

Steady as she goes

Gofore's H1 report did not provide any larger surprises. With net sales pre-announced at EUR 37.4m adj. EBITA of EUR 5.8m was quite in line with our estimates (Evli EUR 5.5m). The large share of public sector clients (73.5% of H1 net sales) is proving beneficial under these circumstances and the direct impact of COVID-19 has been rather limited. We retain our HOLD-rating with a TP of EUR 8.6 (8.4).

No surprises in the H1 results

Gofore's H1 results brought no larger surprises, as net sales had been pre-announced at 37.4m the adj. EBITA was quite in line with our estimates at EUR 5.8m (Evli 5.5m). Relative profitability was as expected weaker in the second quarter compared to the first quarter but saw no major direct negative impact of the coronavirus pandemic. Demand in the public sector clientele, representing 73.5% of net sales in H1, saw demand remaining steady while the private sector clientele saw some delays in development work and cancellations of projects.

Acquisition seals growth prospects

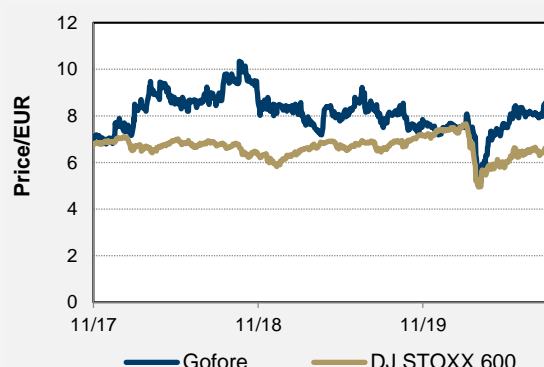
Our estimates remain largely intact as our marginally lowered expectations for H2 are offset by the slight profitability beat in H1. We expect 2020 net sales of EUR 75.1m (co's guidance EUR 70-76m) and an adj. EBITA of EUR 10.0m. Our profitability estimates are more on the cautionary side given H1 profitability but in our view reflects the company guidance and P&T changes from the Qentinel Finland acquisition. In our estimates for net sales in the second half of the year we currently expect similar organic growth as in H1 along with the expected EUR 4m M&A impact. In 2021 we see Gofore set for solid earnings growth with help of the large inorganic growth.

HOLD with a target price of EUR 8.6 (8.4)

With only minor estimates revisions post-H1 we fine-tune our target price to EUR 8.6 (8.4), valuing Gofore at ~17.0x 2020e adj. P/E. Demand uncertainty is at elevated levels due to the pandemic but resilience has so far been provided by the large share of public sector clients. Our HOLD-rating remains intact.

Rating

HOLD



Share price, EUR (Last trading day's closing price) **8.48**

Target price, EUR **8.6**

Latest change in recommendation **20-Feb-19**

Latest report on company **11-Aug-20**

Research paid by issuer: **YES**

No. of shares outstanding, '000's **14,013**

No. of shares fully diluted, '000's **14,013**

Market cap, EURm **119**

Free float, % **-**

Exchange rate EUR **1.000**

Reuters code **GOFORE.HE**

Bloomberg code **GOFORE FH**

Average daily volume, EURm **0.04**

Next interim report

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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	50.6	6.1	12.0%	5.8	0.36	23.4	2.0	16.3	5.2	0.19
2019	64.1	6.1	9.5%	6.4	0.32	23.7	1.4	14.6	6.1	0.23
2020E	75.1	6.6	8.8%	-1.9	0.32	26.9	1.4	16.3	-1.6	0.25
2021E	86.0	7.6	8.9%	8.5	0.38	22.3	1.2	13.4	7.1	0.28
2022E	92.0	8.6	9.4%	10.0	0.44	19.4	1.0	11.2	8.4	0.30
Market cap, EURm	119		Gearing 2020E, %		-35.8		CAGR EPS 2019-22, %		11.3	
Net debt 2020E, EURm	-12		Price/book 2020E		3.6		CAGR sales 2019-22, %		12.8	
Enterprise value, EURm	107		Dividend yield 2020E, %		2.9		ROE 2020E, %		13.8	
Total assets 2020E, EURm	54		Tax rate 2020E, %		22.5		ROCE 2020E, %		17.7	
Goodwill 2020E, EURm	25		Equity ratio 2020E, %		60.5		PEG, P/E 20/CAGR		1.6	

