

In line with expectations

Fellow Finance's H2/2020 results were quite in line with expectations, with revenue of EUR 5.3m (Evli EUR 5.5m) and an adj. EBIT of EUR 0.7m (Evli EUR 0.7m). Fellow Finance expects growth in 2021 but for the result to remain slightly unprofitable due to growth investments. The BoD proposes that no dividend be paid for FY2020 (Evli EUR 0.00).

- Revenue in H2 amounted to EUR 5.3m (EUR 7.0m in H2/19), slightly below our estimates (Evli EUR 5.5m). Revenue declined 24.4% in H2. Compared with H2/19 commission fees declined by 44% and interest yields increased by 16%.
- Fellow Finance facilitated loans during H2 for a total of EUR 64m (EUR 92m in H2/19), a decrease of 30%. Loan volumes were affected by uncertainty caused by the coronavirus pandemic, which interrupted new investments, along with temporary regulations in Finland and Poland, which limited loan intermediation possibilities.
- Business financing volumes grew 48% compared to H2/19, with invoice funding products in particular faring well during the uncertain times.
- The adj. EBIT in H2 amounted to EUR 0.7m (EUR 1.0m in H2/19), in line with our estimates (Evli EUR 0.7m).
- The adj. EPS in H2 amounted to EUR -0.02 per share (EUR 0.01 in H2/19), in line with our estimate of EUR -0.01.
- **Guidance for 2021:** Fellow Finance expects revenue growth compared to 2020 but for the result to remain slightly unprofitable due to investments in new products and growth.
- **Dividend proposal:** The BoD proposes that no dividend be paid for the FY2020 (Evli EUR 0.00).

Rating				🟡 HOLD
H2/20	Actual	Evli	H2/19	
Revenue	5.3	5.5	7.0	
Adj. EBIT	0.7	0.7	1.0	
Adj. EPS	-0.02	-0.01	0.01	
Deviation		Actual	Evli	H2/19
Revenue			-4%	-24%
Adj. EBIT			-3%	-33%
Adj. EPS			-43%	-
Share price, EUR (Last trading day's closing price)				2.95
Target price, EUR				2.8
Latest change in recommendation				19-Aug-19
Latest report on company				09-Dec-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				21
Free float, %				0.0
Exchange rate				0.000
Reuters code				FELLOW.HE
Bloomberg code				FELLOW HE
Average daily volume, EURm				0.07
Next interim report				23-Feb-21
Web site				www.fellowfinance.com
Analyst				Jerker Salokivi
E-mail				jerker.salokivi@evli.com
Telephone				+358 9 4766 9149

🟢 BUY 🟡 HOLD 🟠 SELL

PRE-REPORT 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	-25.6	3.5	62.9	-7.2	0.00
2021E	15.3	1.8	11.8%	-1.2	0.03	94.7	2.6	22.4	-5.6	0.00
2022E	18.5	2.3	12.6%	-1.2	0.07	40.2	2.3	17.9	-5.5	0.02
Market cap, EURm	21		BV per share 2020E, EUR		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	39		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.

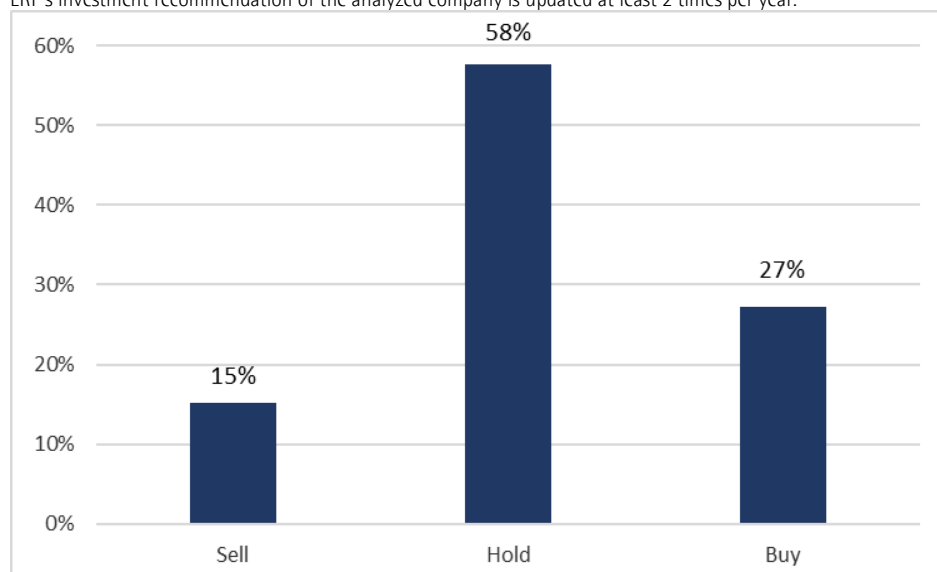
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Investment recommendations are defined as follows:

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

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

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Contact information

SALES, TRADING AND RESEARCH

Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lilja +358 9 4766 9130

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919
Teemu Reiman +358 40 352 6175

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001