

### Solid earnings recovery

Exel's Q2 was encouraging as EBIT recovered significantly after a challenging period of missing demand. We believe EBIT could climb towards EUR 8m in the next year or so.

#### Revenue and gross margin improved, costs mostly controlled

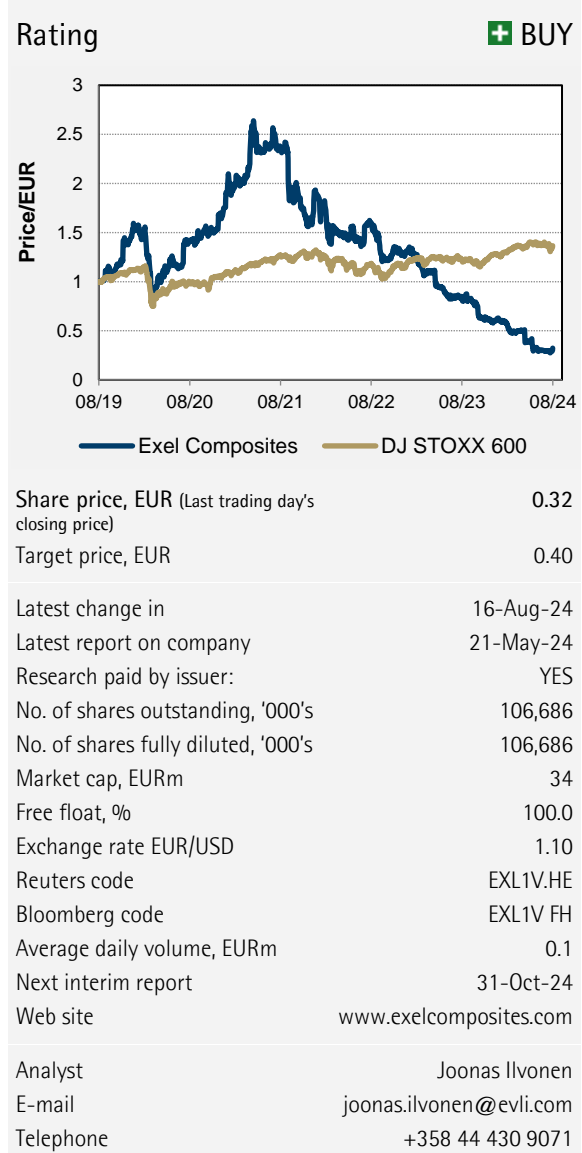
Exel Q2 revenue grew 5% y/y to EUR 26.6m vs our EUR 24.7m estimate as activity rebounded in most industries except Energy where the company is only beginning to ramp up volumes in the new Indian factory. Order backlog was up 31% y/y at the end of Q2, although prolonged macroeconomic uncertainties mean volumes may not increase much more q/q in H2 even if they are likely to remain a lot higher y/y. Gross margin gained 500bps y/y due to factors such as improved capacity utilization, product mix and pricing. Staff costs had one-offs (e.g. restructuring costs), but despite this the EUR 1.4m adj. EBIT was clearly above our EUR 0.3m estimate. Exel's operating leverage means EBIT could improve a lot more q/q over the following quarters in a high demand scenario, but we don't estimate further big gains in the short-term.

#### We estimate H2'24 EBIT margins at around 6%

The Industrial BU still has modest volumes (17% of H1 revenue vs the 40% long-term target) as e.g. the new factory in India is yet to ramp up its capacity and wind power activity is only starting to recover. Exel could revise its revenue guidance upwards later this year but its factory network review is not yet done, and it might mean more production restructuring and hence have an impact on revenue. Even if FY '24 top line may not grow faster than the 7% rate we estimate we believe industrial activity is more likely than not to continue its recovery towards next year. Exel is thus likely to see further earnings gains in the next 12 months. We estimate only modest q/q EBIT improvement in Q3 to EUR 1.5m.

#### Valuation not demanding assuming 7% EBIT next year

We believe Exel could achieve an annual EBIT run-rate of EUR 6m quite soon, and continued volume growth should be able to lift it further up close to EUR 8m already next year. Exel is hence valued at a still rather high 14x EV/EBIT on our FY '24 estimates due to a challenging Q1, which might mean annual EBIT stays around EUR 4m, however continued stable development would soon bring the multiple below 10x and it would be around 7x already next year. We retain our EUR 0.40 TP; our rating is now BUY (HOLD).



