

Upgrade to BUY

Gofore specified guidance for 2018 and gave an outlook on net sales for 2019, at EUR 50–52m (prev. 48–52m) and EUR 65–73m respectively. The long-term financial objectives remain unchanged. The demand outlook in broad has remained good. On our revised estimates we expect net sales of EUR 67.5m and EBITA of EUR 10.4m in 2019. On our estimates Gofore trades at a nearly 20 % discount to peers on '19E EV/EBIT, which we do not consider justified. We upgrade to BUY (HOLD) with a target price of EUR 9.8 (9.2).

Guidance for 2018 specified and 2019 forecast given

Gofore's BoD specified guidance for 2018, expecting net sales to be EUR 50–52m (prev. 48–52m). An outlook for 2019 was also given, according to which net sales are expected to grow to EUR 65–73m, excluding any potential acquisitions in 2019. The long-term financial objectives remain unchanged, at 15–25 % net sales growth in the next few years and an EBITA margin of 15 %. The demand situation has in broad remained good and growth is expected across the board of customer areas.

2019E net sales EUR 67.5m and EBITA EUR 10.4m

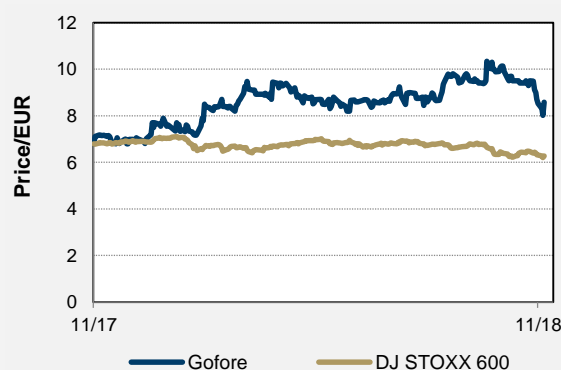
We have revised our estimates, now expecting net sales of EUR 67.5m (prev. 62.9m), to include for the Solinor acquisition. Our revised EBITA estimate is EUR 10.4m (prev. 9.6m). Our 2019E net sales estimate is on the lower side of the 2019 outlook, leaving sales growth upside along with any potential acquisitions. The availability of skilled professionals remains a limiting factor and the lower range of the 2019 outlook would imply limited organic growth when accounting for the Solinor acquisition.

BUY (HOLD) with a target price of EUR 9.8 (9.2)

Valuation levels have seen declines following recent market uncertainty but, on our estimates, Gofore trades on a nearly 20 % discount to peer on '19E EV/EBIT. Having been among the strongest performers both in sales growth and profitability we do not see the discount as justifiable and upgrade to BUY (HOLD) with a target price of EUR 9.8 (9.2).

Rating

BUY



Share price, EUR (Last trading day's closing price) 8.58

Target price, EUR 9.8

Latest change in recommendation 22-Nov-18

Latest report on company 22-Nov-18

Research paid by issuer: YES

No. of shares outstanding, '000's 13,109

No. of shares fully diluted, '000's 13,109

Market cap, EURm 112

Free float, % -

Exchange rate EUR 1.000

Reuters code GOFORE.HE

Bloomberg code GOFORE FH

Average daily volume, EURm 0.01

Next interim report 19-Feb-19

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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
2016	19	3	14.1%	3	19.96	0.0	-0.2	0.0	-1.3	5.00
2017	34	5	15.8%	4	0.26	27.3	2.4	83.4	15.5	0.15
2018E	51	7	14.4%	7	0.44	19.5	1.9	11.3	13.2	0.18
2019E	68	10	14.5%	10	0.59	14.5	1.4	12.9	9.3	0.24
2020E	78	12	14.7%	12	0.70	12.2	1.1	11.1	7.4	0.28
Market cap, EURm			112	BV per share 2018E, EUR		1.7	CAGR EPS 2017-20, %			39.9
Net debt 2018E, EURm			-15	Price/book 2018E		5.2	CAGR sales 2017-20, %			32.0
Enterprise value, EURm			97	Dividend yield 2018E, %		2.1	ROE 2018E, %			29.3
Total assets 2018E, EURm			35	Tax rate 2018E, %		21.2	ROCE 2018E, %			30.9
Goodwill 2018E, EURm			0	Equity ratio 2018E, %		61.2	PEG, P/E 18/CAGR			1.0

