

Weaker finish to challenging year

Administer issued its second profit warning for 2023, driven mainly by the weakened economic situation. Growth is looking more challenging, while cost savings support improvements in profitability.

Lowered net sales and profitability guidance

Administer issued a profit warning on December 19th, lowering both its net sales and EBITDA-% guidance. The company now expects 2023 revenue of EUR 75-77m (prev. 76-81m) and an EBITDA-% of 3-5% (prev. 4-8%). The main component of the downgrade appears to be a lower than anticipated net sales in the staffing services business, which has been affected by the weakened economic situation in Finland. Profitability has further been affected by onetime costs relating to Administer's profitability programme and writeoff of certain software development costs in Adner.

Estimates lowered on more challenging growth outlook

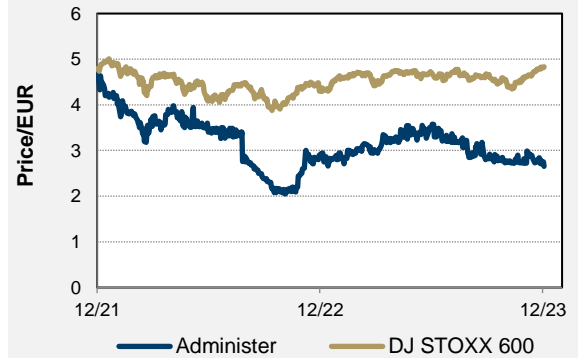
We have revised our 2023 net sales and EBITDA-% estimates to EUR 76.3m (EUR 80.4m) and 3.5% (4.8%) respectively. With the macroeconomic headwinds we have also lowered our corresponding estimates for 2024 to EUR 80.4m (85.8m) and 7.9% (11.4%). A small positive in the profit warning is the implied cost structure, which compared with our former estimates is already showing signs of easing. Administer has through its cost savings programme already taken measures, but the results are to be more visible next year. Despite the headwinds we still continue to anticipate growth through acquisitions, although organic growth is starting to look more challenging. Moving into the final year of its current strategy period, we expect an update in the not too distant future, which should provide more insight into coming year ambitions.

BUY with a target price of EUR 3.0 (3.5)

With our lowered estimates, we revise our target price to EUR 3.0 (3.5), valuing Administer at ~14x 2024 P/E (excl. goodwill amortization) and ~0.7x EV/Sales. As a turnaround case valuation still seems appealing despite near-term growth challenges starting to pose a threat.

Rating

+ BUY



Share price, EUR (Last trading day's closing price) 2.65

Target price, EUR 3.0

Latest change in recommendation 03-Dec-21

Latest report on company 01-Sep-23

Research paid by issuer: YES

No. of shares outstanding, '000's 14,329

No. of shares fully diluted, '000's 14,329

Market cap, EURm 38

Free float, % -

Exchange rate 0.000

Reuters code ADMIN.HE

Bloomberg code ADMIN FH

Average daily volume, EURm -

Next interim report 06-Mar-24

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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
2021	41.9	0.1	0.1%	0.4	-0.13	-33.2	1.2	959.9	0.7	0.00
2022	52.8	0.1	0.2%	-20.1	-0.05	-52.9	1.0	473.3	-52.7	0.05
2023E	76.3	-3.1	-4.1%	1.7	-0.29	-9.3	0.7	-16.2	4.6	0.00
2024E	80.4	0.3	0.3%	2.9	-0.08	-31.4	0.6	190.5	7.7	0.06
2025E	84.4	2.4	2.9%	4.7	0.04	60.1	0.5	18.2	12.5	0.10

Market cap, EURm	38	Gearing 2023E, %	47.4	CAGR EPS 2022-25, %	0.0
Net debt 2023E, EURm	13	Price/book 2023E	1.4	CAGR sales 2022-25, %	17.0
Enterprise value, EURm	51	Dividend yield 2023E, %	0.1	ROE 2023E, %	-13.8
Total assets 2023E, EURm	67	Tax rate 2023E, %	84.7	ROCE 2023E, %	-6.5
Goodwill 2023E, EURm	38	Equity ratio 2023E, %	40.6	PEG, P/E 23/CAGR	0.0

