

## Steps towards higher profitability

The Q1 results and notes on Pohjola Hospital support the view Pihlajalinna is advancing in terms of profitability.

### Growth helped profitability top estimates

Q1 revenue grew 17% y/y to EUR 163m vs the EUR 157m/157m Evli/cons. estimates. Volume growth was even higher than the company expected, 7% on an organic basis. The beat was due to corporate customers, where Pohjola Hospital added EUR 9.4m, but also thanks to public sector, including Virta, where higher outsourcing pricing helped. Outsourcing profitability improved by EUR 1.5m y/y. High levels of sick leaves were a drag, and Covid-19 services are no more that profitable, but the volumes helped the EUR 5.9m adj. EBIT top the EUR 3.3m/3.5m Evli/cons. estimates. Pohjola Hospital's integration has so far proceeded better than expected, but Pihlajalinna nevertheless retains its guidance for now as there remain a few uncertain factors.

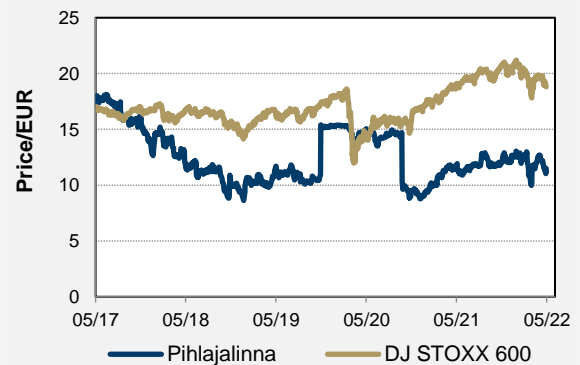
### Integration progress is ahead of plan in some ways

Pohjola Hospital posted positive results already two months after the acquisition, although not every unit is yet profitable. There's still some uncertainty around how quickly the integrated whole can be turned to driving higher volumes, but positive development is likely to continue in H2. In this sense the guidance is on the conservative side, but it makes certain allowances for issues which may affect results during the following quarters. Sick leaves were high in Q1 due to infections, and this experience informs some caution. Certain negotiations related to Pohjola Hospital are yet to be completed, as is the case for outsourcing restructurings. Current labor market issues raise uncertainty, and in the case of Pihlajalinna the potential implications follow with a lag. Pihlajalinna is also scaling up capacity in advance to better meet future demand.

### Guidance remains moderate for now

Our estimates for rest of the year are moderate, in line with the guidance, and there's a good chance for an upgrade during or after Q3. Pihlajalinna's margins have a lot of catching up to do with peers, but the Q1 results and comments on outlook suggest the company has established a firm footing. The 15.5x EV/EBIT valuation on our FY '22 estimate isn't high in the sector context, and we estimate the discount to grow and the multiple to drop to below 11x next year. We retain our EUR 14 TP and BUY rating.

Rating BUY



Share price, EUR (Last trading day's closing price) 11.50  
Target price, EUR 14.0

Latest change in	22-Feb-21
Latest report on company	03-May-22
Research paid by issuer:	YES
No. of shares outstanding,	22,584
No. of shares fully diluted,	22,584
Market cap, EURm	260
Free float, %	80.1
Exchange rate	-
Reuters code	PIHLIS.HE
Bloomberg code	PIHLIS FH
Average daily volume, EURm	0.2
Next interim report	12-Aug-22
Web site	<a href="http://investors.pihlajalinna.fi/">http://investors.pihlajalinna.fi/</a>

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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
2020	508.7	20.9	4.1%	0.6	0.51	18.4	0.8	20.0	0.3	0.20
2021	577.8	30.3	5.2%	33.8	0.90	14.0	0.9	16.3	11.8	0.30
2022E	677.4	30.8	4.5%	-9.8	1.08	10.6	0.7	15.6	-3.8	0.38
2023E	702.8	42.5	6.0%	25.4	1.18	9.7	0.7	10.9	9.8	0.41
2024E	726.1	45.0	6.2%	32.6	1.29	8.9	0.6	9.8	12.5	0.45
Market cap, EURm		260	Gearing 2022E, %			150.6	CAGR EPS 2021-24, %			12.6
Net debt 2022E, EURm		211	Price/book 2022E			1.9	CAGR sales 2021-24, %			7.9
Enterprise value, EURm		481	Dividend yield 2022E, %			3.3	ROE 2022E, %			19.4
Total assets 2022E, EURm		497	Tax rate 2022E, %			-3.8	ROCE 2022E, %			8.7
Goodwill 2022E, EURm		189	Equity ratio 2022E, %			28.2	PEG, P/E 22/CAGR			1.4