+ 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	137.0	3.0	2.2%	7.8	0.04	30.1	0.7	31.4	12.0	0.05
2023	96.8	-4.9	-5.0%	-0.8	-0.19	-3.2	0.6	-12.6	-2.7	0.00
2024E	103.5	3.9	3.8%	11.8	0.02	15.1	0.5	13.9	34.3	0.00
2025E	111.7	7.8	7.0%	1.9	0.05	6.9	0.5	6.7	5.6	0.01
2026E	117.3	9.4	8.0%	7.7	0.06	5.1	0.4	4.9	22.3	0.01
Market cap, EURm			34	Gearing 2024E, %		98.9	CAGR EPS 2023-26, %			0.0
Net debt 2024E, EURm			20	Price/book 2024E		1.7	CAGR sales 2023-26, %			6.6
Enterprise value, EURm			54	Dividend yield 2024E, %		0.0	ROE 2024E, %			12.1
Total assets 2024E, EURm			78	Tax rate 2024E, %		16.6	ROCE 2024E, %			5.2
Goodwill 2024E, EURm			13	Equity ratio 2024E, %		25.7	PEG, P/E 24/CAGR			0.3

### Estimates and valuation

Exel Composites	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e
Buildings and infrastructure	5.7	5.0	4.2	3.7	18.6	4.8	5.5	5.6	4.2	20.1
Industrial	5.5	3.4	3.0	3.5	15.4	3.4	4.2	4.2	4.4	16.1
Energy	6.2	5.4	5.3	4.9	21.8	5.3	4.5	5.7	6.0	21.4
Transportation	4.4	4.0	3.3	4.7	16.3	3.9	5.0	4.5	6.0	19.5
Other	7.1	7.6	4.7	5.3	24.7	6.0	7.5	6.6	6.5	26.5
<b>Revenue</b>	<b>28.8</b>	<b>25.4</b>	<b>20.5</b>	<b>22.1</b>	<b>96.8</b>	<b>23.4</b>	<b>26.6</b>	<b>26.5</b>	<b>27.0</b>	<b>103.5</b>
<i>y/y change, %</i>	<i>-16 %</i>	<i>-33 %</i>	<i>-39 %</i>	<i>-29 %</i>	<i>-29 %</i>	<i>-19 %</i>	<i>5 %</i>	<i>29 %</i>	<i>22 %</i>	<i>7 %</i>
<b>Adjusted EBIT</b>	<b>0.0</b>	<b>0.1</b>	<b>-1.2</b>	<b>-1.3</b>	<b>-2.4</b>	<b>-0.6</b>	<b>1.4</b>	<b>1.5</b>	<b>1.8</b>	<b>4.1</b>
EBIT	-0.3	-0.2	-0.7	-3.7	-4.9	-0.6	1.2			3.9
<i>-margin, %</i>	<i>0.0 %</i>	<i>0.3 %</i>	<i>-5.9 %</i>	<i>-5.9 %</i>	<i>-2.5 %</i>	<i>-2.4 %</i>	<i>5.2 %</i>	<i>5.7 %</i>	<i>6.7 %</i>	<i>4.0 %</i>
<i>-margin (reported), %</i>	<i>-1.0 %</i>	<i>-1.0 %</i>	<i>-3.2 %</i>	<i>-16.7 %</i>	<i>-5.0 %</i>	<i>-2.4 %</i>	<i>4.4 %</i>			<i>3.8 %</i>

Source: Evli Research

EXEL COMPOSITES PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		23	24	25	23	24	25	23	24	25
Hexagon Composites	600	16.4x	17.8x	11.8x	33.5x	35.7x	17.8x	4.2 %	5.1 %	9.0 %
Hexcel	4686	19.6x	15.6x	13.2x	31.5x	23.8x	19.0x	12.1 %	13.1 %	14.9 %
Avient	3844	10.8x	11.0x	10.1x	17.4x	17.3x	15.2x	10.0 %	10.5 %	11.4 %
SGL Carbon	740	6.9x	5.1x	4.2x	8.4x	8.3x	6.2x	10.1 %	9.3 %	11.6 %
TPI Composites	168		143.8x	7.8x			13.6x	-10.9 %	-3.5 %	3.4 %
Gurit Holding	206	12.7x	6.1x	5.1x	22.2x	9.1x	7.2x	4.3 %	6.2 %	7.5 %
Peer Group Average	1707	13.3x	33.2x	8.7x	22.6x	18.9x	13.2x	5.0 %	6.8 %	9.6 %
Peer Group Median	670	12.7x	13.3x	9.0x	22.2x	17.3x	14.4x	7.1 %	7.7 %	10.2 %
Exel Composites (Evli est.)	34	16.0x	5.5x	3.7x	-12.6x	13.9x	6.7x	-5.0 %	3.8 %	7.0 %

