

Good start in terms of profitability

Administer's profitability in Q1 improved more than expected, and our 2024E EBITDA estimate is up by some 10%. We raise our TP to EUR 3.0 (2.6), BUY-rating intact.

EBITDA up 56% y/y in Q1

Administer reported Q1 net sales and EBITDA of EUR 19.0m and 1.7m respectively. Revenue declined by 3.1% y/y, driven by the 14.8% sales decline of Econia due to among other things the weakened economic activity and industrial strikes. Net sales in the other business areas was flat or grew slightly. EBITDA in turn improved by 56% thanks to the profitability programme initiated last year. On our corresponding H1/24 estimates (EUR 39.0m and 2.6m) the net sales development was fairly as expected while the profitability development was upbeat, as Q2 profitability should be closer to Q1 levels, noting the weakness in Q2/23 figures due to collective agreement related one-off installments.

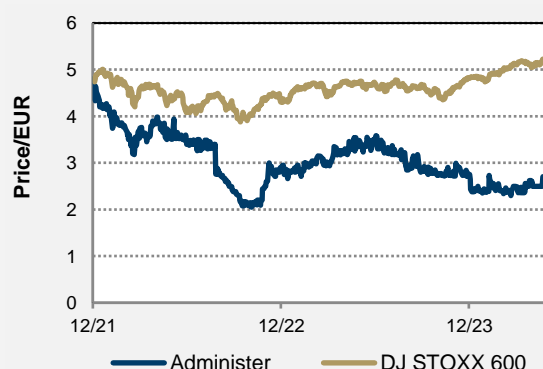
2024E EBITDA estimate up by some 10%

We have raised our 2024E EBITDA estimate by close to 10% and our EBITDA-margin as such to 8.1%, above the guidance range midpoint of 7.5%, while our net sales estimate remains fairly unchanged, closer to the lower end of the guidance. We assess that the larger part of the impact of the profitability programme was visible in Q1 and further larger profitability jumps to rely on an improved economic situation and sales growth. We remain cautious in terms of growth given that the near-term Group potential appears to rely on the recovery of Econia, expecting on average lower single-digit growth for the remaining quarters. According to management, Econia's sales is expected to grow during Q2 and Q3 compared with Q1.

BUY with a target price of EUR 3.0 (2.6)

With quite some uncertainty heading into 2024, Q1 was in some sense a sigh of relief, as profitability improvements came through better than expected and challenges with growth appear mostly contained to Econia. We adjust our TP to EUR 3.0 (2.6), valuing Administer at ~15x 2024e P/E, BUY-rating intact.

Rating + BUY



Share price, EUR (Last trading day's closing price) 2.70

Target price, EUR 3.0

Latest change in recommendation	03-Dec-21
Latest report on company	08-Mar-24
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	39
Free float, %	-
Exchange rate	0.000
Reuters code	ADMIN.HE
Bloomberg code	ADMIN FH
Average daily volume, EURm	-
Next interim report	15-Aug-24
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
2022	52.8	0.1	0.2%	-20.1	-0.05	-52.9	1.0	473.3	-52.7	0.05
2023	75.9	-3.0	-3.9%	0.9	-0.27	-8.9	0.6	-15.6	2.5	0.00
2024E	76.8	0.0	0.0%	2.8	-0.11	-25.2	0.6	-2,369.5	7.3	0.06
2025E	80.6	0.9	1.1%	3.7	-0.05	-50.4	0.6	49.7	9.4	0.08
2026E	85.9	2.8	3.2%	5.3	0.06	42.1	0.5	14.6	13.8	0.11
Market cap, EURm			39	Gearing 2024E, %			33.3	CAGR EPS 2023-26, %		0.0
Net debt 2024E, EURm			9	Price/book 2024E			1.5	CAGR sales 2023-26, %		4.2
Enterprise value, EURm			47	Dividend yield 2024E, %			2.1	ROE 2024E, %		-5.7
Total assets 2024E, EURm			58	Tax rate 2024E, %			16.5	ROCE 2024E, %		0.0
Goodwill 2024E, EURm			35	Equity ratio 2024E, %			44.5	PEG, P/E 24/CAGR		0.0

