

Road to production long and bumpy

Endomines' Q2 was focused on production start-up and with delays at Friday serious production figures will have to wait until 2022. We adjust our target price to SEK 2.8 (2.9) with our rating now HOLD (BUY).

Working on production start-up

Endomines reported its Q2 results. With Friday still under care and maintenance during Q2, Endomines as expected did not produce any new gold concentrate and no revenue. Costs were higher than anticipated as the ramp-up of operations progressed and with significant D&A, relating largely to the Friday mine, Q2 EBIT of SEK -76.9m was clearly below our expectation of SEK -20.0m. Endomines continued its efforts to bring the Friday-mine back into production, having invested one million USD on upgrading the Orogrande Processing facility and enhancing the production capacity of the mine. Endomines has also begun an exploration surface drilling program for the Montana gold assets, a fundamental part of Endomines' long-term value creation potential.

Seeing Friday + Pampalo production of ~20k oz in 2023

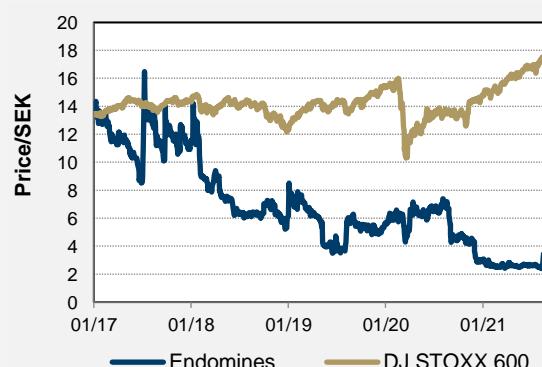
Endomines updated its mid-term goals for the Friday and Pampalo assets, expecting annual gold production of 7,800-9,000 oz and 10,000-11,500 oz respectively, at full production. Full production for Friday is expected by Q4 2021/Q1 2022 and Q2/Q3 2022 for Pampalo. The new Friday estimate is slightly softer than the previous 9,000 oz initial production target but future capacity expansion could still be viable. We have now also included estimates for Pampalo, expecting production to rise to some 20k oz in 2023 as both sites should have reached target capacity by then. With further near-term delays in the start-up of the mill at Friday (expected in late August) the 2021 production estimate was lowered to 1,500 oz (prev. 3,000-4,000 oz), which given pre-Q2 news was not completely surprising.

HOLD (BUY) with a target price of SEK 2.8 (2.9)

We have made some adjustments to our SOTP-model, based on which we adjust our target price to SEK 2.8 (2.9). With the recent share price increases we lower our rating to HOLD (BUY).

Rating

■ HOLD



Share price, SEK (Last trading day's closing price) 3.02

Target price, SEK 2.8

Latest change in recommendation 21-May-21

Latest report on company 21-May-21

Research paid by issuer: YES

No. of shares outstanding, '000's 221,120

No. of shares fully diluted, '000's 221,120

Market cap, SEKm 668

Free float, % -

Exchange rate EUR/SEK 10.150

Reuters code ENDO.ST

Bloomberg code ENDO SS

Average daily volume, SEKm 0.2

Next interim report 11-Nov-21

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■ BUY ■ HOLD ■ SELL

KEY FIGURES

	Sales SEKm	EBIT SEKm	EBIT %	FCF SEKm	EPS SEK	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS SEK
2019	5.8	-52.4	-903.4%	-159.2	-0.75	-7.5	112.7	-12.5	-35.6	0.00
2020	13.1	-184.7	-1,410.0%	-103.5	-1.50	-1.9	38.8	-2.8	-28.2	0.00
2021E	20.9	-147.0	-704.2%	-206.6	-0.81	-3.7	39.2	-5.6	-30.9	0.00
2022E	212.7	-48.8	-23.0%	-321.8	-0.42	-7.2	5.4	-23.3	-48.2	0.00
2023E	503.8	46.7	9.3%	-259.4	-0.30	-10.0	2.8	29.9	-38.8	0.00
Market cap, SEKm		668	Gearing 2021E, %			42.6	CAGR EPS 2020-23, %			-41.4
Net debt 2021E, SEKm		150	Price/book 2021E			1.9	CAGR sales 2020-23, %			237.5
Enterprise value, SEKm		818	Dividend yield 2021E, %			0.0	ROE 2021E, %			-52.3
Total assets 2021E, SEKm		608	Tax rate 2021E, %			0.0	ROCE 2021E, %			-29.6
Goodwill 2021E, SEKm		0	Equity ratio 2021E, %			57.8	PEG, P/E 21/CAGR			0.0

