

CMD notes

Scanfil's organic growth has been impressive in the recent past, and although a breather is likely in the short-term its long-term potential remains solid due to the account base.

From five segments to three in order to better drive sales

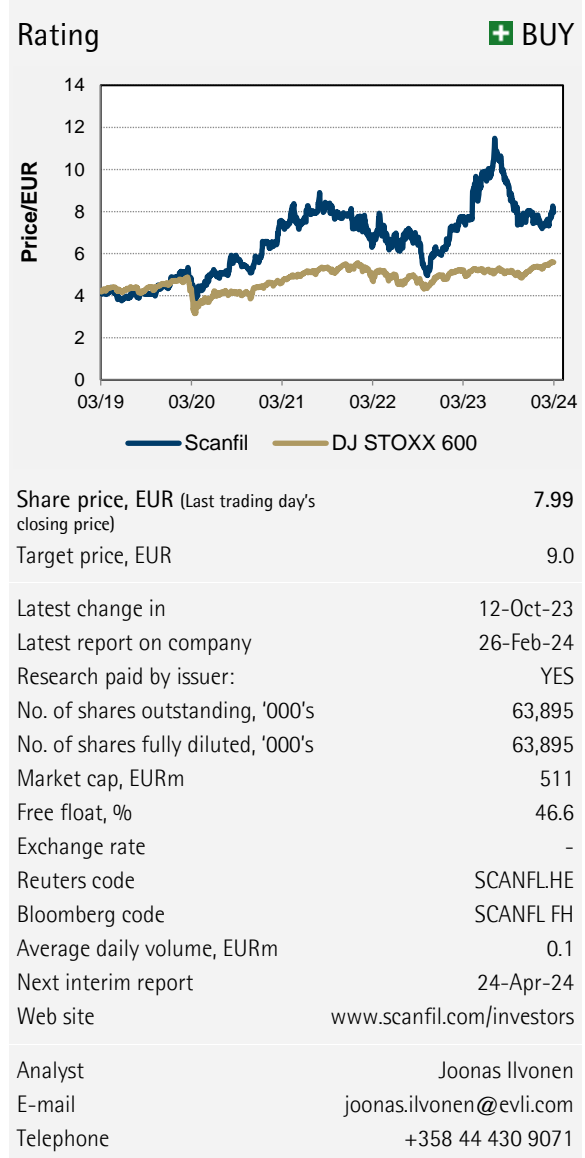
Scanfil made small updates to its financial targets, but in our view the formation of the new Industrial segment (by combining three existing ones) was the biggest news from an operational POV as it clarifies sales focus. The segment still has a relatively attractive organic CAGR potential of 6%, although not quite as high as the 7-8% CAGRs seen for Energy & Cleantech and Medtech & Life Science. Many Scanfil accounts are favorably positioned for growth thanks to various demand drivers, in addition to which trends like supply chain regionalization continue to drive growth.

Main markets to grow at around 6-8% CAGR in FY '23-28

The new EBIT target of 7-8% was much expected, however we view the 10% long-term CAGR target ambitious (at least on an organic basis) since the EMS business is characterized by account stickiness; it's not easy to win additional market share, so organic growth mostly stems from the existing accounts' volumes. Scanfil previously targeted 5-7% organic CAGR, which we viewed to be well in line with many of its accounts' profiles and growth targets. A CAGR of 10% is likely to require at least some M&A, and while Scanfil's balance sheet is strong enough to facilitate deals many peers are also performing well. Valuations may not thus in general be very low, however the market is fragmented and so there are bound to be some opportunities where the targets would fit Scanfil's portfolio and could also be developed further.

We make no estimate changes at this point

Scanfil remains more profitable than a typical peer, however the margin gap has narrowed in recent years as the sector's performance has improved. Even though Scanfil's EBIT margin hasn't increased that much its EBIT has risen to above EUR 60m from around EUR 35-40m a few years ago. EBIT may not rise much above EUR 60m in the short-term but continued growth could still add another EUR 20-30m to it in the next five years or so even with rather modest margin gains. Meanwhile Scanfil remains valued below 9x EV/EBIT, compared to the levels of around 10x for many peers. We retain our EUR 9.0 TP and BUY rating.