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

Figure 1: Gofore peer group multiples

GOFORE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EV/Sales		
		18E	19E	20E	18E	19E	20E	18E	19E	20E
Tieto	1909	10.0x	9.8x	9.5x	13.2x	12.7x	12.1x	1.3x	1.3x	1.2x
Sili Solutions	58	13.0x	7.2x	6.1x	16.0x	7.9x	6.6x	0.8x	0.6x	0.6x
Vincit	64	10.4x	7.8x	6.7x	14.2x	9.7x	8.2x	1.5x	1.3x	1.2x
Innofactor	16	145.0x	11.4x	6.7x		163.1x	12.5x	0.5x	0.5x	0.5x
Solteq	27	8.9x	7.0x	6.6x	15.0x	11.2x	10.2x	0.9x	0.8x	0.8x
HiQ	259	11.8x	10.5x	9.8x	12.7x	11.1x	10.3x	1.4x	1.3x	1.2x
Acando	299	10.7x	9.5x	8.8x	11.4x	10.1x	9.4x	1.1x	1.0x	1.0x
Knowit	292	9.2x	8.4x	8.0x	9.7x	8.8x	8.3x	1.0x	0.9x	0.9x
Atea	1276	13.0x	10.6x	9.5x	20.1x	14.6x	12.5x	0.4x	0.4x	0.4x
Peer Group Average	467	25.8x	9.1x	8.0x	14.0x	27.7x	10.0x	1.0x	0.9x	0.9x
Peer Group Median	259	10.7x	9.5x	8.0x	13.7x	11.1x	10.2x	1.0x	0.9x	0.9x
Gofore (Evli est.)	112	11.9x	8.5x	6.8x	13.2x	9.3x	7.4x	1.9x	1.4x	1.1x
<i>Gofore prem./disc. to peer median</i>		11%	-10%	-15%	-4%	-16%	-27%	92%	48%	24%

Source Bloomberg, Evli Research

Figure 2: Operative model for Gofore

Gofore	2016	H1/'17	H2/'17	2017	H1/'18	H2/'18E	2018E	2019E	2020E
Net sales	18.6	14.4	19.6	34.0	24.7	26.6	51.3	67.5	78.2
<i>sales growth %</i>	49.9%	65.5%	97.1%	82.4%	71.8%	36.1%	51.2%	31.5%	15.8%
Other income	0.1	0.1	0.2	0.3	0.2	0.2	0.4	0.4	0.4
Materials and services	-1.8	-1.6	-2.6	-4.2	-3.8	-4.1	-7.9	-10.8	-12.5
Personnel expenses	-11.1	-8.1	-10.8	-18.9	-13.3	-14.4	-27.7	-36.1	-41.8
Other op. expenses	-3.1	-2.2	-3.2	-5.4	-3.9	-4.1	-8.0	-10.5	-12.0
EBITDA	2.7	2.6	3.2	5.8	3.9	4.2	8.2	10.5	12.3
<i>EBITDA-%</i>	14.5%	18.1%	16.4%	17.1%	15.9%	15.9%	15.9%	15.6%	15.7%
EBITA	2.6	2.6	3.1	5.7	3.8	4.1	8.0	10.4	12.1
<i>EBITA-%</i>	14.1%	18.1%	15.8%	16.8%	15.5%	15.6%	15.5%	15.4%	15.5%
EBIT	2.6	2.5	2.9	5.4	3.5	3.8	7.4	9.8	11.5
<i>EBIT-%</i>	14.1%	17.4%	14.6%	15.8%	14.3%	14.4%	14.4%	14.5%	14.7%