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

Administer	2022	Q1/'23	Q2/'23*	H2/'23	2023	Q1/'24	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	52.8	19.6	19.6	36.6	75.9	19.0	19.7	18.1	20.0	76.8	80.6	85.9
sales growth %	25.9%			27.0%	43.8%	-3.1%	0.3%	-	-	1.2%	5.0%	6.5%
EBITDA	3.8	1.1	0.4	1.3	2.8	1.7	1.7	1.3	1.5	6.2	7.1	8.9
EBITDA-margin	7.1%	5.7%	2.3%	3.5%	3.8%	9.1%	8.7%	7.0%	7.6%	8.1%	8.8%	10.4%
Depreciation	-1.1			-1.0	-1.8	-0.4	-0.5	-0.5	-0.5	-1.8	-1.8	-1.8
EBITA	2.7	0.7	0.0	0.3	1.0	1.3	1.2	0.8	1.1	4.4	5.3	7.2
EBITA-margin	5.1%	3.6%	0.0%	0.8%	1.3%	6.8%	6.1%	4.5%	5.3%	5.8%	6.6%	8.3%
Goodwill amortization	-2.5			-2.0	-4.0	-1.1	-1.1	-1.1	-1.1	-4.4	-4.4	-4.4
EBIT	0.1	-0.3	-1.0	-1.7	-3.0	0.2	0.1	-0.3	0.0	0.0	0.9	2.8
EBIT-margin	0.2%	-1.5%	-5.0%	-4.6%	-3.9%	1.1%	0.5%	-1.6%	-0.2%	0.1%	1.1%	3.2%

Source: Administer, Evli Research estimates. *not reported, estimate from Q1/23 and H1/23

	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
Talenom	234							30.8x	21.7x	16.6x
Aallon Group	32	6.4x	6.2x	5.9x	10.2x	9.6x	8.9x	12.4x	11.9x	10.9x
Enento Group	407	9.7x	8.9x	8.2x	13.8x	12.2x	11.1x	19.1x	15.3x	13.2x
Admicom	218	17.6x	15.4x	12.8x	20.8x	17.8x	14.4x	25.3x	21.6x	17.8x
Zalaris	134							24.2x	17.6x	15.0x
Peer Group Average	622	11.2x	10.2x	9.0x	15.0x	13.2x	11.4x	22.4x	17.6x	14.7x
Peer Group Median	218	9.7x	8.9x	8.2x	13.8x	12.2x	11.1x	24.2x	17.6x	15.0x

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	2.70 PV of Free Cash Flow	41 Long-term growth, %	1.5 Risk-free interest rate, %
DCF share value	5.87 PV of Horizon value	55 WACC, %	8.0 Market risk premium, %
Share price potential, %	117.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	6.4 Marketable securities	3 Minimum WACC, %	7.5 Equity beta coefficient
Minimum value	5.4 Debt - dividend	-15 Maximum WACC, %	8.5 Target debt ratio, %
Horizon value, %	57.5 Value of stock	84 Nr of shares, Mn	14.3 Effective tax rate, %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	76	77	81	86	90	95	99	104	110	115	117	119
Sales growth, %	43.8	1.2	5.0	6.5	5.0	5.0	5.0	5.0	5.0	5.0	1.5	1.5
Operating income (EBIT)	-3	0	1	3	6	8	8	8	9	9	9	9
Operating income margin, %	-3.9	0.0	1.1	3.2	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
+ Depreciation+amort.	6	6	6	6	4	2	2	2	2	2	3	
EBITDA	3	6	7	9	10	10	10	11	11	12	12	
- Paid taxes	0	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	
- Change in NWC	3	0	0	0	0	0	0	0	0	1	0	
NWC/Sales, %	-9.5	-9.5	-9.5	-9.5	-9.5	-9.5	-9.5	-9.5	-9.5	-9.5	-9.5	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-4	-2	-2	-2	-2	-2	-3	-3	-3	-3	-3	
opCAPEX/Sales, %	4.9	2.4	2.6	2.6	2.5	2.6	2.6	2.6	2.5	2.5	2.3	
- Acquisitions	-1	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	2	4	4	6	7	6	6	7	7	7	7	116
= Discounted FCFF		3	4	5	5	4	4	4	4	4	4	55
= DFCF min WACC		3	4	5	5	4	4	4	4	4	4	62
= DFCF max WACC		3	4	5	5	4	4	4	4	4	3	49

