Finland

Analysis and synthesis

April 2, 2019
The Finnish market represents less than 1% of the worldwide market capitalization with 55 companies being followed by theScreener.

The index, OMXH, is currently trading at 7% below its 52 week high and 12% above its 52 low (bi-weekly closing).

Performance since April 3, 2018: 2.6% vs. 4.3% for the DJ Stoxx 600 and 9.7% for the SP500.

The current % of stocks over their Medium Term technical trend (MTT) is 61.8%.

Price evaluation rating
In order to assess whether an index is correctly valued, we focus on Peter Lynch's broadly accepted methodology of comparing the projected earnings growth and dividend with the estimated PE ratio. Based on this approach, we feel this index is currently strongly undervalued.

A "Forecasted Growth + Estimated Dividend Yield/Estimated Price Earnings" ratio higher than 0.9 indicates that the index's price includes a discount to growth of -30.8%.

Earnings revision trend
Compared to seven weeks ago, the analysts have raised (6.5%) their earnings estimates. This positive trend began February 1, 2019 at a price of 9,448.2.

Performance over 5 years
On a 5 year moving average, the performance of the index OMXH is 29.8%, vs. 13.5% for the DJ Stoxx 600 and 53.7% for the SP500. During this period, the high of 10,433.9 was reached on May 2018 and the low of 7,122.4 in the month of April 2014. It is interesting to point out that since 5 years ago the USD vs. the EUR rose significantly by 22%. The returned performance in EUR is 29.8%, vs. 13.5% for the DJ Stoxx 600 and 88.1% for the SP500.
Finnish Market (Reference OMXH)
Closing price of April 2, 2019

<table>
<thead>
<tr>
<th>Index</th>
<th>Market Value</th>
<th>Perf YTD</th>
<th>Nb of Stocks</th>
<th>Mkt Cap in $bn</th>
<th>Stars</th>
<th>Sensitivity</th>
<th>G/PE Ratio</th>
<th>LT P/E</th>
<th>LT Growth</th>
<th>4wk Perf</th>
<th>% of Stocks in Uptrend</th>
</tr>
</thead>
<tbody>
<tr>
<td>OMXH (FI)</td>
<td>9,745.72</td>
<td>11.9%</td>
<td>55</td>
<td>269.24</td>
<td>⭐⭐⭐</td>
<td>1.30</td>
<td>12.7</td>
<td>11.8%</td>
<td>-0.4%</td>
<td>61.8%</td>
<td></td>
</tr>
</tbody>
</table>

Volatility

Volatility is also used as a sensitivity factor. It measures the magnitude of upward and downward movements of a stock or index. The higher the volatility, the more an index is considered as sensitive.
As of the last update, the monthly volatility of (23.5%) is higher than the last few years' average of (14.5%). The high magnitude of short term price fluctuations indicates the market is very nervous.
On the other hand, long term volatility 14.5% of the index is similar to that of the index DJ Stoxx 600 (11.5%), reflecting almost identical price variations between this market and the market European.

The sensitivity factor in declining markets
The “Bear Market Factor” measures the behavior of an index in declining markets. In this context, the index OMXH has a tendency to minimize the drops of the index TSC_World.
This would indicate a low sensitive behaviour of the index during market corrections. The index OMXH has a tendency to minimize drops in the index TSC_World by -0.03%.

The sensitivity factor in rising markets
The “Bad News Factor” measures the index's corrections during rising international markets.
In this configuration, the market normally sanctions the index OMXH when there is specific pressure in this particular economic activity. When the index declines in a rising world market its average deviation is -1.38%.

Sensitivity analysis summary
Generally speaking, the OMXH index shows an average sensitive behaviour, in line with other equity indices because of a medium Bad News Factor.

