

Expecting a solid yet seasonally slow Q1

Consti reports its Q1 2023 earnings on 27th of April. We expect the positive development seen during 2022 to continue driven by the company's healthy backlog, higher volumes and slower construction cost inflation. With estimates intact, we retain our BUY rating and TP of EUR 14.0.

Solid development expected to continue

Consti had a strong finish to the year 2022 and we expect the positive development to continue during 2023. For Q1 2023, we estimate revenue growth of 4.5% y/y and EBIT margin of 0.9% (0.6% Q1 2022). Our estimate for the continued positive development is driven by the company's healthy backlog (EUR 246.7m 12/22), higher volumes, improved project management and slower construction cost inflation.

Renovation volumes expected to increase during 2023

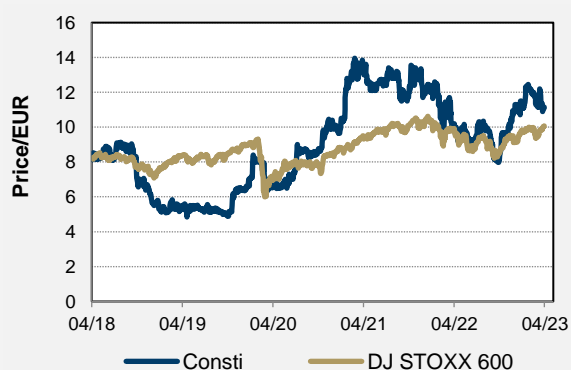
RT expects that the renovation volumes grow by 1.5% in 2023, driven by both the slow down in new construction and on the other hand, slower construction cost inflation. The growth in renovation volumes is expected to focus on the Finnish growth centers where Consti is active. The construction cost inflation has slowed down from the high levels seen in the first half of 2022, yet the growth was still at roughly 6.5% y/y during Q1 2023. The current high cost and interest rate environment make the company's potential remarks on the demand outlook for the housing company segment especially interesting.

BUY with a target price of EUR 14.0

We have not made changes to our estimates, we expect that the company's steady and positive development witnessed during 2022 has continued in Q1 2023. We still see the company's valuation undemanding on both relative and absolute terms. Consti trades with 23E EV/EBIT and P/E multiples of 6.8x and 9.7x offering a significant discount compared to both the Construction and Building Installations and Services peer groups. We retain our BUY rating and TP of EUR 14.0.

Rating

BUY



Share price, EUR (Last trading day's closing price)	11.15
Target price, EUR	14.0

Latest change in recommendation	23-Jul-21
Latest report on company	3-Feb-23
Research paid by issuer:	YES
No. of shares outstanding, '000's	7,735
No. of shares fully diluted, '000's	7,735
Market cap, EURm	86
Free float, %	45.9
Exchange rate EUR	1.000
Reuters code	CONSTI.HE
Bloomberg code	CONSTI FH
Average daily volume, EURm	0.1
Next interim report	27-Apr-23
Web site	investor.consti.fi

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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
2021	288.8	5.7	2.0%	-3.1	0.47	25.9	0.4	19.1	-3.3	0.45
2022	305.2	11.5	3.8%	14.9	1.10	10.2	0.3	7.9	17.2	0.60
2023E	315.2	12.3	3.9%	10.5	1.15	9.7	0.3	6.8	12.2	0.65
2024E	322.5	13.5	4.2%	10.9	1.31	8.5	0.2	5.8	12.7	0.72
2025E	329.4	14.5	4.4%	11.6	1.44	7.7	0.2	5.0	13.4	0.79
Market cap, EURm			86	Gearing 2023E, %			-5.0	CAGR EPS 2022-25, %		9.4
Net debt 2023E, EURm			-2	Price/book 2023E			2.1	CAGR sales 2022-25, %		2.6
Enterprise value, EURm			84	Dividend yield 2023E, %			5.8	ROE 2023E, %		23.2
Total assets 2023E, EURm			124	Tax rate 2023E, %			20.0	ROCE 2023E, %		20.5
Goodwill 2023E, EURm			50	Equity ratio 2023E, %			32.6	PEG, P/E 23/CAGR		1.0

All the important disclosures can be found on the last pages of this report.