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	0.0	39.2	0.0	36.6	75.9	19.0	19.7	18.1	20.0	76.8	80.6	85.9
EBITDA	0.0	1.6	0.0	1.3	2.8	1.7	1.7	1.3	1.5	6.2	7.1	8.9
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>4.0</i>	<i>0.0</i>	<i>3.5</i>	<i>3.8</i>	<i>9.1</i>	<i>8.4</i>	<i>7.0</i>	<i>7.6</i>	<i>8.0</i>	<i>8.8</i>	<i>10.4</i>
EBIT	0.0	-1.3	0.0	-1.7	-3.0	0.2	0.1	-0.3	0.0	0.0	0.9	2.8
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>-3.3</i>	<i>0.0</i>	<i>-4.6</i>	<i>-3.9</i>	<i>1.1</i>	<i>0.5</i>	<i>-1.6</i>	<i>-0.1</i>	<i>0.0</i>	<i>1.1</i>	<i>3.2</i>
Net financial items	0.0	-0.3	0.0	-0.7	-1.0	-0.2	-0.2	-0.2	-0.2	-0.9	-0.8	-0.5
Pre-tax profit	0.0	-1.6	0.0	-2.3	-3.9	0.0	-0.1	-0.5	-0.3	-1.0	0.1	2.2
Tax	0.0	-0.2	0.0	0.3	0.1	-0.1	-0.2	-0.1	-0.2	-0.6	-0.9	-1.3
<i>Tax rate (%)</i>	<i>0.0</i>	<i>49.5</i>	<i>0.0</i>	<i>74.3</i>	<i>-488.2</i>	<i>9.1</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>16.5</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	-1.8	0.0	-2.1	-3.9	-0.1	-0.3	-0.7	-0.4	-1.5	-0.8	0.9
EPS	0.00	-0.13	0.00	-0.14	-0.27	-0.01	-0.02	-0.05	-0.03	-0.11	-0.05	0.06
EPS adjusted (diluted no. of shares)	0.00	-0.13	0.00	-0.14	-0.27	-0.01	-0.02	-0.05	-0.03	-0.11	-0.05	0.06
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.08	0.11
SALES, EURm												
Administer	0.0	39.2	0.0	36.6	75.9	19.0	19.7	18.1	20.0	76.8	80.6	85.9
Total	0.0	39.2	0.0	36.6	75.9	19.0	19.7	18.1	20.0	76.8	80.6	85.9
SALES GROWTH, Y/Y %												
Administer	<i>0.0</i>	<i>64.2</i>	<i>0.0</i>	<i>27.0</i>	<i>43.8</i>		<i>-49.8</i>		<i>-45.4</i>	<i>1.2</i>	<i>5.0</i>	<i>6.5</i>
Total	<i>0.0</i>	<i>64.2</i>	<i>0.0</i>	<i>27.0</i>	<i>43.8</i>	<i>0.0</i>	<i>-49.8</i>	<i>0.0</i>	<i>-45.4</i>	<i>1.2</i>	<i>5.0</i>	<i>6.5</i>
EBIT, EURm												
Administer	0.0	-1.3	0.0	-1.7	-3.0	0.2	0.1	-0.3	0.0	0.0	0.9	2.8
Total	0.0	-1.3	0.0	-1.7	-3.0	0.2	0.1	-0.3	0.0	0.0	0.9	2.8
EBIT margin, %												
Administer	<i>0.0</i>	<i>-3.3</i>	<i>0.0</i>	<i>-4.6</i>	<i>-3.9</i>	<i>1.1</i>	<i>0.5</i>	<i>-1.6</i>	<i>-0.1</i>	<i>0.0</i>	<i>1.1</i>	<i>3.2</i>
Total	<i>0.0</i>	<i>-3.3</i>	<i>0.0</i>	<i>-4.6</i>	<i>-3.9</i>	<i>1.1</i>	<i>0.5</i>	<i>-1.6</i>	<i>-0.1</i>	<i>0.0</i>	<i>1.1</i>	<i>3.2</i>

