

New strategic initiatives

Fellow Finance held a strategy event, with sights set on launching new payment and e-commerce products in 2021, for both SMEs and consumers. International operations are being focused on current markets, with new openings unlikely. We retain our HOLD-rating and TP of EUR 2.8.

New product launches expected in 2021

Fellow Finance held a strategy event on December 8th. Focus is being set on new payment and e-commerce products for SMEs and consumers, which include credit cards and invoice payment services. With the challenging consumer lending environment and potential extension of the temporary cap on consumer credit interest rates (credit cards excluded) the services could offer more recurring and higher margin fees. The rollouts of the new products are planned for 2021. The company has also restricted its international expansion plans, now focusing on selected existing international markets and new openings in the coming years are unlikely.

Rapid growth still expected

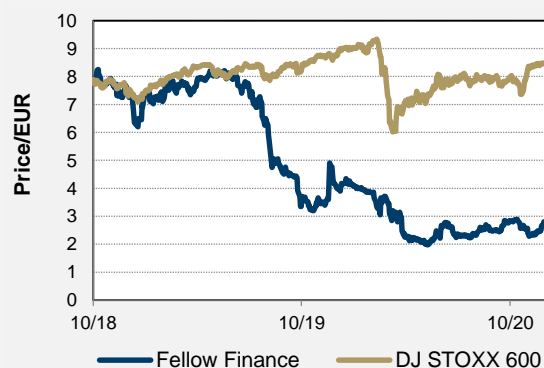
Fellow Finance set its 2023 financial targets, seeking EUR 23m in revenue, of which a significant share from business finance and international markets, and an EBIT-margin of 15%. In 2020 the company expects revenue of approx. EUR 11m and earnings to be negative (H2/2020 close to zero). Our revenue estimates remain largely intact while our 2020 EBIT estimate is up by EUR 0.5m and our 2021-2023 EBIT-margin estimates down by 2-6pp.

HOLD with a target price of EUR 2.8

Although we have lowered our mid-term profitability estimates, the new initiatives appear rather appealing and raise our confidence in Fellow Finance's ability to navigate the challenging consumer lending environment. Performance in business lending has also been better than anticipated, and loan volumes are picking up nicely. We retain our HOLD-rating and TP of EUR 2.8.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 2.80

Target price, EUR 2.8

Latest change in recommendation 19-Aug-19

Latest report on company 23-Oct-20

Research paid by issuer: YES

No. of shares outstanding, '000's 7,174

No. of shares fully diluted, '000's 7,174

Market cap, EURm 20

Free float, % -

Exchange rate 0.000

Reuters code FELLOW.HE

Bloomberg code FELLOW HE

Average daily volume, EURm 0.07

Next interim report 15-Feb-21

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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
2018	12.0	3.4	28.3%	0.6	0.12	55.1	4.6	16.1	1.2	0.04
2019	14.2	1.6	11.6%	-0.8	-0.01	-349.3	3.2	28.0	-2.9	0.00
2020E	11.3	0.6	5.5%	-1.5	-0.12	-24.3	3.4	61.1	-7.5	0.00
2021E	15.3	1.8	11.8%	-1.2	0.03	89.9	2.6	21.8	-5.9	0.00
2022E	18.5	2.3	12.6%	-1.2	0.07	38.1	2.2	17.4	-5.8	0.02
Market cap, EURm	20		Gearing 2020E, %	131.8		CAGR EPS 2019-22, %		0.0		
Net debt 2020E, EURm	18		Price/book 2020E	1.5		CAGR sales 2019-22, %		9.1		
Enterprise value, EURm	38		Dividend yield 2020E, %	0.0		ROE 2020E, %		-5.9		
Total assets 2020E, EURm	35		Tax rate 2020E, %	1.4		ROCE 2020E, %		1.8		
Goodwill 2020E, EURm	0		Equity ratio 2020E, %	39.3		PEG, P/E 20/CAGR		0.0		