+ 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
2022	843.8	45.4	5.4%	-7.2	0.55	12.0	0.6	11.0	-1.7	0.21
2023	901.6	61.3	6.8%	45.4	0.75	10.4	0.6	8.9	9.1	0.23
2024E	882.8	61.5	7.0%	44.3	0.73	10.9	0.6	8.6	8.7	0.25
2025E	909.3	64.6	7.1%	49.1	0.76	10.6	0.5	7.7	9.6	0.26
2026E	941.1	64.9	6.9%	45.4	0.77	10.4	0.5	7.2	8.9	0.27
Market cap, EURm	511		Gearing 2024E, %	6.1		CAGR EPS 2023-26, %		0.5		
Net debt 2024E, EURm	18		Price/book 2024E	1.7		CAGR sales 2023-26, %		1.4		
Enterprise value, EURm	529		Dividend yield 2024E, %	3.1		ROE 2024E, %		16.6		
Total assets 2024E, EURm	531		Tax rate 2024E, %	23.1		ROCE 2024E, %		17.7		
Goodwill 2024E, EURm	8		Equity ratio 2024E, %	56.1		PEG, P/E 24/CAGR		3.5		

Estimates and valuation

Scanfil	2020	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e
Revenue	595	696	844	225	243	213	221	902	213	227	212	231	883
<i>growth-%</i>	<i>2.8 %</i>	<i>16.9 %</i>	<i>21.3 %</i>	<i>14.1 %</i>	<i>14.3 %</i>	<i>0.4 %</i>	<i>-0.6 %</i>	<i>6.8 %</i>	<i>-5.3 %</i>	<i>-6.7 %</i>	<i>-0.3 %</i>	<i>4.7 %</i>	<i>-2.1 %</i>
Advanced Consumer Applications	151	205	248	51	58	50	53	212	45	51	46	54	195
Automation & Safety	142	145	184	53	48	42	45	187	41	41	39	45	167
Connectivity	29	33	39	13	13	11	12	49	14	13	11	13	50
Energy & Cleantech	136	182	223	68	86	74	75	302	76	88	77	80	320
Medtech & Life Science	108	121	151	40	39	36	37	153	37	34	38	40	149
Discontinued	30	11	0	0	0	0	0	0	0	0	0	0	0
EBIT	39	40	45	15	18	15	13	61	14	16	16	16	62
<i>EBIT margin</i>	<i>6.6 %</i>	<i>5.8 %</i>	<i>5.4 %</i>	<i>6.7 %</i>	<i>7.2 %</i>	<i>7.1 %</i>	<i>6.1 %</i>	<i>6.8 %</i>	<i>6.5 %</i>	<i>7.1 %</i>	<i>7.5 %</i>	<i>6.8 %</i>	<i>7.0 %</i>

Source: Evli Research

SCANFIL PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		23	24	25	23	24	25	23	24	25
Benchmark Electronics	1015	7.2x	8.3x	7.4x	9.9x	11.5x	9.8x	4.2 %	4.3 %	4.7 %
Celestica	5168	6.8x	9.6x	9.0x	8.7x	12.3x	11.2x	5.6 %	5.7 %	5.8 %
TT Electronics	292	6.1x	5.2x	5.1x	8.1x	6.9x	6.4x	8.2 %	9.1 %	9.3 %
Hanza	258	8.2x	5.2x	4.4x	11.6x	7.4x	6.3x	7.9 %	7.5 %	8.0 %
Kitron	618	8.3x	8.9x	7.9x	10.3x	11.5x	10.1x	9.1 %	8.6 %	8.9 %
Lacroix Group	119	7.6x	6.1x	5.1x	17.3x	11.6x	8.6x	2.4 %	3.4 %	4.3 %
Flex Ltd	11619	7.9x	8.1x	8.4x	9.9x	10.7x	11.0x	5.4 %	5.3 %	5.0 %
Plexus	2396	11.8x	10.4x	8.9x	15.6x	14.4x	11.6x	5.1 %	4.8 %	5.2 %
Sanmina	3366	5.3x	7.0x		6.0x	8.4x		5.7 %	5.6 %	
SIIX	465	5.3x	5.2x	5.0x	9.1x	9.0x	8.1x	4.0 %	4.0 %	4.1 %
Valuetronics	167	1.4x	1.2x	1.1x	1.9x	1.6x	1.4x	7.9 %	8.4 %	9.5 %
Peer Group Average	2317	6.9x	6.8x	6.2x	9.8x	9.6x	8.5x	6.0 %	6.0 %	6.5 %
Peer Group Median	618	7.2x	7.0x	6.3x	9.9x	10.7x	9.2x	5.6 %	5.6 %	5.5 %
Scanfil (Evli est.)	511	6.8x	6.5x	5.7x	8.9x	8.6x	7.7x	6.8 %	7.0 %	7.1 %

