

Growth progress still challenging

Innofactor's revenue development in Q1 was weakened by increased absences due to sickness, while profitability climbed back to rather healthy levels. Signs of clear pick-up in growth remain limited but potential exists.

Revenue development affected by absences due to sickness

Innofactor's Q1 results were two-fold. Revenue development was weaker than expected, declining 1.5% y/y in comparable terms to EUR 17.0m (Evli EUR 17.7m). Growth was affected by absences due to sickness as a result of the pandemic, which approximately doubled in Q1 from the previous year, and revenue in Finland and Sweden decreased. Despite the lower revenue profitability was still at a fairly good level, with EBITDA of EUR 2.0m (Evli EUR 1.8m) and a corresponding margin of 12.0%. The performance in Denmark and Norway was good according to management. The order backlog grew only 3.5% to EUR 71.3m, but Innofactor has received several significant orders not yet in the backlog and the growth could as such have been better.

Slight growth and profitability improvement in 2022

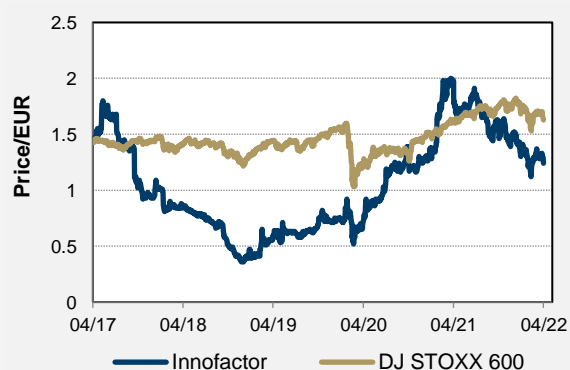
Innofactor expects revenue to grow y/y and EBITDA to improve from EUR 7.5m in 2022. Growth continues to be somewhat challenging, although the impact of sick leaves should reasonably decline going forward. Innofactor has had success in recruitments, namely within younger talents, and the headcount turned to a very slight growth. With minor estimates adjustments we now expect growth of 2.4% and an EBITDA of EUR 8.4m (12.4% of sales). In the near-term, being able to improve utilization rates could bring a boost to financials, while more rapid growth would in our view require M&A activity.

BUY with a target price of EUR 1.6

With our estimates largely intact we retain our target price of EUR 1.6 and BUY-rating. Innofactor's growth outlook is currently admittedly rather lack-luster, but the market situation remains good, and growth and profitability improvement potential and rather healthy expected dividend yields support the case.

Rating

BUY



Share price, EUR (Last trading day's closing price) 1.24

Target price, EUR 1.6

Latest change in recommendation 04-Jun-19

Latest report on company 18-Feb-22

Research paid by issuer: YES

No. of shares outstanding, '000's 36,588

No. of shares fully diluted, '000's 36,588

Market cap, EURm 45

Free float, % 47.0

Exchange rate EUR 0.000

Reuters code IFA1V.HE

Bloomberg code IFA1V.FH

Average daily volume, EURm 0.04

Next interim report 21-Jul-22

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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
2020	66.2	2.5	3.8%	3.5	0.05	27.2	0.9	24.1	7.4	0.04
2021	66.4	6.5	9.8%	7.0	0.12	13.2	1.0	10.3	11.8	0.08
2022E	67.9	5.4	8.0%	2.6	0.10	12.4	0.8	9.9	5.7	0.06
2023E	70.0	5.9	8.5%	3.7	0.11	11.1	0.7	8.8	8.2	0.07
2024E	71.7	6.5	9.0%	4.4	0.13	9.9	0.7	7.8	9.6	0.08
Market cap, EURm	45			Gearing 2022E, %	31.6			CAGR EPS 2021-24, %	1.3	
Net debt 2022E, EURm	8			Price/book 2022E	1.7			CAGR sales 2021-24, %	2.6	
Enterprise value, EURm	54			Dividend yield 2022E, %	5.2			ROE 2022E, %	14.2	
Total assets 2022E, EURm	52			Tax rate 2022E, %	20.8			ROCE 2022E, %	15.2	
Goodwill 2022E, EURm	26			Equity ratio 2022E, %	49.6			PEG, P/E 22/CAGR	1.3	

