

Upgrade to BUY

Gofore's H2 results showed little signs of weakness and with the more recent acquisitions the growth pace is set to continue well into double-digit figures. We upgrade our rating to BUY (HOLD) with a target price of EUR 21.0 (16.0).

Strong organic growth in 2020 despite pandemic

Gofore reported H2 revenue of EUR 40.6m (pre-announced) and EBITA and adj. EBITA figures of EUR 5.0m/5.1m respectively (Evli EUR 4.8m/5.5m). The BoD proposes a dividend distribution of EUR 0.24 per share (Evli EUR 0.25). In 2021 Gofore expects that its revenue and adj. EBITA in 2021 will grow compared to 2020. Despite the pandemic, Gofore posted solid organic growth figures of 15.5% for the full-year 2020 and total growth of 21.7%.

Rapid growth to continue

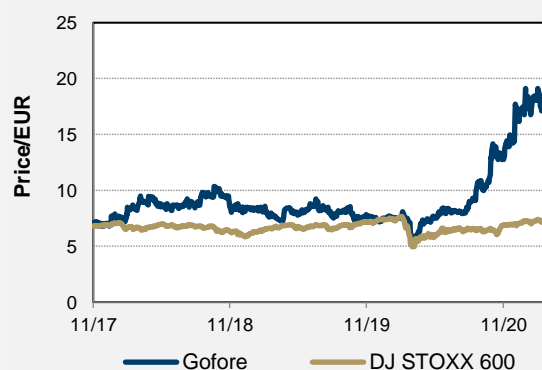
Gofore completed the acquisition of change execution consulting specialist CCEA and its fully owned subsidiary Celkee, expected to have a revenue impact of approx. EUR 6m in 2021. With the newest acquisition and the Qentinel Finland acquisition in the latter half of 2020 as well as expectations of around 10% organic growth we now expect revenue growth of 28% in 2021, rapidly closing in on over EUR 100m annual sales. We expect adj. EBITA margins to remain relatively flat near the 15% adj. EBITA-% target, with the low scalability of the business model providing little further upside. Gofore had a healthy cash position of EUR 21m at the end of 2020, supporting potential further acquisitions. Overall demand appears to have remained at good levels after the initial dip in the early stages of the pandemic and the outlook remains favourable.

BUY (HOLD) with a target price of EUR 21.0 (16.0)

On our revised estimates we adjust our target price EUR 21.0 (16.0), valuing Gofore at approx. 30x 2021 P/E, and raise our rating to BUY (HOLD). Compared to peers, near-term valuation is quite stretched, but the solid performance and expectations of rapid growth along with further M&A potential certainly merits a higher valuation.

Rating

BUY



Share price, EUR (Last trading day's closing price) 18.55

Target price, EUR 21.0

Latest change in recommendation	08-Mar-21
Latest report on company	18-Jan-21
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	260
Free float, %	0.0
Exchange rate EUR	1.000
Reuters code	GOFORE.HE
Bloomberg code	GOFORE FH
Average daily volume, EURm	0.04
Next interim report	19-Apr-21
Web site	gofore.com/en/invest

Analyst Jerker Salokivi
 E-mail jerker.salokivi@evli.com
 Telephone +358 9 4766 9149

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	64.1	6.6	10.3%	6.4	0.36	20.6	1.5	14.3	6.1	0.20
2020	78.0	8.8	11.2%	-3.5	0.49	34.9	3.0	27.0	-1.5	0.24
2021E	99.8	12.4	12.4%	-9.8	0.70	26.7	2.7	21.7	-3.8	0.30
2022E	115.8	15.1	13.0%	-0.7	0.84	22.0	2.4	18.1	-0.2	0.35
2023E	127.3	16.8	13.2%	8.1	0.94	19.7	2.1	16.1	3.1	0.40
Market cap, EURm	260		Gearing 2021E, %	19.2		CAGR EPS 2020-23, %		24.1		
Net debt 2021E, EURm	8		Price/book 2021E	6.1		CAGR sales 2020-23, %		17.8		
Enterprise value, EURm	269		Dividend yield 2021E, %	1.6		ROE 2021E, %		24.9		
Total assets 2021E, EURm	101		Tax rate 2021E, %	20.0		ROCE 2021E, %		19.0		
Goodwill 2021E, EURm	30		Equity ratio 2021E, %	42.0		PEG, P/E 21/CAGR		2.4		