Exel Composites prem./disc. to peer median

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	0.32 PV of Free Cash Flow	74 Long-term growth, %	1.5 Risk-free interest rate, %	2.25
DCF share value	1.17 PV of Horizon value	82 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	262.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	1.3 Marketable securities	11 Minimum WACC, %	8.0 Equity beta coefficient	1.00
Minimum value	1.1 Debt - dividend	-43 Maximum WACC, %	9.0 Target debt ratio, %	10
Horizon value, %	52.5 Value of stock	125 Nr of shares, Mn	106.7 Effective tax rate, %	21

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	97	103	112	117	120	122	124	127	130	132	134	136
<i>Sales growth, %</i>	-29.3	6.9	8.0	5.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5
Operating income (EBIT)	-5	4	8	9	13	12	14	15	15	15	15	15
<i>Operating income margin, %</i>	-5.0	3.8	7.0	8.0	10.5	10.0	11.0	11.5	11.5	11.0	11.0	11.0
+ Depreciation+amort.	9	6	6	7	6	6	5	5	5	5	5	
EBITDA	4	10	14	17	19	18	19	20	20	19	20	
- Paid taxes	0	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	
- Change in NWC	3	8	-5	-2	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	11.7	2.7	6.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-3	-4	-4	-4	-4	-4	-4	-5	-5	-5	-5	
<i>opCAPEX / Sales, %</i>	4.0	4.7	4.2	4.0	3.7	3.7	3.7	3.7	3.7	3.7	3.7	
- 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	4	14	3	9	12	11	12	12	12	12	12	177
= Discounted FCFF		13	3	8	9	8	8	7	7	6	6	82
= DFCF min WACC		13	3	8	9	8	8	8	7	6	6	92
= DFCF max WACC		13	3	8	9	8	8	7	7	6	5	74

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	28.8	25.4	20.5	22.1	96.8	23.4	26.6	26.5	27.0	103.5	111.7	117.3
EBITDA	1.5	1.4	1.3	-0.4	3.8	0.9	2.6	3.0	3.3	9.8	14.2	16.6
<i>EBITDA margin (%)</i>	<i>5.3</i>	<i>5.7</i>	<i>6.1</i>	<i>-1.7</i>	<i>4.0</i>	<i>3.8</i>	<i>9.8</i>	<i>11.3</i>	<i>12.2</i>	<i>9.5</i>	<i>12.7</i>	<i>14.2</i>
EBIT	-0.3	-0.2	-0.7	-3.7	-4.9	-0.6	1.2	1.5	1.8	3.9	7.8	9.4
<i>EBIT margin (%)</i>	<i>-1.0</i>	<i>-1.0</i>	<i>-3.2</i>	<i>-16.7</i>	<i>-5.0</i>	<i>-2.4</i>	<i>4.4</i>	<i>5.7</i>	<i>6.7</i>	<i>3.8</i>	<i>7.0</i>	<i>8.0</i>
Net financial items	-1.2	-0.4	0.2	-2.0	-3.4	0.0	-0.4	-0.4	-0.4	-1.2	-1.2	-1.3
Pre-tax profit	-1.5	-0.7	-0.4	-5.7	-8.3	-0.6	0.8	1.1	1.4	2.7	6.6	8.1
Tax	-0.6	-0.2	-0.2	0.0	-1.1	0.0	-0.3	-0.1	-0.1	-0.5	-1.6	-1.3
<i>Tax rate (%)</i>	<i>-43.8</i>	<i>-36.3</i>	<i>-48.2</i>	<i>0.8</i>	<i>-12.8</i>	<i>0.0</i>	<i>32.2</i>	<i>9.1</i>	<i>7.1</i>	<i>16.6</i>	<i>24.2</i>	<i>16.6</i>
Net profit	-2.1	-0.9	-0.6	-5.6	-9.3	-0.6	0.5	1.0	1.3	2.3	5.0	6.7
EPS	-0.04	-0.02	-0.01	-0.11	-0.19	-0.01	0.01	0.01	0.01	0.02	0.05	0.06
EPS adjusted (diluted no. of shares)	-0.04	-0.02	-0.01	-0.11	-0.19	-0.01	0.01	0.01	0.01	0.02	0.05	0.06
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01
<b>SALES, EURm</b>												
Exel Composites	28.8	25.4	20.5	22.1	96.8	23.4	26.6	26.5	27.0	103.5	111.7	117.3
Total	28.8	25.4	20.5	22.1	96.8	23.4	26.6	26.5	27.0	103.5	111.7	117.3
<b>SALES GROWTH, Y/Y %</b>												
Exel Composites	-15.7	-33.3	-39.2	-28.8	-29.3	-18.9	4.7	29.0	22.3	6.9	8.0	5.0
Total	-15.7	-33.3	-39.2	-28.8	-29.3	-18.9	4.7	29.0	22.3	6.9	8.0	5.0
<b>EBIT, EURm</b>												
Exel Composites	-0.3	-0.2	-0.7	-3.7	-4.9	-0.6	1.2	1.5	1.8	3.9	7.8	9.4
Total	-0.3	-0.2	-0.7	-3.7	-4.9	-0.6	1.2	1.5	1.8	3.9	7.8	9.4
<b>EBIT margin, %</b>												
Exel Composites	-1.0	-1.0	-3.2	-16.7	-5.0	-2.4	4.4	5.7	6.7	3.8	7.0	8.0
Total	-1.0	-1.0	-3.2	-16.7	-5.0	-2.4	4.4	5.7	6.7	3.8	7.0	8.0

