

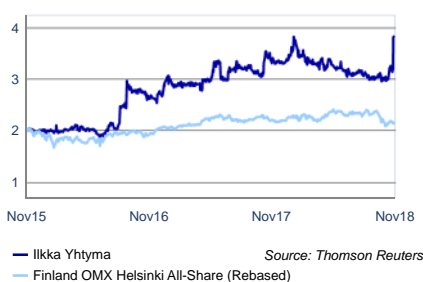
Ilkka Yhtymä

Media
Finland

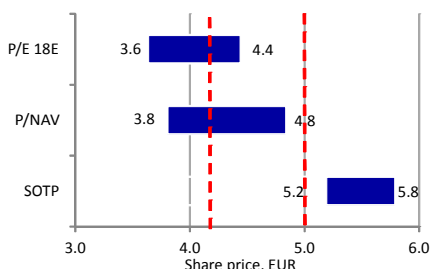
KEY DATA

Stock country	Finland
Bloomberg	ILK2S.FH
Reuters	ILK2S.HE
Share price (close)	EUR 3.85
Free Float	100%
Market cap. (bn)	EUR 0.10/EUR 0.10
Website	www.ilkka-yhtyma.fi
Next report date	18 Feb 2019

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2018E	2019E	2020E
Sales	0%	0%	0%
EBIT (adj)	-12%	-84%	-85%

Source: Nordea estimates

Nordea Markets - Analysts

Sami Sarkamies
Senior Analyst

Sale for diversification and financial headroom

Ilkka-Yhtymä announced on Friday that it has cut its ownership in Alma Media from 27.3% down to 10.9%. The transaction completed at a price of EUR 7.44 per Alma Media share (~19% premium to previous close), and Ilkka-Yhtymä will report approximately a EUR 44m capital gain in Q4 2018 (stake book value was EUR ~67m at the end of Q3 2018). Ilkka-Yhtymä is in the middle of a new strategy implementation introduced in the Q3 report. About 90% of Ilkka-Yhtymä's net income came from the Alma Media holding in 2017. Even though Ilkka-Yhtymä will no longer consolidate Alma Media's net income to its EBIT – it will book Alma Media's dividends as financial income instead – there will be no change to cash flows.

Ilkka-Yhtymä reduces its exposure to media sector

Ilkka-Yhtymä sold 13.5 million Alma Media shares to media company Otava for EUR 7.44 per share in a transaction announced on Friday, indicating proceeds of around EUR 100m. Otava becomes the largest owner in Alma Media, leaving Ilkka-Yhtymä as the third largest with its 10.9% stake. According to Ilkka-Yhtymä, the main attraction of the deal was to reduce single-asset and industry risk. It also indicated that it would use the proceeds to further develop its existing businesses within the media industry. We note that the divestment may trigger further consolidation in the media sector, with Ilkka-Yhtymä in the driver's seat due to its financial headroom after the sale of Alma Media shares.

Extra dividend possible

Ilkka-Yhtymä had around EUR 37m in net debt at the end of Q3 2018. After the deal, it will end up with a net cash position of around EUR 60m. We believe that Ilkka-Yhtymä is still preparing for an acquisition; we maintain our basic dividend forecast of EUR 0.16 per share for 2018 (after EUR 0.14 per share for 2017) but we believe extra dividends are possible. The proceeds of around EUR 100m correspond to EUR 3.9 per Ilkka-Yhtymä share and we see up to EUR 0.40 in extra dividends as possible.

Valuation still at deep discount to our SOTP

We base our fair value range on a combination of valuation methods, including a sum-of-the-parts model and relative valuation with multiples. Our SOTP model still indicates a clear discount, although we acknowledge that the recent share price reaction has brought the share price closer to our fair value range. Based on our combination of valuation methods, we derive a fair value range of EUR 4.2-5.0 per share for Ilkka-Yhtymä.

