

Growth pick-up taking time

Fellow Finance's H1 saw a weaker loan volume development, largely due to an increased competition within domestic consumer loans. Larger investments into international growth are expected to be seen in 2020, with some upfront investments to show in 2019, and we expect to see weaker margins but a more rapid growth going into 2020. We retain our HOLD-rating with a TP of EUR 5.0 (5.5)

Increased competition affecting domestic consumer loans

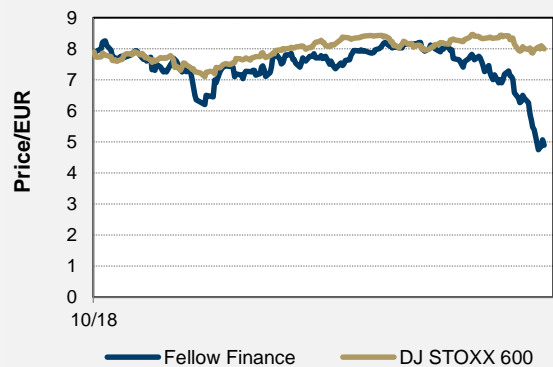
Fellow Finance's H1/19 figures in general were quite as expected, with revenue at EUR 7.2m (Evli EUR 7.0m) and the adj. EBIT at EUR 1.4m (Evli EUR 1.3m). Profitability was affected by the bond issue and upfront growth investments. Overall facilitated loan volumes were below expectations, with consumer loans in Finland showing a weaker development due to an increase in competition from other lenders.

Expect more aggressive growth moves in 2020

Based on management comments we expect 2019 to remain a ramp-up year for the international operations, building up a foundation for accelerating growth. We had expected some more aggressive moves already in 2019 but now expect to see this happening in 2020. As such we have lowered our profitability estimates for 2020 due to expected increases in marketing investments while increasing our coming year growth estimates. Following recent recruitments, we expect to see larger moves in Poland in the near term, followed by Germany.

HOLD with a TP of EUR 5.0 (5.5)

We view Fellow Finance at an elevated level of uncertainty following the lowered guidance pre-H1 and the weaker the expected loan volume development. We consider the indicated stronger growth investments towards 2020 a positive, as the weaker loan volume development has mostly been due to domestic consumer loan development, contrary to domestic business financing and international financing, were we have expected the bulk of coming years' growth. Due to estimates revisions we lower our TP to EUR 5.0 (5.5), retaining our HOLD-rating.

 Rating 🟡 HOLD

 Share price, EUR (Last trading day's closing price) **4.89**

 Target price, EUR **5.0**

 Latest change in recommendation **19-Aug-19**

 Latest report on company **19-Aug-19**

 Research paid by issuer: **YES**

 No. of shares outstanding, '000's **7,129**

 No. of shares fully diluted, '000's **7,129**

 Market cap, EURm **35**

 Free float, % **-**

 Exchange rate **0.000**

 Reuters code **FELLOW.HE**

 Bloomberg code **FELLOW HE**

 Average daily volume, EURm **-**

 Next interim report **-**

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+ BUY 🟡 HOLD - SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	9	2	28.8%	1	0.19	0.0	1.7	0.0	5.9	0.09
2018	12	3	28.3%	1	0.12	55.1	4.6	24.9	16.1	0.04
2019E	15	3	19.7%	1	0.17	29.4	3.3	15.7	16.5	0.05
2020E	19	3	16.1%	2	0.18	26.7	2.6	20.5	16.0	0.05
2021E	24	5	20.7%	4	0.41	12.0	2.0	10.8	9.4	0.12
Market cap, EURm			35	BV per share 2019E, EUR		2.2	CAGR EPS 2018-21, %		51.0	
Net debt 2019E, EURm			13	Price/book 2019E		2.3	CAGR sales 2018-21, %		26.7	
Enterprise value, EURm			48	Dividend yield 2019E, %		1.0	ROE 2019E, %		7.9	
Total assets 2019E, EURm			38	Tax rate 2019E, %		20.0	ROCE 2019E, %		8.6	
Goodwill 2019E, EURm			0	Equity ratio 2019E, %		41.0	PEG, P/E 19/CAGR		0.5	