Source: Evli research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	8.58 PV of Free Cash Flow	67 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	11.31 PV of Horizon value	76 WACC, %	8.9 Market risk premium, %	5.8
Share price potential, %	31.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	12.2 Marketable securities	13 Minimum WACC, %	8.4 Equity beta coefficient	1.10
Minimum value	10.6 Debt - dividend	-7 Maximum WACC, %	9.4 Target debt ratio, %	20
Horizon value, %	53.2 Value of stock	148 Nr of shares, Mn	13.1 Effective tax rate, %	20

DCF valuation, EURm	2017	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	Horizon
Net sales	34	51	68	78	86	92	97	99	102	106	108	111
<i>Sales growth, %</i>	<i>82.4</i>	<i>51.2</i>	<i>31.5</i>	<i>15.8</i>	<i>10.0</i>	<i>7.0</i>	<i>5.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	5	7	10	12	12	13	13	12	11	12	12	12
<i>EBIT margin, %</i>	<i>15.8</i>	<i>14.4</i>	<i>14.5</i>	<i>14.7</i>	<i>14.0</i>	<i>14.0</i>	<i>13.0</i>	<i>12.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>
+ Depreciation+amort.	0	1	1	1	1	1	1	1	1	1	1	1
- Income taxes	-1	-2	-2	-2	-2	-3	-3	-2	-2	-2	-2	-2
- Change in NWC	-4	3	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>10.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Capital Expenditure	-6	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	0
<i>Investments / Sales, %</i>	<i>18.2</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.8</i>	<i>0.1</i>
- Other items	1	0	0	0	0	0	0	0	0	0	0	0
= Unlevered Free CF (FCF)	-4	10	8	10	10	11	10	10	9	9	10	164
= Discounted FCF (DFCF)		9	7	8	8	8	7	6	5	5	5	76
= DFCF min WACC		9	7	8	8	8	7	6	5	5	5	86
= DFCF max WACC		9	7	8	8	7	7	6	5	4	5	67

INTERIM FIGURES

EVLI ESTIMATES, EURm	2017Q1	2017Q2	2017Q3	2017Q4	2017	2018Q1	2018Q2	2018Q3E	2018Q4E	2018E	2019E	2020E
Net sales	0	14	0	20	34	0	25	0	27	51	68	78
EBITDA	0	3	0	3	6	0	4	0	4	8	11	13
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>18.1</i>	<i>0.0</i>	<i>16.4</i>	<i>17.1</i>	<i>0.0</i>	<i>15.9</i>	<i>0.0</i>	<i>15.9</i>	<i>15.9</i>	<i>15.9</i>	<i>16.0</i>
EBIT	0	3	0	3	5	0	4	0	4	7	10	12
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>17.4</i>	<i>0.0</i>	<i>14.6</i>	<i>15.8</i>	<i>0.0</i>	<i>14.3</i>	<i>0.0</i>	<i>14.4</i>	<i>14.4</i>	<i>14.5</i>	<i>14.7</i>
Net financial items	0	0	0	-1	-1	0	0	0	0	0	0	0
Pre-tax profit	0	2	0	2	4	0	4	0	4	7	10	12
Tax	0	0	0	0	-1	0	-1	0	-1	-2	-2	-2
<i>Tax rate (%)</i>	<i>0.0</i>	<i>17.5</i>	<i>0.0</i>	<i>25.2</i>	<i>20.7</i>	<i>0.0</i>	<i>22.4</i>	<i>0.0</i>	<i>20.0</i>	<i>21.2</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0	2	0	1	3	0	3	0	3	6	8	9
EPS	0.00	0.16	0.00	0.10	0.26	0.00	0.21	0.00	0.23	0.44	0.59	0.70
EPS adjusted (diluted no. of shares)	0.00	0.16	0.00	0.10	0.26	0.00	0.21	0.00	0.23	0.44	0.59	0.70
Dividend per share	0.00	0.00	0.00	0.00	0.15	0.00	0.00	0.00	0.00	0.18	0.24	0.28
SALES, EURm												
Group	0	14	0	20	34	0	25	0	27	51	68	78
Total	0	14	0	20	34	0	25	0	27	51	68	78
SALES GROWTH, Y/Y %												
Group	<i>0.0</i>	<i>65.5</i>	<i>0.0</i>	<i>97.1</i>	<i>82.4</i>	<i>0.0</i>	<i>71.8</i>	<i>0.0</i>	<i>36.1</i>	<i>51.2</i>	<i>31.5</i>	<i>15.8</i>
Total	<i>0.0</i>	<i>65.5</i>	<i>0.0</i>	<i>97.1</i>	<i>82.4</i>	<i>0.0</i>	<i>71.9</i>	<i>0.0</i>	<i>36.1</i>	<i>51.2</i>	<i>31.5</i>	<i>15.8</i>
EBIT, EURm												
Group	0	3	0	3	5	0	4	0	4	7	10	12
Total	0	3	0	3	5	0	4	0	4	7	10	12
EBIT margin, %												
Group	<i>0.0</i>	<i>17.4</i>	<i>0.0</i>	<i>14.6</i>	<i>15.8</i>	<i>0.0</i>	<i>14.3</i>	<i>0.0</i>	<i>14.4</i>	<i>14.4</i>	<i>14.5</i>	<i>14.7</i>
Total	<i>0.0</i>	<i>17.4</i>	<i>0.0</i>	<i>14.6</i>	<i>15.8</i>	<i>0.0</i>	<i>14.3</i>	<i>0.0</i>	<i>14.4</i>	<i>14.4</i>	<i>14.5</i>	<i>14.7</i>

