

## Growth pace picking up

Fellow Finance's intermediated loan volumes have picked up nicely in past months, supported by improved availability of financing and less aggressive competition. We now expect growth of 18.1% in 2021. We raise our target price to EUR 3.8 (2.8) and upgrade to BUY (HOLD).

### Favourable loan volume development

Fellow Finance has been seeing intermediated loan volumes developing favourably since the second half of 2020, with the growth pace having picked up clearly in recent months. The average monthly volumes in March-April were up close to 100% compared to the volume seen during the early stages of the pandemic. The increase in volumes has to our understanding been largely due to an increased availability of financing and an increase in institutional investor volumes. Within consumer loans the competition also appears to have eased and the competitiveness of Fellow Finance's offering improved as the more aggressive competitors have taken less aggressive approaches.

### Growth seen to pick up to double digits

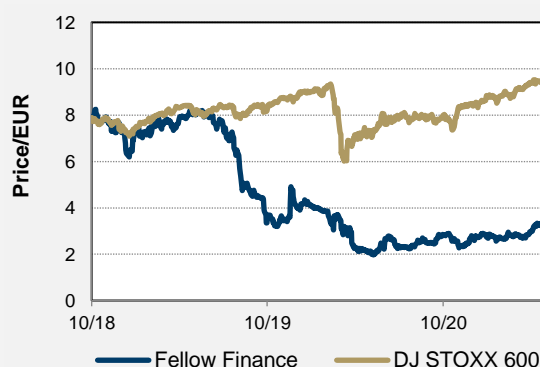
We have raised our 2021 intermediated loan volume estimate to EUR 186m (prev. 160m), for a 40% y/y growth, and our sales growth estimate to 18.1% (prev. 7.5%). Our profitability estimates remain mostly intact, with the company having estimated for growth projects to keep net earnings slightly negative, which is looking to materialize for instance through the expansion to credit card solutions in cooperation with Enfuca.

### BUY (HOLD) with a target price of EUR 3.8 (2.8)

Current valuation puts the intermediation business 2021e EV/Sales at ~1.3x (assuming Lainaamo at BV). Near-term earnings multiples are challenging but with growth picking up, shifting the 2023 targets (sales ~EUR 23m and 15% EBIT-margin) more within grasp, we still see a higher valuation being justified. We raise our target price to EUR 3.8 (prev. 2.8) and upgrade our rating to BUY (HOLD).

**Rating**

BUY



Share price, EUR (Last trading day's closing price) 3.33

Target price, EUR 3.8

Latest change in recommendation 04-May-21

Latest report on company 24-Feb-21

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 24

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 -

Web site www.fellowfinance.com

Analyst Jerker Salokivi

E-mail jerker.salokivi@evli.com

Telephone +358 9 4766 9149

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
2019	14.2	1.6	11.6%	-0.8	-0.01	-349.3	3.2	28.0	-2.9	0.00
2020	11.1	0.6	5.5%	6.7	-0.12	-23.6	2.8	50.8	32.0	0.00
2021E	13.1	1.0	7.9%	-1.3	-0.02	-154.7	2.7	34.0	-5.6	0.00
2022E	15.6	2.0	12.7%	-0.8	0.10	34.6	2.3	18.0	-3.4	0.00
2023E	18.5	2.7	14.7%	-2.1	0.16	21.0	2.1	14.0	-8.6	0.05
Market cap, EURm	24		Gearing 2021E, %	83.3		CAGR EPS 2020-23, %		0.0		
Net debt 2021E, EURm	11		Price/book 2021E	1.8		CAGR sales 2020-23, %		18.6		
Enterprise value, EURm	35		Dividend yield 2021E, %	0.0		ROE 2021E, %		-1.1		
Total assets 2021E, EURm	29		Tax rate 2021E, %	20.0		ROCE 2021E, %		3.8		
Goodwill 2021E, EURm	0		Equity ratio 2021E, %	47.0		PEG, P/E 21/CAGR		0.0		

