

## Good things going on

Gofore announced its updated strategy and new long-term financial targets, seeking over 20% annual growth and a 15% adj. EBITA-margin. With continued good signs of rapid profitable growth and recent solid order intake we adjust our TP to EUR 16.0 (12.1) and retain our HOLD-rating.

### Seeking above 20% long-term growth

Gofore announced its updated strategy and gave and gave new long-term financial targets. Gofore will continue to seek to grow profitably both domestically and internationally while creating a positive impact on the society, customers and employees. Approximately half of the growth in the coming years is targeted through acquisitions and the aim for the international business is to achieve a similar growth pace as the Group. The long-term aim is to achieve above 20% annual net sales growth. The target for profitability is an adjusted EBITA-margin of 15%. Gofore also announced that it aims to transfer to the Nasdaq Helsinki Main Market during the first quarter of 2021.

### Very promising signs from recent order intake

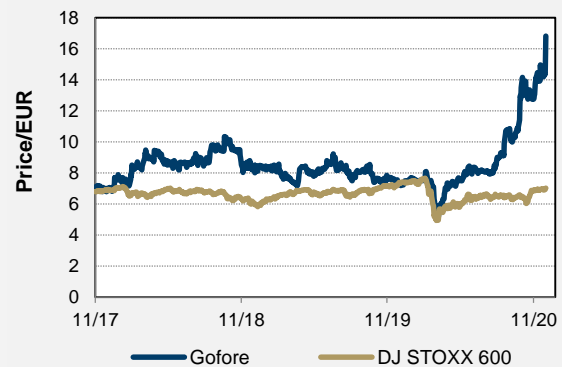
The new growth target is clearly above our previous expectations, with the organic growth having become more challenging in previous years for the market as a whole. Gofore has also grown to a size at which maintaining the relative growth pace should become more challenging. The order intake during the last quarter of 2020 has however been extremely promising, with the potential value of new orders corresponding to around 2019 net sales. Gofore is also in a solid position to continue inorganic growth, with a clear net cash position also after the Qentinel Finland acquisition. We have raised our growth estimates, expecting ~17% annual growth during 2021-2022 (prev. ~12%), and made adjustments with the transition to IFRS.

### HOLD with a target price of EUR 16.0 (12.1)

On current multiples valuation is certainly not cheap, but with notable signs of continued rapid and profitable growth there is certainly merit in staying on for the ride. We adjust our TP to EUR 16.0 (12.1) and retain our HOLD-rating.

## Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 16.80

Target price, EUR 16.0

Latest change in recommendation	19-Feb-19
Latest report on company	16-Nov-20
Research paid by issuer:	YES
No. of shares outstanding, '000's	14,037
No. of shares fully diluted, '000's	14,037
Market cap, EURm	236
Free float, %	-
Exchange rate EUR	1.000
Reuters code	GOFORE.HE
Bloomberg code	GOFORE FH
Average daily volume, EURm	0.04
Next interim report	05-Mar-21
Web site	gofore.com/en/invest

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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	6.6	10.3%	6.4	0.36	20.6	1.5	14.3	6.1	0.23
2020E	77.3	8.4	10.9%	-3.8	0.43	38.6	3.0	27.4	-1.6	0.25
2021E	91.6	11.0	12.0%	-0.8	0.61	27.4	2.6	21.4	-0.3	0.28
2022E	106.2	13.1	12.3%	1.7	0.73	23.1	2.2	18.2	0.7	0.31
Market cap, EURm	236		Gearing 2020E, %	-11.7		CAGR EPS 2019-22, %		25.9		
Net debt 2020E, EURm	-4		Price/book 2020E	6.7		CAGR sales 2019-22, %		18.4		
Enterprise value, EURm	232		Dividend yield 2020E, %	1.5		ROE 2020E, %		18.0		
Total assets 2020E, EURm	64		Tax rate 2020E, %	25.9		ROCE 2020E, %		18.9		
Goodwill 2020E, EURm	25		Equity ratio 2020E, %	54.8		PEG, P/E 20/CAGR		1.7		