Scanfil prem./disc. to peer median

-6 % -7 % -9 % -10 % -19 % -17 % 22 % 25 % 30 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	7.99 PV of Free Cash Flow	346 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	10.87 PV of Horizon value	408 WACC, %	8.0 Market risk premium, %	5.8
Share price potential, %	36.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	11.9 Marketable securities	21 Minimum WACC, %	7.5 Equity beta coefficient	1.00
Minimum value	10.0 Debt - dividend	-69 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	54.1 Value of stock	706 Nr of shares, Mn	63.9 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	902	883	909	941	969	994	1,013	1,034	1,054	1,075	1,097	1,119
<i>Sales growth, %</i>	<i>6.8</i>	<i>-2.1</i>	<i>3.0</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>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	61	62	65	65	68	70	71	72	74	75	77	78
<i>Operating income margin, %</i>	<i>6.8</i>	<i>7.0</i>	<i>7.1</i>	<i>6.9</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.	19	20	22	24	25	27	28	29	30	31	32	
EBITDA	80	82	87	89	93	96	99	101	104	106	109	
- Paid taxes	-12	-14	-15	-16	-16	-17	-17	-17	-18	-18	-18	
- Change in NWC	-2	4	7	2	13	15	-3	-4	-4	-4	-4	
<i>NWC / Sales, %</i>	<i>23.2</i>	<i>23.2</i>	<i>21.8</i>	<i>20.8</i>	<i>18.8</i>	<i>16.8</i>	<i>16.8</i>	<i>16.8</i>	<i>16.9</i>	<i>16.9</i>	<i>16.9</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-22	-27	-28	-29	-30	-31	-32	-32	-33	-34	-35	
<i>opCAPEX / Sales, %</i>	<i>2.3</i>	<i>3.0</i>	<i>3.2</i>	<i>3.2</i>	<i>3.1</i>	<i>3.1</i>	<i>3.2</i>	<i>3.2</i>	<i>3.2</i>	<i>3.3</i>	<i>3.3</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	44	44	50	47	61	64	47	48	49	50	51	870
= Discounted FCFF		42	44	37	45	44	30	28	27	25	24	408
= DFCF min WACC		42	44	38	46	45	31	29	28	26	25	466
= DFCF max WACC		42	43	37	44	43	29	27	26	24	23	360