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

Endomines (SEKm)	2019	Q1/'20	Q2/'20	Q3/'20	Q4/'20	2020	Q1/'21	Q2/'21	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Net sales	5.8	3.0	7.5	1.9	0.7	13.1	0.1	0.0	0.0	20.8	20.8	212.7	503.8
sales growth %	-94.5%	42.9%	>100%	18.8%	0.0%	>100%	-96.7%	-100.0%	-100.0%	>100%	59 %	>100%	>100%
EBITDA	-48.8	-27.8	-17.4	-23.1	-39.5	-108.0	-14.5	-25.8	-28.0	-8.5	-31.5	30.7	179.0
EBIT	-52.4	-29.2	-27.7	-28.7	-98.9	-184.7	-18.6	-76.9	-33.0	-18.5	-101.7	-48.8	46.7
EBIT margin	<-100%	<-100%	<-100%	<-100%	<-100%	<-100%	<-100%	<-100%	<-100%	<-100%	<-100%	-23.0%	9.3%
Gold production (Oz)	0	0	326	212	0	538	0	0	0	1,505	1,505	14,595	34,561
Finland	2019	Q1/'20	Q2/'20*	Q3/'20*	Q4/'20	2020	Q1/'21	Q2/'21	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Net sales	5.8	3.0	2.5	0.0	0.0	5.5	0.0	0.0	0.0	0.0	0.0	92.1	148.8
Gold production (Oz)	0	0	0	0	0	0	0	0	0	0	0.0	6320	10208
United States	2019	Q1/'20	Q2/'20*	Q3/'20*	Q4/'20	2020	Q1/'21	Q2/'21	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Net sales	0.0	0.0	5.0	1.9	0.7	7.6	0.1	0.0	0.0	20.8	20.8	120.6	355.0
Gold production (Oz)	0	0	326	212	0	538	0	0	0	1,505	1505	8276	24352
Assumptions	2019	Q1/'20	Q2/'20	Q3/'20	Q4/'20	2020	Q1/'21	Q2/'21	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Gold price USD/Oz	1393	1582	1711	1908	1874	1769	1794	1817	1800	1800	1803	1900	1900
Gold price EUR/Oz	1245	1437	1555	1631	1575	1552	1489	1509	1495	1495	1497	1578	1578
USD/SEK	9.46	9.67	9.69	8.87	8.61	9.20	8.40	8.42	8.43	8.43	8.43	8.43	8.43
EUR/SEK	10.58	10.66	10.66	10.37	10.27	10.49	10.12	10.15	10.15	10.15	10.15	10.15	10.15
EUR/USD	1.12	1.10	1.10	1.17	1.19	1.14	1.21	1.20	1.20	1.20	1.20	1.20	1.20

*Net sales split Evli estimate (not reported)

Valuation	Evli est. MSEK	Spot MSEK	Estimate basis
Friday	182	152	LOM 8 years, avg. CC 830 USD/oz, ~92,000oz concentrate produced Purchase price and in-situ value analysis Real option model, assuming profitability above 1,500 USD/oz gold price In-situ value for assets. Exploration ~200USD/m DCF estimate assuming active operations until 2030 Q2/21
Other assets (US)	545	498	
Pampalo	101	72	
Karelia other	89	82	
Corporate/other	-214	-214	
Net cash (debt)	-74	-74	
Total	629	516	
Per share	2.8	2.3	
Long-term gold price (USD/Oz)	1900		Evli
Spot price (USD/Oz)		1786	
Shares (m)	221.1	221.1	

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	3.02 PV of Free Cash Flow	1,119 Long-term growth, %	-100.0 Risk-free interest rate, %
DCF share value	4.42 PV of Horizon value	0 WACC, %	8.7 Market risk premium, %
Share price potential, %	46.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	4.6 Marketable securities	11 Minimum WACC, %	8.2 Equity beta coefficient
Minimum value	4.2 Debt - dividend	-154 Maximum WACC, %	9.2 Target debt ratio, %
Horizon value, %	0.0 Value of stock	977 Nr of shares, Mn	221.1 Effective tax rate, %

