

Slight weakness but still looking good

Gofore's Q1 showed slight weakness y/y due to working day differences and lower billing rates due to changes in a customer's deliveries, but overall progress remains good. With the recent share price rally, we lower our rating to HOLD (BUY), with a TP of EUR 21.0.

Slight weakness in relative profitability

Gofore reported Q1/21 net sales of EUR 25.2m (Evli EUR 23.5m), for a growth rate of 34.1% y/y, and adj. EBITA of EUR 3.5m (Evli 3.7m). The relative profitability was slightly lower than expected and lower than in the comparison period, with an adj. EBITA-% of 13.9% (Q1/20: 16.8%). This was due to the lower number of working days and changes in project deliveries relating to Gofore's largest customer, which led to a lower than expected billing rate. On a general level, apart from the slightly weaker relative profitability, the Q1 report did not contain any noteworthy negatives, and customer demand appears to have continued to be at a healthy level.

Growth pace still set to continue strong

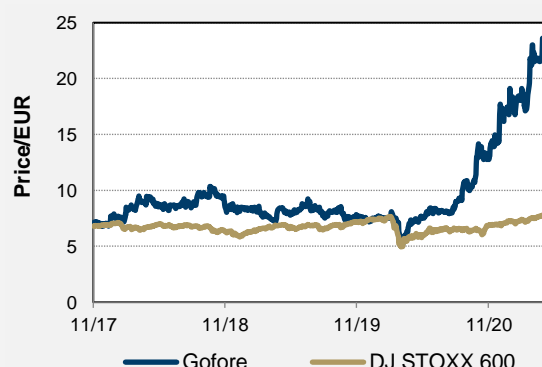
We expect net sales of EUR 103.2m and an adj. EBITA of EUR 14.3m in 2021, a y/y sales and adj. EBITA growth of 32.4% and 31.0% respectively. According to Gofore's guidance the net sales and adj. EBITA are expected to grow in 2021 compared to 2020. Growth is mainly driven by the Qentinel Finland acquisition in September 2020 and the CCEA + Celkee acquisition in March 2021. Furthermore, we expect for Gofore to continue on its track of good organic growth and aided by a good order intake achieve double-digit organic growth figures. With the slight weakness in relative profitability in Q1 and potential further weakness in Q2 from the project delivery changes of Gofore's largest customer we expect full-year margins to decrease slightly compared with 2020.

HOLD (BUY) with a TP or EUR 21.0

Gofore's share price has rallied some 20% since our previous update in March. With our estimates and the investment case overall intact we retain our target price of EUR 21.0. With valuation pushing clearly above 30x 2021 P/E and ahead of peers we downgrade our rating to HOLD (BUY).

Rating

HOLD



Share price, EUR (Last trading day's closing price) 22.60

Target price, EUR 21.0

Latest change in recommendation 20-Apr-21

Latest report on company 08-Mar-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 317

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

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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
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	103.2	12.7	12.3%	-10.2	0.67	33.6	3.2	25.7	-3.2	0.30
2022E	119.7	15.7	13.1%	-1.1	0.82	27.7	2.8	21.1	-0.3	0.35
2023E	131.7	17.5	13.3%	7.6	0.91	24.9	2.5	18.8	2.4	0.38
Market cap, EURm			317	Gearing 2021E, %		20.4	CAGR EPS 2020-23, %			22.7
Net debt 2021E, EURm			9	Price/book 2021E		7.5	CAGR sales 2020-23, %			19.1
Enterprise value, EURm			326	Dividend yield 2021E, %		1.3	ROE 2021E, %			24.2
Total assets 2021E, EURm			103	Tax rate 2021E, %		20.0	ROCE 2021E, %			19.3
Goodwill 2021E, EURm			30	Equity ratio 2021E, %		41.0	PEG, P/E 21/CAGR			3.0

