

Preparing for larger volumes

Exel's Q1 was expected to be soft but it turned out quite weak. This year will continue to see rather modest profitability while long-term potential still exists.

Weakness largely attributable to low Wind power volumes

Exel's Q1 revenue fell 16% y/y to EUR 28.8m vs the EUR 32.2m/33.6m Evli/cons. estimates. H1 was seen soft due to lacking Wind power orders however such volumes came in at EUR 1.5m in Q1 vs our EUR 5.9m estimate. The figure was lower than Exel expected, in addition to which there was softness in Equipment and other industries. Transportation still saw strong development, yet small and mid-sized customers continued to reduce inventories as seen already in H2'22. Exel has already taken some cost actions and although there weren't any notable cost-related surprises the demand softness led to an adj. EBIT of EUR 0.0m, compared to the EUR 1.2m/1.4m Evli/cons. estimates. Exel consequently downgraded its guidance as any significant demand recovery is unlikely to begin before H2'23, while the company will also incur some EUR 1m in additional expenses this year as it seeks to ensure its competitiveness within Wind power.

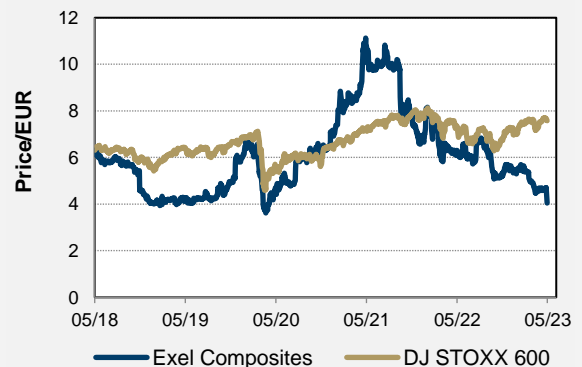
We also cut our FY '24 EBIT estimate by more than 20%

Wind power's development program is unlikely to change the company's focus on turbine blade reinforcement elements; rather it should enhance Exel's ability to deliver the needed volumes. Wind power may see some volume improvement already later this year, but the next couple of quarters are likely to remain soft before high growth again really begins to come through next year. Wind power aside, Exel looks to better capture sustained growth by focusing more on larger accounts. Exel's strategy worked well in the past few years as it achieved a CAGR of 12% in FY '19-21 however now seems to be a time for enhancing commercial focus. Such strategy themes (focus on high-volume accounts) aren't very surprising in the light of Exel's business model, in which a relatively high amount of customer account concentration tends to optimize profitability.

Valuation not particularly cheap in the short-term

Exel has a lot more potential thanks to its existing applications and their further scaling over the coming years, yet the 13x and 8x EV/EBIT multiples appear neutral on our estimates for FY '23-24. Our new TP is EUR 4.3 (5.8); our rating is now HOLD (BUY).

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 4.05

Target price, EUR 4.3

Latest change in recommendation 03-May-23

Latest report on company 20-Feb-23

Research paid by issuer: YES

No. of shares outstanding, '000's 11,897

No. of shares fully diluted, '000's 11,897

Market cap, EURm 48

Free float, % 100.0

Exchange rate EUR/USD 1.10

Reuters code EXL1V.HE

Bloomberg code EXL1V FH

Average daily volume, EURm 0.1

Next interim report 18-Aug-23

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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	134.4	3.7	2.8%	-6.2	0.14	57.0	1.0	34.9	-6.5	0.20
2022	137.0	3.0	2.2%	9.4	0.18	30.1	0.7	31.4	14.6	0.20
2023E	129.9	5.8	4.5%	5.9	0.18	22.2	0.6	12.8	12.3	0.20
2024E	139.6	8.9	6.4%	5.4	0.44	9.1	0.5	8.0	11.3	0.25
2025E	146.6	11.9	8.1%	7.9	0.65	6.3	0.5	5.6	16.4	0.30
Market cap, EURm	48			Gearing 2023E, %	86.8			CAGR EPS 2022-25, %	53.1	
Net debt 2023E, EURm	26			Price/book 2023E	1.6			CAGR sales 2022-25, %	2.3	
Enterprise value, EURm	74			Dividend yield 2023E, %	4.9			ROE 2023E, %	7.1	
Total assets 2023E, EURm	107			Tax rate 2023E, %	44.7			ROCE 2023E, %	6.1	
Goodwill 2023E, EURm	13			Equity ratio 2023E, %	28.2			PEG, P/E 23/CAGR	0.3	