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	11.15 PV of Free Cash Flow	90 Long-term growth, %	1.2 Risk-free interest rate, %	2.25
DCF share value	22.62 PV of Horizon value	89 WACC, %	8.6 Market risk premium, %	5.8
Share price potential, %	102.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	24.3 Marketable securities	21 Minimum WACC, %	8.1 Equity beta coefficient	1.15
Minimum value	21.2 Debt - dividend	-25 Maximum WACC, %	9.1 Target debt ratio, %	30
Horizon value, %	49.8 Value of stock	175 Nr of shares, Mn	7.7 Effective tax rate, %	20

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	305	315	323	329	335	340	345	350	355	361	365	369
<i>Sales growth, %</i>	<i>5.7</i>	<i>3.2</i>	<i>2.3</i>	<i>2.1</i>	<i>1.7</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.2</i>	<i>1.2</i>
Operating income (EBIT)	11	12	14	14	15	15	15	15	16	16	16	16
<i>Operating income margin, %</i>	<i>3.8</i>	<i>3.9</i>	<i>4.2</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>
+ Depreciation+amort.	4	4	3	3	3	3	3	3	3	3	3	3
EBITDA	15	16	16	17	17	18	18	18	18	19	19	
- Paid taxes	1	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3	
- Change in NWC	4	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	<i>-4.9</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>opCAPEX / Sales, %</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</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	-2	0	0	0	0	0	0	0	0	0	0	
= FCFF	17	13	13	13	13	13	14	14	14	14	14	198
= Discounted FCFF		12	11	11	10	9	9	8	7	7	6	89
= DFCF min WACC		12	11	11	10	9	9	8	8	7	7	100
= DFCF max WACC		12	11	10	10	9	8	8	7	7	6	80

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1E	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	59.8	73.1	79.0	93.3	305.2	62.5	75.0	81.2	96.4	315.2	322.5	329.4
EBITDA	1.4	3.7	4.2	6.0	15.3	1.4	3.9	4.5	6.1	15.9	16.5	17.1
<i>EBITDA margin (%)</i>	<i>2.3</i>	<i>5.1</i>	<i>5.4</i>	<i>6.4</i>	<i>5.0</i>	<i>2.3</i>	<i>5.2</i>	<i>5.5</i>	<i>6.3</i>	<i>5.0</i>	<i>5.1</i>	<i>5.2</i>
EBIT	0.4	2.9	3.3	4.9	11.5	0.5	3.0	3.6	5.2	12.3	13.5	14.5
<i>EBIT margin (%)</i>	<i>0.6</i>	<i>4.0</i>	<i>4.2</i>	<i>5.2</i>	<i>3.8</i>	<i>0.9</i>	<i>4.0</i>	<i>4.4</i>	<i>5.4</i>	<i>3.9</i>	<i>4.2</i>	<i>4.4</i>
Net financial items	-0.2	-0.2	-0.2	-0.3	-1.0	-0.3	-0.3	-0.3	-0.3	-1.2	-0.9	-0.6
Pre-tax profit	0.1	2.7	3.1	4.5	10.4	0.2	2.7	3.3	4.9	11.1	12.7	13.9
Tax	0.0	-0.5	-0.6	-0.8	-1.9	0.0	-0.5	-0.7	-1.0	-2.2	-2.5	-2.8
<i>Tax rate (%)</i>	<i>20.3</i>	<i>20.0</i>	<i>20.0</i>	<i>16.8</i>	<i>18.6</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.1	2.2	2.5	3.8	8.5	0.2	2.2	2.6	3.9	8.9	10.1	11.1
EPS	0.01	0.28	0.32	0.49	1.10	0.02	0.28	0.34	0.50	1.15	1.31	1.44
EPS adjusted (diluted no. of shares)	0.01	0.28	0.32	0.49	1.10	0.02	0.28	0.34	0.50	1.15	1.31	1.44
Dividend per share	0.00	0.00	0.00	0.00	0.60	0.00	0.00	0.00	0.00	0.65	0.72	0.79
SALES, EURm												
Housing Companies	15.6	25.4	30.6	32.4	104.0	16.4	26.1	31.5	33.4	107.4	110.1	112.3
Corporations	20.2	24.3	26.7	33.8	104.9	22.2	25.5	27.2	34.5	109.4	111.5	113.2
Public Sector	10.9	9.4	9.4	12.4	42.1	11.1	9.6	9.9	13.6	44.2	45.6	46.7
Building Technology	16.0	17.7	16.3	19.1	69.1	15.7	17.3	16.5	19.5	69.0	71.1	73.2
Elimination	-2.9	-3.6	-4.0	-4.4	-14.9	-2.9	-3.5	-3.8	-4.5	-14.9	-15.7	-16.1
Total	59.8	73.1	79.0	93.3	305.2	62.5	75.0	81.2	96.4	315.2	322.5	329.4
SALES GROWTH, Y/Y %												
<i>Housing Companies</i>	<i>16.5</i>	<i>16.9</i>	<i>10.9</i>	<i>18.7</i>	<i>15.5</i>	<i>5.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.3</i>	<i>2.5</i>	<i>2.0</i>
<i>Corporations</i>	<i>-7.4</i>	<i>-6.7</i>	<i>4.3</i>	<i>22.6</i>	<i>3.9</i>	<i>10.0</i>	<i>5.0</i>	<i>2.0</i>	<i>2.0</i>	<i>4.2</i>	<i>2.0</i>	<i>1.5</i>
<i>Public Sector</i>	<i>46.6</i>	<i>10.5</i>	<i>-2.0</i>	<i>2.4</i>	<i>11.9</i>	<i>2.0</i>	<i>2.0</i>	<i>5.0</i>	<i>10.0</i>	<i>5.0</i>	<i>3.0</i>	<i>2.5</i>
<i>Building Technology</i>	<i>-16.6</i>	<i>-0.7</i>	<i>-0.3</i>	<i>-2.0</i>	<i>-5.2</i>	<i>-2.0</i>	<i>-2.0</i>	<i>1.0</i>	<i>2.0</i>	<i>-0.2</i>	<i>3.0</i>	<i>3.0</i>
<i>Elimination</i>	<i>12.2</i>	<i>15.5</i>	<i>26.6</i>	<i>14.1</i>	<i>17.1</i>	<i>0.4</i>	<i>-1.6</i>	<i>-3.6</i>	<i>3.1</i>	<i>-0.4</i>	<i>5.9</i>	<i>2.1</i>
Total	0.9	3.1	4.0	12.9	5.7	4.5	2.6	2.8	3.4	3.2	2.3	2.1
EBIT, EURm												
Group	0.4	2.9	3.3	4.9	11.5	0.5	3.0	3.6	5.2	12.3	13.5	14.5
Total	0.4	2.9	3.3	4.9	11.5	0.5	3.0	3.6	5.2	12.3	13.5	14.5
EBIT margin, %												
Total	0.6	4.0	4.2	5.2	3.8	0.9	4.0	4.4	5.4	3.9	4.2	4.4

