

Operational stability being achieved

Innofactor's Q1 results were good and beat our expectations. The outlook remains quite favourable, and we do not expect performance during the remainder of 2023 to significantly improve from the good performance in Q1.

Q1 results beat our expectations

Innofactor reported good Q1 results that beat our expectations. Net sales grew 19.2% y/y to EUR 20.2m (Evli EUR 18.3m). The growth in net sales amounted to 19.2%, of which 10.9% organic. EBITDA amounted to EUR 2.5m (Evli EUR 2.2m). The performance in Q1 was aided enhanced internal efficiency and the billing rates remaining at good levels, along with an increase in the number of employees and use of subcontracting. The order backlog was at EUR 76.3m, up 6.9% y/y. Innofactor reiterated its guidance, expecting net sales to increase from 2022 (EUR 71.1m) and EBITDA is expected to increase from 2022 (EUR 7.8m).

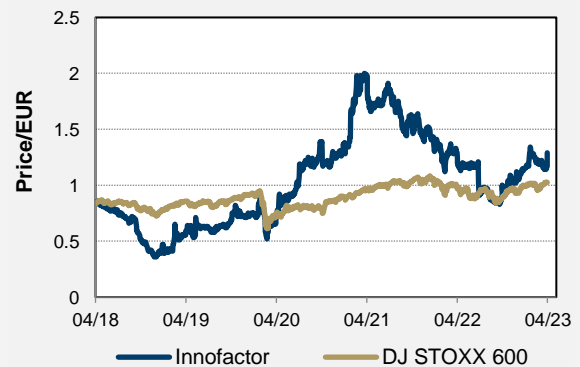
Currently performing rather well

We have made only smaller upwards adjustments to our estimates based on the higher than anticipated Q1 results. The total revenue growth pace is expected to slow down with the fewer working days in Q2 and the impact of the Invenco acquisition only affecting H1. We still expect to see quite good organic growth supported by the order backlog and continued shift away from project business revenue towards revenue sources of more recurring nature. We do not expect significant margin improvement in the very near-term, with the implied performance of the Finnish business already at good levels, and growth investments likely to have minor impact. There is still room for improvement in the operations abroad, but that road has been bumpier and is likely to remain so in the near-term.

BUY with a target price of EUR 1.6 (1.5)

With further signs of Innofactor having achieved a more stable financial performance, we lift our target price slightly to EUR 1.6 (1.5) and retain our BUY-rating. The implied 2023e P/E of ~12.5x remains below the peer median. Further proof of double-digit organic growth and earnings stability would in our view provide further valuation upside.

Rating BUY



Share price, EUR (Last trading day's closing price)	1.29
Target price, EUR	1.6

Latest change in recommendation	04-Jun-19
Latest report on company	10-Feb-23
Research paid by issuer:	YES
No. of shares outstanding, '000's	36,299
No. of shares fully diluted, '000's	36,299
Market cap, EURm	47
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	20-Jul-23
Web site	www.innofactor.com

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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
2021	66.4	6.5	9.8%	7.2	0.12	13.2	1.0	10.3	12.1	0.08
2022	71.1	4.8	6.7%	-0.7	0.09	11.5	0.7	10.6	-1.9	0.06
2023E	79.4	6.6	8.3%	2.6	0.13	10.2	0.7	8.9	5.7	0.08
2024E	83.4	7.5	9.0%	4.6	0.15	8.8	0.7	7.6	9.9	0.09
2025E	86.7	7.8	9.0%	5.1	0.15	8.3	0.6	7.1	10.8	0.10
Market cap, EURm	47			Gearing 2023E, %	43.8			CAGR EPS 2022-25, %	19.0	
Net debt 2023E, EURm	12			Price/book 2023E	1.7			CAGR sales 2022-25, %	6.8	
Enterprise value, EURm	59			Dividend yield 2023E, %	6.4			ROE 2023E, %	17.7	
Total assets 2023E, EURm	60			Tax rate 2023E, %	20.2			ROCE 2023E, %	16.4	
Goodwill 2023E, EURm	27			Equity ratio 2023E, %	45.6			PEG, P/E 23/CAGR	1.2	