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

Administer	2020	H1/22	H2/22	2022	H1/'23	H2/'23E	2023E	2024E	2025E
Net sales	43.7	23.9	28.9	52.8	39.2	37.1	76.3	80.4	84.4
<i>sales growth %</i>	-3.5%	20.4%	30.8%	25.9%	64.2%	28.4%	44.6%	5.4%	5.0%
Other operating income	0.1	0.0	0.1	0.1	0.2	0.1	0.2	0.1	0.1
Materials and services	-5.4	-3.5	-3.7	-7.1	-4.3	-3.6	-7.9	-8.3	-9.2
Personnel expenses	-27.9	-15.9	-19.0	-34.9	-28.3	-28.0	-56.3	-56.7	-57.4
Other expenses	-6.1	-3.6	-3.6	-7.1	-5.3	-4.3	-9.6	-9.2	-9.3
Results of affiliates	0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0
EBITDA	4.4	1.0	2.7	3.8	1.6	1.1	2.7	6.4	8.6
<i>EBITDA-margin</i>	10.2%	4.2%	9.5%	7.1%	4.0%	3.1%	3.5%	7.9%	10.2%
Depreciation	-0.6	-0.5	-0.6	-1.1	-0.9	-0.9	-1.8	-1.9	-2.0
EBITA	3.9	0.5	2.1	2.7	0.7	0.2	0.9	4.5	6.6
<i>EBITA-margin</i>	8.8%	2.2%	7.3%	5.1%	1.8%	0.6%	1.2%	5.5%	7.9%
Goodwill amortization	-1.0	-1.0	-1.5	-2.5	-2.0	-2.1	-4.1	-4.2	-4.2
EBIT	2.9	-0.5	0.6	0.1	-1.3	-1.9	-3.1	0.3	2.4
<i>EBIT-margin</i>	6.6%	-2.1%	2.2%	0.2%	-3.3%	-5.0%	-4.1%	0.3%	2.9%

Source: Administer, Evli Research estimates.

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	2.65 PV of Free Cash Flow	78 Long-term growth, %	1.5 Risk-free interest rate, %	2.50
DCF share value	19.61 PV of Horizon value	219 WACC, %	5.8 Market risk premium, %	4.8
Share price potential, %	639.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.5
Maximum value	22.5 Marketable securities	5 Minimum WACC, %	5.3 Equity beta coefficient	1.00
Minimum value	17.3 Debt - dividend	-19 Maximum WACC, %	6.3 Target debt ratio, %	40
Horizon value, %	73.8 Value of stock	282 Nr of shares, Mn	14.3 Effective tax rate, %	26

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	53	76	80	84	89	93	98	103	108	113	115	117
<i>Sales growth, %</i>	<i>25.9</i>	<i>44.6</i>	<i>5.4</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	0	-3	0	2	9	11	12	12	13	14	14	14
<i>Operating income margin, %</i>	<i>0.2</i>	<i>-4.1</i>	<i>0.3</i>	<i>2.9</i>	<i>10.0</i>	<i>12.0</i>	<i>12.0</i>	<i>12.0</i>	<i>12.0</i>	<i>12.0</i>	<i>12.0</i>	<i>12.0</i>
+ Depreciation+amort.	4	6	6	6	7	7	7	8	8	8	9	
EBITDA	4	3	6	9	15	18	19	20	21	22	22	
- Paid taxes	0	0	-1	-1	-3	-3	-3	-3	-4	-4	-4	
- Change in NWC	-1	4	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-4.2</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	<i>-8.0</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-3	-4	-2	-2	-3	-3	-3	-3	-3	-3	-3	
<i>opCAPEX / Sales, %</i>	<i>4.8</i>	<i>5.1</i>	<i>2.9</i>	<i>2.9</i>	<i>2.9</i>	<i>2.9</i>	<i>2.9</i>	<i>2.9</i>	<i>2.9</i>	<i>2.9</i>	<i>2.7</i>	
- Acquisitions	-20	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	-20	2	3	5	11	13	13	14	15	15	16	365
= Discounted FCFF		2	3	5	9	10	10	10	10	10	9	219
= DFCF min WACC		2	3	5	9	10	10	10	10	10	10	258
= DFCF max WACC		2	3	5	9	10	10	10	9	9	9	188