SUMMARY TABLE - KEY FIGURES

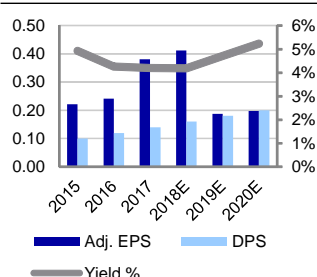
EURm	2014	2015	2016	2017	2018E	2019E	2020E
Total revenue	42	41	40	38	36	35	34
EBITDA (adj)	11	13	9	12	13	3	3
EBIT (adj)	9	11	8	10	11	2	2
EBIT (adj) margin	22.1%	26.9%	19.5%	26.4%	31.0%	5.1%	5.1%
EPS (adj)	0.35	0.22	0.24	0.38	0.39	0.13	0.14
EPS (adj) growth	2.8%	-37.3%	9.2%	57.5%	3.0%	-67.5%	10.0%
DPS (ord)	0.10	0.10	0.12	0.14	0.16	0.18	0.20
EV/Sales	0.9	0.7	n.m.	n.m.	n.m.	n.m.	n.m.
EV/EBIT (adj)	7.2	3.4	n.m.	n.m.	n.m.	n.m.	n.m.
P/E (adj)	5.4	9.2	11.2	8.8	9.8	30.2	27.5
P/BV	0.8	0.8	1.0	1.1	0.8	0.8	0.8
Dividend yield (ord)	5.2%	4.9%	4.4%	4.2%	4.2%	4.7%	5.2%
FCF Yield bef acq & disp	6.9%	6.9%	1.7%	4.5%	4.9%	3.3%	3.5%
Net debt	48	43	41	41	-106	-105	-104
Net debt/EBITDA	4.4	4.0	4.5	3.5	-7.4	-31.2	-32.1
ROIC after tax	6.2%	7.8%	5.5%	6.8%	10.0%	2.4%	2.4%

Source: Company data and Nordea estimates

Valuation

As Ilkka-Yhtymä's stake in Alma Media is still its main value driver, we opt to use a sum-of-the-parts (SOTP) approach as our primary valuation method, supported by relative valuation (peer multiples). Our valuation assumes Ilkka-Yhtymä's own operations as the going concern and treats the Alma Media stake as an investment; thus, we are comparing its discount with the current market value to derive a fair value range. Using this combination of valuation methods, we arrive at a fair value range for Ilkka-Yhtymä of EUR 4.2-5.0 per share.

ADJ EPS, DPS (EUR), DIV YIELD



Source: Company data and Nordea estimates

Big Alma Media stake divested

Ilkka-Yhtymä used to be the largest owner in Alma Media with 27.3% ownership. After Friday's divestment (16.4%), Ilkka-Yhtymä's stake in Alma Media is now 10.9%. In 2017, over 90% of Ilkka-Yhtymä's net profit came from Alma Media. Ilkka-Yhtymä has incorporated Alma Media's net profit into its EBIT, which in turn has buoyed its EBIT margin (ie the company's own sales are declining, whereas net profit from Alma Media is increasing). Following the divestment, Ilkka-Yhtymä will no longer consolidate Alma Media's net profit into its income statement, but incorporates Alma Media dividends in its financial income. Ilkka-Yhtymä's stake in Alma Media is valued at around EUR 2.4 per Ilkka-Yhtymä share at the current Alma Media share price (EUR 6.80 as of market close on 16 November 2018).

Looking at the historical performance, we note that Ilkka-Yhtymä's valuation is highly driven by the dividend yield. Ilkka-Yhtymä has been increasing its dividend by EUR 0.02 a year since 2015, which has been lagging compared with the dividends that Ilkka-Yhtymä has received from Alma Media, thereby diluting the dividend payout ratio. We forecast that the company will continue to increase its dividend by EUR 0.02 over the next three years.

Sum-of-the-parts valuation

In our sum-of-the-parts valuation for Ilkka-Yhtymä, we split the enterprise value among the existing businesses. We value Ilkka-Yhtymä's own business at 2018 EV/EBIT multiples of 2-10x, which can be compared with Finnish-listed media companies Sanoma and Alma Media's five-year average EV/EBIT of 14.5x and 12.6x, respectively. For calculating total equity value, we use Alma Media's share price of EUR 6.80 (as of 16 November 2018) and add the estimated net cash position after the deal. Our SOTP valuation points to a value range for Ilkka-Yhtymä of EUR 5.2-5.8 per share.

SUM-OF-THE-PARTS VALUATION RANGE FOR ILKKA-YHTYMÄ, EURm

Business	Equity value, EV/EBIT 2x	EV per share 2x	Equity value, EV/EBIT 10x	EV per share 10x	% of EV	EBIT '18E
Printing	2	0.1	9	0.4	3-11%	1.0
Publishing	2	0.1	11	0.4	3-13%	1.1
Group eliminations and other	0	0.0	-1	0.0	(2-1)%	-0.1
EV from own operations	4	0.2	19	0.8	6-23%	
Alma Media (10.9% at 16.11.2018)	61	2.4	61	2.4	89-73%	
Other sellable securities (Q3 2018)	4	0.1	4	0.1	2%	
EV from holdings	65	2.5	65	2.5	94-77%	
Total EV with market prices	69	2.7	84	3.3		
Net cash (Q3 2018)	63	2.5	63	2.5		
Number of shares, million	25		25			
Equity value	132	5.2	147	5.8		