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	224.6	243.4	212.7	220.9	901.6	212.5	227.0	212.0	231.3	882.8	909.3	941.1
EBITDA	19.8	22.2	20.1	18.3	80.4	18.9	21.1	20.8	20.7	81.5	86.8	88.9
<i>EBITDA margin (%)</i>	<i>8.8</i>	<i>9.1</i>	<i>9.4</i>	<i>8.3</i>	<i>8.9</i>	<i>8.9</i>	<i>9.3</i>	<i>9.8</i>	<i>8.9</i>	<i>9.2</i>	<i>9.5</i>	<i>9.5</i>
EBIT	15.1	17.5	15.3	13.4	61.3	13.9	16.1	15.8	15.7	61.5	64.6	64.9
<i>EBIT margin (%)</i>	<i>6.7</i>	<i>7.2</i>	<i>7.2</i>	<i>6.1</i>	<i>6.8</i>	<i>6.5</i>	<i>7.1</i>	<i>7.5</i>	<i>6.8</i>	<i>7.0</i>	<i>7.1</i>	<i>6.9</i>
Net financial items	-0.6	0.9	-0.6	0.6	0.3	-0.2	-0.2	-0.2	-0.2	-0.8	-0.9	-0.5
Pre-tax profit	14.5	18.4	14.7	14.0	61.6	13.7	15.9	15.6	15.5	60.7	63.6	64.4
Tax	-2.8	-3.9	-3.5	-3.2	-13.4	-3.5	-3.5	-3.5	-3.5	-14.0	-15.3	-15.5
<i>Tax rate (%)</i>	<i>19.3</i>	<i>21.2</i>	<i>23.8</i>	<i>22.9</i>	<i>21.8</i>	<i>25.5</i>	<i>22.0</i>	<i>22.4</i>	<i>22.6</i>	<i>23.1</i>	<i>24.0</i>	<i>24.0</i>
Net profit	11.7	14.5	11.2	10.8	48.2	10.2	12.4	12.1	12.0	46.7	48.4	48.9
EPS	0.18	0.23	0.18	0.17	0.75	0.16	0.19	0.19	0.19	0.73	0.76	0.77
EPS adjusted (diluted no. of shares)	0.18	0.23	0.18	0.17	0.75	0.16	0.19	0.19	0.19	0.73	0.76	0.77
Dividend per share	0.00	0.00	0.00	0.00	0.23	0.00	0.00	0.00	0.00	0.25	0.26	0.27
SALES, EURm												
Group	224.6	243.4	212.7	220.9	901.6	212.5	227.0	212.0	231.3	882.8	909.3	941.1
Total	224.6	243.4	212.7	220.9	901.6	212.5	227.0	212.0	231.3	882.8	909.3	941.1
SALES GROWTH, Y/Y %												
Group	14.2	14.3	0.4	-0.7	6.8	-5.4	-6.7	-0.3	4.7	-2.1	3.0	3.5
Total	14.2	14.3	0.4	-0.7	6.8	-5.4	-6.7	-0.3	4.7	-2.1	3.0	3.5
EBIT, EURm												
Group	15.1	17.5	15.3	13.4	61.3	13.9	16.1	15.8	15.7	61.5	64.6	64.9
Total	15.1	17.5	15.3	13.4	61.3	13.9	16.1	15.8	15.7	61.5	64.6	64.9
EBIT margin, %												
Group	6.7	7.2	7.2	6.1	6.8	6.5	7.1	7.5	6.8	7.0	7.1	6.9
Total	6.7	7.2	7.2	6.1	6.8	6.5	7.1	7.5	6.8	7.0	7.1	6.9