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/'21	Q2/'21E	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Net sales	64.1	18.8	18.6	16.3	24.3	78.0	25.2	25.0	21.5	31.5	103.2	119.7	131.7
sales growth %	26.7%	12.8%	10.6%	22.1%	40.6%	21.7%	34.0%	34.4%	31.9%	29.6%	32.4%	16.0%	10.0%
Adj. EBITA	7.7	3.2	2.5	1.9	3.3	10.9	3.5	3.7	2.1	5.0	14.3	17.2	19.1
Adj. EBITA-%	12.0%	16.8%	13.3%	11.5%	13.5%	14.0%	13.9%	14.7%	10.0%	15.8%	13.8%	14.4%	14.5%

GOFORE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		21	22	23	21	22	23	21	22	23
TietoEVRY	3358	8.5x	8.0x	8.0x	11.7x	10.9x	10.9x	12.4x	11.3x	11.3x
Sili Solutions	124	9.1x	7.7x	7.7x	15.6x	12.1x	12.1x	16.1x	13.2x	13.2x
Vincit	127							19.2x	16.8x	16.8x
Innofactor	74	9.8x	9.1x	9.1x	17.6x	12.7x	12.7x	17.2x	14.8x	14.8x
Solteq	99	9.7x	8.9x	8.9x	16.8x	14.7x	14.7x	22.4x	18.1x	18.1x
Netcompany Group	4328	35.8x	29.6x	29.6x	41.5x	32.9x	32.9x	50.3x	40.1x	40.1x
Knowit	620	12.8x	12.5x	12.5x	15.8x	15.3x	15.3x	20.9x	20.6x	20.6x
Atea	1732	10.2x	9.3x	9.3x	16.5x	14.4x	14.4x	22.2x	19.1x	19.1x
BILOT								20.6x	18.3x	18.3x
Peer Group Average	1308	13.7x	12.2x	12.2x	19.4x	16.2x	16.2x	22.3x	19.1x	19.1x
Peer Group Median	373	9.8x	9.1x	9.1x	16.5x	14.4x	14.4x	20.6x	18.1x	18.1x
Gofore (Evli est.)	317	19.9x	16.7x	14.9x	25.7x	21.1x	18.8x	33.6x	27.7x	24.9x

Gofore prem./disc. to peer median

104% 84% 64% 55% 46% 30% 63% 53% 37%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	22.60 PV of Free Cash Flow	78 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	16.51 PV of Horizon value	149 WACC, %	8.4 Market risk premium, %	5.8
Share price potential, %	-27.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	18.2 Marketable securities	21 Minimum WACC, %	7.9 Equity beta coefficient	1.00
Minimum value	15.1 Debt - dividend	-16 Maximum WACC, %	8.9 Target debt ratio, %	20
Horizon value, %	65.7 Value of stock	232 Nr of shares, Mn	14.0 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	78	103	120	132	136	140	144	148	153	157	161	165
<i>Sales growth, %</i>	<i>21.7</i>	<i>32.4</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	13	16	17	18	18	19	19	20	20	21	21
<i>Operating income margin, %</i>	<i>11.2</i>	<i>12.3</i>	<i>13.1</i>	<i>13.3</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	16	20	22	24	25	26	26	27	28	29	
- Paid taxes	0	-3	-3	-3	-4	-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>-1.9</i>	<i>-2.3</i>	<i>-2.6</i>	<i>-2.7</i>	<i>-2.8</i>	<i>-2.8</i>	<i>-2.9</i>	<i>-3.0</i>	<i>-3.0</i>	<i>-3.1</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>10.7</i>	<i>8.8</i>	<i>7.8</i>	<i>5.8</i>	<i>5.8</i>	<i>5.8</i>	<i>5.8</i>	<i>5.8</i>	<i>5.8</i>	<i>5.7</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	-6	3	12	16	16	17	17	18	18	19	326
= Discounted FCFF		-5	3	10	12	11	11	10	10	9	9	149
= DFCF min WACC		-5	3	10	12	11	11	10	10	9	9	170
= DFCF max WACC		-5	3	10	11	11	10	10	9	9	8	131

