

Turnaround slowed down

Administer's Q4 note was a slight disappointment. Net sales development was decent thanks to an inorganic boost, but profitability remained weaker as a continuation from Q3.

Net sales solid, profitability on the weaker side

Administer's Q4 net sales came in slightly below our EUR 19.0m estimate at EUR 18.7m (Q4'23: EUR 18.3m) and the y/y growth was mainly driven by Kuntalaskenta's consolidation. HR & payroll services provider Silta improved its net sales by 2.7% y/y and was the strongest of the company's four main brands. Administer's accounting business' net sales declined by 1.5%, and software service provider EmCe's sales remained flat. Personnel services specialist Econia continued to be a concern with an 8.5% net sales drop, as weak overall economic conditions in Finland continued to affect it the most among the group's brands. Profitability in Q4 fell short of expectations, with EBITDA at EUR 0.9m (4.7% margin) vs. Evli EUR 1.4m. The Q4 operating result also fell short at EUR -1.4m (Q4'23: EUR -0.7m) vs. Evli EUR 0.0m, impacted by goodwill amortization totaling EUR 1.2m (Evli est. EUR 1.0m) and unexpected non-recurring impairment charges of EUR 0.6m related to previous acquisitions in the accounting business and the company's commercial premises.

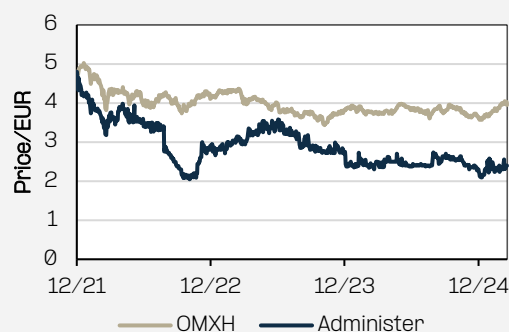
Outlook slightly more conservative than expected

Administer anticipates 2025E net sales of EUR 72–78m (2024: EUR 74.7m) and an EBITDA-margin of 7–10% (2024: 7.4%). We view this guidance range as somewhat conservative and broad, reflecting limited visibility. The low end of the range suggests no growth compared to last year, prompting us to lower our estimates to EUR 76.1m for net sales and EUR 6.3m for EBITDA (previously EUR 78.2m and EUR 7.2m). Aligning with its strategy, the company plans to accelerate inorganic growth to close in on its EUR 100m revenue target by 2026. In today's uncertain economic environment, strategically sound acquisitions will be an important driver of Administer's growth, as organic growth opportunities appear more limited in the near term. However, careful target selection is key, as poorly executed M&A could strain profitability – an outcome the company must avoid to sustain progress in its turnaround efforts.

BUY with a target price of 2.8 (3.0)

Despite our slightly increased concerns, we continue to see long term potential in Administer and see it as an opportunity at these valuation levels, with a 2025E P/E of ~10x (exc. goodwill amortization). However, we revise our TP to EUR 2.8 to reflect estimate changes and retain our BUY recommendation.

Rating ++ Buy



Share price, EUR (Last trading day's closing price)	2.26
Target price, EUR	2.8
Latest change in recommendation	02-Mar-22
Latest report on company	21-Feb-25
Research paid by issuer:	YES
No. of shares outstanding, '000's	14 375
No. of shares fully diluted, '000's	14 375
Market cap, EURm	32
Free float, %	0.0 %
Exchange rate	0.0
Reuters code	ADMIN.HE
Bloomberg code	ADMIN FH
Average daily volume, EUR	0.0
Next interim report	07-May-25
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++ BUY + ACCUMULATE - REDUCE - 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
2023	75.9	-3.0	-3.9%	0.9	-0.27	-8.9	0.6	-15.6	2.5%	0.00
2024	74.7	-1.3	-1.8%	1.5	-0.16	-11.1	0.5	-31.0	4.8%	0.05
2025E	76.1	-0.1	-0.1%	3.1	-0.09	-24.7	0.5	-408.0	9.4%	0.06
2026E	79.8	1.3	1.6%	4.3	-0.01	-308.2	0.5	28.0	13.2%	0.09
2027E	83.7	2.7	3.3%	5.5	0.08	28.0	0.4	11.8	17.0%	0.12

