %</i>

Source: Evli Research

SCANFIL PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Benchmark Electronics	1047	8.5x	7.3x		12.4x	10.3x		3.3 %	3.7 %	
Celestica	1377	3.9x	3.7x	3.6x	5.3x	4.9x	4.7x	4.8 %	4.9 %	5.0 %
TT Electronics	286	6.8x	5.9x	5.5x	9.0x	7.6x	6.9x	7.9 %	8.9 %	9.5 %
Hanza	159	8.1x	6.8x	6.4x	13.0x	10.8x	10.1x	5.7 %	6.6 %	6.7 %
Kitron	415	10.4x	9.2x	8.3x	14.7x	12.7x	11.0x	6.6 %	6.9 %	7.3 %
Lacroix Group	111	6.9x	5.8x	5.1x	13.3x	10.1x	8.4x	3.2 %	4.1 %	4.6 %
Flex Ltd	8494	6.2x	5.7x	5.3x	8.4x	7.7x	7.3x	4.6 %	4.8 %	4.8 %
Plexus	2718	12.4x	10.5x		16.9x	13.8x		4.7 %	5.2 %	
Sanmina	3292	7.1x	6.8x		8.8x	8.1x		5.2 %	5.4 %	
SIIX	362	7.0x	5.9x	5.3x	13.2x	10.6x	8.8x	3.0 %	3.4 %	3.9 %
Valuetronics	138									
Peer Group Average	1673	7.7x	6.8x	5.7x	11.5x	9.7x	8.2x	4.9 %	5.4 %	6.0 %
Peer Group Median	415	7.0x	6.3x	5.3x	12.7x	10.2x	8.4x	4.7 %	5.0 %	5.0 %
Scanfil (Evli est.)	373	6.4x	5.3x	4.7x	8.8x	7.1x	6.0x	5.4 %	6.2 %	6.5 %

Scanfil prem./disc. to peer median

-9 % -16 % -11 % -31 % -31 % -29 % 13 % 23 % 31 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	5.84 PV of Free Cash Flow	334 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	10.74 PV of Horizon value	421 WACC, %	8.0 Market risk premium, %
Share price potential, %	83.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	11.8 Marketable securities	25 Minimum WACC, %	7.5 Equity beta coefficient
Minimum value	9.9 Debt - dividend	-94 Maximum WACC, %	8.5 Target debt ratio, %
Horizon value, %	55.8 Value of stock	686 Nr of shares, Mn	63.9 Effective tax rate, %

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	696	837	819	860	895	926	954	978	997	1,017	1,038	1,058
<i>Sales growth, %</i>	<i>16.9</i>	<i>20.3</i>	<i>-2.1</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>	<i>2.0</i>
Operating income (EBIT)	40	45	51	56	63	65	67	68	70	71	73	74
<i>Operating income margin, %</i>	<i>5.8</i>	<i>5.4</i>	<i>6.2</i>	<i>6.5</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.	15	16	17	15	14	14	14	14	14	14	14	14
EBITDA	56	61	68	71	77	79	80	82	83	85	87	
- Paid taxes	-10	-8	-12	-13	-15	-16	-16	-16	-17	-17	-17	
- Change in NWC	-59	24	3	-7	-6	-5	-5	-4	-3	-3	-4	
<i>NWC / Sales, %</i>	<i>24.1</i>	<i>17.2</i>	<i>17.2</i>	<i>17.2</i>	<i>17.2</i>	<i>17.3</i>	<i>17.3</i>	<i>17.3</i>	<i>17.3</i>	<i>17.3</i>	<i>17.3</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-13	-21	-12	-13	-13	-14	-14	-14	-15	-15	-16	
<i>opCAPEX / Sales, %</i>	<i>2.4</i>	<i>3.0</i>	<i>1.4</i>	<i>1.7</i>	<i>1.6</i>	<i>1.6</i>	<i>1.6</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.6</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	-26	56	47	37	43	44	45	47	49	49	50	854
= Discounted FCFF		55	43	32	33	32	30	29	28	26	25	421
= DFCF min WACC		55	43	32	34	32	31	30	29	27	26	480
= DFCF max WACC		55	43	31	33	31	30	28	27	25	24	373