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

INNOFACTOR PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		22	23	24	22	23	24	22	23	24
TietoEVRY	2802	6.9x	6.4x	6.3x	10.2x	9.1x	8.7x	10.3x	9.3x	8.7x
Atea	1364	7.8x	7.1x	6.5x	11.9x	10.6x	9.4x	15.0x	13.2x	11.8x
Knowit	782	9.5x	8.6x	8.2x	14.3x	12.6x	12.7x	18.7x	17.0x	16.6x
Bouvet	718	15.9x	14.5x	12.7x	18.4x	16.6x	14.1x	24.7x	22.5x	18.8x
Enea	383	9.7x	9.2x	8.5x	15.8x	13.4x	11.9x	15.6x	14.4x	12.6x
Gofore	367	15.3x	13.4x	12.2x	20.9x	17.7x	15.6x	24.4x	21.3x	19.1x
Digia	190	8.9x	8.4x	8.0x	13.2x	12.0x	11.2x	15.1x	13.7x	13.0x
Sili Solutions	98	6.8x	6.2x	5.8x	9.9x	8.7x	7.8x	11.6x	10.2x	9.2x
Solteq	60	6.4x	5.5x	5.0x	9.5x	8.0x	7.5x	12.9x	9.0x	7.5x
Peer Group Average	751	9.7x	8.8x	8.1x	13.8x	12.1x	11.0x	16.5x	14.5x	13.0x
Peer Group Median	383	8.9x	8.4x	8.0x	13.2x	12.0x	11.2x	15.1x	13.7x	12.6x
Innofactor (Evli est.)	45	6.7x	6.4x	5.9x	10.3x	9.9x	8.8x	13.2x	12.4x	11.1x
<i>Innofactor prem./disc. to peer median</i>		<i>-25 %</i>	<i>-23 %</i>	<i>-27 %</i>	<i>-22 %</i>	<i>-18 %</i>	<i>-22 %</i>	<i>-13 %</i>	<i>-9 %</i>	<i>-12 %</i>

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	1.24 PV of Free Cash Flow	52 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	3.12 PV of Horizon value	73 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	152.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	3.4 Marketable securities	2 Minimum WACC, %	7.4 Equity beta coefficient	1.00
Minimum value	2.9 Debt - dividend	-13 Maximum WACC, %	8.4 Target debt ratio, %	30
Horizon value, %	58.7 Value of stock	114 Nr of shares, Mn	36.6 Effective tax rate, %	20

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	66	68	70	72	74	75	77	79	81	83	85	87
<i>Sales growth, %</i>	<i>0.3</i>	<i>2.4</i>	<i>3.0</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	7	5	6	6	7	7	7	7	7	7	8	8
<i>Operating income margin, %</i>	<i>9.8</i>	<i>8.0</i>	<i>8.5</i>	<i>9.0</i>	<i>9.0</i>	<i>9.0</i>	<i>9.0</i>	<i>9.0</i>	<i>9.0</i>	<i>9.0</i>	<i>9.0</i>	<i>9.0</i>
+ Depreciation+amort.	4	3	3	3	3	3	4	4	4	4	4	
EBITDA	10	8	9	10	10	10	11	11	11	11	12	
- Paid taxes	0	-2	-1	-1	-1	-1	-1	-1	-2	-2	-2	
- Change in NWC	-1	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-1.2</i>	<i>-1.2</i>	<i>-1.2</i>	<i>-1.2</i>	<i>-1.2</i>	<i>-1.2</i>	<i>-1.2</i>	<i>-1.2</i>	<i>-1.2</i>	<i>-1.2</i>	<i>-1.2</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>opCAPEX / Sales, %</i>	<i>2.0</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	9	6	7	7	8	8	8	8	8	9	9	153
= Discounted FCFF		5	6	6	6	5	5	5	5	4	4	73
= DFCF min WACC		5	6	6	6	6	5	5	5	5	4	84
= DFCF max WACC		5	6	6	6	5	5	5	5	4	4	65

