

## Time to accelerate growth

Administer reported H2 results and a gave a guidance that were well in line with our expectations and we as such see no need to revise our estimates or views. We retain our TP of EUR 4.7 and BUY-rating.

### H2 well in line with expectations

Administer reported H2 results well in line with expectations. Revenue grew 3.2% y/y to EUR 22.0m (Evli EUR 22.1m) driven by the acquisition of EmCe. EBITDA and EBIT amounted to EUR 1.7m and EUR 0.3m respectively (Evli EUR 1.6m/0.4m). Profitability was affected by the company's investments into growth and technological development. With the net result affected by IPO related expenses and as such being clearly negative, the BoD proposed that no dividends be paid for FY 2021 (Evli EUR 0.00).

### Seeking to clearly pick up growth

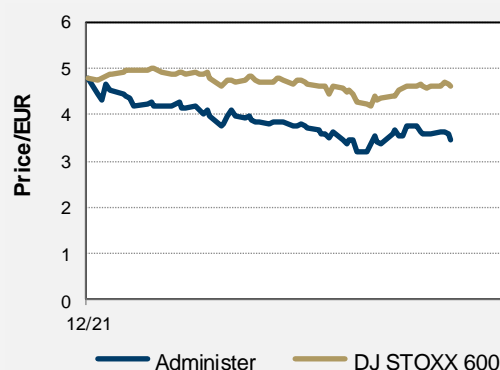
Administer reiterated the earlier communicated outlook for 2022, expecting revenue to grow to over EUR 51m and to achieve and EBITDA-margin of at least 8%. With the H2 results and the guidance corresponding to our expectations, along with no significant changes to our views on Administer's potential, we make no notable changes to our estimates. We expect 2022 revenue of EUR 52.1m and an EBITDA-margin of 9.2%. Current estimate uncertainty mainly stems from growth expected to be driven by acquisitions, with Administer seeing 5-10 acquisitions being made during 2022. Near-term profitability improvements should mainly arise from a lesser impact of challenges faced during 2021, with expectations of measures to improve operational efficiency and synergies from acquisitions to start to show from 2023 onwards.

### BUY-rating with a target price of EUR 4.7

With our views and estimates essentially intact we retain our BUY-rating and target price of EUR 4.7. On our estimates current valuation implies a 2022e EV/sales of 0.7x, which in our view does not account for the improvement potential, albeit we acknowledge that Administer has yet to prove its worth.

Rating

+ BUY



Share price, EUR (Last trading day's closing price) 3.45

Target price, EUR 4.7

Latest change in recommendation	04-Mar-22
Latest report on company	04-Mar-22
Research paid by issuer:	YES
No. of shares outstanding, '000's	14,194
No. of shares fully diluted, '000's	14,194
Market cap, EURm	49
Free float, %	-
Exchange rate	0.000
Reuters code	ADMIN.HE
Bloomberg code	ADMIN FH
Average daily volume, EURm	0.0
Next interim report	31-Aug-22
Web site	administergroup.com

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+ BUY + HOLD - SELL

## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2020	43.7	2.9	6.6%	2.2	0.20	0.0	0.1	1.9	0.0	0.00
2021	41.9	0.1	0.1%	-10.1	-0.13	-33.2	1.2	959.9	-16.9	0.00
2022E	52.1	1.9	3.7%	3.7	0.09	37.8	0.7	19.1	7.5	0.06
2023E	67.4	7.9	11.7%	7.8	0.40	8.6	0.4	3.8	16.0	0.17
2024E	81.6	14.4	17.6%	13.4	0.76	4.5	0.2	1.3	27.3	0.28
Market cap, EURm	49			Gearing 2022E, %	-36.9			CAGR EPS 2021-24, %	0.0	
Net debt 2022E, EURm	-12			Price/book 2022E	1.5			CAGR sales 2021-24, %	24.9	
Enterprise value, EURm	37			Dividend yield 2022E, %	1.8			ROE 2022E, %	3.9	
Total assets 2022E, EURm	50			Tax rate 2022E, %	8.8			ROCE 2022E, %	5.2	
Goodwill 2022E, EURm	21			Equity ratio 2022E, %	67.7			PEG, P/E 22/CAGR	0.3	