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	39.9	77.3	91.6	106.2
<i>sales growth %</i>	49.0%	35.5%	18.2%	26.7%	11.7%	30.3%	20.6%	18.5%	16.0%
Other income	0.2	0.1	0.3	0.3	0.6	0.2	0.9	0.5	0.5
Materials and services	-7.9	-4.7	-4.0	-8.7	-5.3	-6.5	-11.8	-13.7	-15.9
Personnel expenses	-27.6	-18.7	-18.3	-37.1	-21.6	-22.7	-44.4	-52.2	-60.3
Other op. expenses	-8.3	-4.7	-4.7	-9.4	-4.9	-5.1	-10.0	-11.3	-13.1
<b>EB ITA</b>	<b>6.8</b>	<b>4.5</b>	<b>2.8</b>	<b>7.3</b>	<b>4.9</b>	<b>4.7</b>	<b>9.6</b>	<b>12.2</b>	<b>14.4</b>
<i>EBITA-%</i>	13.4%	13.4%	9.2%	11.4%	13.1%	11.8%	12.4%	13.3%	13.5%
<b>Adj. EB ITA</b>		<b>4.8</b>	<b>2.9</b>	<b>7.7</b>	<b>5.6</b>	<b>5.7</b>	<b>11.4</b>		
<i>Adj. EBITA-%</i>				12.0%	15.1%	14.3%	14.7%		
<b>EB IT</b>	<b>6.1</b>	<b>4.2</b>	<b>2.4</b>	<b>6.6</b>	<b>4.5</b>	<b>3.9</b>	<b>8.5</b>	<b>11.0</b>	<b>13.1</b>
<i>EBIT-%</i>	12.1%	12.6%	7.9%	10.3%	12.0%	9.9%	11.1%	12.0%	12.3%

Adjusted to IFRS reporting from 2019 onwards

GOFORE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		20	21	22	20	21	22	20	21	22
TietoEVERY	3185	8.8x	7.8x	7.4x	12.1x	10.6x	10.1x	12.5x	11.9x	11.1x
Sili Solutions	85	9.1x	7.0x	6.0x	16.7x	11.3x	8.9x	19.0x	12.9x	10.4x
Vincit	82							14.7x	13.5x	12.5x
Innofactor	47	7.9x	7.4x	7.1x	15.4x	11.2x	10.0x	16.1x	12.4x	10.7x
Solteq	53	7.8x	7.0x	6.7x	15.1x	13.7x	12.5x	22.0x	16.6x	14.0x
Netcompany Group	3798	36.3x	30.8x	25.5x	43.1x	35.3x	28.7x	52.2x	42.2x	34.2x
Knowit	607	14.6x	12.7x	11.6x	18.7x	15.8x	14.4x	23.9x	20.7x	19.6x
Atea	1212	9.6x	8.4x	7.8x	16.9x	13.8x	12.4x	22.2x	17.7x	15.7x
<b>BILOT</b>										
Peer Group Average	1134	<b>13.4x</b>	<b>11.6x</b>	<b>10.3x</b>	<b>19.7x</b>	<b>16.0x</b>	<b>13.8x</b>	<b>22.8x</b>	<b>18.5x</b>	<b>16.0x</b>
Peer Group Median	346	<b>9.1x</b>	<b>7.8x</b>	<b>7.4x</b>	<b>16.7x</b>	<b>13.7x</b>	<b>12.4x</b>	<b>20.5x</b>	<b>15.0x</b>	<b>13.2x</b>
Gofore (Evli est.)	<b>236</b>	<b>19.5x</b>	<b>16.2x</b>	<b>13.7x</b>	<b>27.4x</b>	<b>21.4x</b>	<b>18.2x</b>	<b>38.6x</b>	<b>27.4x</b>	<b>23.1x</b>

