

Realizing earnings potential

Scanfil upgraded its guidance, and although the hike wasn't very big it was already the second time this year.

We make only small revisions for this and coming years

Scanfil upped its guidance: the new revenue and EBIT midpoints are up by 1.6% and 7.5% respectively, and so the revision wasn't that significant in magnitude but was the second upgrade this year. Well-known incremental drivers were behind the upgrade, namely strong demand, further improvement in electronics availability and increases in production capacity. Scanfil has therefore been able to match high demand with supply. We make only small estimate revisions as our previous estimates were still within the current range. Scanfil's FY '23 EBIT margin is likely to land close to 7%; in our view there isn't any clear reason why this wouldn't be the case also going forward. We revise our EBIT estimates up by around EUR 2m for this and coming years.

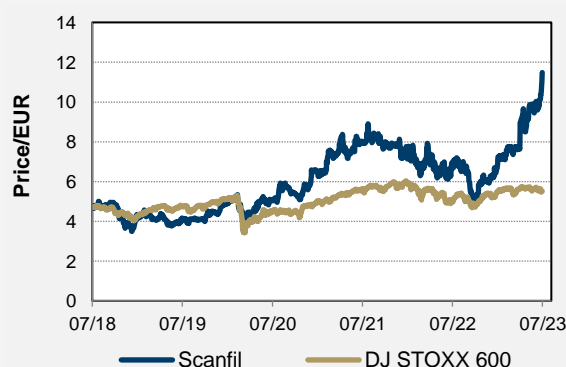
Growth to continue, EBIT margins are where they should be

We estimate Scanfil to reach a CAGR of 16% in the 3-year period of FY '21-23; the latest year still contains some spot purchases, which are inflationary items as they don't add margins, but underlying organic growth has remained strong to the extent that Scanfil may well reach double-digit headline growth also this year despite the nominal headwind posed by the fading spot items (Q1 growth was 21% y/y excluding them). Scanfil has done price hikes for deliveries in response to inflation, however higher volumes have driven a much more significant part of Scanfil's recent growth. In our view the pricing dynamic may well turn deflationary soon, and as such represent a top line headwind, yet Scanfil's growth is still most likely to be driven by higher volumes stemming from its favorably positioned customer accounts.

Some premium in valuation is warranted

Double-digit growth is unlikely to extend for very long, and while we expect 5%+ CAGR to be a realistic long-term rate we still estimate next year's growth below such levels due to issues related to components and pricing as well as softening in demand following a period of high growth. Scanfil is valued 11.5x EV/EBIT on our FY '23 estimates; the valuation implies some 15% premium relative to peers, a justified level (and our estimates still have upside potential) yet we continue to view valuation fair. Our new TP is EUR 11.0 (10.0); retain HOLD rating.

Rating HOLD



Share price, EUR (Last trading day's closing price) 11.48

Target price, EUR 11.0

Latest change in recommendation	27-Apr-23
Latest report on company	27-Apr-23
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	734
Free float, %	46.6
Exchange rate	-
Reuters code	SCANFL.HE
Bloomberg code	SCANFL.FH
Average daily volume, EURm	0.1
Next interim report	04-Aug-23
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
2021	695.7	40.3	5.8%	-31.7	0.48	15.6	0.8	13.2	-6.7	0.19
2022	843.8	45.4	5.4%	-7.2	0.55	12.0	0.6	11.0	-1.7	0.21
2023E	939.1	64.4	6.9%	80.2	0.75	15.3	0.8	11.6	10.9	0.23
2024E	976.7	66.4	6.8%	41.3	0.78	14.8	0.7	10.9	5.6	0.25
2025E	1,010.8	69.7	6.9%	44.2	0.82	14.0	0.7	9.9	6.0	0.27
Market cap, EURm	734		Gearing 2023E, %	5.5		CAGR EPS 2022-25, %		14.4		
Net debt 2023E, EURm	14		Price/book 2023E	2.8		CAGR sales 2022-25, %		6.2		
Enterprise value, EURm	748		Dividend yield 2023E, %	2.0		ROE 2023E, %		19.6		
Total assets 2023E, EURm	500		Tax rate 2023E, %	22.9		ROCE 2023E, %		19.8		
Goodwill 2023E, EURm	8		Equity ratio 2023E, %	52.2		PEG, P/E 23/CAGR		3.8		

