

Stable margins, growth to resume

Scanfil's Q1 revenue fell more than estimated, which also caused EBIT to drop below estimates, however operating margin remained quite high while demand outlook is already showing signs of stabilization.

EBIT margin remained high despite the decline in revenue

Scanfil's Q1 revenue fell 11.5% y/y to EUR 198.9m, vs the EUR 212.5m/210.2m Evli/cons. estimates, since Industrial and Medtech & Life Science both fell by some 15% y/y due to destocking as well as account demand changes. Energy & Cleantech decreased 3.3% because of lower demand for energy savings solutions, where there was too optimistic demand last year, but the segment still grew by 11.3% excluding such products; we estimate it to be the only segment to add top line this year as comparison figures remain high especially in Q2. Scanfil's EUR 12.7m EBIT was a bit soft relative to the EUR 13.9m/14.0m Evli/cons. estimates as revenue fell more than estimated, however the margin remained strong at 6.8% excluding layoff costs and FX changes.

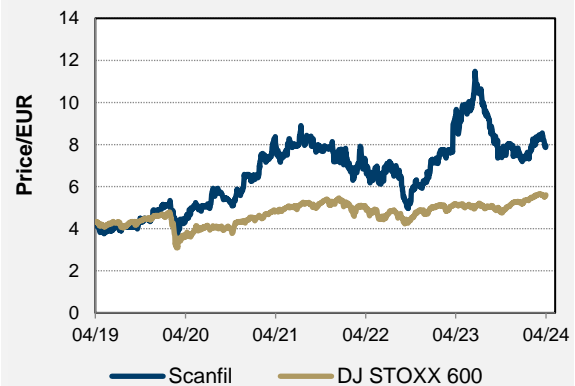
Margins stable, volumes to grow again towards next year

Scanfil improves operational efficiency to safeguard profitability even in a more challenging market. We estimate Scanfil H2 revenue to grow 1.5% y/y since the comparison period is no more that challenging, while we expect FY '25 to see 5% growth as Energy & Cleantech and Medtech & Life Science have many large and favorably positioned accounts driving higher volumes (we expect prices to remain quite stable). In our view there aren't many significant differences in growth outlook across geographies, although Asia is slightly more dynamic than Western markets (especially in Medtech & Life Science). We estimate EBIT to decline by EUR 1.5m this year but expect it to gain some EUR 3m next year as EBIT margin has basically stabilized around 7%.

Valuation not demanding in the light of margins and mix

Scanfil is valued below 9x EV/EBIT, a discount of some 15% relative to peers, which we consider a low level given that Scanfil has demonstrated how it can achieve relatively high margins also in more challenging environments. In our view the company's consistently high margins and attractive account mix would justify higher multiples even if earnings growth outlook is currently a bit muted. We retain our EUR 9.0 TP and BUY rating.

Rating + BUY



Share price, EUR (Last trading day's closing price) 7.78
Target price, EUR 9.0

Latest change in 12-Oct-23
Latest report on company 06-Mar-24
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 497
Free float, % 46.6
Exchange rate -
Reuters code SCANFLHE
Bloomberg code SCANFL FH
Average daily volume, EURm 0.1
Next interim report 06-Aug-24
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
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	856.8	59.8	7.0%	50.6	0.72	10.9	0.6	8.5	10.2	0.25
2025E	899.6	63.0	7.0%	43.6	0.74	10.5	0.5	7.6	8.8	0.26
2026E	931.1	64.2	6.9%	44.9	0.76	10.3	0.5	7.1	9.0	0.27

Market cap, EURm	497	Gearing 2024E, %	4.0	CAGR EPS 2023-26, %	0.2
Net debt 2024E, EURm	12	Price/book 2024E	1.7	CAGR sales 2023-26, %	1.1
Enterprise value, EURm	509	Dividend yield 2024E, %	3.2	ROE 2024E, %	16.3
Total assets 2024E, EURm	518	Tax rate 2024E, %	22.9	ROCE 2024E, %	17.4
Goodwill 2024E, EURm	8	Equity ratio 2024E, %	57.3	PEG, P/E 24/CAGR	3.2

Estimates and valuation

Scanfil	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e
Revenue	696	844	225	243	213	221	902	199	218	202	238	857
<i>growth-%</i>	16.9 %	21.3 %	14.2 %	14.3 %	0.4 %	-0.7 %	6.8 %	-11.4 %	-10.6 %	-4.9 %	7.8 %	-5.0 %
Industrial	360	439	111	112	99	105	428	94	98	87	110	389
Energy & Cleantech	205	254	73	91	78	79	320	70	85	81	88	325
Medtech & Life Science	120	151	41	40	36	37	154	34	35	34	40	143
Discontinued	11	0	0	0	0	0	0	0	0	0	0	0
EBIT	40	45	15	18	15	13	61	13	16	15	16	60
<i>EBIT margin</i>	5.8 %	5.4 %	6.7 %	7.2 %	7.1 %	6.1 %	6.8 %	6.4 %	7.2 %	7.5 %	6.8 %	7.0 %