*Gofore prem./disc. to peer median*

115%    109%    86%    64%    56%    47%    88%    82%    75%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	16.80 PV of Free Cash Flow	75 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	16.16 PV of Horizon value	145 WACC, %	8.4 Market risk premium, %	5.8
Share price potential, %	-3.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	17.7 Marketable securities	21 Minimum WACC, %	7.9 Equity beta coefficient	1.00
Minimum value	14.8 Debt - dividend	-14 Maximum WACC, %	8.9 Target debt ratio, %	20
Horizon value, %	65.9 Value of stock	227 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	77	92	106	112	115	118	122	126	129	133	136
<i>Sales growth, %</i>	<i>26.7</i>	<i>20.6</i>	<i>18.5</i>	<i>16.0</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)	7	8	11	13	14	15	15	16	16	17	17	18
<i>Operating income margin, %</i>	<i>10.3</i>	<i>10.9</i>	<i>12.0</i>	<i>12.3</i>	<i>12.8</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>	<i>13.0</i>
+ Depreciation+amort.	3	3	4	4	5	5	6	6	6	6	7	
EBITDA	9	12	15	17	19	20	21	22	22	23	24	
- Paid taxes	-2	-2	-2	-3	-3	-3	-3	-3	-3	-3	-3	
- Change in NWC	4	2	0	1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-4.3</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	-2	-2	-3	-3	-3	-3	-3	-3	-3	-3	
<i>opCAPEX / Sales, %</i>	<i>0.5</i>	<i>6.8</i>	<i>6.2</i>	<i>6.1</i>	<i>5.6</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>	
- Acquisitions	-4	-9	-7	-7	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	-1	-1	0	0	0	0	0	0	0	0	0	
= FCFF	7	0	3	6	14	15	15	16	16	17	17	300
= Discounted FCFF		0	3	5	11	11	10	10	9	9	8	145
= DFCF min WACC		0	3	5	11	11	10	10	10	9	9	165
= DFCF max WACC		0	3	5	11	10	10	9	9	8	8	128