### Estimates and peer group valuation

<b>Net sales</b>	<b>2020</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22E</b>	<b>Q3'22E</b>	<b>Q4'22E</b>	<b>2022E</b>
Corporate Customers	120.7	137.6	49.3	55.1	49.3	57.8	211.5
of which insurance companies	31.4	34.8	20.4	26.7	25.9	26.8	99.8
of which other corporates	89.3	102.8	28.9	28.4	23.4	31.0	111.7
Private Customers	81.1	85.5	22.8	22.4	21.4	24.5	91.0
Public sector customers	372.4	427.7	109.2	113.0	113.5	113.5	449.2
<b>Total</b>	<b>508.7</b>	<b>577.8</b>	163.1	171.9	166.6	175.9	<b>677.5</b>
<b>Net sales growth</b>							
Corporate Customers	-1.1%	14.6%	42.1%	59.0%	58.0%	49.0%	53.7%
Private Customers	-17.1%	5.6%	6.5%	3.0%	13.0%	5.0%	6.4%
Public sector customers	3.3%	14.5%	7.0%	8.0%	5.0%	2.0%	5.0%
<b>Total</b>	<b>-1.9%</b>	<b>13.5%</b>	16.6%	20.6%	18.4%	13.7%	<b>17.3%</b>
<b>Adj. EBITA (group)</b>	27.5	37.3	7.8	8.1	12.2	10.9	39.0
<b>Adj. EBITA-margin (group)</b>	5.4%	6.5%	4.8%	4.7%	7.3%	6.2%	5.8%

Source: Pihlajalinna, Evli Research

PIHLAJALINNA PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Ambea AB	463	7.3x	6.8x	6.6x	16.4x	14.6x	13.8x	7.2 %	7.8 %	8.0 %
Attendo AB	409	7.5x	6.5x	5.9x	19.4x	15.1x	13.0x	6.5 %	8.0 %	8.8 %
CareTech	992	11.7x	10.6x	9.8x	15.3x	13.6x	12.6x	14.8 %	15.5 %	15.7 %
GHP Specialty Care	238	13.4x	11.4x	10.5x	30.3x	23.2x	19.6x	5.5 %	6.5 %	6.8 %
Humana	233	6.8x	6.3x	6.0x	12.4x	10.8x	10.1x	6.0 %	6.6 %	6.8 %
Korian	2136	8.8x	8.1x	7.7x	22.3x	20.3x	18.8x	9.4 %	9.7 %	9.9 %
LNA Sante	373	8.4x	7.6x	7.6x	17.0x	15.5x	14.6x	9.6 %	9.9 %	9.9 %
Mediclinic International	3236	9.1x	8.4x		15.5x	13.8x		9.8 %	10.6 %	
Orpea	2193	10.9x	10.3x	9.1x	21.7x	20.3x	19.1x	12.7 %	12.7 %	12.5 %
Spire Healthcare Group	1029	9.0x	8.2x	7.6x	17.1x	14.6x	13.2x	9.8 %	10.9 %	11.4 %
Terveystalo	1387	9.1x	8.5x	8.2x	16.9x	15.3x	13.9x	9.1 %	9.7 %	10.2 %
Peer Group Average	1154	<b>9.3x</b>	<b>8.4x</b>	<b>7.9x</b>	<b>18.6x</b>	<b>16.1x</b>	<b>14.9x</b>	<b>9.1 %</b>	<b>9.8 %</b>	<b>10.0 %</b>
Peer Group Median	992	<b>9.0x</b>	<b>8.2x</b>	<b>7.7x</b>	<b>17.0x</b>	<b>15.1x</b>	<b>13.8x</b>	<b>9.4 %</b>	<b>9.7 %</b>	<b>9.9 %</b>
Pihlajalinna (Evli est.)	<b>260</b>	<b>7.3x</b>	<b>5.3x</b>	<b>5.1x</b>	<b>15.6x</b>	<b>10.9x</b>	<b>9.8x</b>	<b>4.5 %</b>	<b>6.0 %</b>	<b>6.2 %</b>