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		
		23	24	25	23	24	25	23	24	25
TietoEVRY	3427	8.3x	7.9x	8.0x	11.6x	10.9x	10.4x	12.4x	11.6x	10.9x
Atea	1223	7.9x	7.3x	6.8x	11.9x	10.9x	10.1x	15.4x	14.0x	13.0x
Knowit	549	9.1x	8.4x	7.7x	14.6x	12.3x	10.9x	17.3x	14.4x	12.6x
Bouvet	572	12.8x	11.9x	11.2x	15.4x	14.2x	13.3x	20.6x	18.9x	17.7x
Enea	139	6.0x	6.0x	5.4x	14.1x	13.7x	10.9x	12.8x	13.1x	10.1x
Gofore	407	12.8x	11.3x	10.0x	16.3x	14.0x	12.0x	20.0x	17.1x	15.4x
Digia	148	7.0x	6.6x	6.2x	10.4x	9.4x	8.7x	11.4x	10.4x	9.6x
Siiili Solutions	131	6.1x	5.5x	5.2x	9.0x	7.6x	6.9x	13.5x	11.3x	10.5x
Solteq	25	8.9x	6.1x	4.8x	70.7x	13.5x	7.3x		19.3x	7.2x
Peer Group Average	736	8.8x	7.9x	7.2x	19.3x	11.8x	10.1x	15.4x	14.5x	11.9x
Peer Group Median	407	8.3x	7.3x	6.8x	14.1x	12.3x	10.4x	14.4x	14.0x	10.9x
Innofactor (Evli est.)	47	6.0x	5.3x	4.9x	8.9x	7.6x	7.1x	10.2x	8.8x	8.3x
<i>Innofactor prem./disc. to peer median</i>		<i>-27 %</i>	<i>-27 %</i>	<i>-28 %</i>	<i>-37 %</i>	<i>-38 %</i>	<i>-31 %</i>	<i>-29 %</i>	<i>-37 %</i>	<i>-24 %</i>

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	1.29 PV of Free Cash Flow	57 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	3.41 PV of Horizon value	82 WACC, %	7.9 Market risk premium, %
Share price potential, %	164.5 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	3.8 Marketable securities	2 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	3.1 Debt - dividend	-17 Maximum WACC, %	8.4 Target debt ratio, %
Horizon value, %	59.1 Value of stock	124 Nr of shares, Mn	36.3 Effective tax rate, %

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	71	79	83	87	89	91	93	96	98	101	103	105
<i>Sales growth, %</i>	<i>7.2</i>	<i>11.7</i>	<i>5.0</i>	<i>4.0</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>2.0</i>	<i>2.0</i>
Operating income (EBIT)	5	7	8	8	8	8	8	9	9	9	9	9
<i>Operating income margin, %</i>	<i>6.7</i>	<i>8.3</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>	<i>9.0</i>
+ Depreciation+amort.	3	3	3	3	4	4	4	4	4	4	4	4
EBITDA	8	10	11	11	12	12	12	13	13	13	14	
- Paid taxes	0	-3	-2	-2	-2	-2	-2	-2	-2	-2	-2	
- Change in NWC	-1	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-0.3</i>	<i>-0.3</i>	<i>-0.3</i>	<i>-0.3</i>	<i>-0.3</i>	<i>-0.3</i>	<i>-0.3</i>	<i>-0.3</i>	<i>-0.3</i>	<i>-0.3</i>	<i>-0.3</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	
<i>opCAPEX / Sales, %</i>	<i>6.5</i>	<i>4.5</i>	<i>4.7</i>	<i>4.7</i>	<i>4.6</i>	<i>4.6</i>	<i>4.6</i>	<i>4.6</i>	<i>4.6</i>	<i>4.6</i>	<i>4.6</i>	
- Acquisitions	-3	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	4	5	8	8	8	9	9	9	9	10	10	170
= Discounted FCFF		5	7	7	6	6	6	5	5	5	5	82
= DFCF min WACC		5	7	7	6	6	6	6	5	5	5	94
= DFCF max WACC		5	7	6	6	6	6	5	5	5	4	72