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2	2022Q3	2022Q4E	2022E	2023E	2024E
Net sales	163.3	172.9	167.8	191.7	695.7	196.6	212.9	211.9	215.6	837.0	819.4	860.4
EBITDA	13.8	14.4	13.2	14.3	55.7	14.3	14.4	16.1	16.3	61.1	67.6	71.2
<i>EBITDA margin (%)</i>	<i>8.5</i>	<i>8.3</i>	<i>7.9</i>	<i>7.5</i>	<i>8.0</i>	<i>7.3</i>	<i>6.8</i>	<i>7.6</i>	<i>7.6</i>	<i>7.3</i>	<i>8.3</i>	<i>8.3</i>
EBIT	10.0	10.6	9.4	10.3	40.3	10.3	10.2	11.5	12.8	44.8	50.8	55.9
<i>EBIT margin (%)</i>	<i>6.1</i>	<i>6.1</i>	<i>5.6</i>	<i>5.4</i>	<i>5.8</i>	<i>5.2</i>	<i>4.8</i>	<i>5.4</i>	<i>5.9</i>	<i>5.4</i>	<i>6.2</i>	<i>6.5</i>
Net financial items	-0.7	-0.1	-0.9	-0.2	-1.9	-1.0	-0.3	-1.7	-0.2	-3.2	-0.9	-0.5
Pre-tax profit	9.3	10.5	8.5	10.1	38.4	9.3	9.9	9.8	12.6	41.6	49.9	55.4
Tax	-1.7	-1.8	-3.5	-0.9	-7.9	-1.3	-2.7	-0.4	-3.0	-7.4	-12.0	-13.3
<i>Tax rate (%)</i>	<i>18.3</i>	<i>17.1</i>	<i>41.2</i>	<i>8.9</i>	<i>20.6</i>	<i>14.0</i>	<i>27.3</i>	<i>4.1</i>	<i>24.0</i>	<i>17.8</i>	<i>24.0</i>	<i>24.0</i>
Net profit	7.6	8.7	5.0	9.2	30.5	8.0	7.2	9.4	9.6	34.2	37.9	42.1
EPS	0.12	0.14	0.08	0.14	0.48	0.13	0.11	0.15	0.15	0.54	0.59	0.66
EPS adjusted (diluted no. of shares)	0.12	0.14	0.08	0.14	0.48	0.13	0.11	0.15	0.15	0.54	0.59	0.66
Dividend per share	0.00	0.00	0.00	0.00	0.19	0.00	0.00	0.00	0.00	0.20	0.21	0.22
SALES, EURm												
Group	163.3	172.9	167.8	191.7	695.7	196.6	212.9	211.9	215.6	837.0	819.4	860.4
Total	163.3	172.9	167.8	191.7	695.7	196.6	212.9	211.9	215.6	837.0	819.4	860.4
SALES GROWTH, Y/Y %												
Group	13.3	11.2	18.4	24.5	16.9	20.4	23.1	26.3	12.5	20.3	-2.1	5.0
Total	13.3	11.2	18.4	24.5	16.9	20.4	23.1	26.3	12.5	20.3	-2.1	5.0
EBIT, EURm												
Group	10.0	10.6	9.4	10.3	40.3	10.3	10.2	11.5	12.8	44.8	50.8	55.9
Total	10.0	10.6	9.4	10.3	40.3	10.3	10.2	11.5	12.8	44.8	50.8	55.9
EBIT margin, %												
Group	6.1	6.1	5.6	5.4	5.8	5.2	4.8	5.4	5.9	5.4	6.2	6.5
Total	6.1	6.1	5.6	5.4	5.8	5.2	4.8	5.4	5.9	5.4	6.2	6.5