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

Administer	2020	H1/21	H2/21	2021	H1/22E	H2/22E	2022E	2023E	2024E
Net sales	43.7	19.8	22.1	41.9	23.9	28.2	52.1	67.4	81.6
<i>sales growth %</i>	<i>-3.5%</i>	<i>-11.2%</i>	<i>3.5%</i>	<i>-4.0%</i>	<i>20.4%</i>	<i>27.8%</i>	<i>24.3%</i>	<i>29.4%</i>	<i>21.1%</i>
Other operating income	0.1	0.0	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Materials and services	-5.4	-2.3	-3.3	-5.6	-2.7	-3.5	-6.2	-6.7	-7.7
Personnel expenses	-27.9	-14.1	-14.1	-28.2	-16.5	-18.3	-34.8	-42.5	-48.6
Other expenses	-6.1	-2.8	-3.2	-6.0	-3.0	-3.5	-6.5	-7.4	-7.8
Results of affiliates	0.1	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.2
<b>EBITDA</b>	<b>4.4</b>	<b>0.6</b>	<b>1.7</b>	<b>2.3</b>	<b>1.8</b>	<b>3.0</b>	<b>4.8</b>	<b>11.0</b>	<b>17.9</b>
<i>EBITDA-margin</i>	<i>10.2%</i>	<i>3.0%</i>	<i>7.5%</i>	<i>5.4%</i>	<i>7.5%</i>	<i>10.6%</i>	<i>9.2%</i>	<i>16.3%</i>	<i>21.9%</i>
Depreciation	-0.6	-0.4	-0.4	-0.7	-0.4	-0.4	-0.8	-0.9	-1.1
<b>EBITA</b>	<b>3.9</b>	<b>0.2</b>	<b>1.3</b>	<b>1.5</b>	<b>1.4</b>	<b>2.6</b>	<b>4.0</b>	<b>10.1</b>	<b>16.8</b>
<i>EBITA-margin</i>	<i>8.8%</i>	<i>1.2%</i>	<i>5.7%</i>	<i>3.6%</i>	<i>5.8%</i>	<i>9.1%</i>	<i>7.6%</i>	<i>15.0%</i>	<i>20.6%</i>
Goodwill amortization	-1.0	-0.5	-1.0	-1.5	-1.0	-1.1	-2.1	-2.2	-2.4
<b>EBIT</b>	<b>2.9</b>	<b>-0.3</b>	<b>0.3</b>	<b>0.1</b>	<b>0.4</b>	<b>1.5</b>	<b>1.9</b>	<b>7.9</b>	<b>14.4</b>
<i>EBIT-margin</i>	<i>6.6%</i>	<i>-1.3%</i>	<i>1.4%</i>	<i>0.1%</i>	<i>1.6%</i>	<i>5.4%</i>	<i>3.7%</i>	<i>11.7%</i>	<i>17.6%</i>

Source: Administer, Evli Research estimates.

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	3.45 PV of Free Cash Flow	109 Long-term growth, %	1.5 Risk-free interest rate, %	2.50
DCF share value	27.63 PV of Horizon value	275 WACC, %	5.8 Market risk premium, %	4.8
Share price potential, %	701.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.5
Maximum value	31.4 Marketable securities	13 Minimum WACC, %	5.3 Equity beta coefficient	1.00
Minimum value	24.6 Debt - dividend	-4 Maximum WACC, %	6.3 Target debt ratio, %	40
Horizon value, %	71.7 Value of stock	392 Nr of shares, Mn	14.2 Effective tax rate, %	26