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

Fellow Finance	2019	H1/'20	H2/'20	2020	H1/'21E	H2/'21E	2021E	2022E	2023E
<b>Net sales</b>	<b>14.2</b>	<b>5.8</b>	<b>5.3</b>	<b>11.1</b>	<b>6.4</b>	<b>6.7</b>	<b>13.1</b>	<b>15.6</b>	<b>18.5</b>
<i>sales growth, %</i>	<i>19%</i>	<i>-20%</i>	<i>-25%</i>	<i>-22%</i>	<i>9.5%</i>	<i>27.5%</i>	<i>18.1%</i>	<i>19.5%</i>	<i>18.1%</i>
Fee income	10.0	3.3	2.7	6.0	4.0	4.4	8.4	11.0	14.0
Interest income	4.2	2.5	2.6	5.1	2.4	2.3	4.7	4.6	4.5
<b>Intermediated loan volume</b>	<b>201</b>	<b>69</b>	<b>64</b>	<b>133</b>	<b>88</b>	<b>98</b>	<b>186</b>	<b>245</b>	<b>310</b>
<i>change, %</i>	<i>17%</i>	<i>-37%</i>	<i>-30%</i>	<i>-34%</i>	<i>27.5%</i>	<i>53.6%</i>	<i>40.1%</i>	<i>31.7%</i>	<i>26.5%</i>
<b>Expenses</b>									
Materials and services	-4.3	-1.4	-0.9	-2.3	-1.6	-1.8	-3.3	-4.7	-5.9
<i>% of intermed. loan vol.</i>	<i>2.1%</i>	<i>2.0%</i>	<i>1.4%</i>	<i>1.7%</i>	<i>1.8%</i>	<i>1.8%</i>	<i>1.8%</i>	<i>1.9%</i>	<i>1.9%</i>
Personnel expenses	-2.9	-1.1	-0.9	-2.0	-1.0	-1.1	-2.1	-2.3	-2.7
Other op. expenses	-5.0	-3.1	-2.6	-5.7	-3.0	-3.2	-6.2	-6.3	-6.7
D&A	-0.4	-0.2	-0.2	-0.4	-0.2	-0.2	-0.4	-0.4	-0.5
<b>EBIT</b>	<b>1.6</b>	<b>-0.1</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>0.4</b>	<b>1.0</b>	<b>2.0</b>	<b>2.7</b>
<i>EBIT margin</i>	<i>11.6%</i>	<i>-0.9%</i>	<i>12.5%</i>	<i>5.5%</i>	<i>9.2%</i>	<i>6.6%</i>	<i>7.9%</i>	<i>12.7%</i>	<i>14.7%</i>
<b>Adj. EBIT</b>	<b>2.3</b>	<b>-0.1</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>0.4</b>	<b>1.0</b>	<b>2.0</b>	<b>2.7</b>
<i>Adj. EBIT margin</i>	<i>16.5%</i>	<i>-0.9%</i>	<i>12.5%</i>	<i>5.5%</i>	<i>9.2%</i>	<i>6.6%</i>	<i>7.9%</i>	<i>12.7%</i>	<i>14.7%</i>

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	3.33 PV of Free Cash Flow	12 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	2.69 PV of Horizon value	17 WACC, %	11.5 Market risk premium, %	5.8
Share price potential, %	-19.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	3.0 Marketable securities	4 Minimum WACC, %	11.0 Equity beta coefficient	1.40
Minimum value	2.4 Debt - dividend	-14 Maximum WACC, %	12.0 Target debt ratio, %	20
Horizon value, %	59.3 Value of stock	19 Nr of shares, Mn	7.2 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	11	13	16	18	23	25	27	28	29	31	31	32
<i>Sales growth, %</i>	-22.0	18.1	19.5	18.1	25.0	10.0	5.0	5.0	5.0	5.0	2.0	2.0
Operating income (EBIT)	1	1	2	3	4	6	6	6	6	7	7	7
<i>Operating income margin, %</i>	5.5	7.9	12.7	14.7	18.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0
+ Depreciation+amort.	0	0	0	0	1	1	1	1	1	1	1	1
EBITDA	1	1	2	3	5	6	7	7	7	8	8	
- Paid taxes	-1	0	0	-1	-1	-1	-1	-1	-1	-1	-1	-1
- Change in NWC	0	-1	-1	-3	-1	-1	-1	-1	-1	-1	-1	-1
<i>NWC / Sales, %</i>	68.4	66.7	64.2	70.5	59.4	56.8	56.8	56.8	56.8	56.8	58.4	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	7	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>opCAPEX / Sales, %</i>	-67.5	3.8	3.9	3.8	4.0	3.6	3.4	3.4	3.4	3.4	3.2	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= FCFF	8	0	0	-1	2	4	4	4	4	4	5	50
= Discounted FCFF		0	0	-1	2	2	2	2	2	2	2	17
= DFCF min WACC		0	0	-1	2	2	2	2	2	2	2	19
= DFCF max WACC		0	0	-1	1	2	2	2	2	2	2	16