Pihlajalinna prem./disc. to peer median

-19 %    -36 %    -33 %    -8 %    -28 %    -29 %    -52 %    -38 %    -38 %

Source FactSet, Evli Research

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	139.9	142.6	140.6	154.7	577.8	163.0	171.9	166.6	175.9	677.4	702.8	726.1
EBITDA	15.2	15.9	19.3	14.9	65.3	16.4	16.5	20.6	19.3	65.8	86.7	86.5
<i>EBITDA margin (%)</i>	<i>10.9</i>	<i>11.2</i>	<i>13.7</i>	<i>9.6</i>	<i>11.3</i>	<i>10.1</i>	<i>9.6</i>	<i>12.4</i>	<i>11.0</i>	<i>9.7</i>	<i>12.3</i>	<i>11.9</i>
EBIT	6.7	7.2	10.5	5.9	30.3	5.9	6.0	10.1	8.8	30.8	42.5	45.0
<i>EBIT margin (%)</i>	<i>4.8</i>	<i>5.0</i>	<i>7.5</i>	<i>3.8</i>	<i>5.2</i>	<i>3.6</i>	<i>3.5</i>	<i>6.1</i>	<i>5.0</i>	<i>4.5</i>	<i>6.0</i>	<i>6.2</i>
Net financial items	-0.9	-1.0	-0.8	-1.1	-3.8	-1.5	-1.2	-1.2	-1.2	-5.3	-6.6	-6.1
Pre-tax profit	5.8	6.2	9.7	4.8	26.5	4.4	4.8	8.9	7.6	25.5	35.9	38.9
Tax	-1.1	-1.2	-1.6	-1.2	-5.1	5.2	-0.9	-1.8	-1.5	1.0	-7.2	-7.8
<i>Tax rate (%)</i>	<i>19.0</i>	<i>19.4</i>	<i>16.5</i>	<i>25.0</i>	<i>19.2</i>	<i>-118.2</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>-3.8</i>	<i>20.0</i>	<i>20.0</i>
Net profit	4.6	5.2	8.1	2.5	20.4	6.9	4.1	7.3	6.3	24.5	26.7	29.1
EPS	0.20	0.23	0.36	0.11	0.90	0.31	0.18	0.32	0.28	1.08	1.18	1.29
EPS adjusted (diluted no. of shares)	0.20	0.23	0.36	0.11	0.90	0.31	0.18	0.32	0.28	1.08	1.18	1.29
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.38	0.41	0.45
<b>SALES, EURm</b>												
Corporate Customers	34.7	35.5	28.8	38.6	137.6	49.3	55.1	49.3	57.8	211.5	222.1	231.0
Private Customers	21.4	21.8	18.9	23.4	85.5	22.8	22.4	21.4	24.5	91.0	94.6	97.5
Public sector customers	102.1	103.8	110.4	111.4	427.7	109.2	113.0	113.5	113.5	449.2	462.7	476.6
Eliminations	-18.3	-18.5	-17.5	-18.7	-73.0	-18.3	-18.5	-17.6	-19.9	-74.3	-76.5	-78.8
<b>Total</b>	<b>139.9</b>	<b>142.6</b>	<b>140.6</b>	<b>154.7</b>	<b>577.8</b>	<b>163.0</b>	<b>171.9</b>	<b>166.6</b>	<b>175.9</b>	<b>677.4</b>	<b>702.8</b>	<b>726.1</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Corporate Customers</i>	<i>5.5</i>	<i>27.7</i>	<i>-6.2</i>	<i>31.7</i>	<i>14.0</i>	<i>42.1</i>	<i>55.2</i>	<i>71.2</i>	<i>49.8</i>	<i>53.7</i>	<i>5.0</i>	<i>4.0</i>
<i>Private Customers</i>	<i>-8.9</i>	<i>48.3</i>	<i>-3.1</i>	<i>0.0</i>	<i>5.4</i>	<i>6.5</i>	<i>2.5</i>	<i>13.0</i>	<i>4.6</i>	<i>6.4</i>	<i>4.0</i>	<i>3.0</i>
<i>Public sector customers</i>	<i>10.3</i>	<i>17.8</i>	<i>24.2</i>	<i>8.4</i>	<i>14.8</i>	<i>7.0</i>	<i>8.8</i>	<i>2.8</i>	<i>1.9</i>	<i>5.0</i>	<i>3.0</i>	<i>3.0</i>
<i>Eliminations</i>	<i>14.4</i>	<i>16.4</i>	<i>14.8</i>	<i>1.6</i>	<i>11.4</i>	<i>0.0</i>	<i>-0.1</i>	<i>0.6</i>	<i>6.6</i>	<i>1.8</i>	<i>3.0</i>	<i>3.0</i>
<b>Total</b>	<b>5.2</b>	<b>24.3</b>	<b>13.5</b>	<b>12.8</b>	<b>13.6</b>	<b>16.5</b>	<b>20.6</b>	<b>18.5</b>	<b>13.7</b>	<b>17.2</b>	<b>3.8</b>	<b>3.3</b>
<b>EBIT, EURm</b>												
Group	6.7	7.2	10.5	5.9	30.3	5.9	6.0	10.1	8.8	30.8	42.5	45.0
<b>Total</b>	<b>6.7</b>	<b>7.2</b>	<b>10.5</b>	<b>5.9</b>	<b>30.3</b>	<b>5.9</b>	<b>6.0</b>	<b>10.1</b>	<b>8.8</b>	<b>30.8</b>	<b>42.5</b>	<b>45.0</b>
<b>EBIT margin, %</b>												
<i>Total</i>	<i>4.8</i>	<i>5.0</i>	<i>7.5</i>	<i>3.8</i>	<i>5.2</i>	<i>3.6</i>	<i>3.5</i>	<i>6.1</i>	<i>5.0</i>	<i>4.5</i>	<i>6.0</i>	<i>6.2</i>