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

Fellow Finance	2017	H1/'18	H2/'18	2018	H1/'19	H2/'19E	2019E	2020E	2021E
Net sales	8.7	5.6	6.4	12.0	7.2	7.5	14.8	18.8	24.4
<i>sales growth, %</i>	55%	43%	34%	38%	30%	18%	24%	27%	30%
Fee income	6.0	4.1	4.8	9.0	5.3	5.6	11.0	14.9	20.5
Interest income	2.7	1.4	1.5	3.0	1.9	1.9	3.8	3.9	3.9
Facilitated loans	99	76	96	172	109	120	229	310	410
<i>change, %</i>	120%	74%	74%	74%	43%	25%	33%	35%	32%
Expenses									
Materials and services	-3.0	-1.8	-1.9	-3.8	-2.3	-2.5	-4.8	-7.8	-9.8
<i>as % of facilitated loans</i>	3.0%	2.4%	2.0%	2.2%	2.1%	2.1%	2.1%	2.5%	2.4%
Personnel expenses	-1.0	-0.7	-1.0	-1.7	-1.0	-1.2	-2.2	-3.0	-4.0
Other op. expenses	-1.8	-1.2	-1.5	-2.7	-2.3	-2.1	-4.4	-4.5	-5.0
D&A	-0.4	-0.2	-0.2	-0.4	-0.2	-0.2	-0.4	-0.5	-0.5
EBIT	2.5	1.7	1.7	3.4	1.4	1.5	2.9	3.0	5.1
<i>EBIT margin</i>	28.8%	30.0%	26.4%	28.1%	19.0%	20.4%	19.7%	16.1%	20.7%
Adj. EBIT	2.5	1.7	1.9	3.5	1.4	1.5	2.9	3.0	5.1
<i>Adj. EBIT margin</i>	28.8%	30.0%	29.1%	29.5%	19.0%	20.4%	19.7%	16.1%	20.7%

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	4.89 PV of Free Cash Flow	22 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	6.87 PV of Horizon value	35 WACC, %	11.5 Market risk premium, %	5.8
Share price potential, %	40.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	7.5 Marketable securities	9 Minimum WACC, %	11.0 Equity beta coefficient	1.40
Minimum value	6.3 Debt - dividend	-17 Maximum WACC, %	12.0 Target debt ratio, %	20
Horizon value, %	61.6 Value of stock	49 Nr of shares, Mn	7.1 Effective tax rate, %	20

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	12	15	19	24	29	35	44	48	51	53	54	55
<i>Sales growth, %</i>	<i>38.5</i>	<i>23.1</i>	<i>27.1</i>	<i>29.9</i>	<i>20.0</i>	<i>20.0</i>	<i>25.0</i>	<i>10.0</i>	<i>5.0</i>	<i>5.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	3	3	3	5	7	8	10	11	12	12	12	13
<i>EBIT margin, %</i>	<i>28.3</i>	<i>19.7</i>	<i>16.1</i>	<i>20.7</i>	<i>23.0</i>	<i>23.0</i>	<i>23.0</i>	<i>23.0</i>	<i>23.0</i>	<i>23.0</i>	<i>23.0</i>	<i>23.0</i>
+ Depreciation+amort.	0	0	0	0	1	1	1	1	1	1	1	1
- Income taxes	-1	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2
- Change in NWC	-1	-1	-1	-1	-1	-3	-1	-1	-1	-1	-1	-1
<i>NWC / Sales, %</i>	<i>51.5</i>	<i>45.4</i>	<i>41.4</i>	<i>37.1</i>	<i>35.7</i>	<i>38.3</i>	<i>32.7</i>	<i>31.4</i>	<i>31.4</i>	<i>31.4</i>	<i>32.2</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Capital Expenditure	-3	-6	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>Investments / Sales, %</i>	<i>26.3</i>	<i>39.0</i>	<i>3.3</i>	<i>3.4</i>	<i>3.1</i>	<i>3.1</i>	<i>3.2</i>	<i>2.7</i>	<i>2.6</i>	<i>2.6</i>	<i>2.4</i>	<i>2.4</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= Unlevered Free CF (FCF)	-1	-4	1	2	4	3	7	8	8	9	9	98
= Discounted FCF (DFCF)		-3	1	2	3	2	4	4	4	4	3	35
= DFCF min WACC		-3	1	2	3	2	4	4	4	4	3	39
= DFCF max WACC		-3	1	2	3	2	4	4	4	3	3	32