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

Gofore	2018	H1/'19	H2/'19	2019	H1/'20	H2/'20E	2020E	2021E	2022E
Net sales	50.6	33.5	30.6	64.1	37.4	37.7	75.1	86.0	92.0
<i>sales growth %</i>	49.0%	35.5%	18.2%	26.7%	11.8%	23.2%	17.2%	14.5%	7.0%
Other income	0.2	0.0	0.3	0.3	0.6	0.2	0.8	0.5	0.5
Materials and services	-7.9	-4.7	-4.0	-8.7	-5.3	-5.2	-10.5	-12.0	-12.7
Personnel expenses	-27.6	-18.6	-18.1	-36.7	-21.5	-22.4	-43.9	-49.0	-52.4
Other op. expenses	-8.3	-5.2	-5.6	-10.8	-6.0	-6.0	-12.0	-13.8	-14.7
EBITA	6.8	5.0	3.0	8.0	5.1	4.1	9.2	11.4	12.4
<i>EBITA-%</i>	13.4%	14.8%	10.0%	12.5%	13.7%	10.9%	12.3%	13.3%	13.5%
Adj. EBITA				8.0	5.8	4.1	10.0	11.4	12.4
<i>Adj. EBITA-%</i>				12.5%	15.6%	10.9%	13.3%	13.3%	13.5%
EBIT	6.1	4.1	2.0	6.1	4.1	2.5	6.6	7.6	8.6
<i>EBIT-%</i>	12.1%	12.3%	6.5%	9.5%	10.9%	6.7%	8.8%	8.9%	9.4%

Source: Gofore, Evli research estimates

GOFORE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		20	21	22	20	21	22	20	21	22
TietoEVRY	3000	8.2x	7.0x	7.0x	11.1x	9.7x	9.7x	12.8x	11.4x	11.4x
Sili Solutions	71	9.0x	6.8x	6.8x	15.8x	10.0x	10.0x	18.7x	10.3x	10.3x
Vincit	55							16.1x	12.5x	12.5x
Innofactor	42	7.3x	6.8x	6.8x	11.0x	12.7x	12.7x	13.9x	11.4x	11.4x
Solteq	24	6.9x	5.6x	5.6x	19.8x	13.6x	13.6x	167.6x	21.4x	21.4x
HiQ International	292	11.9x	10.5x	10.5x	14.6x	12.7x	12.7x	21.1x	18.0x	18.0x
Knowit	337	9.1x	7.8x	7.8x	11.2x	9.5x	9.5x	15.4x	13.6x	13.6x
Atea	1090	8.7x	7.5x	7.5x	15.8x	12.4x	12.4x	21.2x	16.0x	16.0x
Peer Group Average	614	8.7x	7.4x	7.4x	14.2x	11.5x	11.5x	35.8x	14.3x	14.3x
Peer Group Median	181	8.7x	7.0x	7.0x	14.6x	12.4x	12.4x	17.4x	13.1x	13.1x
Gofore (Evli est.)	119	11.3x	8.7x	7.5x	16.3x	13.4x	11.2x	26.9x	22.3x	19.4x
<i>Gofore prem./disc. to peer median</i>		30%	24%	8%	12%	8%	-10%	55%	71%	48%
Gofore (Evli est. adj.)*	119	11.3x	8.7x	7.5x	11.6x	8.9x	7.7x	16.8x	13.0x	12.0x

Source FactSet, Evli Research. *FAS goodwill amortization adj.