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	315.8	314.8	274.6	288.8	305.2	315.2	322.5	329.4
<i>Sales growth (%)</i>	<i>5.2</i>	<i>-0.3</i>	<i>-12.8</i>	<i>5.1</i>	<i>5.7</i>	<i>3.2</i>	<i>2.3</i>	<i>2.1</i>
EBITDA	-0.5	8.1	11.4	9.2	15.3	15.9	16.5	17.1
<i>EBITDA margin (%)</i>	<i>-0.1</i>	<i>2.6</i>	<i>4.2</i>	<i>3.2</i>	<i>5.0</i>	<i>5.0</i>	<i>5.1</i>	<i>5.2</i>
Depreciation	-1.7	-3.5	-3.2	-3.5	-3.8	-3.6	-2.9	-2.6
EBITA	-2.1	4.6	8.2	5.7	11.5	12.3	13.5	14.5
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-2.1	4.6	8.2	5.7	11.5	12.3	13.5	14.5
<i>EBIT margin (%)</i>	<i>-0.7</i>	<i>1.5</i>	<i>3.0</i>	<i>2.0</i>	<i>3.8</i>	<i>3.9</i>	<i>4.2</i>	<i>4.4</i>
Reported EBIT	-2.1	4.6	8.2	5.7	11.5	12.3	13.5	14.5
<i>EBIT margin (reported) (%)</i>	<i>-0.7</i>	<i>1.5</i>	<i>3.0</i>	<i>2.0</i>	<i>3.8</i>	<i>3.9</i>	<i>4.2</i>	<i>4.4</i>
Net financials	-0.7	-1.2	-1.0	-1.1	-1.0	-1.2	-0.9	-0.6
Pre-tax profit	-2.8	3.4	7.2	4.6	10.4	11.1	12.7	13.9
Taxes	0.5	-0.7	-1.6	-0.9	-1.9	-2.2	-2.5	-2.8
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-2.3	2.5	5.6	3.7	8.5	8.9	10.1	11.1
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	4	4	3	3	4	4	4	4
Goodwill	49	49	49	50	50	50	50	50
Right of use assets	4	3	2	6	4	3	2	2
Inventory	1	1	1	1	1	1	1	1
Receivables	53	50	49	41	44	45	46	47
Liquid funds	3	10	24	18	21	22	22	23
Total assets	115	117	129	119	123	124	125	127
Liabilities								
Shareholder's equity	23	26	30	32	36	40	46	51
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	3	3	0	0	0	0	0
Lease liabilities	4	4	2	5	4	3	2	2
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	23	25	27	27	20	17	12	6
Non-interest bearing current liabilities	62	56	63	52	60	62	63	64
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	115	117	129	119	123	124	125	127
CASH FLOW, EURm								
+ EBITDA	0	8	11	9	15	16	16	17
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	0	0	-1	-1	1	-2	-3	-3
- Increase in Net Working Capital	-5	-3	8	-3	4	0	0	0
+/- Other	0	0	0	1	-2	0	0	0
= Cash flow from operations	-7	4	18	5	17	13	13	14
- Capex	-1	-4	-3	-7	-3	-2	-2	-3
- Acquisitions	0	0	0	-1	0	0	0	0
+ Divestments	1	0	0	0	0	0	0	0
= Free cash flow	-8	0	15	-3	15	11	11	12
+/- New issues/buybacks	0	0	0	1	-1	0	0	0
- Paid dividend	0	0	-1	-3	-4	-5	-5	-6
+/- Other	1	6	0	-1	-8	-5	-5	-6
Change in cash	-6	7	14	-6	3	1	1	0