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	579.4	595.3	695.7	843.8	901.6	882.8	909.3	941.1
<i>Sales growth (%)</i>	<i>2.9</i>	<i>2.7</i>	<i>16.9</i>	<i>21.3</i>	<i>6.8</i>	<i>-2.1</i>	<i>3.0</i>	<i>3.5</i>
EBITDA	53.6	55.2	55.7	62.9	80.4	81.5	86.8	88.9
<i>EBITDA margin (%)</i>	<i>9.3</i>	<i>9.3</i>	<i>8.0</i>	<i>7.5</i>	<i>8.9</i>	<i>9.2</i>	<i>9.5</i>	<i>9.5</i>
Depreciation	-14.2	-16.1	-15.4	-17.5	-19.1	-20.0	-22.2	-24.0
EBITA	39.4	39.1	40.3	45.4	61.3	61.5	64.6	64.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	39.4	39.1	40.3	45.4	61.3	61.5	64.6	64.9
<i>EBIT margin (%)</i>	<i>6.8</i>	<i>6.6</i>	<i>5.8</i>	<i>5.4</i>	<i>6.8</i>	<i>7.0</i>	<i>7.1</i>	<i>6.9</i>
Reported EBIT	39.4	39.1	40.3	45.4	61.3	61.5	64.6	64.9
<i>EBIT margin (reported) (%)</i>	<i>6.8</i>	<i>6.6</i>	<i>5.8</i>	<i>5.4</i>	<i>6.8</i>	<i>7.0</i>	<i>7.1</i>	<i>6.9</i>
Net financials	-1.3	-2.6	-1.9	-3.7	0.3	-0.8	-0.9	-0.5
Pre-tax profit	38.1	36.5	38.4	41.7	61.6	60.7	63.6	64.4
Taxes	-5.9	-4.9	-7.9	-6.7	-13.4	-14.0	-15.3	-15.5
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	32.2	31.6	30.5	35.0	48.2	46.7	48.4	48.9
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	68	61	63	67	74	80	86	91
Goodwill	8	8	8	8	8	8	8	8
Right of use assets	21	18	22	24	23	22	23	24
Inventory	102	103	193	229	209	199	200	198
Receivables	115	116	153	169	176	170	166	172
Liquid funds	20	26	25	21	21	44	45	67
Total assets	340	339	474	526	518	531	536	567
Liabilities								
Shareholder's equity	167	183	207	227	266	298	330	363
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	19	16	20	20	19	22	23	24
Deferred taxes	7	6	5	5	6	6	6	6
Interest bearing debt	44	24	62	82	50	40	8	0
Non-interest bearing current liabilities	96	103	172	184	167	154	159	165
Other interest-free debt	7	7	6	8	10	10	10	10
Total liabilities	340	339	474	526	518	531	536	567
CASH FLOW, EURm								
+ EBITDA	54	55	56	63	80	82	87	89
- Net financial items	-1	-3	-2	-4	0	-1	-1	-1
- Taxes	-5	-7	-10	-7	-12	-14	-15	-15
- Increase in Net Working Capital	-15	5	-59	-39	-2	4	7	2
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	32	50	-15	14	66	71	78	75
- Capex	-24	-6	-17	-21	-21	-26	-29	-30
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	8	44	-32	-7	45	44	49	45
+/- New issues/buybacks	-6	-6	5	-4	5	0	0	0
- Paid dividend	-8	-10	-11	-12	-13	-15	-16	-17
+/- Other	-1	-23	37	19	-36	-7	-32	-7
Change in cash	-8	5	0	-4	0	23	1	22

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	417	477	420	499	511	511	511
Net debt (excl. convertibles)	15	57	81	48	18	-15	-44
Enterprise value	431	533	502	547	529	496	467
Sales	595	696	844	902	883	909	941
EBITDA	55	56	63	80	82	87	89
EBIT	39	40	45	61	62	65	65
Pre-tax	37	38	42	62	61	64	64
Earnings	32	31	35	48	47	48	49
Equity book value (excl. minorities)	183	207	227	266	298	330	363
Valuation multiples							
EV/sales	0.7	0.8	0.6	0.6	0.6	0.5	0.5
EV/EBITDA	7.8	9.6	8.0	6.8	6.5	5.7	5.2
EV/EBITA	11.0	13.2	11.0	8.9	8.6	7.7	7.2
EV/EBIT	11.0	13.2	11.0	8.9	8.6	7.7	7.2
EV/OCF	8.6	-36.3	36.6	8.3	7.5	6.4	6.2
EV/FCFF	10.0	-20.5	-239.5	12.4	11.9	9.8	10.0
P/FCFE	9.6	-15.0	-58.4	11.0	11.5	10.4	11.2
P/E	13.2	15.6	12.0	10.4	10.9	10.6	10.4
P/B	2.3	2.3	1.9	1.9	1.7	1.5	1.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.3	6.5	6.0
Target EV/EBIT	0.0	0.0	0.0	0.0	9.6	8.7	8.2
Target EV/FCF	0.0	0.0	0.0	0.0	13.4	11.4	11.7
Target P/B	0.0	0.0	0.0	0.0	1.9	1.7	1.6
Target P/E	0.0	0.0	0.0	0.0	12.3	11.9	11.8
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	0.49	0.48	0.55	0.75	0.73	0.76	0.77
Operating cash flow per share	0.78	-0.23	0.21	1.03	1.11	1.22	1.18
Free cash flow per share	0.68	-0.50	-0.11	0.71	0.69	0.77	0.71
Book value per share	2.86	3.25	3.55	4.16	4.66	5.17	5.68
Dividend per share	0.17	0.19	0.21	0.23	0.25	0.26	0.27
Dividend payout ratio, %	34.4	39.8	38.3	30.5	34.2	34.4	35.3
Dividend yield, %	2.6	2.5	3.2	2.9	3.1	3.3	3.4
FCF yield, %	10.4	-6.7	-1.7	9.1	8.7	9.6	8.9
Efficiency measures							
ROE	18.1	15.6	16.1	19.6	16.6	15.4	14.1
ROCE	17.3	15.7	14.7	18.5	17.7	17.9	17.4
Financial ratios							
Inventories as % of sales	17.4	27.8	27.2	23.2	22.5	22.0	21.0
Receivables as % of sales	19.4	22.0	20.0	19.5	19.3	18.3	18.3
Non-interest bearing liabilities as % of sales	17.3	24.8	21.8	18.5	17.5	17.5	17.5
NWC/sales, %	18.3	24.1	24.5	23.2	23.2	21.8	20.8
Operative CAPEX/sales, %	1.1	2.4	2.5	2.3	3.0	3.2	3.2
CAPEX/sales (incl. acquisitions), %	1.1	2.4	2.5	2.3	3.0	3.2	3.2
FCFF/EBITDA	0.8	-0.5	0.0	0.5	0.5	0.6	0.5
Net debt/EBITDA, book-weighted	0.3	1.0	1.3	0.6	0.2	-0.2	-0.5
Debt/equity, market-weighted	0.1	0.1	0.2	0.1	0.1	0.0	0.0
Equity ratio, book-weighted	53.9	43.8	43.1	51.4	56.1	61.6	63.9
Gearing, %	7.9	27.3	35.8	18.0	6.1	-4.5	-12.1

