

Growth narrative remains intact

Gofore held its Capital Markets Day on January 14th, which for us acted mainly as a confidence boost, as updated financial targets and strategy had been communicated earlier. The company remains well on its track of profitable and rapid growth, with little obstacles to be seen. We retain our HOLD-rating and target price of EUR 16.0.

CMD mostly a confidence booster for us

Gofore held its Capital Markets Day on January 14th. With the company having updated its strategy and long-term financial targets earlier, new information in that regard was limited. From a financial perspective, focus in our view was rather clearly on the commitment to continued rapid and profitable organic and inorganic growth, with an increased focus on international operations and the usage of subcontracting. The CMD increased our confidence in Gofore's international growth capabilities, which arguably has been one of the company's more challenging areas, as well as Gofore's overall delivery capabilities.

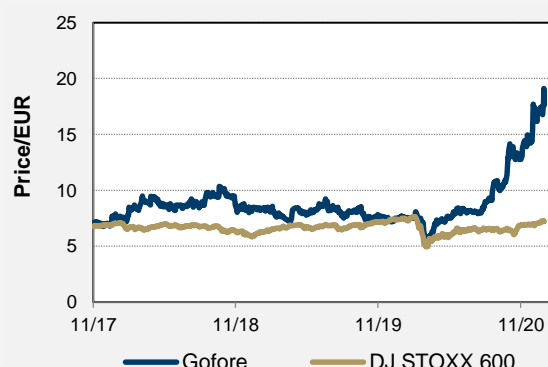
Growth target well in sight

Gofore also published its December net sales figures, with full-year net sales at EUR 78.0m, slightly beating our EUR 77.3m estimate. We have made slight adjustments to our estimates but no major changes overall. Based on the inorganic growth from the Qentinel Finland acquisition along with an organic uplift we expect growth of 18.5% in 2021, with any potential acquisitions quite easily being able to push growth over the 20% target. We expect relatively flat margin development going forward given the already excellent levels and limited scalability.

HOLD with a target price of EUR 16.0

Current valuation remains clearly above peers, which to a larger extent is warranted given the solid growth and profitability, which in the long-term could provide upside potential, while near-term potential remains rather limited. Our target price of EUR 16.0 implies a 2021 P/E of 27.0x. We retain our HOLD-rating.

Rating

■ HOLD


Share price, EUR (Last trading day's closing price) 17.60

Target price, EUR 16.0

Latest change in recommendation 19-Feb-19

Latest report on company 12-Oct-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 247

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-2021

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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	0.20	
2020E	78.0	8.8	11.3%	-3.5	0.45	38.7	3.1	27.5	-1.4	0.25	
2021E	92.4	10.6	11.4%	5.9	0.59	29.7	2.6	22.7	2.4	0.28	
2022E	107.2	12.6	11.8%	1.4	0.71	24.9	2.3	19.2	0.6	0.31	
Market cap, EURm			247	Gearing 2020E, %			-13.4	CAGR EPS 2019-22, %			24.8
Net debt 2020E, EURm			-5	Price/book 2020E			6.9	CAGR sales 2019-22, %			18.7
Enterprise value, EURm			242	Dividend yield 2020E, %			1.4	ROE 2020E, %			18.7
Total assets 2020E, EURm			65	Tax rate 2020E, %			25.8	ROCE 2020E, %			19.6
Goodwill 2020E, EURm			25	Equity ratio 2020E, %			55.1	PEG, P/E 20/CAGR			1.8

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	40.6	78.0	92.4	107.2
<i>sales growth %</i>	49.0%	35.5%	18.2%	26.7%	11.7%	32.6%	21.7%	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	-14.6	-17.1
Personnel expenses	-27.6	-18.7	-18.3	-37.1	-21.6	-23.1	-44.8	-52.2	-60.1
Other op. expenses	-8.3	-4.7	-4.7	-9.4	-4.9	-5.0	-9.9	-11.6	-13.5
EBITDA	7.0	5.4	3.8	9.2	6.1	6.1	12.3	14.5	16.9
<i>EBITDA-%</i>	13.8%	16.2%	12.5%	14.4%	16.3%	15.1%	15.8%	15.6%	15.8%
EBITA	6.8	4.5	2.8	7.3	4.9	4.8	9.7	11.8	13.9
<i>EBITA-%</i>	13.4%	13.4%	9.2%	11.4%	13.1%	11.8%	12.5%	12.7%	13.0%
Adj. EBITA		4.8	2.9	7.7	5.6	5.5	11.1		
<i>Adj. EBITA-%</i>				12.0%	15.1%	13.6%	14.3%		
EBIT	6.1	4.2	2.4	6.6	4.5	4.3	8.9	10.6	12.6
<i>EBIT-%</i>	12.1%	12.6%	7.9%	10.3%	12.0%	10.6%	11.4%	11.4%	11.8%