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	103.8	108.6	134.4	137.0	96.8	103.5	111.7	117.3
<i>Sales growth (%)</i>	<i>7.5</i>	<i>4.6</i>	<i>23.7</i>	<i>2.0</i>	<i>-29.3</i>	<i>6.9</i>	<i>8.0</i>	<i>5.0</i>
EBITDA	10.7	15.3	11.9	10.1	3.8	9.8	14.2	16.6
<i>EBITDA margin (%)</i>	<i>10.3</i>	<i>14.1</i>	<i>8.9</i>	<i>7.4</i>	<i>4.0</i>	<i>9.5</i>	<i>12.7</i>	<i>14.2</i>
Depreciation	-5.6	-5.8	-8.2	-7.1	-8.7	-5.9	-6.4	-7.2
EBITA	5.1	9.4	3.7	3.0	-4.9	3.9	7.8	9.4
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	5.1	9.4	3.7	3.0	-4.9	3.9	7.8	9.4
<i>EBIT margin (%)</i>	<i>4.9</i>	<i>8.7</i>	<i>2.8</i>	<i>2.2</i>	<i>-5.0</i>	<i>3.8</i>	<i>7.0</i>	<i>8.0</i>
Reported EBIT	5.1	9.4	3.7	3.0	-4.9	3.9	7.8	9.4
<i>EBIT margin (reported) (%)</i>	<i>4.9</i>	<i>8.7</i>	<i>2.8</i>	<i>2.2</i>	<i>-5.0</i>	<i>3.8</i>	<i>7.0</i>	<i>8.0</i>
Net financials	-1.2	-2.3	0.4	0.6	-3.4	-1.2	-1.2	-1.3
Pre-tax profit	3.9	7.1	4.2	3.6	-8.3	2.7	6.6	8.1
Taxes	-1.5	-1.7	-2.5	-1.5	-1.1	-0.5	-1.6	-1.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	2.4	5.4	1.7	2.1	-9.3	2.3	5.0	6.7
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
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	23	30	34	31	25	24	22	20
Goodwill	13	13	13	13	13	13	13	13
Right of use assets	5	3	3	2	1	1	2	2
Inventory	17	16	24	23	17	13	17	18
Receivables	20	21	26	24	18	14	17	19
Liquid funds	7	12	16	17	11	12	13	14
Total assets	85	97	118	113	85	78	84	85
Liabilities								
Shareholder's equity	26	29	31	30	18	20	25	31
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	4	2	2	1	0	1	2	2
Deferred taxes	0	0	0	1	0	0	0	0
Interest bearing debt	32	40	50	46	42	30	30	24
Non-interest bearing current liabilities	21	24	32	26	22	23	25	27
Other interest-free debt	2	2	3	9	3	3	3	3
Total liabilities	85	97	118	113	85	78	84	85
<b>CASH FLOW, EURm</b>								
+ EBITDA	11	15	12	10	4	10	14	17
- Net financial items	-1	-2	0	1	-3	-1	-1	-1
- Taxes	-2	-2	-3	-1	0	0	-2	-1
- Increase in Net Working Capital	1	3	-5	3	3	8	-5	-2
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	8	13	5	13	3	17	7	12
- Capex	-8	-13	-11	-5	-4	-5	-5	-5
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	1	0	-6	8	-1	12	2	8
+/- New issues/buybacks	0	-1	3	-1	-1	0	0	0
- Paid dividend	-2	-2	-2	-2	-2	0	0	-1
+/- Other	3	7	9	-3	-2	-11	0	-6
Change in cash	2	5	4	2	-6	1	2	1