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	0.0	37.4	0.0	40.6	78.0	0.0	50.2	0.0	53.0	103.2	119.7	131.7
EBITDA	0.0	6.1	0.0	6.2	12.3	0.0	8.1	0.0	8.3	16.4	19.8	22.0
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>16.3</i>	<i>0.0</i>	<i>15.2</i>	<i>15.8</i>	<i>0.0</i>	<i>16.2</i>	<i>0.0</i>	<i>15.6</i>	<i>15.9</i>	<i>16.6</i>	<i>16.7</i>
EBIT	0.0	4.5	0.0	4.3	8.8	0.0	6.3	0.0	6.4	12.7	15.7	17.5
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>10.5</i>	<i>11.2</i>	<i>0.0</i>	<i>12.5</i>	<i>0.0</i>	<i>12.1</i>	<i>12.3</i>	<i>13.1</i>	<i>13.3</i>
Net financial items	0.0	-0.1	0.0	0.0	-0.1	0.0	-0.1	0.0	-0.8	-0.9	-1.4	-1.6
Pre-tax profit	0.0	4.4	0.0	4.2	8.6	0.0	6.2	0.0	5.6	11.8	14.3	15.9
Tax	0.0	-1.2	0.0	-0.5	-1.7	0.0	-1.2	0.0	-1.1	-2.4	-2.9	-3.2
<i>Tax rate (%)</i>	<i>0.0</i>	<i>26.6</i>	<i>0.0</i>	<i>12.9</i>	<i>19.9</i>	<i>0.0</i>	<i>20.0</i>	<i>0.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	3.2	0.0	3.7	6.9	0.0	5.0	0.0	4.5	9.4	11.5	12.8
EPS	0.00	0.23	0.00	0.26	0.49	0.00	0.35	0.00	0.32	0.67	0.82	0.91
EPS adjusted (diluted no. of shares)	0.00	0.23	0.00	0.26	0.49	0.00	0.35	0.00	0.32	0.67	0.82	0.91
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	0.38
SALES, EURm												
Group	0.0	37.4	0.0	40.6	78.0	0.0	50.2	0.0	53.0	103.2	119.7	131.7
Total	0.0	37.4	0.0	40.6	78.0	0.0	50.2	0.0	53.0	103.2	119.7	131.7
SALES GROWTH, Y/Y %												
Group	<i>0.0</i>	<i>11.7</i>	<i>0.0</i>	<i>32.5</i>	<i>21.7</i>	<i>0.0</i>	<i>34.3</i>	<i>0.0</i>	<i>30.6</i>	<i>32.4</i>	<i>16.0</i>	<i>10.0</i>
Total	<i>0.0</i>	<i>11.7</i>	<i>0.0</i>	<i>32.5</i>	<i>21.7</i>	<i>0.0</i>	<i>34.3</i>	<i>0.0</i>	<i>30.6</i>	<i>32.4</i>	<i>16.0</i>	<i>10.0</i>
EBIT, EURm												
Group	0.0	4.5	0.0	4.3	8.8	0.0	6.3	0.0	6.4	12.7	15.7	17.5
Total	0.0	4.5	0.0	4.3	8.8	0.0	6.3	0.0	6.4	12.7	15.7	17.5
EBIT margin, %												
Group	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>10.5</i>	<i>11.2</i>	<i>0.0</i>	<i>12.5</i>	<i>0.0</i>	<i>12.1</i>	<i>12.3</i>	<i>13.1</i>	<i>13.3</i>
Total	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>10.5</i>	<i>11.2</i>	<i>0.0</i>	<i>12.5</i>	<i>0.0</i>	<i>12.1</i>	<i>12.3</i>	<i>13.1</i>	<i>13.3</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	18.6	34.0	50.6	64.1	78.0	103.2	119.7	131.7
<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>32.4</i>	<i>16.0</i>	<i>10.0</i>
EBITDA	2.7	5.8	7.0	9.2	12.3	16.4	19.8	22.0
<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>15.9</i>	<i>16.6</i>	<i>16.7</i>
Depreciation	-0.1	-0.1	-0.2	-2.6	-3.5	-3.7	-4.1	-4.5
EBITA	2.6	5.7	6.8	6.6	8.8	12.7	15.7	17.5
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	12.7	15.7	17.5
<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>12.3</i>	<i>13.1</i>	<i>13.3</i>
Reported EBIT	2.6	6.5	6.1	6.6	8.8	12.7	15.7	17.5
<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>12.3</i>	<i>13.1</i>	<i>13.3</i>
Net financials	0.0	-1.2	0.0	-0.1	-0.1	-0.9	-1.4	-1.6
Pre-tax profit	2.6	4.2	6.1	6.5	8.6	11.8	14.3	15.9
Taxes	-0.5	-0.9	-1.4	-1.4	-1.7	-2.4	-2.9	-3.2
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	9.4	11.5	12.8
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	12
Inventory	0	0	0	0	0	0	0	0
Receivables	3	10	10	10	16	19	21	23
Liquid funds	4	13	15	21	21	28	33	36
Total assets	8	29	35	58	78	103	123	134
Liabilities								
Shareholder's equity	4	18	22	32	36	42	49	57
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	12
Deferred taxes	0	0	0	1	2	2	2	2
Interest bearing debt	0	5	4	6	10	28	36	36
Non-interest bearing current liabilities	3	7	8	13	23	21	24	27
Other interest-free debt	0	0	0	0	1	1	1	1
Total liabilities	8	29	35	58	78	103	123	134
CASH FLOW, EURm								
+ EBITDA	3	6	7	9	12	16	20	22
- Net financial items	0	-1	0	0	0	-1	-1	-2
- 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	8	16	18
- Capex	0	0	0	0	-9	-11	-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	21	10	1
Change in cash	1	9	3	6	0	7	5	3

