

Steel, Finland

Outokumpu

High earnings to remain into 2018e

- Temporarily negative effects and weak seasonality in Q3
- We argue that the outlook for Q4 and beyond is very solid
- Remarkable valuation story remains intact; reiterate BUY

Solid outlook and remarkable valuation

Although we were disappointed by Outokumpu's near-term guidance for significantly weaker earnings q-o-q in Q3, we believe that weakness should be isolated to Q3. Looking at Q4, we expect much better earnings on the back of better seasonality and, more importantly, normal ferrochrome volumes. Accordingly, we continue to see a very compelling investment story and a good entry point into the stock after the recent share price weakness.

Look beyond short-term weakness

Even though we lower our forecasts to reflect the seasonally slower Q3, we note that this mainly reflects changed assumptions about inventory effects, as well as a higher expected negative effect from temporarily low capacity utilisation for the ferrochrome operations of 65% in Q3. For Q4, we increase our forecast slightly, as we adopt a more positive view on the volume leverage for the ferrochrome operations. Thus, on a full-year basis, we make only minor negative revisions to our 2017 forecast, while we leave our 2018-19 earnings scenario virtually unchanged.

Market is too negative about the earnings for next year

With our 2018-19 earnings and dividend scenario translating into P/E multiples of ~7x and a dividend yield of 5%, we see plenty of valuation support. Given the extremely low valuation, we believe that the market is expecting a sharp decline in Outokumpu's earnings soon. However, we disagree: with the company in great shape and with Outokumpu's stainless markets healthy, we expect the company to continue to generate strong profits over the coming years. We reiterate BUY and our EUR 11 target price.

Johannes Grunselius, +46 8 701 3892, jogr18@handelsbanken.se

Company page on Handelsbanken's REON

EURm	2015	2016	2017e	2018e	2019e
Sales	6,384	5,690	6,639	6,811	6,839
Sales growth (%)	-6.7	-10.9	16.7	2.6	0.42
EBITDA adj	196	275	845	801	806
margin (%)	3.1	4.8	12.7	11.8	11.8
EBT	127	-12	536	506	541
EPS rep (EUR)	0.23	0.34	1.05	1.03	1.11
EPS adj (EUR)	-0.51	0.16	1.01	1.03	1.11
Y-o-y growth (%)	n.m	n.m	530	2	8
EPS adj revisions (%)	n.m	n.m	-11	-1	1
P/E adj (x)	n.m	53.2	6.8	6.6	6.1
P/BV (x)	0.44	1.3	0.99	0.90	0.82
ROE adj (%)	-10.7	2.7	17.0	15.2	14.8
EV/EBITDA (x)	15.7	18.4	4.9	4.7	4.2
EV/sales (x)	0.48	0.89	0.62	0.56	0.49
FCF adj yield (%)	-16.3	4.6	10.4	16.4	20.4
Tot DPS (EUR)	0.00	0.10	0.37	0.37	0.39
Tot div yield (%)	0	1.2	5.5	5.4	5.8
Net debt/equity (%)	85.7	65.6	46.8	32.5	17.1

Source: Handelsbanken Capital Markets

Estimate changes

S	R	A	B
Sell	Reduce	Accumulate	BUY

Results Comment Q2 2017 25 July, 2017 23:07 CET

Share price (EUR)	6.81
Market cap (EURm)	2,836
Market cap (EURm)	3,065
No of shares (m)	416
Free float (%)	70.0
Avg daily volume ('000)	3,884
Avg daily value (EURm)	28
Bloomberg	OUT1V FH
Reuters	OUT1V.HE
Next event	Oct 26, 2017: Q3 report
Web address:	http://www.outokumpu.com
IR web address:	Link to IR website

12m target return	
Target price, inc. div. (EUR)	11.0
Expected total return (%)	61.5
Expected total dividend yield (%)	5.5
DCF value (EUR)	11

Balance sheet 2016	
Net debt (EURm)	1,585
Net debt/equity (%)	65.6
ROE (%)	6.1
ROIC (%)	2.5

Main owners	Votes (%)	Capital (%)
Solidium Oy	24.3	24.3
Keskinäinen työeläkevakuutusyhtiö Varma	3.3	3.3

Absolute and relative performance



Share performance (%)	-1m	-3m	-12m
Absolute:	3.4	-23.3	56.6
Absolute EUR:	3.4	-23.3	56.6
Relative DJStoxx:	5.7	-21.8	33.1
52w range (EUR):	10.05 / 4.65		

Source: FactSet

P&L outcome, Q2

No earnings surprise, as Outokumpu pre-posted the EBITDA results

EURm	Actual	Growth %		Deviation %	
		Y-o-y	Q-o-q	HCM	Cons
Sales	1,659	20.3	-5.6	-2.2	-4.3
EBIT adj	154.0	n.m	-39.4	7.9	2.0
margin (%)	9.3				
EBT	122.0	n.m	-45.0	2.8	-0.81
Net income	103.0	n.m	-43.1	-9.4	-7.1
EPS reported (EUR)	0.23	n.m	-42.6	-9.2	-7.3
EPS adj (EUR)	0.23	n.m	-42.6	-9.2	-10.3

Source: Company accounts, Handelsbanken Capital Markets and FactSet

Trend analysis

Q3 set to be weak due to seasonality and weak volumes for the ferrochrome operations

%	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17e
Sales y-o-y	-18.6	-4.6	4.9	26.8	20.3	12.0
EBITDA adj y-o-y	-10.5	400	147	713	308	110
EBITDA adj margin	3.7	4.6	8.0	17.6	12.5	8.6
EBIT adj y-o-y	n.m	n.m	n.m	n.m	n.m	806
EBIT adj margin	-0.36	0.63	2.6	14.5	9.3	5.1
EPS adj (EUR)	-0.07	-0.04	0.38	0.41	0.23	0.12

Source: Company accounts, Handelsbanken Capital Markets

Business area breakdown

We forecast Q3 EBITDA of EUR 137m

EURm	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17e
Sales						
Europe	958.0	946.0	1,033	1,225	1,147	1,091
Americas	311.0	372.0	342.0	416.0	409.0	388.5
Long Products	133.0	119.0	134.0	173.0	160.0	150.1
Other	-23.0	-18.0	-3.0	-57.0	-57.0	-40.0
Total	1,379	1,419	1,506	1,757	1,659	1,590
Y-o-y sales growth (%)						
Europe	-16.0	-7.2	3.8	24.1	19.7	15.3
Americas	9.5	23.6	17.1	38.2	31.5	4.4
Long Products	-16.4	-16.2	34.0	73.0	20.3	26.1
Other	-121	-172	-106	>900	148	122
Total	-18.6	-4.6	4.9	26.8	20.3	12.0
Underlying EBITDA						
Europe	69.0	108.0	116.0	257.0	178.0	120.5
Americas	-11.0	6.0	-4.0	29.0	27.0	20.0
Long Products	-	-	-	9.0	7.0	6.0
Other	-7.0	-5.0	-16.0	-1.0	-12.0	-10.0
Total	50.0	110	98.0	294	200	137
Underlying EBITDA margin (%)						
Europe	7.2	11.4	11.2	21.0	15.5	11.0
Americas	-3.5	1.6	-1.2	7.0	6.6	5.1
Long Products	0	0	0	5.2	4.4	4.0
Other	30.4	27.8	533	1.8	21.1	25.0
Total	3.6	7.8	6.5	16.7	12.1	8.6

Source: Handelsbanken Capital Markets

What has changed

	HCM	chg	HCM	chg	HCM	chg
EURm	Q3 17e	(%)	2017e	(%)	2018e	(%)
Sales	1,590	-5	6,639	-2	6,811	-2
EBITDA adj	136.5	-26	844.7	-3	801.0	1
margin (%)	9	-23	13	-1	12	3
EBT	56.5	-46	535.7	-5	506.0	-1
Net income	51.5	-48	465.7	-10	456.0	-1
EPS (EUR)	0.12	-47	1.05	-10	1.03	-1
EPS adj (EUR)	0.12	-47	1.01	-11	1.03	-1

Source: Handelsbanken Capital Markets

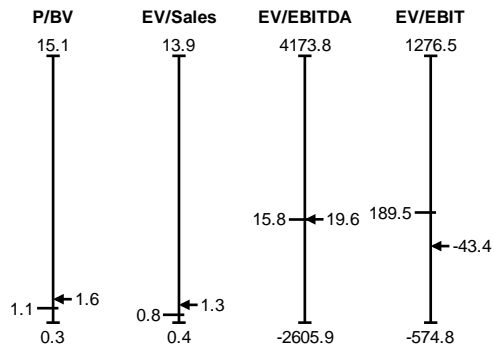
HCM vs. consensus

	Cons	diff	Cons	diff	Cons	diff
EURm	Q3 17e	(%)	2017e	(%)	2018e	(%)
Sales	1,630	-2	6,664	0	6,640	3
EBITDA adj	154.4	-12	815.5	4	685.7	17
margin (%)	9	-1	12	0	10	1
EBT	77.5	-27	534.0	0	401.1	26
Net income	58.1	-11	394.3	18	315.7	44
EPS (EUR)	0.13	-8	0.95	11	0.71	44
EPS adj (EUR)	0.15	-21	0.92	9	0.74	39