Source: Company data and Nordea estimates

VALUATION MULTIPLES

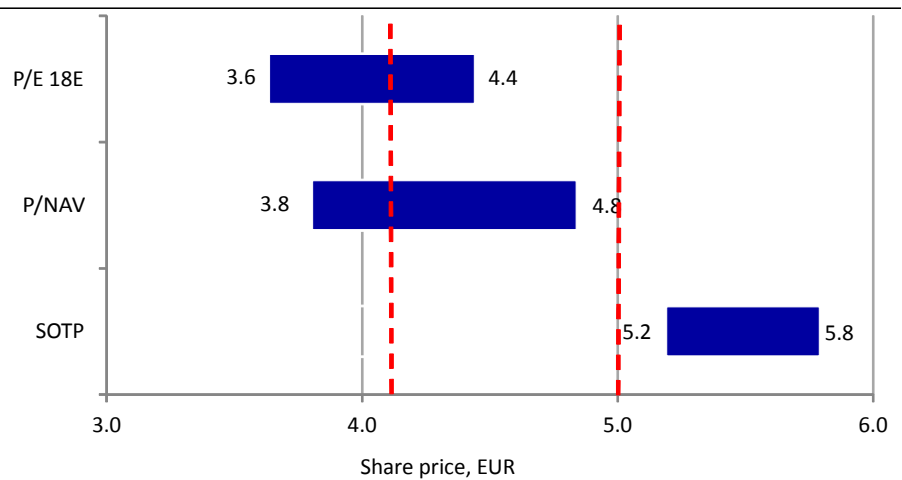
Method	Assumption
P/E 18E	9.4-11.2x
P/NAV	75.3%-95.8%
SOTP (EV/EBIT)	2-10x

Source: Nordea estimates

Valuation conclusion

We use a SOTP valuation and relative valuation in our analyses. Our 2018E P/E valuation assumes a fair multiple range of 9.4-11.2x (Ilkka-Yhtymä's average P/E multiple for 2012-17 was 10.3x) with 2018E adjusted EPS of EUR 0.39. Our P/NAV assumes Ilkka-Yhtymä's book value plus the Alma Media stake at market value as of last Friday's divestment. We use the Nordic investment companies' five-year median NAV discount to derive the high end of our range and the peer groups' highest NAV discount for the low end of our range. Our SOTP valuation considers Ilkka-Yhtymä's own operations at 2018E EBIT of EUR 2.0m and EV/EBIT multiples of between 2x and 10x, the Alma Media stake at market valuation and other sellable securities at book values.

Our fair value range for Ilkka-Yhtymä is the average of the high and low ends of our valuation methods, EUR 4.2-5.0 per share.

FAIR VALUE RANGE FOR ILKKA-YHTYMÄ, EUR

Source: Nordea estimates

Revisions

Our revisions reflect changes in Ilkka-Yhtymä's structure after the divestment of a 16.4% stake in Alma Media. The Alma Media stake is no longer reported as an associated company. We make no estimate changes for Ilkka-Yhtymä's underlying own operations.

REVISIONS

EURm	New estimates				Old estimates				Difference %			
	Q4 2018E	2018E	2019E	2020E	Q4 2018E	2018E	2019E	2020E	Q4 2018E	2018E	2019E	2020E
Sales	9.2	36.3	35.2	34.3	9.2	36.3	35.2	34.3	0%	0%	0%	0%
EBITDA	1.4	14.2	3.4	3.2	2.9	15.8	13.1	13.5	-52%	-10%	-74%	-76%
Adj. EBITDA	1.4	12.9	3.4	3.2	2.9	14.4	13.1	13.5	-52%	-11%	-74%	-76%
EBIT	1.0	12.6	1.8	1.8	2.5	14.1	11.5	12.1	-60%	-11%	-84%	-85%
Adj. EBIT	1.0	11.3	1.8	1.8	2.5	12.8	11.5	12.1	-60%	-12%	-84%	-85%
Adj. EBIT margin	10.9%	31.0%	5.1%	5.1%	27.4%	35.2%	32.7%	35.2%	-16.5pp	-4.2pp	-28pp	-30pp
PTP	44.9	55.9	3.8	4.2	2.4	13.4	10.9	11.4	1747%	317%	-65%	-63%
Adj. PTP	0.9	10.5	3.8	4.2	2.4	12.1	10.9	11.4	-63%	-13%	-65%	-63%
EPS	1.41	1.83	0.13	0.14	0.08	0.50	0.42	0.44	1589%	264%	-69%	-68%
Adj. EPS	0.03	0.39	0.13	0.14	0.08	0.45	0.42	0.44	-68%	-13%	-69%	-68%
DPS		0.16	0.18	0.20		0.16	0.18	0.20		0%	0%	0%
Sales by division												
Printing	2.8	10.9	11.0	10.9	3	11	11	11	0%	0%	0%	0%
Publishing	8.0	30.9	29.5	28.5	8	31	30	29	0%	0%	0%	0%
Adj. EBIT by division												
Printing	0.3	1.0	1.1	1.0	0.3	1.0	1.1	1.0	0%	0%	0%	0%
Publishing	0.8	1.1	0.8	0.8	0.8	1.1	0.8	0.8	0%	0%	0%	0%
Own operations	0.9	2.0	1.4	1.3	0.9	2.0	1.4	1.3	0%	0%	0%	0%
Associated companies	0.1	9.2	0.4	0.4	1.6	10.7	10.1	10.7	-94%	-14%	-96%	-96%
Adj. EBIT margin by division												
Printing	10.4%	9.5%	10.0%	9.5%	10.4%	9.5%	10.0%	9.5%	0.0pp	0.0pp	0.0pp	0.0pp
Publishing	10.0%	3.5%	2.7%	2.7%	10.0%	3.5%	2.7%	2.7%	0.0pp	0.0pp	0.0pp	0.0pp