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

Fellow Finance	2018	H1/'19	H2/'19	2019	H1/'20	H2/'20E	2020E	2021E	2022E
Net sales	12.0	7.2	7.0	14.2	5.8	5.5	11.3	15.3	18.5
<i>sales growth, %</i>	38%	30%	10%	19%	-20%	-22%	-20%	35%	21%
Fee income	9.0	5.3	4.7	10.0	3.3	3.0	6.3	10.2	13.3
Interest income	3.0	1.9	2.2	4.2	2.5	2.5	5.0	5.1	5.2
Facilitated loans	172	109	92	201	69	67	136	185	265
<i>change, %</i>	74%	43%	-4%	17%	-37%	-27%	-32%	36%	43%
Expenses									
Materials and services	-3.8	-2.3	-2.0	-4.3	-1.4	-1.2	-2.6	-4.1	-5.8
<i>as % of facilitated loans</i>	2.2%	2.1%	2.1%	2.1%	2.0%	1.8%	1.9%	2.2%	2.2%
Personnel expenses	-1.7	-1.0	-1.8	-2.9	-1.1	-1.0	-2.1	-2.8	-3.5
Other op. expenses	-2.7	-2.3	-2.6	-5.0	-3.1	-2.4	-5.5	-6.1	-6.3
D&A	-0.4	-0.2	-0.2	-0.4	-0.2	-0.2	-0.5	-0.5	-0.5
EBIT	3.4	1.4	0.3	1.6	-0.1	0.7	0.6	1.8	2.3
<i>EBIT margin</i>	28.1%	19.0%	3.9%	11.6%	-0.9%	12.3%	5.5%	11.8%	12.6%
Adj. EBIT	3.5	1.4	1.0	2.3	-0.1	0.7	0.6	1.8	2.3
<i>Adj. EBIT margin</i>	29.5%	19.0%	14.0%	16.5%	-0.9%	12.3%	5.5%	11.8%	12.6%

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	2.80 PV of Free Cash Flow	13 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	2.73 PV of Horizon value	23 WACC, %	11.5 Market risk premium, %	5.8
Share price potential, %	-2.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	3.1 Marketable securities	4 Minimum WACC, %	11.0 Equity beta coefficient	1.40
Minimum value	2.4 Debt - dividend	-20 Maximum WACC, %	12.0 Target debt ratio, %	20
Horizon value, %	63.3 Value of stock	20 Nr of shares, Mn	7.2 Effective tax rate, %	20

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	14	11	15	18	23	29	32	33	35	37	37	38
<i>Sales growth, %</i>	<i>18.3</i>	<i>-20.3</i>	<i>35.1</i>	<i>20.8</i>	<i>25.0</i>	<i>25.0</i>	<i>10.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	2	1	2	2	3	5	7	7	8	8	8	8
<i>Operating income margin, %</i>	<i>11.6</i>	<i>5.5</i>	<i>11.8</i>	<i>12.6</i>	<i>15.0</i>	<i>18.0</i>	<i>22.0</i>	<i>22.0</i>	<i>22.0</i>	<i>22.0</i>	<i>22.0</i>	<i>22.0</i>
+ Depreciation+amort.	0	0	1	1	1	1	1	1	1	1	1	1
EBITDA	2	1	2	3	4	6	8	8	9	9	10	
- Paid taxes	-1	0	0	0	-1	-1	-1	-1	-2	-2	-2	
- Change in NWC	0	-1	-1	-1	-3	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>50.6</i>	<i>68.9</i>	<i>60.0</i>	<i>57.6</i>	<i>59.5</i>	<i>51.5</i>	<i>49.6</i>	<i>49.6</i>	<i>49.6</i>	<i>49.6</i>	<i>50.7</i>	
+ Change in other liabs	-7	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>opCAPEX / Sales, %</i>	<i>4.6</i>	<i>4.9</i>	<i>3.5</i>	<i>4.1</i>	<i>4.2</i>	<i>4.2</i>	<i>3.8</i>	<i>3.6</i>	<i>3.6</i>	<i>3.6</i>	<i>3.5</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	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	-7	0	0	0	-1	3	4	5	5	5	6	61
= Discounted FCFF		0	0	0	0	2	3	3	2	2	2	23
= DFCF min WACC		0	0	0	0	2	3	3	2	2	2	25
= DFCF max WACC		0	0	0	0	2	3	2	2	2	2	21