DCF valuation, SEKm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	13	21	213	504	1,243	1,288	1,339	1,339	747	411	0	0
<i>Sales growth, %</i>	<i>125.9</i>	<i>59.4</i>	<i>919.0</i>	<i>136.8</i>	<i>146.8</i>	<i>3.6</i>	<i>4.0</i>	<i>0.0</i>	<i>-44.2</i>	<i>-45.1</i>	<i>-100.0</i>	<i>0.0</i>
Operating income (EBIT)	-185	-147	-49	47	465	500	532	562	234	114	0	0
<i>Operating income margin, %</i>	<i>-1,410</i>	<i>-704.2</i>	<i>-23.0</i>	<i>9.3</i>	<i>37.4</i>	<i>38.8</i>	<i>39.8</i>	<i>42.0</i>	<i>31.3</i>	<i>27.7</i>	<i>32.1</i>	<i>0.0</i>
+ Depreciation+amort.	77	70	72	127	133	139	139	129	126	70	0	
EBITDA	-108	-77	24	174	598	639	671	691	360	184	0	
- Paid taxes	0	0	10	-9	-93	-100	-106	-112	-47	-23	0	
- Change in NWC	4	-3	-85	-129	-327	-20	-23	0	262	149	116	
<i>NWC / Sales, %</i>	<i>-456.7</i>	<i>-270.1</i>	<i>13.4</i>	<i>31.2</i>	<i>38.9</i>	<i>39.1</i>	<i>39.3</i>	<i>39.3</i>	<i>35.4</i>	<i>28.2</i>	<i>0.0</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	-35	
- Operative CAPEX	-27	-95	-217	-191	-69	-70	-70	-70	-23	-21	389	
<i>opCAPEX / Sales, %</i>	<i>202.8</i>	<i>455.0</i>	<i>102.0</i>	<i>37.9</i>	<i>5.5</i>	<i>5.4</i>	<i>5.2</i>	<i>5.2</i>	<i>3.1</i>	<i>5.1</i>	<i>0.0</i>	
- 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	40	0	0	0	0	0	0	0	0	0	0	
= FCFF	-91	-175	-268	-155	109	449	472	508	552	289	470	0
= Discounted FCFF		-170	-240	-128	82	312	302	300	299	144	216	0
= DFCF min WACC		-170	-241	-129	84	319	310	309	310	150	225	0
= DFCF max WACC		-170	-238	-126	81	306	295	291	289	139	207	0

INTERIM FIGURES

EVLI ESTIMATES, SEKm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	3.0	7.5	1.9	0.7	13.1	0.1	0.0	0.0	20.8	20.9	212.7	503.8
EBITDA	-27.8	-17.4	-23.1	-39.7	-108.0	-14.5	-25.8	-28.0	-8.5	-76.8	23.6	173.6
<i>EBITDA margin (%)</i>	<i>-926.7</i>	<i>-232.2</i>	<i>-1,215.8</i>	<i>-5,671.0</i>	<i>-824.5</i>	<i>-14,500.0</i>	-	-	<i>-41.0</i>	<i>-367.9</i>	<i>11.1</i>	<i>34.5</i>
							2,580,000.	2,800,000.				
							0	0				
EBIT	-29.2	-27.7	-28.7	-99.1	-184.7	-18.6	-76.9	-33.0	-18.5	-147.0	-48.8	46.7
<i>EBIT margin (%)</i>	<i>-973.3</i>	<i>-369.3</i>	<i>-1,510.5</i>	<i>-14,159.3</i>	<i>-1,410.0</i>	<i>-18,600.0</i>	-	-	<i>-89.1</i>	<i>-704.2</i>	<i>-23.0</i>	<i>9.3</i>
							7,690,000.	3,300,000.				
							0	0				
Net financial items	-15.1	3.9	-15.5	14.4	-12.3	-21.8	-3.6	-3.0	-3.0	-31.4	-66.7	-130.0
Pre-tax profit	-44.3	-23.8	-44.2	-84.7	-197.0	-40.4	-80.5	-36.0	-21.5	-178.4	-115.6	-83.3
Tax	0.0	0.2	0.0	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	23.1	16.7
<i>Tax rate (%)</i>	<i>0.0</i>	<i>0.7</i>	<i>0.0</i>	<i>-0.1</i>	<i>0.1</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>0.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-44.3	-23.6	-44.2	-84.7	-196.9	-40.4	-80.5	-36.0	-21.5	-178.3	-92.4	-66.6
EPS	-0.34	-0.18	-0.34	-0.65	-1.50	-0.18	-0.36	-0.16	-0.10	-0.81	-0.42	-0.30
EPS adjusted (diluted no. of shares)	-0.34	-0.18	-0.34	-0.65	-1.50	-0.18	-0.36	-0.16	-0.10	-0.81	-0.42	-0.30
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SALES, SEKm												
Endomines	3.0	7.5	1.9	0.7	13.1	0.1	0.0	0.0	20.8	20.9	212.7	503.8
Total	3.0	7.5	1.9	0.7	13.1	0.1	0.0	0.0	20.8	20.9	212.7	503.8
SALES GROWTH, Y/Y %												
Endomines	42.9	435.7	18.8	0.0	125.9	-96.7	-100.0	-100.0	2,868.2	59.4	919.0	136.8
Total	42.9	435.7	18.8	0.0	125.9	-96.7	-100.0	-99.9	2,868.2	59.4	919.0	136.8
EBIT, SEKm												
Endomines	-29.2	-27.7	-28.7	-99.1	-184.7	-18.6	-76.9	-33.0	-18.5	-147.0	-48.8	46.7
Total	-29.2	-27.7	-28.7	-99.1	-184.7	-18.6	-76.9	-33.0	-18.5	-147.0	-48.8	46.7
EBIT margin, %												
Endomines	-973.3	-369.3	-1,510.5	-14,159.3	-1,410.0	-18,600.0	-	-	-89.1	-704.2	-23.0	9.3
Total	-973.3	-369.3	-1,510.5	-14,159.3	-1,410.0	-18,600.0	-	-	-89.1	-704.2	-23.0	9.3
							7,690,000.	3,300,000.				
							0	0				