Estimates and valuation

Scanfil	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e
Revenue	595	696	197	213	212	222	844	225	240	233	242	939
<i>growth-%</i>	2.8 %	16.9 %	20.4 %	23.2 %	26.3 %	16.0 %	21.3 %	14.1 %	12.7 %	9.8 %	8.8 %	11.2 %
Advanced Consumer Applications	151	205	55	69	68	56	248	51	68	69	58	246
Automation & Safety	142	145	43	46	44	51	184	53	56	50	58	216
Connectivity	29	33	11	9	8	11	39	13	10	9	12	45
Energy & Cleantech	136	182	55	54	53	61	223	68	65	61	69	262
Medtech & Life Science	108	121	34	36	39	43	151	40	41	44	45	170
Discontinued	30	11	0	0	0	0	0	0	0	0	0	0
EBIT	39	40	10	10	12	13	45	15	16	16	17	64
<i>EBIT margin</i>	6.6 %	5.8 %	5.2 %	4.8 %	5.4 %	6.0 %	5.4 %	6.7 %	6.8 %	7.0 %	6.9 %	6.9 %

Source: Evli Research

SCANFIL PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Benchmark Electronics	851	8.2x	7.5x	6.7x	11.2x	10.4x	9.1x	3.6 %	4.1 %	4.4 %
Celestica	1671	3.9x	4.6x	4.3x	5.1x	5.9x	5.6x	4.9 %	5.1 %	5.2 %
TT Electronics	315	7.3x	5.9x	5.6x		8.0x	7.3x	-0.5 %	8.0 %	8.8 %
Hanza	290	7.7x	8.6x	7.5x	12.3x	12.3x	11.0x	5.6 %	7.3 %	7.5 %
Kitron	716	11.7x	10.1x	9.5x	15.8x	12.5x	11.7x	7.1 %	8.9 %	8.6 %
Lacroix Group	172	6.8x	6.6x	5.9x	13.6x	11.9x	9.7x	3.1 %	3.7 %	4.4 %
Flex Ltd	11277	6.8x	7.4x	6.8x	8.7x	9.5x	8.7x	4.7 %	4.9 %	5.2 %
Plexus	2474	12.8x	10.4x	9.1x	17.1x	13.7x	12.0x	4.8 %	5.1 %	5.4 %
Sanmina	3267	6.2x	6.0x		7.5x	6.6x		5.4 %	5.8 %	
SIIX	455	6.6x	5.8x	5.3x	12.3x	10.3x	9.4x	3.2 %	3.9 %	4.0 %
Valuetronics	154	1.4x	1.7x	1.6x	2.0x	2.4x	2.1x	6.5 %	6.9 %	7.0 %
Peer Group Average	1967	7.2x	6.8x	6.2x	10.6x	9.4x	8.7x	4.4 %	5.8 %	6.1 %
Peer Group Median	716	6.8x	6.6x	6.3x	11.7x	10.3x	9.2x	4.8 %	5.1 %	5.3 %
Scanfil (Evli est.)	734	8.0x	9.1x	8.6x	11.0x	11.6x	10.9x	5.4 %	6.9 %	6.8 %

Scanfil prem./disc. to peer median

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	11.48 PV of Free Cash Flow	396 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	12.05 PV of Horizon value	468 WACC, %	8.0 Market risk premium, %
Share price potential, %	4.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	13.2 Marketable securities	21 Minimum WACC, %	7.5 Equity beta coefficient
Minimum value	11.1 Debt - dividend	-115 Maximum WACC, %	8.5 Target debt ratio, %
Horizon value, %	54.2 Value of stock	770 Nr of shares, Mn	63.9 Effective tax rate, %

