

Growth pace uncertainty

Innofactor's Q4 was in line with expectations. Continued uncertainty reduces visibility going into 2024 but good potential remains. We adjust our TP to EUR 1.5 (1.4), BUY-rating intact.

Q4 well in line with our expectations

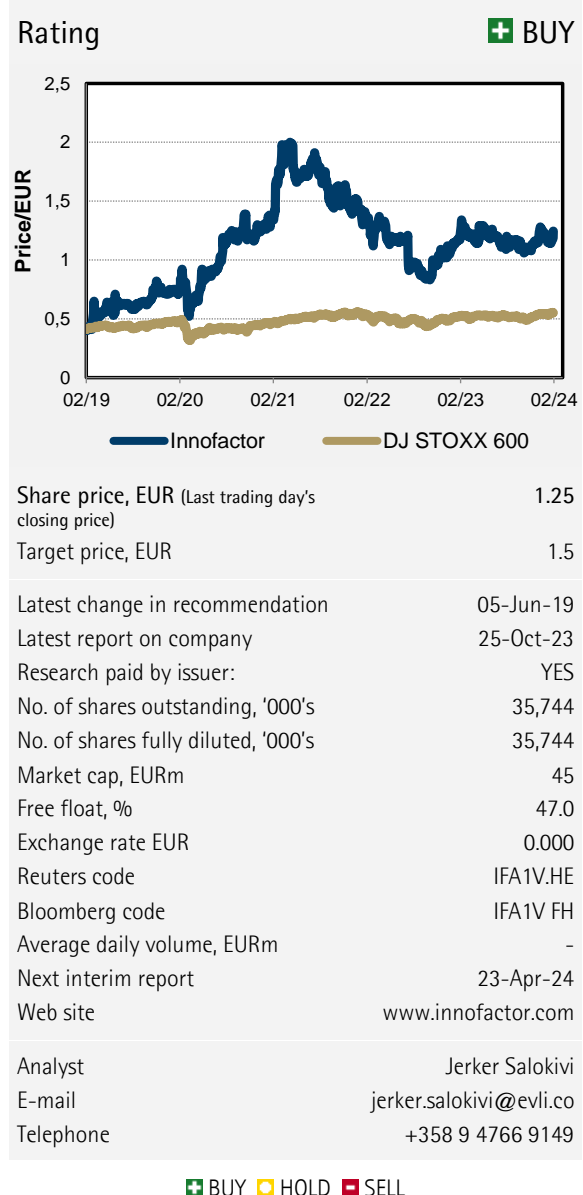
Innofactor reported Q4 results, which were well in line with our estimates. Net sales amounted to EUR 21.9m (Evli EUR 22.1m), growing 6.8% y/y. EBITDA amounted to EUR 2.9m (Evli 2.9m), at a margin of 13.1%. The order backlog stood at EUR 71.6m, down 5.6% y/y, with parts of the backlog transferred to the framework agreement backlog (2023: EUR 29.8m). Innofactor's BoD proposed a distribution of EUR 0.07 per share (Evli EUR 0.07) and Innofactor expectedly rolled over the previous guidance to FY2024, expecting net sales and EBITDA to grow compared with the previous year.

Some uncertainty but good potential heading into 2024

Innofactor's Q4 came with no larger surprises. The challenges posed by price competition are expected to continue going into 2024, although the weighted average prices of new agreements have increased slightly y/y. With the uncertainty going into the year we for now estimate slower growth, expecting a 4.4% y/y increase in 2024, with further positive signs relating to new sales needed during H1. Innofactor started reporting key figures for its solutions areas, with Information and Case Management solutions (including the Dynasty solutions) having been the driver for growth and profitability in 2023. With market saturation in Finland, a successful rollout in other Nordic countries could provide notable earnings upside. All in all, we consider Innofactor's position as rather favourable at the moment despite market headwinds.

