

## Interesting times ahead

Fellow Finance signed a combination agreement with Evli Bank to merge with Evli's banking services, intended to be carried out during H1/2022. In the more near-term, Fellow Finance has seen a healthy rebound in loan volumes during H1/2021, looking to get back on a growth trajectory.

### Signed combination agreement to create "Fellow Bank"

Fellow Finance and Evli Bank signed a combination agreement, by which Evli Bank will demerge through a partial demerger and Fellow Finance will merge with the company that will carry on Evli Bank's banking services and form "Fellow Bank". A main idea behind the merger is to combine Evli's banking and risk management expertise with Fellow Finance's expertise in lending and assessment of creditworthiness. The combination would in our view create clear synergies and provide a sturdier foundation but with the shift to balance-sheet lending Fellow Finance's original idea of a scalable lending platform would be less valid. The arrangement is intended to be carried out during the first half of 2022.

### Good loan volume growth during H1

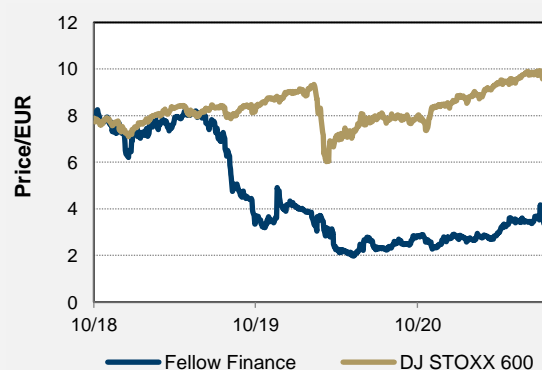
H1 has seen loan volumes rebound quite nicely, with the monthly average during H1 at around EUR 15m compared with EUR 11m during H2/20, and most recent months nearing all-time high. We have raised our 2021 estimate to EUR 201m (prev. EUR 160m). The growth should not translate as well into revenue given the growth being driven by lower-margin business lending, but we still expect growth of 18.6% from the weak comparison period. The business lending driven growth should also not burden costs as much, but earnings are still expected to remain low due to growth investments.

### BUY with a target price of EUR 4.0 (3.8)

The combination agreement could value Fellow Bank at EUR 50.8m (FF 25.2m, Evli banking serv. 13.9m and 11.7m added capital through share issue), and with at least EUR 30m equity would give a max 1.7x P/B. We will treat Fellow Finance as is for now. On our revised estimates we raise our target price to EUR 4.0 (3.8) and retain our BUY-rating.

## Rating

BUY



Share price, EUR (Last trading day's closing price) 3.35

Target price, EUR 4.0

Latest change in recommendation 04-May-21

Latest report on company 04-May-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, % -

Exchange rate 0.000

Reuters code FELLOW.HE

Bloomberg code FELLOW HE

Average daily volume, EURm 0.07

Next interim report 27-Aug-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
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	1.4	10.9%	-1.0	0.02	146.8	2.7	24.4	-4.3	0.00
2022E	15.1	2.4	15.7%	-0.4	0.14	23.4	2.3	14.9	-1.8	0.00
2023E	17.5	3.0	17.3%	-1.7	0.20	16.4	2.1	12.2	-7.1	0.06
Market cap, EURm	24		Gearing 2021E, %	79.1		CAGR EPS 2020-23, %	0.0			
Net debt 2021E, EURm	11		Price/book 2021E	1.7		CAGR sales 2020-23, %	16.5			
Enterprise value, EURm	35		Dividend yield 2021E, %	0.0		ROE 2021E, %	1.2			
Total assets 2021E, EURm	29		Tax rate 2021E, %	20.0		ROCE 2021E, %	5.2			
Goodwill 2021E, EURm	0		Equity ratio 2021E, %	48.1		PEG, P/E 21/CAGR	1.1			