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	88	94	64	30	34	34	34
Net debt (excl. convertibles)	30	36	30	32	20	18	11
Enterprise value	118	131	94	61	54	52	46
Sales	109	134	137	97	103	112	117
EBITDA	15	12	10	4	10	14	17
EBIT	9	4	3	-5	4	8	9
Pre-tax	7	4	4	-8	3	7	8
Earnings	5	2	2	-9	2	5	7
Equity book value (excl. minorities)	29	31	30	18	20	25	31
<b>Valuation multiples</b>							
EV/sales	1.1	1.0	0.7	0.6	0.5	0.5	0.4
EV/EBITDA	7.7	10.9	9.3	16.0	5.5	3.7	2.7
EV/EBITA	12.5	34.9	31.4	-12.6	13.9	6.7	4.9
EV/EBIT	12.5	34.9	31.4	-12.6	13.9	6.7	4.9
EV/OCF	8.8	27.2	7.4	19.6	3.3	7.9	3.7
EV/FCFF	52.9	-26.0	12.5	17.5	4.0	15.7	4.9
P/FCFE	754.8	-64.5	35.0	-157.6	2.9	17.8	4.5
P/E	16.4	57.0	30.1	-3.2	15.1	6.9	5.1
P/B	3.1	3.0	2.1	1.7	1.7	1.4	1.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.4	4.3	3.2
Target EV/EBIT	0.0	0.0	0.0	0.0	16.0	7.7	5.7
Target EV/FCF	0.0	0.0	0.0	0.0	5.3	31.3	7.0
Target P/B	0.0	0.0	0.0	0.0	2.1	1.7	1.4
Target P/E	0.0	0.0	0.0	0.0	18.7	8.5	6.3
<b>Per share measures</b>							
Number of shares	50,132	50,132	50,132	50,132	106,686	106,686	106,686
Number of shares (diluted)	50,132	50,132	50,132	50,132	106,686	106,686	106,686
EPS	0.11	0.03	0.04	-0.19	0.02	0.05	0.06
Operating cash flow per share	0.27	0.10	0.25	0.06	0.16	0.06	0.12
Free cash flow per share	0.01	-0.12	0.15	-0.02	0.11	0.02	0.07
Book value per share	0.57	0.62	0.61	0.35	0.19	0.23	0.29
Dividend per share	0.05	0.05	0.05	0.00	0.00	0.01	0.01
Dividend payout ratio, %	44.3	143.7	110.9	0.0	0.0	21.2	15.8
Dividend yield, %	2.7	2.5	3.7	0.0	0.0	3.1	3.1
FCF yield, %	0.6	-6.5	12.0	-2.7	34.3	5.6	22.3
<b>Efficiency measures</b>							
ROE	19.5	5.5	7.0	-38.7	12.1	22.3	24.2
ROCE	14.4	5.1	4.0	-8.8	5.2	12.7	14.6
<b>Financial ratios</b>							
Inventories as % of sales	14.9	17.8	17.1	17.4	13.0	15.0	15.5
Receivables as % of sales	19.2	19.6	17.8	18.1	13.5	15.5	16.0
Non-interest bearing liabilities as % of sales	22.0	23.8	19.1	22.7	22.7	22.7	22.7
NWC/sales, %	11.2	12.7	10.3	11.7	2.7	6.8	7.8
Operative CAPEX/sales, %	11.9	8.2	3.6	4.0	4.7	4.2	4.0
CAPEX/sales (incl. acquisitions), %	11.9	8.2	3.6	4.0	4.7	4.2	4.0
FCFF/EBITDA	0.1	-0.4	0.7	0.9	1.4	0.2	0.6
Net debt/EBITDA, book-weighted	2.0	3.0	2.9	8.2	2.0	1.3	0.7
Debt/equity, market-weighted	0.5	0.5	0.7	1.4	0.9	0.9	0.7
Equity ratio, book-weighted	29.7	26.5	26.9	20.8	25.7	29.6	35.9
Gearing, %	104.7	115.9	98.1	178.2	98.9	71.3	36.6