INCOME STATEMENT, EURm	2013	2014	2015	2016	2017	2018E	2019E	2020E
Sales	6	9	12	19	34	51	68	78
<i>Sales growth (%)</i>	<i>61.6</i>	<i>54.0</i>	<i>35.2</i>	<i>49.9</i>	<i>82.4</i>	<i>51.2</i>	<i>31.5</i>	<i>15.8</i>
Costs	-5	-8	-11	-16	-28	-43	-57	-66
Reported EBITDA	1	1	2	3	6	8	11	13
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>15.5</i>	<i>15.5</i>	<i>12.9</i>	<i>14.6</i>	<i>17.1</i>	<i>15.9</i>	<i>15.9</i>	<i>16.0</i>
Depreciation	0	0	0	0	0	-1	-1	-1
EBITA	1	1	2	3	5	7	10	12
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	1	1	2	3	5	7	10	12
<i>EBIT margin (%)</i>	<i>14.8</i>	<i>14.9</i>	<i>12.5</i>	<i>14.1</i>	<i>15.8</i>	<i>14.4</i>	<i>14.5</i>	<i>14.7</i>
Net financials	0	0	0	0	-1	0	0	0
Pre-tax profit	1	1	2	3	4	7	10	12
Extraordinary items	0	0	0	0	1	0	0	0
Taxes	0	0	0	-1	-1	-2	-2	-2
Minority shares	0	0	0	0	0	0	0	0
Net profit	1	1	1	2	4	6	8	9
BALANCE SHEET, EURm								
Assets								
Fixed assets	0	0	0	1	6	6	6	5
<i>% of sales</i>	<i>0</i>	<i>2</i>	<i>1</i>	<i>4</i>	<i>19</i>	<i>12</i>	<i>9</i>	<i>7</i>
Goodwill	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>
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	2	3	3	10	10	14	16
<i>% of sales</i>	<i>0</i>	<i>21</i>	<i>21</i>	<i>18</i>	<i>30</i>	<i>20</i>	<i>20</i>	<i>20</i>
Liquid funds	0	2	2	4	13	19	21	28
<i>% of sales</i>	<i>0</i>	<i>21</i>	<i>20</i>	<i>19</i>	<i>37</i>	<i>37</i>	<i>31</i>	<i>35</i>
Total assets	0	4	5	8	29	35	40	49
Liabilities								
Equity	0	2	3	4	18	22	27	33
<i>% of sales</i>	<i>0</i>	<i>19</i>	<i>20</i>	<i>22</i>	<i>52</i>	<i>42</i>	<i>40</i>	<i>42</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	0	0	0	5	4	0	0
<i>% of sales</i>	<i>0</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>14</i>	<i>7</i>	<i>0</i>	<i>0</i>
Non-interest bearing current liabilities	0	2	2	3	7	10	13	15
<i>% of sales</i>	<i>0</i>	<i>22</i>	<i>20</i>	<i>18</i>	<i>20</i>	<i>20</i>	<i>20</i>	<i>20</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	4	5	8	29	35	40	49
CASH FLOW, EURm								
+ EBITDA	1	1	2	3	6	8	11	13
- Net financial items	0	0	0	0	-1	0	0	0
- Taxes	0	0	0	-1	-1	-2	-2	-2
- Increase in Net Working Capital	0	0	0	0	-4	3	0	0
+/- Other	0	0	0	0	1	0	0	0
= Cash flow from operations	1	1	1	2	1	10	9	10
- Capex	0	0	0	-1	-6	0	-1	-1
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	1	1	1	2	-5	9	8	10
+/- Change in interest-bearing debt	0	0	0	0	5	-1	-4	0
+/- New issues/buybacks	-1	1	0	0	10	0	0	0
- Paid dividend	0	0	0	0	-1	-2	-2	-3
+/- Change in loan receivables	0	0	0	0	0	0	0	0
Change in cash	0	2	1	1	9	6	2	6