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1E	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	0	6	0	6	12	0	7	0	8	15	19	24
EBITDA	0	2	0	2	4	0	2	0	2	3	3	6
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>33.3</i>	<i>0.0</i>	<i>30.6</i>	<i>31.9</i>	<i>1,673.0</i>	<i>21.7</i>	<i>1,673.0</i>	<i>23.1</i>	<i>22.6</i>	<i>18.0</i>	<i>22.5</i>
EBIT	0	2	0	2	3	0	1	0	2	3	3	5
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>30.0</i>	<i>0.0</i>	<i>26.9</i>	<i>28.3</i>	<i>0.0</i>	<i>19.0</i>	<i>0.0</i>	<i>20.4</i>	<i>19.7</i>	<i>16.1</i>	<i>20.7</i>
Net financial items	0	-1	0	-2	-2	0	-1	0	-1	-1	-1	-1
Pre-tax profit	0	1	0	0	1	0	1	0	1	1	2	4
Tax	0	0	0	0	0	0	0	0	0	0	0	-1
<i>Tax rate (%)</i>	<i>0.0</i>	<i>21.8</i>	<i>0.0</i>	<i>39.8</i>	<i>23.3</i>	<i>0.0</i>	<i>20.0</i>	<i>0.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0	1	0	0	1	0	1	0	1	1	1	3
EPS	0.00	0.11	0.00	0.01	0.12	0.00	0.07	0.00	0.09	0.17	0.18	0.41
EPS adjusted (diluted no. of shares)	0.00	0.11	0.00	0.01	0.12	0.00	0.07	0.00	0.09	0.17	0.18	0.41
Dividend per share	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.05	0.05	0.12
SALES, EURm												
Fellow Finance	0	6	0	6	12	0	7	0	8	15	19	24
Total	0	6	0	6	12	0	7	0	8	15	19	24
SALES GROWTH, Y/Y %												
<i>Fellow Finance</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-25.9</i>	<i>38.5</i>	<i>0.0</i>	<i>29.6</i>	<i>0.0</i>	<i>17.5</i>	<i>23.1</i>	<i>27.1</i>	<i>29.9</i>
<i>Total</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-26.0</i>	<i>38.5</i>	<i>0.0</i>	<i>29.6</i>	<i>0.0</i>	<i>17.5</i>	<i>23.1</i>	<i>27.1</i>	<i>29.9</i>
EBIT, EURm												
Fellow Finance	0	2	0	2	3	0	1	0	2	3	3	5
Total	0	2	0	2	3	0	1	0	2	3	3	5
EBIT margin, %												
<i>Fellow Finance</i>	<i>0.0</i>	<i>30.0</i>	<i>0.0</i>	<i>26.9</i>	<i>28.3</i>	<i>0.0</i>	<i>19.0</i>	<i>0.0</i>	<i>20.4</i>	<i>19.7</i>	<i>16.1</i>	<i>20.7</i>
<i>Total</i>	<i>0.0</i>	<i>30.0</i>	<i>0.0</i>	<i>26.9</i>	<i>28.3</i>	<i>0.0</i>	<i>19.0</i>	<i>0.0</i>	<i>20.4</i>	<i>19.7</i>	<i>16.1</i>	<i>20.7</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	0	4	6	9	12	15	19	24
<i>Sales growth (%)</i>	<i>0.0</i>	<i>100,025.0</i>	<i>39.6</i>	<i>55.0</i>	<i>38.5</i>	<i>23.1</i>	<i>27.1</i>	<i>29.9</i>
Costs	0	-2	-4	-6	-8	-11	-15	-19
Reported EBITDA	0	2	1	3	4	3	3	6
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>40.7</i>	<i>22.5</i>	<i>33.1</i>	<i>31.9</i>	<i>22.6</i>	<i>18.0</i>	<i>22.5</i>
Depreciation	0	0	0	0	0	0	0	0
EBITA	0	1	1	2	3	3	3	5
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	0	1	1	2	3	3	3	5
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>32.2</i>	<i>16.4</i>	<i>28.8</i>	<i>28.3</i>	<i>19.7</i>	<i>16.1</i>	<i>20.7</i>
Net financials	0	-1	-1	-1	-2	-1	-1	-1
Pre-tax profit	0	0	0	1	1	1	2	4
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	0	0	0	0	0	0	0	-1
Minority shares	0	0	0	0	0	0	0	0
Net profit	0	0	0	1	1	1	1	3
BALANCE SHEET, EURm								
Assets								
Fixed assets	0	11	10	14	17	22	22	23
<i>% of sales</i>	<i>0</i>	<i>264</i>	<i>171</i>	<i>160</i>	<i>139</i>	<i>149</i>	<i>119</i>	<i>93</i>
Goodwill	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Inventory	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Receivables	0	3	5	6	7	8	10	11
<i>% of sales</i>	<i>0</i>	<i>82</i>	<i>94</i>	<i>71</i>	<i>58</i>	<i>55</i>	<i>51</i>	<i>47</i>
Liquid funds	0	2	2	2	9	7	7	5
<i>% of sales</i>	<i>0</i>	<i>39</i>	<i>40</i>	<i>20</i>	<i>72</i>	<i>50</i>	<i>35</i>	<i>20</i>
Total assets	0	16	17	22	32	38	39	39
Liabilities								
Equity	0	3	3	4	15	15	16	19
<i>% of sales</i>	<i>0</i>	<i>76</i>	<i>55</i>	<i>48</i>	<i>121</i>	<i>104</i>	<i>87</i>	<i>77</i>
Deferred taxes	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Interest bearing debt	0	11	13	17	17	21	20	18
<i>% of sales</i>	<i>0</i>	<i>276</i>	<i>238</i>	<i>191</i>	<i>142</i>	<i>140</i>	<i>108</i>	<i>73</i>
Non-interest bearing current liabilities	0	2	1	1	1	1	2	2
<i>% of sales</i>	<i>0</i>	<i>38</i>	<i>12</i>	<i>13</i>	<i>7</i>	<i>10</i>	<i>10</i>	<i>10</i>
Other interest free debt	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total liabilities	0	16	17	22	32	38	39	39
CASH FLOW, EURm								
+ EBITDA	0	2	1	3	4	3	3	6
- Net financial items	0	-1	-1	-1	-2	-1	-1	-1
- Taxes	0	0	0	0	0	0	0	-1
- Increase in Net Working Capital	0	-2	-3	0	-1	-1	-1	-1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	0	-2	-2	1	0	1	1	2
- Capex	0	-11	1	-5	-3	-6	-1	-1
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	0	-13	-2	-4	-3	-5	0	1
+/- Change in interest-bearing debt	0	11	2	3	0	4	0	-3
+/- New issues/buybacks	0	3	0	0	10	0	0	0
- Paid dividend	0	0	0	0	-1	0	0	0
+/- Change in loan receivables	0	0	0	0	0	0	0	0
Change in cash	0	2	1	0	7	-1	-1	-2