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

Gofore	2019	Q1/'20	Q2/'20	Q3/'20	Q4/'20	2020	Q1/'21E	Q2/'21E	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Net sales	64.1	18.8	18.6	16.3	24.3	78.0	23.5	24.3	21.0	31.0	99.8	115.8	127.3
sales growth %	26.7%	12.8%	10.6%	22.1%	40.6%	21.7%	25.0%	30.6%	28.8%	27.6%	28.0%	16.0%	10.0%
Adj. EBITA	7.7	3.2	2.5	1.9	3.3	10.9	3.7	3.7	2.1	4.9	14.4	16.6	18.4
Adj. EBITA-%	12.0%	16.8%	13.3%	11.5%	13.5%	14.0%	15.7%	15.3%	9.9%	15.7%	14.4%	14.3%	14.4%

Source: Evli Research

GOFORE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		20	21	22	20	21	22	20	21	22
TietoEVRY	3057	8.7x	7.9x	7.5x	11.2x	10.7x	10.1x	12.0x	11.3x	10.4x
Sili Solutions	112	9.3x	8.2x	6.9x	15.9x	14.0x	10.8x	26.5x	14.5x	11.9x
Vincit	107							19.2x	16.4x	14.7x
Innofactor	64	8.4x	8.7x	8.0x	24.1x	15.6x	11.3x	36.4x	14.8x	12.7x
Solteq	99	7.9x	9.9x	9.1x	14.7x	17.1x	14.9x	40.8x	22.6x	18.3x
Netcompany Group	3539	37.7x	29.4x	24.3x	44.8x	34.6x	27.1x	54.2x	41.1x	32.8x
Knowit	525	14.3x	10.9x	10.7x	18.1x	13.5x	13.1x	19.9x	17.9x	17.6x
Atea	1600	9.7x	9.7x	8.9x	16.9x	15.7x	13.7x	26.9x	21.1x	18.2x
BILOT								27.9x	20.6x	18.3x
Peer Group Average	1138	13.7x	12.1x	10.8x	20.8x	17.3x	14.4x	29.3x	20.0x	17.2x
Peer Group Median	319	9.3x	9.7x	8.9x	16.9x	15.6x	13.1x	26.9x	17.9x	17.6x
Gofore (Evli est.)	260	19.2x	15.9x	14.3x	27.0x	21.7x	18.1x	34.9x	26.7x	22.0x

Gofore prem./disc. to peer median

107% 64% 61% 59% 39% 39% 30% 49% 25%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	18.55 PV of Free Cash Flow	74 Long-term growth, %	2.5 Risk-free interest rate, %
DCF share value	15.85 PV of Horizon value	143 WACC, %	8.4 Market risk premium, %
Share price potential, %	-14.5 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	17.5 Marketable securities	21 Minimum WACC, %	7.9 Equity beta coefficient
Minimum value	14.5 Debt - dividend	-16 Maximum WACC, %	8.9 Target debt ratio, %
Horizon value, %	65.8 Value of stock	223 Nr of shares, Mn	14.0 Effective tax rate, %