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	42	52	67	82	90	99	104	109	114	120	122	124
<i>Sales growth, %</i>	-4.0	24.3	29.4	21.1	10.0	10.0	5.0	5.0	5.0	5.0	1.5	1.5
Operating income (EBIT)	0	2	8	14	16	18	19	20	21	22	22	22
<i>Operating income margin, %</i>	0.1	3.7	11.7	17.6	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
+ Depreciation+amort.	2	3	3	4	4	4	5	5	5	6	6	
EBITDA	2	5	11	18	20	22	23	25	26	27	28	
- Paid taxes	0	0	-2	-3	-4	-4	-4	-5	-5	-5	-5	
- Change in NWC	2	1	1	1	1	1	0	0	1	1	0	
<i>NWC / Sales, %</i>	-9.2	-9.2	-9.2	-9.2	-9.2	-9.2	-9.2	-9.2	-9.2	-9.2	-9.2	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-12	-1	-2	-2	-2	-2	-2	-2	-2	-3	-2	
<i>opCAPEX / Sales, %</i>	29.3	2.7	3.5	2.8	2.4	2.4	2.1	2.1	2.1	2.1	1.9	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	-8	4	8	14	15	17	17	18	19	20	20	478
= Discounted FCFF		4	7	12	12	13	13	12	12	12	12	275
= DFCF min WACC		4	7	12	12	13	13	13	13	13	12	325
= DFCF max WACC		4	7	11	12	12	12	12	12	12	11	235

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1E	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	0.0	19.8	0.0	22.1	41.9	0.0	23.9	0.0	28.2	52.1	67.4	81.6
EBITDA	0.0	0.6	0.0	1.6	2.3	0.0	1.8	0.0	3.0	4.8	11.0	17.9
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>3.0</i>	<i>0.0</i>	<i>7.3</i>	<i>5.4</i>	<i>0.0</i>	<i>7.6</i>	<i>0.0</i>	<i>10.6</i>	<i>9.2</i>	<i>16.3</i>	<i>21.9</i>
EBIT	0.0	-0.3	0.0	0.3	0.1	0.0	0.4	0.0	1.5	1.9	7.9	14.4
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>-1.3</i>	<i>0.0</i>	<i>1.4</i>	<i>0.1</i>	<i>0.0</i>	<i>1.6</i>	<i>0.0</i>	<i>5.4</i>	<i>3.7</i>	<i>11.7</i>	<i>17.6</i>
Net financial items	0.0	-0.1	0.0	-1.7	-1.8	0.0	-0.1	0.0	-0.1	-0.3	-0.2	-0.2
Pre-tax profit	0.0	-0.4	0.0	-1.4	-1.7	0.0	0.2	0.0	1.4	1.6	7.6	14.2
Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-0.3	-2.0	-3.3
<i>Tax rate (%)</i>	<i>0.0</i>	<i>32.5</i>	<i>0.0</i>	<i>2.9</i>	<i>-9.6</i>	<i>0.0</i>	<i>3.8</i>	<i>0.0</i>	<i>11.3</i>	<i>8.8</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	-0.5	0.0	-1.3	-1.8	0.0	0.2	0.0	1.1	1.3	5.7	10.8
EPS	0.00	-0.04	0.00	-0.09	-0.13	0.00	0.01	0.00	0.08	0.09	0.40	0.76
EPS adjusted (diluted no. of shares)	0.00	-0.04	0.00	-0.09	-0.13	0.00	0.01	0.00	0.08	0.09	0.40	0.76
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.17	0.28
<b>SALES, EURm</b>												
Administer	0.0	19.8	0.0	22.1	41.9	0.0	23.9	0.0	28.2	52.1	67.4	81.6
Total	0.0	19.8	0.0	22.1	41.9	0.0	23.9	0.0	28.2	52.1	67.4	81.6
<b>SALES GROWTH, Y/Y %</b>												
Administer	<i>0.0</i>		<i>0.0</i>		<i>-4.0</i>	<i>0.0</i>	<i>20.7</i>	<i>0.0</i>	<i>27.5</i>	<i>24.3</i>	<i>29.4</i>	<i>21.1</i>
Total	<i>0.0</i>		<i>0.0</i>		<i>-4.0</i>	<i>0.0</i>	<i>20.7</i>	<i>0.0</i>	<i>27.5</i>	<i>24.3</i>	<i>29.4</i>	<i>21.1</i>
<b>EBIT, EURm</b>												
Administer	0.0	-0.3	0.0	0.3	0.1	0.0	0.4	0.0	1.5	1.9	7.9	14.4
Total	0.0	-0.3	0.0	0.3	0.1	0.0	0.4	0.0	1.5	1.9	7.9	14.4
<b>EBIT margin, %</b>												
Administer	<i>0.0</i>	<i>-1.3</i>	<i>0.0</i>	<i>1.4</i>	<i>0.1</i>	<i>0.0</i>	<i>1.6</i>	<i>0.0</i>	<i>5.4</i>	<i>3.7</i>	<i>11.7</i>	<i>17.6</i>
Total	<i>0.0</i>	<i>-1.3</i>	<i>0.0</i>	<i>1.4</i>	<i>0.1</i>	<i>0.0</i>	<i>1.6</i>	<i>0.0</i>	<i>5.4</i>	<i>3.7</i>	<i>11.7</i>	<i>17.6</i>