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	0.0	7.2	0.0	7.0	14.2	0.0	5.8	0.0	5.5	11.3	15.3	18.5
EBITDA	0.0	1.6	0.0	0.5	2.1	0.0	0.2	0.0	0.9	1.1	2.3	2.8
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>21.7</i>	<i>0.0</i>	<i>6.9</i>	<i>14.5</i>	<i>0.0</i>	<i>2.7</i>	<i>0.0</i>	<i>16.4</i>	<i>9.8</i>	<i>15.2</i>	<i>15.4</i>
EBIT	0.0	1.4	0.0	0.3	1.6	0.0	-0.1	0.0	0.7	0.6	1.8	2.3
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>19.0</i>	<i>0.0</i>	<i>3.9</i>	<i>11.6</i>	<i>0.0</i>	<i>-0.9</i>	<i>0.0</i>	<i>12.3</i>	<i>5.5</i>	<i>11.8</i>	<i>12.6</i>
Net financial items	0.0	-0.7	0.0	-0.8	-1.5	0.0	-0.7	0.0	-0.8	-1.5	-1.5	-1.7
Pre-tax profit	0.0	0.6	0.0	-0.5	0.1	0.0	-0.7	0.0	-0.1	-0.8	0.3	0.7
Tax	0.0	-0.2	0.0	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1
<i>Tax rate (%)</i>	<i>0.0</i>	<i>34.3</i>	<i>0.0</i>	<i>4.6</i>	<i>176.3</i>	<i>0.0</i>	<i>-1.8</i>	<i>0.0</i>	<i>20.0</i>	<i>1.4</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	0.4	0.0	-0.5	-0.1	0.0	-0.7	0.0	-0.1	-0.8	0.2	0.5
EPS	0.00	0.06	0.00	-0.07	-0.01	0.00	-0.10	0.00	-0.01	-0.12	0.03	0.07
EPS adjusted (diluted no. of shares)	0.00	0.06	0.00	-0.07	-0.01	0.00	-0.10	0.00	-0.01	-0.12	0.03	0.07
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	0.02
SALES, EURm												
Fellow Finance	0.0	7.2	0.0	7.0	14.2	0.0	5.8	0.0	5.5	11.3	15.3	18.5
Total	0.0	7.2	0.0	7.0	14.2	0.0	5.8	0.0	5.5	11.3	15.3	18.5
SALES GROWTH, Y/Y %												
<i>Fellow Finance</i>	<i>0.0</i>	<i>29.6</i>	<i>0.0</i>	<i>8.4</i>	<i>18.3</i>	<i>0.0</i>	<i>-19.8</i>	<i>0.0</i>	<i>-20.9</i>	<i>-20.3</i>	<i>35.1</i>	<i>20.8</i>
<i>Total</i>	<i>0.0</i>	<i>29.6</i>	<i>0.0</i>	<i>8.4</i>	<i>18.3</i>	<i>0.0</i>	<i>-19.7</i>	<i>0.0</i>	<i>-20.9</i>	<i>-20.3</i>	<i>35.1</i>	<i>20.8</i>
EBIT, EURm												
Fellow Finance	0.0	1.4	0.0	0.3	1.6	0.0	-0.1	0.0	0.7	0.6	1.8	2.3
Total	0.0	1.4	0.0	0.3	1.6	0.0	-0.1	0.0	0.7	0.6	1.8	2.3
EBIT margin, %												
<i>Fellow Finance</i>	<i>0.0</i>	<i>19.0</i>	<i>0.0</i>	<i>3.9</i>	<i>11.6</i>	<i>0.0</i>	<i>-0.9</i>	<i>0.0</i>	<i>12.3</i>	<i>5.5</i>	<i>11.8</i>	<i>12.6</i>
<i>Total</i>	<i>0.0</i>	<i>19.0</i>	<i>0.0</i>	<i>3.9</i>	<i>11.6</i>	<i>0.0</i>	<i>-0.9</i>	<i>0.0</i>	<i>12.3</i>	<i>5.5</i>	<i>11.8</i>	<i>12.6</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	4.0	5.6	8.7	12.0	14.2	11.3	15.3	18.5
<i>Sales growth (%)</i>	<i>0.0</i>	<i>39.6</i>	<i>55.0</i>	<i>38.5</i>	<i>18.3</i>	<i>-20.3</i>	<i>35.1</i>	<i>20.8</i>
EBITDA	1.6	1.3	2.9	3.8	2.1	1.1	2.3	2.8
<i>EBITDA margin (%)</i>	<i>40.7</i>	<i>22.5</i>	<i>33.1</i>	<i>31.9</i>	<i>14.5</i>	<i>9.8</i>	<i>15.2</i>	<i>15.4</i>
Depreciation	-0.3	-0.3	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5
EBITA	1.3	0.9	2.5	3.4	1.6	0.6	1.8	2.3
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.3	0.9	2.5	3.4	1.6	0.6	1.8	2.3
<i>EBIT margin (%)</i>	<i>32.2</i>	<i>16.4</i>	<i>28.8</i>	<i>28.3</i>	<i>11.6</i>	<i>5.5</i>	<i>11.8</i>	<i>12.6</i>
Reported EBIT	1.3	0.9	2.5	3.4	1.6	0.6	1.8	2.3
<i>EBIT margin (reported) (%)</i>	<i>32.2</i>	<i>16.4</i>	<i>28.8</i>	<i>28.3</i>	<i>11.6</i>	<i>5.5</i>	<i>11.8</i>	<i>12.6</i>
Net financials	-1.3	-0.8	-1.3	-2.3	-1.5	-1.5	-1.5	-1.7
Pre-tax profit	0.0	0.1	1.2	1.1	0.1	-0.8	0.3	0.7
Taxes	-0.1	-0.1	-0.1	-0.3	-0.2	0.0	-0.1	-0.1
Minority shares	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-0.3	0.1	1.1	0.8	-0.1	-0.8	0.2	0.5