Checklist (OMXH)

<table>
<thead>
<tr>
<th>Stars</th>
<th>Weak interest since March 29, 2019.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings Rev Trend</td>
<td>Analysts positive since February 1, 2019</td>
</tr>
<tr>
<td>Valuation Rating</td>
<td>Strongly undervalued</td>
</tr>
<tr>
<td>MT Tech Trend</td>
<td>Market neutral but previously negative (since March 29, 2019)</td>
</tr>
<tr>
<td>4wk Perf</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Sensitivity</td>
<td>The index has been on the &quot;moderate sensitivity&quot; level since December 21, 2018.</td>
</tr>
<tr>
<td>Bear Mkt Factor</td>
<td>Below average sensitivity to market corrections</td>
</tr>
<tr>
<td>Bad News Factor</td>
<td>Fair market sanction in case of specific pressure</td>
</tr>
</tbody>
</table>

The largest group in terms of market capitalization, Industrial Goods & Services, represents 22.6% of the Finnish market. In order of size, follow Technology with 13.1% Basic Resources with 11.9%.

2019 performance of the groups of the Finnish market

Since the beginning of the year, the index OMXH recorded a variation of 11.9%. The market is made up of 18 groups, in which the extreme variations were from -1.8% to 45.0%.

Updated twice a week (Monday & Wednesday)
2019 performance of the 20 largest stocks

Since the beginning of the year, the performance of the index was 11.9%; as for the three best stocks, (ROVIO ENTERTAINMENT (ROVIO), NESTE (NESTE) and METSO OYJ (ME01V)), their performance was 57.3%, 45.0% and 39.6% respectively.

Flop Stocks 2019

LASSILA & TIKANOJA PLC (LAT1V), FORTUM OYJ (FORTUM) and TELIA COMPANY AB (TLS) with -3.6%, -1.8% and -1.7% recorded the three worst performances since the beginning of the year. For the index OMXH, the variation was 11.9%.

The 12 month performance of the 20 largest stocks

Since 12 months ago, the performance of the index has been 2.6%; the three best stocks, (POYRY OYJ (POY1V), NESTE (NESTE) and AMER SPORTS OYJ (AMEAS_Takeover)) recorded a performances of 97.9%, 72.9% and 58.4% respectively.

Flop Stocks 12 months

The three worst performances in 12 months were recorded by OUTOTEC OYJ (OTE1V), OUTOKUMPU OYJ (OUT1V) and METSA BOARD CORPORATION (METSB) with -40.4%, -35.1% and -29.5%. As for the group , it recorded a variation of 2.6%.
Stocks with the best valuations

The global rating (Global Evaluation) is a multi-criteria approach that identifies the stocks with the best valuations. This assessment is the compilation of fundamental (price, growth, earnings revisions, dividend, etc.), technical (moving average, relative performance), and sensitivity (behaviour in declining markets and sensitivity to bad news) factors. In order to present the best selection, only companies with a market capitalization greater than $1bn and showing good earnings growth valuations are listed. Furthermore, the eligible stocks must have a minimum rating of two stars; a neutral to positive valuation; a low to moderate sensitivity. When the global rankings are identical, the analysts’ 7 week earnings per share revision (7 wk EPS rev) acts as the deciding classification element.

The sensitivity assessment is based on essentially two criteria: the stock’s “behaviour in declining markets” (Bear Market Factor), and the stock’s “sensitivity to bad news” (Bad News Factor). By positioning a stock according to the world averages, three sensitivity levels can be attributed (low, moderate, high). Combining these elements makes it possible to create a final ranking of stocks in the market. To present the most useful selection, only companies with a market capitalization greater than $1bn and showing good earnings growth valuations are listed. Furthermore, the eligible stocks must have a minimum rating of two stars; a neutral to positive valuation; a low to moderate sensitivity. In case of a tie, the stock’s “behaviour in declining markets” will act as the deciding classification element.