Estimates and peer group multiples

Exel Composites	2019	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e
Buildings and infrastructure	23.5	23.5	32.9	7.7	8.9	7.8	8.1	32.5	7.8	7.7	8.4	9.0	32.9
Equipment and other industries	18.6	19.5	23.4	7.4	5.9	5.6	4.3	23.1	5.6	5.1	4.9	4.9	20.5
Wind power	23.6	28.1	32.1	6.8	6.5	8.0	5.5	26.8	1.5	4.0	5.2	5.9	16.5
Machinery and electrical	14.4	15.5	17.6	4.3	5.3	5.0	5.2	19.7	4.6	5.5	5.1	5.5	20.7
Transportation	13.1	10.2	10.2	3.1	7.2	3.7	3.3	17.4	4.2	8.0	4.9	4.5	21.7
Defense	2.3	5.3	8.7	2.1	1.6	2.0	1.9	7.5	2.9	1.6	2.1	2.0	8.7
Telecommunications	8.2	6.5	9.5	2.8	2.8	1.7	2.6	10.0	2.2	2.5	1.6	2.7	9.0
Revenue	103.8	108.6	134.4	34.2	38.1	33.8	31.0	137.0	28.8	34.3	32.2	34.6	129.9
<i>y/y change, %</i>	<i>7 %</i>	<i>5 %</i>	<i>24 %</i>	<i>10 %</i>	<i>14 %</i>	<i>1 %</i>	<i>-15 %</i>	<i>2 %</i>	<i>-16 %</i>	<i>-10 %</i>	<i>-5 %</i>	<i>12 %</i>	<i>-5 %</i>
Adjusted EBIT	7.2	9.7	6.0	2.2	3.1	1.8	0.9	8.0	0.0	1.2	2.2	2.7	6.1
EBIT	5.1	9.4	3.7	0.0	3.0	1.7	-1.7	3.0	-0.3				5.8
<i>-margin, %</i>	<i>6.9 %</i>	<i>8.9 %</i>	<i>4.5 %</i>	<i>6.4 %</i>	<i>8.2 %</i>	<i>5.4 %</i>	<i>3.0 %</i>	<i>5.9 %</i>	<i>0.0 %</i>	<i>3.5 %</i>	<i>6.8 %</i>	<i>7.8 %</i>	<i>4.7 %</i>
<i>-margin (reported), %</i>	<i>4.9 %</i>	<i>8.7 %</i>	<i>2.8 %</i>	<i>0.1 %</i>	<i>7.9 %</i>	<i>5.0 %</i>	<i>-5.5 %</i>	<i>2.2 %</i>	<i>-1.0 %</i>				<i>4.5 %</i>

Source: Evli Research

EXEL COMPOSITES PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Hexagon Composites	544		116.3x	36.0x				-8.0 %	-7.4 %	-3.0 %
Hexcel	5554	19.0x	18.1x	15.2x	31.6x	27.9x	22.0x	11.4 %	13.5 %	15.5 %
Avient	3183	8.0x	9.6x	8.6x	11.7x	15.1x	12.6x	11.9 %	9.7 %	11.0 %
SGL Carbon	1110	6.0x	8.1x	7.1x	9.9x	12.3x	10.4x	9.9 %	9.9 %	11.0 %
TPI Composites	437	13.1x	17.3x	8.2x			16.5x	-1.5 %	-0.6 %	2.7 %
Peer Group Average	2166	11.5x	33.9x	15.0x	17.7x	18.4x	15.4x	4.7 %	5.0 %	7.4 %
Peer Group Median	1110	10.6x	17.3x	8.6x	11.7x	15.1x	14.5x	9.9 %	9.7 %	11.0 %
Exel Composites (Evli est.)	49	9.3x	6.2x	4.8x	31.4x	12.9x	8.0x	2.2 %	4.5 %	6.4 %