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	45.3	43.7	41.9	52.8	75.9	76.8	80.6	85.9
<i>Sales growth (%)</i>	<i>22.5</i>	<i>-3.5</i>	<i>-4.0</i>	<i>25.9</i>	<i>43.8</i>	<i>1.2</i>	<i>5.0</i>	<i>6.5</i>
EBITDA	3.0	4.4	2.3	3.7	2.8	6.2	7.1	8.9
<i>EBITDA margin (%)</i>	<i>6.5</i>	<i>10.2</i>	<i>5.4</i>	<i>7.1</i>	<i>3.8</i>	<i>8.0</i>	<i>8.8</i>	<i>10.4</i>
Depreciation	-1.1	-0.6	-0.7	-1.1	-1.8	-1.8	-1.8	-1.8
EBITA	1.9	3.8	1.5	2.7	1.0	4.4	5.3	7.2
Goodwill amortization / writedown	-1.0	-1.0	-1.5	-2.5	-4.0	-4.4	-4.4	-4.4
EBIT	0.9	2.9	0.1	0.1	-3.0	0.0	0.9	2.8
<i>EBIT margin (%)</i>	<i>1.9</i>	<i>6.6</i>	<i>0.1</i>	<i>0.2</i>	<i>-3.9</i>	<i>0.0</i>	<i>1.1</i>	<i>3.2</i>
Reported EBIT	0.9	2.9	0.1	0.1	-3.0	0.0	0.9	2.8
<i>EBIT margin (reported) (%)</i>	<i>1.9</i>	<i>6.6</i>	<i>0.1</i>	<i>0.2</i>	<i>-3.9</i>	<i>0.0</i>	<i>1.1</i>	<i>3.2</i>
Net financials	-0.3	-0.3	-1.8	-0.4	-1.0	-0.9	-0.8	-0.5
Pre-tax profit	0.6	2.6	-1.7	-0.3	-3.9	-1.0	0.1	2.2
Taxes	-0.1	-0.6	0.0	-0.4	0.1	-0.6	-0.9	-1.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.4	2.0	-1.8	-0.7	-3.9	-1.5	-0.8	0.9
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	4	6	7	7	7	8
Goodwill	15	14	23	42	39	35	31	26
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Receivables	8	7	7	13	13	13	14	15
Liquid funds	1	1	13	5	3	3	3	4
Total assets	26	25	47	66	63	58	55	52
Liabilities								
Shareholder's equity	7	9	32	32	28	26	24	24
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	8	6	4	18	15	12	9	5
Non-interest bearing current liabilities	10	9	11	15	20	20	22	23
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	26	25	47	66	63	58	55	52
CASH FLOW, EURm								
+ EBITDA	3	4	2	4	3	6	7	9
- Net financial items	0	0	-2	0	-1	-1	-1	-1
- Taxes	0	-1	0	0	0	-1	-1	-1
- Increase in Net Working Capital	1	0	2	-1	3	0	0	0
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	4	4	2	2	5	5	6	8
- Capex	-4	-1	-2	-3	-4	-2	-2	-2
- Acquisitions	0	0	0	-20	-1	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	0	2	0	-20	1	3	4	5
+/- New issues/buybacks	0	0	25	1	0	0	0	0
- Paid dividend	0	0	0	0	-1	0	-1	-1
+/- Other	-1	-2	-13	11	-1	-3	-3	-4
Change in cash	-1	0	12	-9	-1	0	0	0

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	0	60	38	35	39	39	39
Net debt (excl. convertibles)	6	-9	14	11	9	6	2
Enterprise value	6	51	52	46	47	45	40
Sales	44	42	53	76	77	81	86
EBITDA	4	2	4	3	6	7	9
EBIT	3	0	0	-3	0	1	3
Pre-tax	3	-2	0	-4	-1	0	2
Earnings	2	-2	-1	-4	-2	-1	1
Equity book value (excl. minorities)	9	32	32	28	26	24	24
Valuation multiples							
EV/sales	0.1	1.2	1.0	0.6	0.6	0.6	0.5
EV/EBITDA	1.2	22.6	13.9	16.2	7.7	6.3	4.5
EV/EBITA	1.4	33.8	19.6	46.0	10.8	8.4	5.6
EV/EBIT	1.9	959.9	473.3	-15.6	-2,369.5	49.7	14.6
EV/OCF	1.6	25.9	22.1	8.5	10.0	7.7	5.3
EV/FCFF	2.2	24.2	-2.6	26.5	13.0	10.5	7.0
P/FCFE	0.0	150.7	-1.9	39.6	13.6	10.6	7.2
P/E	0.0	-33.2	-52.9	-8.9	-25.2	-50.4	42.1
P/B	0.0	1.8	1.2	1.3	1.5	1.6	1.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.4	6.9	5.0
Target EV/EBIT	0.0	0.0	0.0	0.0	-2,583.6	54.5	16.1
Target EV/FCF	0.0	0.0	0.0	0.0	18.2	13.4	8.3
Target P/B	0.0	0.0	0.0	0.0	1.7	1.8	1.8
Target P/E	0.0	0.0	0.0	0.0	-28.0	-56.0	46.8
Per share measures							
Number of shares	9,620	14,194	14,329	14,329	14,329	14,329	14,329
Number of shares (diluted)	9,620	14,194	14,329	14,329	14,329	14,329	14,329
EPS	0.20	-0.13	-0.05	-0.27	-0.11	-0.05	0.06
Operating cash flow per share	0.37	0.14	0.16	0.38	0.33	0.40	0.53
Free cash flow per share	0.23	0.03	-1.40	0.06	0.20	0.25	0.37
Book value per share	0.99	2.28	2.24	1.92	1.81	1.70	1.69
Dividend per share	0.00	0.00	0.05	0.00	0.06	0.08	0.11
Dividend payout ratio, %	0.0	0.0	-99.4	-0.1	-53.6	-142.1	173.8
Dividend yield, %	0.0	0.0	1.9	0.0	2.1	2.8	4.1
FCF yield, %	0.0	0.7	-52.7	2.5	7.3	9.4	13.8
Efficiency measures							
ROE	23.1	-8.6	-2.2	-13.1	-5.7	-3.0	3.8
ROCE	18.2	0.2	0.3	-6.4	0.0	2.5	8.8
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	15.3	15.9	24.9	17.2	17.2	17.2	17.2
Non-interest bearing liabilities as % of sales	20.0	25.1	29.2	26.7	26.7	26.7	26.7
NWC/sales, %	-4.8	-9.2	-4.2	-9.5	-9.5	-9.5	-9.5
Operative CAPEX/sales, %	3.1	3.7	4.8	4.9	2.4	2.6	2.6
CAPEX/sales (incl. acquisitions), %	3.1	3.7	-33.0	3.7	2.4	2.6	2.6
FCFF/EBITDA	0.6	0.9	-5.3	0.6	0.6	0.6	0.6
Net debt/EBITDA, book-weighted	1.2	-3.9	3.7	4.0	1.4	0.8	0.2
Debt/equity, market-weighted	0.0	0.1	0.5	0.4	0.3	0.2	0.1
Equity ratio, book-weighted	38.4	68.5	48.7	44.0	44.5	44.2	46.2
Gearing, %	58.3	-27.2	43.3	41.7	33.3	23.9	6.5