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	78	100	116	127	131	135	139	143	148	152	156	160
<i>Sales growth, %</i>	<i>21.7</i>	<i>28.0</i>	<i>16.0</i>	<i>10.0</i>	<i>3.0</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)	9	12	15	17	17	18	18	19	19	20	20	21
<i>Operating income margin, %</i>	<i>11.2</i>	<i>12.4</i>	<i>13.0</i>	<i>13.2</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>	<i>13.0</i>
+ Depreciation+amort.	4	4	4	5	6	7	7	7	7	8	8	
EBITDA	12	17	19	21	23	24	25	26	26	27	28	
- Paid taxes	0	-2	-3	-3	-3	-4	-4	-4	-4	-4	-4	
- Change in NWC	4	-5	1	1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-9.3</i>	<i>-1.8</i>	<i>-2.2</i>	<i>-2.5</i>	<i>-2.6</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.8</i>	<i>-2.9</i>	<i>-3.0</i>	<i>-3.0</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-5	-7	-7	-7	-5	-5	-5	-6	-6	-6	-6	
<i>opCAPEX / Sales, %</i>	<i>12.1</i>	<i>11.6</i>	<i>9.0</i>	<i>8.1</i>	<i>5.9</i>	<i>5.9</i>	<i>5.9</i>	<i>5.9</i>	<i>5.9</i>	<i>5.9</i>	<i>5.9</i>	
- Acquisitions	-9	-7	-7	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	-1	0	0	0	0	0	0	0	0	0	0	
= FCFF	1	-5	3	11	15	16	16	17	17	18	18	316
= Discounted FCFF		-5	3	9	11	11	10	10	9	9	8	143
= DFCF min WACC		-5	3	9	11	11	10	10	9	9	9	164
= DFCF max WACC		-5	3	9	11	10	10	9	9	8	8	126