Source: Company data and Nordea estimates

Our estimates

QUARTERLY FORECAST SUMMARY, EURm

	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18E
Sales	9.7	10.2	9.5	10.3	9.6	9.6	8.6	9.8	9.2	9.1	8.6	9.2
EBITDA	1.1	2.8	2.9	2.4	2.9	3.7	3.0	2.0	4.8	4.0	3.9	1.4
EBIT	0.7	2.5	2.5	2.0	2.5	3.3	2.6	1.6	4.4	3.6	3.5	1.0
Adj. EBIT	0.7	2.5	2.5	2.0	2.5	3.3	2.6	1.6	3.1	3.6	3.5	1.0
Net financials	-1.0	-0.5	-0.1	0.3	0.0	0.2	-0.3	0.0	-0.2	-0.3	-0.2	43.9
PTP	-0.3	2.0	2.4	2.4	2.5	3.5	2.4	1.6	4.3	3.4	3.4	44.9
Net profit	-0.2	2.0	2.3	2.2	2.4	3.4	2.4	1.4	3.9	3.4	3.3	35.9
Adj. net profit	-0.2	2.0	2.3	2.2	2.4	3.4	2.4	1.4	2.6	3.4	3.3	0.7
EPS	-0.01	0.08	0.09	0.08	0.10	0.13	0.10	0.06	0.16	0.13	0.13	1.41
Adj. EPS	-0.01	0.08	0.09	0.08	0.10	0.13	0.10	0.06	0.10	0.13	0.13	0.03
DPS												
Organic growth y/y												
Adj EBIT margin	7.7%	24.3%	26.4%	19.6%	25.9%	34.2%	30.5%	15.9%	33.3%	39.8%	40.9%	10.9%