**COMPANY DESCRIPTION:** Exel Composites manufactures composites profiles for various demanding, mainly industrial end-use, applications. Exel's customer base includes companies operating in industries such as wind energy, transportation and telecommunications. Exel Composites is one of the largest manufacturers of pultruded composites profiles globally and currently operates eight manufacturing plants on three continents.

**INVESTMENT CASE:** Our positive view is based on good long-term composites demand outlook, coupled with the fact that Exel Composites' current manufacturing footprint could support annual revenue in the EUR 150m ballpark i.e. there's still plenty of room to improve delivery volumes. Exel's rather high fixed cost base translates to meaningful operating leverage, and thus higher revenues should lead to improving operating margins. The company is also progressing well with its cost savings program. Operating profit could further significantly improve if good execution continues. Recently the wind energy sector has provided great lift for volumes; other attractive applications include e.g. transportation industry profiles.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Erikoissijoitusrahasto Aktia Mikro Markka	6,866,856	2.218	6.4%
OP-Finland Small Firms Fund	5,446,457	1.759	5.1%
Elo Mutual Pension Insurance Company	5,123,275	1.655	4.8%
Danske Invest Finnish Equity Fund	4,707,032	1.520	4.4%
Phoebus Fund	3,780,000	1.221	3.5%
Säästöpankki Pienyhtiöt	3,080,659	0.995	2.9%
Proprius partners micro finland (non-ucits)	2,930,971	0.947	2.7%
Nelimarkka Heikki Antero	1,913,463	0.618	1.8%
Veritas Pension Insurance Company Ltd.	1,890,009	0.610	1.8%
Suutarinen Timo	1,440,000	0.465	1.3%
Ten largest	37,178,722	12.009	35%
Residual	69,507,278	22.451	65%
Total	106,686,000	34.460	100%

#### EARNINGS CALENDAR

October 31, 2024

Q3 report

#### OTHER EVENTS

#### COMPANY MISCELLANEOUS

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Mäkituvantie 5 01510 Vantaa

CFO: Mikko Rummukainen

Tel: +358 20 7541 200

IR: Lilli Riikonen

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

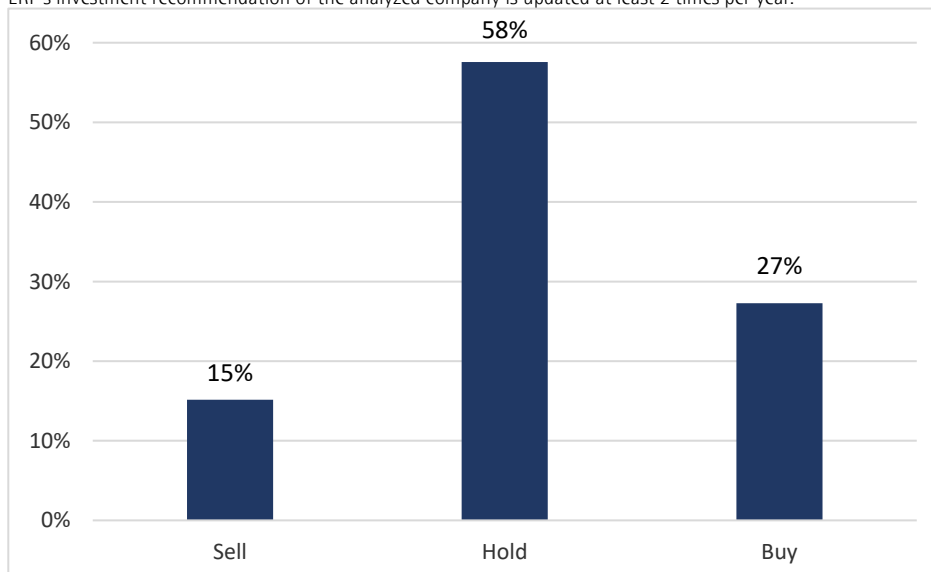
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Investment recommendations are defined as follows:

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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