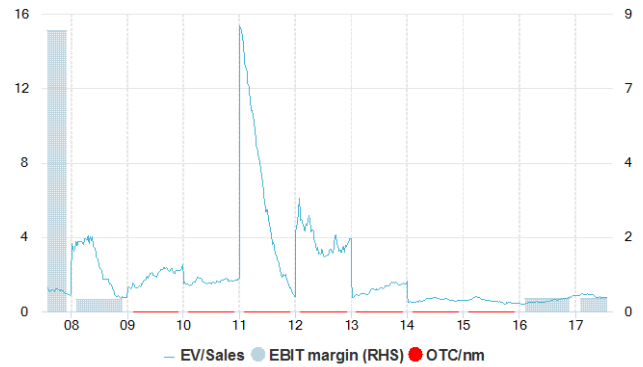
Source: Handelsbanken Capital Markets and FactSet

Valuation charts

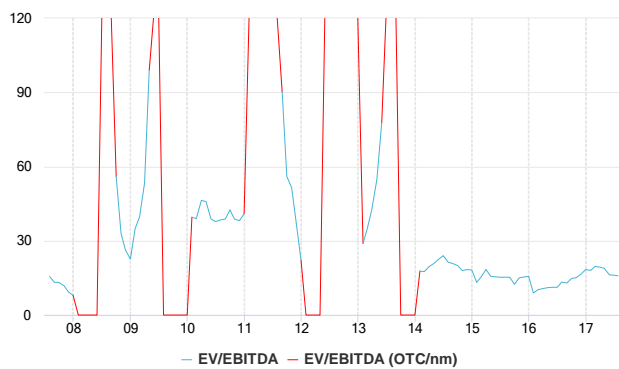
Current vs. high/low/median, 10 years



EV/sales x and EBIT margin %



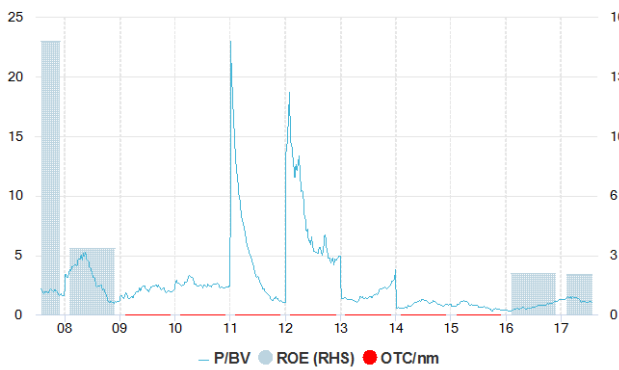
EV/EBITDA x



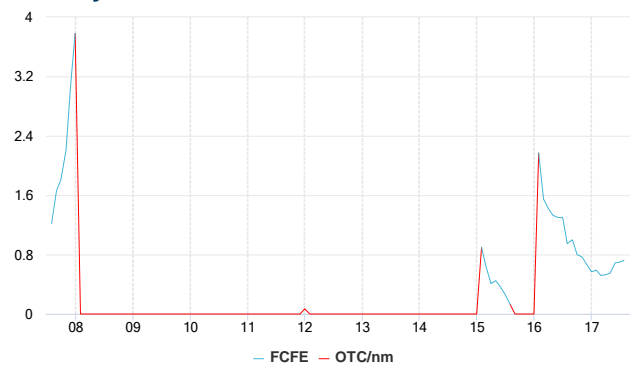
Dividend (ordinary) and 10-year bond yield %



P/BV x and ROE %



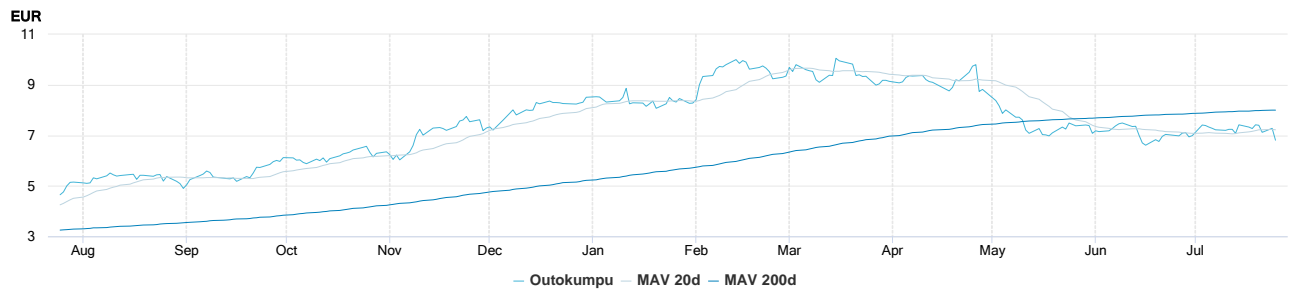
FCFE yield %



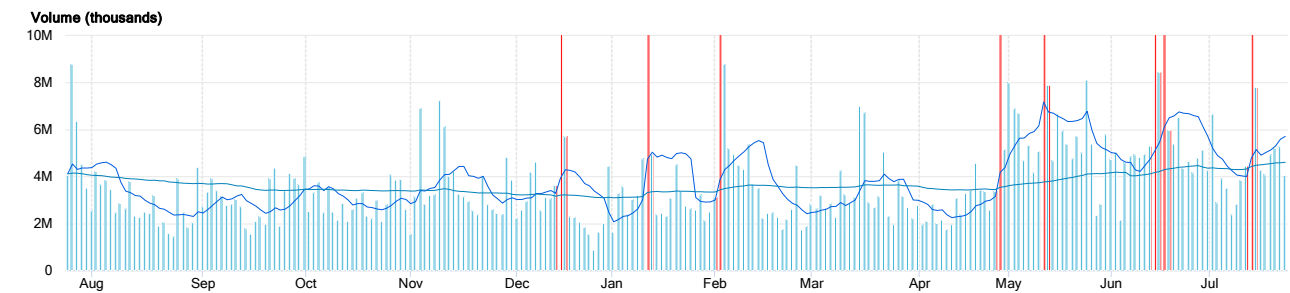
Source: Handelsbanken Capital Markets and company fundamentals