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	17.8	17.3	13.7	17.5	66.4	17.0	17.7	14.9	18.4	67.9	70.0	71.7
EBITDA	4.7	2.1	1.7	1.7	10.1	2.0	2.2	1.9	2.4	8.4	8.9	9.7
<i>EBITDA margin (%)</i>	<i>26.2</i>	<i>12.1</i>	<i>12.3</i>	<i>9.5</i>	<i>15.2</i>	<i>12.0</i>	<i>12.1</i>	<i>12.4</i>	<i>12.8</i>	<i>12.4</i>	<i>12.8</i>	<i>13.5</i>
EBIT	3.8	1.3	0.9	0.5	6.5	1.3	1.4	1.1	1.6	5.4	5.9	6.5
<i>EBIT margin (%)</i>	<i>21.4</i>	<i>7.4</i>	<i>6.7</i>	<i>3.0</i>	<i>9.8</i>	<i>7.8</i>	<i>7.9</i>	<i>7.4</i>	<i>8.7</i>	<i>8.0</i>	<i>8.5</i>	<i>9.0</i>
Net financial items	-0.5	0.0	-0.2	-0.2	-0.8	-0.2	-0.2	-0.2	-0.2	-0.8	-0.8	-0.7
Pre-tax profit	3.4	1.3	0.8	0.3	5.7	1.1	1.2	0.9	1.4	4.6	5.2	5.8
Tax	-0.7	-0.3	-0.2	0.0	-1.2	-0.3	-0.2	-0.2	-0.3	-1.0	-1.1	-1.2
<i>Tax rate (%)</i>	<i>21.5</i>	<i>23.1</i>	<i>23.1</i>	<i>10.0</i>	<i>21.4</i>	<i>23.2</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.8</i>	<i>21.0</i>	<i>21.0</i>
Net profit	2.6	1.0	0.6	0.3	4.5	0.8	1.0	0.7	1.1	3.6	4.1	4.6
EPS	0.07	0.03	0.02	0.01	0.12	0.02	0.03	0.02	0.03	0.10	0.11	0.13
EPS adjusted (diluted no. of shares)	0.07	0.03	0.02	0.01	0.12	0.02	0.03	0.02	0.03	0.10	0.11	0.13
Dividend per share	0.00	0.00	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.06	0.07	0.08
SALES, EURm												
Innofactor	17.8	17.3	13.7	17.5	66.4	17.0	17.7	14.9	18.4	67.9	70.0	71.7
Total	17.8	17.3	13.7	17.5	66.4	17.0	17.7	14.9	18.4	67.9	70.0	71.7
SALES GROWTH, Y/Y %												
<i>Innofactor</i>	<i>3.8</i>	<i>3.2</i>	<i>-2.0</i>	<i>-4.0</i>	<i>0.3</i>	<i>-4.7</i>	<i>2.3</i>	<i>8.4</i>	<i>5.0</i>	<i>2.4</i>	<i>3.0</i>	<i>2.5</i>
<i>Total</i>	<i>3.8</i>	<i>3.2</i>	<i>-2.0</i>	<i>-4.0</i>	<i>0.3</i>	<i>-4.7</i>	<i>2.3</i>	<i>8.4</i>	<i>5.0</i>	<i>2.4</i>	<i>3.0</i>	<i>2.5</i>
EBIT, EURm												
Innofactor	3.8	1.3	0.9	0.5	6.5	1.3	1.4	1.1	1.6	5.4	5.9	6.5
Total	3.8	1.3	0.9	0.5	6.5	1.3	1.4	1.1	1.6	5.4	5.9	6.5
EBIT margin, %												
<i>Innofactor</i>	<i>21.4</i>	<i>7.4</i>	<i>6.7</i>	<i>3.0</i>	<i>9.8</i>	<i>7.8</i>	<i>7.9</i>	<i>7.4</i>	<i>8.7</i>	<i>8.0</i>	<i>8.5</i>	<i>9.0</i>
<i>Total</i>	<i>21.4</i>	<i>7.4</i>	<i>6.7</i>	<i>3.0</i>	<i>9.8</i>	<i>7.8</i>	<i>7.9</i>	<i>7.4</i>	<i>8.7</i>	<i>8.0</i>	<i>8.5</i>	<i>9.0</i>