Market cap, EURm	32	Gearing 2025E, %	31.3 %	CAGR EPS 2024–27, %	0.0 %
Net debt 2025E, EURm	7	Price/book 2025	1.4	CAGR Sales 2024–27, %	3.9 %
Enterprise value, EURm	40	Dividend yield 2025E, %	2.9 %	ROE 2025E, %	-5.4 %
Total assets 2025E, EURm	53	Tax rate 2025E, %	20.0 %	ROCE 2025E, %	-0.3 %
Goodwill 2025E, EURm	31	Equity ratio 2025E, %	44.0 %	PEG, P/E 25/CAGR	0.0

All the important disclosures can be found on the last pages of this report.

Administer	2022	Q1/'23	Q2/'23	Q4/'23	2023	Q1/'24	Q2/'24	Q3/'24	Q4/'24	2024	Q1/'25E	Q2/'25E	Q3/'25E	Q4/'25E	2025E	2026E	2027E
Net sales	52.8	19.6	19.6	18.5	75.9	19.0	19.3	17.6	18.7	74.7	19.3	19.7	17.7	19.4	76.1	79.8	83.7
<i>sales growth %</i>	25.9%				43.9%	-3.1%	-1.3%	-3.9%	1.4%	-1.6%	1.4%	1.9%	0.6%	3.6%	1.9%	4.8%	5.0%
EBITDA	3.8	1.1	0.4	0.8	2.8	1.7	1.9	1.0	0.9	5.5	1.7	1.9	1.1	1.6	6.3	7.6	9.1
<i>EBITDA-margin</i>	7.1%	5.7%	2.3%	4.6%	3.8%	9.1%	9.6%	5.7%	4.7%	7.4%	8.9%	9.7%	6.1%	8.0%	8.2%	9.6%	10.9%
Depreciation	-1.1	-0.5	-0.5	-0.5	-1.9	-0.5	-0.5	-0.5	-0.5	-1.9	-0.5	-0.5	-0.5	-0.5	-1.9	-1.9	-2.0
Impairments						0.0	0.0	0.0	-0.6	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	2.7	0.7	0.0	0.3	1.0	1.3	1.4	0.5	-0.2	2.9	1.2	1.4	0.6	1.1	4.3	5.7	7.1
<i>EBITA-margin</i>	5.1%	3.6%	-0.1%	1.6%	1.3%	6.6%	7.1%	2.9%	-1.3%	3.9%	6.4%	7.2%	3.3%	5.5%	5.7%	7.1%	8.5%
Goodwill amortization	-2.5	-1.0	-1.0	-1.0	-4.0	-1.0	-1.0	-1.0	-1.2	-4.2	-1.1	-1.1	-1.1	-1.1	-4.4	-4.4	-4.4
EBIT	0.1	-0.3	-1.0	-0.7	-3.0	0.2	0.4	-0.5	-1.4	-1.3	0.1	0.3	-0.5	0.0	-0.1	1.3	2.7
<i>EBIT-margin</i>	0.2%	-1.5%	-5.1%	-3.7%	-3.9%	1.3%	1.9%	-2.8%	-7.7%	-1.8%	0.7%	1.6%	-2.9%	-0.1%	-0.1%	1.6%	3.3%

Source: Administer, Evli Research estimates

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	2.26 PV of Free Cash Flow	37 Long-term growth, %	1.5 % Risk-free interest rate, %
DCF share value	5.56 PV of Horizon value	53 WACC, %	8.0 % Market risk premium, %
Share price potential, %	145.8 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %
Maximum value	6.1 Marketable securities	2 Minimum WACC, %	7.5 % Equity beta coefficient
Minimum value	5.1 Debt – dividend	-12 Maximum WACC, %	8.5 % Target debt ratio, %
Horizon value, %	59.0 % Value of stock	80 No. of shares, Mn	14.4 Effective tax rate, %