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	0	0	0	46	35	35	35
Net debt	9	11	15	8	13	14	13
Enterprise value	9	11	15	55	48	49	48
Sales	4	6	9	12	15	19	24
EBITDA	2	1	3	4	3	3	6
EBIT	1	1	2	3	3	3	5
Pre-tax	0	0	1	1	1	2	4
Earnings	0	0	1	1	1	1	3
Book value	3	3	4	15	15	16	19
Valuation multiples							
EV/sales	2.4	2.0	1.7	4.6	3.3	2.6	2.0
EV/EBITDA	5.8	8.8	5.2	14.3	14.4	14.4	8.7
EV/EBITA	7.3	12.1	5.9	16.1	16.5	16.0	9.4
EV/EBIT	7.3	12.1	5.9	16.1	16.5	16.0	9.4
EV/operating cash flow	-17.2	-6.4	6.9	29.3	21.7	28.5	14.8
EV/cash earnings	43.0	26.9	10.1	43.3	29.9	29.4	14.3
P/E	0.0	0.0	0.0	55.1	29.4	26.7	12.0
P/E excl. goodwill	0.0	0.0	0.0	55.1	29.4	26.7	12.0
P/B	0.0	0.0	0.0	3.2	2.3	2.1	1.8
P/sales	0.0	0.0	0.0	3.9	2.4	1.9	1.4
P/CF	0.0	0.0	0.0	24.9	15.7	20.5	10.8
Target EV/EBIT	0.0	0.0	0.0	0.0	16.8	16.3	9.6
Target P/E	0.0	0.0	0.0	0.0	30.0	27.3	12.3
Target P/B	0.0	0.0	0.0	0.0	2.3	2.2	1.9
Per share measures							
Number of shares	5,818	5,818	5,818	7,129	7,129	7,129	7,129
Number of shares (diluted)	5,818	5,818	5,818	7,129	7,129	7,129	7,129
EPS	-0.04	0.01	0.19	0.12	0.17	0.18	0.41
EPS excl. goodwill	-0.04	0.01	0.19	0.12	0.17	0.18	0.41
Cash EPS	0.04	0.07	0.25	0.18	0.23	0.23	0.47
Operating cash flow per share	-0.09	-0.30	0.37	0.26	0.31	0.24	0.45
Capital employed per share	2.15	2.44	3.26	3.21	4.03	4.22	4.45
Book value per share	0.52	0.53	0.72	2.04	2.16	2.30	2.65
Book value excl. goodwill	0.50	0.52	0.71	2.03	2.16	2.29	2.64
Dividend per share	0.00	0.00	0.09	0.04	0.05	0.05	0.12
Dividend payout ratio, %	0.0	0.0	47.2	33.9	30.0	30.0	30.0
Dividend yield, %	0.0	0.0	0.0	0.8	1.0	1.1	2.5
Efficiency measures							
ROE	0.0	2.4	29.8	9.0	7.9	8.2	16.4
ROCE	18.3	6.0	13.4	13.0	8.6	8.3	13.8
Financial ratios							
Capex/sales, %	275.0	-12.7	54.0	26.3	39.0	3.3	3.4
Capex/depreciation excl. goodwill,%	3,216.9	-202.9	1,257.8	751.5	1,352.6	178.1	186.2
Net debt/EBITDA, book-weighted	5.8	8.8	5.2	2.2	4.0	4.1	2.3
Debt/equity, market-weighted	0.0	0.0	0.0	0.4	0.6	0.6	0.5
Equity ratio, book-weighted	19.4	18.1	19.1	44.8	41.0	42.5	48.4
Gearing	3.13	3.59	3.54	0.57	0.86	0.84	0.68
Number of employees, average	0	0	0	0	0	0	0
Sales per employee, EUR	0	0	0	0	0	0	0
EBIT per employee, EUR	0	0	0	0	0	0	0

