

## Faring well despite minor headwind

Gofore continued to grow profitably and despite some minor bumps on the road EBITA was quite as expected at EUR 6.8m (Evli EUR 7.0m). We continue to expect above 30% in 2021. We retain our HOLD-rating and target price of EUR 21.

### Continued profitable growth in H1

Gofore reported its H1 results, continuing on a track of profitable growth. Revenue grew 38 % to EUR 51.7m driven mainly by inorganic growth, as organic growth fell short of the around 10% long-term target. Gofore's EBITA and adj. EBITA in H1 amounted to EUR 6.8m and EUR 6.9m respectively, rather in line with our estimates (Evli EUR 7.0m/7.2m). Billing rates were slightly weaker mid-H1 due to the transition between agreement periods with one of Gofore's largest customers but improved towards the end of the first half of the year. Gofore also experienced an increase in personnel turnover during H1. Profitability in H1 was still at a good level although below the 15% EBITA margin target.

### Some uncertainty from increased personnel turnover

We have made smaller downward revisions to our 2021 profitability estimates while our revenue estimate remains quite intact at over 30% y/y growth driven mainly by inorganic growth. Some uncertainty is present from the sector-wide increase in personnel turnover, as the wariness of switching jobs during the pandemic has started to decrease. Gofore is in our view still well positioned in the labour-market as an employer. Although an increase in turnover may be unavoidable, Gofore should still fare well in new recruitments in the rather challenging environment. Short-term this may still cause some pressure on growth and margins.

### HOLD-rating with a target price of EUR 21

In our view the H1 report didn't really change much in Gofore's investment case and the noted increase in employee turnover is something we currently don't view as a major risk but will keep an eye on. We reiterate our target price of EUR 21 and retain our HOLD-rating.

 Rating 🟡 HOLD

 Share price, EUR (Last trading day's closing price) 20.60

 Target price, EUR 21.0

 Latest change in recommendation 20-Apr-21

 Latest report on company 20-Apr-21

 Research paid by issuer: YES

 No. of shares outstanding, '000's 15,052

 No. of shares fully diluted, '000's 15,052

 Market cap, EURm 310

 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 14-Oct-21

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## 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	103.9	11.2	10.8%	-11.6	0.52	40.0	3.1	28.5	-3.7	0.30
2022E	120.5	15.6	13.0%	1.3	0.71	29.2	2.7	20.7	0.4	0.35
2023E	132.5	17.6	13.3%	6.8	0.80	25.8	2.4	18.2	2.2	0.33
Market cap, EURm	310		Gearing 2021E, %	24.5		CAGR EPS 2020-23, %		17.5		
Net debt 2021E, EURm	10		Price/book 2021E	7.7		CAGR sales 2020-23, %		19.4		
Enterprise value, EURm	320		Dividend yield 2021E, %	1.5		ROE 2021E, %		20.3		
Total assets 2021E, EURm	103		Tax rate 2021E, %	20.1		ROCE 2021E, %		17.1		
Goodwill 2021E, EURm	30		Equity ratio 2021E, %	39.4		PEG, P/E 21/CAGR		2.5		

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/'21	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Net sales	64.1	18.8	18.6	16.3	24.3	78.0	25.2	26.5	21.0	31.2	103.9	120.5	132.5
sales growth %	26.7%	12.8%	10.6%	22.1%	40.6%	21.7%	34.0%	42.4%	28.8%	28.4%	33.3%	16.0%	10.0%
Adj. EBITA	7.7	3.2	2.5	1.9	3.3	10.9	3.5	3.4	2.4	4.3	13.6	17.1	19.2
Adj. EBITA-%	12.0%	16.8%	13.3%	11.5%	13.5%	14.0%	13.9%	13.0%	11.2%	13.7%	13.1%	14.2%	14.5%

GOFORE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		21	22	23	21	22	23	21	22	23
TietoEVRY	3486							12.6x	11.9x	11.9x
Sili Solutions	111	7.9x	6.7x	6.7x	13.4x	10.4x	10.4x	14.0x	11.5x	11.5x
Vincit	120							21.2x	14.2x	14.2x
Innofactor	65	6.3x	7.7x	7.7x	10.6x	10.9x	10.9x	13.8x	12.6x	12.6x
Solteq	133	10.7x	9.4x	9.4x	16.9x	14.6x	14.6x	21.4x	17.1x	17.1x
Netcompany Group	5117	41.7x	34.4x	34.4x	46.9x	38.0x	38.0x	56.4x	45.8x	45.8x
Knowit	676	9.8x	8.0x	8.0x	13.8x	11.4x	11.4x	21.2x	19.7x	19.7x
Atea	1770	11.4x	10.0x	10.0x	18.1x	14.9x	14.9x	22.6x	18.5x	18.5x
BILOT								18.7x	16.7x	16.7x
Peer Group Average	1435	14.6x	12.7x	12.7x	19.9x	16.7x	16.7x	22.4x	18.7x	18.7x
Peer Group Median	405	10.3x	8.7x	8.7x	15.3x	13.0x	13.0x	21.2x	16.7x	16.7x
Gofore (Evli est.)	310	20.4x	16.1x	14.5x	28.5x	20.7x	18.2x	40.0x	29.2x	25.8x