DCF valuation, EURm	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TERMINAL
Net sales	75	76	80	84	88	92	97	102	107	112	114	116
Sales growth (%)	-1.6%	1.9%	4.8%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	1.5%	1.5%
Operating income (EBIT)	-1	0	1	3	5	6	8	8	9	9	9	9
Operating income margin %	-1.8%	-0.1%	1.6%	3.3%	5.5%	7.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
+ Depreciation+amort.	7	6	6	6	2	2	2	2	3	3	3	3
EBITDA	5	6	8	9	7	9	10	11	11	12	12	12
- Paid taxes	-1	-1	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2
- Change in NWC	0	0	0	0	0	0	0	0	1	1	0	0
NWC / Sales, %	-9.9%	-9.9%	-9.9%	-9.9%	-9.9%	-9.9%	-9.9%	-9.9%	-9.9%	-9.9%	-9.9%	-9.9%
+ Change in other liabs												
- Operative CAPEX	-3	-2	-2	-2	-3	-3	-3	-3	-3	-3	-3	-3
opCAPEX / Sales, %	4.2%	2.8%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.7%	2.7%
- Acquisitions												
+ Divestments												
- Other items												
= FCFF	2	3	5	6	4	5	6	7	7	7	7	113
= Discounted FCF		3	4	5	3	4	4	4	4	4	3	53
= DFCF min WACC		3	4	5	3	4	4	4	4	4	4	60
= DFCF max WACC		3	4	5	3	3	4	4	4	3	3	47

Sensitivity analysis, EUR

		Terminal WACC				
		6.02 %	7.03 %	8.03 %	9.02 %	10.03 %
Terminal EBIT-%	6.00 %	6.52	5.27	4.40	3.76	3.26
	7.00 %	7.52	6.02	4.98	4.21	3.63
	8.00 %	8.52	6.77	5.56	4.67	4.00
	9.00 %	9.52	7.51	6.13	5.13	4.36
	10.00 %	10.52	8.26	6.71	5.58	4.73

INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Net sales	19.0	19.3	17.6	18.7	74.7	19.3	19.7	17.7	19.4	76.1	79.8	83.7
EBITDA	1.7	1.9	1.0	0.9	5.5	1.7	1.9	1.1	1.6	6.3	7.6	9.1
<i>EBITDA margin (%)</i>	<i>9.1%</i>	<i>9.6%</i>	<i>5.8%</i>	<i>4.7%</i>	<i>7.4%</i>	<i>8.9%</i>	<i>9.7%</i>	<i>6.1%</i>	<i>8.0%</i>	<i>8.2%</i>	<i>9.6%</i>	<i>10.9%</i>
EBIT	0.2	0.4	-0.5	-1.4	-1.3	0.1	0.3	-0.5	0.0	-0.1	1.3	2.7
<i>EBIT margin (%)</i>	<i>1.3%</i>	<i>1.9%</i>	<i>-2.8%</i>	<i>-7.7%</i>	<i>-1.8%</i>	<i>0.7%</i>	<i>1.6%</i>	<i>-2.9%</i>	<i>-0.1%</i>	<i>-0.1%</i>	<i>1.6%</i>	<i>3.3%</i>
Net financial items	-0.3	0.1	-0.3	-0.1	-0.5	-0.1	-0.1	-0.1	-0.1	-0.4	-0.3	-0.2
Pre-tax profit	-0.1	0.5	-0.7	-1.6	-1.9	0.0	0.2	-0.6	-0.1	-0.5	1.0	2.6
Tax	-0.1	0.0	-0.1	-0.3	-0.4	-0.2	-0.3	-0.1	-0.2	-0.8	-1.1	-1.4
<i>Tax rate (%)</i>	<i>9.5%</i>	<i>-0.3%</i>	<i>20.0%</i>	<i>247.7%</i>	<i>14.3%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>
Net profit	-0.2	0.5	-0.8	-1.8	-2.3	-0.2	-0.1	-0.7	-0.3	-1.3	-0.1	1.2
EPS	-0.01	0.03	-0.05	-0.13	-0.16	-0.01	0.00	-0.05	-0.02	-0.09	-0.01	0.08
EPS adj. (diluted)	-0.01	0.00	-0.05	-0.13	-0.20	-0.01	0.00	-0.05	-0.02	-0.09	-0.01	0.08
Dividend per share					0.05					0.06	0.09	0.12
SALES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Administer	19.0	19.3	17.6	18.7	74.7	19.3	19.7	17.7	19.4	76.1	79.8	83.7
Total	19.0	19.3	17.6	18.7	74.7	19.3	19.7	17.7	19.4	76.1	79.8	83.7
SALES GROWTH, Y/Y%	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Administer	-2.9%	-1.6%	-3.6%	1.9%	-1.6%	1.4%	1.9%	0.5%	3.6%	1.9%	4.8%	5.0%
Total	-2.9%	-1.6%	-3.6%	1.9%	-1.6%	1.4%	1.9%	0.5%	3.6%	1.9%	4.8%	5.0%
EBIT, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Administer	0.2	0.4	-0.5	-1.4	-1.3	0.1	0.3	-0.5	0.0	-0.1	1.3	2.7
Total	0.2	0.4	-0.5	-1.4	-1.3	0.1	0.3	-0.5	0.0	-0.1	1.3	2.7
EBIT margin %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Administer	1.3%	1.9%	-2.8%	-7.7%	-1.8%	0.7%	1.6%	-2.9%	-0.1%	-0.1%	1.6%	3.3%
Total	1.3%	1.9%	-2.8%	-7.7%	-1.8%	0.7%	1.6%	-2.9%	-0.1%	-0.1%	1.6%	3.3%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales	43.7	41.9	52.8	75.9	74.7	76.1	79.8	83.7
<i>Sales growth (%)</i>	-3.6%	-4.0%	25.9%	43.8%	-1.6%	1.9%	4.8%	5.0%
EBITDA	4.4	2.3	3.7	2.8	5.5	6.3	7.6	9.1
<i>EBITDA margin (%)</i>	10.2%	5.4%	7.1%	3.7%	7.4%	8.2%	9.6%	10.9%
Depreciation	-0.6	-0.7	-1.1	-1.8	-1.9	-1.9	-1.9	-2.0
EBITA	3.8	1.5	2.7	1.0	3.5	4.3	5.7	7.1
Goodwill amortization / writedown	-1.0	-1.5	-2.5	-4.0	-4.9	-4.4	-4.4	-4.4
EBIT	2.9	0.1	0.1	-3.0	-1.3	-0.1	1.3	2.7
<i>EBIT margin (%)</i>	6.6%	0.1%	0.2%	-3.9%	-1.8%	-0.1%	1.6%	3.3%
Reported EBIT	2.9	0.1	0.1	-3.0	-1.3	-0.1	1.3	2.7
<i>EBIT margin (reported) (%)</i>	6.6%	0.1%	0.2%	-3.9%	-1.8%	-0.1%	1.6%	3.3%
Net financials	-0.3	-1.8	-0.4	-1.0	-0.5	-0.4	-0.3	-0.2
Pre-tax profit	2.6	-1.7	-0.3	-3.9	-1.9	-0.5	1.0	2.6
Taxes	-0.6	0.0	-0.4	0.1	-0.4	-0.8	-1.1	-1.4
Minority shares	0.0	0.0	0.0	0.0	0.0			
Net profit	2.0	-1.8	-0.7	-3.9	-2.3	-1.3	-0.1	1.2
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	3	4	6	7	7	7	8	8
Goodwill	14	23	42	39	35	31	26	22
Right of use assets								
Inventory								
Receivables	7	7	13	13	12	12	13	14
Liquid funds	1	13	5	3	2	2	3	3
Total assets	25	47	66	63	57	53	50	46
Liabilities								
Shareholders' equity	9	32	32	28	25	23	22	22
Minority interest	0	0	0	0	0	0	0	0
Convertible								
Lease liabilities								
Deferred taxes								
Interest bearing debt	6	4	18	15	12	10	7	2
Non-interest bearing current liabilities	9	11	15	20	20	20	21	22
Other interest-free debt								
Total liabilities	25	47	66	63	57	53	50	46
CASH FLOW, EURm								
+ EBITDA	4	2	4	3	5	6	8	9
- Net financial items	0	-2	0	-1	-1	0	0	0
- Taxes	-1	0	0	0	0	-1	-1	-1
- Increase in Net Working Capital	0	2	-1	3	0	0	0	0
+/- Other	0	0	0	0	0			
= Cash flow from operations	4	2	2	5	5	5	7	8
- Capex	-1	-2	-3	-4	-3	-2	-2	-2
- Acquisitions			-20	-1				
+ Divestments								
= Free cash flow	2	0	-20	1	2	3	4	6
+/- New issues/buybacks	0	25	1	0	0			
- Paid dividend			1	0	1	1	1	2
+/- Other	-2	-13	11	-1	-2	-2	-3	-4
Change in cash	0	12	-9	-1	-1	0	0	0