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
TietoEVRY	3204	8.5x	7.7x	7.3x	11.3x	10.5x	10.1x	12.5x	11.9x	11.1x
Sili Solutions	96	10.0x	7.9x	6.9x	18.5x	12.9x	9.1x	21.3x	14.5x	11.8x
Vincit	88							15.7x	14.4x	13.3x
Innofactor	48	8.0x	7.5x	7.1x	15.5x	13.9x	10.2x	16.4x	12.4x	11.0x
Solteq	57	8.0x	7.4x	7.1x	15.4x	14.4x	13.2x	23.8x	17.9x	15.1x
Netcompany Group	3921	39.8x	32.2x	26.8x	47.5x	37.2x	30.3x	56.3x	45.3x	36.9x
Knowit	560	14.6x	11.7x	10.7x	18.7x	14.5x	13.3x	22.1x	19.1x	18.1x
Atea	1298	10.0x	8.8x	8.3x	17.6x	14.3x	13.1x	23.4x	18.5x	16.7x
BILOT								25.7x	21.3x	
Peer Group Average	1159	14.1x	11.9x	10.6x	20.7x	16.8x	14.2x	23.9x	20.0x	17.3x
Peer Group Median	328	10.0x	7.9x	7.3x	17.6x	14.3x	13.1x	21.7x	17.9x	15.1x
Gofore (Evli est.)	247	19.8x	16.9x	14.4x	27.5x	22.7x	19.2x	38.7x	29.7x	24.9x

Gofore prem./disc. to peer median

98% 113% 97% 56% 58% 47% 78% 66% 65%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	17.60 PV of Free Cash Flow	82 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	16.69 PV of Horizon value	147 WACC, %	8.4 Market risk premium, %	5.8
Share price potential, %	-5.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	18.3 Marketable securities	15 Minimum WACC, %	7.9 Equity beta coefficient	1.00
Minimum value	15.3 Debt - dividend	-10 Maximum WACC, %	8.9 Target debt ratio, %	20
Horizon value, %	64.2 Value of stock	237 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	78	92	107	113	116	119	123	127	130	134	137
<i>Sales growth, %</i>	<i>26.7</i>	<i>21.7</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	9	11	13	14	15	16	16	16	17	17	18
<i>Operating income margin, %</i>	<i>10.3</i>	<i>11.3</i>	<i>11.4</i>	<i>11.8</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	6	7
EBITDA	9	12	14	17	19	20	21	22	23	23	24	
- Paid taxes	-2	-2	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3
- Change in NWC	4	2	0	1	0	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>	<i>-5.2</i>
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	0	-2	-2	-3	-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>	<i>5.5</i>
- Acquisitions	-4	-9	0	-7	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	-1	-1	0	0	0	0	0	0	0	0	0	0
= FCFF	7	0	10	5	14	15	15	16	16	17	17	303
= Discounted FCFF		0	9	5	11	11	10	10	9	9	8	147
= DFCF min WACC		0	9	5	11	11	11	10	10	9	9	168
= DFCF max WACC		0	9	5	11	11	10	10	9	9	8	130