Technical indicators, six months

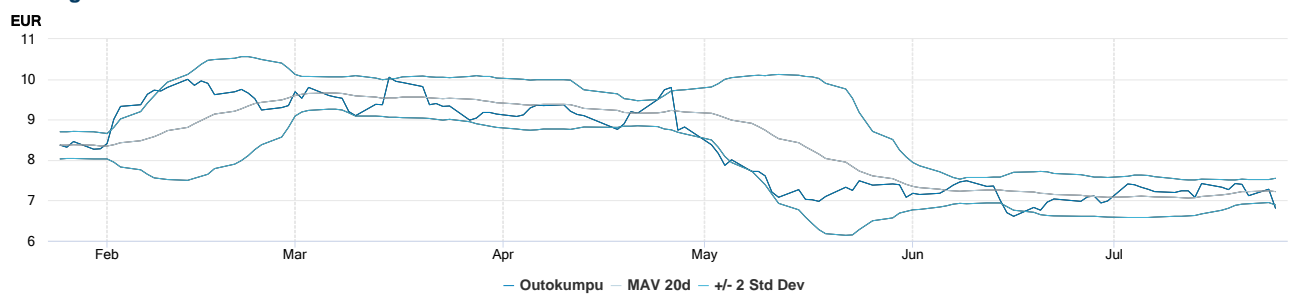
Share price - 20d/200d MAV



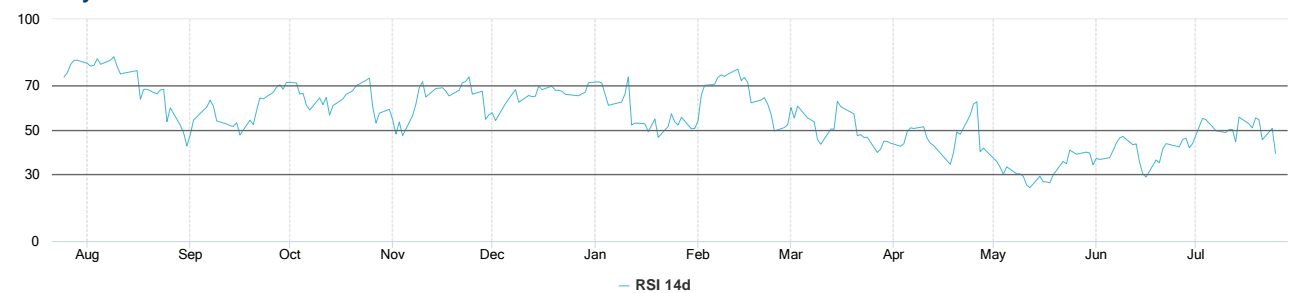
Volume - 1 year



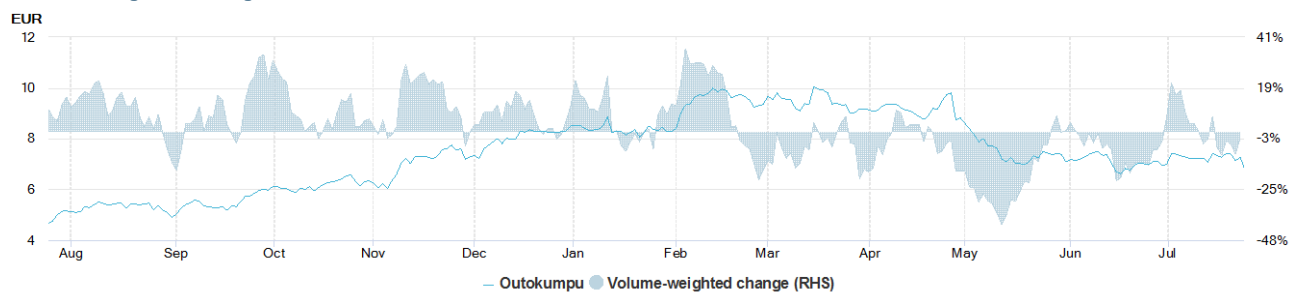
Bollinger band - 6m



RSI - 1 year



Volume-weighted change



Source: FactSet

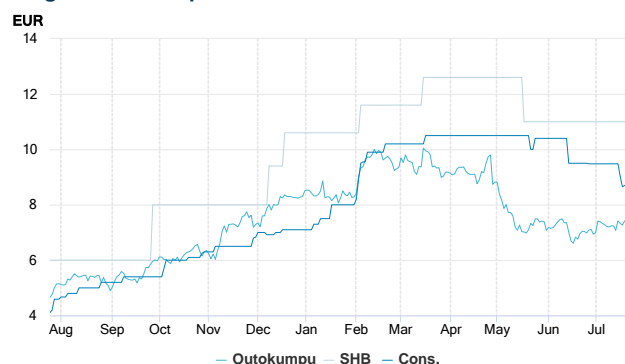
Note: RSI compares the magnitude of recent share price gains with the magnitude of recent share price losses. Rule-of-thumb: RSI>70 => overbought. RSI<30 oversold. VWC is the volume weighted relation between [close-open] and [high-low] and indicates the momentum of the price change.

Momentum

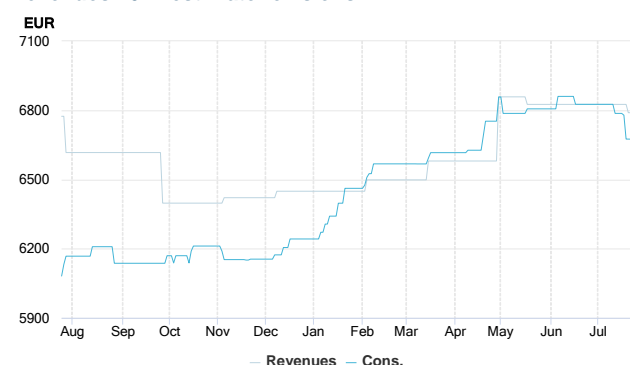
Share price and recommendation



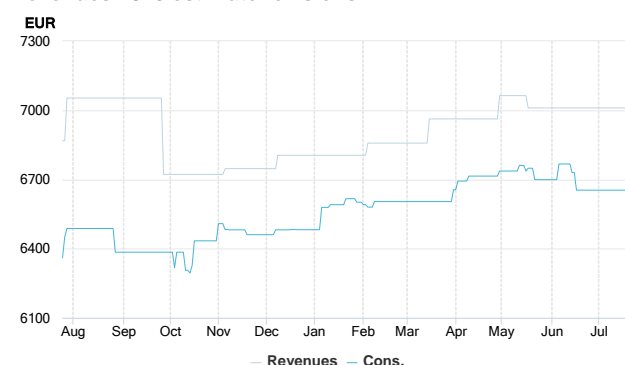
Target and share price



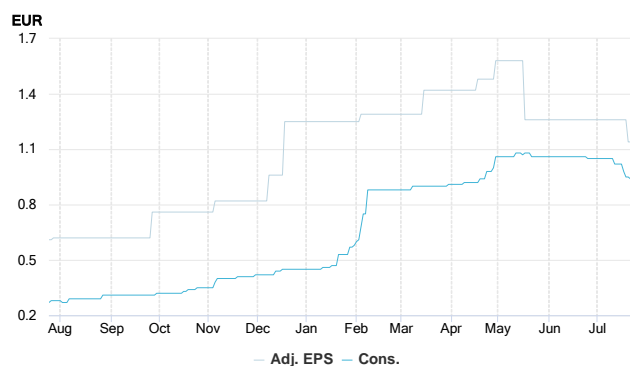
Revenues 2017 estimate revisions



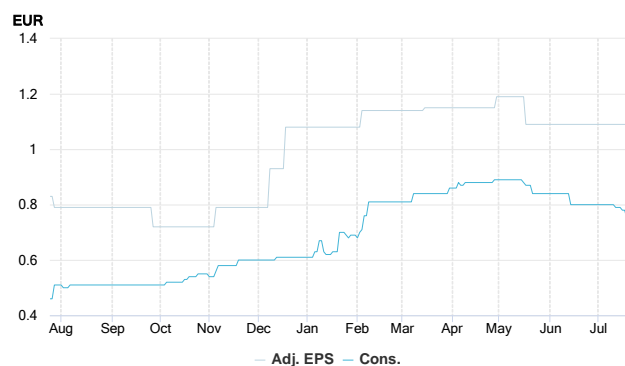
Revenues 2018 estimate revisions



EPS 2017 estimate revisions



EPS 2018 estimate revisions



Source: Handelsbanken Capital Markets and FactSet

Opportunities

- High global demand growth
- Production shut-downs in China
- Trade protectionism
- Nickel price increases impacting the inventory cycle

Source: Handelsbanken Capital Markets

Risks

- Lower global demand
- Supply growth in China
- Lower Nickel price impacting the inventory cycle

Source: Handelsbanken Capital Markets

Valuation data

EUR	2012	2013	2014	2015	2016	2017e	2018e	2019e
Share price year-end/current	6.9	3.55	4.77	2.73	8.5	6.8	6.8	6.8
Share price high	18.8	7.5	7.5	8.2	8.6	10.5	-	-
Share price low	5.5	3.03	3.36	1.98	2.06	6.5	-	-
Market cap (m)	14,416	7,384	1,987	1,138	3,541	2,836	2,836	2,836
Net debt (m)	3,785	3,873	2,383	1,996	1,585	1,331	1,020	594.2
MV associates (m)	80.0	66.0	78.0	63.0	67.0	67.0	67.0	67.0
MV minorities (m)	26.4	4.0	-	-	-	-	-	-
EV (m)	18,147	11,195	4,292	3,071	5,059	4,099	3,789	3,363
P/E reported (x)	n.m	n.m	n.m	11.9	25.2	6.5	6.6	6.1
P/E adj (x)	n.m	n.m	n.m	n.m	53.2	6.8	6.6	6.1
P/CEPS (x)	n.m	n.m	n.m	3.5	9.6	4.4	4.5	4.3
P/BV (x)	4.93	3.91	0.93	0.44	1.33	0.99	0.90	0.82
ROE adj (%)	-15.4	-15.4	-15.8	-11.1	2.7	17.0	15.2	14.8
Pre-tax ROIC (%)	-7.1	-8.2	-4.7	5.2	2.5	15.9	13.9	14.2
EV/sales (x)	4.0	1.7	0.6	0.5	0.9	0.6	0.6	0.5
EV/EBITDA (x)	>99	n.m	18.2	15.7	18.4	4.9	4.7	4.2
EV/EBIT (x)	n.m	n.m	n.m	n.m	>99	6.6	6.5	5.7
EBIT adj margin (%)	-4.1	-6.4	-1.3	-1.7	0.40	9.4	8.5	8.6
EBITDA adj margin (%)	3.3	-1.3	3.4	3.1	4.8	12.7	11.8	11.8
FCF adj yield (%)	-0.25	-2.0	-13.6	-16.3	4.6	10.4	16.4	20.4
Tot div yield (%)	0	0	0	0	1.2	5.5	5.4	5.8
Payout ratio (%)	0	0	0	0	29.6	35.5	35.4	35.5

Source: Handelsbanken Capital Markets

Peer group valuation

	CCY	Price (Sh. curr.)	Mcap (EURm)	-1m	-3m	Perf. (%) -12m
Acerinox	EUR	11.3	3,125	-6.1	-12.4	1.0
AK Steel Holding	USD	6.0	1,630	-9.3	-15.3	9.4
Aperam	USD	49.1	3,266	7.3	-4.0	30.1
ArcelorMittal	USD	25.4	22,252	20.1	5.8	48.4
Klöckner	EUR	9.7	966	2.2	-5.1	-17.7
Outokumpu	EUR	6.8	2,836	3.4	-23.3	56.6
POSCO	KRW	322,000	21,644	19.0	17.5	46.7
SSAB	SEK	42.2	4,533	11.2	8.9	51.8
ThyssenKrupp*	EUR	25.6	14,502	1.2	15.6	31.4
United States Steel	USD	23.8	3,570	7.0	-23.7	12.5
Voestalpine*	EUR	42.2	7,441	6.5	12.7	38.1
Average				5.7	-2.1	28.0
Median				6.5	-4.0	31.4
Average excl. Acerinox				6.8	-1.1	30.7
Median excl. Acerinox				6.7	0.9	34.7