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	79.206	15.5%
Takanen Jarkko	8,596,169	68.683	13.5%
Varikot Oy	7,606,442	60.775	11.9%
Takanen Jorma	6,129,305	48.973	9.6%
Tolonen Jonna	3,351,950	26.782	5.2%
Pöllä Reijo	3,328,745	26.597	5.2%
Laakkonen Mikko	2,531,187	20.224	4.0%
Takanen Martti	1,947,018	15.557	3.0%
Sijoitusrahasto Aktia Capital	1,918,000	15.325	3.0%
Foundation of Riitta and Jorma J.Takanen	1,900,000	15.181	3.0%
Ten largest	47,221,962	377.303	74%
Residual	16,673,477	133.221	26%
Total	63,895,439	510.525	100%

EARNINGS CALENDAR

April 24, 2024	Q1 report
August 06, 2024	Q2 report
October 25, 2024	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Christophe Sut	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

<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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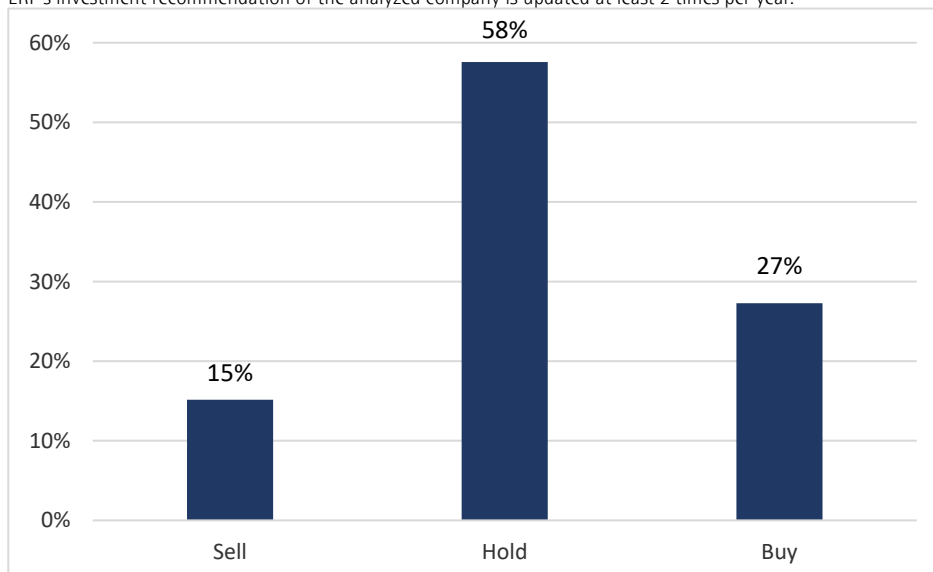
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Investment recommendations are defined as follows:

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

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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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