INCOME STATEMENT, SEKm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	101.1	122.2	104.0	5.8	13.1	20.9	212.7	503.8
<i>Sales growth (%)</i>	<i>-10.5</i>	<i>21.0</i>	<i>-14.9</i>	<i>-94.4</i>	<i>125.9</i>	<i>59.4</i>	<i>919.0</i>	<i>136.8</i>
EBITDA	-7.7	-5.7	-5.5	-48.8	-108.0	-76.8	23.6	173.6
<i>EBITDA margin (%)</i>	<i>-7.6</i>	<i>-4.7</i>	<i>-5.3</i>	<i>-841.1</i>	<i>-824.5</i>	<i>-367.9</i>	<i>11.1</i>	<i>34.5</i>
Depreciation	-95.4	-59.1	-43.0	-3.6	-76.7	-70.2	-72.5	-126.8
EBITA	-103.1	-64.8	-48.5	-52.4	-184.7	-147.0	-48.8	46.7
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-103.1	-64.8	-48.5	-52.4	-184.7	-147.0	-48.8	46.7
<i>EBIT margin (%)</i>	<i>-102.1</i>	<i>-53.0</i>	<i>-46.6</i>	<i>-903.4</i>	<i>-1,410.0</i>	<i>-704.2</i>	<i>-23.0</i>	<i>9.3</i>
Reported EBIT	-103.1	-64.8	-48.5	-52.4	-184.7	-147.0	-48.8	46.7
<i>EBIT margin (reported) (%)</i>	<i>-102.1</i>	<i>-53.0</i>	<i>-46.6</i>	<i>-903.4</i>	<i>-1,410.0</i>	<i>-704.2</i>	<i>-23.0</i>	<i>9.3</i>
Net financials	-1.5	-4.5	11.0	-7.7	-12.3	-31.4	-66.7	-130.0
Pre-tax profit	-104.7	-69.3	-37.5	-60.1	-197.0	-178.4	-115.6	-83.3
Taxes	-20.3	0.0	0.1	0.0	0.1	0.0	23.1	16.7
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-125.0	-69.3	-37.4	-60.1	-196.9	-178.3	-92.4	-66.6
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, SEKm								
Assets								
Fixed assets	171	130	476	573	568	593	737	801
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	0	0	0	0
Inventory	1	2	2	0	2	4	40	95
Receivables	21	12	4	1	3	5	54	128
Liquid funds	29	16	19	16	11	6	32	50
Total assets	222	161	501	590	585	608	863	1,074
Liabilities								
Shareholder's equity	115	45	252	336	331	352	259	193
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	169	175	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	84	84	44	46	154	156	503	781
Non-interest bearing current liabilities	0	0	0	0	0	0	0	0
Other interest-free debt	24	32	36	32	100	100	100	100
Total liabilities	222	161	501	590	585	608	863	1,074
CASH FLOW, SEKm								
+ EBITDA	-8	-6	-5	-49	-108	-77	24	174
- Net financial items	-2	-4	11	-8	-12	-31	-67	-130
- Taxes	-1	0	0	0	0	0	23	17
- Increase in Net Working Capital	0	9	8	-5	4	-3	-85	-129
+/- Other	-3	2	-22	-17	40	0	0	0
= Cash flow from operations	-14	1	-8	-79	-77	-112	-105	-68
- Capex	-38	-14	-100	-82	-27	-95	-217	-191
- Acquisitions	0	0	-59	0	0	0	0	0
+ Divestments	0	0	0	2	0	0	0	0
= Free cash flow	-52	-13	-167	-159	-103	-207	-322	-259
+/- New issues/buybacks	71	0	244	144	192	199	0	0
- Paid dividend	0	0	0	0	0	0	0	0
+/- Other	-10	-1	-74	12	-93	2	347	278
Change in cash	9	-14	3	-3	-4	-5	26	18