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	40.6	78.0	92.4	107.2
EBITDA	0.0	5.4	0.0	3.8	9.2	0.0	6.1	0.0	6.1	12.2	14.2	16.9
<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>15.1</i>	<i>15.7</i>	<i>15.3</i>	<i>15.7</i>
EBIT	0.0	4.2	0.0	2.4	6.6	0.0	4.5	0.0	4.3	8.8	10.6	12.6
<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>10.6</i>	<i>11.3</i>	<i>11.4</i>	<i>11.8</i>
Net financial items	0.0	-0.1	0.0	0.0	-0.1	0.0	-0.1	0.0	-0.1	-0.2	-0.2	-0.2
Pre-tax profit	0.0	4.1	0.0	2.4	6.5	0.0	4.4	0.0	4.2	8.6	10.4	12.4
Tax	0.0	-0.9	0.0	-0.5	-1.4	0.0	-1.2	0.0	-1.1	-2.2	-2.1	-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>25.8</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	3.2	6.4	8.3	9.9
EPS	0.00	0.23	0.00	0.13	0.36	0.00	0.23	0.00	0.23	0.45	0.59	0.71
EPS adjusted (diluted no. of shares)	0.00	0.23	0.00	0.13	0.36	0.00	0.23	0.00	0.23	0.45	0.59	0.71
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.25	0.28	0.31
SALES, EURm												
Group	0.0	33.5	0.0	30.6	64.1	0.0	37.4	0.0	40.6	78.0	92.4	107.2
Total	0.0	33.5	0.0	30.6	64.1	0.0	37.4	0.0	40.6	78.0	92.4	107.2
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>11.7</i>	<i>0.0</i>	<i>32.6</i>	<i>21.7</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>32.6</i>	<i>21.7</i>	<i>18.5</i>	<i>16.0</i>
EBIT, EURm												
Group	0.0	4.2	0.0	2.4	6.6	0.0	4.5	0.0	4.3	8.8	10.6	12.6
Total	0.0	4.2	0.0	2.4	6.6	0.0	4.5	0.0	4.3	8.8	10.6	12.6
EBIT margin, %												
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>10.6</i>	<i>11.3</i>	<i>11.4</i>	<i>11.8</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>10.6</i>	<i>11.3</i>	<i>11.4</i>	<i>11.8</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	12.4	18.6	34.0	50.6	64.1	78.0	92.4	107.2
<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>21.7</i>	<i>18.5</i>	<i>16.0</i>
EBITDA	1.6	2.7	5.8	7.0	9.2	12.2	14.2	16.9
<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>15.7</i>	<i>15.3</i>	<i>15.7</i>
Depreciation	-0.1	-0.1	-0.1	-0.2	-2.6	-3.4	-3.6	-4.3
EBITA	1.6	2.6	5.7	6.8	6.6	8.8	10.6	12.6
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	8.8	10.6	12.6
<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>11.3</i>	<i>11.4</i>	<i>11.8</i>
Reported EBIT	1.6	2.6	6.5	6.1	6.6	8.8	10.6	12.6
<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>11.3</i>	<i>11.4</i>	<i>11.8</i>
Net financials	0.0	0.0	-1.2	0.0	-0.1	-0.2	-0.2	-0.2
Pre-tax profit	1.5	2.6	4.2	6.1	6.5	8.6	10.4	12.4
Taxes	-0.3	-0.5	-0.9	-1.4	-1.4	-2.2	-2.1	-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	6.4	8.3	9.9
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	4	5	6	7
Goodwill	0	0	5	9	16	25	25	32
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	65	68	82
Liabilities								
Shareholder's equity	3	4	18	22	32	36	41	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	0	4
Non-interest bearing current liabilities	2	3	7	8	13	18	19	22
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	5	8	29	35	58	65	68	82
CASH FLOW, EURm								
+ EBITDA	2	3	6	7	9	12	14	17
- 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	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	-7
- Acquisitions	0	0	-5	-2	-4	-9	0	-7
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	1	2	-5	6	6	-4	6	1
+/- 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	-2	5
Change in cash	1	1	9	3	6	-6	0	2

