

Holding firm in challenging market

Innofactor's Q1 was in line with expectations. We continued to expect modest growth in sales and EBITDA while eyeing improvements in new sales.

Q1 in line with expectations

Innofactor reported Q1 results that were well in line with our estimates. Net sales grew 4.8% to EUR 21.2m (21.0m) while EBITDA amounted to EUR 2.6m (Evli EUR 2.6m). EBITDA was positive only in Finland and Norway. The order backlog continued to decline, down by 9.8% y/y to EUR 68.8m. Innofactor reiterated its guidance, expecting net sales and EBITDA to increase compared with 2023. The sales growth slowed down in Q1 as a result of the challenging market situation, with new sales continuing to be a challenge and billing rates also falling below company expectations.

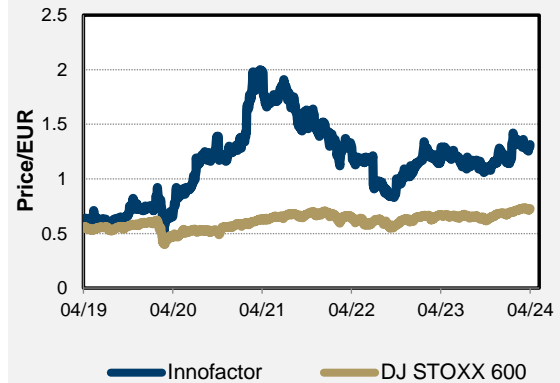
Looking at continued modest improvement

We have made essentially no changes to our estimates, expecting sales growth of 4.4% and an increase in EBITDA of 7% to EUR 9.8m in 2024. The continued challenges related to new sales and order backlog decline pose a concern and the Q1 comments didn't give signals of notable improvement in the very near-term. Our assumptions rely on an improved situation during H2. Actions to be taken related to the use of subcontracting and personnel reductions in Sweden provide some additional support for maintaining current levels of profitability, with billings rates expected to remain on the weaker side. We expect similar, modest growth levels to continue in 2025. The current market situation is not ideal when looking at margin potential going forward, but assuming a pick-up in demand in 2024, especially in the higher margin solutions areas such as Digital solutions, we continue to see potential for some improvement.

BUY with a target price of EUR 1.6 (1.5)

Innofactor again showed an ability to defend its margin levels in the challenging market. The market outlook remains rather weak, but signs are slowly pointing more towards an improvement than further deterioration. The valuation also continues to remain attractive (2024e P/E~9.5x).

Rating + BUY



Share price, EUR (Last trading day's closing price) 1.32
Target price, EUR 1.6

Latest change in recommendation 05-Jun-19
Latest report on company 09-Feb-24
Research paid by issuer: YES
No. of shares outstanding, '000's 35,744
No. of shares fully diluted, '000's 35,744
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 0.02
Next interim report 18-Jul-24
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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
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%	5.1	0.14	9.4	0.6	8.0	10.8	0.09
2025E	87.1	7.8	9.0%	5.9	0.16	8.0	0.6	6.5	12.5	0.11
2026E	89.3	8.0	9.0%	6.1	0.17	7.6	0.5	6.1	13.0	0.11