Source: Company data and Nordea estimates

QUARTERLY DIVISIONAL FORECASTS, EURm

	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18E
Sales	9.7	10.2	9.5	10.3	9.6	9.6	8.6	9.8	9.2	9.1	8.6	9.2
Printing	2.8	2.8	2.6	2.9	2.8	2.9	2.5	2.8	2.8	2.8	2.5	2.8
Publishing	8.5	8.8	8.3	8.9	8.2	8.2	7.5	8.4	7.8	7.7	7.4	8.0
Sales growth	-3.3%	-4.4%	-2.9%	-3.7%	-1.9%	-5.4%	-9.1%	-4.8%	-3.4%	-5.0%	0.4%	-5.9%
Printing	-9.0%	-7.9%	-10.5%	-10.5%	1.7%	0.9%	-6.2%	-2.6%	0.4%	-3.4%	1.9%	-2.9%
Publishing	-2.3%	-3.4%	-1.1%	-1.2%	-2.7%	-7.5%	-9.4%	-6.4%	-5.1%	-6.3%	-1.1%	-4.7%
EBIT	0.7	2.5	2.5	2.0	2.5	3.3	2.6	1.6	4.4	3.6	3.5	1.0
Printing	0.2	0.2	0.3	0.4	0.3	0.3	0.2	0.3	0.3	0.2	0.3	0.3
Publishing	0.5	0.7	0.6	0.6	0.2	0.1	-0.2	0.5	-0.1	0.1	0.2	0.8
Own operations	0.5	0.8	1.0	0.7	0.3	0.2	-0.2	0.6	0.4	0.2	0.5	0.9
Associated companies	0.2	1.7	1.5	1.3	2.1	3.1	2.8	0.9	2.7	3.4	3.0	0.1
Group EBIT	0.7	2.5	2.5	2.0	2.5	3.3	2.6	1.6	4.4	3.6	3.5	1.0
of which NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0	0.0	0.0
Adj. EBIT	0.7	2.5	2.5	2.0	2.5	3.3	2.6	1.6	3.1	3.6	3.5	1.0
Opex, ex one-offs	-9.2	-9.4	-8.5	-9.6	-9.2	-9.4	-8.8	-9.2	-8.8	-8.9	-8.1	-8.3
Opex y/y decline	0.2	0.0	0.0	-0.1	0.0	0.0	-0.3	0.4	0.4	0.5	0.7	0.9
EBIT margin	7.7%	24.3%	26.4%	19.6%	25.9%	34.2%	30.5%	15.9%	47.9%	39.8%	40.9%	10.9%
Printing	5.6%	7.4%	12.5%	12.2%	11.3%	10.9%	7.2%	11.0%	8.9%	8.6%	10.2%	10.4%
Publishing	5.6%	7.9%	6.8%	6.4%	2.2%	1.6%	-3.2%	5.6%	-0.7%	1.5%	2.9%	10.0%
Own operations	5.3%	7.7%	10.1%	7.1%	3.5%	2.3%	-1.8%	6.3%	4.2%	2.2%	6.2%	9.9%
EBIT margin	7.7%	24.3%	26.4%	19.6%	25.9%	34.2%	30.5%	15.9%	47.9%	39.8%	40.9%	10.9%
Adj. EBIT margin	7.7%	24.3%	26.4%	19.6%	25.9%	34.2%	30.5%	15.9%	33.3%	39.8%	40.9%	10.9%

Source: Company data and Nordea estimates

ANNUAL FORECAST SUMMARY, EURm

	2010	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Sales	46.5	50.0	46.2	44.9	41.8	41.2	39.7	37.6	36.3	35.2	34.3
EBITDA	17.7	20.9	-7.9	-14.6	11.1	10.7	9.2	11.6	14.2	3.4	3.2
EBIT	14.5	17.8	-10.9	-16.6	9.3	9.0	7.8	9.9	12.6	1.8	1.8
Adj. EBIT	14.5	17.8	11.1	10.4	9.3	11.1	7.8	9.9	11.3	1.8	1.8
Net financials	0.2	-3.8	-2.6	-0.3	0.9	-4.5	-1.2	0.0	43.3	2.0	2.4
PTP	14.7	14.0	-13.4	-17.0	10.1	4.5	6.5	9.9	55.9	3.8	4.2
Net profit	12.9	12.9	-14.1	-18.2	9.1	3.6	6.2	9.7	46.5	3.2	3.6
Adj. net profit	12.9	12.9	7.9	8.8	9.1	5.7	6.2	9.7	10.0	3.2	3.6
EPS	0.50	0.50	-0.55	-0.71	0.35	0.14	0.24	0.38	1.83	0.13	0.14
Adj. EPS	0.50	0.50	0.31	0.34	0.35	0.22	0.24	0.38	0.39	0.13	0.14
DPS	0.50	0.40	0.15	0.10	0.10	0.10	0.12	0.14	0.16	0.18	0.20
Organic growth y/y											
Adj EBIT margin	31.1%	35.7%	24.1%	23.1%	22.1%	26.9%	19.5%	26.4%	31.0%	5.1%	5.1%
Net debt	72.2	54.8	57.6	53.7	48.4	42.8	41.3	40.5	-61.1	-60.3	-59.2
Net debt/EBITDA	4.1	2.6	4.1	4.3	4.4	3.4	4.5	3.5	-4.7	-17.9	-18.3