Source: Handelsbanken Capital Markets and FactSet

DCF model assumptions

EURm	2016	2017e	2018e	2019e	2020e	2021e	2026e	2031e	2036e
Sales	5,690	6,639	6,811	6,839	6,847	6,855	n.m	-	n.m
EBITDA - Reported	355.0	869.7	801.0	806.2	806.2	806.2	0.0	0.0	0.0
EBITA2 - Reported (=EBITA bef gw amort) (use: IS)	103.0	650.7	581.0	586.2	586.2	586.2	0.0	0.0	0.0
Sales CAGR (%)	-10.9	16.7	2.6	0.4	0.1	0.1	0.0	0.0	0.0
EBITDA growth (%)	40.3	207.2	-5.2	0.7	0.0	0.0	n.m	n.m	n.m
EBITA growth (%)	n.m	>900	-7.2	0.9	0.0	0.0	n.m	n.m	n.m
EBITDA margin (%)	4.8	12.7	11.8	11.8	11.8	11.8	n.m	n.m	n.m
EBITA margin (%)	0.40	9.4	8.5	8.6	8.6	8.6	7.0	7.0	7.0
Capex/sales (%)	2.7	2.6	2.6	2.5	2.5	2.5	3.0	3.0	3.0
Capex/depreciation (x)	0.62	0.80	0.80	0.77	0.77	0.77	1.0	1.0	1.0
Networking cap/sales (%)	7.8	9.5	10.0	10.0	10.0	10.0	14.0	14.0	14.0

WACC assumptions (%)	Calculation of DCF (EURm)	DCF checkpoints (%)
Risk-free interest rate 2.0	NPV FCFF 6,240	5y hist sales growth 2.6
Equity market risk premium 4.5	ND inc off-BS & Hybrids (EUR) 1,585	5y exp sales growth 3.8
Equity beta (x) 1.3	Market value Preferred stock 0.0	Sustainable growth 0
Implicit asset beta (x) 0.78	Market value Associates 67	Sust EBITDA margin 4.8
Cost of equity 7.9	Market value Minorities 0.0	Sust EBITA margin 7.0
Pre-tax cost of debt 5.0	Surplus values 0.0	Sust after-tax ROIC 9.6
Equity weight 80.0	Other adjustments 0.0	Terminal value/DCF 22.6
WACC 7.1	DCF value 6,307	Implicit equity weight 79.7
	DCF value/share (EUR) 11.3	Share price potential to DCF value 66.5

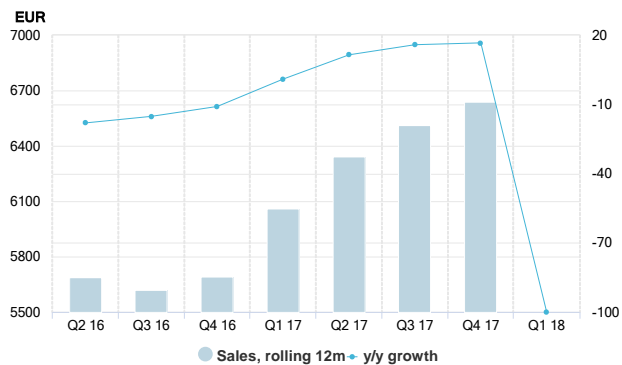
Source: Handelsbanken Capital Markets

P&L accounts – quarterly data

EURm	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17e	Q4 17e	Q1 18e
P&L								
Sales	1,379	1,419	1,506	1,757	1,659	1,590	1,633	0.0
Total op expenses	-1,317	-1,323	-1,355	-1,448	-1,451	-1,453	-1,417	n.m
EBITDA	62.0	96.0	151.0	309.0	208.0	136.5	216.2	0.0
Depreciation & impairment	-56.0	-56.0	-82.0	-55.0	-54.0	-55.0	-55.0	0.0
EBIT	6.0	40.0	69.0	254.0	154.0	81.5	161.2	0.0
Net financials	-28.0	-29.0	-29.0	-32.0	-32.0	-25.0	-26.0	0.0
Associated income	0.0	0.0	5.0	-	-	-	-	-
EBT	-22.0	11.0	45.0	222.0	122.0	56.5	135.2	0.0
Reported tax	1.0	0.0	149.0	-41.0	-19.0	-5.0	-5.0	0.0
tax rate (%)	4.5	0	<-200	18.5	15.6	8.8	3.7	0
Net income	-21.0	11.0	194.0	181.0	103.0	51.5	130.2	0.0
Growth (%)								
Sales	-18.6	-4.6	4.9	26.8	20.3	12.0	8.4	n.m
Total expenses	-19.6	-10.8	31.8	8.1	10.2	9.8	4.6	-100.0
EBITDA	12.7	>900	-62.9	571.7	235.5	42.2	43.2	n.m
EBIT	n.m	n.m	-80.1	n.m	>900	103.8	133.7	n.m
EBT	n.m	n.m	-87.2	n.m	n.m	413.6	200.5	n.m
Net income	n.m	n.m	-38.2	n.m	n.m	368.2	-32.9	n.m
of sales (%)								
EBITDA margin	4.5	6.8	10.0	17.6	12.5	8.6	13.2	n.m
EBIT margin	0.44	2.8	4.6	14.5	9.3	5.1	9.9	n.m
EBT margin	-1.6	0.78	3.0	12.6	7.4	3.6	8.3	n.m
Net margin	-1.5	0.78	12.9	10.3	6.2	3.2	8.0	n.m
Adjusted values								
Total adjustments to net inc	11.0	31.0	30.0	0.0	0.0	0.0	20.0	-
EBITDA	51.0	65.0	121.0	309.0	208.0	136.5	191.2	0.0
margin (%)	3.7	4.6	8.0	17.6	12.5	8.6	11.7	n.m
EBITA	-5.0	9.0	39.0	254.0	154.0	81.5	136.2	0.0
margin (%)	-0.36	0.63	2.6	14.5	9.3	5.1	8.3	n.m
EBIT	-5.0	9.0	39.0	254.0	154.0	81.5	136.2	0.0
margin (%)	-0.36	0.63	2.6	14.5	9.3	5.1	8.3	n.m
EBT	-33.0	-20.0	15.0	222.0	122.0	56.5	110.2	0.0
Net income	-32.0	-20.0	164.0	181.0	103.0	51.5	110.2	0.0

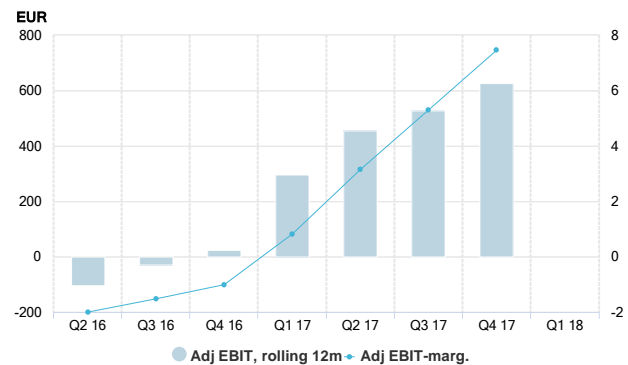
Source: Handelsbanken Capital Markets

Revenues, 12m rolling



Source: Handelsbanken Capital Markets

EBIT, 12m rolling



Source: Handelsbanken Capital Markets

Ownership structure

2017-07-21	Votes (%)	Capital (%)
Solidium Oy	24.3	24.3
Keskinainen työlakevakuutusyhtio Vama	3.3	3.3
JPMorgan Asset Management Ltd.	3.0	3.0
Keskinainen Eläkevakuutusyhtio Ilmarinen	2.3	2.3
The Social Insurance Institution of Finland	2.2	2.2
Total number of shares (m)		416.4
Free float (%)		74.2

Source: FactSet

Investment case summary

Robust stainless markets

Due to robust market conditions and improved pricing power, Outokumpu's base prices have stabilised on a healthy level both the US and Europe.

Long-term target within reach

Based on the market conditions as of April 2016, management is targeting annual EBIT of EUR 500m by 2020, which we find achievable.

Very attractive valuation multiples

Based on our forecasts for 2018, the stock is valued at a P/E of below 7x. As the company offers good earnings quality and as we base our earnings on prudent assumptions we argue that this unwarranted.