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	8.48 PV of Free Cash Flow	57 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	9.46 PV of Horizon value	63 WACC, %	8.9 Market risk premium, %	5.8
Share price potential, %	11.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	10.2 Marketable securities	22 Minimum WACC, %	8.4 Equity beta coefficient	1.10
Minimum value	8.9 Debt - dividend	-9 Maximum WACC, %	9.4 Target debt ratio, %	20
Horizon value, %	52.3 Value of stock	133 Nr of shares, Mn	14.0 Effective tax rate, %	20

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	64	75	86	92	97	100	102	106	109	112	115	118
<i>Sales growth, %</i>	<i>26.7</i>	<i>17.2</i>	<i>14.5</i>	<i>7.0</i>	<i>5.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	6	7	8	9	10	11	11	12	12	12	13	13
<i>Operating income margin, %</i>	<i>9.5</i>	<i>8.8</i>	<i>8.9</i>	<i>9.4</i>	<i>10.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>
+ Depreciation+amort.	2	3	4	4	4	2	2	2	2	2	0	
EBITDA	8	9	12	13	14	13	14	14	14	14	13	
- Paid taxes	-2	-2	-2	-2	-3	-3	-3	-3	-3	-3	-3	
- Change in NWC	4	1	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-5.3</i>	<i>-6.5</i>	<i>-5.2</i>	<i>-5.2</i>	<i>-5.2</i>	<i>-5.2</i>	<i>-5.2</i>	<i>-5.2</i>	<i>-5.2</i>	<i>-5.2</i>	<i>-5.2</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	0	0	0	-1	-1	-1	-1	-1	-1	-1	-2	
<i>opCAPEX / Sales, %</i>	<i>0.5</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>1.8</i>	
- Acquisitions	-4	-9	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	-1	0	0	0	0	0	0	0	0	0	
= FCFF	6	-2	9	10	11	10	11	11	11	11	9	139
= Discounted FCFF		-2	8	8	8	7	7	6	6	5	4	63
= DFCF min WACC		-2	8	8	8	7	7	7	6	6	4	71
= DFCF max WACC		-2	8	8	8	7	7	6	6	5	4	56