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
Net sales	14.2	5.8	5.3	11.1	6.2	6.9	13.1	15.1	17.5
<i>sales growth, %</i>	19 %	-20 %	-25 %	-22 %	6.9%	31.5%	18.6%	15.0%	16.0%
Fee income	10.0	3.3	2.7	6.0	3.8	4.6	8.4	10.5	13.0
Interest income	4.2	2.5	2.6	5.1	2.4	2.3	4.7	4.6	4.5
Intermediated loan volume	201	69	64	133	91	110	201	250	310
<i>change, %</i>	17 %	-37 %	-30 %	-34 %	31.4%	72.4%	51.1%	24.6%	24.0%
<b>Expenses</b>									
Materials and services	-4.3	-1.4	-0.9	-2.3	-1.3	-1.5	-2.8	-3.8	-4.7
<i>% of intermed. loan vol.</i>	2.1%	2.0%	1.4%	1.7%	1.4%	1.4%	1.4%	1.5%	1.5%
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	-3.2	-3.2	-6.4	-6.3	-6.7
D&A	-0.4	-0.2	-0.2	-0.4	-0.2	-0.2	-0.4	-0.4	-0.4
<b>EBIT</b>	<b>1.6</b>	<b>-0.1</b>	<b>0.7</b>	<b>0.6</b>	<b>0.5</b>	<b>0.9</b>	<b>1.4</b>	<b>2.4</b>	<b>3.0</b>
<i>EBIT margin</i>	11.6%	-0.9%	12.5%	5.5%	8.9%	12.7%	10.9%	15.7%	17.3%
<b>Adj. EBIT</b>	<b>2.3</b>	<b>-0.1</b>	<b>0.7</b>	<b>0.6</b>	<b>0.5</b>	<b>0.9</b>	<b>1.4</b>	<b>2.4</b>	<b>3.0</b>
<i>Adj. EBIT margin</i>	16.5%	-0.9%	12.5%	5.5%	8.9%	12.7%	10.9%	15.7%	17.3%

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	3.35 PV of Free Cash Flow	12 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	2.65 PV of Horizon value	17 WACC, %	11.5 Market risk premium, %	5.8
Share price potential, %	-21.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	2.9 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, %	57.7 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	15	18	22	24	25	27	28	29	30	30
<i>Sales growth, %</i>	-22.0	18.6	15.0	16.0	25.0	10.0	5.0	5.0	5.0	5.0	2.0	2.0
Operating income (EBIT)	1	1	2	3	4	5	6	6	6	6	7	7
<i>Operating income margin, %</i>	5.5	10.9	15.7	17.3	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	2	3	4	4	6	6	7	7	7	7	7
- 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	66.4	66.3	74.2	62.5	59.7	59.7	59.7	59.7	59.7	61.4	
+ 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	3.9	3.7	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	3	4	4	4	4	4	47
= Discounted FCFF		0	0	-1	1	2	2	2	2	2	2	17
= DFCF min WACC		0	0	-1	1	2	2	2	2	2	2	18
= DFCF max WACC		0	0	-1	1	2	2	2	2	2	1	15