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	529.9	563.0	579.4	595.3	695.7	837.0	819.4	860.4
<i>Sales growth (%)</i>	<i>4.3</i>	<i>6.2</i>	<i>2.9</i>	<i>2.7</i>	<i>16.9</i>	<i>20.3</i>	<i>-2.1</i>	<i>5.0</i>
EBITDA	40.0	47.2	53.6	55.2	55.7	61.1	67.6	71.2
<i>EBITDA margin (%)</i>	<i>7.5</i>	<i>8.4</i>	<i>9.3</i>	<i>9.3</i>	<i>8.0</i>	<i>7.3</i>	<i>8.3</i>	<i>8.3</i>
Depreciation	-8.7	-9.4	-14.2	-16.1	-15.4	-16.3	-16.8	-15.3
EBITA	31.3	37.8	39.4	39.1	40.3	44.8	50.8	55.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	31.3	37.8	39.4	39.1	40.3	44.8	50.8	55.9
<i>EBIT margin (%)</i>	<i>5.9</i>	<i>6.7</i>	<i>6.8</i>	<i>6.6</i>	<i>5.8</i>	<i>5.4</i>	<i>6.2</i>	<i>6.5</i>
Reported EBIT	31.3	37.8	39.4	39.1	40.3	44.8	50.8	55.9
<i>EBIT margin (reported) (%)</i>	<i>5.9</i>	<i>6.7</i>	<i>6.8</i>	<i>6.6</i>	<i>5.8</i>	<i>5.4</i>	<i>6.2</i>	<i>6.5</i>
Net financials	1.3	-1.7	-1.3	-2.6	-1.9	-3.2	-0.9	-0.5
Pre-tax profit	32.6	36.1	38.1	36.5	38.4	41.6	49.9	55.4
Taxes	-6.8	-8.3	-5.9	-4.9	-7.9	-7.4	-12.0	-13.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	25.8	27.8	32.2	31.6	30.5	34.2	37.9	42.1
Cash NRIs	0.0	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	62	64	68	61	63	68	62	60
Goodwill	10	10	8	8	8	8	8	8
Right of use assets	0	15	21	18	22	27	26	27
Inventory	101	96	102	103	193	142	139	146
Receivables	108	104	115	116	153	155	151	159
Liquid funds	21	28	20	26	25	42	41	64
Total assets	307	321	340	339	474	450	437	474
Liabilities								
Shareholder's equity	125	148	167	183	207	229	255	283
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	15	19	16	20	27	26	27
Deferred taxes	5	5	7	6	5	5	5	5
Interest bearing debt	61	52	44	24	62	35	1	0
Non-interest bearing current liabilities	113	99	96	103	172	146	143	151
Other interest-free debt	2	2	7	7	6	6	6	6
Total liabilities	307	321	340	339	474	450	437	474
CASH FLOW, EURm								
+ EBITDA	40	47	54	55	56	61	68	71
- Net financial items	2	-2	-1	-3	-2	-3	-1	-1
- Taxes	-8	-7	-5	-7	-10	-7	-12	-13
- Increase in Net Working Capital	-6	-9	-15	5	-59	24	3	-7
+/- Other	-6	0	0	0	0	0	0	0
= Cash flow from operations	22	29	32	50	-15	74	58	50
- Capex	-21	-10	-24	-6	-17	-25	-11	-14
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	2	19	8	44	-32	49	47	36
+/- New issues/buybacks	-4	3	-6	-6	5	0	0	0
- Paid dividend	-6	-7	-8	-10	-11	-12	-13	-13
+/- Other	8	-7	-1	-23	37	-20	-35	1
Change in cash	0	8	-8	5	0	17	-1	23