Source: Handelsbanken Capital Markets

Business areas – quarterly data

EURm	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17e	Q4 17e	Q1 18e
Sales								
Europe	958.0	946.0	1,033	1,225	1,147	1,091	1,157	0.0
Americas	311.0	372.0	342.0	416.0	409.0	388.5	350.7	0.0
Long Products	133.0	119.0	134.0	173.0	160.0	150.1	165.4	0.0
Other	-23.0	-18.0	-3.0	-57.0	-57.0	-40.0	-40.0	0.0
Total	1,379	1,419	1,506	1,757	1,659	1,590	1,633	0
Y-o-y sales growth (%)								
Europe	-16.0	-7.2	3.8	24.1	19.7	15.3	12.0	n.m
Americas	9.5	23.6	17.1	38.2	31.5	4.4	2.5	n.m
Long Products	-16.4	-16.2	34.0	73.0	20.3	26.1	23.4	n.m
Other	-121	-172	-106	>900	148	122	>900	n.m
Total	-18.6	-4.6	4.9	26.8	20.3	12.0	8.4	n.m
Underlying EBITDA								
Europe	69.0	108.0	116.0	257.0	178.0	120.5	190.8	0.0
Americas	-11.0	6.0	-4.0	29.0	27.0	20.0	24.5	0.0
Long Products	-	-	-	9.0	7.0	6.0	9.9	0.0
Other	-7.0	-5.0	-16.0	-1.0	-12.0	-10.0	-10.0	0.0
Total	50.0	110	98.0	294	200	137	215	0
Underlying EBITDA margin (%)								
Europe	7.2	11.4	11.2	21.0	15.5	11.0	16.5	n.m
Americas	-3.5	1.6	-1.2	7.0	6.6	5.1	7.0	n.m
Long Products	0	0	0	5.2	4.4	4.0	6.0	n.m
Other	30.4	27.8	533	1.8	21.1	25.0	25.0	n.m
Total	3.6	7.8	6.5	16.7	12.1	8.6	13.2	n.m

Source: Handelsbanken Capital Markets

P&L accounts – annual data

EURm	2012	2013	2014	2015	2016	2017e	2018e	2019e
Income statement								
Sales	4,538	6,745	6,844	6,384	5,690	6,639	6,811	6,839
Total op expenses	-4,587	-6,909	-6,736	-5,854	-5,335	-5,769	-6,010	-6,033
EBITDA	-49.0	-164.4	108.0	530.0	355.0	869.7	801.0	806.2
Depreciation & impairment	-336.0	-346.0	-351.0	-302.0	-252.0	-219.0	-220.0	-220.0
EBITA	-385.0	-510.4	-243.0	228.0	103.0	650.7	581.0	586.2
EBIT	-385	-510	-243	228	103	651	581	586
change	-	-37.0	-	-	-	-	-	-
Net interest expenses	-66.0	-197.0	-140.0	-126.0	-105.0	-115.0	-75.0	-45.0
Net financials	-139.0	-310.0	-223.0	-150.0	-120.0	-115.0	-75.0	-45.0
Associated income	-	-2.0	7.0	49.0	5.0	-	-	-
Paid tax	-1.0	-4.0	-	-	-	-5.0	-10.0	-10.0
Deferred tax	-	-7.0	26.0	-	-	-65.0	-40.0	-40.0
Reported tax	-12.0	-11.0	8.0	-41.0	156.0	-70.0	-50.0	-50.0
tax rate (%)	-2.3	-1.3	1.7	32.3	>999	13.1	9.9	9.2
Discontinued ops	-	-170.0	11.0	-	-	-	-	-
Minorities	-	6.0	5.0	9.0	-	-	-	-
Net income	-536.0	-997.4	-435.0	95.0	144.0	465.7	456.0	491.2
Growth (%)								
Sales	-9.4	48.6	1.5	-6.7	-10.9	16.7	2.6	0.4
Total expenses	-7.8	50.6	-2.5	-13.1	-8.9	8.1	4.2	0.4
EBITDA	n.m	n.m	n.m	390.7	-33.0	145.0	-7.9	0.7
EBIT	n.m	n.m	n.m	n.m	-54.8	531.8	-10.7	0.9
EBT	n.m	n.m	n.m	n.m	n.m	n.m	-5.6	7.0
Net income	n.m	n.m	n.m	n.m	51.6	223.4	-2.1	7.7
of sales (%)								
EBITDA margin	-1.1	-2.4	1.6	8.3	6.2	13.1	11.8	11.8
EBIT margin	-8.5	-7.6	-3.6	3.6	1.8	9.8	8.5	8.6
EBT margin	-11.5	-12.2	-6.7	2.0	-0.21	8.1	7.4	7.9
Net margin	-11.8	-14.9	-6.4	1.3	2.5	7.0	6.7	7.2
Profitability (%)								
ROE reported	-21.5	-34.4	-22.2	4.3	6.1	17.7	15.2	14.8
ROE adj	-15.6	-22.3	-15.0	-10.7	2.7	17.0	15.2	14.8
ROCE	n.m	n.m	n.m	n.m	0.52	14.5	13.3	12.9
Pre-tax ROIC	-7.1	-8.2	-4.7	5.2	2.5	15.9	13.9	14.2
After tax ROIC	-7.2	-8.2	-4.7	5.2	2.5	15.8	13.7	14.0
Sales/capital invested (x)	0.84	1.1	1.3	1.4	1.4	1.6	1.6	1.7
Sales/total assets (x)	0.61	0.73	0.90	1.0	0.96	1.1	1.1	1.1
Adjusted values								
Total adjustments to net inc	-147.3	-291.0	-144.0	334.0	80.0	20.0	-	-
EBITDA	150.0	-87.4	236.0	196.0	275.0	844.7	801.0	806.2
margin (%)	3.3	-1.3	3.4	3.1	4.8	12.7	11.8	11.8
EBITA	-186.0	-433.4	-88.0	-106.0	23.0	625.7	581.0	586.2
margin (%)	-4.1	-6.4	-1.3	-1.7	0.40	9.4	8.5	8.6
EBIT	-186.0	-433.4	-88.0	-106.0	23.0	625.7	581.0	586.2
margin (%)	-4.1	-6.4	-1.3	-1.7	0.40	9.4	8.5	8.6
EBT	-325.0	-696.4	-304.0	-207.0	-92.0	510.7	506.0	541.2
Net income	-388.7	-706.4	-291.0	-239.0	64.0	445.7	456.0	491.2

Source: Handelsbanken Capital Markets

Business areas – annual data

EURm	2012	2013	2014	2015	2016	2017e	2018e	2019e
Sales								
Europe	-	-	4,686	4,317	3,924	4,620	4,652	4,652
Americas	-	-	1,291	1,214	1,326	1,564	1,611	1,619
Long Products	-	-	652	550	486	648	698	719
Other	-	-	215	303	-46	-194	-150	-150
Total	4,538	6,745	6,844	6,384	5,690	6,639	6,811	6,839
Sales growth (%)								
Europe	n.m	n.m	n.m	-8	-9	18	1	0
Americas	n.m	n.m	n.m	-6	9	18	3	0
Long Products	n.m	n.m	n.m	-16	-12	33	8	3
Other	n.m	n.m	n.m	41	-115	322	-23	0
Total	-9.4	48.6	1.5	-6.7	-10.9	16.7	2.6	0.42
Underlying EBITDA								
Europe	-	-	251	280	376	746	694	694
Americas	-	-	-16	-82	-38	100	103	111
Long Products	-	-	39	16	-	32	38	36
Other	-	-	-42	-17	-42	-33	-35	-35
Total	-	-	232	197	296	846	801	806
Underlying EBITDA margin (%)								
Europe	n.m	n.m	5.4	6.5	9.6	16.2	14.9	14.9
Americas	n.m	n.m	-1.2	-6.8	-2.9	6.4	6.4	6.9
Long Products	n.m	n.m	6.0	2.9	0	4.9	5.5	5.0
Other	n.m	n.m	-19.5	-5.6	91.3	17.0	23.3	23.3
Total	0	0	3.4	3.1	5.2	12.7	11.8	11.8

Source: Handelsbanken Capital Markets

Forecast balance sheet – annual data

EURm	2013	2014	2015	2016	2017e	2018e	2019e
Accounts receivable	855	749	686	687	797	817	821
Inventory	1,216	1,527	1,251	1,232	1,228	1,294	1,299
Other current assets	2,200	40	53	117	133	136	137
Cash & other interest-bearing	607	191	186	204	158	169	595
Current assets	4,878	2,507	2,176	2,240	2,316	2,416	2,852
Goodwill	470	467	400	406	406	406	406
Other intangible	100	100	98	98	98	98	98
Tangible assets	3,254	3,138	3,005	2,874	2,830	2,785	2,735
Shares associates	66	78	63	67	67	67	67
Oth non-IB fixed assets	55	92	91	251	251	251	251
Other financial assets	-	29	41	54	54	54	54
Total assets	8,823	6,411	5,874	5,990	6,022	6,077	6,463
Equity	1,887	2,132	2,329	2,416	2,840	3,141	3,480
Minorities	4	n.m	n.m	n.m	n.m	n.m	n.m
Shareholder equity	1,891	2,132	2,329	2,416	2,840	3,141	3,480
Pension provisions	317	372	369	356	356	356	356
Deferred tax liabilities	204	31	16	22	87	127	167
Convertible debt	-	-	250	250	250	250	250
LT interest-bearing debt	3,270	1,662	1,057	779	479	179	179
ST interest-bearing debt	893	569	547	458	458	458	458
Provisions	-	198	113	118	25	-	-
Trade payables	1,200	1,447	1,193	1,591	1,527	1,566	1,573
Other current liabilities	1,048	n.m	n.m	n.m	n.m	n.m	n.m
Current liabilities	3,141	2,016	1,740	2,049	1,985	2,024	2,031
Total equity & liabilities	8,823	6,411	5,874	5,990	6,022	6,077	6,463
Net interest bearing debt	3,873	2,383	1,996	1,585	1,331	1,020	594