The stocks with the lowest correlations

The correlation coefficient allows to identify the stocks whose dependence on the market is the weakest. If this value is very low, less than 0.5, it means that less than 50% of the stock movements are explained by market movements. On the contrary, a number close to 1 indicates that the value is very close to the evolutions of the market. In order to present the best selection, only companies with a market capitalization higher than $1bn and showing good earnings growth valuations are listed. Furthermore, the eligible stocks must have a minimum rating of two stars; a neutral to positive valuation; a low to moderate sensitivity; and a minimum correlation of 0.66. In the case of a tie in the ranking, the stock’s “behaviour in declining markets” (Bear Market Factor) acts as the deciding classification element.
The price to earnings ratio (PE) helps to find undervalued stocks. It is commonly accepted that if the PE of a stock is lower than the PE of its reference market, the stock has upside price potential. In order to present the best selection, only companies with a market capitalization greater than $1bn and showing good earnings growth evaluations are listed. Furthermore, the eligible stocks must have: a minimum rating of two stars, a neutral to positive valuation, a low to moderate sensitivity. When the PE ratios are identical, the analysts’ 7 week earnings per share revision (7 wk EPS rev) acts as the deciding classification element.

The 20 top stocks classified by market capitalization

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</thead>
<tbody>
<tr>
<td>NOKIA FI</td>
<td>NOKIA OYJ Telecommunications Equipment</td>
<td>5.15 EUR</td>
<td>2.3%</td>
<td>32.46 EUR</td>
<td>2.18</td>
<td>10.0</td>
<td>17.3%</td>
<td>-6.3%</td>
<td>4.6%</td>
<td>30.1%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5</td>
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<tr>
<td>NESTE FI</td>
<td>NESTE Integrated Oil &amp; Gas</td>
<td>97.64 EUR</td>
<td>45.0%</td>
<td>28.02 EUR</td>
<td>1.00</td>
<td>14.6</td>
<td>11.7%</td>
<td>5.0%</td>
<td>2.9%</td>
<td>21.8%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5</td>
</tr>
<tr>
<td>KNEBV FI</td>
<td>KONE OYJ Industrial Machinery</td>
<td>46.86 EUR</td>
<td>12.5%</td>
<td>27.69 EUR</td>
<td>0.90</td>
<td>20.2</td>
<td>14.3%</td>
<td>4.4%</td>
<td>3.9%</td>
<td>21.3%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5</td>
</tr>
<tr>
<td>SAMAS FI</td>
<td>SAMPO OYJ Property &amp; Casualty Insurance</td>
<td>41.67 EUR</td>
<td>8.5%</td>
<td>25.90 EUR</td>
<td>1.08</td>
<td>13.5</td>
<td>7.5%</td>
<td>-6.1%</td>
<td>7.1%</td>
<td>22.4%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5</td>
</tr>
<tr>
<td>TL5 FI</td>
<td>TELIA COMPANY AB Mobile Telecommunications</td>
<td>4.02 EUR</td>
<td>-1.7%</td>
<td>19.47 EUR</td>
<td>1.11</td>
<td>14.1</td>
<td>9.7%</td>
<td>3.0%</td>
<td>6.0%</td>
<td>17.2%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5</td>
</tr>
<tr>
<td>FORTUM FI</td>
<td>FORTUM OYJ Alternative Electricity</td>
<td>18.75 EUR</td>
<td>-1.8%</td>
<td>18.64 EUR</td>
<td>2.10</td>
<td>10.4</td>
<td>15.2%</td>
<td>-6.5%</td>
<td>6.5%</td>
<td>37.9%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5.5</td>
</tr>
<tr>
<td>UPM FI</td>
<td>UPM-KYMENNE OYJ Paper</td>
<td>27.46 EUR</td>
<td>24.0%</td>
<td>16.40 EUR</td>
<td>0.82</td>
<td>13.1</td>
<td>5.9%</td>
<td>-2.8%</td>
<td>4.9%</td>
<td>43.0%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5.5</td>
</tr>
<tr>
<td>STERV FI</td>
<td>STORA ENSO OYJ Paper</td>