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap	60	38	35	31	32	32	32
Net debt (excl. convertibles)	-9	14	11	10	7	4	0
Enterprise value	51	52	46	41	40	36	32
Sales	42	53	76	75	76	80	84
EBITDA	2	4	3	5	6	8	9
EBIT	0	0	-3	-1	0	1	3
Pre-tax	-2	0	-4	-2	-1	1	3
Earnings	-2	-1	-4	-2	-1	0	1
Equity book value (excl. minorities)	32	32	28	25	23	22	22

Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	1.2	1.0	0.6	0.5	0.5	0.5	0.4
EV/EBITDA	22.6	13.9	16.4	7.5	6.4	4.8	3.5
EV/EBITA	33.8	19.6	44.1	11.6	9.3	6.4	4.5
EV/EBIT	959.9	473.3	-15.6	-31.0	-408.0	28.0	11.8
EV/OCF	25.9	22.1	8.5	8.8	7.7	5.5	4.1
EV/FCF	24.2	-2.6	26.5	20.7	11.7	8.0	5.7
P/FCFR	150.7	-1.9	39.6	20.9	10.6	7.6	5.9
P/E	-33.2	-52.9	-8.9	-11.1	-24.7	-308.2	28.0
P/BV	1.8	1.2	1.3	1.2	1.4	1.5	1.5
Target EV/EBITDA					7.6	5.8	4.4
Target EV/EBIT					-487.4	34.0	14.6
Target EV/FCFF					15.6	10.3	7.2
Target P/BV					1.7	1.8	1.8
Target P/E, diluted	-74.5	-631.3	-10.5	-46.0	-30.6	-381.8	34.6

Per share measures	2021	2022	2023	2024	2025E	2026E	2027E
Number of shares (million)	14.19	14.33	14.33	14.37	14.37	14.37	14.37
Number of shares (diluted, million)	14.19	14.33	14.33	14.37	14.37	14.37	14.37
EPS	-0.13	-0.05	-0.27	-0.16	-0.09	-0.01	0.08
Operating cash flow per share	0.14	0.16	0.38	0.32	0.36	0.46	0.55
Free cash flow per share	0.03	-1.40	0.06	0.10	0.21	0.30	0.38
Book value per share	2.28	2.24	1.92	1.76	1.62	1.55	1.54
Dividend per share		0.05	0.00	0.05	0.06	0.09	0.12
Dividend payout ratio, %		-99.4%	-0.1%	-31.3%	-70.5%	-1 222.1%	143.6%
Dividend yield, %		1.9%	0.0%	2.2%	2.9%	4.0%	5.1%
FCF yield, %	0.7%	-52.7%	2.5%	4.8%	9.4%	13.2%	17.0%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	-8.6%	-2.2%	-13.1%	-8.8%	-5.4%	-0.5%	5.2%
ROCE	0.2%	0.3%	-6.4%	-3.3%	-0.3%	4.2%	10.3%

Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales							
Receivables as % of sales	15.9%	24.9%	17.2%	16.3%	16.3%	16.3%	16.3%
Non-int. bearing liabilities as % of sales	25.1%	29.2%	26.7%	26.1%	26.1%	26.1%	26.1%
NWC/sales, %	-9.2%	-4.3%	-9.5%	-9.9%	-9.9%	-9.9%	-9.9%
Operative CAPEX/Sales, %	3.7%	4.8%	4.9%	4.2%	2.8%	2.9%	2.9%
CAPEX/sales (incl. acquisitions), %	3.7%	-33.0%	3.7%	4.2%	2.8%	2.9%	2.9%
FCFF/EBITDA	0.9	-5.3	0.6	0.4	0.5	0.6	0.6
Net Debt/EBITDA, book-weighted	-3.9	3.7	4.1	1.8	1.2	0.5	0.0
Debt/equity, market-weighted	0.1	0.5	0.4	0.4	0.3	0.2	0.1
Equity ratio, book-weighted	0.7	0.5	0.4	0.4	0.4	0.4	0.5
Gearing, %	-27.2%	43.3%	41.7%	38.0%	31.3%	17.7%	-1.4%

COMPANY DESCRIPTION: Administer Group is a multi-talent in payroll and financial management services, software services, consulting, personnel and international services. The company is the largest salary outsourcing partner in Finland and the leading expert in the fight against the grey economy. Administer's services are used by more than 5,000 customers, from SMEs to large companies, as well as municipalities and other public sector actors. Founded in 1985, the company is listed on the First North list of Nasdaq Helsinki. Administer Group consists of payroll management service company Silta Oy, accounting firm Administer, business service and employment expert Econia Oy and software company EmCe Solution Partner Oy, as well as other subsidiaries and associated companies.

INVESTMENT CASE: Administer seeks to achieve revenue of EUR 100m and an EBITDA-margin of 15% by 2026. The company has grown impressively in recent years driven by acquisitions, while organic growth has been modest. Near-term macroeconomic conditions have, however, proven to be a challenge, affecting both the company's growth and profitability. Cost savings measures taken in 2023 will slightly aid profitability, but larger improvement relies upon synergies from acquisitions as well as internal operational efficiency, further to be improved by pick-up in growth.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Aho Peter	6 780 980	15.325	47.2 %
Ilmarinen Mutual Pension Insurance Company	1 250 000	2.825	8.7 %
Sijoitus Oy MC Invest Ab	1 205 508	2.724	8.4 %
Oy Fincorp Ab	471 646	1.066	3.3 %
Rantalainen-Yhtiöt Oy	337 475	0.763	2.3 %
Varma Mutual Pension Insurance Company	337 093	0.762	2.3 %
Salmivala Maria-Elina	283 221	0.640	2.0 %
Elo Mutual Pension Insurance Company	265 317	0.600	1.8 %
Herranen Kimmo	234 292	0.529	1.6 %
Oy Talcom Ab	216 000	0.488	1.5 %
Ten largest	11 381 532	25.722	79.2 %
Residual	2 993 273	6.765	20.8 %
Total	14 374 805	32.487	100%

EARNINGS CALENDAR

May 07, 2025	Q1 report
August 14, 2025	Q2 report
November 05, 2025	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Kimmo Herranen
CFO: Kalle Lehtonen
IR:

Konepajankuja 3, FIN-00510 Helsinki
Tel:

DEFINITIONS

<p>P/E</p> $\frac{\text{Price per share}}{\text{Earnings per share}}$	<p>EPS</p> $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
<p>P/BV</p> $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	<p>DPS</p> <p>Dividend for the financial period per share</p>
<p>Market cap</p> <p>Price per share * Number of shares</p>	<p>OCF (Operating cash flow)</p> <p>EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments</p>
<p>EV (Enterprise value)</p> <p>Market cap + net debt + minority interest at market value – share of associated companies at market value</p>	<p>FCF (Free cash flow)</p> <p>Operating cash flow – Operative CAPEX – acquisitions + divestments</p>
<p>EV/Sales</p> $\frac{\text{Enterprise value}}{\text{Sales}}$	<p>FCF yield, %</p> $\frac{\text{Free cash flow}}{\text{Market cap}}$
<p>EV/EBITDA</p> $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	<p>Operative CAPEX / Sales</p> $\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
<p>EV/EBIT</p> $\frac{\text{Enterprise value}}{\text{Operating profit}}$	<p>Net working capital</p> <p>Current assets – current liabilities</p>
<p>Net debt</p> <p>Interest bearing debt – financial assets</p>	<p>Capital employed / Share</p> $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
<p>Total assets</p> <p>Balance sheet total</p>	<p>Gearing</p> $\frac{\text{Net debt}}{\text{Equity}}$
<p>Div yield, %</p> $\frac{\text{Dividend per share}}{\text{Price per share}}$	<p>Debt/Equity, %</p> $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
<p>Payout ratio, %</p> $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	<p>Equity ratio, %</p> $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
<p>ROCE, %</p> $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	<p>CAGR, %</p> <p>Cumulative annual growth rate = Average growth rate per year</p>
<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	

Important Disclosures

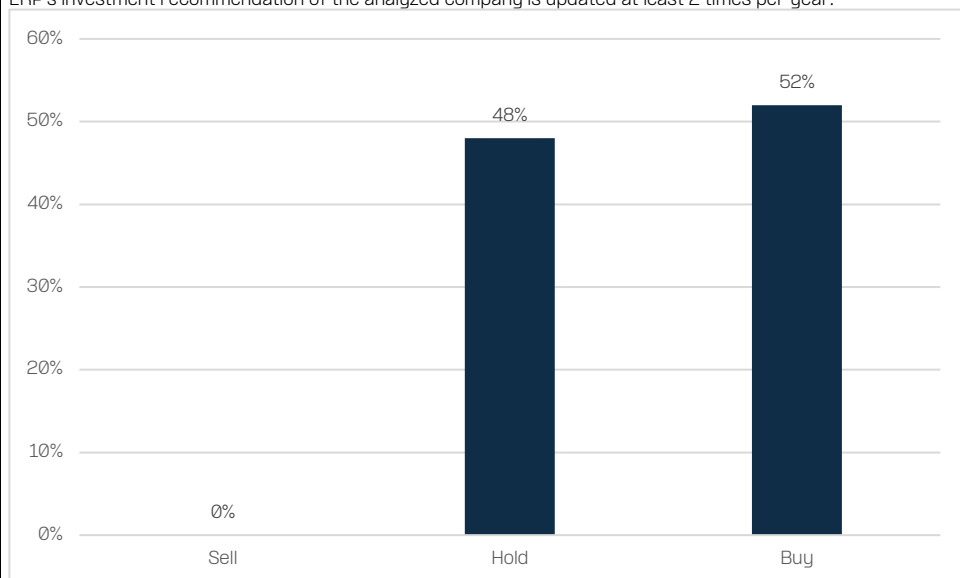
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 - 0 %	RECUDE
0 - (+10) %	ACCUMULATE
> 10 %	BUY

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Name(s) of the analyst(s): Jerker Salokivi, Atte Pitkälä

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