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	50	79	95	86	86	86	86
Net debt (excl. convertibles)	19	5	14	4	-2	-8	-14
Enterprise value	72	87	109	90	84	78	72
Sales	315	275	289	305	315	323	329
EBITDA	8	11	9	15	16	16	17
EBIT	5	8	6	11	12	14	14
Pre-tax	3	7	5	10	11	13	14
Earnings	2	6	4	8	9	10	11
Equity book value (excl. minorities)	26	30	32	36	40	46	51
Valuation multiples							
EV/sales	0.2	0.3	0.4	0.3	0.3	0.2	0.2
EV/EBITDA	8.9	7.6	11.9	5.9	5.3	4.8	4.2
EV/EBITA	15.6	10.6	19.1	7.9	6.8	5.8	5.0
EV/EBIT	15.6	10.6	19.1	7.9	6.8	5.8	5.0
EV/OCF	19.7	4.9	23.3	5.2	6.5	5.8	5.1
EV/FCFF	31.9	5.2	32.9	5.2	6.7	6.1	5.5
P/FCFE	523.9	5.2	-30.6	5.8	8.2	7.9	7.4
P/E	20.3	14.2	25.9	10.2	9.7	8.5	7.7
P/B	1.9	2.6	3.0	2.4	2.1	1.9	1.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.7	6.1	5.5
Target EV/EBIT	0.0	0.0	0.0	0.0	8.6	7.4	6.5
Target EV/FCF	0.0	0.0	0.0	0.0	10.1	9.2	8.1
Target P/B	0.0	0.0	0.0	0.0	2.7	2.4	2.1
Target P/E	0.0	0.0	0.0	0.0	12.2	10.7	9.7
Per share measures							
Number of shares	7,858	7,858	7,858	7,735	7,735	7,735	7,735
Number of shares (diluted)	7,858	7,858	7,858	7,735	7,735	7,735	7,735
EPS	0.32	0.71	0.47	1.10	1.15	1.31	1.44
Operating cash flow per share	0.47	2.27	0.60	2.25	1.68	1.73	1.83
Free cash flow per share	0.01	1.93	-0.40	1.92	1.36	1.41	1.50
Book value per share	3.33	3.87	4.08	4.68	5.23	5.89	6.61
Dividend per share	0.16	0.40	0.45	0.60	0.65	0.72	0.79
Dividend payout ratio, %	50.8	56.3	96.4	54.6	56.6	55.0	55.0
Dividend yield, %	2.5	4.0	3.7	5.4	5.8	6.5	7.1
FCF yield, %	0.2	19.2	-3.3	17.2	12.2	12.7	13.4
Efficiency measures							
ROE	10.0	19.7	11.8	24.9	23.2	23.6	23.0
ROCE	8.6	13.7	9.1	18.4	20.5	22.8	24.4
Financial ratios							
Inventories as % of sales	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Receivables as % of sales	15.8	17.9	14.3	14.4	14.4	14.4	14.4
Non-interest bearing liabilities as % of sales	17.8	23.1	18.0	19.6	19.6	19.6	19.6
NWC/sales, %	-1.7	-4.9	-3.4	-4.9	-4.9	-4.9	-4.9
Operative CAPEX/sales, %	1.3	1.0	2.4	0.8	0.8	0.8	0.8
CAPEX/sales (incl. acquisitions), %	1.3	1.0	2.0	0.8	0.8	0.8	0.8
FCFF/EBITDA	0.3	1.5	0.4	1.1	0.8	0.8	0.8
Net debt/EBITDA, book-weighted	2.3	0.4	1.5	0.3	-0.1	-0.5	-0.8
Debt/equity, market-weighted	0.5	0.3	0.3	0.2	0.2	0.1	0.1
Equity ratio, book-weighted	29.8	26.1	26.9	29.4	32.6	36.3	40.3
Gearing, %	64.4	14.1	44.1	10.7	-5.0	-17.4	-27.3