Source: Handelsbanken Capital Markets

Forecast cash flow

EURm	2012	2013	2014	2015	2016	2017e	2018e	2019e
EBIT before associates	-385.0	-510.4	-243.0	228.0	103.0	650.7	581.0	586.2
+ Net financials	-69.0	-101.0	-126.0	-107.0	-94.0	-115.0	-75.0	-45.0
- Paid tax	-1.0	-4.0	-8.0	-41.0	-	-5.0	-10.0	-10.0
- Chg in NWC	394.0	297.0	-50.0	223.0	307.0	-185.7	-50.4	-2.9
+ Depreciation/impairment	336.0	346.0	352.0	304.0	252.0	219.0	220.0	220.0
+ Other adjustment	-9.0	6.4	-51.0	-641.0	-250.6	-93.0	-25.0	n.m
Cash flow from operations (CFFO)	266.0	34.0	-126.0	-34.0	317.4	471.1	640.6	748.3
- Net recurring capex	-302.0	-183.0	-144.0	-151.0	-156.0	-175.0	-175.0	-170.0
FCF bef Acq. & Div. (FCF)	-36.0	-149.0	-270.0	-185.0	161.4	296.1	465.6	578.3
- Acquisitions	-915.0	-111.0	-	-	-	-	-	-
+ Divestments	22.0	186.0	-20.0	390.0	75.0	-	-	-
FCF to equity (FCFE)	-929.0	-74.0	-290.0	205.0	236.4	296.1	465.6	578.3
- Paid dividends to shareholders	n.m	n.m	n.m	n.m	n.m	-41.6	-155.4	-152.1
+ New share issue	972.0	n.m	640.0	n.m	n.m	n.m	n.m	n.m
Other adjustments	-1,862	-14.0	1,140	182.0	174.6	-	-	-
NET cash flow/change in NIBD	-1,819	-88.0	1,490	387.0	411.0	254.4	310.2	426.2
Funds from operations (FFO)	-128.0	-263.0	-76.0	-257.0	10.4	656.7	691.0	751.2
Cash flow from operations (CFFO)	266.0	34.0	-126.0	-34.0	317.4	471.1	640.6	748.3
FCF bef Acquisitions & Divestments (FCF)	-36.0	-149.0	-270.0	-185.0	161.4	296.1	465.6	578.3
FCF to equity (FCFE)	-929.0	-74.0	-290.0	205.0	236.4	296.1	465.6	578.3

Source: Handelsbanken Capital Markets

Financial ratios – annual data

%	2012	2013	2014	2015	2016	2017e	2018e	2019e
Equity/total assets	30.5	21.4	33.3	39.6	40.3	47.2	51.7	53.8
Net debt/equity	128	205	112	85.7	65.6	46.8	32.5	17.1
Net debt/EBITDA (x)	n.m	n.m	22.1	3.8	4.5	1.5	1.3	0.7
Net cash flow/capex	<-200	-48.1	>500	256	263	145	177	251
EBITDA net interest cover (x)	n.m	n.m	0.8	4.2	3.4	7.6	10.7	17.9
EBIT net interest cover (x)	n.m	n.m	n.m	1.8	1.0	5.7	7.7	13.0
FCFF/total debt	0.79	-1.1	-5.5	-3.5	13.9	26.4	42.6	49.2
Total debt/capital	58.6	70.3	55.0	48.8	43.3	35.2	28.4	26.3
Short-term debt/capital	10.7	14.0	12.0	12.0	10.8	10.4	10.4	9.7
Long-term debt/capital	41.7	51.3	35.1	23.2	18.3	10.9	4.1	3.8
Inventory/sales	50.9	18.0	22.3	19.6	21.7	18.5	19.0	19.0
Receivables/sales	54.7	45.3	11.5	11.6	14.1	14.0	14.0	14.0
Accounts payable/sales	51.6	33.3	24.0	20.5	30.0	23.4	23.0	23.0
Working capital/sales	54.0	30.0	12.7	12.5	7.8	9.5	10.0	10.0
Current ratio	161	155	124	125	109	117	119	140
Quick ratio	87.1	117	48.6	53.2	49.2	54.8	55.4	76.4

Source: Handelsbanken Capital Markets

Per share data

m	2012	2013	2014	2015	2016	2017e	2018e	2019e
No of shares, year-end	2,077	2,077	416.4	416.4	416.4	450.0	450.0	450.0
No of shares, average	2,077	2,077	416.4	450.0	450.0	450.0	450.0	450.0
EPS reported (EUR)	-0.26	-0.48	-1.04	0.23	0.34	1.05	1.03	1.11
Y-o-y growth (%)	n.m	n.m	n.m	n.m	47.6	211.7	-2.1	7.6
EPS adj (EUR)	-0.19	-0.34	-0.70	-0.51	0.16	1.01	1.03	1.11
Y-o-y growth (%)	n.m	n.m	n.m	n.m	n.m	530.2	2.3	7.6
Cash earnings (EUR)	-0.10	-0.23	-0.24	0.79	0.89	1.54	1.52	1.60
DPS - ordinary (EUR)	-	-	-	-	0.10	0.37	0.37	0.39
Payout ratio (%)	0.0	0.0	0.0	0.0	29.6	35.5	35.4	35.5
Tot cash payout ratio (%)	0.0	0.0	0.0	0.0	0.0	9.5	36.2	32.9
Book value (EUR)	1.41	0.91	5.1	6.2	6.4	6.9	7.5	8.3
Y-o-y growth (%)	-87.6	-35.5	463.6	21.0	3.4	7.2	9.7	10.0
Net debt (EUR)	1.82	1.86	5.7	4.79	3.81	2.96	2.27	1.32
NAV (EUR)	1.11	0.63	3.76	5.00	5.2	5.7	6.4	7.2

Source: Handelsbanken Capital Markets

Recommendation structure and allocations

Handelsbanken Capital Markets Equity Research (HCM) employs a four-graded recommendation scale. The recommendations reflect the analyst's assessment of how much the share price may appreciate or depreciate in absolute terms in a 12-month time horizon and takes into account risks related to both fundamental expectations and share performance. This assessment is not based on a proprietary HCM model and the basis for the analyst's assessment is dependent on the characteristics of the sector and the company and a multitude of fundamental and timing factors are incorporated. For more detailed information about the recommendation structure please consult the Handelsbanken Capital Markets website: <https://www.researchonline.se/desc/recstruct>. **Investment ratings are determined by the ranges described in the table below.** The recommendations do not represent the analyst's or the bank's assessment of the company's fundamental value or quality. The recommendations and absolute performance intervals, together with the allocation of the rating categories amongst companies under coverage and amongst companies under coverage for which Handelsbanken has provided investment banking services in the past 12 months are listed below:

Ratings: definitions and allocations

HCM rating	R _{TP} is expected to be ¹	HCM Universe ²	IB services ³
Buy	above 20%	21%	14%
Accumulate	+5% to +20%	53%	14%
Reduce	-15% to +5%	25%	23%
Sell	below -15%	1%	0%

¹ R_{TP} is defined as the expected share price appreciation or depreciation including dividends over the next 12 months

² Percentage of companies under coverage within each recommendation

³ Percentage of companies within each recommendation for which investment banking services have been provided in the past 12 months

Source: Handelsbanken Capital Markets, as per 25/7 2017

Recommendations are continuously reviewed by the analyst and monitored by the Research Management and will be updated and/or refreshed regularly. The rationale behind a change in recommendation will be explained in such a refresher/update.

A list of all recommendations made by investment research during the preceding 12-month period is available here: <https://www.researchonline.se/desc/rechist>.

The target price (TP) is the analyst's assessment of the level at which the share should be traded in a 12-month period. The TP is used as a basis for the recommendation (see explanation above) and takes into account timing-related issues and triggers, such as relative valuation and newsflow. The TP does not represent the analyst's or the bank's assessment of the company's fundamental value or quality.

Unless otherwise specified, share prices mentioned in this report refer to the closing price of the previous day.

Risk warning

All investments involve risks and investors are encouraged to make their own decision as to the appropriateness of an investment in any securities referred to in this report, based on their specific investment objectives, financial status and risk tolerance. The historical return of a financial instrument is not a guarantee of future return. The value of financial instruments can rise or fall, and it is not certain that you will get back all the capital you have invested. At times, the expected total returns may fall outside of the above stated ranges because of price movement and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management.

Valuation and methodology

Target prices, outlooks and recommendations expressed in this research report are based on a combination of valuation models, such as discounted cash flow (DCF) and relative valuation to peers using ratios such as price-to-earnings (P/E), enterprise-value-to-operating-profit (EV/EBITDA), price-to-book (P/B) and earnings models. Sales and earnings forecasts are based on historical financial data as reported by the company and the analyst's expectations for company-specific performance are derived from expectations of micro- and macroeconomic developments. The company's different business segments are modelled separately in this process and then aggregated to achieve group forecasts for sales, earnings, cash flow and the balance sheet. For more detailed information about the valuation and methodology please consult the Handelsbanken Capital Markets website: <https://www.researchonline.se/desc/disclaimers>.

Research disclaimers

Handelsbanken Capital Markets, a division of Svenska Handelsbanken AB (publ) (collectively referred to herein as 'SHB'), is responsible for the preparation of research reports. SHB is regulated in Sweden by the Swedish Financial Supervisory Authority, in Norway by the Financial Supervisory Authority of Norway, in Finland by the Financial Supervisory Authority and in Denmark by the Danish Financial Supervisory Authority. All research reports are prepared from trade and statistical services and other information that SHB considers to be reliable. SHB has not independently verified such information and does not represent that such information is true, accurate or complete. Accordingly, to the extent permitted by law, neither SHB, nor any of its directors, officers or employees, nor any other person, accept any liability whatsoever for any loss, however it arises, from any use of such research reports or its contents or otherwise arising in connection therewith.