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	11	10	14	17	24	24	24	24
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Receivables	3	5	6	7	8	9	10	12
Liquid funds	2	2	2	9	4	2	3	4
Total assets	16	17	22	32	36	35	37	40
Liabilities								
Shareholder's equity	3	3	4	15	14	14	14	14
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	11	13	17	17	20	20	22	24
Non-interest bearing current liabilities	2	1	1	1	1	1	1	1
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	16	17	22	32	36	35	37	40
CASH FLOW, EURm								
+ EBITDA	2	1	3	4	2	1	2	3
- Net financial items	-1	-1	-1	-2	-2	-1	-2	-2
- Taxes	0	0	0	0	0	0	0	0
- Increase in Net Working Capital	-2	-1	1	0	0	-1	-1	-1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	-2	-1	2	1	0	-1	-1	0
- Capex	-11	0	0	-1	-1	-1	-1	-1
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-13	-1	2	1	-1	-2	-1	-1
+/- New issues/buybacks	3	0	0	10	0	0	0	0
- Paid dividend	0	0	0	-1	0	0	0	0
+/- Other	11	2	-2	-3	-4	0	2	2
Change in cash	2	1	0	7	-5	-2	1	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	0	0	46	30	20	20	20
Net debt (excl. convertibles)	11	15	8	17	18	19	20
Enterprise value	11	15	55	46	38	39	40
Sales	6	9	12	14	11	15	18
EBITDA	1	3	4	2	1	2	3
EBIT	1	2	3	2	1	2	2
Pre-tax	0	1	1	0	-1	0	1
Earnings	0	1	1	0	-1	0	1
Equity book value (excl. minorities)	3	4	15	14	14	14	14
Valuation multiples							
EV/sales	2.0	1.7	4.6	3.2	3.4	2.6	2.2
EV/EBITDA	8.8	5.2	14.3	22.4	34.3	17.0	14.2
EV/EBITA	12.1	5.9	16.1	28.0	61.1	21.8	17.4
EV/EBIT	12.1	5.9	16.1	28.0	61.1	21.8	17.4
EV/OCF	-13.8	7.0	41.5	-228.4	-39.9	-61.2	-100.1
EV/FCFF	-34.5	-5.0	-65.4	-6.6	-514.9	1,077.4	246.7
P/FCFE	0.0	0.0	81.8	-34.9	-13.3	-17.0	-17.2
P/E	0.0	0.0	55.1	-349.3	-24.3	89.9	38.1
P/B	0.0	0.0	3.2	2.0	1.5	1.4	1.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	34.3	17.0	14.2
Target EV/EBIT	0.0	0.0	0.0	0.0	61.1	21.8	17.4
Target EV/FCF	0.0	0.0	0.0	0.0	-25.2	-33.2	-34.7
Target P/B	0.0	0.0	0.0	0.0	1.5	1.4	1.4
Target P/E	0.0	0.0	0.0	0.0	-24.3	89.9	38.1
Per share measures							
Number of shares	5,818	5,818	7,129	7,129	7,174	7,174	7,174
Number of shares (diluted)	5,818	5,818	7,129	7,129	7,174	7,174	7,174
EPS	0.01	0.19	0.12	-0.01	-0.12	0.03	0.07
Operating cash flow per share	-0.14	0.36	0.18	-0.03	-0.13	-0.09	-0.06
Free cash flow per share	-0.17	0.34	0.08	-0.12	-0.21	-0.17	-0.16
Book value per share	0.53	0.72	2.04	2.03	1.91	1.94	2.01
Dividend per share	0.00	0.09	0.04	0.00	0.00	0.00	0.02
Dividend payout ratio, %	0.0	47.2	33.9	0.0	0.0	0.0	30.0
Dividend yield, %	0.0	0.0	0.6	0.0	0.0	0.0	0.8
FCF yield, %	0.0	0.0	1.2	-2.9	-7.5	-5.9	-5.8
Efficiency measures							
ROE	2.4	29.8	9.0	-0.6	-5.9	1.6	3.7
ROCE	6.0	13.4	13.0	5.0	1.8	5.2	6.2
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	93.6	71.3	58.4	58.3	76.7	67.8	65.3
Non-interest bearing liabilities as % of sales	12.1	13.5	6.9	7.7	7.7	7.7	7.7
NWC/sales, %	81.5	57.8	51.5	50.6	68.9	60.0	57.6
Operative CAPEX/sales, %	3.0	1.9	6.3	4.6	4.9	3.5	4.1
CAPEX/sales (incl. acquisitions), %	3.0	1.9	6.3	4.6	4.9	3.5	4.1
FCFF/EBITDA	-0.3	-1.0	-0.2	-3.4	-0.1	0.0	0.1
Net debt/EBITDA, book-weighted	8.8	5.2	2.2	8.0	16.2	8.3	7.2
Debt/equity, market-weighted	0.0	0.0	0.4	0.7	1.0	1.1	1.2
Equity ratio, book-weighted	18.1	19.1	44.8	40.2	39.3	37.2	36.1
Gearing, %	358.8	354.2	57.4	114.0	131.8	138.2	141.2