## 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	39.9	77.3	91.6	106.2
EBITDA	0.0	5.4	0.0	3.8	9.2	0.0	6.1	0.0	5.7	11.9	14.6	17.3
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>16.2</i>	<i>0.0</i>	<i>12.5</i>	<i>14.4</i>	<i>0.0</i>	<i>16.3</i>	<i>0.0</i>	<i>14.4</i>	<i>15.3</i>	<i>15.9</i>	<i>16.3</i>
EBIT	0.0	4.2	0.0	2.4	6.6	0.0	4.5	0.0	3.9	8.4	11.0	13.1
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>12.6</i>	<i>0.0</i>	<i>7.9</i>	<i>10.3</i>	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>9.9</i>	<i>10.9</i>	<i>12.0</i>	<i>12.3</i>
Net financial items	0.0	-0.1	0.0	0.0	-0.1	0.0	-0.1	0.0	-0.1	-0.2	-0.3	-0.3
Pre-tax profit	0.0	4.1	0.0	2.4	6.5	0.0	4.4	0.0	3.8	8.2	10.8	12.7
Tax	0.0	-0.9	0.0	-0.5	-1.4	0.0	-1.2	0.0	-1.0	-2.1	-2.2	-2.5
<i>Tax rate (%)</i>	<i>0.0</i>	<i>22.4</i>	<i>0.0</i>	<i>21.0</i>	<i>21.9</i>	<i>0.0</i>	<i>26.4</i>	<i>0.0</i>	<i>25.0</i>	<i>25.9</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	3.2	0.0	1.9	5.1	0.0	3.3	0.0	2.9	6.1	8.6	10.2
EPS	0.00	0.23	0.00	0.13	0.36	0.00	0.23	0.00	0.21	0.43	0.61	0.73
EPS adjusted (diluted no. of shares)	0.00	0.23	0.00	0.13	0.36	0.00	0.23	0.00	0.21	0.43	0.61	0.73
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	0.31
<b>SALES, EURm</b>												
Group	0.0	33.5	0.0	30.6	64.1	0.0	37.4	0.0	39.9	77.3	91.6	106.2
Total	0.0	33.5	0.0	30.6	64.1	0.0	37.4	0.0	39.9	77.3	91.6	106.2
<b>SALES GROWTH, Y/Y %</b>												
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>11.7</i>	<i>0.0</i>	<i>30.3</i>	<i>20.6</i>	<i>18.5</i>	<i>16.0</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>11.7</i>	<i>0.0</i>	<i>30.3</i>	<i>20.6</i>	<i>18.5</i>	<i>16.0</i>
<b>EBIT, EURm</b>												
Group	0.0	4.2	0.0	2.4	6.6	0.0	4.5	0.0	3.9	8.4	11.0	13.1
Total	0.0	4.2	0.0	2.4	6.6	0.0	4.5	0.0	3.9	8.4	11.0	13.1
<b>EBIT margin, %</b>												
Group	<i>0.0</i>	<i>12.6</i>	<i>0.0</i>	<i>7.9</i>	<i>10.3</i>	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>9.9</i>	<i>10.9</i>	<i>12.0</i>	<i>12.3</i>
Total	<i>0.0</i>	<i>12.6</i>	<i>0.0</i>	<i>7.9</i>	<i>10.3</i>	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>9.9</i>	<i>10.9</i>	<i>12.0</i>	<i>12.3</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	12.4	18.6	34.0	50.6	64.1	77.3	91.6	106.2
<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>20.6</i>	<i>18.5</i>	<i>16.0</i>
EBITDA	1.6	2.7	5.8	7.0	9.2	11.9	14.6	17.3
<i>EBITDA margin (%)</i>	<i>12.9</i>	<i>14.6</i>	<i>17.1</i>	<i>13.9</i>	<i>14.4</i>	<i>15.3</i>	<i>15.9</i>	<i>16.3</i>
Depreciation	-0.1	-0.1	-0.1	-0.2	-2.6	-3.4	-3.6	-4.2
EBITA	1.6	2.6	5.7	6.8	6.6	8.4	11.0	13.1
Goodwill amortization / writedown	0.0	0.0	-0.3	-0.7	0.0	0.0	0.0	0.0
EBIT	1.6	2.6	5.4	6.1	6.6	8.4	11.0	13.1
<i>EBIT margin (%)</i>	<i>12.5</i>	<i>14.1</i>	<i>15.8</i>	<i>12.0</i>	<i>10.3</i>	<i>10.9</i>	<i>12.0</i>	<i>12.3</i>
Reported EBIT	1.6	2.6	6.5	6.1	6.6	8.4	11.0	13.1
<i>EBIT margin (reported) (%)</i>	<i>12.5</i>	<i>14.1</i>	<i>19.1</i>	<i>12.0</i>	<i>10.3</i>	<i>10.9</i>	<i>12.0</i>	<i>12.3</i>
Net financials	0.0	0.0	-1.2	0.0	-0.1	-0.2	-0.3	-0.3
Pre-tax profit	1.5	2.6	4.2	6.1	6.5	8.2	10.8	12.7
Taxes	-0.3	-0.5	-0.9	-1.4	-1.4	-2.1	-2.2	-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	5.1	6.1	8.6	10.2
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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	0	1	1	1	4	5	6	7
Goodwill	0	0	5	9	16	25	32	39
Right of use assets	0	0	0	0	5	6	8	9
Inventory	0	0	0	0	0	0	0	0
Receivables	3	3	10	10	10	13	14	16
Liquid funds	2	4	13	15	21	15	15	18
Total assets	5	8	29	35	58	64	75	89
<b>Liabilities</b>								
Shareholder's equity	3	4	18	22	32	35	40	47
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	5	6	8	9
Deferred taxes	0	0	0	0	1	1	1	1
Interest bearing debt	0	0	5	4	6	4	8	11
Non-interest bearing current liabilities	2	3	7	8	13	18	18	21
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	5	8	29	35	58	64	75	89
<b>CASH FLOW, EURm</b>								
+ EBITDA	2	3	6	7	9	12	15	17
- Net financial items	0	0	-1	0	0	0	0	0
- Taxes	0	0	-1	-2	-2	-2	-2	-3
- Increase in Net Working Capital	0	0	-3	2	4	2	0	1
+/- Other	0	0	0	0	-1	-1	0	0
= Cash flow from operations	1	2	1	8	11	11	12	15
- Capex	0	0	0	0	0	-5	-6	-6
- Acquisitions	0	0	-5	-2	-4	-9	-7	-7
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	1	2	-5	6	6	-4	-1	2
+/- New issues/buybacks	0	0	10	1	8	0	0	0
- Paid dividend	0	0	-1	-2	-2	-3	-4	-4
+/- Other	0	0	4	-3	-6	0	5	5
Change in cash	1	1	9	3	6	-7	1	2