COMPANY DESCRIPTION: Fellow Finance Oyj operates a lending platform for debt-based consumer and business financing. The company operates in Finland, Sweden, Germany, and Poland. The company began its operations in 2014 and listed on the Nasdaq First North Finland -marketplace in 2018.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Taaleri Oyj	1,847,163	9.033	25.9%
Margin Investments Oy	830,843	4.063	11.7%
TN Ventures Oy	830,843	4.063	11.7%
Oy T&T Nordcap Ab	646,436	3.161	9.1%
Avensis Capital Oy	277,266	1.356	3.9%
SEB Finland Small Cap	159,000	0.778	2.2%
Fennia Life Insurance Company	142,330	0.696	2.0%
OP-Finland Micro Cap	140,060	0.685	2.0%
OP-Finland Small Cap	130,000	0.636	1.8%
Säästöpankki Small Cap mutual fund	128,841	0.630	1.8%
Ten largest	5,132,782	25.099	72%
Residual	1,995,843	9.760	28%
Total	7,128,625	34.859	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Jouni Hintikka

Pursimiehenkatu 4 A, FIN-00150 Helsinki

CFO: Niko Stark

Tel: 0203, 80,101

IR:

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

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Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at <https://research.evli.com/JasperAllModels.action?authParam=key;461&authParam=x;G3rNagWrtf7K&authType=3>

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.

Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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