Market cap, EURm	47	Gearing 2024E, %	23.9	CAGR EPS 2023-26, %	22.1
Net debt 2024E, EURm	7	Price/book 2024E	1.7	CAGR sales 2023-26, %	3.6
Enterprise value, EURm	54	Dividend yield 2024E, %	6.9	ROE 2024E, %	18.7
Total assets 2024E, EURm	56	Tax rate 2024E, %	20.3	ROCE 2024E, %	18.9
Goodwill 2024E, EURm	27	Equity ratio 2024E, %	49.5	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		
		24	25	26	24	25	26	24	25	26
TietoEVRY	2233	6.9x	6.5x	6.3x	10.0x	9.1x	8.7x	9.2x	8.4x	7.9x
Atea	1258	7.4x	6.8x	6.2x	11.3x	10.0x	9.0x	16.1x	13.9x	11.8x
Knowit	351	7.3x	6.3x	5.9x	13.1x	10.1x	9.0x	14.5x	10.8x	9.6x
Bouvet	531	11.7x	10.6x	10.2x	14.7x	13.2x	12.5x	18.9x	17.0x	16.2x
Enea	87	4.5x	4.2x	3.8x	11.7x	10.1x	8.1x	10.5x	9.0x	7.4x
Gofore	369	10.9x	9.6x	8.6x	14.6x	12.4x	10.8x	17.6x	14.9x	13.4x
Digia	138	7.4x	6.7x	6.4x	10.9x	9.9x	8.8x	12.0x	10.4x	9.0x
Sili Solutions	75	4.5x	4.0x	3.9x	6.9x	5.6x	5.2x	11.8x	9.1x	8.6x
Solteq	13	7.9x	5.8x	4.8x	15.1x	8.8x	6.6x	56.2x	7.3x	4.2x
Vincit	43	6.0x	4.5x	3.7x	7.3x	5.1x	7.3x	13.5x	8.9x	7.4x
Peer Group Average	510	7.4x	6.5x	6.0x	11.6x	9.4x	8.6x	18.0x	11.0x	9.5x
Peer Group Median	244	7.4x	6.4x	6.0x	11.5x	10.0x	8.7x	14.0x	9.7x	8.8x
Innofactor (Evli est.)	47	5.5x	4.7x	4.4x	8.0x	6.5x	6.1x	9.4x	8.0x	7.6x

Innofactor prem./disc. to peer median

-25 %

-27 %

-27 %

-31 %

-35 %

-31 %

-33 %

-18 %

-13 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	1.32 PV of Free Cash Flow	61 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	3.75 PV of Horizon value	84 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	184.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	4.1 Marketable securities	0 Minimum WACC, %	7.4 Equity beta coefficient	1.00
Minimum value	3.4 Debt - dividend	-12 Maximum WACC, %	8.4 Target debt ratio, %	30
Horizon value, %	57.8 Value of stock	134 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	-1	-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	8	8	9	9	9	9	9	10	10	10	175
= Discounted FCFF		7	7	7	7	6	6	6	5	5	5	84
= DFCF min WACC		7	7	7	7	6	6	6	5	5	5	96
= DFCF max WACC		7	7	7	7	6	6	5	5	5	5	74

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	20.2	20.1	18.0	21.9	80.3	21.2	20.9	18.7	23.0	83.8	87.1	89.3
EBITDA	2.5	1.8	2.0	2.9	9.1	2.6	2.1	2.0	3.2	9.8	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>12.3</i>	<i>9.8</i>	<i>10.4</i>	<i>13.7</i>	<i>11.6</i>	<i>12.5</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>8.7</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	-0.4	-0.2
Pre-tax profit	1.3	0.8	1.4	1.6	5.2	1.7	1.2	1.1	2.3	6.3	7.5	7.8
Tax	-0.3	-0.4	-0.4	-0.7	-1.7	-0.4	-0.2	-0.2	-0.5	-1.3	-1.6	-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>21.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.3</i>	<i>21.0</i>	<i>21.0</i>
Net profit	1.0	0.5	1.1	0.9	3.4	1.4	0.9	0.9	1.8	5.0	5.9	6.2
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	21.2	20.9	18.7	23.0	83.8	87.1	89.3
Total	20.2	20.1	18.0	21.9	80.3	21.2	20.9	18.7	23.0	83.8	87.1	89.3
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>4.8</i>	<i>4.0</i>	<i>3.8</i>	<i>4.9</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>4.8</i>	<i>4.0</i>	<i>3.8</i>	<i>4.9</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>8.7</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>8.7</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	87.1	89.3
<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	9.8	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>12.5</i>	<i>12.4</i>
Depreciation	-4.3	-4.7	-3.6	-3.1	-3.3	-3.0	-3.0	-3.1
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	-0.4	-0.2
Pre-tax profit	0.0	2.1	5.7	4.2	5.2	6.3	7.5	7.8
Taxes	0.4	-0.3	-1.2	-0.9	-1.7	-1.3	-1.6	-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	5.0	5.9	6.2
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	2	2	2
Total assets	56	57	51	56	54	56	57	58
Liabilities								
Shareholder's equity	22	23	25	25	25	28	31	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	5	2	0
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	56	57	58
CASH FLOW, EURm								
+ EBITDA	5	7	10	8	9	10	11	11
- Net financial items	-1	0	-1	-1	-1	0	0	0
- Taxes	0	0	0	0	0	-1	-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	8	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	5	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	1	0	0