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	0	91	111	105	236	236	236
Net debt (excl. convertibles)	-4	-8	-11	-10	-4	0	2
Enterprise value	-4	83	100	95	232	236	238
Sales	19	34	51	64	77	92	106
EBITDA	3	6	7	9	12	15	17
EBIT	3	5	6	7	8	11	13
Pre-tax	3	4	6	7	8	11	13
Earnings	2	3	5	5	6	9	10
Equity book value (excl. minorities)	4	18	22	32	35	40	47
<b>Valuation multiples</b>							
EV/sales	-0.2	2.4	2.0	1.5	3.0	2.6	2.2
EV/EBITDA	-1.3	14.3	14.2	10.3	19.5	16.2	13.7
EV/EBITA	-1.3	14.6	14.7	14.3	27.4	21.4	18.2
EV/EBIT	-1.3	15.5	16.3	14.3	27.4	21.4	18.2
EV/OCF	-1.6	133.7	12.7	8.9	21.5	19.8	15.7
EV/FCFF	-2.4	123.3	37.0	14.6	-821.2	82.4	40.7
P/FCFE	0.0	-20.0	19.1	16.4	-61.9	-308.8	138.0
P/E	0.0	27.3	23.4	20.6	38.6	27.4	23.1
P/B	0.0	5.1	5.0	3.2	6.7	5.8	5.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	18.6	15.4	13.1
Target EV/EBIT	0.0	0.0	0.0	0.0	26.1	20.4	17.3
Target EV/FCF	0.0	0.0	0.0	0.0	-57.8	-294.3	132.8
Target P/B	0.0	0.0	0.0	0.0	6.4	5.6	4.8
Target P/E	0.0	0.0	0.0	0.0	36.8	26.1	22.0
<b>Per share measures</b>							
Number of shares	10,560	12,949	13,117	14,013	14,037	14,037	14,037
Number of shares (diluted)	10,560	12,949	13,117	14,013	14,037	14,037	14,037
EPS	0.20	0.26	0.36	0.36	0.43	0.61	0.73
Operating cash flow per share	0.20	0.05	0.60	0.76	0.77	0.85	1.08
Free cash flow per share	0.19	-0.35	0.44	0.46	-0.27	-0.05	0.12
Book value per share	0.39	1.37	1.68	2.31	2.52	2.88	3.32
Dividend per share	0.05	0.15	0.19	0.23	0.25	0.28	0.31
Dividend payout ratio, %	25.1	58.5	52.7	63.2	57.5	45.7	42.7
Dividend yield, %	0.0	2.1	2.2	3.1	1.5	1.7	1.8
FCF yield, %	0.0	-5.0	5.2	6.1	-1.6	-0.3	0.7
<b>Efficiency measures</b>							
ROE	63.3	30.2	23.8	18.7	18.0	22.7	23.4
ROCE	76.1	40.0	25.0	19.0	18.9	21.7	21.4
<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	17.8	30.0	19.5	15.9	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	-4.3	-6.5	-5.2	-5.2
Operative CAPEX/sales, %	0.9	1.2	0.4	0.5	6.8	6.2	6.1
CAPEX/sales (incl. acquisitions), %	0.9	-12.7	-3.2	-5.5	-5.2	-1.4	-0.5
FCFF/EBITDA	0.5	0.1	0.4	0.7	0.0	0.2	0.3
Net debt/EBITDA, book-weighted	-1.3	-1.4	-1.6	-1.1	-0.3	0.0	0.1
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	56.4	54.8	53.8	52.5
Gearing, %	-85.0	-44.2	-51.0	-31.3	-11.7	0.4	5.1