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	20.2	37.0	45.3	43.7	41.9	52.1	67.4	81.6
<i>Sales growth (%)</i>	<i>0.0</i>	<i>82.7</i>	<i>22.5</i>	<i>-3.5</i>	<i>-4.0</i>	<i>24.3</i>	<i>29.4</i>	<i>21.1</i>
EBITDA	1.4	1.9	3.0	4.4	2.3	4.8	11.0	17.9
<i>EBITDA margin (%)</i>	<i>6.8</i>	<i>5.1</i>	<i>6.5</i>	<i>10.2</i>	<i>5.4</i>	<i>9.2</i>	<i>16.3</i>	<i>21.9</i>
Depreciation	-0.3	-1.1	-1.1	-0.6	-0.7	-0.8	-0.9	-1.1
EBITA	1.0	0.8	1.9	3.8	1.5	4.0	10.1	16.8
Goodwill amortization / writedown	-0.2	-0.3	-1.0	-1.0	-1.5	-2.1	-2.2	-2.4
EBIT	0.8	0.5	0.9	2.9	0.1	1.9	7.9	14.4
<i>EBIT margin (%)</i>	<i>3.9</i>	<i>1.3</i>	<i>1.9</i>	<i>6.6</i>	<i>0.1</i>	<i>3.7</i>	<i>11.7</i>	<i>17.6</i>
Reported EBIT	0.8	0.5	0.9	2.9	0.1	1.9	7.9	14.4
<i>EBIT margin (reported) (%)</i>	<i>3.9</i>	<i>1.3</i>	<i>1.9</i>	<i>6.6</i>	<i>0.1</i>	<i>3.7</i>	<i>11.7</i>	<i>17.6</i>
Net financials	0.0	-0.2	-0.3	-0.3	-1.8	-0.3	-0.2	-0.2
Pre-tax profit	0.8	0.2	0.6	2.6	-1.7	1.6	7.6	14.2
Taxes	-0.2	-0.2	-0.1	-0.6	0.0	-0.3	-2.0	-3.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.5	0.0	0.4	2.0	-1.8	1.3	5.7	10.8
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	2	3	3	3	4	5	6	7
Goodwill	2	13	15	14	23	21	19	17
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Receivables	3	8	8	7	7	8	11	13
Liquid funds	3	1	1	1	13	15	22	33
Total assets	10	25	26	25	47	50	58	70
<b>Liabilities</b>								
Shareholder's equity	2	7	7	9	32	34	38	47
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	2	10	8	6	4	3	3	3
Non-interest bearing current liabilities	5	9	10	9	11	13	17	20
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	10	25	26	25	47	50	58	70
<b>CASH FLOW, EURm</b>								
+ EBITDA	1	2	3	4	2	5	11	18
- Net financial items	0	0	0	0	-2	0	0	0
- Taxes	0	0	0	-1	0	0	-2	-3
- Increase in Net Working Capital	2	-2	1	0	2	1	1	1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	3	0	4	4	2	5	10	16
- Capex	-5	-13	-4	-1	-12	-1	-2	-2
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-1	-13	0	2	-10	4	8	13
+/- New issues/buybacks	1	5	0	0	25	0	0	0
- Paid dividend	0	0	0	0	0	0	-1	-2
+/- Other	3	7	-1	-2	-2	-1	0	0
Change in cash	3	-1	-1	0	12	2	7	11