<td>11.52 EUR</td>
<td>14.2%</td>
<td>10.46 EUR</td>
<td>0.89</td>
<td>10.3</td>
<td>4.4%</td>
<td>-8.9%</td>
<td>4.7%</td>
<td>52.5%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5.5</td>
</tr>
<tr>
<td>WRTBV FI</td>
<td>WARTSILA OYJ ABP Industrial Machinery</td>
<td>14.70 EUR</td>
<td>5.6%</td>
<td>9.73 EUR</td>
<td>1.25</td>
<td>12.7</td>
<td>11.9%</td>
<td>-2.5%</td>
<td>3.9%</td>
<td>46.7%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5.5</td>
</tr>
<tr>
<td>ELISA FI</td>
<td>ELISA OYJ Integrated Telecommunications</td>
<td>41.04 EUR</td>
<td>13.7%</td>
<td>7.68 EUR</td>
<td>0.83</td>
<td>18.9</td>
<td>11.2%</td>
<td>6.0%</td>
<td>4.6%</td>
<td>13.4%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5.5</td>
</tr>
<tr>
<td>KESKOB FI</td>
<td>KESKO OYJ Food Retailers &amp; Wholesalers</td>
<td>54.88 EUR</td>
<td>16.5%</td>
<td>5.95 EUR</td>
<td>0.99</td>
<td>16.8</td>
<td>11.8%</td>
<td>-0.5%</td>
<td>4.9%</td>
<td>19.9%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5.5</td>
</tr>
<tr>
<td>ORNBV FI</td>
<td>ORION CORP. Pharmaceuticals</td>
<td>34.40 EUR</td>
<td>13.6%</td>
<td>5.44 EUR</td>
<td>0.72</td>
<td>24.3</td>
<td>13.4%</td>
<td>3.4%</td>
<td>4.1%</td>
<td>21.4%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5.5</td>
</tr>
<tr>
<td>MEOY FI</td>
<td>METSO OYJ Industrial Machinery</td>
<td>31.97 EUR</td>
<td>39.6%</td>
<td>5.38 EUR</td>
<td>1.26</td>
<td>12.9</td>
<td>12.0%</td>
<td>2.2%</td>
<td>4.3%</td>
<td>29.3%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5.5</td>
</tr>
<tr>
<td>AMEAS_TA FI</td>
<td>AMER SPORTS OYJ Recreational Products</td>
<td>40.02 EUR</td>
<td>4.3%</td>
<td>5.31 EUR</td>
<td>0.96</td>
<td>20.0</td>
<td>16.9%</td>
<td>-2.4%</td>
<td>2.4%</td>
<td>4.1%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5.5</td>
</tr>
<tr>
<td>NRE1V FI</td>
<td>NOKIAN RENKAAT OYJ Tires</td>
<td>30.69 EUR</td>
<td>14.4%</td>
<td>4.74 EUR</td>
<td>1.12</td>
<td>12.4</td>
<td>8.5%</td>
<td>-6.4%</td>
<td>5.4%</td>
<td>27.4%</td>
<td>4</td>
<td>5</td>
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</tr>
<tr>
<td>HUHV FI</td>
<td>HUHTAMAKI OYJ Containers &amp; Packaging</td>
<td>34.17 EUR</td>
<td>26.2%</td>
<td>4.12 EUR</td>
<td>1.25</td>
<td>12.4</td>
<td>12.5%</td>
<td>3.6%</td>
<td>2.9%</td>
<td>21.0%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5.5</td>
</tr>
<tr>
<td>VALMT FI</td>
<td>VALMET OYJ Industrial Machinery</td>
<td>23.92 EUR</td>
<td>33.3%</td>
<td>4.01 EUR</td>
<td>1.36</td>
<td>13.3</td>
<td>14.5%</td>
<td>3.8%</td>
<td>3.5%</td>
<td>31.9%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5.5</td>
</tr>
<tr>
<td>KCR1V FI</td>
<td>KONECRANES OYJ Commercial Vehicles &amp; Trucks</td>
<td>33.69 EUR</td>
<td>27.7%</td>
<td>2.98 EUR</td>
<td>2.00</td>
<td>9.0</td>
<td>13.7%</td>
<td>3.3%</td>
<td>4.4%</td>
<td>47.7%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5.5</td>
</tr>
<tr>
<td>KOJAMO FI</td>
<td>KOJAMO OYJ Real Estate Holding &amp; Development</td>
<td>10.52 EUR</td>
<td>2.91</td>
<td>1.05 EUR</td>
<td>15.4</td>
<td>12.6%</td>
<td>9.0%</td>
<td>3.5%</td>
<td>25.9%</td>
<td>4</td>
<td>5</td>
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<tr>
<td>DNA FI</td>
<td>DNA OYJ Integrated Telecommunications</td>
<td>18.51 EUR</td>
<td>14.2%</td>
<td>2.89 EUR</td>
<td>1.03</td>
<td>18.4</td>
<td>13.1%</td>
<td>6.1%</td>
<td>5.8%</td>
<td>31.9%</td>
<td>4</td>
<td>5</td>
<td>4.5.5.5.5.5.5.5</td>
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</table>
This is the relationship between the price (P) and the estimated long-term future earnings (LT) growth.