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	17.0	16.9	16.7	20.5	71.1	20.2	19.4	17.8	22.0	79.4	83.4	86.7
EBITDA	2.0	1.4	1.8	2.6	7.8	2.5	2.3	2.0	3.0	9.7	10.8	11.3
<i>EBITDA margin (%)</i>	<i>12.0</i>	<i>8.1</i>	<i>10.7</i>	<i>12.7</i>	<i>11.0</i>	<i>12.3</i>	<i>11.7</i>	<i>11.1</i>	<i>13.5</i>	<i>12.2</i>	<i>12.9</i>	<i>13.0</i>
EBIT	1.3	0.7	1.0	1.8	4.8	1.7	1.5	1.2	2.2	6.6	7.5	7.8
<i>EBIT margin (%)</i>	<i>7.8</i>	<i>3.9</i>	<i>5.7</i>	<i>8.8</i>	<i>6.7</i>	<i>8.5</i>	<i>7.7</i>	<i>6.7</i>	<i>10.0</i>	<i>8.3</i>	<i>9.0</i>	<i>9.0</i>
Net financial items	-0.2	0.0	-0.2	-0.1	-0.6	-0.4	-0.1	-0.1	-0.1	-0.9	-0.8	-0.7
Pre-tax profit	1.1	0.6	0.8	1.7	4.2	1.3	1.4	1.1	2.1	5.8	6.7	7.1
Tax	-0.3	-0.1	-0.2	-0.3	-0.9	-0.3	-0.3	-0.2	-0.4	-1.2	-1.4	-1.5
<i>Tax rate (%)</i>	<i>23.2</i>	<i>14.4</i>	<i>21.1</i>	<i>20.9</i>	<i>20.5</i>	<i>20.9</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.2</i>	<i>21.0</i>	<i>21.0</i>
Net profit	0.8	0.5	0.6	1.3	3.3	1.0	1.1	0.8	1.6	4.6	5.3	5.6
EPS	0.02	0.02	0.02	0.04	0.09	0.03	0.03	0.02	0.05	0.13	0.15	0.15
EPS adjusted (diluted no. of shares)	0.02	0.02	0.02	0.04	0.09	0.03	0.03	0.02	0.05	0.13	0.15	0.15
Dividend per share	0.00	0.00	0.00	0.00	0.06	0.00	0.00	0.00	0.00	0.08	0.09	0.10
SALES, EURm												
Innofactor	17.0	16.9	16.7	20.5	71.1	20.2	19.4	17.8	22.0	79.4	83.4	86.7
Total	17.0	16.9	16.7	20.5	71.1	20.2	19.4	17.8	22.0	79.4	83.4	86.7
SALES GROWTH, Y/Y %												
Innofactor	-4.7	-2.0	21.5	17.1	7.2	19.2	14.5	6.7	7.1	11.7	5.0	4.0
Total	-4.7	-2.0	21.5	17.1	7.2	19.2	14.5	6.7	7.1	11.7	5.0	4.0
EBIT, EURm												
Innofactor	1.3	0.7	1.0	1.8	4.8	1.7	1.5	1.2	2.2	6.6	7.5	7.8
Total	1.3	0.7	1.0	1.8	4.8	1.7	1.5	1.2	2.2	6.6	7.5	7.8
EBIT margin, %												
Innofactor	7.8	3.9	5.7	8.8	6.7	8.5	7.7	6.7	10.0	8.3	9.0	9.0
Total	7.8	3.9	5.7	8.8	6.7	8.5	7.7	6.7	10.0	8.3	9.0	9.0