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	0	0	0	60	49	49	49
Net debt (excl. convertibles)	8	8	6	-9	-12	-19	-30
Enterprise value	8	8	6	51	37	30	19
Sales	37	45	44	42	52	67	82
EBITDA	2	3	4	2	5	11	18
EBIT	0	1	3	0	2	8	14
Pre-tax	0	1	3	-2	2	8	14
Earnings	0	0	2	-2	1	6	11
Equity book value (excl. minorities)	7	7	9	32	34	38	47
<b>Valuation multiples</b>							
EV/sales	0.2	0.2	0.1	1.2	0.7	0.4	0.2
EV/EBITDA	4.4	2.6	1.2	22.6	7.6	2.7	1.0
EV/EBITA	10.5	4.1	1.4	33.8	9.2	2.9	1.1
EV/EBIT	17.5	8.7	1.9	959.9	19.1	3.8	1.3
EV/OCF	-84.9	1.9	1.6	23.3	7.2	2.9	1.2
EV/FCFF	-0.6	11.2	2.2	-6.1	9.2	3.7	1.4
P/FCFE	0.0	0.0	0.0	-5.9	13.3	6.3	3.7
P/E	0.0	0.0	0.0	-33.2	37.8	8.6	4.5
P/B	0.0	0.0	0.0	1.8	1.5	1.3	1.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	11.3	4.3	2.0
Target EV/EBIT	0.0	0.0	0.0	0.0	28.3	6.0	2.5
Target EV/FCF	0.0	0.0	0.0	0.0	14.7	6.1	2.7
Target P/B	0.0	0.0	0.0	0.0	2.0	1.7	1.4
Target P/E	0.0	0.0	0.0	0.0	51.6	11.8	6.2
<b>Per share measures</b>							
Number of shares	9,480	9,620	9,620	14,194	14,194	14,194	14,194
Number of shares (diluted)	9,480	9,620	9,620	14,194	14,194	14,194	14,194
EPS	0.00	0.04	0.20	-0.13	0.09	0.40	0.76
Operating cash flow per share	-0.01	0.42	0.37	0.15	0.36	0.72	1.10
Free cash flow per share	-1.40	0.05	0.23	-0.71	0.26	0.55	0.94
Book value per share	0.71	0.78	0.99	2.28	2.37	2.71	3.30
Dividend per share	0.00	0.00	0.00	0.00	0.06	0.17	0.28
Dividend payout ratio, %	0.0	0.0	0.0	0.0	68.5	41.6	36.6
Dividend yield, %	0.0	0.0	0.0	0.0	1.8	4.8	8.1
FCF yield, %	0.0	0.0	0.0	-16.9	7.5	16.0	27.3
<b>Efficiency measures</b>							
ROE	-0.1	6.1	23.1	-8.6	3.9	15.8	25.4
ROCE	4.6	5.4	18.2	0.2	5.2	20.2	31.5
<b>Financial ratios</b>							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	21.6	17.0	15.3	15.9	15.9	15.9	15.9
Non-interest bearing liabilities as % of sales	23.0	21.5	20.0	25.1	25.1	25.1	25.1
NWC/sales, %	-1.5	-4.5	-4.8	-9.2	-9.2	-9.2	-9.2
Operative CAPEX/sales, %	35.7	7.8	3.1	29.3	2.7	3.5	2.8
CAPEX/sales (incl. acquisitions), %	35.7	7.8	3.1	29.3	2.7	3.5	2.8
FCFF/EBITDA	-7.1	0.2	0.6	-3.7	0.8	0.7	0.8
Net debt/EBITDA, book-weighted	4.4	2.6	1.2	-3.9	-2.6	-1.8	-1.7
Debt/equity, market-weighted	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Equity ratio, book-weighted	26.9	29.2	38.4	68.5	67.7	65.9	66.6
Gearing, %	121.9	101.8	58.3	-27.2	-36.9	-50.4	-64.7