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	844	939	977	1,011	1,041	1,072	1,099	1,121	1,144	1,166	1,190	1,214
<i>Sales growth, %</i>	<i>21.3</i>	<i>11.3</i>	<i>4.0</i>	<i>3.5</i>	<i>3.0</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>
Operating income (EBIT)	45	64	66	70	72	75	77	78	80	82	83	85
<i>Operating income margin, %</i>	<i>5.4</i>	<i>6.9</i>	<i>6.8</i>	<i>6.9</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>
+ Depreciation+amort.	18	18	18	18	18	18	18	19	19	20	20	
EBITDA	63	82	84	87	90	93	95	97	99	101	104	
- Paid taxes	-7	-15	-16	-17	-17	-18	-18	-19	-19	-20	-20	
- Change in NWC	-39	46	-7	-6	-5	-5	-5	-4	-4	-4	-4	
<i>NWC / Sales, %</i>	<i>24.5</i>	<i>17.1</i>	<i>17.1</i>	<i>17.1</i>	<i>17.1</i>	<i>17.1</i>	<i>17.2</i>	<i>17.2</i>	<i>17.2</i>	<i>17.2</i>	<i>17.2</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-19	-18	-18	-18	-19	-20	-20	-21	-21	-22	-22	
<i>opCAPEX / Sales, %</i>	<i>2.5</i>	<i>3.4</i>	<i>2.0</i>	<i>2.0</i>	<i>1.9</i>	<i>1.9</i>	<i>1.9</i>	<i>1.9</i>	<i>1.9</i>	<i>1.9</i>	<i>2.0</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	-2	95	44	46	48	50	52	54	55	56	57	971
= Discounted FCFF		92	39	38	37	35	34	33	31	29	28	468
= DFCF min WACC		92	39	39	37	36	35	34	32	30	29	534
= DFCF max WACC		92	39	38	36	35	33	32	30	28	26	414

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	196.6	212.9	211.9	222.4	843.8	224.6	239.9	232.7	241.9	939.1	976.7	1,010.8
EBITDA	14.3	14.4	16.1	18.1	62.9	19.8	20.6	20.7	21.2	82.4	84.1	87.4
<i>EBITDA margin (%)</i>	<i>7.3</i>	<i>6.8</i>	<i>7.6</i>	<i>8.1</i>	<i>7.5</i>	<i>8.8</i>	<i>8.6</i>	<i>8.9</i>	<i>8.8</i>	<i>8.8</i>	<i>8.6</i>	<i>8.6</i>
EBIT	10.3	10.2	11.5	13.4	45.4	15.1	16.2	16.3	16.8	64.4	66.4	69.7
<i>EBIT margin (%)</i>	<i>5.2</i>	<i>4.8</i>	<i>5.4</i>	<i>6.0</i>	<i>5.4</i>	<i>6.7</i>	<i>6.8</i>	<i>7.0</i>	<i>6.9</i>	<i>6.9</i>	<i>6.8</i>	<i>6.9</i>
Net financial items	-1.0	-0.3	-1.7	-0.7	-3.7	-0.6	-0.7	-0.7	-0.3	-2.3	-1.0	-0.8
Pre-tax profit	9.3	9.9	9.8	12.7	41.7	14.5	15.5	15.6	16.5	62.1	65.4	69.0
Tax	-1.3	-2.7	-0.4	-2.3	-6.7	-2.8	-3.7	-3.7	-4.0	-14.2	-15.7	-16.5
<i>Tax rate (%)</i>	<i>14.0</i>	<i>27.3</i>	<i>4.1</i>	<i>18.1</i>	<i>16.1</i>	<i>19.3</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>	<i>22.9</i>	<i>24.0</i>	<i>24.0</i>
Net profit	8.0	7.2	9.4	10.4	35.0	11.7	11.8	11.9	12.5	47.9	49.7	52.4
EPS	0.13	0.11	0.15	0.16	0.55	0.18	0.18	0.19	0.20	0.75	0.78	0.82
EPS adjusted (diluted no. of shares)	0.13	0.11	0.15	0.16	0.55	0.18	0.18	0.19	0.20	0.75	0.78	0.82
Dividend per share	0.00	0.00	0.00	0.00	0.21	0.00	0.00	0.00	0.00	0.23	0.25	0.27
SALES, EURm												
Group	196.6	212.9	211.9	222.4	843.8	224.6	239.9	232.7	241.9	939.1	976.7	1,010.8
Total	196.6	212.9	211.9	222.4	843.8	224.6	239.9	232.7	241.9	939.1	976.7	1,010.8
SALES GROWTH, Y/Y %												
Group	20.4	23.1	26.3	16.0	21.3	14.2	12.7	9.8	8.8	11.3	4.0	3.5
Total	20.4	23.1	26.3	16.0	21.3	14.2	12.7	9.8	8.8	11.3	4.0	3.5
EBIT, EURm												
Group	10.3	10.2	11.5	13.4	45.4	15.1	16.2	16.3	16.8	64.4	66.4	69.7
Total	10.3	10.2	11.5	13.4	45.4	15.1	16.2	16.3	16.8	64.4	66.4	69.7
EBIT margin, %												
Group	5.2	4.8	5.4	6.0	5.4	6.7	6.8	7.0	6.9	6.9	6.8	6.9
Total	5.2	4.8	5.4	6.0	5.4	6.7	6.8	7.0	6.9	6.9	6.8	6.9