Gofore prem./disc. to peer median

98 % 84 % 66 % 86 % 59 % 40 % 89 % 75 % 55 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	20.60 PV of Free Cash Flow	83 Long-term growth, %	2.5 Risk-free interest rate, %
DCF share value	15.81 PV of Horizon value	154 WACC, %	8.4 Market risk premium, %
Share price potential, %	-23.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	17.4 Marketable securities	21 Minimum WACC, %	7.9 Equity beta coefficient
Minimum value	14.5 Debt - dividend	-20 Maximum WACC, %	8.9 Target debt ratio, %
Horizon value, %	65.0 Value of stock	238 Nr of shares, Mn	15.1 Effective tax rate, %

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	78	104	120	133	137	141	145	149	154	158	162	166
<i>Sales growth, %</i>	<i>21.7</i>	<i>33.3</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	11	16	18	18	18	19	19	20	21	21	22
<i>Operating income margin, %</i>	<i>11.2</i>	<i>10.8</i>	<i>13.0</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	5	5	6	6	7	7	7	8	8	
EBITDA	12	16	20	22	24	25	26	26	27	28	29	
- Paid taxes	0	-2	-3	-4	-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>-2.4</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>11.1</i>	<i>8.9</i>	<i>7.8</i>	<i>5.7</i>	<i>5.7</i>	<i>5.7</i>	<i>5.7</i>	<i>5.7</i>	<i>5.7</i>	<i>5.7</i>	
- Acquisitions	-9	-7	-4	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	7	12	16	16	17	17	18	18	19	327
= Discounted FCFF		-6	6	10	12	11	11	10	10	9	9	154
= DFCF min WACC		-6	6	10	12	12	11	11	10	10	9	175
= DFCF max WACC		-6	6	10	12	11	11	10	9	9	8	136