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	0	91	111	105	247	247	247
Net debt (excl. convertibles)	-4	-8	-11	-10	-5	-7	-5
Enterprise value	-4	83	100	95	242	240	242
Sales	19	34	51	64	78	92	107
EBITDA	3	6	7	9	12	14	17
EBIT	3	5	6	7	9	11	13
Pre-tax	3	4	6	7	9	10	12
Earnings	2	3	5	5	6	8	10
Equity book value (excl. minorities)	4	18	22	32	36	41	47
Valuation multiples							
EV/sales	-0.2	2.4	2.0	1.5	3.1	2.6	2.3
EV/EBITDA	-1.3	14.3	14.2	10.3	19.8	16.9	14.4
EV/EBITA	-1.3	14.6	14.7	14.3	27.5	22.7	19.2
EV/EBIT	-1.3	15.5	16.3	14.3	27.5	22.7	19.2
EV/OCF	-1.6	133.7	12.7	8.9	21.8	20.6	16.2
EV/FCFF	-2.4	123.3	37.0	14.6	6,031.3	25.1	44.1
P/FCFE	0.0	-20.0	19.1	16.4	-69.6	41.6	173.8
P/E	0.0	27.3	23.4	20.6	38.7	29.7	24.9
P/B	0.0	5.1	5.0	3.2	6.9	6.1	5.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	18.0	15.3	13.0
Target EV/EBIT	0.0	0.0	0.0	0.0	24.9	20.5	17.5
Target EV/FCF	0.0	0.0	0.0	0.0	-61.9	36.6	154.7
Target P/B	0.0	0.0	0.0	0.0	6.2	5.5	4.8
Target P/E	0.0	0.0	0.0	0.0	35.2	27.0	22.7
Per share measures							
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	0.45	0.59	0.71
Operating cash flow per share	0.20	0.05	0.60	0.76	0.79	0.83	1.06
Free cash flow per share	0.19	-0.35	0.44	0.46	-0.25	0.42	0.10
Book value per share	0.39	1.37	1.68	2.31	2.57	2.91	3.33
Dividend per share	0.05	0.15	0.19	0.20	0.25	0.28	0.31
Dividend payout ratio, %	25.1	58.5	52.7	55.0	55.0	47.3	43.9
Dividend yield, %	0.0	2.1	2.2	2.7	1.4	1.6	1.8
FCF yield, %	0.0	-5.0	5.2	6.1	-1.4	2.4	0.6
Efficiency measures							
ROE	63.3	30.2	23.8	18.7	18.7	21.7	22.6
ROCE	76.1	40.0	25.0	19.0	19.6	22.2	23.2
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	15.9	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	-5.1	6.2	-0.4
FCFF/EBITDA	0.5	0.1	0.4	0.7	0.0	0.7	0.3
Net debt/EBITDA, book-weighted	-1.3	-1.4	-1.6	-1.1	-0.4	-0.5	-0.3
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	55.1	59.7	56.8
Gearing, %	-85.0	-44.2	-51.0	-31.3	-13.4	-17.7	-10.1

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	33.000	13.4%
Venola Mika Petteri	1,770,000	31.152	12.6%
Varjus Mika	1,770,000	31.152	12.6%
Lammi Jani Markus	1,560,000	27.456	11.1%
Ilmarinen Mutual Pension Insurance Company	835,485	14.705	6.0%
Evli Finland Small Cap Fund	633,817	11.155	4.5%
Karjalainen Mika Juhani	597,578	10.517	4.3%
Varma Mutual Pension Insurance Company	517,952	9.116	3.7%
Nylund Tor Mikael	245,438	4.320	1.7%
Virtanen Juha Jaakko	243,696	4.289	1.7%
Ten largest	10,048,966	176.862	72%
Residual	3,987,961	70.188	28%
Total	14,036,927	247.050	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
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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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

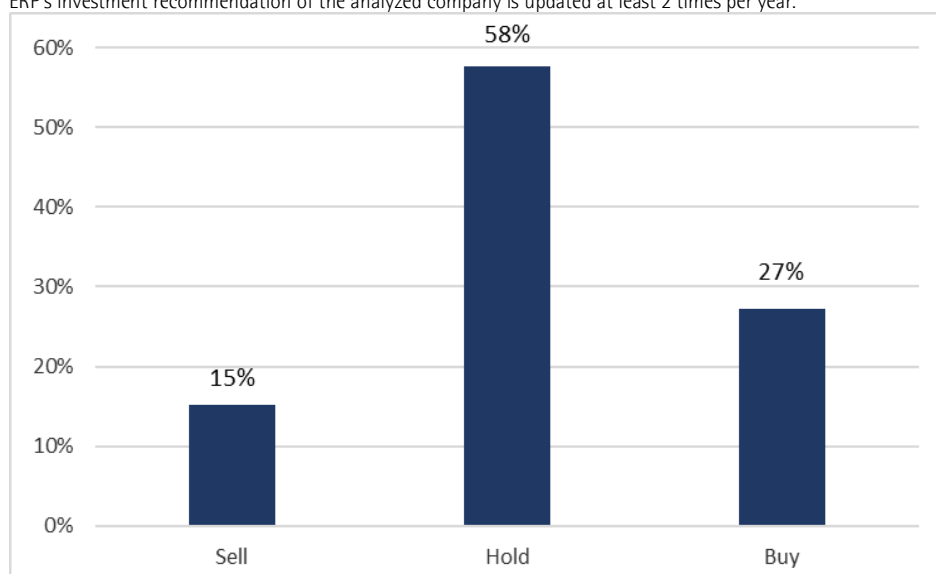
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Investment recommendations are defined as follows:

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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