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	563.0	579.4	595.3	695.7	843.8	939.1	976.7	1,010.8
<i>Sales growth (%)</i>	<i>6.2</i>	<i>2.9</i>	<i>2.7</i>	<i>16.9</i>	<i>21.3</i>	<i>11.3</i>	<i>4.0</i>	<i>3.5</i>
EBITDA	47.2	53.6	55.2	55.7	62.9	82.4	84.1	87.4
<i>EBITDA margin (%)</i>	<i>8.4</i>	<i>9.3</i>	<i>9.3</i>	<i>8.0</i>	<i>7.5</i>	<i>8.8</i>	<i>8.6</i>	<i>8.6</i>
Depreciation	-9.4	-14.2	-16.1	-15.4	-17.5	-18.0	-17.6	-17.6
EBITA	37.8	39.4	39.1	40.3	45.4	64.4	66.4	69.7
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	37.8	39.4	39.1	40.3	45.4	64.4	66.4	69.7
<i>EBIT margin (%)</i>	<i>6.7</i>	<i>6.8</i>	<i>6.6</i>	<i>5.8</i>	<i>5.4</i>	<i>6.9</i>	<i>6.8</i>	<i>6.9</i>
Reported EBIT	37.8	39.4	39.1	40.3	45.4	64.4	66.4	69.7
<i>EBIT margin (reported) (%)</i>	<i>6.7</i>	<i>6.8</i>	<i>6.6</i>	<i>5.8</i>	<i>5.4</i>	<i>6.9</i>	<i>6.8</i>	<i>6.9</i>
Net financials	-1.7	-1.3	-2.6	-1.9	-3.7	-2.3	-1.0	-0.8
Pre-tax profit	36.1	38.1	36.5	38.4	41.7	62.1	65.4	69.0
Taxes	-8.3	-5.9	-4.9	-7.9	-6.7	-14.2	-15.7	-16.5
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	27.8	32.2	31.6	30.5	35.0	47.9	49.7	52.4
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	64	68	61	63	67	67	68	68
Goodwill	10	8	8	8	8	8	8	8
Right of use assets	15	21	18	22	24	38	39	40
Inventory	96	102	103	193	229	160	166	172
Receivables	104	115	116	153	169	173	180	186
Liquid funds	28	20	26	25	21	47	51	81
Total assets	321	340	339	474	526	500	519	563
Liabilities								
Shareholder's equity	148	167	183	207	227	261	296	333
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	15	19	16	20	20	38	39	40
Deferred taxes	5	7	6	5	5	5	5	5
Interest bearing debt	52	44	24	62	82	24	0	0
Non-interest bearing current liabilities	99	96	103	172	184	164	171	177
Other interest-free debt	2	7	7	6	8	8	8	8
Total liabilities	321	340	339	474	526	500	519	563
CASH FLOW, EURm								
+ EBITDA	47	54	55	56	63	82	84	87
- Net financial items	-2	-1	-3	-2	-4	-2	-1	-1
- Taxes	-7	-5	-7	-10	-7	-14	-16	-17
- Increase in Net Working Capital	-9	-15	5	-59	-39	46	-7	-6
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	29	32	50	-15	14	112	61	64
- Capex	-10	-24	-6	-17	-21	-32	-19	-20
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	19	8	44	-32	-7	80	41	44
+/- New issues/buybacks	3	-6	-6	5	-4	0	0	0
- Paid dividend	-7	-8	-10	-11	-12	-13	-15	-16
+/- Other	-7	-1	-23	37	19	-41	-22	1
Change in cash	8	-8	5	0	-4	26	4	30