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	281	336	417	477	373	373	373
Net debt (excl. convertibles)	39	43	15	57	20	-14	-37
Enterprise value	320	379	431	533	393	359	337
Sales	563	579	595	696	837	819	860
EBITDA	47	54	55	56	61	68	71
EBIT	38	39	39	40	45	51	56
Pre-tax	36	38	37	38	42	50	55
Earnings	28	32	32	31	34	38	42
Equity book value (excl. minorities)	148	167	183	207	229	255	283
Valuation multiples							
EV/sales	0.6	0.7	0.7	0.8	0.5	0.4	0.4
EV/EBITDA	6.8	7.1	7.8	9.6	6.4	5.3	4.7
EV/EBITA	8.5	9.6	11.0	13.2	8.8	7.1	6.0
EV/EBIT	8.5	9.6	11.0	13.2	8.8	7.1	6.0
EV/OCF	11.0	11.9	8.6	-36.3	5.3	6.2	6.7
EV/FCFF	15.5	25.7	10.0	-20.5	7.0	7.7	9.0
P/FCFE	14.9	44.7	9.6	-15.0	7.6	8.0	10.4
P/E	10.1	10.4	13.2	15.6	10.9	9.8	8.9
P/B	1.9	2.0	2.3	2.3	1.6	1.5	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.6	6.4	5.8
Target EV/EBIT	0.0	0.0	0.0	0.0	10.4	8.5	7.3
Target EV/FCF	0.0	0.0	0.0	0.0	9.5	9.3	11.5
Target P/B	0.0	0.0	0.0	0.0	1.9	1.8	1.6
Target P/E	0.0	0.0	0.0	0.0	13.1	11.8	10.6
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	0.44	0.50	0.49	0.48	0.54	0.59	0.66
Operating cash flow per share	0.45	0.50	0.78	-0.23	1.16	0.91	0.79
Free cash flow per share	0.30	0.12	0.68	-0.50	0.77	0.73	0.56
Book value per share	2.32	2.61	2.86	3.25	3.59	3.98	4.43
Dividend per share	0.13	0.15	0.17	0.19	0.20	0.21	0.22
Dividend payout ratio, %	29.9	29.8	34.4	39.8	37.4	35.4	33.0
Dividend yield, %	3.0	2.9	2.6	2.5	3.4	3.6	3.7
FCF yield, %	6.7	2.2	10.4	-6.7	13.1	12.5	9.6
Efficiency measures							
ROE	20.4	20.4	18.1	15.6	15.7	15.7	15.6
ROCE	18.8	17.7	17.3	15.7	15.4	17.8	18.9
Financial ratios							
Inventories as % of sales	17.0	17.6	17.4	27.8	17.0	17.0	17.0
Receivables as % of sales	18.4	19.8	19.4	22.0	18.5	18.5	18.5
Non-interest bearing liabilities as % of sales	17.5	16.6	17.3	24.8	17.5	17.5	17.5
NWC/sales, %	17.5	19.7	18.3	24.1	17.2	17.2	17.2
Operative CAPEX/sales, %	1.8	4.2	1.1	2.4	3.0	1.4	1.7
CAPEX/sales (incl. acquisitions), %	1.8	4.2	1.1	2.4	3.0	1.4	1.7
FCFF/EBITDA	0.4	0.3	0.8	-0.5	0.9	0.7	0.5
Net debt/EBITDA, book-weighted	0.8	0.8	0.3	1.0	0.3	-0.2	-0.5
Debt/equity, market-weighted	0.2	0.1	0.1	0.1	0.1	0.0	0.0
Equity ratio, book-weighted	46.2	49.0	53.9	43.8	51.0	58.3	59.8
Gearing, %	26.0	25.6	7.9	27.3	8.6	-5.6	-12.9

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	57.893	15.5%
Takanen Jarkko	8,596,169	50.202	13.5%
Varikot Oy	7,606,442	44.422	11.9%
Takanen Jorma	6,129,305	35.795	9.6%
Tolonen Jonna	3,351,950	19.575	5.2%
Pöllä Reijo	3,328,745	19.440	5.2%
Laakkonen Mikko	2,531,187	14.782	4.0%
Takanen Martti	1,947,018	11.371	3.0%
Sijoitusrahasto Aktia Capital	1,918,000	11.201	3.0%
Foundation of Riitta and Jorma J.Takanen	1,900,000	11.096	3.0%
Ten largest	47,221,962	275.776	74%
Residual	16,673,477	97.373	26%
Total	63,895,439	373.149	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

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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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