Exel Composites prem./disc. to peer median

-12 % -6.4 % -4.4 % 168 % -15 % -4.5 % -7.8 % -5.4 % -4.2 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	4.05 PV of Free Cash Flow	76 Long-term growth, %	1.5 Risk-free interest rate, %	2.25
DCF share value	11.54 PV of Horizon value	95 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	184.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	12.7 Marketable securities	17 Minimum WACC, %	8.0 Equity beta coefficient	1.00
Minimum value	10.5 Debt - dividend	-50 Maximum WACC, %	9.0 Target debt ratio, %	10
Horizon value, %	55.6 Value of stock	138 Nr of shares, Mn	11.9 Effective tax rate, %	21

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	137	130	140	147	151	154	157	160	163	167	169	172
<i>Sales growth, %</i>	2.0	-5.2	7.5	5.0	3.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5
Operating income (EBIT)	3	6	9	12	14	16	17	18	19	19	19	20
<i>Operating income margin, %</i>	2.2	4.5	6.4	8.1	9.0	10.5	11.0	11.5	11.5	11.5	11.5	11.5
+ Depreciation+amort.	7	6	6	6	5	5	5	4	4	4	4	4
EBITDA	10	12	15	17	19	21	22	23	23	24	24	
- Paid taxes	-1	-2	-2	-3	-3	-4	-4	-5	-5	-5	-5	
- Change in NWC	3	1	-1	-1	-1	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	10.3	10.1	10.4	10.6	10.8	10.8	10.9	11.0	11.1	11.1	11.2	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-3	-3	-4	-4	-4	-4	-4	-4	-4	-4	-4	
<i>opCAPEX / Sales, %</i>	2.4	2.7	3.1	3.0	2.9	2.6	2.6	2.6	2.6	2.6	2.6	
- 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	9	8	7	10	11	13	13	14	14	14	15	210
= Discounted FCFF		7	6	8	8	9	8	8	7	7	7	95
= DFCF min WACC		7	6	8	8	9	9	8	8	7	7	107
= DFCF max WACC		7	6	8	8	8	8	8	7	7	6	85