BUY with a target price of EUR 1.5 (1.4)

We retain our BUY-rating with a target price of EUR 1.5 (1.4), valuing Innofactor at ~11x 2024e P/E. Should the caution regarding early 2024 brought by market uncertainty be unwarranted, valuation levels close to that of the peer median would in our view be justified.



KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	71.1	4.8	6.7%	-0.7	0.09	11.5	0.7	10.6	-1.9	0.06
2023	80.3	5.8	7.3%	6.1	0.09	13.0	0.7	9.2	13.6	0.07
2024E	83.8	6.7	8.0%	1.8	0.14	9.0	0.6	8.1	4.1	0.09
2025E	87.2	7.8	9.0%	5.8	0.16	7.6	0.6	6.6	13.1	0.11
2026E	89.4	8.0	9.0%	6.1	0.17	7.3	0.6	6.2	13.6	0.11

Market cap, EURm	45	Gearing 2024E, %	35.5	CAGR EPS 2023-26, %	21.6
Net debt 2024E, EURm	10	Price/book 2024E	1.6	CAGR sales 2023-26, %	3.6
Enterprise value, EURm	54	Dividend yield 2024E, %	7.2	ROE 2024E, %	18.5
Total assets 2024E, EURm	58	Tax rate 2024E, %	20.0	ROCE 2024E, %	18.3
Goodwill 2024E, EURm	27	Equity ratio 2024E, %	47.8	PEG, P/E 24/CAGR	1.1

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	2588	7.9x	7.5x	7.2x	11.4x	10.7x	9.8x	10.8x	10.1x	9.3x
Atea	1259	7.6x	7.0x	6.4x	13.3x	11.9x	10.6x	16.7x	14.8x	12.8x
Knowit	362	8.0x	7.3x	6.4x	14.9x	12.7x	10.2x	15.0x	14.1x	10.9x
Bouvet	548	13.0x	12.4x	11.2x	15.9x	15.2x	13.6x	20.1x	19.1x	17.0x
Enea	105	6.7x	5.3x	4.9x		13.9x	11.9x		12.9x	11.0x
Gofore	362	11.9x	11.2x	9.5x	14.8x	13.8x	11.8x	19.1x	17.2x	15.0x
Digia	145	7.8x	7.6x	7.0x	10.9x	10.2x	10.4x	13.0x	12.1x	10.8x
Siili Solutions	74	6.7x	5.8x	5.8x	12.0x	9.6x	9.6x	12.7x	10.6x	10.6x
Solteq	16	4.0x	4.2x	5.2x		15.2x	11.9x		18.8x	8.5x
Peer Group Average	607	8.2x	7.6x	7.1x	13.3x	12.6x	11.1x	15.3x	14.4x	11.8x
Peer Group Median	362	7.8x	7.3x	6.4x	13.3x	12.7x	10.6x	15.0x	14.1x	10.9x
Innofactor (Evli est.)	40	5.9x	5.6x	4.8x	9.2x	8.1x	6.6x	13.0x	9.0x	7.6x