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	91	111	105	241	317	317	317
Net debt (excl. convertibles)	-8	-11	-10	-5	9	14	11
Enterprise value	83	100	95	236	326	331	329
Sales	34	51	64	78	103	120	132
EBITDA	6	7	9	12	16	20	22
EBIT	5	6	7	9	13	16	17
Pre-tax	4	6	7	9	12	14	16
Earnings	3	5	5	7	9	11	13
Equity book value (excl. minorities)	18	22	32	36	42	49	57
Valuation multiples							
EV/sales	2.4	2.0	1.5	3.0	3.2	2.8	2.5
EV/EBITDA	14.3	14.2	10.3	19.2	19.9	16.7	14.9
EV/EBITA	14.6	14.7	14.3	27.0	25.7	21.1	18.8
EV/EBIT	15.5	16.3	14.3	27.0	25.7	21.1	18.8
EV/OCF	133.7	12.7	8.9	15.5	41.8	20.2	18.4
EV/FCFF	123.3	37.0	14.6	208.7	-59.0	94.9	27.2
P/FCFE	-20.0	19.1	16.4	-68.8	-31.0	-298.3	41.8
P/E	27.3	23.4	20.6	34.9	33.6	27.7	24.9
P/B	5.1	5.0	3.2	6.7	7.5	6.4	5.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	18.5	15.6	13.9
Target EV/EBIT	0.0	0.0	0.0	0.0	23.9	19.6	17.5
Target EV/FCF	0.0	0.0	0.0	0.0	-29.6	-290.2	40.4
Target P/B	0.0	0.0	0.0	0.0	7.0	6.0	5.2
Target P/E	0.0	0.0	0.0	0.0	31.2	25.7	23.1
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	0.67	0.82	0.91
Operating cash flow per share	0.05	0.60	0.76	1.08	0.56	1.17	1.27
Free cash flow per share	-0.35	0.44	0.46	-0.25	-0.73	-0.08	0.54
Book value per share	1.37	1.68	2.31	2.57	3.00	3.52	4.08
Dividend per share	0.15	0.19	0.20	0.24	0.30	0.35	0.38
Dividend payout ratio, %	58.5	52.7	55.0	48.8	44.6	42.8	42.0
Dividend yield, %	2.1	2.2	2.7	1.1	1.3	1.5	1.7
FCF yield, %	-5.0	5.2	6.1	-1.5	-3.2	-0.3	2.4
Efficiency measures							
ROE	30.2	23.8	18.7	20.2	24.2	25.1	23.9
ROCE	40.0	25.0	19.0	18.2	19.3	17.9	17.4
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	18.3	17.9	17.6
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	-1.9	-2.3	-2.6
Operative CAPEX/sales, %	1.2	0.4	0.5	12.1	10.7	8.8	7.8
CAPEX/sales (incl. acquisitions), %	-12.7	-3.2	-5.5	0.1	3.9	2.9	7.8
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	41.0	40.1	42.7
Gearing, %	-44.2	-51.0	-31.3	-13.9	20.4	28.0	19.5