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	126	211	448	366	668	668	668
Net debt (excl. convertibles)	68	25	30	143	150	472	731
Enterprise value	194	405	654	509	818	1,139	1,399
Sales	122	104	6	13	21	213	504
EBITDA	-6	-5	-49	-108	-77	24	174
EBIT	-65	-48	-52	-185	-147	-49	47
Pre-tax	-69	-37	-60	-197	-178	-116	-83
Earnings	-69	-37	-60	-197	-178	-92	-67
Equity book value (excl. minorities)	45	252	336	331	352	259	193
Valuation multiples							
EV/sales	1.6	3.9	112.7	38.8	39.2	5.4	2.8
EV/EBITDA	-34.0	-73.7	-13.4	-4.7	-10.6	48.2	8.1
EV/EBITA	-3.0	-8.4	-12.5	-2.8	-5.6	-23.3	29.9
EV/EBIT	-3.0	-8.4	-12.5	-2.8	-5.6	-23.3	29.9
EV/OCF	198.3	-53.2	-8.3	-6.6	-7.3	-10.9	-20.4
EV/FCFF	-28.6	-2.3	-4.3	-5.6	-4.7	-4.2	-9.0
P/FCFE	-13.9	-1.3	-2.8	-3.5	-3.2	-2.1	-2.6
P/E	-1.8	-5.6	-7.5	-1.9	-3.7	-7.2	-10.0
P/B	2.8	0.8	1.3	1.1	1.9	2.6	3.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	-10.0	46.1	7.8
Target EV/EBIT	0.0	0.0	0.0	0.0	-5.2	-22.3	28.9
Target EV/FCF	0.0	0.0	0.0	0.0	-3.7	-3.4	-5.2
Target P/B	0.0	0.0	0.0	0.0	1.8	2.4	3.2
Target P/E	0.0	0.0	0.0	0.0	-3.5	-6.7	-9.3
Per share measures							
Number of shares	15,280	35,148	79,957	131,305	221,120	221,120	221,120
Number of shares (diluted)	15,280	35,148	79,957	131,305	221,120	221,120	221,120
EPS	-4.53	-1.06	-0.75	-1.50	-0.81	-0.42	-0.30
Operating cash flow per share	0.06	-0.22	-0.99	-0.59	-0.50	-0.47	-0.31
Free cash flow per share	-0.86	-4.74	-1.99	-0.79	-0.93	-1.46	-1.17
Book value per share	2.97	7.16	4.20	2.52	1.59	1.17	0.87
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payout ratio, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF yield, %	-10.5	-79.0	-35.6	-28.2	-30.9	-48.2	-38.8
Efficiency measures							
ROE	-86.6	-25.2	-20.5	-59.1	-52.3	-30.3	-29.5
ROCE	-39.6	-9.9	-10.3	-35.5	-29.6	-7.7	5.4
Financial ratios							
Inventories as % of sales	1.8	1.7	0.6	18.8	18.8	18.8	18.8
Receivables as % of sales	9.9	3.6	22.8	25.4	25.4	25.4	25.4
Non-interest bearing liabilities as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NWC/sales, %	-7.9	-20.8	-310.5	-456.7	-270.1	13.4	31.2
Operative CAPEX/sales, %	11.6	95.9	1,414.7	202.8	455.0	102.0	37.9
CAPEX/sales (incl. acquisitions), %	11.6	39.0	1,414.7	202.8	455.0	102.0	37.9
FCFF/EBITDA	1.2	32.3	3.1	0.8	2.3	-11.4	-0.9
Net debt/EBITDA, book-weighted	-11.9	-4.6	-0.6	-1.3	-1.9	19.9	4.2
Debt/equity, market-weighted	0.7	0.2	0.1	0.4	0.2	0.8	1.2
Equity ratio, book-weighted	28.3	84.0	86.7	56.5	57.8	30.0	17.9
Gearing, %	149.3	6.0	6.0	43.1	42.6	181.8	379.3