Innofactor prem./disc. to peer median

-24 % -23 % -25 % -31 % -36 % -38 % -13 % -36 % -30 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	1.25 PV of Free Cash Flow	57 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	3.67 PV of Horizon value	83 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	194.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	4.0 Marketable securities	0 Minimum WACC, %	7.4 Equity beta coefficient	1.00
Minimum value	3.4 Debt - dividend	-10 Maximum WACC, %	8.4 Target debt ratio, %	30
Horizon value, %	59.0 Value of stock	131 Nr of shares, Mn	35.7 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	80	84	87	89	92	94	96	99	101	104	106	108
<i>Sales growth, %</i>	<i>12.8</i>	<i>4.4</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>2.5</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	6	7	8	8	8	8	9	9	9	9	10	10
<i>Operating income margin, %</i>	<i>7.3</i>	<i>8.0</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>	<i>9.0</i>
+ Depreciation+amort.	3	3	3	3	3	3	3	3	3	3	3	
EBITDA	9	10	11	11	11	12	12	12	12	13	13	
- Paid taxes	0	-5	-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>1.1</i>	<i>1.1</i>	<i>1.1</i>	<i>1.1</i>	<i>1.1</i>	<i>1.1</i>	<i>1.1</i>	<i>1.1</i>	<i>1.1</i>	<i>1.1</i>	<i>1.1</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>opCAPEX/Sales, %</i>	<i>1.4</i>	<i>3.4</i>	<i>3.4</i>	<i>3.4</i>	<i>3.4</i>	<i>3.4</i>	<i>3.4</i>	<i>3.4</i>	<i>3.4</i>	<i>3.4</i>	<i>3.4</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	7	4	8	9	9	9	9	9	10	10	10	175
= Discounted FCFF		4	7	7	7	6	6	6	5	5	5	83
= DFCF min WACC		4	7	7	7	6	6	6	5	5	5	95
= DFCF max WACC		4	7	7	6	6	6	5	5	5	5	73

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	20.2	20.1	18.0	21.9	80.3	21.0	20.9	18.8	23.1	83.8	87.2	89.4
EBITDA	2.5	1.8	2.0	2.9	9.1	2.6	2.1	2.0	3.2	9.7	10.9	11.1
<i>EBITDA margin (%)</i>	<i>12.3</i>	<i>8.8</i>	<i>10.9</i>	<i>13.1</i>	<i>11.3</i>	<i>12.1</i>	<i>9.8</i>	<i>10.4</i>	<i>13.6</i>	<i>11.6</i>	<i>12.4</i>	<i>12.4</i>
EBIT	1.7	1.0	1.2	1.9	5.8	1.8	1.3	1.2	2.4	6.7	7.8	8.0
<i>EBIT margin (%)</i>	<i>8.5</i>	<i>4.9</i>	<i>6.7</i>	<i>8.8</i>	<i>7.3</i>	<i>8.6</i>	<i>6.2</i>	<i>6.4</i>	<i>10.4</i>	<i>8.0</i>	<i>9.0</i>	<i>9.0</i>
Net financial items	-0.4	-0.2	0.2	-0.3	-0.7	-0.1	-0.1	-0.1	-0.1	-0.5	-0.5	-0.3
Pre-tax profit	1.3	0.8	1.4	1.6	5.2	1.7	1.2	1.1	2.3	6.2	7.4	7.7
Tax	-0.3	-0.4	-0.4	-0.7	-1.7	-0.3	-0.2	-0.2	-0.5	-1.2	-1.5	-1.6
<i>Tax rate (%)</i>	<i>20.9</i>	<i>43.5</i>	<i>25.4</i>	<i>45.9</i>	<i>33.6</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>21.0</i>	<i>21.0</i>
Net profit	1.0	0.5	1.1	0.9	3.4	1.3	0.9	0.9	1.8	4.9	5.8	6.1
EPS	0.03	0.01	0.03	0.02	0.09	0.04	0.03	0.02	0.05	0.14	0.16	0.17
EPS adjusted (diluted no. of shares)	0.03	0.01	0.03	0.02	0.09	0.04	0.03	0.02	0.05	0.14	0.16	0.17
Dividend per share	0.00	0.00	0.00	0.00	0.07	0.00	0.00	0.00	0.00	0.09	0.11	0.11
SALES, EURm												
Innofactor	20.2	20.1	18.0	21.9	80.3	21.0	20.9	18.8	23.1	83.8	87.2	89.4
Total	20.2	20.1	18.0	21.9	80.3	21.0	20.9	18.8	23.1	83.8	87.2	89.4
SALES GROWTH, Y/Y %												
<i>Innofactor</i>	<i>19.2</i>	<i>18.6</i>	<i>8.0</i>	<i>6.8</i>	<i>12.8</i>	<i>3.8</i>	<i>4.0</i>	<i>4.5</i>	<i>5.3</i>	<i>4.4</i>	<i>4.0</i>	<i>2.5</i>
<i>Total</i>	<i>19.2</i>	<i>18.6</i>	<i>8.0</i>	<i>6.8</i>	<i>12.8</i>	<i>3.8</i>	<i>4.0</i>	<i>4.5</i>	<i>5.3</i>	<i>4.4</i>	<i>4.0</i>	<i>2.5</i>
EBIT, EURm												
Innofactor	1.7	1.0	1.2	1.9	5.8	1.8	1.3	1.2	2.4	6.7	7.8	8.0
Total	1.7	1.0	1.2	1.9	5.8	1.8	1.3	1.2	2.4	6.7	7.8	8.0
EBIT margin, %												
<i>Innofactor</i>	<i>8.5</i>	<i>4.9</i>	<i>6.7</i>	<i>8.8</i>	<i>7.3</i>	<i>8.6</i>	<i>6.2</i>	<i>6.4</i>	<i>10.4</i>	<i>8.0</i>	<i>9.0</i>	<i>9.0</i>
<i>Total</i>	<i>8.5</i>	<i>4.9</i>	<i>6.7</i>	<i>8.8</i>	<i>7.3</i>	<i>8.6</i>	<i>6.2</i>	<i>6.4</i>	<i>10.4</i>	<i>8.0</i>	<i>9.0</i>	<i>9.0</i>