Source: Company data and Nordea estimates

ANNUAL DIVISIONAL FORECASTS, EURm

	2010	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Sales											
Printing	13.1	15.2	13.7	13.8	12.3	12.3	11.2	11.0	10.9	11.0	10.9
Publishing	41.4	43.3	40.5	38.3	36.2	34.8	34.3	32.3	30.9	29.5	28.5
Sales	46.5	50.0	46.2	44.2	41.6	40.7	39.5	37.6	36.3	35.2	34.3
Sales growth											
Printing	-27.6%	16.7%	-10.0%	0.4%	-10.4%	-0.1%	-9.5%	-1.5%	-1.1%	1.6%	-0.9%
Publishing	3.9%	4.7%	-6.4%	-5.6%	-5.3%	-4.0%	-1.4%	-5.9%	-4.4%	-4.4%	-3.3%
Sales growth	-4.7%	7.4%	-7.6%	-4.3%	-5.8%	-2.1%	-3.1%	-4.8%	-3.6%	-2.8%	-2.7%
EBIT											
Printing	1.2	2.0	1.4	1.8	1.7	1.5	1.0	1.1	1.0	1.1	1.0
Publishing	6.8	7.7	5.0	4.6	3.5	3.2	2.3	0.5	1.1	0.8	0.8
Own operations	7.1	9.2	5.9	6.0	4.9	4.6	3.0	1.0	2.0	1.4	1.3
Associated companies	7.3	8.5	-16.9	-22.8	4.2	2.9	4.7	8.9	9.1	0.4	0.4
Group EBIT	14.5	17.8	-10.9	-16.6	9.3	9.0	7.8	9.9	12.6	1.8	1.8
of which NRIs	0.0	0.0	-22.0	-27.0	0.0	-2.1	0.0	0.0	1.3	0.0	0.0
Adj. EBIT	14.5	17.8	11.1	10.4	9.3	11.1	7.8	9.9	11.3	1.8	1.8
Opex, ex one-offs	-39.4	-40.8	-40.2	-38.2	-36.7	-36.2	-36.5	-36.6	-34.2	-33.8	-33.0
Opex y/y decline	2.0	-1.4	0.5	2.1	1.5	0.5	-0.3	-0.1	2.4	0.4	0.9
EBIT margin											
Printing	9.0%	12.8%	10.1%	13.3%	14.2%	12.5%	9.4%	10.2%	9.5%	10.0%	9.5%
Publishing	16.4%	17.8%	12.4%	12.0%	9.6%	9.3%	6.7%	1.7%	3.5%	2.7%	2.7%
Own operations	15.3%	18.4%	12.8%	13.6%	11.9%	11.2%	7.6%	2.7%	5.6%	3.9%	3.9%
EBIT margin	31.1%	35.7%	-23.5%	-37.6%	22.2%	22.1%	19.6%	26.4%	34.8%	5.1%	5.1%
Adj. EBIT margin	31.1%	35.7%	24.1%	23.5%	22.2%	27.2%	19.6%	26.4%	31.0%	5.1%	5.1%

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

EURm	2010	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Net revenue	47	50	46	45	42	41	40	38	36	35	34
Revenue growth	-4.7%	7.4%	-7.6%	-2.7%	-6.9%	-1.5%	-3.6%	-5.3%	-3.6%	-2.8%	-2.7%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	18	21	-8	-15	11	11	9	12	14	3	3
Depreciation and impairments PPE	-3	-3	-3	-2	-2	-2	-1	-2	-2	-2	-1
EBITA	14	18	-11	-17	9	9	8	10	13	2	2
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	14	18	-11	-17	9	9	8	10	13	2	2
of which associates	7	9	-17	-23	4	3	5	9	9	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	-4	-3	0	1	-5	-1	0	43	2	2
Pre-tax profit	15	14	-13	-17	10	4	7	10	56	4	4
Reported taxes	-2	-1	-1	-1	-1	-1	0	0	-9	-1	-1
Net profit from continued operations	13	13	-14	-18	9	4	6	10	47	3	4
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	13	13	-14	-18	9	4	6	10	47	3	4
EPS	0.50	0.50	-0.55	-0.71	0.35	0.14	0.24	0.38	1.83	0.13	0.14
DPS	0.50	0.40	0.15	0.10	0.10	0.10	0.12	0.14	0.16	0.18	0.20
of which ordinary	0.50	0.40	0.15	0.10	0.10	0.10	0.12	0.14	0.16	0.18	0.20
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	38.0%	41.9%	-17.2%	-32.4%	26.6%	25.9%	23.2%	30.7%	39.3%	9.5%	9.4%
EBITA	31.1%	35.7%	-23.5%	-37.0%	22.1%	21.9%	19.5%	26.4%	34.8%	5.1%	5.1%
EBIT	31.1%	35.7%	-23.5%	-37.0%	22.1%	21.9%	19.5%	26.4%	34.8%	5.1%	5.1%

Adjusted earnings

EBITDA (adj)	18	21	14	12	11	13	9	12	13	3	3
EBITA (adj)	14	18	11	10	9	11	8	10	11	2	2
EBIT (adj)	14	18	11	10	9	11	8	10	11	2	2
EPS (adj)	0.50	0.50	0.31	0.34	0.35	0.22	0.24	0.38	0.39	0.13	0.14