Source: Evli Research

SCANFIL PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		23	24	25	23	24	25	23	24	25
Benchmark Electronics	1022	7.2x	8.3x	7.4x	9.9x	11.4x	9.7x	4.2 %	4.3 %	4.7 %
Celestica	4875	6.8x	8.9x	8.4x	8.7x	11.5x	10.5x	5.6 %	5.6 %	5.7 %
TT Electronics	347	5.8x	5.9x	5.6x	10.0x	7.8x	7.3x	6.6 %	9.7 %	10.3 %
Hanza	217	8.2x	4.8x	4.1x	11.6x	7.0x	5.7x	7.9 %	7.2 %	8.0 %
Kitron	528	8.2x	7.7x	6.9x	10.1x	10.1x	8.8x	9.1 %	8.6 %	8.9 %
Lacroix Group	114	6.6x	5.8x	5.2x	15.7x	11.7x	9.4x	2.3 %	3.0 %	3.7 %
Flex Ltd	11232	8.1x	7.9x	8.0x	9.8x	10.2x	10.5x	5.5 %	5.3 %	5.0 %
Plexus	2493	11.8x	10.6x	9.1x	15.6x	14.7x	11.9x	5.1 %	4.8 %	5.2 %
Sanmina	3179	5.2x	6.2x	5.5x	6.0x	7.8x	6.9x	5.8 %	5.6 %	5.7 %
SIIX	451	5.3x	5.2x	5.0x	9.2x	9.0x	8.2x	4.0 %	4.0 %	4.1 %
Valuetronics	163									
Peer Group Average	2238	7.3x	7.1x	6.5x	10.7x	10.1x	8.9x	5.6 %	5.8 %	6.1 %
Peer Group Median	528	7.0x	7.0x	6.2x	9.9x	10.1x	9.1x	5.5 %	5.4 %	5.4 %
Scanfil (Evli est.)	497	6.8x	6.4x	5.6x	8.9x	8.5x	7.6x	6.8 %	7.0 %	7.0 %

Scanfil prem./disc. to peer median

-3 % -8 % -9 % -10 % -16 % -16 % 23 % 28 % 29 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	7.78 PV of Free Cash Flow	348 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	11.09 PV of Horizon value	408 WACC, %	8.0 Market risk premium, %	5.8
Share price potential, %	42.5 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	12.1 Marketable securities	21 Minimum WACC, %	7.5 Equity beta coefficient	1.00
Minimum value	10.2 Debt - dividend	-69 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	54.0 Value of stock	708 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	857	900	931	959	983	1,003	1,023	1,043	1,064	1,085	1,107
<i>Sales growth, %</i>	<i>6.8</i>	<i>-5.0</i>	<i>5.0</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	60	63	64	67	69	70	72	73	74	76	77
<i>Operating income margin, %</i>	<i>6.8</i>	<i>7.0</i>	<i>7.0</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	80	85	88	93	96	98	101	103	106	108	
- Paid taxes	-12	-14	-15	-15	-16	-17	-17	-17	-18	-18	-18	
- Change in NWC	-2	10	3	2	13	15	-3	-4	-4	-4	-4	
<i>NWC / Sales, %</i>	<i>23.2</i>	<i>23.2</i>	<i>21.7</i>	<i>20.8</i>	<i>18.8</i>	<i>16.8</i>	<i>16.8</i>	<i>16.8</i>	<i>16.8</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	-26	-28	-29	-30	-31	-32	-32	-33	-34	-35	
<i>opCAPEX / Sales, %</i>	<i>2.3</i>	<i>3.0</i>	<i>3.3</i>	<i>3.2</i>	<i>3.2</i>	<i>3.2</i>	<i>3.2</i>	<i>3.2</i>	<i>3.3</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	50	45	46	60	63	46	47	49	50	51	860
= Discounted FCFF		47	40	37	45	44	30	28	27	25	24	408
= DFCF min WACC		47	40	38	46	45	31	29	28	26	25	466
= DFCF max WACC		47	39	37	44	43	29	27	26	24	23	360