Commercial Services & Supplies/Finland, December 20, 2023
Company update

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	0.0	23.9	0.0	28.9	52.8	0.0	39.2	0.0	37.1	76.3	80.4	84.4
EBITDA	0.0	1.0	0.0	2.7	3.7	0.0	1.6	0.0	1.1	2.7	6.4	8.6
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>4.2</i>	<i>0.0</i>	<i>9.5</i>	<i>7.1</i>	<i>0.0</i>	<i>4.0</i>	<i>0.0</i>	<i>3.1</i>	<i>3.5</i>	<i>7.9</i>	<i>10.2</i>
EBIT	0.0	-0.5	0.0	0.6	0.1	0.0	-1.3	0.0	-1.9	-3.1	0.3	2.4
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>-2.1</i>	<i>0.0</i>	<i>2.2</i>	<i>0.2</i>	<i>0.0</i>	<i>-3.3</i>	<i>0.0</i>	<i>-5.0</i>	<i>-4.1</i>	<i>0.3</i>	<i>2.9</i>
Net financial items	0.0	0.0	0.0	-0.4	-0.4	0.0	-0.3	0.0	-0.4	-0.8	-0.7	-0.6
Pre-tax profit	0.0	-0.6	0.0	0.3	-0.3	0.0	-1.6	0.0	-2.3	-3.9	-0.5	1.8
Tax	0.0	0.0	0.0	-0.4	-0.4	0.0	-0.2	0.0	0.0	-0.1	-0.7	-1.2
<i>Tax rate (%)</i>	<i>0.0</i>	<i>3.9</i>	<i>0.0</i>	<i>22.0</i>	<i>18.1</i>	<i>0.0</i>	<i>49.5</i>	<i>0.0</i>	<i>20.0</i>	<i>84.7</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	-0.6	0.0	-0.1	-0.7	0.0	-1.8	0.0	-2.3	-4.1	-1.2	0.6
EPS	0.00	-0.04	0.00	-0.01	-0.05	0.00	-0.13	0.00	-0.16	-0.29	-0.08	0.04
EPS adjusted (diluted no. of shares)	0.00	-0.04	0.00	-0.01	-0.05	0.00	-0.13	0.00	-0.16	-0.29	-0.08	0.04
Dividend per share	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00	0.06	0.10
SALES, EURm												
Administer	0.0	23.9	0.0	28.9	52.8	0.0	39.2	0.0	37.1	76.3	80.4	84.4
Total	0.0	23.9	0.0	28.9	52.8	0.0	39.2	0.0	37.1	76.3	80.4	84.4
SALES GROWTH, Y/Y %												
Administer	<i>0.0</i>	<i>20.7</i>	<i>0.0</i>	<i>30.5</i>	<i>25.9</i>	<i>0.0</i>	<i>64.2</i>	<i>0.0</i>	<i>28.4</i>	<i>44.6</i>	<i>5.4</i>	<i>5.0</i>
Total	<i>0.0</i>	<i>20.7</i>	<i>0.0</i>	<i>30.5</i>	<i>25.9</i>	<i>0.0</i>	<i>64.2</i>	<i>0.0</i>	<i>28.4</i>	<i>44.6</i>	<i>5.4</i>	<i>5.0</i>
EBIT, EURm												
Administer	0.0	-0.5	0.0	0.6	0.1	0.0	-1.3	0.0	-1.9	-3.1	0.3	2.4
Total	0.0	-0.5	0.0	0.6	0.1	0.0	-1.3	0.0	-1.9	-3.1	0.3	2.4
EBIT margin, %												
Administer	<i>0.0</i>	<i>-2.1</i>	<i>0.0</i>	<i>2.2</i>	<i>0.2</i>	<i>0.0</i>	<i>-3.3</i>	<i>0.0</i>	<i>-5.0</i>	<i>-4.1</i>	<i>0.3</i>	<i>2.9</i>
Total	<i>0.0</i>	<i>-2.1</i>	<i>0.0</i>	<i>2.2</i>	<i>0.2</i>	<i>0.0</i>	<i>-3.3</i>	<i>0.0</i>	<i>-5.0</i>	<i>-4.1</i>	<i>0.3</i>	<i>2.9</i>