**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 2001.

**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	31.500	13.4%
Venola Mika Petteri	1,770,000	29.736	12.6%
Varjus Mika	1,770,000	29.736	12.6%
Lammi Jani Markus	1,560,000	26.208	11.1%
Ilmarinen Mutual Pension Insurance Company	871,801	14.646	6.2%
Evli Finland Small Cap Fund	633,817	10.648	4.5%
Karjalainen Mika Juhani	597,578	10.039	4.3%
Varma Mutual Pension Insurance Company	517,952	8.702	3.7%
Nylund Tor Mikael	245,438	4.123	1.7%
Virtanen Juha Jaakko	243,696	4.094	1.7%
Ten largest	10,085,282	169.433	72%
Residual	3,951,645	66.388	28%
Total	14,036,927	235.820	100%

EARNINGS CALENDAR	
March 05, 2021	FY 2020 Results
April 19, 2021	Q1 report
August 13, 2021	Q2 report
October 14, 2021	Q3 report
OTHER EVENTS	
March 26, 2021	AGM

COMPANY MISCELLANEOUS	
CEO: Mikael Nylund	Kalevantie 2, 33100 Tampere
CFO: Teppo Talvinko	Tel:
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



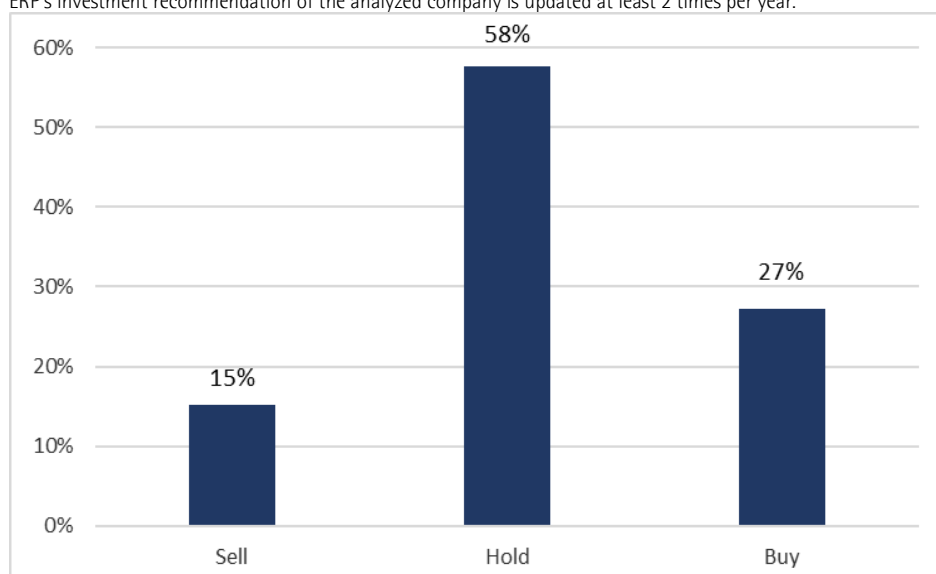
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Investment recommendations are defined as follows:

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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