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	0.0	33.5	0.0	30.6	64.1	0.0	37.4	0.0	37.7	75.1	86.0	92.0
EBITDA	0.0	5.1	0.0	3.2	8.2	0.0	5.2	0.0	4.2	9.5	11.7	12.7
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>15.1</i>	<i>0.0</i>	<i>10.3</i>	<i>12.8</i>	<i>0.0</i>	<i>14.0</i>	<i>0.0</i>	<i>11.2</i>	<i>12.6</i>	<i>13.6</i>	<i>13.8</i>
EBIT	0.0	4.1	0.0	2.0	6.1	0.0	4.1	0.0	2.5	6.6	7.6	8.6
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>12.3</i>	<i>0.0</i>	<i>6.5</i>	<i>9.5</i>	<i>0.0</i>	<i>10.9</i>	<i>0.0</i>	<i>6.7</i>	<i>8.8</i>	<i>8.9</i>	<i>9.4</i>
Net financial items	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	-0.1	0.0	0.0
Pre-tax profit	0.0	4.1	0.0	2.0	6.0	0.0	4.0	0.0	2.5	6.5	7.6	8.6
Tax	0.0	-1.0	0.0	-0.6	-1.6	0.0	-1.2	0.0	-0.8	-2.1	-2.3	-2.5
<i>Tax rate (%)</i>	<i>0.0</i>	<i>20.1</i>	<i>0.0</i>	<i>19.8</i>	<i>20.0</i>	<i>0.0</i>	<i>24.3</i>	<i>0.0</i>	<i>20.0</i>	<i>22.5</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	3.1	0.0	1.4	4.4	0.0	2.8	0.0	1.7	4.4	5.3	6.1
EPS	0.00	0.22	0.00	0.10	0.32	0.00	0.20	0.00	0.12	0.32	0.38	0.44
EPS adjusted (diluted no. of shares)	0.00	0.22	0.00	0.10	0.32	0.00	0.20	0.00	0.12	0.32	0.38	0.44
Dividend per share	0.00	0.00	0.00	0.00	0.23	0.00	0.00	0.00	0.00	0.25	0.28	0.30
SALES, EURm												
Group	0.0	33.5	0.0	30.6	64.1	0.0	37.4	0.0	37.7	75.1	86.0	92.0
Total	0.0	33.5	0.0	30.6	64.1	0.0	37.4	0.0	37.7	75.1	86.0	92.0
SALES GROWTH, Y/Y %												
Group	<i>0.0</i>	<i>35.5</i>	<i>0.0</i>	<i>18.2</i>	<i>26.7</i>	<i>0.0</i>	<i>11.8</i>	<i>0.0</i>	<i>23.2</i>	<i>17.2</i>	<i>14.5</i>	<i>7.0</i>
Total	<i>0.0</i>	<i>35.5</i>	<i>0.0</i>	<i>18.2</i>	<i>26.7</i>	<i>0.0</i>	<i>11.8</i>	<i>0.0</i>	<i>23.2</i>	<i>17.2</i>	<i>14.5</i>	<i>7.0</i>
EBIT, EURm												
Group	0.0	4.1	0.0	2.0	6.1	0.0	4.1	0.0	2.5	6.6	7.6	8.6
Total	0.0	4.1	0.0	2.0	6.1	0.0	4.1	0.0	2.5	6.6	7.6	8.6
EBIT margin, %												
Group	<i>0.0</i>	<i>12.3</i>	<i>0.0</i>	<i>6.5</i>	<i>9.5</i>	<i>0.0</i>	<i>10.9</i>	<i>0.0</i>	<i>6.7</i>	<i>8.8</i>	<i>8.9</i>	<i>9.4</i>
Total	<i>0.0</i>	<i>12.3</i>	<i>0.0</i>	<i>6.5</i>	<i>9.5</i>	<i>0.0</i>	<i>10.9</i>	<i>0.0</i>	<i>6.7</i>	<i>8.8</i>	<i>8.9</i>	<i>9.4</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	12.4	18.6	34.0	50.6	64.1	75.1	86.0	92.0
<i>Sales growth (%)</i>	<i>35.2</i>	<i>49.9</i>	<i>82.4</i>	<i>49.0</i>	<i>26.7</i>	<i>17.2</i>	<i>14.5</i>	<i>7.0</i>
EBITDA	1.6	2.7	5.8	7.0	8.2	9.5	11.7	12.7
<i>EBITDA margin (%)</i>	<i>12.9</i>	<i>14.6</i>	<i>17.1</i>	<i>13.9</i>	<i>12.8</i>	<i>12.6</i>	<i>13.6</i>	<i>13.8</i>
Depreciation	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.3	-0.3
EBITA	1.6	2.6	5.7	6.8	8.0	9.2	11.4	12.4
Goodwill amortization / writedown	0.0	0.0	-0.3	-0.7	-1.9	-2.7	-3.8	-3.8
EBIT	1.6	2.6	5.4	6.1	6.1	6.6	7.6	8.6
<i>EBIT margin (%)</i>	<i>12.5</i>	<i>14.1</i>	<i>15.8</i>	<i>12.0</i>	<i>9.5</i>	<i>8.8</i>	<i>8.9</i>	<i>9.4</i>
Reported EBIT	1.6	2.6	6.5	6.1	6.1	6.6	7.6	8.6
<i>EBIT margin (reported) (%)</i>	<i>12.5</i>	<i>14.1</i>	<i>19.1</i>	<i>12.0</i>	<i>9.5</i>	<i>8.8</i>	<i>8.9</i>	<i>9.4</i>
Net financials	0.0	0.0	-1.2	0.0	-0.1	-0.1	0.0	0.0
Pre-tax profit	1.5	2.6	4.2	6.1	6.0	6.5	7.6	8.6
Taxes	-0.3	-0.5	-0.9	-1.4	-1.6	-2.1	-2.3	-2.5
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	1.2	2.1	4.5	4.7	4.4	4.4	5.3	6.1
Cash NRIs	0.0	0.0	1.1	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	0	1	1	1	1	1	1	1
Goodwill	0	0	5	9	18	25	21	17
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Receivables	3	3	10	10	10	12	13	14
Liquid funds	2	4	13	15	22	16	17	23
Total assets	5	8	29	35	50	54	52	55
Liabilities								
Shareholder's equity	3	4	18	22	31	33	34	37
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	0	0	5	4	6	4	0	0
Non-interest bearing current liabilities	2	3	7	8	13	17	17	19
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	5	8	29	35	50	54	52	55
CASH FLOW, EURm								
+ EBITDA	2	3	6	7	8	9	12	13
- Net financial items	0	0	-1	0	0	0	0	0
- Taxes	0	0	-1	-2	-2	-2	-2	-2
- Increase in Net Working Capital	0	0	-3	2	4	1	0	0
+/- Other	0	0	0	0	0	-1	0	0
= Cash flow from operations	1	2	1	8	11	8	9	11
- Capex	0	0	0	0	0	0	0	-1
- Acquisitions	0	0	-5	-2	-4	-9	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	1	2	-5	6	6	-2	8	10
+/- New issues/buybacks	0	0	10	1	7	0	0	0
- Paid dividend	0	0	-1	-2	-2	-3	-4	-4
+/- Other	0	0	4	-3	-5	-1	-4	0
Change in cash	1	1	9	3	6	-6	1	6