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	65.7	63.1	64.2	66.2	66.4	67.9	70.0	71.7
<i>Sales growth (%)</i>	<i>10.1</i>	<i>-3.8</i>	<i>1.7</i>	<i>3.1</i>	<i>0.3</i>	<i>2.4</i>	<i>3.0</i>	<i>2.5</i>
EBITDA	1.3	-1.1	5.1	7.2	10.1	8.4	8.9	9.7
<i>EBITDA margin (%)</i>	<i>2.0</i>	<i>-1.7</i>	<i>7.9</i>	<i>10.8</i>	<i>15.2</i>	<i>12.4</i>	<i>12.8</i>	<i>13.5</i>
Depreciation	-2.8	-2.8	-4.3	-4.7	-3.6	-3.0	-3.0	-3.2
EBITA	-1.5	-3.9	0.8	2.5	6.5	5.4	5.9	6.5
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-1.5	-3.9	0.8	2.5	6.5	5.4	5.9	6.5
<i>EBIT margin (%)</i>	<i>-2.2</i>	<i>-6.1</i>	<i>1.2</i>	<i>3.8</i>	<i>9.8</i>	<i>8.0</i>	<i>8.5</i>	<i>9.0</i>
Reported EBIT	-1.5	-3.9	0.8	2.5	6.5	5.4	5.9	6.5
<i>EBIT margin (reported) (%)</i>	<i>-2.2</i>	<i>-6.1</i>	<i>1.2</i>	<i>3.8</i>	<i>9.8</i>	<i>8.0</i>	<i>8.5</i>	<i>9.0</i>
Net financials	-0.1	0.1	-0.8	-0.5	-0.8	-0.8	-0.8	-0.7
Pre-tax profit	-1.6	-3.8	0.0	2.1	5.7	4.6	5.2	5.8
Taxes	0.3	0.6	0.4	-0.3	-1.2	-1.0	-1.1	-1.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-1.3	-3.2	0.4	1.8	4.5	3.6	4.1	4.6
Cash NRIs	0.0	0.0	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	8	7	4	2	1	1	2	2
Goodwill	26	26	26	27	26	26	26	26
Right of use assets	0	5	5	4	3	3	3	3
Inventory	0	0	0	0	0	0	0	0
Receivables	17	13	14	14	14	14	14	15
Liquid funds	1	0	1	3	2	2	2	2
Total assets	58	57	56	57	51	52	53	54
Liabilities								
Shareholder's equity	25	21	22	23	25	26	28	30
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	5	5	4	3	3	3	3
Deferred taxes	2	1	1	2	1	1	1	1
Interest bearing debt	14	15	12	11	7	7	6	4
Non-interest bearing current liabilities	17	14	16	16	14	15	15	16
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	58	57	56	57	51	52	53	54
CASH FLOW, EURm								
+ EBITDA	1	-1	5	7	10	8	9	10
- Net financial items	0	0	-1	0	-1	-1	-1	-1
- Taxes	0	0	0	0	0	-2	-1	-1
- Increase in Net Working Capital	2	1	2	-1	-1	0	0	0
+/- Other	1	-1	0	-1	0	0	0	0
= Cash flow from operations	4	-1	6	5	8	6	7	8
- Capex	-2	-1	-2	-1	-1	-3	-3	-3
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	2	-2	4	4	7	3	4	4
+/- New issues/buybacks	4	0	0	0	-1	0	0	0
- Paid dividend	0	0	0	0	-1	-3	-2	-3
+/- Other	-6	1	-4	-1	-6	0	-1	-2
Change in cash	0	-1	1	2	-1	0	0	0