In no event will SHB or any of its affiliates, their officers, directors or employees be liable to any person for any direct, indirect, special or consequential damages arising out of any use of the information contained in the research reports, including without limitation any lost profits even if SHB is expressly advised of the possibility or likelihood of such damages.

The views contained in SHB research reports are the opinions of employees of SHB and its affiliates and accurately reflect the personal views of the respective analysts at this date and are subject to change. There can be no assurance that future events will be consistent with any such opinions. Each analyst identified in this research report also certifies that the opinions expressed herein and attributed to such analyst accurately reflect his or her individual views about the companies or securities discussed in the research report.

Research reports are prepared by SHB for information purposes only. The information in the research reports does not constitute a personal recommendation or personalised investment advice and such reports or opinions should not be the basis for making investment or strategic decisions. This document does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. Past performance may not be repeated and should not be seen as an indication of future performance. The value of investments and the income from them may go down as well as up and investors may forfeit all principal originally invested. Investors are not guaranteed to make profits on investments and may lose money. Exchange rates may cause the value of overseas investments and the income arising from them to rise or fall. This research product will be updated on a regular basis.

No part of SHB research reports may be reproduced or distributed to any other person without the prior written consent of SHB. The distribution of this document in certain jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

The report does not cover any legal or tax-related aspects pertaining to any of the issuer's planned or existing debt issuances.

Please be advised of the following important research disclosure statements:

SHB employees, including analysts, receive compensation that is generated by overall firm profitability. Analyst compensation is not based on specific corporate finance or debt capital markets services. No part of analysts' compensation has been, is or will be directly or indirectly related to specific recommendations or views expressed within research reports.

From time to time, SHB and/or its affiliates may provide investment banking and other services, including corporate banking services and securities advice, to any of the companies mentioned in our research.

We may act as adviser and/or broker to any of the companies mentioned in our research. SHB may also seek corporate finance assignments with such companies.

We buy and sell securities mentioned in our research from customers on a principal basis. Accordingly, we may at any time have a long or short position in any such securities. We may also make a market in the securities of all the companies mentioned in this report.

[Further information and relevant disclosures are contained within our research reports.]

SHB, its affiliates, their clients, officers, directors or employees may own or have positions in securities mentioned in research reports.

The Bank has adopted Guidelines concerning Research which are intended to ensure the integrity and independence of research analysts and the research department, as well as to identify actual or potential conflicts of interests relating to analysts or the Bank and to resolve any such conflicts by eliminating or mitigating them and/or making such disclosures as may be appropriate. As part of its control of conflicts of interests, the Bank has introduced restrictions ("Information barriers") on communications between the Research department and other departments of the Bank. In addition, in the Bank's organisational structure, the Research department is kept separate from the Corporate Finance department and other departments with similar remits. The Guidelines concerning Research also include regulations for how payments, bonuses and salaries may be paid out to analysts, what marketing activities an analyst may participate in, how analysts are to handle their own securities transactions and those of closely related persons, etc. In addition, there are restrictions in communications between analysts and the subject company. According to the Bank's Ethical Guidelines for the Handelsbanken Group, the board and all employees of the Bank must observe high standards of ethics in carrying out their responsibilities at the Bank, as well as other assignments. For full information on the Bank's ethical guidelines please see the Bank's website www.handelsbanken.com and click through to About the bank – Sustainability at Handelsbanken – Sustainability – Policy documents and guidelines – Policy documents – Policy for ethical standards in the Handelsbanken Group. Handelsbanken has a ZERO tolerance of bribery and corruption. This is established in the Bank's Group Policy on Bribery and Corruption. The prohibition against bribery also includes the soliciting, arranging or accepting bribes intended for the employee's family, friends, associates or acquaintances. For full information on the Bank's Policy against corruption please see the Bank's website www.handelsbanken.com and click through to About the bank – Sustainability at Handelsbanken – Sustainability – Policy documents and guidelines – Policy documents – Policy against corruption in the Handelsbanken Group.

When distributed in the UK

Research reports are distributed in the UK by SHB.

SHB is authorised by the Swedish Financial Supervisory Authority (Finansinspektionen) and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority, and regulation by the Financial Conduct Authority are available from us on request.

UK customers should note that neither the UK Financial Services Compensation Scheme for investment business nor the rules of the Financial Conduct Authority made under the UK Financial Services and Markets Act 2000 (as amended) for the protection of private customers apply to this research report and accordingly UK customers will not be protected by that scheme.

This document may be distributed in the United Kingdom only to persons who are authorised or exempted persons within the meaning of the Financial Services and Markets Act 2000 (as amended) (or any order made thereunder) or (i) to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (ii) to high net worth entities falling within Article 49(2)(a) to (d) of the Order or (iii) to persons who are professional clients under Chapter 3 of the Financial Conduct Authority Conduct of Business Sourcebook (all such persons together being referred to as "Relevant Persons").

When distributed in the United States

Important Third-Party Research Disclosures:

SHB and its employees are not subject to FINRA's research analyst rules which are intended to prevent conflicts of interest by, among other things, prohibiting certain compensation practices, restricting trading by analysts and restricting communications with the companies that are the subject of the research report.

SHB research reports are intended for distribution in the United States solely to "major U.S. institutional investors," as defined in Rule 15a-6 under the Securities Exchange Act of 1934. Each major U.S. institutional investor that receives a copy of research report by its acceptance hereof represents and agrees that it shall not distribute or provide research reports to any other person.

Reports regarding fixed-income products are prepared by SHB and distributed by SHB to major U.S. institutional investors under Rule 15a-6(a)(2). Reports regarding equity products are prepared by SHB and distributed in the United States by Handelsbanken Markets Securities Inc. ("HMSI") under Rule 15a-6(a)(3). When distributed by HMSI, HMSI takes responsibility for the report. Any U.S. person

receiving these research reports that desires to effect transactions in any equity product discussed within the research reports should call or write HMSI. HMSI is a FINRA Member, telephone number (+1-212-326-5153).

Outokumpu

This report has not been given to the subject company, or any other external party, prior to publication to approve the accuracy of the facts presented. The subject company has not been notified of the recommendation, target price or estimate changes, as stated in this report, prior to publication.

Jul 25, 2017:

Handelsbanken's analyst Johannes Grunselius has no position in Outokumpu or a related instrument.

Handelsbanken is party to an agreement with the following issuers relating to the provision of services of investment firms over the past twelve months.

On 2016-01-08 the recommendation Reduce, which was set on 2015-05-12 at the share price of EUR 5.23, was changed to the current recommendation Buy at a share price of EUR 2.40.

For more company-specific disclosure texts, please consult the Handelsbanken Capital Markets website:
<https://www.researchonline.se/desc/disclosure>.