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	0	91	111	105	119	119	119
Net debt (excl. convertibles)	-4	-8	-11	-16	-12	-17	-23
Enterprise value	-4	83	100	89	107	102	96
Sales	19	34	51	64	75	86	92
EBITDA	3	6	7	8	9	12	13
EBIT	3	5	6	6	7	8	9
Pre-tax	3	4	6	6	6	8	9
Earnings	2	3	5	4	4	5	6
Equity book value (excl. minorities)	4	18	22	31	33	34	37
Valuation multiples							
EV/sales	-0.2	2.4	2.0	1.4	1.4	1.2	1.0
EV/EBITDA	-1.3	14.3	14.2	10.9	11.3	8.7	7.5
EV/EBITA	-1.3	14.6	14.7	11.1	11.6	8.9	7.7
EV/EBIT	-1.3	15.5	16.3	14.6	16.3	13.4	11.2
EV/OCF	-1.6	133.7	12.7	8.4	13.7	11.4	9.1
EV/FCFF	-2.4	123.3	37.0	13.7	-57.8	12.0	9.6
P/FCFE	0.0	-20.0	19.1	16.4	-61.5	14.0	11.9
P/E	0.0	27.3	23.4	23.7	26.9	22.3	19.4
P/B	0.0	5.1	5.0	3.3	3.6	3.4	3.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	11.5	8.9	7.7
Target EV/EBIT	0.0	0.0	0.0	0.0	16.5	13.6	11.3
Target EV/FCF	0.0	0.0	0.0	0.0	-56.3	12.2	9.8
Target P/B	0.0	0.0	0.0	0.0	3.7	3.5	3.3
Target P/E	0.0	0.0	0.0	0.0	27.3	22.6	19.7
Per share measures							
Number of shares	10,560	12,949	13,117	14,013	14,013	14,013	14,013
Number of shares (diluted)	10,560	12,949	13,117	14,013	14,013	14,013	14,013
EPS	0.20	0.26	0.36	0.32	0.32	0.38	0.44
Operating cash flow per share	0.20	0.05	0.60	0.76	0.56	0.64	0.75
Free cash flow per share	0.19	-0.35	0.44	0.46	-0.14	0.61	0.72
Book value per share	0.39	1.37	1.68	2.24	2.33	2.46	2.62
Dividend per share	0.05	0.15	0.19	0.23	0.25	0.28	0.30
Dividend payout ratio, %	25.1	58.5	52.7	72.5	79.2	73.7	68.6
Dividend yield, %	0.0	2.1	2.2	3.1	2.9	3.3	3.5
FCF yield, %	0.0	-5.0	5.2	6.1	-1.6	7.1	8.4
Efficiency measures							
ROE	63.3	30.2	23.8	16.6	13.8	15.9	17.2
ROCE	76.1	40.0	25.0	19.2	17.7	21.5	24.2
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	17.8	30.0	19.5	15.0	16.5	15.0	15.0
Non-interest bearing liabilities as % of sales	18.4	19.7	16.4	20.2	23.0	20.2	20.2
NWC/sales, %	-0.6	10.3	3.1	-5.3	-6.5	-5.2	-5.2
Operative CAPEX/sales, %	0.9	1.2	0.4	0.5	0.6	0.6	0.6
CAPEX/sales (incl. acquisitions), %	0.9	-12.7	-3.2	-5.5	-11.8	0.6	0.6
FCFF/EBITDA	0.5	0.1	0.4	0.8	-0.2	0.7	0.8
Net debt/EBITDA, book-weighted	-1.3	-1.4	-1.6	-1.9	-1.2	-1.4	-1.8
Debt/equity, market-weighted	0.0	0.1	0.0	0.1	0.0	0.0	0.0
Equity ratio, book-weighted	54.3	60.8	63.7	62.4	60.5	66.5	66.4
Gearing, %	-85.0	-44.2	-51.0	-50.4	-35.8	-48.3	-62.1