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	0.0	37.4	16.3	24.3	78.0	23.5	24.3	21.0	31.0	99.8	115.8	127.3
EBITDA	0.0	6.1	1.0	5.2	12.3	3.9	4.5	2.9	5.7	16.8	19.2	21.3
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>16.3</i>	<i>6.0</i>	<i>21.4</i>	<i>15.8</i>	<i>16.5</i>	<i>18.4</i>	<i>13.6</i>	<i>18.2</i>	<i>16.9</i>	<i>16.6</i>	<i>16.7</i>
EBIT	0.0	4.5	0.8	3.5	8.8	2.7	3.4	1.7	4.5	12.4	15.1	16.8
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>12.0</i>	<i>4.6</i>	<i>14.4</i>	<i>11.2</i>	<i>11.7</i>	<i>13.8</i>	<i>8.2</i>	<i>14.6</i>	<i>12.4</i>	<i>13.0</i>	<i>13.2</i>
Net financial items	0.0	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.3
Pre-tax profit	0.0	4.4	0.7	3.5	8.6	2.7	3.3	1.7	4.5	12.2	14.8	16.5
Tax	0.0	-1.2	-0.4	-0.1	-1.7	-0.5	-0.7	-0.3	-0.9	-2.4	-3.0	-3.3
<i>Tax rate (%)</i>	<i>0.0</i>	<i>26.6</i>	<i>56.9</i>	<i>3.4</i>	<i>19.9</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	3.2	0.3	3.3	6.9	2.2	2.7	1.4	3.6	9.8	11.9	13.2
EPS	0.00	0.23	0.02	0.24	0.49	0.15	0.19	0.10	0.26	0.70	0.84	0.94
EPS adjusted (diluted no. of shares)	0.00	0.23	0.02	0.24	0.49	0.15	0.19	0.10	0.26	0.70	0.84	0.94
Dividend per share	0.00	0.00	0.00	0.00	0.24	0.00	0.00	0.00	0.00	0.30	0.35	0.40
SALES, EURm												
Group	0.0	37.4	16.3	24.3	78.0	23.5	24.3	21.0	31.0	99.8	115.8	127.3
Total	0.0	37.4	16.3	24.3	78.0	23.5	24.3	21.0	31.0	99.8	115.8	127.3
SALES GROWTH, Y/Y %												
Group	<i>0.0</i>	<i>11.7</i>	<i>0.0</i>	<i>-20.7</i>	<i>21.7</i>		<i>-35.0</i>	<i>28.9</i>	<i>27.7</i>	<i>28.0</i>	<i>16.0</i>	<i>10.0</i>
Total	<i>0.0</i>	<i>11.7</i>	<i>0.0</i>	<i>-20.7</i>	<i>21.7</i>	<i>2,349,900</i>	<i>-35.0</i>	<i>28.9</i>	<i>27.7</i>	<i>28.0</i>	<i>16.0</i>	<i>10.0</i>
						<i>0</i>						
EBIT, EURm												
Group	0.0	4.5	0.8	3.5	8.8	2.7	3.4	1.7	4.5	12.4	15.1	16.8
Total	0.0	4.5	0.8	3.5	8.8	2.7	3.4	1.7	4.5	12.4	15.1	16.8
EBIT margin, %												
Group	<i>0.0</i>	<i>12.0</i>	<i>4.6</i>	<i>14.4</i>	<i>11.2</i>	<i>11.7</i>	<i>13.8</i>	<i>8.2</i>	<i>14.6</i>	<i>12.4</i>	<i>13.0</i>	<i>13.2</i>
Total	<i>0.0</i>	<i>12.0</i>	<i>4.6</i>	<i>14.4</i>	<i>11.2</i>	<i>11.7</i>	<i>13.8</i>	<i>8.2</i>	<i>14.6</i>	<i>12.4</i>	<i>13.0</i>	<i>13.2</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	18.6	34.0	50.6	64.1	78.0	99.8	115.8	127.3
<i>Sales growth (%)</i>	<i>49.9</i>	<i>82.4</i>	<i>49.0</i>	<i>26.7</i>	<i>21.7</i>	<i>28.0</i>	<i>16.0</i>	<i>10.0</i>
EBITDA	2.7	5.8	7.0	9.2	12.3	16.8	19.2	21.3
<i>EBITDA margin (%)</i>	<i>14.6</i>	<i>17.1</i>	<i>13.9</i>	<i>14.4</i>	<i>15.8</i>	<i>16.9</i>	<i>16.6</i>	<i>16.7</i>
Depreciation	-0.1	-0.1	-0.2	-2.6	-3.5	-4.5	-4.1	-4.5
EBITA	2.6	5.7	6.8	6.6	8.8	12.4	15.1	16.8
Goodwill amortization / writedown	0.0	-0.3	-0.7	0.0	0.0	0.0	0.0	0.0
EBIT	2.6	5.4	6.1	6.6	8.8	12.4	15.1	16.8
<i>EBIT margin (%)</i>	<i>14.1</i>	<i>15.8</i>	<i>12.0</i>	<i>10.3</i>	<i>11.2</i>	<i>12.4</i>	<i>13.0</i>	<i>13.2</i>
Reported EBIT	2.6	6.5	6.1	6.6	8.8	12.4	15.1	16.8
<i>EBIT margin (reported) (%)</i>	<i>14.1</i>	<i>19.1</i>	<i>12.0</i>	<i>10.3</i>	<i>11.2</i>	<i>12.4</i>	<i>13.0</i>	<i>13.2</i>
Net financials	0.0	-1.2	0.0	-0.1	-0.1	-0.2	-0.2	-0.3
Pre-tax profit	2.6	4.2	6.1	6.5	8.6	12.2	14.8	16.5
Taxes	-0.5	-0.9	-1.4	-1.4	-1.7	-2.4	-3.0	-3.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	2.1	4.5	4.7	5.1	6.9	9.8	11.9	13.2
Cash NRIs	0.0	1.1	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
BALANCE SHEET, EURm								
Assets								
Fixed assets	1	1	1	4	11	16	21	26
Goodwill	0	5	9	16	23	30	37	37
Right of use assets	0	0	0	5	7	9	10	11
Inventory	0	0	0	0	0	0	0	0
Receivables	3	10	10	10	16	18	21	23
Liquid funds	4	13	15	21	21	27	32	35
Total assets	8	29	35	58	78	101	121	132
Liabilities								
Shareholder's equity	4	18	22	32	36	42	50	58
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	5	7	9	10	11
Deferred taxes	0	0	0	1	2	2	2	2
Interest bearing debt	0	5	4	6	10	27	35	34
Non-interest bearing current liabilities	3	7	8	13	23	20	23	26
Other interest-free debt	0	0	0	0	1	1	1	1
Total liabilities	8	29	35	58	78	101	121	132
CASH FLOW, EURm								
+ EBITDA	3	6	7	9	12	17	19	21
- Net financial items	0	-1	0	0	0	0	0	0
- Taxes	0	-1	-2	-2	0	-2	-3	-3
- Increase in Net Working Capital	0	-3	2	4	4	-5	1	1
+/- Other	0	0	0	-1	-1	0	0	0
= Cash flow from operations	2	1	8	11	15	9	17	18
- Capex	0	0	0	0	-9	-12	-10	-10
- Acquisitions	0	-5	-2	-4	-9	-7	-7	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	2	-5	6	6	-3	-10	-1	8
+/- New issues/buybacks	0	10	1	8	0	0	0	0
- Paid dividend	0	-1	-2	-2	-3	-3	-4	-5
+/- Other	0	4	-3	-6	7	19	9	0
Change in cash	1	9	3	6	0	6	4	3