## 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	6.2	0.0	6.9	13.1	15.1	17.5
EBITDA	0.0	0.2	0.0	0.8	1.1	0.0	0.8	0.0	1.1	1.9	2.8	3.5
<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>12.3</i>	<i>688.0</i>	<i>15.9</i>	<i>14.3</i>	<i>18.4</i>	<i>20.0</i>
EBIT	0.0	-0.1	0.0	0.7	0.6	0.0	0.5	0.0	0.9	1.4	2.4	3.0
<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>8.9</i>	<i>0.0</i>	<i>12.7</i>	<i>10.9</i>	<i>15.7</i>	<i>17.3</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	-1.2
Pre-tax profit	0.0	-0.7	0.0	0.1	-0.6	0.0	-0.1	0.0	0.3	0.2	1.3	1.8
Tax	0.0	0.0	0.0	-0.3	-0.3	0.0	0.0	0.0	-0.1	-0.1	-0.3	-0.4
<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	-0.1	0.0	0.2	0.2	1.0	1.5
EPS	0.00	-0.10	0.00	-0.02	-0.12	0.00	-0.01	0.00	0.03	0.02	0.14	0.20
EPS adjusted (diluted no. of shares)	0.00	-0.10	0.00	-0.02	-0.12	0.00	-0.01	0.00	0.03	0.02	0.14	0.20
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	0.06
<b>SALES, EURm</b>												
Fellow Finance	0.0	5.8	0.0	5.3	11.1	0.0	6.2	0.0	6.9	13.1	15.1	17.5
Total	0.0	5.8	0.0	5.3	11.1	0.0	6.2	0.0	6.9	13.1	15.1	17.5
<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>6.9</i>	<i>0.0</i>	<i>31.5</i>	<i>18.6</i>	<i>15.0</i>	<i>16.0</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>7.0</i>	<i>0.0</i>	<i>31.5</i>	<i>18.6</i>	<i>15.0</i>	<i>16.0</i>
<b>EBIT, EURm</b>												
Fellow Finance	0.0	-0.1	0.0	0.7	0.6	0.0	0.5	0.0	0.9	1.4	2.4	3.0
Total	0.0	-0.1	0.0	0.7	0.6	0.0	0.5	0.0	0.9	1.4	2.4	3.0
<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>8.9</i>	<i>0.0</i>	<i>12.7</i>	<i>10.9</i>	<i>15.7</i>	<i>17.3</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>8.9</i>	<i>0.0</i>	<i>12.7</i>	<i>10.9</i>	<i>15.7</i>	<i>17.3</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	15.1	17.5
<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>18.6</i>	<i>15.0</i>	<i>16.0</i>
EBITDA	1.3	2.9	3.8	2.1	1.1	1.9	2.8	3.5
<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>14.3</i>	<i>18.4</i>	<i>20.0</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	1.5	2.4	3.0
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	1.4	2.4	3.0
<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>10.9</i>	<i>15.7</i>	<i>17.3</i>
Reported EBIT	0.9	2.5	3.4	1.6	0.6	1.4	2.4	3.0
<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>10.9</i>	<i>15.7</i>	<i>17.3</i>
Net financials	-0.8	-1.3	-2.3	-1.5	-1.2	-1.2	-1.1	-1.2
Pre-tax profit	0.1	1.2	1.1	0.1	-0.6	0.2	1.3	1.8
Taxes	-0.1	-0.1	-0.3	-0.2	-0.3	-0.1	-0.3	-0.4
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	1.0	1.5
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
<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	14	15	16
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	14	17
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	2	3	4
- 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	0	-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	2
Change in cash	1	0	7	-5	0	-1	0	0

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	11	13
Enterprise value	15	55	46	31	35	35	37
Sales	9	12	14	11	13	15	18
EBITDA	3	4	2	1	2	3	4
EBIT	2	3	2	1	1	2	3
Pre-tax	1	1	0	-1	0	1	2
Earnings	1	1	0	-1	0	1	1
Equity book value (excl. minorities)	4	15	14	14	14	15	16
<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	18.6	12.7	10.6
EV/EBITA	5.9	16.1	28.0	51.6	22.8	14.9	12.2
EV/EBIT	5.9	16.1	28.0	50.8	24.4	14.9	12.2
EV/OCF	7.0	41.5	-228.4	-37.1	-66.0	266.6	-35.5
EV/FCFF	-5.0	-65.4	-6.6	4.0	-464.4	80.7	-50.1
P/FCFE	0.0	81.8	-34.9	3.1	-23.2	-55.7	-14.1
P/E	0.0	55.1	-349.3	-23.6	146.8	23.4	16.4
P/B	0.0	3.2	2.0	1.5	1.7	1.6	1.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	21.1	14.4	11.9
Target EV/EBIT	0.0	0.0	0.0	0.0	27.7	16.9	13.8
Target EV/FCF	0.0	0.0	0.0	0.0	-38.2	-92.8	-24.5
Target P/B	0.0	0.0	0.0	0.0	2.1	1.9	1.8
Target P/E	0.0	0.0	0.0	0.0	175.3	27.9	19.6
<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	0.14	0.20
Operating cash flow per share	0.36	0.18	-0.03	-0.12	-0.07	0.02	-0.15
Free cash flow per share	0.34	0.08	-0.12	0.93	-0.14	-0.06	-0.24
Book value per share	0.72	2.04	2.03	1.90	1.92	2.06	2.27
Dividend per share	0.09	0.04	0.00	0.00	0.00	0.00	0.06
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	1.8
FCF yield, %	0.0	1.2	-2.9	32.0	-4.3	-1.8	-7.1
<b>Efficiency measures</b>							
ROE	29.8	9.0	-0.6	-6.3	1.2	7.2	9.4
ROCE	13.4	13.0	5.0	1.9	5.2	8.4	9.8
<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	76.6	76.6	84.5
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	66.4	66.3	74.2
Operative CAPEX/sales, %	1.9	6.3	4.6	-67.5	3.9	3.7	3.8
CAPEX/sales (incl. acquisitions), %	1.9	6.3	4.6	-67.5	3.9	3.7	3.8
FCFF/EBITDA	-1.0	-0.2	-3.4	7.2	0.0	0.2	-0.2
Net debt/EBITDA, book-weighted	5.2	2.2	8.0	9.4	5.8	4.1	3.7
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	48.1	48.2	47.0
Gearing, %	354.2	57.4	114.0	72.5	79.1	76.5	80.1