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	0.0	5.8	0.0	5.3	11.1	0.0	6.4	0.0	6.7	13.1	15.6	18.5
EBITDA	0.0	0.2	0.0	0.8	1.1	0.0	0.8	0.0	0.7	1.5	2.4	3.2
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>3.2</i>	<i>2,826.8</i>	<i>16.0</i>	<i>9.5</i>	<i>688.0</i>	<i>12.6</i>	<i>688.0</i>	<i>9.9</i>	<i>11.3</i>	<i>15.4</i>	<i>17.3</i>
EBIT	0.0	-0.1	0.0	0.7	0.6	0.0	0.6	0.0	0.4	1.0	2.0	2.7
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>-0.9</i>	<i>0.0</i>	<i>12.5</i>	<i>5.5</i>	<i>0.0</i>	<i>9.2</i>	<i>0.0</i>	<i>6.6</i>	<i>7.9</i>	<i>12.7</i>	<i>14.7</i>
Net financial items	0.0	-0.7	0.0	-0.5	-1.2	0.0	-0.6	0.0	-0.6	-1.2	-1.1	-1.3
Pre-tax profit	0.0	-0.7	0.0	0.1	-0.6	0.0	0.0	0.0	-0.2	-0.2	0.9	1.4
Tax	0.0	0.0	0.0	-0.3	-0.3	0.0	0.0	0.0	0.0	0.0	-0.2	-0.3
<i>Tax rate (%)</i>	<i>0.0</i>	<i>-1.8</i>	<i>0.0</i>	<i>268.4</i>	<i>-44.7</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	0.0	-0.7	0.0	-0.2	-0.9	0.0	0.0	0.0	-0.1	-0.2	0.7	1.1
EPS	0.00	-0.10	0.00	-0.02	-0.12	0.00	0.00	0.00	-0.02	-0.02	0.10	0.16
EPS adjusted (diluted no. of shares)	0.00	-0.10	0.00	-0.02	-0.12	0.00	0.00	0.00	-0.02	-0.02	0.10	0.16
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	0.05
<b>SALES, EURm</b>												
Fellow Finance	0.0	5.8	0.0	5.3	11.1	0.0	6.4	0.0	6.7	13.1	15.6	18.5
Total	0.0	5.8	0.0	5.3	11.1	0.0	6.4	0.0	6.7	13.1	15.6	18.5
<b>SALES GROWTH, Y/Y %</b>												
Fellow Finance	<i>0.0</i>	<i>-19.8</i>	<i>0.0</i>	<i>-24.3</i>	<i>-22.0</i>	<i>0.0</i>	<i>9.5</i>	<i>0.0</i>	<i>27.5</i>	<i>18.1</i>	<i>19.5</i>	<i>18.1</i>
Total	<i>0.0</i>	<i>-19.8</i>	<i>0.0</i>	<i>-24.4</i>	<i>-22.0</i>	<i>0.0</i>	<i>9.5</i>	<i>0.0</i>	<i>27.5</i>	<i>18.1</i>	<i>19.5</i>	<i>18.1</i>
<b>EBIT, EURm</b>												
Fellow Finance	0.0	-0.1	0.0	0.7	0.6	0.0	0.6	0.0	0.4	1.0	2.0	2.7
Total	0.0	-0.1	0.0	0.7	0.6	0.0	0.6	0.0	0.4	1.0	2.0	2.7
<b>EBIT margin, %</b>												
Fellow Finance	<i>0.0</i>	<i>-0.9</i>	<i>0.0</i>	<i>12.5</i>	<i>5.5</i>	<i>0.0</i>	<i>9.2</i>	<i>0.0</i>	<i>6.6</i>	<i>7.9</i>	<i>12.7</i>	<i>14.7</i>
Total	<i>0.0</i>	<i>-0.9</i>	<i>0.0</i>	<i>12.5</i>	<i>5.5</i>	<i>0.0</i>	<i>9.2</i>	<i>0.0</i>	<i>6.6</i>	<i>7.9</i>	<i>12.7</i>	<i>14.7</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	5.6	8.7	12.0	14.2	11.1	13.1	15.6	18.5
<i>Sales growth (%)</i>	<i>39.6</i>	<i>55.0</i>	<i>38.5</i>	<i>18.3</i>	<i>-22.0</i>	<i>18.1</i>	<i>19.5</i>	<i>18.1</i>
EBITDA	1.3	2.9	3.8	2.1	1.1	1.5	2.4	3.2
<i>EBITDA margin (%)</i>	<i>22.5</i>	<i>33.1</i>	<i>31.9</i>	<i>14.5</i>	<i>9.5</i>	<i>11.3</i>	<i>15.4</i>	<i>17.3</i>
Depreciation	-0.3	-0.4	-0.4	-0.4	-0.5	-0.3	-0.4	-0.5
EBITA	0.9	2.5	3.4	1.6	0.6	1.1	2.0	2.7
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0
EBIT	0.9	2.5	3.4	1.6	0.6	1.0	2.0	2.7
<i>EBIT margin (%)</i>	<i>16.4</i>	<i>28.8</i>	<i>28.3</i>	<i>11.6</i>	<i>5.5</i>	<i>7.9</i>	<i>12.7</i>	<i>14.7</i>
Reported EBIT	0.9	2.5	3.4	1.6	0.6	1.0	2.0	2.7
<i>EBIT margin (reported) (%)</i>	<i>16.4</i>	<i>28.8</i>	<i>28.3</i>	<i>11.6</i>	<i>5.5</i>	<i>7.9</i>	<i>12.7</i>	<i>14.7</i>
Net financials	-0.8	-1.3	-2.3	-1.5	-1.2	-1.2	-1.1	-1.3
Pre-tax profit	0.1	1.2	1.1	0.1	-0.6	-0.2	0.9	1.4
Taxes	-0.1	-0.1	-0.3	-0.2	-0.3	0.0	-0.2	-0.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.1	1.1	0.8	-0.1	-0.9	-0.2	0.7	1.1
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
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	10	14	17	24	16	16	16	16
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	5	6	7	8	9	10	12	15
Liquid funds	2	2	9	4	4	3	3	4
Total assets	17	22	32	36	28	29	31	35
Liabilities								
Shareholder's equity	3	4	15	14	14	13	14	15
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	13	17	17	20	14	14	15	18
Non-interest bearing current liabilities	1	1	1	1	1	1	2	2
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	17	22	32	36	28	29	31	35
<b>CASH FLOW, EURm</b>								
+ EBITDA	1	3	4	2	1	1	2	3
- Net financial items	-1	-1	-2	-2	-1	-1	-1	-1
- Taxes	0	0	0	0	0	0	0	0
- Increase in Net Working Capital	-1	1	0	0	0	-1	-1	-3
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	-1	2	1	0	-1	-1	0	-1
- Capex	0	0	-1	-1	7	-1	-1	-1
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-1	2	1	-1	7	-1	-1	-2
+/- New issues/buybacks	0	0	10	0	0	0	0	0
- Paid dividend	0	0	-1	0	0	0	0	0
+/- Other	2	-2	-3	-4	-7	0	1	3
Change in cash	1	0	7	-5	0	-1	1	1