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	0.0	37.4	0.0	40.6	78.0	0.0	51.7	0.0	52.2	103.9	120.5	132.5
EBITDA	0.0	6.1	0.0	6.2	12.3	0.0	7.9	0.0	7.8	15.7	20.1	22.1
<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>15.3</i>	<i>0.0</i>	<i>15.0</i>	<i>15.1</i>	<i>16.7</i>	<i>16.7</i>
EBIT	0.0	4.5	0.0	4.3	8.8	0.0	5.7	0.0	5.6	11.2	15.6	17.6
<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>11.0</i>	<i>0.0</i>	<i>10.7</i>	<i>10.8</i>	<i>13.0</i>	<i>13.3</i>
Net financial items	0.0	-0.1	0.0	0.0	-0.1	0.0	-0.7	0.0	-0.8	-1.5	-2.4	-2.6
Pre-tax profit	0.0	4.4	0.0	4.2	8.6	0.0	4.9	0.0	4.8	9.7	13.3	15.0
Tax	0.0	-1.2	0.0	-0.5	-1.7	0.0	-1.0	0.0	-1.0	-2.0	-2.7	-3.0
<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>20.2</i>	<i>0.0</i>	<i>20.0</i>	<i>20.1</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	3.2	0.0	3.7	6.9	0.0	3.9	0.0	3.8	7.8	10.6	12.0
EPS	0.00	0.23	0.00	0.26	0.49	0.00	0.26	0.00	0.25	0.52	0.71	0.80
EPS adjusted (diluted no. of shares)	0.00	0.23	0.00	0.26	0.49	0.00	0.26	0.00	0.25	0.52	0.71	0.80
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	0.33
<b>SALES, EURm</b>												
Group	0.0	37.4	0.0	40.6	78.0	0.0	51.7	0.0	52.2	103.9	120.5	132.5
Total	0.0	37.4	0.0	40.6	78.0	0.0	51.7	0.0	52.2	103.9	120.5	132.5
<b>SALES GROWTH, Y/Y %</b>												
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>38.3</i>	<i>0.0</i>	<i>28.6</i>	<i>33.3</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>38.3</i>	<i>0.0</i>	<i>28.6</i>	<i>33.3</i>	<i>16.0</i>	<i>10.0</i>
<b>EBIT, EURm</b>												
Group	0.0	4.5	0.0	4.3	8.8	0.0	5.7	0.0	5.6	11.2	15.6	17.6
Total	0.0	4.5	0.0	4.3	8.8	0.0	5.7	0.0	5.6	11.2	15.6	17.6
<b>EBIT margin, %</b>												
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>11.0</i>	<i>0.0</i>	<i>10.7</i>	<i>10.8</i>	<i>13.0</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>11.0</i>	<i>0.0</i>	<i>10.7</i>	<i>10.8</i>	<i>13.0</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	103.9	120.5	132.5
<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>33.3</i>	<i>16.0</i>	<i>10.0</i>
EBITDA	2.7	5.8	7.0	9.2	12.3	15.7	20.1	22.1
<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>15.1</i>	<i>16.7</i>	<i>16.7</i>
Depreciation	-0.1	-0.1	-0.2	-2.6	-3.5	-4.5	-4.5	-4.5
EBITA	2.6	5.7	6.8	6.6	8.8	11.2	15.6	17.6
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	11.2	15.6	17.6
<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>10.8</i>	<i>13.0</i>	<i>13.3</i>
Reported EBIT	2.6	6.5	6.1	6.6	8.8	11.2	15.6	17.6
<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>10.8</i>	<i>13.0</i>	<i>13.3</i>
Net financials	0.0	-1.2	0.0	-0.1	-0.1	-1.5	-2.4	-2.6
Pre-tax profit	2.6	4.2	6.1	6.5	8.6	9.7	13.3	15.0
Taxes	-0.5	-0.9	-1.4	-1.4	-1.7	-2.0	-2.7	-3.0
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	7.8	10.6	12.0
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
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	1	1	1	4	11	16	20	25
Goodwill	0	5	9	16	23	30	34	34
Right of use assets	0	0	0	5	7	9	11	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	29	33	36
Total assets	8	29	35	58	78	103	120	131
Liabilities								
Shareholder's equity	4	18	22	32	36	40	47	53
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	11	12
Deferred taxes	0	0	0	1	2	2	2	2
Interest bearing debt	0	5	4	6	10	29	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	120	131
<b>CASH FLOW, EURm</b>								
+ EBITDA	3	6	7	9	12	16	20	22
- Net financial items	0	-1	0	0	0	-2	-2	-3
- 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	7	16	17
- Capex	0	0	0	0	-9	-12	-11	-10
- Acquisitions	0	-5	-2	-4	-9	-7	-4	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	2	-5	6	6	-3	-12	1	7
+/- New issues/buybacks	0	10	1	8	0	0	0	0
- Paid dividend	0	-1	-2	-2	-3	-3	-5	-5
+/- Other	0	4	-3	-6	7	22	8	2
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	310	310	310
Net debt (excl. convertibles)	-8	-11	-10	-5	10	13	12
Enterprise value	83	100	95	236	320	323	322
Sales	34	51	64	78	104	120	133
EBITDA	6	7	9	12	16	20	22
EBIT	5	6	7	9	11	16	18
Pre-tax	4	6	7	9	10	13	15
Earnings	3	5	5	7	8	11	12
Equity book value (excl. minorities)	18	22	32	36	40	47	53
<b>Valuation multiples</b>							
EV/sales	2.4	2.0	1.5	3.0	3.1	2.7	2.4
EV/EBITDA	14.3	14.2	10.3	19.2	20.4	16.1	14.5
EV/EBITA	14.6	14.7	14.3	27.0	28.5	20.7	18.2
EV/EBIT	15.5	16.3	14.3	27.0	28.5	20.7	18.2
EV/OCF	133.7	12.7	8.9	15.5	46.0	20.2	18.8
EV/FCFF	123.3	37.0	14.6	208.7	-54.7	47.3	26.4
P/FCFE	-20.0	19.1	16.4	-68.8	-26.8	241.2	45.4
P/E	27.3	23.4	20.6	34.9	40.0	29.2	25.8
P/B	5.1	5.0	3.2	6.7	7.7	6.7	5.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	20.7	16.3	14.8
Target EV/EBIT	0.0	0.0	0.0	0.0	29.0	21.0	18.6
Target EV/FCF	0.0	0.0	0.0	0.0	-28.2	256.1	48.0
Target P/B	0.0	0.0	0.0	0.0	7.8	6.8	5.9
Target P/E	0.0	0.0	0.0	0.0	40.7	29.8	26.3
<b>Per share measures</b>							
Number of shares	12,949	13,117	14,013	14,037	15,052	15,052	15,052
Number of shares (diluted)	12,949	13,117	14,013	14,037	15,052	15,052	15,052
EPS	0.26	0.36	0.36	0.49	0.52	0.71	0.80
Operating cash flow per share	0.05	0.60	0.76	1.08	0.46	1.06	1.14
Free cash flow per share	-0.35	0.44	0.46	-0.25	-0.77	0.09	0.45
Book value per share	1.37	1.68	2.31	2.57	2.69	3.09	3.54
Dividend per share	0.15	0.19	0.20	0.24	0.30	0.35	0.33
Dividend payout ratio, %	58.5	52.7	55.0	48.8	58.2	49.6	42.0
Dividend yield, %	2.1	2.2	2.7	1.4	1.5	1.7	1.6
FCF yield, %	-5.0	5.2	6.1	-1.5	-3.7	0.4	2.2
<b>Efficiency measures</b>							
ROE	30.2	23.8	18.7	20.2	20.3	24.4	24.0
ROCE	40.0	25.0	19.0	18.2	17.1	18.2	18.2
<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	30.0	19.5	15.9	20.1	18.3	17.8	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	-2.4	-2.6
Operative CAPEX/sales, %	1.2	0.4	0.5	12.1	11.1	8.9	7.8
CAPEX/sales (incl. acquisitions), %	-12.7	-3.2	-5.5	0.1	4.3	5.6	7.8
FCFF/EBITDA	0.1	0.4	0.7	0.1	-0.4	0.3	0.6
Net debt/EBITDA, book-weighted	-1.4	-1.6	-1.1	-0.4	0.6	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	39.4	38.8	40.7
Gearing, %	-44.2	-51.0	-31.3	-13.9	24.5	28.2	21.7