**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	6.188	25.7%
TN Ventures Oy	830,843	2.783	11.6%
Oy T&T Nordcap Ab	656,436	2.199	9.2%
OP-Finland Micro Cap	298,174	0.999	4.2%
OP-Finland Small Cap	269,711	0.904	3.8%
Avensis Capital Oy	165,000	0.553	2.3%
Fennia Life Insurance Company	146,746	0.492	2.0%
Säästöpankki Small Cap mutual fund	128,841	0.432	1.8%
DB-Manager Oy	95,429	0.320	1.3%
Swiss Life (Luxembourg) S.A.	82,306	0.276	1.1%
Ten largest	4,520,649	15.144	63%
Residual	2,652,976	8.887	37%
Total	7,173,625	24.032	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



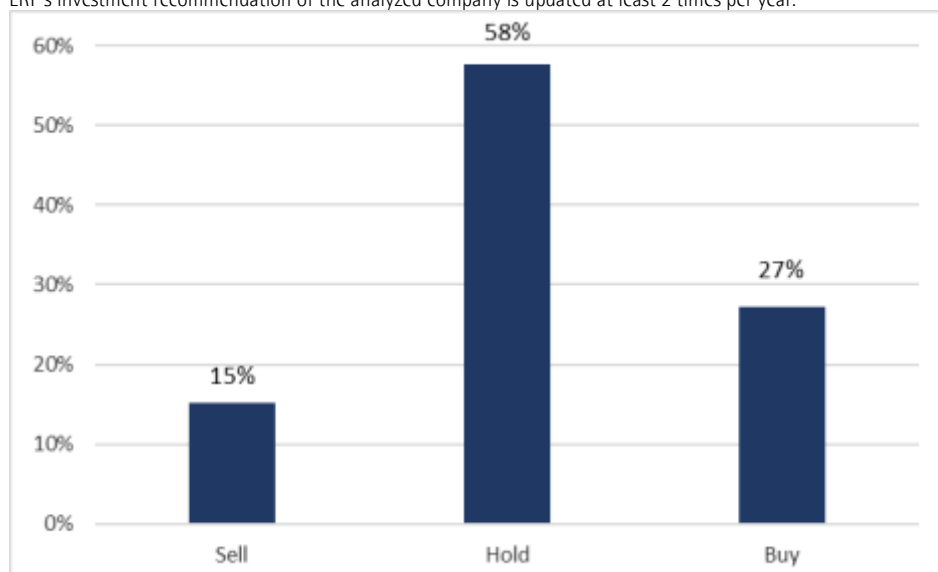
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Investment recommendations are defined as follows:

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

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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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