**COMPANY DESCRIPTION:** Administer is one of the leading providers of financial management and HR & payroll services in Finland. Founded in 1985, the company has grown rapidly in recent years through acquisitions and today employs around 600 employees. In-house developed technology has played an important role and the company is looking to further leverage its know-how to develop the industry. The company completed its IPO in December 2021.

**INVESTMENT CASE:** Administer has set out rather ambitious targets, seeking to achieve revenue of EUR 84m and an EBITDA-margin of 24% in 2024. The company has yet to show the required growth and profitability figures to achieve the targets, but consolidation in the fragmented and non-cyclical industry provides ample opportunities for growth. Profitability 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	6,880,980	23.739	48.5%
Ilmarinen Mutual Pension Insurance Company	1,250,000	4.312	8.8%
Sijoitus Oy MC Invest Ab	1,205,508	4.159	8.5%
Varma Mutual Pension Insurance Company	337,093	1.163	2.4%
Elo Mutual Pension Insurance Company	308,642	1.065	2.2%
Oy Fincorp Ab	267,065	0.921	1.9%
Herranen Kimmo	231,700	0.799	1.6%
Husu Päivi Marianna	172,500	0.595	1.2%
Emceläiset Oy	162,840	0.562	1.1%
Rausanne Oy	125,611	0.433	0.9%
Ten largest	10,941,939	37.750	77%
Residual	3,252,171	11.220	23%
Total	14,194,110	48.970	100%

EARNINGS CALENDAR	
August 31, 2022	Q2 report
<b>OTHER EVENTS</b>	
May 18, 2022	AGM

COMPANY MISCELLANEOUS	
CEO: Peter Aho	Itämerenkatu 5, FIN-00180 Helsinki
CFO: Johan Idman	Tel:
IR:	

## DEFINITIONS

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



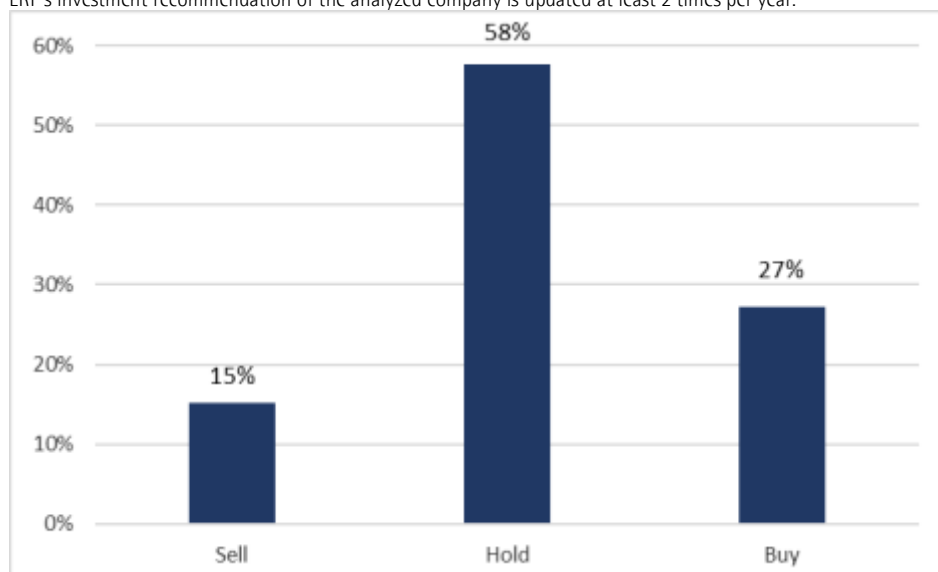
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Salokivi

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