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	63.1	64.2	66.2	66.4	71.1	79.4	83.4	86.7
<i>Sales growth (%)</i>	<i>-3.8</i>	<i>1.7</i>	<i>3.1</i>	<i>0.3</i>	<i>7.2</i>	<i>11.7</i>	<i>5.0</i>	<i>4.0</i>
EBITDA	-1.1	5.1	7.2	10.1	7.8	9.7	10.8	11.3
<i>EBITDA margin (%)</i>	<i>-1.7</i>	<i>7.9</i>	<i>10.8</i>	<i>15.2</i>	<i>11.0</i>	<i>12.2</i>	<i>12.9</i>	<i>13.0</i>
Depreciation	-2.8	-4.3	-4.7	-3.6	-3.1	-3.1	-3.3	-3.5
EBITA	-3.9	0.8	2.5	6.5	4.8	6.6	7.5	7.8
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-3.9	0.8	2.5	6.5	4.8	6.6	7.5	7.8
<i>EBIT margin (%)</i>	<i>-6.1</i>	<i>1.2</i>	<i>3.8</i>	<i>9.8</i>	<i>6.7</i>	<i>8.3</i>	<i>9.0</i>	<i>9.0</i>
Reported EBIT	-3.9	0.8	2.5	6.5	4.8	6.6	7.5	7.8
<i>EBIT margin (reported) (%)</i>	<i>-6.1</i>	<i>1.2</i>	<i>3.8</i>	<i>9.8</i>	<i>6.7</i>	<i>8.3</i>	<i>9.0</i>	<i>9.0</i>
Net financials	0.1	-0.8	-0.5	-0.8	-0.6	-0.9	-0.8	-0.7
Pre-tax profit	-3.8	0.0	2.1	5.7	4.2	5.8	6.7	7.1
Taxes	0.6	0.4	-0.3	-1.2	-0.9	-1.2	-1.4	-1.5
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-3.2	0.4	1.8	4.5	3.3	4.6	5.3	5.6
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	7	4	2	1	3	4	4	5
Goodwill	26	26	27	26	27	27	27	27
Right of use assets	5	5	4	3	5	5	5	5
Inventory	0	0	0	0	0	0	0	0
Receivables	13	14	14	14	15	16	17	18
Liquid funds	0	1	3	2	2	2	2	2
Total assets	57	56	57	51	56	60	61	63
Liabilities								
Shareholder's equity	21	22	23	25	25	27	30	32
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	5	5	4	3	5	5	5	5
Deferred taxes	1	1	2	1	2	2	2	2
Interest bearing debt	15	12	11	7	9	9	8	6
Non-interest bearing current liabilities	14	16	16	14	15	17	17	18
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	57	56	57	51	56	60	61	63
CASH FLOW, EURm								
+ EBITDA	-1	5	7	10	8	10	11	11
- Net financial items	0	-1	0	-1	-1	-1	-1	-1
- Taxes	0	0	0	0	0	-3	-1	-1
- Increase in Net Working Capital	1	2	-1	-1	-1	0	0	0
+/- Other	-1	0	-1	0	0	0	0	0
= Cash flow from operations	-1	6	5	9	7	6	9	9
- Capex	-1	-2	-1	-2	-5	-4	-4	-4
- Acquisitions	0	0	0	0	-3	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-2	4	4	7	-1	3	5	5
+/- New issues/buybacks	0	0	0	-1	-1	0	0	0
- Paid dividend	0	0	0	-1	-3	-2	-3	-3
+/- Other	1	-4	-1	-6	5	0	-2	-2
Change in cash	-1	1	2	-1	0	0	0	0

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	27	48	59	38	47	47	47
Net debt (excl. convertibles)	16	12	8	12	12	10	9
Enterprise value	43	60	67	50	59	57	55
Sales	64	66	66	71	79	83	87
EBITDA	5	7	10	8	10	11	11
EBIT	1	3	7	5	7	8	8
Pre-tax	0	2	6	4	6	7	7
Earnings	0	2	5	3	5	5	6
Equity book value (excl. minorities)	22	23	25	25	27	30	32
Valuation multiples							
EV/sales	0.7	0.9	1.0	0.7	0.7	0.7	0.6
EV/EBITDA	8.4	8.4	6.7	6.5	6.0	5.3	4.9
EV/EBITA	53.8	24.1	10.3	10.6	8.9	7.6	7.1
EV/EBIT	53.8	24.1	10.3	10.6	8.9	7.6	7.1
EV/OCF	6.9	12.0	7.6	7.5	9.5	6.7	6.1
EV/FCFF	6.9	11.3	7.6	14.1	11.0	7.5	6.9
P/FCFE	6.1	13.5	8.3	-53.1	17.7	10.1	9.2
P/E	64.6	27.2	13.2	11.5	10.2	8.8	8.3
P/B	1.2	2.0	2.3	1.5	1.7	1.6	1.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.2	6.4	5.9
Target EV/EBIT	0.0	0.0	0.0	0.0	10.6	9.1	8.5
Target EV/FCF	0.0	0.0	0.0	0.0	26.5	14.7	13.2
Target P/B	0.0	0.0	0.0	0.0	2.1	2.0	1.8
Target P/E	0.0	0.0	0.0	0.0	12.6	11.0	10.4
Per share measures							
Number of shares	37,388	37,388	37,388	36,223	36,299	36,299	36,299
Number of shares (diluted)	37,388	37,388	37,388	36,223	36,299	36,299	36,299
EPS	0.01	0.05	0.12	0.09	0.13	0.15	0.15
Operating cash flow per share	0.17	0.13	0.24	0.19	0.17	0.24	0.25
Free cash flow per share	0.12	0.09	0.19	-0.02	0.07	0.13	0.14
Book value per share	0.59	0.63	0.68	0.68	0.75	0.81	0.87
Dividend per share	0.00	0.04	0.08	0.06	0.08	0.09	0.10
Dividend payout ratio, %	0.0	84.9	66.4	65.5	65.0	65.0	65.0
Dividend yield, %	0.0	3.1	5.0	5.7	6.4	7.4	7.8
FCF yield, %	16.3	7.4	12.1	-1.9	5.7	9.9	10.8
Efficiency measures							
ROE	1.9	7.7	18.4	13.2	17.7	18.7	18.3
ROCE	2.0	6.4	17.6	12.8	16.4	18.0	18.4
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	21.9	21.4	20.4	20.5	20.5	20.5	20.5
Non-interest bearing liabilities as % of sales	24.8	24.1	21.6	20.8	20.8	20.8	20.8
NWC/sales, %	-2.9	-2.7	-1.2	-0.3	-0.3	-0.3	-0.3
Operative CAPEX/sales, %	2.8	2.2	2.5	6.5	4.5	4.7	4.7
CAPEX/sales (incl. acquisitions), %	2.8	2.2	2.5	2.5	4.5	4.7	4.7
FCFF/EBITDA	1.2	0.7	0.9	0.5	0.6	0.7	0.7
Net debt/EBITDA, book-weighted	3.1	1.7	0.8	1.6	1.2	1.0	0.8
Debt/equity, market-weighted	0.4	0.2	0.1	0.2	0.2	0.2	0.1
Equity ratio, book-weighted	39.7	41.4	49.8	44.4	45.6	48.2	50.6
Gearing, %	71.8	52.6	30.9	50.0	43.8	34.8	27.3