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	424.0	487.8	518.7	508.7	577.8	677.4	702.8	726.1
<i>Sales growth (%)</i>	<i>6.2</i>	<i>15.0</i>	<i>6.3</i>	<i>-1.9</i>	<i>13.6</i>	<i>17.2</i>	<i>3.8</i>	<i>3.3</i>
EBITDA	34.3	45.9	55.1	54.7	65.3	65.8	86.7	86.5
<i>EBITDA margin (%)</i>	<i>8.1</i>	<i>9.4</i>	<i>10.6</i>	<i>10.8</i>	<i>11.3</i>	<i>9.7</i>	<i>12.3</i>	<i>11.9</i>
Depreciation	-14.2	-31.5	-34.2	-33.8	-35.0	-35.0	-44.2	-41.5
EBITA	20.1	14.4	20.9	20.9	30.3	30.8	42.5	45.0
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	20.1	14.4	20.9	20.9	30.3	30.8	42.5	45.0
<i>EBIT margin (%)</i>	<i>4.7</i>	<i>3.0</i>	<i>4.0</i>	<i>4.1</i>	<i>5.2</i>	<i>4.5</i>	<i>6.0</i>	<i>6.2</i>
Reported EBIT	19.2	13.8	10.2	18.3	30.3	30.8	42.5	45.0
<i>EBIT margin (reported) (%)</i>	<i>4.5</i>	<i>2.8</i>	<i>2.0</i>	<i>3.6</i>	<i>5.2</i>	<i>4.5</i>	<i>6.0</i>	<i>6.2</i>
Net financials	-1.4	-3.8	-4.0	-4.4	-3.8	-5.3	-6.6	-6.1
Pre-tax profit	18.7	10.6	16.9	16.5	26.5	25.5	35.9	38.9
Taxes	-3.4	-2.7	-1.9	-4.8	-5.1	1.0	-7.2	-7.8
Minority shares	-4.6	-3.3	-1.1	-0.2	-1.0	-1.9	-2.0	-2.0
Net profit	9.8	4.0	3.2	8.9	20.4	24.5	26.7	29.1
Cash NRIs	-0.9	-0.6	-10.7	-2.6	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>								
<b>Assets</b>								
Fixed assets	83	68	74	66	67	78	72	67
Goodwill	104	170	174	174	189	189	189	189
Right of use assets	0	116	108	103	96	133	142	145
Inventory	2	3	2	3	4	3	4	4
Receivables	25	40	47	78	93	55	57	58
Liquid funds	37	36	27	13	4	34	35	36
Total assets	254	437	438	442	457	497	504	505
<b>Liabilities</b>								
Shareholder's equity	100	121	101	110	117	135	153	173
Minority interest	6	9	5	5	5	5	5	5
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	119	114	114	106	133	142	145
Deferred taxes	6	6	6	6	6	6	6	6
Interest bearing debt	77	99	107	94	93	112	88	62
Non-interest bearing current liabilities	62	80	102	109	125	102	105	109
Other interest-free debt	3	3	2	3	4	4	4	4
Total liabilities	254	437	438	442	457	497	504	505
<b>CASH FLOW, EURm</b>								
+ EBITDA	34	46	55	55	65	66	87	87
- Net financial items	-1	-4	-4	-4	-4	-5	-7	-6
- Taxes	-5	-5	-4	-4	-5	1	-7	-8
- Increase in Net Working Capital	7	2	14	-23	2	15	2	2
+/- Other	0	-11	-12	-3	-1	-2	-2	-2
= Cash flow from operations	35	27	49	21	57	74	73	72
- Capex	-10	-23	-36	-20	-24	-52	-47	-40
- Acquisitions	-17	-79	0	0	0	-32	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	8	-74	13	1	34	-10	25	33
+/- New issues/buybacks	-2	24	-25	0	-8	0	0	0
- Paid dividend	-3	-3	-2	0	-5	-7	-9	-9
+/- Other	7	53	5	-14	-30	46	-16	-22
Change in cash	10	-1	-9	-14	-9	30	1	1