**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	1,575,000	32.445	10.5%
Venola Mika Petteri	1,470,000	30.282	9.8%
Varjus Mika	1,470,000	30.282	9.8%
Lammi Jani Markus	1,260,000	25.956	8.4%
Ilmarinen Mutual Pension Insurance Company	776,614	15.998	5.2%
Evli Finland Small Cap Fund	636,897	13.120	4.2%
Karjalainen Mika Juhani	597,723	12.313	4.0%
Varma Mutual Pension Insurance Company	517,952	10.670	3.4%
Nylund Tor Mikael	245,438	5.056	1.6%
Virtanen Juha Jaakko	243,841	5.023	1.6%
Ten largest	8,793,465	181.145	58%
Residual	6,258,766	128.931	42%
Total	15,052,231	310.076	100%

#### EARNINGS CALENDAR

October 14, 2021

Q3 report

#### OTHER EVENTS

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



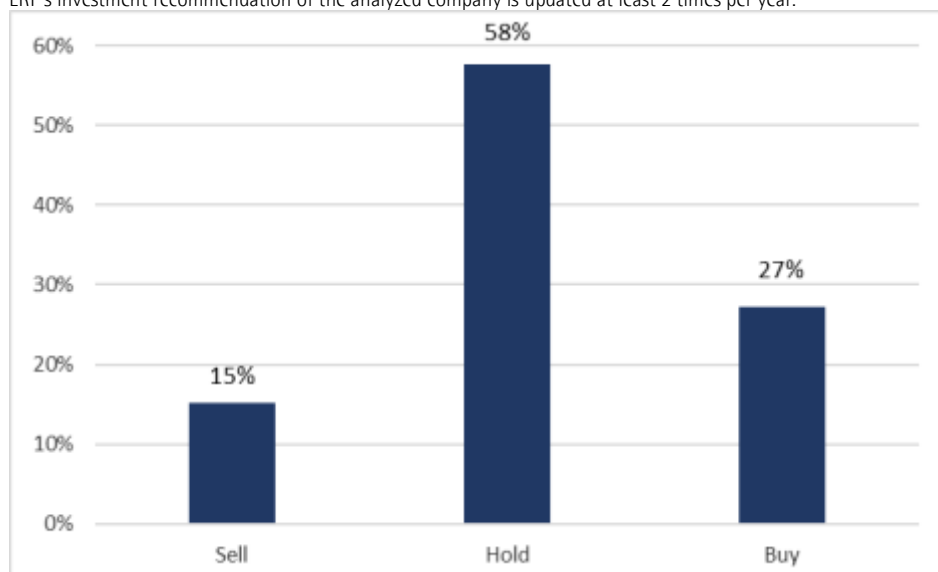
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Investment recommendations are defined as follows:

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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