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 promising performance after a history of 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 and capitalizing on its good order backlog. Good traction for Microsoft's enterprise solutions supports growth outlook going forward.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ensio Sami	7,895,773	10.186	21.8%
Ilmarinen Mutual Pension Insurance Company	1,800,000	2.322	5.0%
Linturi Kaija and Risto	1,256,411	1.621	3.5%
Innofactor Oyj	1,099,742	1.419	3.0%
Laiho Rami Tapani	752,306	0.970	2.1%
Mäki Antti Jussi	613,725	0.792	1.7%
Tilman Tuomo Tapani	491,538	0.634	1.4%
Hellen Stefan Andreas	486,000	0.627	1.3%
Ingman Finance	450,000	0.581	1.2%
Muukkonen Teemu Heikki	410,357	0.529	1.1%
Ten largest	15,255,852	19.680	42%
Residual	21,043,631	27.146	58%
Total	36,299,483	46.826	100%

EARNINGS CALENDAR

July 20, 2023

Q2 report

October 24, 2023

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Markku Puolanne

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

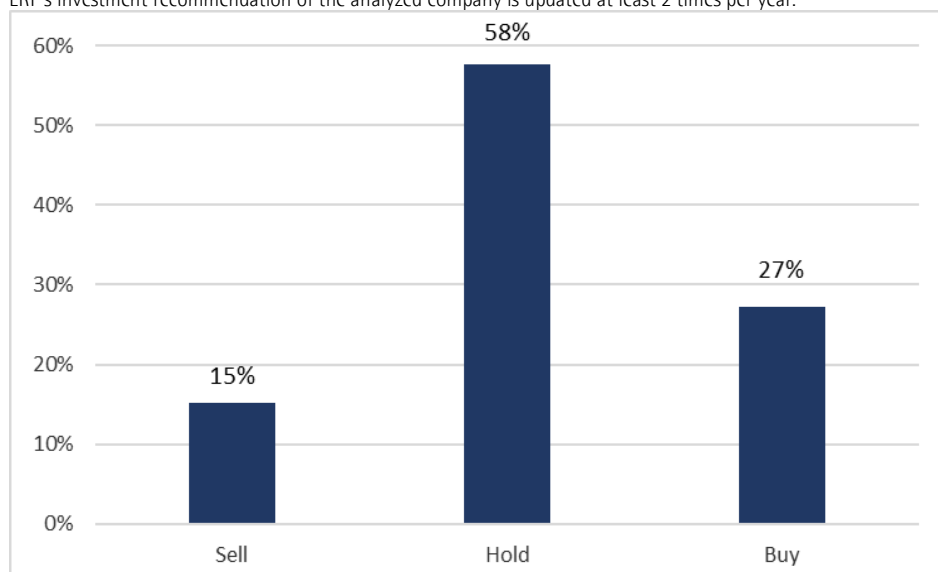
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Investment recommendations are defined as follows:

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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