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	34.2	38.1	33.8	31.0	137.0	28.8	34.3	32.2	34.6	129.9	139.6	146.6
EBITDA	1.8	4.8	3.6	0.0	10.1	1.5	2.7	3.7	4.2	12.0	14.9	17.4
<i>EBITDA margin (%)</i>	<i>5.2</i>	<i>12.5</i>	<i>10.5</i>	<i>0.0</i>	<i>7.4</i>	<i>5.3</i>	<i>7.8</i>	<i>11.4</i>	<i>12.1</i>	<i>9.3</i>	<i>10.6</i>	<i>11.9</i>
EBIT	0.0	3.0	1.7	-1.7	3.0	-0.3	1.2	2.2	2.7	5.8	8.9	11.9
<i>EBIT margin (%)</i>	<i>0.1</i>	<i>7.9</i>	<i>5.0</i>	<i>-5.5</i>	<i>2.2</i>	<i>-1.0</i>	<i>3.5</i>	<i>6.8</i>	<i>7.8</i>	<i>4.5</i>	<i>6.4</i>	<i>8.1</i>
Net financial items	0.5	1.9	1.6	-3.4	0.6	-1.2	-0.3	-0.2	-0.2	-1.9	-1.7	-1.6
Pre-tax profit	0.5	4.9	3.3	-5.1	3.6	-1.5	0.9	2.0	2.5	3.9	7.3	10.3
Tax	-0.6	-0.9	-1.2	1.2	-1.5	-0.6	-0.3	-0.3	-0.5	-1.7	-2.0	-2.6
<i>Tax rate (%)</i>	<i>111.4</i>	<i>19.3</i>	<i>35.6</i>	<i>24.3</i>	<i>40.4</i>	<i>-43.8</i>	<i>33.3</i>	<i>15.0</i>	<i>20.0</i>	<i>44.7</i>	<i>27.4</i>	<i>25.0</i>
Net profit	-0.1	4.0	2.1	-3.9	2.1	-2.1	0.6	1.7	2.0	2.2	5.3	7.7
EPS	-0.01	0.33	0.18	-0.33	0.18	-0.18	0.05	0.14	0.17	0.18	0.44	0.65
EPS adjusted (diluted no. of shares)	-0.01	0.33	0.18	-0.33	0.18	-0.18	0.05	0.14	0.17	0.18	0.44	0.65
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.20	0.25	0.30
SALES, EURm												
Exel Composites	34.2	38.1	33.8	31.0	137.0	28.8	34.3	32.2	34.6	129.9	139.6	146.6
Total	34.2	38.1	33.8	31.0	137.0	28.8	34.3	32.2	34.6	129.9	139.6	146.6
SALES GROWTH, Y/Y %												
Exel Composites	10.3	13.5	1.2	-15.1	2.0	-15.7	-9.9	-4.7	11.6	-5.2	7.5	5.0
Total	10.3	13.5	1.2	-15.1	2.0	-15.7	-9.9	-4.7	11.6	-5.2	7.5	5.0
EBIT, EURm												
Exel Composites	0.0	3.0	1.7	-1.7	3.0	-0.3	1.2	2.2	2.7	5.8	8.9	11.9
Total	0.0	3.0	1.7	-1.7	3.0	-0.3	1.2	2.2	2.7	5.8	8.9	11.9
EBIT margin, %												
Exel Composites	0.1	7.9	5.0	-5.5	2.2	-1.0	3.5	6.8	7.8	4.5	6.4	8.1
Total	0.1	7.9	5.0	-5.5	2.2	-1.0	3.5	6.8	7.8	4.5	6.4	8.1

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	96.6	103.8	108.6	134.4	137.0	129.9	139.6	146.6
<i>Sales growth (%)</i>	<i>11.9</i>	<i>7.5</i>	<i>4.6</i>	<i>23.7</i>	<i>2.0</i>	<i>-5.2</i>	<i>7.5</i>	<i>5.0</i>
EBITDA	7.7	10.7	15.3	11.9	10.1	12.0	14.9	17.4
<i>EBITDA margin (%)</i>	<i>8.0</i>	<i>10.3</i>	<i>14.1</i>	<i>8.9</i>	<i>7.4</i>	<i>9.3</i>	<i>10.6</i>	<i>11.9</i>
Depreciation	-5.5	-5.6	-5.8	-8.2	-7.1	-6.2	-5.9	-5.6
EBITA	2.2	5.1	9.4	3.7	3.0	5.8	8.9	11.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	2.2	5.1	9.4	3.7	3.0	5.8	8.9	11.9
<i>EBIT margin (%)</i>	<i>2.3</i>	<i>4.9</i>	<i>8.7</i>	<i>2.8</i>	<i>2.2</i>	<i>4.5</i>	<i>6.4</i>	<i>8.1</i>
Reported EBIT	2.2	5.1	9.4	3.7	3.0	5.8	8.9	11.9
<i>EBIT margin (reported) (%)</i>	<i>2.3</i>	<i>4.9</i>	<i>8.7</i>	<i>2.8</i>	<i>2.2</i>	<i>4.5</i>	<i>6.4</i>	<i>8.1</i>
Net financials	-0.5	-1.2	-2.3	0.4	0.6	-1.9	-1.7	-1.6
Pre-tax profit	1.7	3.9	7.1	4.2	3.6	3.9	7.3	10.3
Taxes	-1.3	-1.5	-1.7	-2.5	-1.5	-1.7	-2.0	-2.6
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.4	2.4	5.4	1.7	2.1	2.2	5.3	7.7
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	21	23	30	34	31	28	26	25
Goodwill	13	13	13	13	13	13	13	13
Right of use assets	5	5	3	3	2	2	2	2
Inventory	15	17	16	24	23	22	24	25
Receivables	20	20	21	26	24	23	25	26
Liquid funds	5	7	12	16	17	16	18	19
Total assets	79	85	97	118	113	107	110	112
Liabilities								
Shareholder's equity	26	26	29	31	30	30	33	38
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	3	4	2	2	1	2	2	2
Deferred taxes	0	0	0	0	1	1	1	1
Interest bearing debt	30	32	40	50	46	41	39	35
Non-interest bearing current liabilities	18	21	24	32	26	25	27	28
Other interest-free debt	2	2	2	3	9	9	9	9
Total liabilities	79	85	97	118	113	107	110	112
CASH FLOW, EURm								
+ EBITDA	8	11	15	12	10	12	15	17
- Net financial items	0	-1	-2	0	1	-2	-2	-2
- Taxes	-2	-2	-2	-3	-1	-2	-2	-3
- Increase in Net Working Capital	-4	1	3	-5	3	1	-1	-1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	1	8	13	5	13	9	10	12
- Capex	-10	-8	-13	-11	-3	-4	-4	-4
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-9	1	0	-6	9	6	5	8
+/- New issues/buybacks	0	0	-1	3	-1	0	0	0
- Paid dividend	-4	-2	-2	-2	-2	-2	-2	-3
+/- Other	9	3	7	9	-5	-4	-2	-4
Change in cash	-3	2	5	4	2	-1	1	1