COMPANY DESCRIPTION: Fellow Finance operates a lending platform for debt-based consumer and business financing. The company operates in Finland, Sweden, Germany, Poland, and Denmark. The company began its operations in 2014 and listed on the Nasdaq First North Finland -marketplace in 2018. Over EUR 650m worth of loans have been intermediated through the company's platform since inception.

INVESTMENT CASE: The alternative finance markets in Europe have been growing rapidly and Fellow Finance should seek to capitalize on the growth. A key for success in our view lies in expansion abroad given the limited size and competition in the domestic market, with the international operations still in ramp-up. The scalability of its technology offers solid margin potential although growth investments will have a significant impact on margins in the coming years.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Taaleri Oyj	1,847,163	5.172	25.7%
TN Ventures Oy	830,843	2.326	11.6%
Oy T&T Nordcap Ab	656,436	1.838	9.2%
OP-Finland Micro Cap	298,174	0.835	4.2%
OP-Finland Small Cap	269,711	0.755	3.8%
Avensis Capital Oy	178,000	0.498	2.5%
Fennia Life Insurance Company	151,174	0.423	2.1%
Säästöpankki Small Cap mutual fund	128,841	0.361	1.8%
DB-Manager Oy	95,429	0.267	1.3%
Syrjänen Eva	84,698	0.237	1.2%
Ten largest	4,540,469	12.713	63%
Residual	2,633,156	7.373	37%
Total	7,173,625	20.086	100%

EARNINGS CALENDAR

February 15, 2021 FY 2020 Results
August 27, 2021 Q2 report

OTHER EVENTS

April 02, 2021 AGM

COMPANY MISCELLANEOUS

CEO: Teemu Nyholm 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	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

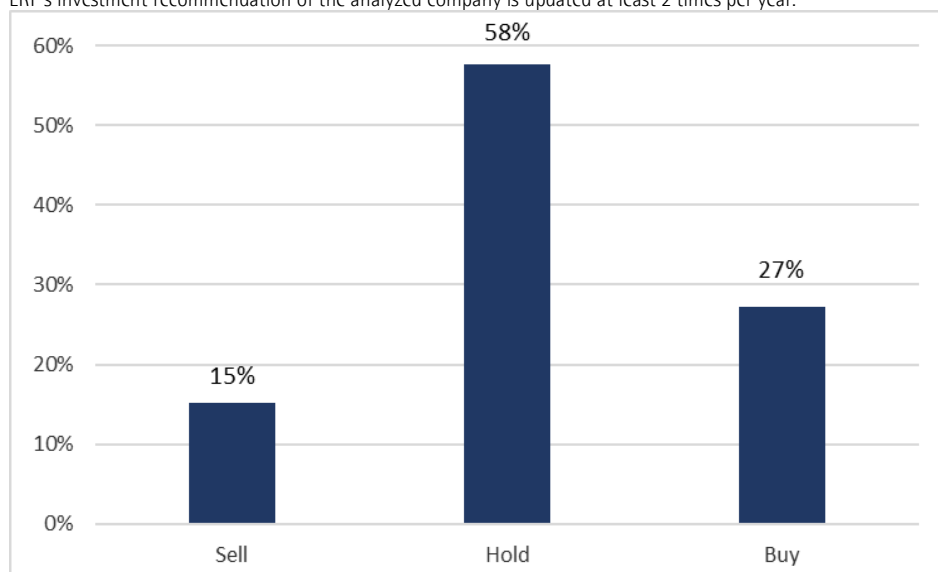
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Investment recommendations are defined as follows:

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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