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	0	46	30	21	24	24	24
Net debt (excl. convertibles)	15	8	17	10	11	12	14
Enterprise value	15	55	46	31	35	36	38
Sales	9	12	14	11	13	16	18
EBITDA	3	4	2	1	1	2	3
EBIT	2	3	2	1	1	2	3
Pre-tax	1	1	0	-1	0	1	1
Earnings	1	1	0	-1	0	1	1
Equity book value (excl. minorities)	4	15	14	14	13	14	15
<b>Valuation multiples</b>							
EV/sales	1.7	4.6	3.2	2.8	2.7	2.3	2.1
EV/EBITDA	5.2	14.3	22.4	29.1	23.7	14.9	11.9
EV/EBITA	5.9	16.1	28.0	51.6	31.0	18.0	14.0
EV/EBIT	5.9	16.1	28.0	50.8	34.0	18.0	14.0
EV/OCF	7.0	41.5	-228.4	-37.1	-41.4	-168.3	-28.0
EV/FCFF	-5.0	-65.4	-6.6	4.0	-90.4	430.3	-36.7
P/FCFE	0.0	81.8	-34.9	3.1	-17.7	-29.1	-11.6
P/E	0.0	55.1	-349.3	-23.6	-154.7	34.6	21.0
P/B	0.0	3.2	2.0	1.5	1.8	1.7	1.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	26.0	16.4	12.9
Target EV/EBIT	0.0	0.0	0.0	0.0	37.3	19.7	15.3
Target EV/FCF	0.0	0.0	0.0	0.0	-28.5	-47.9	-20.0
Target P/B	0.0	0.0	0.0	0.0	2.0	1.9	1.8
Target P/E	0.0	0.0	0.0	0.0	-176.6	39.5	23.9
<b>Per share measures</b>							
Number of shares	5,818	7,129	7,129	7,174	7,174	7,174	7,174
Number of shares (diluted)	5,818	7,129	7,129	7,174	7,174	7,174	7,174
EPS	0.19	0.12	-0.01	-0.12	-0.02	0.10	0.16
Operating cash flow per share	0.36	0.18	-0.03	-0.12	-0.12	-0.03	-0.19
Free cash flow per share	0.34	0.08	-0.12	0.93	-0.19	-0.11	-0.29
Book value per share	0.72	2.04	2.03	1.90	1.88	1.97	2.13
Dividend per share	0.09	0.04	0.00	0.00	0.00	0.00	0.05
Dividend payout ratio, %	47.2	33.9	0.0	0.0	0.0	0.0	30.0
Dividend yield, %	0.0	0.6	0.0	0.0	0.0	0.0	1.4
FCF yield, %	0.0	1.2	-2.9	32.0	-5.6	-3.4	-8.6
<b>Efficiency measures</b>							
ROE	29.8	9.0	-0.6	-6.3	-1.1	5.0	7.7
ROCE	13.4	13.0	5.0	1.9	3.8	7.0	8.7
<b>Financial ratios</b>							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	71.3	58.4	58.3	78.7	76.9	74.4	80.8
Non-interest bearing liabilities as % of sales	13.5	6.9	7.7	10.3	10.3	10.3	10.3
NWC/sales, %	57.8	51.5	50.6	68.4	66.7	64.2	70.5
Operative CAPEX/sales, %	1.9	6.3	4.6	-67.5	3.8	3.9	3.8
CAPEX/sales (incl. acquisitions), %	1.9	6.3	4.6	-67.5	3.8	3.9	3.8
FCFF/EBITDA	-1.0	-0.2	-3.4	7.2	-0.3	0.0	-0.3
Net debt/EBITDA, book-weighted	5.2	2.2	8.0	9.4	7.6	5.0	4.4
Debt/equity, market-weighted	0.0	0.4	0.7	0.7	0.6	0.6	0.7
Equity ratio, book-weighted	19.1	44.8	40.2	48.0	47.0	45.8	43.7
Gearing, %	354.2	57.4	114.0	72.5	83.3	85.0	92.2