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	64.2	66.2	66.4	71.1	80.3	83.8	87.2	89.4
<i>Sales growth (%)</i>	<i>1.7</i>	<i>3.1</i>	<i>0.3</i>	<i>7.2</i>	<i>12.8</i>	<i>4.4</i>	<i>4.0</i>	<i>2.5</i>
EBITDA	5.1	7.2	10.1	7.8	9.1	9.7	10.9	11.1
<i>EBITDA margin (%)</i>	<i>7.9</i>	<i>10.8</i>	<i>15.2</i>	<i>11.0</i>	<i>11.3</i>	<i>11.6</i>	<i>12.4</i>	<i>12.4</i>
Depreciation	-4.3	-4.7	-3.6	-3.1	-3.3	-3.0	-3.0	-3.0
EBITA	0.8	2.5	6.5	4.8	5.8	6.7	7.8	8.0
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.8	2.5	6.5	4.8	5.8	6.7	7.8	8.0
<i>EBIT margin (%)</i>	<i>1.2</i>	<i>3.8</i>	<i>9.8</i>	<i>6.7</i>	<i>7.3</i>	<i>8.0</i>	<i>9.0</i>	<i>9.0</i>
Reported EBIT	0.8	2.5	6.5	4.8	5.8	6.7	7.8	8.0
<i>EBIT margin (reported) (%)</i>	<i>1.2</i>	<i>3.8</i>	<i>9.8</i>	<i>6.7</i>	<i>7.3</i>	<i>8.0</i>	<i>9.0</i>	<i>9.0</i>
Net financials	-0.8	-0.5	-0.8	-0.6	-0.7	-0.5	-0.5	-0.3
Pre-tax profit	0.0	2.1	5.7	4.2	5.2	6.2	7.4	7.7
Taxes	0.4	-0.3	-1.2	-0.9	-1.7	-1.2	-1.5	-1.6
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.4	1.8	4.5	3.3	3.4	4.9	5.8	6.1
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	4	2	1	3	3	3	3	3
Goodwill	26	27	26	27	27	27	27	27
Right of use assets	5	4	3	5	3	3	3	4
Inventory	0	0	0	0	0	0	0	0
Receivables	14	14	14	15	18	19	20	21
Liquid funds	1	3	2	2	0	0	0	0
Total assets	56	57	51	56	54	58	59	60
Liabilities								
Shareholder's equity	22	23	25	25	25	28	30	33
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	5	4	3	5	3	3	3	4
Deferred taxes	1	2	1	2	2	2	2	2
Interest bearing debt	12	11	7	9	6	7	4	2
Non-interest bearing current liabilities	16	16	14	15	18	18	19	20
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	56	57	51	56	54	58	59	60
CASH FLOW, EURm								
+ EBITDA	5	7	10	8	9	10	11	11
- Net financial items	-1	0	-1	-1	-1	-1	0	0
- Taxes	0	0	0	0	0	-4	-2	-2
- Increase in Net Working Capital	2	-1	-1	-1	-1	0	0	0
+/- Other	0	-1	0	0	0	0	0	0
= Cash flow from operations	6	5	9	7	7	5	9	9
- Capex	-2	-1	-2	-5	-1	-3	-3	-3
- Acquisitions	0	0	0	-3	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	4	4	7	-1	6	2	6	6
+/- New issues/buybacks	0	0	-1	-1	-1	0	0	0
- Paid dividend	0	0	-1	-3	-2	-3	-3	-4
+/- Other	-4	-1	-6	5	-5	1	-3	-2
Change in cash	1	2	-1	0	-2	0	0	0