Adjusted profit margins in percent

EBITDA (adj)	38.0%	41.9%	30.4%	27.7%	26.6%	30.9%	23.2%	30.7%	35.6%	9.5%	9.4%
EBITA (adj)	31.1%	35.7%	24.1%	23.1%	22.1%	26.9%	19.5%	26.4%	31.0%	5.1%	5.1%
EBIT (adj)	31.1%	35.7%	24.1%	23.1%	22.1%	26.9%	19.5%	26.4%	31.0%	5.1%	5.1%

Performance metrics

CAGR last 5 years											
Net revenue	-2.9%	-1.1%	-3.4%	-4.1%	-3.1%	-2.4%	-4.5%	-4.0%	-4.2%	-3.4%	-3.6%
EBITDA	4.9%	7.2%	n.m.	n.m.	-4.4%	-9.6%	-15.1%	n.m.	n.m.	-21.3%	-21.2%
EBIT	6.5%	9.1%	n.m.	n.m.	-2.5%	-9.1%	-15.3%	n.m.	n.m.	-27.9%	-27.9%
EPS	-7.6%	-16.4%	n.m.	n.m.	-9.1%	-22.5%	-13.6%	n.m.	n.m.	-18.4%	0.0%
DPS	-3.6%	-15.0%	-31.6%	-19.7%	-22.2%	-27.5%	-21.4%	-1.4%	9.9%	12.5%	14.9%
Average last 5 years											
Average EBIT margin	22.9%	25.6%	17.3%	6.5%	6.1%	3.8%	-0.7%	9.4%	24.7%	21.6%	18.5%
Average EBITDA margin	29.1%	31.8%	23.6%	12.7%	11.9%	9.0%	4.0%	13.6%	28.9%	25.8%	22.7%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2010	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
P/E (adj)	16.3	13.1	15.6	8.4	5.4	9.2	11.2	8.8	9.8	30.2	27.5
EV/EBITDA (adj)	6.9	3.4	5.5	4.9	3.2	2.2	n.m.	n.m.	n.m.	n.m.	n.m.
EV/EBITA (adj)	8.4	3.9	7.0	5.9	3.9	2.5	n.m.	n.m.	n.m.	n.m.	n.m.
EV/EBIT (adj)	17.0	7.6	2.8	1.8	7.2	3.4	n.m.	n.m.	n.m.	n.m.	n.m.