KEY FIGURES	2014	2015	2016	2017	2018E	2019E	2020E
M-cap	0	0	0	91	112	112	112
Net debt	-2	-2	-4	-8	-15	-21	-28
Enterprise value	-2	-2	-4	83	97	91	85
Sales	9	12	19	34	51	68	78
EBITDA	1	2	3	6	8	11	13
EBIT	1	2	3	5	7	10	12
Pre-tax	1	2	3	4	7	10	12
Earnings	1	1	2	3	6	8	9
Book value	2	3	4	18	22	27	33
Valuation multiples							
EV/sales	-0.2	-0.2	-0.2	2.4	1.9	1.4	1.1
EV/EBITDA	-1.2	-1.4	-1.3	14.3	11.9	8.5	6.8
EV/EBITA	-1.2	-1.5	-1.3	15.5	13.2	9.3	7.4
EV/EBIT	-1.2	-1.5	-1.3	15.5	13.2	9.3	7.4
EV/operating cash flow	-1.3	-2.1	-1.5	76.2	9.8	10.5	8.4
EV/cash earnings	-1.5	-1.8	-1.6	21.9	14.8	10.5	8.3
P/E	0.0	0.0	0.0	27.3	19.5	14.5	12.2
P/E excl. goodwill	0.0	0.0	0.0	27.3	19.5	14.5	12.2
P/B	0.0	0.0	0.0	5.1	5.2	4.2	3.4
P/sales	0.0	0.0	0.0	2.7	2.2	1.7	1.4
P/CF	0.0	0.0	0.0	83.4	11.3	12.9	11.1
Target EV/EBIT	0.0	0.0	0.0	0.0	15.3	11.0	8.8
Target P/E	0.0	0.0	0.0	0.0	22.2	16.5	13.9
Target P/B	0.0	0.0	0.0	0.0	5.9	4.7	3.9
Per share measures							
Number of shares	106	106	106	12,949	13,109	13,109	13,109
Number of shares (diluted)	106	106	106	12,949	13,109	13,109	13,109
EPS	10.34	11.61	19.96	0.26	0.44	0.59	0.70
EPS excl. goodwill	10.34	11.61	19.96	0.26	0.44	0.59	0.70
Cash EPS	10.81	12.13	20.75	0.29	0.50	0.66	0.78
Operating cash flow per share	12.09	10.21	22.47	0.08	0.76	0.66	0.78
Capital employed per share	0.41	2.17	5.80	0.77	0.48	0.45	0.43
Book value per share	16.46	23.75	39.36	1.37	1.65	2.07	2.53
Book value excl. goodwill	16.46	23.75	39.36	1.37	1.65	2.07	2.53
Dividend per share	4.00	4.00	5.00	0.15	0.18	0.24	0.28
Dividend payout ratio, %	38.7	34.4	25.1	58.5	40.0	40.0	40.0
Dividend yield, %	0.0	0.0	0.0	2.1	2.1	2.8	3.3
Efficiency measures							
ROE	0.0	57.7	63.3	30.2	29.3	31.9	30.6
ROCE	140.2	66.9	76.1	40.0	30.9	37.4	38.2
Financial ratios							
Capex/sales, %	2.5	0.2	3.6	18.2	0.8	0.8	0.8
Capex/depreciation excl. goodwill,%	453.8	51.8	792.5	1,345.6	55.6	62.3	67.3
Net debt/EBITDA, book-weighted	-1.2	-1.4	-1.3	-1.4	-1.9	-2.0	-2.2
Debt/equity, market-weighted	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Equity ratio, book-weighted	43.4	49.3	54.3	60.8	61.2	67.1	68.3
Gearing	-0.98	-0.91	-0.85	-0.44	-0.71	-0.78	-0.83
Number of employees, average	95	132	196	374	453	530	583
Sales per employee, EUR	96,651	94,075	94,981	90,775	113,329	127,359	134,074
EBIT per employee, EUR	14,419	11,755	13,394	14,329	16,289	18,477	19,758