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	336	417	477	420	734	734	734
Net debt (excl. convertibles)	43	15	57	81	14	-12	-40
Enterprise value	379	431	533	502	748	721	693
Sales	579	595	696	844	939	977	1,011
EBITDA	54	55	56	63	82	84	87
EBIT	39	39	40	45	64	66	70
Pre-tax	38	37	38	42	62	65	69
Earnings	32	32	31	35	48	50	52
Equity book value (excl. minorities)	167	183	207	227	261	296	333
Valuation multiples							
EV/sales	0.7	0.7	0.8	0.6	0.8	0.7	0.7
EV/EBITDA	7.1	7.8	9.6	8.0	9.1	8.6	7.9
EV/EBITA	9.6	11.0	13.2	11.0	11.6	10.9	9.9
EV/EBIT	9.6	11.0	13.2	11.0	11.6	10.9	9.9
EV/OCF	11.9	8.6	-36.3	36.6	6.7	11.9	10.8
EV/FCFF	25.7	10.0	-20.5	-239.5	7.8	16.6	15.0
P/FCFE	44.7	9.6	-15.0	-58.4	9.1	17.8	16.6
P/E	10.4	13.2	15.6	12.0	15.3	14.8	14.0
P/B	2.0	2.3	2.3	1.9	2.8	2.5	2.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.7	8.2	7.6
Target EV/EBIT	0.0	0.0	0.0	0.0	11.1	10.4	9.5
Target EV/FCF	0.0	0.0	0.0	0.0	8.9	16.7	15.0
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	14.7	14.1	13.4
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	0.50	0.49	0.48	0.55	0.75	0.78	0.82
Operating cash flow per share	0.50	0.78	-0.23	0.21	1.75	0.95	1.00
Free cash flow per share	0.12	0.68	-0.50	-0.11	1.26	0.65	0.69
Book value per share	2.61	2.86	3.25	3.55	4.09	4.63	5.20
Dividend per share	0.15	0.17	0.19	0.21	0.23	0.25	0.27
Dividend payout ratio, %	29.8	34.4	39.8	38.3	30.7	32.1	32.9
Dividend yield, %	2.9	2.6	2.5	3.2	2.0	2.2	2.4
FCF yield, %	2.2	10.4	-6.7	-1.7	10.9	5.6	6.0
Efficiency measures							
ROE	20.4	18.1	15.6	16.1	19.6	17.8	16.7
ROCE	17.7	17.3	15.7	14.7	19.8	20.2	19.7
Financial ratios							
Inventories as % of sales	17.6	17.4	27.8	27.2	17.0	17.0	17.0
Receivables as % of sales	19.8	19.4	22.0	20.0	18.4	18.4	18.4
Non-interest bearing liabilities as % of sales	16.6	17.3	24.8	21.8	17.5	17.5	17.5
NWC/sales, %	19.7	18.3	24.1	24.5	17.1	17.1	17.1
Operative CAPEX/sales, %	4.2	1.1	2.4	2.5	3.4	2.0	2.0
CAPEX/sales (incl. acquisitions), %	4.2	1.1	2.4	2.5	3.4	2.0	2.0
FCFF/EBITDA	0.3	0.8	-0.5	0.0	1.2	0.5	0.5
Net debt/EBITDA, book-weighted	0.8	0.3	1.0	1.3	0.2	-0.1	-0.5
Debt/equity, market-weighted	0.1	0.1	0.1	0.2	0.0	0.0	0.0
Equity ratio, book-weighted	49.0	53.9	43.8	43.1	52.2	57.0	59.0
Gearing, %	25.6	7.9	27.3	35.8	5.5	-4.1	-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	113.803	15.5%
Takanen Jarkko	8,596,169	98.684	13.5%
Varikot Oy	7,606,442	87.322	11.9%
Takanen Jorma	6,129,305	70.364	9.6%
Tolonen Jonna	3,351,950	38.480	5.2%
Pöllä Reijo	3,328,745	38.214	5.2%
Laakkonen Mikko	2,531,187	29.058	4.0%
Takanen Martti	1,947,018	22.352	3.0%
Sijoitusrahasto Aktia Capital	1,918,000	22.019	3.0%
Foundation of Riitta and Jorma J.Takanen	1,900,000	21.812	3.0%
Ten largest	47,221,962	542.108	74%
Residual	16,673,477	191.412	26%
Total	63,895,439	733.520	100%