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	48	59	38	45	45	45	45
Net debt (excl. convertibles)	12	8	12	9	10	7	5
Enterprise value	60	67	50	54	54	52	50
Sales	66	66	71	80	84	87	89
EBITDA	7	10	8	9	10	11	11
EBIT	3	7	5	6	7	8	8
Pre-tax	2	6	4	5	6	7	8
Earnings	2	5	3	3	5	6	6
Equity book value (excl. minorities)	23	25	25	25	28	30	33
Valuation multiples							
EV/sales	0.9	1.0	0.7	0.7	0.6	0.6	0.6
EV/EBITDA	8.4	6.7	6.5	5.9	5.6	4.8	4.5
EV/EBITA	24.1	10.3	10.6	9.2	8.1	6.6	6.2
EV/EBIT	24.1	10.3	10.6	9.2	8.1	6.6	6.2
EV/OCF	12.0	7.6	7.5	7.5	11.5	5.9	5.4
EV/FCFF	11.3	7.6	14.1	7.5	12.4	6.2	5.8
P/FCFE	13.5	8.3	-53.1	7.4	24.1	7.7	7.3
P/E	21.4	13.2	11.5	13.0	9.0	7.6	7.3
P/B	2.0	2.3	1.5	1.8	1.6	1.5	1.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.5	5.6	5.3
Target EV/EBIT	0.0	0.0	0.0	0.0	9.5	7.8	7.3
Target EV/FCF	0.0	0.0	0.0	0.0	34.4	10.5	9.7
Target P/B	0.0	0.0	0.0	0.0	1.9	1.8	1.6
Target P/E	0.0	0.0	0.0	0.0	10.8	9.2	8.8
Per share measures							
Number of shares	37,388	37,388	36,223	36,344	35,744	35,744	35,744
Number of shares (diluted)	37,388	37,388	36,223	36,344	35,744	35,744	35,744
EPS	0.05	0.12	0.09	0.09	0.14	0.16	0.17
Operating cash flow per share	0.13	0.24	0.19	0.20	0.13	0.25	0.25
Free cash flow per share	0.09	0.19	-0.02	0.17	0.05	0.16	0.17
Book value per share	0.63	0.68	0.68	0.70	0.78	0.85	0.92
Dividend per share	0.04	0.08	0.06	0.07	0.09	0.11	0.11
Dividend payout ratio, %	84.9	66.4	65.5	74.0	65.0	65.0	65.0
Dividend yield, %	3.1	5.0	5.7	5.6	7.2	8.5	8.9
FCF yield, %	7.4	12.1	-1.9	13.6	4.1	13.1	13.6
Efficiency measures							
ROE	7.7	18.4	13.2	13.7	18.5	20.0	19.2
ROCE	6.4	17.6	12.8	15.7	18.3	20.5	21.0
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	21.4	20.4	20.5	23.0	23.0	23.0	23.0
Non-interest bearing liabilities as % of sales	24.1	21.6	20.8	21.9	21.9	21.9	21.9
NWC/sales, %	-2.7	-1.2	-0.3	1.1	1.1	1.1	1.1
Operative CAPEX/sales, %	2.2	2.5	6.5	1.4	3.4	3.4	3.4
CAPEX/sales (incl. acquisitions), %	2.2	2.5	2.5	1.4	3.4	3.4	3.4
FCFF/EBITDA	0.7	0.9	0.5	0.8	0.5	0.8	0.8
Net debt/EBITDA, book-weighted	1.7	0.8	1.6	1.0	1.0	0.7	0.5
Debt/equity, market-weighted	0.2	0.1	0.2	0.1	0.2	0.1	0.0
Equity ratio, book-weighted	41.4	49.8	44.4	46.8	47.8	51.6	55.0
Gearing, %	52.6	30.9	50.0	36.1	35.5	23.9	15.3