COMPANY DESCRIPTION: Gofore is an international growth-seeking digitalisation services company. The company helps customers to succeed at all stages of digital development. Gofore offers design, planning, building, implementing and maintenance of customers digital services and service architecture. Gofore was founded in 2002.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Kärki Timur Juhana	1,875,000	16.087	14.3%
Venola Mika Petteri	1,770,000	15.187	13.5%
Lammi Jani Markus	1,770,000	15.187	13.5%
Varjus Mika	1,770,000	15.187	13.5%
Ilmarinen Mutual Pension Insurance Company	871,801	7.480	6.7%
Varma Mutual Pension Insurance Company	517,952	4.444	4.0%
Saadetdin Ali	408,936	3.509	3.1%
Kallio Sami Juhani	245,511	2.106	1.9%
Nylund Mikael	245,025	2.102	1.9%
Virtanen Juha Laakso	243,269	2.087	1.9%
Ten largest	9,717,494	83.376	74%
Residual	3,391,136	29.096	26%
Total	13,108,630	112.472	100%

EARNINGS CALENDAR

February 19, 2019 FY 2018 Results
August 14, 2019 Q2 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Timur Kärki Kalevantie 2, 33100 Tampere
CFO: Petteri Venola Tel:
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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<https://research.evli.com/JasperAllModels.action?authParam=key;461&authParam=x;G3rNagWrftf7K&authType=3>

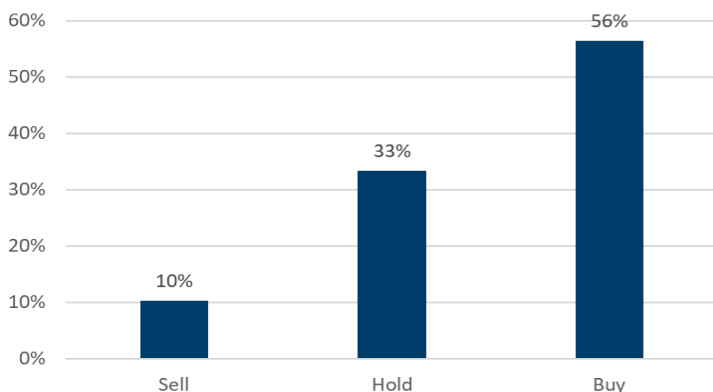
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:

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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 in general updated 2 – 4 per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 16th of April 2018. If recommendation is not given, it is not mentioned here.

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

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