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	195	346	212	285	260	260	260
Net debt (excl. convertibles)	181	194	195	195	211	194	171
Enterprise value	391	557	417	493	481	463	439
Sales	488	519	509	578	677	703	726
EBITDA	46	55	55	65	66	87	87
EBIT	14	21	21	30	31	43	45
Pre-tax	11	17	17	27	25	36	39
Earnings	5	14	12	20	24	27	29
Equity book value (excl. minorities)	121	101	110	117	135	153	173
<b>Valuation multiples</b>							
EV/sales	0.8	1.1	0.8	0.9	0.7	0.7	0.6
EV/EBITDA	8.5	10.1	7.6	7.5	7.3	5.3	5.1
EV/EBITA	27.1	26.6	20.0	16.3	15.6	10.9	9.8
EV/EBIT	27.1	26.6	20.0	16.3	15.6	10.9	9.8
EV/OCF	14.3	11.3	20.2	8.6	6.5	6.4	6.1
EV/FCFF	-11.7	20.3	33.0	10.7	9.3	7.5	6.9
P/FCFE	-2.6	27.0	353.6	8.4	-26.5	10.2	8.0
P/E	42.4	24.9	18.4	14.0	10.6	9.7	8.9
P/B	1.6	3.4	1.9	2.4	1.9	1.7	1.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.1	5.9	5.7
Target EV/EBIT	0.0	0.0	0.0	0.0	17.3	12.1	10.9
Target EV/FCF	0.0	0.0	0.0	0.0	-54.3	20.3	15.1
Target P/B	0.0	0.0	0.0	0.0	2.3	2.1	1.8
Target P/E	0.0	0.0	0.0	0.0	12.9	11.8	10.9
<b>Per share measures</b>							
Number of shares	22,620	22,620	22,618	22,584	22,584	22,584	22,584
Number of shares (diluted)	22,620	22,620	22,618	22,584	22,584	22,584	22,584
EPS	0.20	0.61	0.51	0.90	1.08	1.18	1.29
Operating cash flow per share	1.21	2.17	0.91	2.54	3.28	3.22	3.19
Free cash flow per share	-3.29	0.57	0.03	1.50	-0.43	1.12	1.44
Book value per share	5.36	4.47	4.85	5.20	5.98	6.79	7.66
Dividend per share	0.10	0.00	0.20	0.30	0.38	0.41	0.45
Dividend payout ratio, %	49.2	0.0	39.3	33.2	35.0	35.0	35.0
Dividend yield, %	1.2	0.0	2.1	2.4	3.3	3.6	3.9
FCF yield, %	-38.2	3.7	0.3	11.8	-3.8	9.8	12.5
<b>Efficiency measures</b>							
ROE	4.2	12.5	10.9	18.0	19.4	18.5	17.8
ROCE	5.4	6.2	6.4	9.4	8.7	11.0	11.6
<b>Financial ratios</b>							
Inventories as % of sales	0.5	0.4	0.7	0.6	0.5	0.5	0.5
Receivables as % of sales	8.2	9.1	15.3	16.0	8.1	8.1	8.1
Non-interest bearing liabilities as % of sales	16.3	19.7	21.5	21.7	15.0	15.0	15.0
NWC/sales, %	-8.0	-10.2	-6.0	-5.6	-6.9	-6.9	-6.9
Operative CAPEX/sales, %	4.6	7.0	3.9	4.1	7.7	6.7	5.4
CAPEX/sales (incl. acquisitions), %	-11.6	7.0	3.9	4.1	2.9	6.7	5.4
FCFF/EBITDA	-0.7	0.5	0.2	0.7	0.8	0.7	0.7
Net debt/EBITDA, book-weighted	3.9	3.5	3.6	3.0	3.2	2.2	2.0
Debt/equity, market-weighted	0.5	0.3	0.4	0.3	0.4	0.3	0.2
Equity ratio, book-weighted	29.8	24.2	26.0	26.8	28.2	31.5	35.3
Gearing, %	138.7	182.9	169.5	158.8	150.6	122.7	96.1