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	6,830,980	18.444	47.7%
Ilmarinen Mutual Pension Insurance Company	1,250,000	3.375	8.7%
Sijoitus Oy MC Invest Ab	1,205,508	3.255	8.4%
Oy Fincorp Ab	444,570	1.200	3.1%
Varma Mutual Pension Insurance Company	337,093	0.910	2.4%
Elo Mutual Pension Insurance Company	306,817	0.828	2.1%
Salmivala Maria-Elina	283,221	0.765	2.0%
Rantalainen-Yhtiöt Oy	260,406	0.703	1.8%
Herranen Kimmo	234,292	0.633	1.6%
Oy Talcom Ab	181,526	0.490	1.3%
Ten largest	11,334,413	30.603	79%
Residual	2,995,001	8.087	21%
Total	14,329,414	38.689	100%

EARNINGS CALENDAR	
August 15, 2024	Q2 report
November 06, 2024	Q3 report
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
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

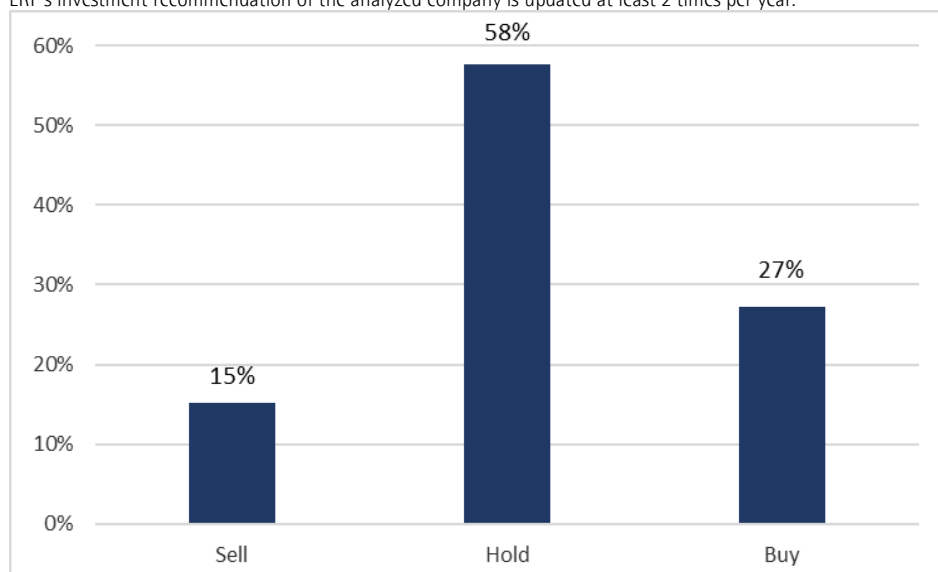
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Investment recommendations are defined as follows:

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

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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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