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	42.375	13.4%
Venola Mika Petteri	1,770,000	40.002	12.6%
Varjus Mika	1,770,000	40.002	12.6%
Lammi Jani Markus	1,560,000	35.256	11.1%
Ilmarinen Mutual Pension Insurance Company	786,614	17.777	5.6%
Evli Finland Small Cap Fund	606,200	13.700	4.3%
Karjalainen Mika Juhani	597,723	13.509	4.3%
Varma Mutual Pension Insurance Company	517,952	11.706	3.7%
Nylund Tor Mikael	245,438	5.547	1.7%
Virtanen Juha Jaakko	243,841	5.511	1.7%
Ten largest	9,972,768	225.385	71%
Residual	4,064,159	91.850	29%
Total	14,036,927	317.235	100%

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

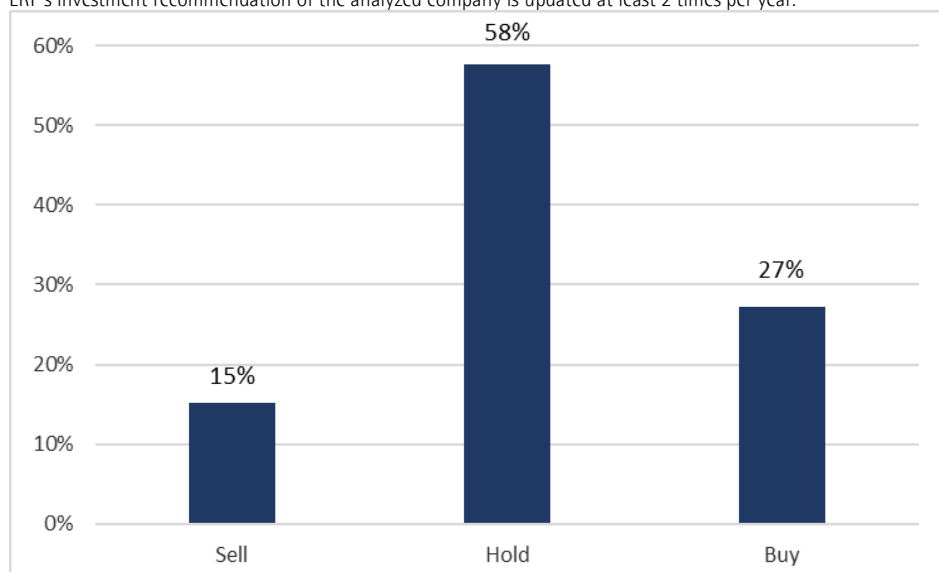
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



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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