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	224.6	243.4	212.7	220.9	901.6	198.9	217.5	202.3	238.1	856.8	899.6	931.1
EBITDA	19.8	22.2	20.1	18.3	80.4	17.7	20.6	20.2	21.3	79.8	85.2	88.3
<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>9.5</i>	<i>10.0</i>	<i>8.9</i>	<i>9.3</i>	<i>9.5</i>	<i>9.5</i>
EBIT	15.1	17.5	15.3	13.4	61.3	12.7	15.6	15.2	16.3	59.8	63.0	64.2
<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>6.4</i>	<i>7.2</i>	<i>7.5</i>	<i>6.8</i>	<i>7.0</i>	<i>7.0</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	-0.4	-0.4	-0.5
Pre-tax profit	14.5	18.4	14.7	14.0	61.6	12.9	15.4	15.0	16.1	59.4	62.6	63.7
Tax	-2.8	-3.9	-3.5	-3.2	-13.4	-3.1	-3.5	-3.5	-3.5	-13.6	-15.0	-15.3
<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>24.0</i>	<i>22.7</i>	<i>23.3</i>	<i>21.7</i>	<i>22.9</i>	<i>24.0</i>	<i>24.0</i>
Net profit	11.7	14.5	11.2	10.8	48.2	9.8	11.9	11.5	12.6	45.8	47.6	48.4
EPS	0.18	0.23	0.18	0.17	0.75	0.15	0.19	0.18	0.20	0.72	0.74	0.76
EPS adjusted (diluted no. of shares)	0.18	0.23	0.18	0.17	0.75	0.15	0.19	0.18	0.20	0.72	0.74	0.76
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	198.9	217.5	202.3	238.1	856.8	899.6	931.1
Total	224.6	243.4	212.7	220.9	901.6	198.9	217.5	202.3	238.1	856.8	899.6	931.1
SALES GROWTH, Y/Y %												
Group	14.2	14.3	0.4	-0.7	6.8	-11.4	-10.6	-4.9	7.8	-5.0	5.0	3.5
Total	14.2	14.3	0.4	-0.7	6.8	-11.4	-10.6	-4.9	7.8	-5.0	5.0	3.5
EBIT, EURm												
Group	15.1	17.5	15.3	13.4	61.3	12.7	15.6	15.2	16.3	59.8	63.0	64.2
Total	15.1	17.5	15.3	13.4	61.3	12.7	15.6	15.2	16.3	59.8	63.0	64.2
EBIT margin, %												
Group	6.7	7.2	7.2	6.1	6.8	6.4	7.2	7.5	6.8	7.0	7.0	6.9
Total	6.7	7.2	7.2	6.1	6.8	6.4	7.2	7.5	6.8	7.0	7.0	6.9

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	579.4	595.3	695.7	843.8	901.6	856.8	899.6	931.1
<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>-5.0</i>	<i>5.0</i>	<i>3.5</i>
EBITDA	53.6	55.2	55.7	62.9	80.4	79.8	85.2	88.3
<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>9.3</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	59.8	63.0	64.2
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	59.8	63.0	64.2
<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>7.0</i>	<i>6.9</i>
Reported EBIT	39.4	39.1	40.3	45.4	61.3	59.8	63.0	64.2
<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>7.0</i>	<i>6.9</i>
Net financials	-1.3	-2.6	-1.9	-3.7	0.3	-0.4	-0.4	-0.5
Pre-tax profit	38.1	36.5	38.4	41.7	61.6	59.4	62.6	63.7
Taxes	-5.9	-4.9	-7.9	-6.7	-13.4	-13.6	-15.0	-15.3
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	45.8	47.6	48.4
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	21	23	23
Inventory	102	103	193	229	209	193	198	196
Receivables	115	116	153	169	176	165	165	170
Liquid funds	20	26	25	21	21	43	45	67
Total assets	340	339	474	526	518	518	532	563
Liabilities								
Shareholder's equity	167	183	207	227	266	297	329	361
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	21	23	23
Deferred taxes	7	6	5	5	6	6	6	6
Interest bearing debt	44	24	62	82	50	33	7	0
Non-interest bearing current liabilities	96	103	172	184	167	150	157	163
Other interest-free debt	7	7	6	8	10	10	10	10
Total liabilities	340	339	474	526	518	518	532	563
CASH FLOW, EURm								
+ EBITDA	54	55	56	63	80	80	85	88
- Net financial items	-1	-3	-2	-4	0	0	0	-1
- Taxes	-5	-7	-10	-7	-12	-14	-15	-15
- Increase in Net Working Capital	-15	5	-59	-39	-2	10	3	2
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	32	50	-15	14	66	76	73	75
- Capex	-24	-6	-17	-21	-21	-25	-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	51	44	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	-14	-26	-6
Change in cash	-8	5	0	-4	0	22	2	22