COMPANY DESCRIPTION: Endomines engages in exploration, mining, and extraction of gold deposits. Its sites are found in Eastern Finland along the Karelian Gold line and in Idaho, USA. The company was founded in 2005 and is headquartered in Stockholm, Sweden. Endomines focuses its operations to assets in stable jurisdictions that can be brought to production rapidly and with limited investment.

INVESTMENT CASE: The ramp-up of operations at the Friday-mine has been burdened by challenges and the operations were put under care and maintenance in August 2020 due to a weak cash position. The company has now taken actions to improve its financial situation and has reinitiated the ramp-up of operations at its Friday and Pampalo mines. Supportive development in gold prices offer additional potential for increased revenue.

OWNERSHIP STRUCTURE	SHARES	SEKm	%
Northern Trust Global Services	36,563,229	110.421	16.5%
Clearstream Banking S.A.	31,463,230	95.019	14.2%
Joensuun Kauppa ja Kone	25,206,196	76.123	11.4%
Nordea Bank Abp (Publ)	15,967,213	48.221	7.2%
Evli Pankki Plc	13,549,141	40.918	6.1%
Aktia Bank Abp	6,130,050	18.513	2.8%
Ålandsbanken Abp	2,691,532	8.128	1.2%
Kakkonen Kari Heikki Ilmari	2,502,710	7.558	1.1%
Taloustieto Incrementum Ky	2,338,000	7.061	1.1%
K22 Finance Oy	2,327,002	7.028	1.1%
Ten largest	138,738,303	418.990	63%
Residual	82,381,732	248.793	37%
Total	221,120,035	667.783	100%

EARNINGS CALENDAR

November 11, 2021

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Marcus Ahlström

Tel: +46 8 611 66 45

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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

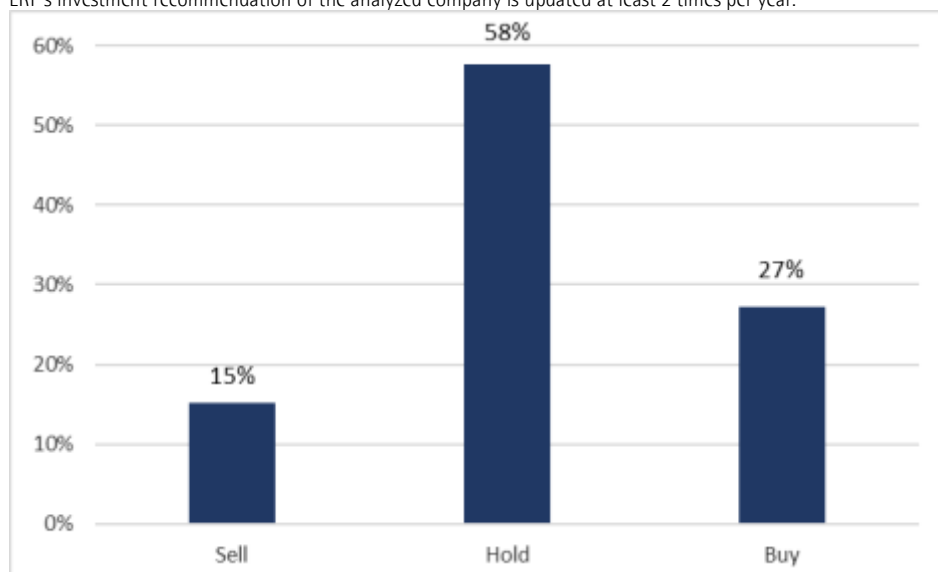
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Investment recommendations are defined as follows:

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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