Company overview

EURm	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e
P&L																			
Sales	5,324	5,558	5,922	5,122	5,552	6,154	6,913	5,474	2,611	4,229	5,009	4,538	6,745	6,844	6,384	5,690	6,639	6,811	6,839
growth (%)	44	4	7	-14	8	11	12	-21	-52	62	18	-9	49	1	-7	-11	17	3	0.4
EBITDA	410	540	540	719	299	1,045	793	118	-209	169	35	-49	-164	108	530	355	870	801	806
m margin (%)	7.7	9.7	9.1	14.0	5.4	17.0	11.5	2.1	-8.0	4.0	0.70	-1.1	-2.4	1.6	8.3	6.2	13.1	11.8	11.8
EBITA	202	297	258	488	105	841	609	-43	-438	-83	-260	-385	-510	-243	228	103	651	581	586
m margin (%)	3.8	5.3	4.4	9.5	1.9	13.7	8.8	-0.79	-16.8	-2.0	-5.2	-8.5	-7.6	-3.6	3.6	1.8	9.8	8.5	8.6
EBIT	183	267	214	468	83	824	589	-63	-438	-83	-260	-385	-510	-243	228	103	651	581	586
m margin (%)	3.4	4.8	3.6	9.1	1.5	13.4	8.5	-1.2	-16.8	-2.0	-5.2	-8.5	-7.6	-3.6	3.6	1.8	9.8	8.5	8.6
Net income	74	166	111	383	-335	961	639	-189	-333	-124	-181	-536	-997	-435	95	144	466	456	491
growth (%)	n.m	124	-33.1	245	n.m	n.m	-33.5	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	51.6	223	-2.1	7.7
Adj net income	74	166	111	383	132	279	432	-49	-318	-111	-285	-389	-706	-291	-239	64	446	456	491
growth (%)	n.m	124	-33.1	245	-65.6	112	54.5	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	596	2.3	7.7
Balance sheet																			
Tangible assets	-	3,088	2,668	2,743	2,125	2,069	1,980	2,027	2,099	2,054	2,005	3,697	3,254	3,138	3,005	2,874	2,830	2,785	2,735
Goodwill	-	-	-	-	-	-	-	-	482	483	448	529	470	467	400	406	406	406	406
Current assets	-	2,604	2,567	3,250	2,498	3,400	2,925	2,276	1,693	2,432	2,333	5,014	4,878	2,507	2,176	2,240	2,316	2,416	2,852
Cash	-	195	231	211	212	320	86	371	150	199	168	222	607	191	186	204	158	169	595
Total assets	-	6,327	6,397	7,077	5,507	6,414	5,910	5,341	4,850	5,634	5,246	9,671	8,823	6,411	5,874	5,990	6,022	6,077	6,463
Equity	-	1,906	2,048	2,468	2,047	3,054	3,323	2,794	2,451	2,374	2,070	2,926	1,887	2,132	2,329	2,416	2,840	3,141	3,480
Minority	-	-	-	-	15	17	13	1	-	2	14	26	4	-	-	-	-	-	-
LT int bearing debt	-	1,493	1,777	1,971	1,707	1,360	992	1,218	1,039	1,529	1,197	2,974	3,270	1,662	1,057	779	479	179	179
ST int bearing debt	-	-	986	1,103	501	632	464	581	697	964	1,061	763	893	569	547	458	458	458	458
Current liab	-	2,425	2,017	2,153	1,413	1,640	1,191	1,018	1,178	1,549	1,798	3,106	3,141	2,016	1,740	2,049	1,985	2,024	2,031
Total liabilities	-	6,327	6,397	7,077	5,507	6,414	5,910	5,341	4,850	5,634	5,246	9,671	8,823	6,411	5,874	5,990	6,022	6,077	6,463
Net int bearing debt	-	1,107	2,481	2,873	1,844	1,366	971	1,128	1,406	1,979	1,966	3,785	3,873	2,383	1,996	1,585	1,331	1,020	594
Cash flow																			
CFFO	299	441	194	-128	459	-35	676	656	198	-497	338	266	34	-126	-34	317	471	641	748
Capex	-	-924	-486	-368	-182	-145	-143	-291	-215	-147	-114	-302	-183	-144	-151	-156	-175	-175	-170
Free cash flow	299	-483	-292	-496	277	-180	533	365	-17	-644	224	-36	-149	-270	-185	161	296	466	578
Acquisitions	-	-1,118	-56	-	-36	-1	-54	-204	-	-	-	-915	-111	-	-	-	-	-	-
Divestments	7	73	390	145	779	347	1	49	-	-	-	22	186	-20	390	75	-	-	-
FCF to equity	306	-1,528	42	-351	1,020	166	480	210	-17	-644	224	-929	-74	-290	205	236	296	466	578
Ratios (%)																			
Pre-tax ROIC	0	0	6.8	9.8	2.3	20.2	13.9	-1.0	-11.3	-2.0	-6.2	-7.1	-8.2	-4.7	5.2	2.5	15.9	13.9	14.2
ROE reported	n.m	n.m	5.6	17.0	0.18	23.7	20.6	-3.6	-12.7	-5.1	-8.1	-21.5	-34.4	-22.2	4.3	6.1	17.7	15.2	14.8
ROCE	n.m	n.m	5.1	8.7	4.2	17.4	11.5	0.42	n.m	n.m	n.m	n.m	n.m	n.m	n.m	0.52	14.5	13.3	12.9
Capex to sales	0	16.6	8.2	7.2	3.3	2.4	2.1	5.3	8.2	3.5	2.3	6.7	2.7	2.1	2.4	2.7	2.6	2.6	2.5
NWC to sales	0	-0.29	22.0	38.8	24.7	33.7	30.6	26.8	40.7	39.0	28.5	54.0	30.0	12.7	12.5	7.8	9.5	10.0	10.0
Sales/assets (EURx)	n.m	1.76	0.93	0.76	0.88	1.03	1.12	0.97	0.51	0.81	0.92	0.61	0.73	0.90	1.04	0.96	1.11	1.13	1.09
Sales/IC (x)	n.m	3.64	1.55	1.03	1.20	1.48	1.58	1.33	0.67	1.03	1.19	0.84	1.08	1.33	1.44	1.37	1.62	1.63	1.66
Net debt/equity	n.m	56.9	119.1	114.6	89.4	44.5	29.1	40.4	57.4	83.3	94.3	128.2	204.8	111.8	85.7	65.6	46.8	32.5	17.1
Equity/total assets	n.m	30.8	32.6	35.4	37.4	47.9	56.4	52.3	50.5	42.2	39.7	30.5	21.4	33.3	39.6	40.3	47.2	51.7	53.8
Share data(EUR)																			
Avg no shares (m)	125	149	176	181	181	181	181	180	180	182	182	2,077	2,077	416	416	416	416	416	416
change (%)	0.1	19	18	3	0.0	-0.1	-0.2	-0.3	0.0	1	0.0	1,042	0.0	-80	0.0	0.0	0.0	0.0	0.0
Dilutive no shares (m)	-	-	-	-	-	-	1.0	-	-	-	-	-	-	-	33.7	33.7	33.7	33.7	33.7
Avg diluted shares (m)	125	149	176	181	181	181	182	180	180	182	182	2,077	2,077	416	450	450	450	450	450
change (%)	0.1	19.4	17.9	3.3	0.0	-0.1	0.4	-0.9	0.0	1.0	0.0	1,042	0.0	-80.0	8.1	0.0	0.0	0.0	0.0
Share price YE	24.5	19.0	24.6	30.1	28.7	67.9	48.5	18.9	30.3	31.8	11.6	6.9	3.6	4.8	2.7	8.5	6.8	6.8	6.8
Market cap (m)	3,058	3,275	4,400	5,453	5,204	12,285	5,246	3,412	5,464	5,778	2,115	14,416	7,384	1,987	1,138	3,541	2,836	2,836	2,836
EV (m)	3,058	4,422	6,661	8,073	7,013	13,621	6,198	4,488	6,718	7,611	3,990	18,147	11,195	4,292	3,071	5,059	4,099	3,789	3,363
Net debt/share	0	6.4	13.9	15.9	10.2	7.5	8.9	6.3	7.8	10.9	10.8	1.8	1.9	5.7	4.8	3.8	3.0	2.3	1.3
EPS reported	0.59	1.12	0.63	2.11	-1.85	5.3	3.52	-1.05	-1.85	-0.68	-0.99	-0.26	-0.48	-1.04	0.23	0.34	1.05	1.03	1.11
growth (%)	n.m	88	-43	234	n.m	n.m	-34	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	48	212	-2	8
EPS adj	0.59	1.12	0.63	2.11	0.73	1.54	2.38	-0.27	-1.77	-0.61	-1.57	-0.19	-0.34	-0.70	-0.51	0.16	1.01	1.03	1.11
growth (%)	n.m	88	-43	234	-66	112	54	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	530	2	8
BVPS	n.m	11.1	11.5	13.6	11.3	16.9	30.5	15.5	13.6	13.0	11.4	1.41	0.91	5.1	6.2	6.4	6.9	7.5	8.3
DPS - Ordinary	0.61	0.40	0.20	0.50	0.45	1.10	1.20	0.50	0.35	0.25	-	-	-	-	-	0.10	0.37	0.37	0.39
Total cash distr./share	0.80	0.61	0.40	0.20	0.50	0.45	1.10	1.20	0.50	0.35	0.25	0.00	0.00	0.00	0.00	0.00	0.10	0.37	0.37
Valuation (x)																			
P/E reported	41.3	17.0	39.0	14.2	n.m	12.8	13.8	n.m	n.m	n.m	n.m	n.m	n.m	n.m	11.9	25.2	6.5	6.6	6.1
P/E adjusted	41.3	17.0	39.0	14.2	39.5	44.0	20.4	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	53.2	6.8	6.6	6.1
P/CEPS	10.2	6.4	9.6	9.8	23.8	15.0	10.3	48.3	n.m	41.9	17.8	n.m	n.m	n.m	3.5	9.6	4.4	4.5	4.3
EV/EBITDA	7.5	8.2	12.3	11.2	16.4	13.0	8.0	22.4	n.m	40.9	21.4	>99	n.m	18.2	15.7	18.4	4.9	4.7	4.2
EV/sales	0.57	0.80	1.1	1.6	1.3	2.2	0.90	0.82	2.6	1.8	0.80	4.0	1.7	0.63	0.48	0.89	0.62	0.56	0.49
EBIT margin (%)	3.8	5.3	4.4	9.5	1.9	13.7	8.8	-0.79	-16.8	-2.0	-5.2	-8.5	-7.6	-3.6	3.6	1.8	9.8	8.5	8.6
P/sales	0.57	0.51	0.73	1.1	0.94	2.0	1.3	0.62	2.1	1.4	0.42	3.2	1.1	0.29	0.19	0.67	0.46	0.45	0.45
P/BV	n.m	1.7	2.1	2.2	2.5	4.0	1.6	1.2	2.2	2.4	1.0	4.9	3.9	0.9	0.4	1.3	1.0	0.9	0.8
ROE reported (%)	n.m	n.m	5.6	17.0	0.18	23.7	20.6	-3.6	-12.7	-5.1	-8.1	-21.5	-34.4	-22.2	4.3	6.1	17.7	15.2	14.8
FCF adj yield (EUR%)	9.8	-14.7	-6.6	-9.1	4.7	-4.2	4.9	10.7	-0.31	-11.1	0.38	-0.25	-2.0	-13.6	-16.3	4.6	10.4	16.4	20.4
Total div yield (%)	2.5	2.1	0.81	1.7	1.6	1.6	2.5	2.6	1.2	0.79	0	0	0	0	0	1.2	5.5	5.4	5.5