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	417	477	420	499	497	497	497
Net debt (excl. convertibles)	15	57	81	48	12	-16	-44
Enterprise value	431	533	502	547	509	481	453
Sales	595	696	844	902	857	900	931
EBITDA	55	56	63	80	80	85	88
EBIT	39	40	45	61	60	63	64
Pre-tax	37	38	42	62	59	63	64
Earnings	32	31	35	48	46	48	48
Equity book value (excl. minorities)	183	207	227	266	297	329	361
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	6.4	5.6	5.1
EV/EBITA	11.0	13.2	11.0	8.9	8.5	7.6	7.1
EV/EBIT	11.0	13.2	11.0	8.9	8.5	7.6	7.1
EV/OCF	8.6	-36.3	36.6	8.3	6.7	6.6	6.1
EV/FCFF	10.0	-20.5	-239.5	12.4	10.2	10.7	9.8
P/FCFE	9.6	-15.0	-58.4	11.0	9.8	11.4	11.1
P/E	13.2	15.6	12.0	10.4	10.9	10.5	10.3
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	7.4	6.6	6.0
Target EV/EBIT	0.0	0.0	0.0	0.0	9.8	8.9	8.3
Target EV/FCF	0.0	0.0	0.0	0.0	11.6	12.8	11.8
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	12.6	12.1	11.9
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	0.49	0.48	0.55	0.75	0.72	0.74	0.76
Operating cash flow per share	0.78	-0.23	0.21	1.03	1.19	1.14	1.17
Free cash flow per share	0.68	-0.50	-0.11	0.71	0.79	0.68	0.70
Book value per share	2.86	3.25	3.55	4.16	4.65	5.14	5.64
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	34.9	34.9	35.6
Dividend yield, %	2.6	2.5	3.2	3.0	3.2	3.3	3.5
FCF yield, %	10.4	-6.7	-1.7	9.1	10.2	8.8	9.0
Efficiency measures							
ROE	18.1	15.6	16.1	19.6	16.3	15.2	14.1
ROCE	17.3	15.7	14.7	18.5	17.4	17.7	17.3
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	21.7	20.8
Operative CAPEX/sales, %	1.1	2.4	2.5	2.3	3.0	3.3	3.2
CAPEX/sales (incl. acquisitions), %	1.1	2.4	2.5	2.3	3.0	3.3	3.2
FCFF/EBITDA	0.8	-0.5	0.0	0.5	0.6	0.5	0.5
Net debt/EBITDA, book-weighted	0.3	1.0	1.3	0.6	0.1	-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	57.3	61.8	64.0
Gearing, %	7.9	27.3	35.8	18.0	4.0	-4.8	-12.2

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	77.124	15.5%
Takanen Jarkko	8,596,169	66.878	13.5%
Varikot Oy	7,606,442	59.178	11.9%
Takanen Jorma	6,129,305	47.686	9.6%
Tolonen Jonna	3,351,950	26.078	5.2%
Pöllä Reijo	3,328,745	25.898	5.2%
Laakkonen Mikko	2,531,187	19.693	4.0%
Takanen Martti	1,947,018	15.148	3.0%
Sijoitusrahasto Aktia Capital	1,918,000	14.922	3.0%
Foundation of Riitta and Jorma J.Takanen	1,900,000	14.782	3.0%
Ten largest	47,221,962	367.387	74%
Residual	16,673,477	129.720	26%
Total	63,895,439	497.107	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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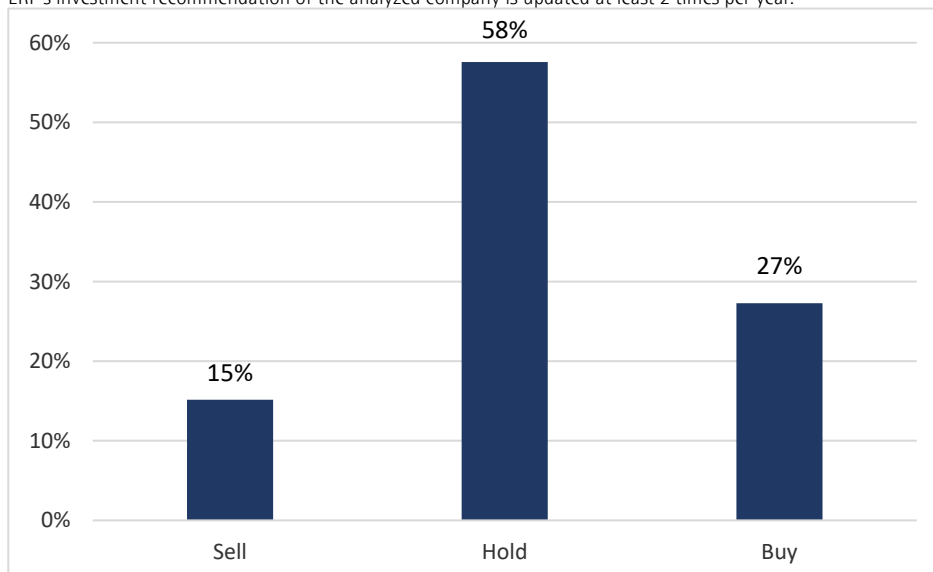
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Investment recommendations are defined as follows:

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

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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