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: Gofore achieved fifteen consecutive years of profitable growth in 2019. The prospects for continued growth remains good following a good domestic demand situation and recent M&A activity as well as potential for picking up growth internationally. A continued good demand situation should in turn translate into higher billing rates and healthy Group margins. A large share of public sector clients mitigates a bulk of the impact of the coronavirus pandemic on the demand situation.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Kärki Timur Juhana	1,875,000	15.900	13.4%
Venola Mika Petteri	1,770,000	15.010	12.6%
Varjus Mika	1,770,000	15.010	12.6%
Lammi Jani Markus	1,570,000	13.314	11.2%
Ilmarinen Mutual Pension Insurance Company	871,801	7.393	6.2%
Karjalainen Mika Juhani	597,262	5.065	4.3%
Evli Finland Small Cap Fund	585,000	4.961	4.2%
Varma Mutual Pension Insurance Company	517,952	4.392	3.7%
Saadetdin Ali	298,137	2.528	2.1%
Nylund Tor Mikael	245,025	2.078	1.7%
Ten largest	10,100,177	85.650	72%
Residual	3,912,625	33.179	28%
Total	14,012,802	118.829	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Mikael Nylund

CFO: Teppo Talvinko

IR:

Kalevantie 2, 33100 Tampere

Tel:

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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

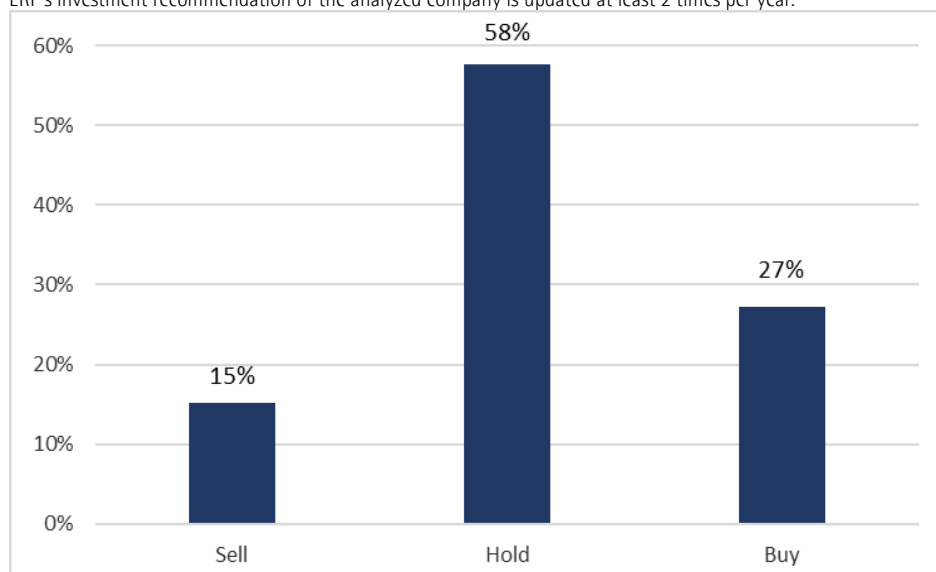
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Investment recommendations are defined as follows:

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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