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	13	27	48	59	45	45	45
Net debt (excl. convertibles)	20	16	12	8	8	7	5
Enterprise value	33	43	60	67	54	52	51
Sales	63	64	66	66	68	70	72
EBITDA	-1	5	7	10	8	9	10
EBIT	-4	1	3	7	5	6	6
Pre-tax	-4	0	2	6	5	5	6
Earnings	-3	0	2	5	4	4	5
Equity book value (excl. minorities)	21	22	23	25	26	28	30
Valuation multiples							
EV/sales	0.5	0.7	0.9	1.0	0.8	0.7	0.7
EV/EBITDA	-30.4	8.4	8.4	6.7	6.4	5.9	5.2
EV/EBITA	-8.7	53.8	24.1	10.3	9.9	8.8	7.8
EV/EBIT	-8.7	53.8	24.1	10.3	9.9	8.8	7.8
EV/OCF	-57.7	6.9	12.0	8.0	9.1	7.4	6.5
EV/FCFF	-17.9	6.9	11.3	7.5	9.7	7.8	6.9
P/FCFE	-7.6	6.1	13.5	8.5	17.4	12.2	10.4
P/E	-4.1	64.6	27.2	13.2	12.4	11.1	9.9
P/B	0.6	1.2	2.0	2.3	1.7	1.6	1.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.0	7.3	6.6
Target EV/EBIT	0.0	0.0	0.0	0.0	12.3	11.0	9.9
Target EV/FCF	0.0	0.0	0.0	0.0	25.7	17.6	14.6
Target P/B	0.0	0.0	0.0	0.0	2.2	2.1	2.0
Target P/E	0.0	0.0	0.0	0.0	16.1	14.3	12.8
Per share measures							
Number of shares	36,188	37,388	37,388	37,388	36,588	36,588	36,588
Number of shares (diluted)	36,188	37,388	37,388	37,388	36,588	36,588	36,588
EPS	-0.09	0.01	0.05	0.12	0.10	0.11	0.13
Operating cash flow per share	-0.02	0.17	0.13	0.22	0.16	0.19	0.21
Free cash flow per share	-0.05	0.12	0.09	0.19	0.07	0.10	0.12
Book value per share	0.59	0.59	0.63	0.68	0.71	0.76	0.81
Dividend per share	0.00	0.00	0.04	0.08	0.06	0.07	0.08
Dividend payout ratio, %	0.0	0.0	84.9	66.4	65.0	65.0	65.0
Dividend yield, %	0.0	0.0	3.1	5.0	5.2	5.8	6.6
FCF yield, %	-13.2	16.3	7.4	11.8	5.7	8.2	9.6
Efficiency measures							
ROE	-13.8	1.9	7.7	18.4	14.2	15.2	15.9
ROCE	-9.6	2.0	6.4	17.6	15.2	16.3	17.5
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	20.9	21.9	21.4	20.4	20.4	20.4	20.4
Non-interest bearing liabilities as % of sales	22.1	24.8	24.1	21.6	21.6	21.6	21.6
NWC/sales, %	-1.2	-2.9	-2.7	-1.2	-1.2	-1.2	-1.2
Operative CAPEX/sales, %	1.8	2.8	2.2	2.0	4.8	4.8	4.8
CAPEX/sales (incl. acquisitions), %	1.8	2.8	2.2	2.0	4.8	4.8	4.8
FCFF/EBITDA	1.7	1.2	0.7	0.9	0.7	0.7	0.8
Net debt/EBITDA, book-weighted	-18.6	3.1	1.7	0.8	1.0	0.8	0.5
Debt/equity, market-weighted	1.2	0.4	0.2	0.1	0.2	0.1	0.1
Equity ratio, book-weighted	37.3	39.7	41.4	49.8	49.6	52.0	55.0
Gearing, %	96.1	71.8	52.6	30.9	31.6	24.8	17.5