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	78	88	94	64	48	48	48
Net debt (excl. convertibles)	29	30	36	30	26	23	18
Enterprise value	107	118	131	94	74	71	66
Sales	104	109	134	137	130	140	147
EBITDA	11	15	12	10	12	15	17
EBIT	5	9	4	3	6	9	12
Pre-tax	4	7	4	4	4	7	10
Earnings	2	5	2	2	2	5	8
Equity book value (excl. minorities)	26	29	31	30	30	33	38
Valuation multiples							
EV/sales	1.0	1.1	1.0	0.7	0.6	0.5	0.5
EV/EBITDA	10.0	7.7	10.9	9.3	6.2	4.8	3.8
EV/EBITA	21.0	12.5	34.9	31.4	12.8	8.0	5.6
EV/EBIT	21.0	12.5	34.9	31.4	12.8	8.0	5.6
EV/OCF	12.9	8.8	27.2	7.4	7.9	7.3	5.4
EV/FCFF	32.5	52.9	-26.0	10.2	9.7	9.8	6.8
P/FCFE	110.9	179.1	-15.3	6.8	8.1	8.9	6.1
P/E	32.5	16.4	57.0	30.1	22.2	9.1	6.3
P/B	3.0	3.1	3.0	2.1	1.6	1.5	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.4	5.0	4.0
Target EV/EBIT	0.0	0.0	0.0	0.0	13.3	8.3	5.8
Target EV/FCF	0.0	0.0	0.0	0.0	13.0	13.7	8.8
Target P/B	0.0	0.0	0.0	0.0	1.7	1.5	1.4
Target P/E	0.0	0.0	0.0	0.0	23.6	9.7	6.6
Per share measures							
Number of shares	11,897	11,897	11,897	11,897	11,897	11,897	11,897
Number of shares (diluted)	11,897	11,897	11,897	11,897	11,897	11,897	11,897
EPS	0.20	0.45	0.14	0.18	0.18	0.44	0.65
Operating cash flow per share	0.70	1.12	0.40	1.06	0.79	0.82	1.03
Free cash flow per share	0.06	0.04	-0.52	0.79	0.50	0.46	0.66
Book value per share	2.21	2.41	2.62	2.56	2.54	2.78	3.18
Dividend per share	0.18	0.20	0.20	0.20	0.20	0.25	0.30
Dividend payout ratio, %	89.2	44.3	143.7	110.9	109.8	56.3	46.3
Dividend yield, %	2.7	2.7	2.5	3.7	4.9	6.2	7.4
FCF yield, %	0.9	0.6	-6.5	14.6	12.3	11.3	16.4
Efficiency measures							
ROE	9.2	19.5	5.5	7.0	7.1	16.7	21.7
ROCE	8.6	14.4	5.1	4.0	6.1	10.8	14.6
Financial ratios							
Inventories as % of sales	16.3	14.9	17.8	17.1	17.1	17.1	17.1
Receivables as % of sales	19.2	19.2	19.6	17.8	17.8	17.8	17.7
Non-interest bearing liabilities as % of sales	20.2	22.0	23.8	19.1	19.1	19.1	19.1
NWC/sales, %	14.1	11.2	12.7	10.3	10.1	10.4	10.6
Operative CAPEX/sales, %	7.3	11.9	8.2	2.4	2.7	3.1	3.0
CAPEX/sales (incl. acquisitions), %	7.3	11.9	8.2	2.4	2.7	3.1	3.0
FCFF/EBITDA	0.3	0.1	-0.4	0.9	0.6	0.5	0.6
Net debt/EBITDA, book-weighted	2.7	2.0	3.0	2.9	2.2	1.6	1.0
Debt/equity, market-weighted	0.4	0.5	0.5	0.7	0.8	0.8	0.7
Equity ratio, book-weighted	30.8	29.7	26.5	26.9	28.2	30.1	33.8
Gearing, %	110.2	104.7	115.9	98.1	86.8	70.0	48.2