\[
\text{LT PE} = \frac{\text{LT growth} + \text{Dividend}}{\text{PE of future expectations}}
\]

We establish our rating by combining these elements.

There are four ratings, ranging from strongly undervalued \( \star \star \star \) to strongly overvalued \( \star \star \star \).

Stars

TheScreener.com's star rating system is designed to help you identify high-quality stocks quickly and easily.

In this easy-to-use rating system, stars are earned for each element specified below:

- Earnings Rev Trend \( \star \star \star \star \star \)
- Valuation Rating \( \star \star \star \star \)
- MT Tech Trend \( \star \star \star \star \star \)
- 4 week Relative Performance \( > 1\% \) = \( \star \star \star \star \)

Therefore, a stock can earn a maximum of four stars.

Once a stock has earned a star, it will keep it until:

- Earnings Rev Trend becomes negative
- Valuation Rating becomes negative
- MT Tech Trend becomes negative
- 4 week Relative Performance drops below -1\%(<=-1\%)

Div

This is the dividend in % for the next 12 months.

Even if the same number is shown, the dividend value can appear in one of four colors, depending on the earnings coverage:

- 0\%, no dividend
- 4\%, the dividends are covered (between 0% and 40% of earnings)
- 4\%, the dividends represent between 40% and 70% of earnings
- 4\%, the dividends are higher than 70% of earnings, which implies that the dividend coverage is not guaranteed.

Earnings Rev. Trend

The symbol \( \star \star \star \star \star \) shows that compared with their earnings revisions of seven weeks ago, the analysts have now raised their estimates (7wk EPS Rev; > 1\%); the symbol \( \star \) indicates that compared with their earnings revisions of seven weeks ago, the analysts have now lowered their estimates (7wk EPS Rev; <= -1\%).

When the earnings revisions (7wk EPS Rev) fall between +1\% and -1\%, the trend is considered to be neutral.

The symbol \( \star \) indicates that the last significant revisions have been trending positive.

The symbol \( \star \) indicates that the last significant revisions have been negative.

7wk EPS Rev

This is an abbreviation for 7 week Earnings Per Share Revision. This column indicates the value of these revised earnings. A figure of 2.8 signifies that compared with seven weeks ago, the analysts have now revised and raised their estimates by 2.8%. On the contrary, a negative number means that the earnings would have been revised lower.

G/PE Ratio

In order to establish our Valuation Rating, we calculate the estimated growth of future earnings (LT Growth) plus dividend in %, divided by the estimated future PE ratio (Long Term PE).

LT PE

This is the relationship between the price (P) and the estimated long-term future earnings (LT).

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