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	91	111	105	241	260	260	260
Net debt (excl. convertibles)	-8	-11	-10	-5	8	13	10
Enterprise value	83	100	95	236	269	274	270
Sales	34	51	64	78	100	116	127
EBITDA	6	7	9	12	17	19	21
EBIT	5	6	7	9	12	15	17
Pre-tax	4	6	7	9	12	15	17
Earnings	3	5	5	7	10	12	13
Equity book value (excl. minorities)	18	22	32	36	42	50	58
Valuation multiples							
EV/sales	2.4	2.0	1.5	3.0	2.7	2.4	2.1
EV/EBITDA	14.3	14.2	10.3	19.2	15.9	14.3	12.7
EV/EBITA	14.6	14.7	14.3	27.0	21.7	18.1	16.1
EV/EBIT	15.5	16.3	14.3	27.0	21.7	18.1	16.1
EV/OCF	133.7	12.7	8.9	15.5	30.7	16.3	14.8
EV/FCFF	123.3	37.0	14.6	208.7	-52.1	92.8	23.5
P/FCFE	-20.0	19.1	16.4	-68.8	-26.6	-400.4	32.3
P/E	27.3	23.4	20.6	34.9	26.7	22.0	19.7
P/B	5.1	5.0	3.2	6.7	6.1	5.2	4.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	18.0	16.1	14.3
Target EV/EBIT	0.0	0.0	0.0	0.0	24.5	20.4	18.2
Target EV/FCF	0.0	0.0	0.0	0.0	-30.9	-473.3	37.8
Target P/B	0.0	0.0	0.0	0.0	6.9	5.9	5.0
Target P/E	0.0	0.0	0.0	0.0	30.2	24.9	22.3
Per share measures							
Number of shares	12,949	13,117	14,013	14,037	14,037	14,037	14,037
Number of shares (diluted)	12,949	13,117	14,013	14,037	14,037	14,037	14,037
EPS	0.26	0.36	0.36	0.49	0.70	0.84	0.94
Operating cash flow per share	0.05	0.60	0.76	1.08	0.62	1.20	1.30
Free cash flow per share	-0.35	0.44	0.46	-0.25	-0.70	-0.05	0.57
Book value per share	1.37	1.68	2.31	2.57	3.02	3.57	4.16
Dividend per share	0.15	0.19	0.20	0.24	0.30	0.35	0.40
Dividend payout ratio, %	58.5	52.7	55.0	48.8	43.1	41.4	42.0
Dividend yield, %	2.1	2.2	2.7	1.3	1.6	1.9	2.1
FCF yield, %	-5.0	5.2	6.1	-1.5	-3.8	-0.2	3.1
Efficiency measures							
ROE	30.2	23.8	18.7	20.2	24.9	25.6	24.3
ROCE	40.0	25.0	19.0	18.2	19.0	17.4	16.9
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	30.0	19.5	15.9	20.1	18.4	18.0	17.7
Non-interest bearing liabilities as % of sales	19.7	16.4	20.2	29.4	20.2	20.2	20.2
NWC/sales, %	10.3	3.1	-4.3	-9.3	-1.8	-2.2	-2.5
Operative CAPEX/sales, %	1.2	0.4	0.5	12.1	11.6	9.0	8.1
CAPEX/sales (incl. acquisitions), %	-12.7	-3.2	-5.5	0.1	4.6	3.0	8.1
FCFF/EBITDA	0.1	0.4	0.7	0.1	-0.3	0.2	0.5
Net debt/EBITDA, book-weighted	-1.4	-1.6	-1.1	-0.4	0.5	0.7	0.5
Debt/equity, market-weighted	0.1	0.0	0.1	0.0	0.1	0.1	0.1
Equity ratio, book-weighted	60.8	63.7	56.4	46.0	42.0	41.3	44.3
Gearing, %	-44.2	-51.0	-31.3	-13.9	19.2	25.9	16.9