**COMPANY DESCRIPTION:** Pihlajalinna is the 3rd largest private social welfare and healthcare service provider in Finland offering a wide selection of services to private individuals, businesses, insurance companies and public sector entities, such as municipalities and joint municipal authorities. In its private clinics and hospitals Pihlajalinna provides general practitioner services, specialized care, emergency and on-call services, a wide range of surgical services, occupational healthcare and dental care. Pihlajalinna is the market leader in complete social and healthcare outsourcings in Finland.

**INVESTMENT CASE:** The demand for private social and healthcare services is growing due to ageing population and increasing pressure on public healthcare spending, offering Pihlajalinna growth opportunities in primary care as well as in specialized care. Profitability improvement stems from increased volumes and better utilization rate of the clinics.

OWNERSHIP STRUCTURE	SHARES	EURm	%
LähiTapiola Keskinäinen Vakuutusyhtiö	3,481,641	40.039	15.4%
Mww Yhtiö Oy	2,309,010	26.554	10.2%
Fennia Mutual Insurance Company	1,998,965	22.988	8.9%
Tapiola Keskinäinen Henkivakuutusyhtiö	1,893,985	21.781	8.4%
Elo Pension Company	1,267,161	14.572	5.6%
Niemistö Leena Katriina	704,687	8.104	3.1%
Ilmarinen Mutual Pension Insurance Company	628,431	7.227	2.8%
Fondita Nordic Micro Cap	470,000	5.405	2.1%
Fennia Life Insurance Company Ltd	322,443	3.708	1.4%
OP-Finland Small Firms Fund	305,644	3.515	1.4%
Ten largest	13,381,967	153.893	59%
Residual	9,202,420	105.828	41%
Total	22,584,387	259.720	100%

#### EARNINGS CALENDAR

August 12, 2022 Q2 report  
November 04, 2022 Q3 report

#### OTHER EVENTS

#### COMPANY MISCELLANEOUS

CEO: Joni Aaltonen Kehräsaari B, 33200 Tampere  
CFO: Tarja Rantala Tel:  
IR: Marko Savolainen

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

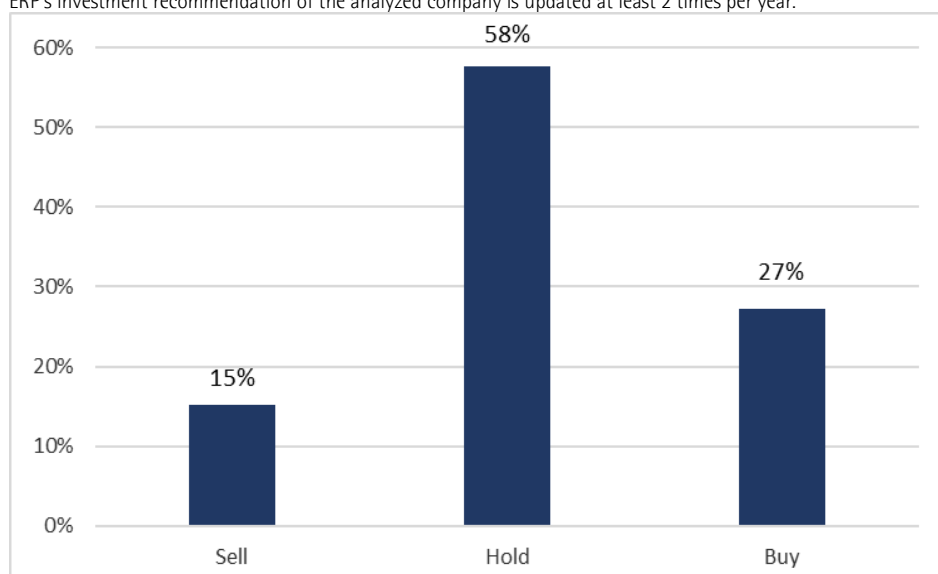
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Investment recommendations are defined as follows:

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

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## Name(s) of the analyst(s): Ilvonen

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