EARNINGS CALENDAR

August 04, 2023	Q2 report
October 27, 2023	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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

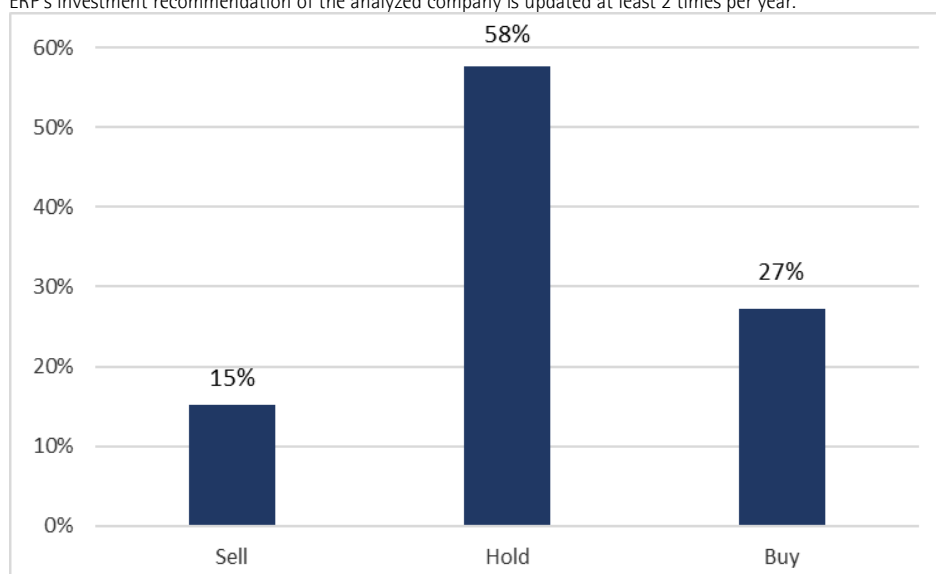
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Investment recommendations are defined as follows:

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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