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	%
Sijoitusrahasto Taaleritehdas Mikro Markka	800,000	3.240	6.7%
OP-Finland Small Firms Fund	590,119	2.390	5.0%
Ilmarinen Mutual Pension Insurance	496,547	2.011	4.2%
Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	420,000	1.701	3.5%
Phoebus Fund	370,000	1.499	3.1%
Säästöpankki Pienyhtiöt	288,710	1.169	2.4%
Nelimarkka Heikki Antero	213,545	0.865	1.8%
Veritas Pension Insurance Company Ltd.	207,479	0.840	1.7%
Säästöpankki Kotimaa	132,680	0.537	1.1%
Sumato Oy	131,821	0.534	1.1%
Ten largest	3,650,901	14.786	31%
Residual	8,245,942	33.396	69%
Total	11,896,843	48.182	100%

EARNINGS CALENDAR

August 18, 2023

Q2 report

November 03, 2023

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Mikko Rummukainen

Tel: +358 20 7541 200

IR: Sanna Ahvenniemi

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

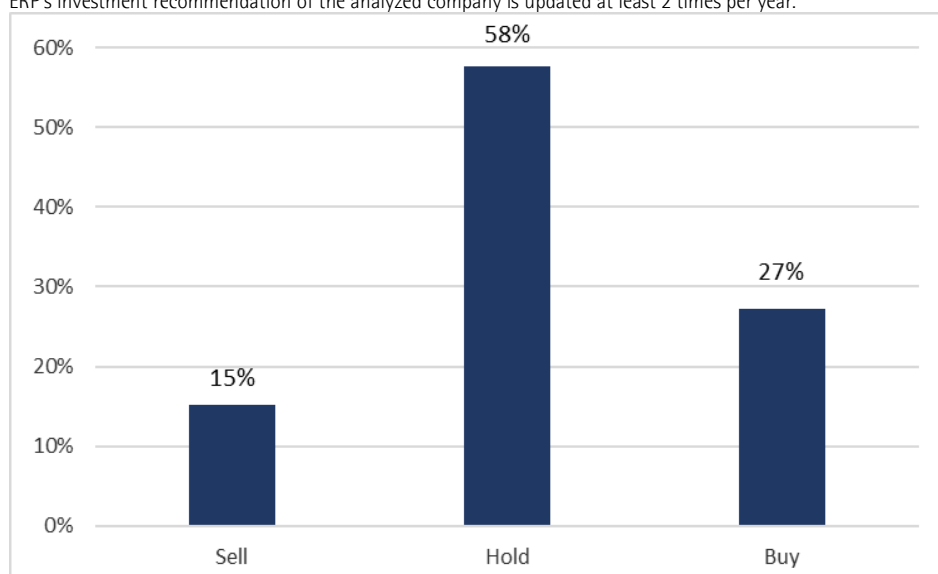
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Investment recommendations are defined as follows:

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

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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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