COMPANY DESCRIPTION: Consti is one of the leading renovation and technical service companies in Finland. Consti has a comprehensive service offering covering technical building services, residential pipeline renovation, renovation contracting, building facade repair and maintenance, and other renovation and technical services for residential and non-residential properties. Consti was established in 2008 to meet the growing need for repair and construction work.

INVESTMENT CASE: Consti should seek to maintain the achieved healthier levels of profitability after a period of weaker profitability during previous years driven by a number of weak margin projects. The backlog is still at healthy levels which supports near-term development. The long-term market outlook remains favourable due to among other things a large aging building stock, and the renovation market is expected to see steady low single-digit growth.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Lujatalo Oy	790,000	8.809	10.2%
Wipunen Varainhallinta Oy	750,000	8.363	9.7%
Heikintorppa Oy	750,000	8.363	9.7%
Fennia Life Insurance Company Ltd	518,525	5.782	6.7%
Korkeela Esa Sakari	450,058	5.018	5.8%
Kivi Risto Juhani	380,473	4.242	4.9%
Kalevo Markku	301,044	3.357	3.9%
Varma Mutual Pension Insurance Company	172,000	1.918	2.2%
Drumbo Oy	150,000	1.673	1.9%
Consti Yhtiöt Oyj	123,739	1.380	1.6%
Ten largest	4,385,839	48.902	57%
Residual	3,348,689	37.338	43%
Total	7,734,528	86.240	100%

EARNINGS CALENDAR

April 27, 2023	Q1 report
July 21, 2023	Q2 report
October 27, 2023	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Joni Sorsanen

Tel: +358 10 288 6000

IR: Ismo Heikkilä

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

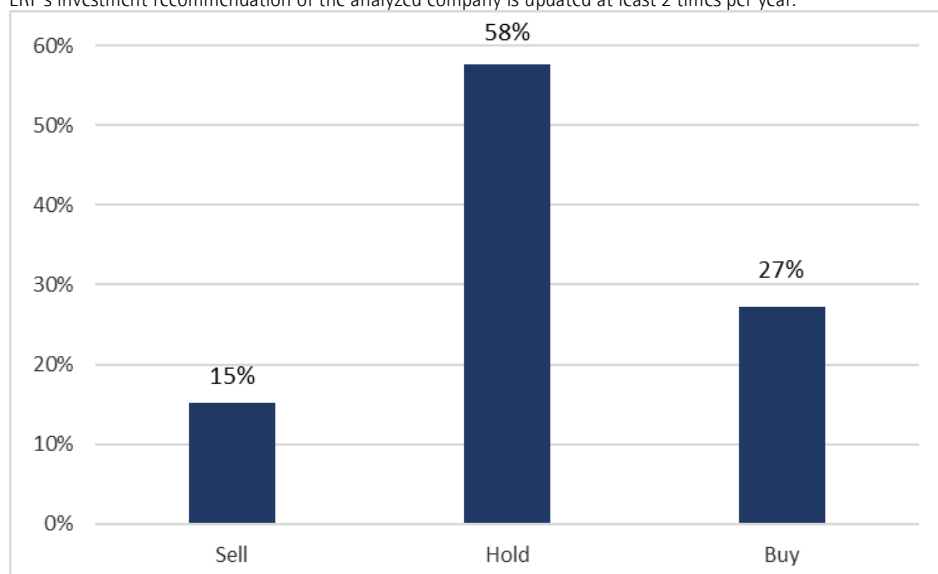
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Investment recommendations are defined as follows:

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): Salokivi, Jortikka

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