**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	6.151	25.7%
TN Ventures Oy	830,843	2.767	11.6%
Oy T&T Nordcap Ab	656,436	2.186	9.2%
OP-Finland Micro Cap	298,174	0.993	4.2%
OP-Finland Small Cap	269,711	0.898	3.8%
Avensis Capital Oy	169,871	0.566	2.4%
Fennia Life Insurance Company	149,121	0.497	2.1%
Säästöpankki Small Cap mutual fund	128,841	0.429	1.8%
DB-Manager Oy	95,429	0.318	1.3%
Swiss Life (Luxembourg) S.A.	73,756	0.246	1.0%
Ten largest	4,519,345	15.049	63%
Residual	2,654,280	8.839	37%
Total	7,173,625	23.888	100%

EARNINGS CALENDAR	
August 27, 2021	Q2 report
<b>OTHER EVENTS</b>	
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



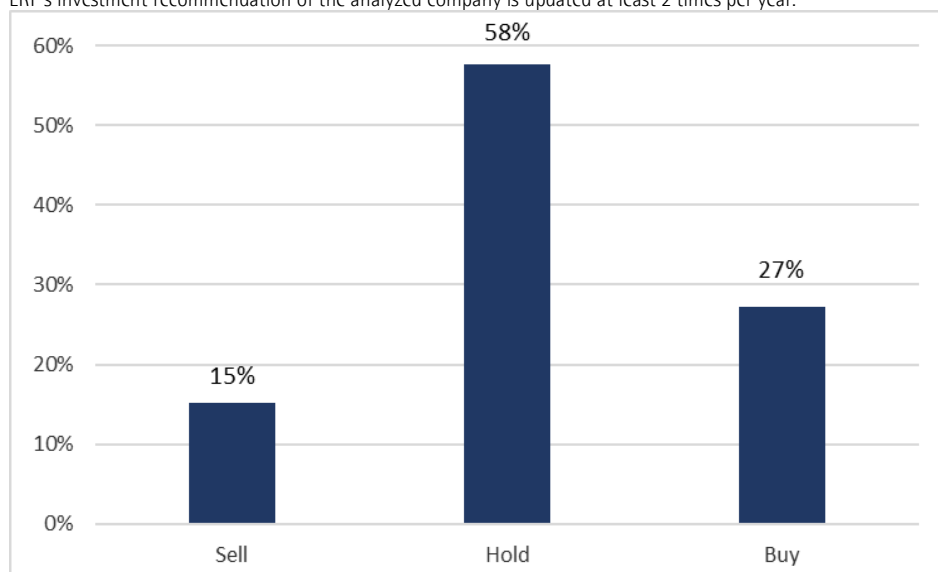
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Investment recommendations are defined as follows:

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

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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](http://www.evli.com)  
E-mail [firstname.lastname@evli.com](mailto:firstname.lastname@evli.com)

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