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	7,925,397	9.867	22.2%
Ilmarinen Mutual Pension Insurance Company	1,800,000	2.241	5.0%
Linturi Kaija and Risto	1,256,411	1.564	3.5%
Innofactor Oyj	600,000	0.747	1.7%
Mäki Antti Jussi	487,523	0.607	1.4%
Hellen Stefan Andreas	486,000	0.605	1.4%
Ingman Finance Oy Ab	450,000	0.560	1.3%
Muukkonen Teemu Heikki	410,357	0.511	1.1%
Tilman Tuomo Tapani	288,538	0.359	0.8%
Laiho Rami Tapani	265,204	0.330	0.7%
Ten largest	13,969,430	17.392	39%
Residual	21,774,261	27.109	61%
Total	35,743,691	44.501	100%

EARNINGS CALENDAR

April 23, 2024	Q1 report
July 18, 2024	Q2 report
October 22, 2024	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Sami Ensio	Keilaranta 9, FI-02150 Espoo
CFO: Antti Rokala	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

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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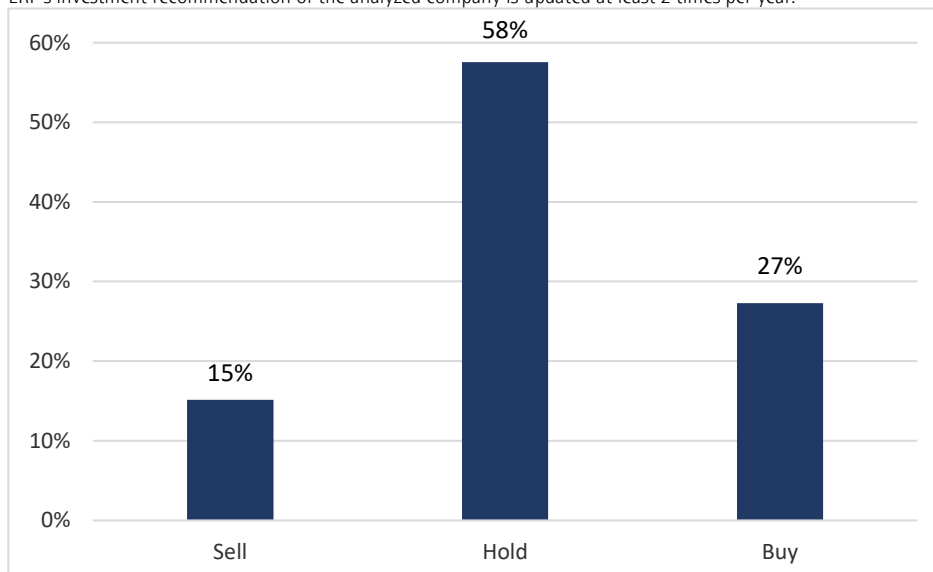
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Investment recommendations are defined as follows:

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

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lijja +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

Atte Jortikka +358 40 054 3725
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205

EVLI

EVLI PLC

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

EVLI PLC,

STOCKHOLMSFILIAL
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000