VALUATION RATIOS - REPORTED EARNINGS

EURm	2010	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
P/E	16.3	13.1	n.m.	n.m.	5.4	14.4	11.2	8.8	2.1	30.2	27.5
EV/Sales	2.6	1.4	1.7	1.4	0.9	0.7	n.m.	n.m.	n.m.	n.m.	n.m.
EV/EBITDA	11.7	5.7	8.8	7.5	5.2	3.6	n.m.	n.m.	n.m.	n.m.	n.m.
EV/EBITA	17.0	7.6	13.2	10.1	7.2	4.6	n.m.	n.m.	n.m.	n.m.	n.m.
EV/EBIT	17.0	7.6	13.2	10.1	7.2	4.6	n.m.	n.m.	n.m.	n.m.	n.m.
Dividend yield (ord.)	6.1%	6.1%	3.1%	3.5%	5.2%	4.9%	4.4%	4.2%	4.2%	4.7%	5.2%
FCF yield	-9.5%	16.3%	6.0%	10.5%	31.7%	15.8%	5.7%	4.6%	107.4%	3.3%	3.5%
Payout ratio	99.6%	79.5%	n.m.	n.m.	28.3%	71.2%	49.6%	36.8%	8.8%	141.2%	142.7%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2010	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Intangible assets	2	1	1	1	1	1	1	1	1	1	1
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	1	1	1	1	1	1	1	1	1	1	1
of which goodwill	0	0	0	0	0	0	0	0	0	0	0
Tangible assets	16	14	12	12	11	9	9	8	8	7	7
Shares associates	161	154	129	103	105	103	105	110	5	5	6
Interest bearing assets	8	11	11	11	3	3	3	3	48	48	48
Deferred tax assets	0	0	0	0	0	0	0	0	0	0	0
Other non-IB non-current assets	0	0	0	0	1	1	1	1	1	1	1
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	186	180	153	127	120	116	118	123	62	62	62
Inventory	1	1	1	0	1	1	1	1	1	1	1
Accounts receivable	3	3	3	3	3	3	3	3	3	2	2
Other current assets	3	2	2	1	1	1	2	2	2	2	2
Cash and bank	3	11	2	2	6	7	3	0	62	61	60
Total current assets	11	17	8	7	10	11	8	6	67	66	65
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total assets	197	197	161	134	131	127	126	129	129	128	127
Shareholders equity	105	104	81	58	65	66	70	76	117	116	115
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	105	104	81	58	65	66	70	76	117	116	115
Deferred tax	1	1	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	58	52	44	40	35	32	44	40	0	0	0
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	20	20	20	20	20	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	80	73	64	61	55	32	44	40	0	0	0
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	7	15	9	9	8	8	9	8	8	8	7
Other current liabilities	0	0	0	0	1	0	0	0	0	0	0
Short term interest bearing debt	5	4	7	6	2	20	4	4	4	4	4
Total current liabilities	12	19	16	15	11	29	13	12	12	12	12
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	197	197	161	134	131	127	126	129	129	128	127
Balance sheet and debt metrics											
Net debt	72	55	58	54	48	43	41	41	-106	-105	-104
Working capital	0	-10	-4	-4	-4	-4	-4	-3	-3	-3	-3
Invested capital	186	171	149	123	116	112	114	120	59	59	59
Capital employed	185	178	145	119	119	98	113	117	117	117	116
ROE	12.6%	12.3%	-15.2%	-26.2%	14.8%	5.5%	9.1%	13.3%	48.0%	2.8%	3.1%
ROIC	7.3%	8.0%	5.6%	6.1%	6.2%	7.8%	5.5%	6.8%	10.0%	2.4%	2.4%
ROCE	7.8%	10.0%	-7.5%	-14.0%	7.8%	9.2%	6.8%	8.5%	10.7%	1.5%	1.5%
Net debt/EBITDA	4.1	2.6	-7.2	-3.7	4.4	4.0	4.5	3.5	-7.4	-31.2	-32.1
Interest coverage	14.1	6.6	-4.3	-47.9	10.5	2.0	6.4	254.9	0.3	0.9	0.7
Equity ratio	53.3%	53.0%	50.1%	43.4%	49.4%	51.9%	55.3%	59.3%	90.6%	90.7%	90.8%
Net gearing	68.8%	52.5%	71.5%	92.5%	75.1%	64.8%	59.3%	53.1%	-90.2%	-90.2%	-90.0%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2010	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
EBITDA (adj) for associates	10	12	9	8	7	8	4	3	5	3	3
Paid taxes	-2	-2	-1	-1	-1	-1	-1	0	-9	-1	-1
Net financials	-2	-2	-2	-1	-2	-1	-1	-1	43	2	2
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	0	0	-1	0	0	0	0	0	0
Cash flow to/from associates	6	16	9	2	2	3	3	4	2	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	0	0	0	0	-2	-4	-3	0	-35	0	0
Funds from operations (FFO)	13	24	15	8	4	4	2	5	6	4	5
Change in NWC	0	7	-7	0	0	0	0	0	0	0	0
Cash flow from operations (CFO)	13	31	8	9	4	4	2	5	6	4	5
Capital expenditure	-1	-1	-1	-1	0	-1	-1	-1	-1	-1	-1
Free cash flow before A&D	12	30	7	7	3	4	1	4	5	3	3
Proceeds from sale of assets	0	1	1	1	12	5	3	0	100	0	0
Acquisitions	-32	-3	0	0	0	0	0	0	0	0	0
Free cash flow	-20	28	7	8	16	8	4	4	105	3	3
Dividends paid	-9	-13	-10	-4	-3	-3	-3	-3	-4	-4	-5
Equity issues / buybacks	0	0	0	0	0	0	0	0	0	0	0
Net change in debt	45	-7	-6	-4	-9	-5	-5	-4	-40	0	0
Other financing adjustments	0	0	0	0	0	0	0	0	-45	0	0
Other non-cash adjustments	-20	0	0	0	0	0	20	0	45	0	0
Change in cash	-4	8	-9	0	4	1	-3	-3	62	-1	-1

Cash flow metrics

Capex/D&A	28.8%	25.3%	37.1%	67.3%	19.0%	35.7%	55.7%	78.6%	62.4%	67.0%	71.9%
Capex/Sales	-2.0%	-1.6%	-2.3%	-3.1%	-0.8%	-1.4%	-2.0%	-3.4%	-2.8%	-3.0%	-3.1%

Key information

Share price year end (/current)	8	7	5	3	2	2	3	3	4	4	4
Market cap.	210	169	124	74	49	52	70	85	98	98	98
Enterprise value	121	70	78	61	36	27	-9	-36	-69	-68	-67
Diluted no. of shares, year-end (m)	25.7	25.7	25.7	25.7	25.7	25.7	25.7	25.5	25.5	25.5	25.5

Source: Company data and Nordea estimates

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Completion Date

19 Nov 2018, 23:20 CET

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