Commercial Services & Supplies/Finland, December 20, 2023
Company update

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	37.0	45.3	43.7	41.9	52.8	76.3	80.4	84.4
<i>Sales growth (%)</i>	<i>82.7</i>	<i>22.5</i>	<i>-3.5</i>	<i>-4.0</i>	<i>25.9</i>	<i>44.6</i>	<i>5.4</i>	<i>5.0</i>
EBITDA	1.9	3.0	4.4	2.3	3.7	2.7	6.4	8.6
<i>EBITDA margin (%)</i>	<i>5.1</i>	<i>6.5</i>	<i>10.2</i>	<i>5.4</i>	<i>7.1</i>	<i>3.5</i>	<i>7.9</i>	<i>10.2</i>
Depreciation	-1.1	-1.1	-0.6	-0.7	-1.1	-1.8	-1.9	-2.0
EBITA	0.8	1.9	3.8	1.5	2.7	0.9	4.5	6.6
Goodwill amortization / writedown	-0.3	-1.0	-1.0	-1.5	-2.5	-4.1	-4.2	-4.2
EBIT	0.5	0.9	2.9	0.1	0.1	-3.1	0.3	2.4
<i>EBIT margin (%)</i>	<i>1.3</i>	<i>1.9</i>	<i>6.6</i>	<i>0.1</i>	<i>0.2</i>	<i>-4.1</i>	<i>0.3</i>	<i>2.9</i>
Reported EBIT	0.5	0.9	2.9	0.1	0.1	-3.1	0.3	2.4
<i>EBIT margin (reported) (%)</i>	<i>1.3</i>	<i>1.9</i>	<i>6.6</i>	<i>0.1</i>	<i>0.2</i>	<i>-4.1</i>	<i>0.3</i>	<i>2.9</i>
Net financials	-0.2	-0.3	-0.3	-1.8	-0.4	-0.8	-0.7	-0.6
Pre-tax profit	0.2	0.6	2.6	-1.7	-0.3	-3.9	-0.5	1.8
Taxes	-0.2	-0.1	-0.6	0.0	-0.4	-0.1	-0.7	-1.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.0	0.4	2.0	-1.8	-0.7	-4.1	-1.2	0.6
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	3	3	3	4	6	8	9	9
Goodwill	13	15	14	23	42	38	34	30
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Receivables	8	8	7	7	13	15	16	17
Liquid funds	1	1	1	13	5	6	6	6
Total assets	25	26	25	47	66	67	65	62
Liabilities								
Shareholder's equity	7	7	9	32	32	27	26	26
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	10	8	6	4	18	19	16	13
Non-interest bearing current liabilities	9	10	9	11	15	21	23	24
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	25	26	25	47	66	67	65	62
CASH FLOW, EURm								
+ EBITDA	2	3	4	2	4	3	6	9
- Net financial items	0	0	0	-2	0	-1	-1	-1
- Taxes	0	0	-1	0	0	0	-1	-1
- Increase in Net Working Capital	-2	1	0	2	-1	4	0	0
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	0	4	4	2	2	6	5	7
- Capex	-13	-4	-1	-2	-3	-4	-2	-2
- Acquisitions	0	0	0	0	-20	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-13	0	2	0	-20	2	3	5
+/- New issues/buybacks	5	0	0	25	1	0	0	0
- Paid dividend	0	0	0	0	0	-1	0	-1
+/- Other	7	-1	-2	-13	11	0	-3	-4
Change in cash	-1	-1	0	12	-9	1	0	0