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 sixteen consecutive years of profitable growth in 2020. 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 in 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	34.781	13.4%
Venola Mika Petteri	1,770,000	32.833	12.6%
Varjus Mika	1,770,000	32.833	12.6%
Lammi Jani Markus	1,560,000	28.938	11.1%
Ilmarinen Mutual Pension Insurance Company	786,614	14.592	5.6%
Evli Finland Small Cap Fund	632,817	11.739	4.5%
Karjalainen Mika Juhani	597,578	11.085	4.3%
Varma Mutual Pension Insurance Company	517,952	9.608	3.7%
Nylund Tor Mikael	245,438	4.553	1.7%
Virtanen Juha Jaakko	243,696	4.521	1.7%
Ten largest	9,999,095	185.483	71%
Residual	4,037,832	74.902	29%
Total	14,036,927	260.385	100%

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

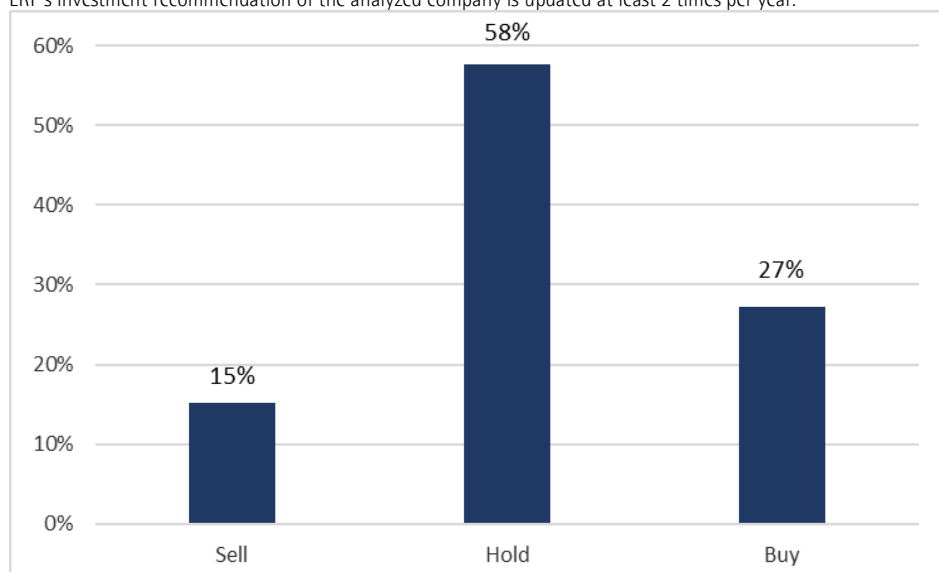
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Investment recommendations are defined as follows:

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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Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lilja +358 9 4766 9130

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919
Teemu Reiman +358 40 352 6175

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001