COMPANY DESCRIPTION: Innofactor provides software products and solutions to commercial, public sector, and membership-based organizations in the Nordic countries. It specializes in Microsoft-based cloud solutions and digital transformation. Innofactor has operations in Finland, Sweden, Denmark, and Norway.

INVESTMENT CASE: Innofactor has been showing recovery from a few years of subpar performance, caused primarily by integration issues relating to its pan-Nordic platform. Focus in the near-term should still remain on actions to improve margins and sorting out challenges relating to international operations. Good traction for Microsoft's enterprise solutions supports growth outlook going forward.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ensio Sami	7,886,142	9.779	21.6%
Ilmarinen Mutual Pension Insurance Company	1,800,000	2.232	4.9%
Linturi Kaija and Risto	1,256,411	1.558	3.4%
Laiho Rami Tapani	1,155,316	1.433	3.2%
Ärje Matias Juhanpoika	854,253	1.059	2.3%
Innofactor Oyj	800,000	0.992	2.2%
Mäki Antti Jussi	613,725	0.761	1.7%
Tilman Tuomo Tapani	563,538	0.699	1.5%
Hellen Stefan Andreas	486,000	0.603	1.3%
Ingman Finance	450,000	0.558	1.2%
Ten largest	15,865,385	19.673	43%
Residual	20,722,840	25.696	57%
Total	36,588,225	45.369	100%

EARNINGS CALENDAR

July 21, 2022

Q2 report

October 25, 2022

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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Keilaranta 9, FI-02150 Espoo

CFO: Markku Puolanne

Tel: +358 (0)10 272 9000

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

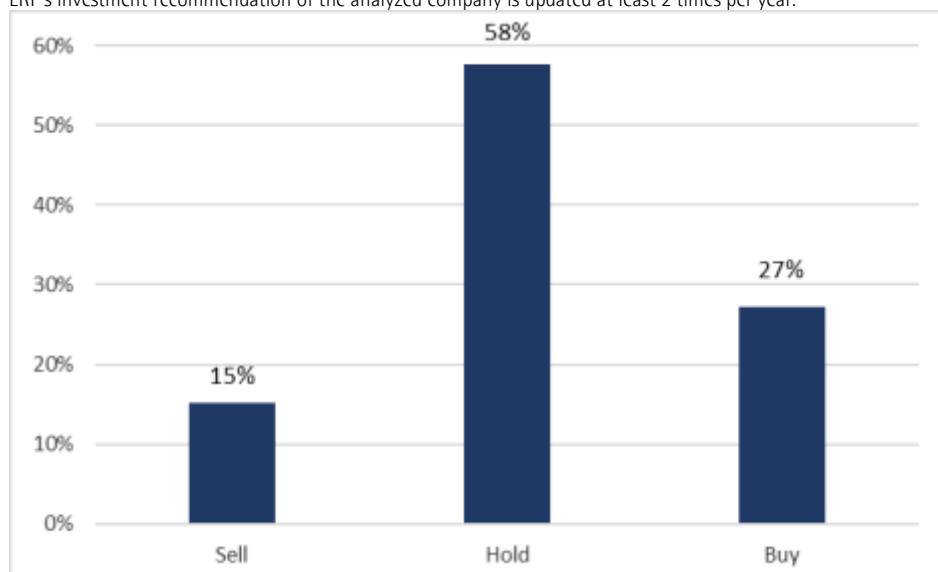
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Investment recommendations are defined as follows:

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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