Commercial Services & Supplies/Finland, December 20, 2023
Company update

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	0	0	60	38	38	38	38
Net debt (excl. convertibles)	8	6	-9	14	13	10	6
Enterprise value	8	6	51	52	51	48	44
Sales	45	44	42	53	76	80	84
EBITDA	3	4	2	4	3	6	9
EBIT	1	3	0	0	-3	0	2
Pre-tax	1	3	-2	0	-4	0	2
Earnings	0	2	-2	-1	-4	-1	1
Equity book value (excl. minorities)	7	9	32	32	27	26	26
Valuation multiples							
EV/sales	0.2	0.1	1.2	1.0	0.7	0.6	0.5
EV/EBITDA	2.6	1.2	22.6	13.9	18.9	7.6	5.1
EV/EBITA	4.1	1.4	33.8	19.6	54.3	10.8	6.7
EV/EBIT	8.7	1.9	959.9	473.3	-16.2	190.5	18.2
EV/OCF	1.9	1.6	25.9	22.1	9.1	9.2	6.2
EV/FCFF	11.2	2.2	24.2	-2.6	22.0	13.8	8.5
P/FCFE	0.0	0.0	150.7	-1.9	21.9	13.0	8.0
P/E	0.0	0.0	-33.2	-52.9	-9.3	-31.4	60.1
P/B	0.0	0.0	1.8	1.2	1.4	1.5	1.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	20.8	8.4	5.7
Target EV/EBIT	0.0	0.0	0.0	0.0	-17.8	210.3	20.3
Target EV/FCF	0.0	0.0	0.0	0.0	32.2	18.2	10.4
Target P/B	0.0	0.0	0.0	0.0	1.6	1.6	1.7
Target P/E	0.0	0.0	0.0	0.0	-10.5	-35.5	68.1
Per share measures							
Number of shares	9,620	9,620	14,194	14,329	14,329	14,329	14,329
Number of shares (diluted)	9,620	9,620	14,194	14,329	14,329	14,329	14,329
EPS	0.04	0.20	-0.13	-0.05	-0.29	-0.08	0.04
Operating cash flow per share	0.42	0.37	0.14	0.16	0.39	0.36	0.50
Free cash flow per share	0.05	0.23	0.03	-1.40	0.12	0.20	0.33
Book value per share	0.78	0.99	2.28	2.24	1.91	1.82	1.80
Dividend per share	0.00	0.00	0.00	0.05	0.00	0.06	0.10
Dividend payout ratio, %	0.0	0.0	0.0	-99.4	-1.0	-74.2	229.5
Dividend yield, %	0.0	0.0	0.0	1.9	0.1	2.4	3.8
FCF yield, %	0.0	0.0	0.7	-52.7	4.6	7.7	12.5
Efficiency measures							
ROE	6.1	23.1	-8.6	-2.2	-13.8	-4.5	2.4
ROCE	5.4	18.2	0.2	0.3	-6.5	0.6	6.0
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	17.0	15.3	15.9	24.9	20.0	20.0	20.0
Non-interest bearing liabilities as % of sales	21.5	20.0	25.1	29.2	28.0	28.0	28.0
NWC/sales, %	-4.5	-4.8	-9.2	-4.2	-8.0	-8.0	-8.0
Operative CAPEX/sales, %	7.8	3.1	3.7	4.8	5.1	2.9	2.9
CAPEX/sales (incl. acquisitions), %	7.8	3.1	3.7	-33.0	5.1	2.9	2.9
FCFF/EBITDA	0.2	0.6	0.9	-5.3	0.9	0.5	0.6
Net debt/EBITDA, book-weighted	2.6	1.2	-3.9	3.7	4.8	1.6	0.7
Debt/equity, market-weighted	0.0	0.0	0.1	0.5	0.5	0.4	0.3
Equity ratio, book-weighted	29.2	38.4	68.5	48.7	40.6	40.3	41.6
Gearing, %	101.8	58.3	-27.2	43.3	47.4	38.6	24.2

Commercial Services & Supplies/Finland, December 20, 2023
Company update

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 over 1,000 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 profitability figures to achieve the target, but with the acquisition of Econia the company has taken a larger leap towards the revenue target. Profitability improvement relies upon synergies from acquisitions as well as internal operational efficiency, further to be improved by pick-up in growth. Near-term macroeconomic conditions have, however, proven to be a challenge, affecting both the company's growth and profitability.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Aho Peter	6,880,980	18.235	48.0%
Ilmarinen Mutual Pension Insurance Company	1,250,000	3.313	8.7%
Sijotus Oy MC Invest Ab	1,205,508	3.195	8.4%
Oy Fincorp Ab	417,736	1.107	2.9%
Varma Mutual Pension Insurance Company	337,093	0.893	2.4%
Elo Mutual Pension Insurance Company	306,817	0.813	2.1%
Salmivala Maria-Elina	283,221	0.751	2.0%
Herranen Kimmo	231,700	0.614	1.6%
Rantalainen-Yhtiöt Oy	166,755	0.442	1.2%
Oy Talcom Ab	142,810	0.378	1.0%
Ten largest	11,222,620	29.740	78%
Residual	3,106,794	8.233	22%
Total	14,329,414	37.973	100%

EARNINGS CALENDAR

March 06, 2024

FY 2023 Results

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Kimmo Herranen

Itämerenkatu 5, FIN-00180 Helsinki

CFO: Kalle Lehtonen

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

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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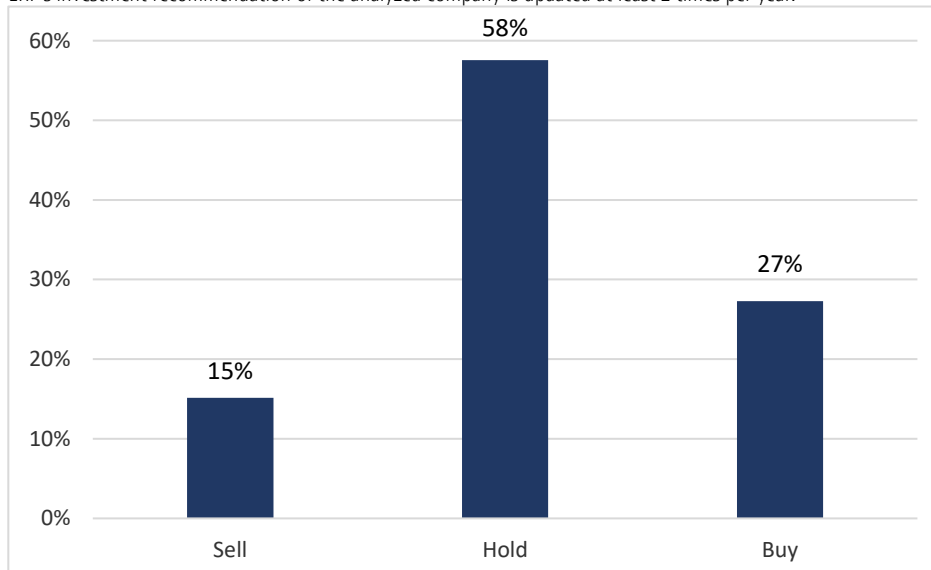
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Investment recommendations are defined as follows:

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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