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	48	59	38	45	47	47	47
Net debt (excl. convertibles)	12	8	12	9	7	4	2
Enterprise value	60	67	50	54	54	51	49
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	31	33
Valuation multiples							
EV/sales	0.9	1.0	0.7	0.7	0.6	0.6	0.5
EV/EBITDA	8.4	6.7	6.5	5.9	5.5	4.7	4.4
EV/EBITA	24.1	10.3	10.6	9.2	8.0	6.5	6.1
EV/EBIT	24.1	10.3	10.6	9.2	8.0	6.5	6.1
EV/OCF	12.0	7.6	7.5	7.5	6.7	5.7	5.3
EV/FCFF	11.3	7.6	14.1	7.5	7.1	6.1	5.7
P/FCFE	13.5	8.3	-53.1	7.4	9.3	8.0	7.7
P/E	21.4	13.2	11.5	13.0	9.4	8.0	7.6
P/B	2.0	2.3	1.5	1.8	1.7	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	12.6	10.4	9.6
Target P/B	0.0	0.0	0.0	0.0	2.0	1.9	1.7
Target P/E	0.0	0.0	0.0	0.0	11.5	9.7	9.3
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	0.22	0.25	0.26
Free cash flow per share	0.09	0.19	-0.02	0.17	0.14	0.16	0.17
Book value per share	0.63	0.68	0.68	0.70	0.78	0.86	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	5.7	6.9	8.2	8.5
FCF yield, %	7.4	12.1	-1.9	13.6	10.8	12.5	13.0
Efficiency measures							
ROE	7.7	18.4	13.2	13.7	18.7	20.2	19.4
ROCE	6.4	17.6	12.8	15.7	18.9	21.6	22.1
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	0.8	0.8	0.8
Net debt/EBITDA, book-weighted	1.7	0.8	1.6	1.0	0.7	0.4	0.2
Debt/equity, market-weighted	0.2	0.1	0.2	0.1	0.1	0.0	0.0
Equity ratio, book-weighted	41.4	49.8	44.4	46.8	49.5	53.5	57.0
Gearing, %	52.6	30.9	50.0	36.1	23.9	13.2	5.2

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	10.422	22.2%
Ilmarinen Mutual Pension Insurance Company	1,800,000	2.367	5.0%
Linturi Kaija and Risto	1,256,411	1.652	3.5%
Innofactor Oyj	600,000	0.789	1.7%
Hellen Stefan Andreas	486,000	0.639	1.4%
Mäki Antti Jussi	460,000	0.605	1.3%
Ingman Finance Oy Ab	450,000	0.592	1.3%
Muukkonen Teemu Heikki	402,857	0.530	1.1%
Mandatum Life Insurance Company	292,583	0.385	0.8%
Tilman Tuomo Tapani	265,204	0.349	0.7%
Ten largest	13,938,452	18.329	39%
Residual	21,805,239	28.674	61%
Total	35,743,691	47.003	100%

EARNINGS CALENDAR

July 18, 2024

Q2 report

October 22, 2024

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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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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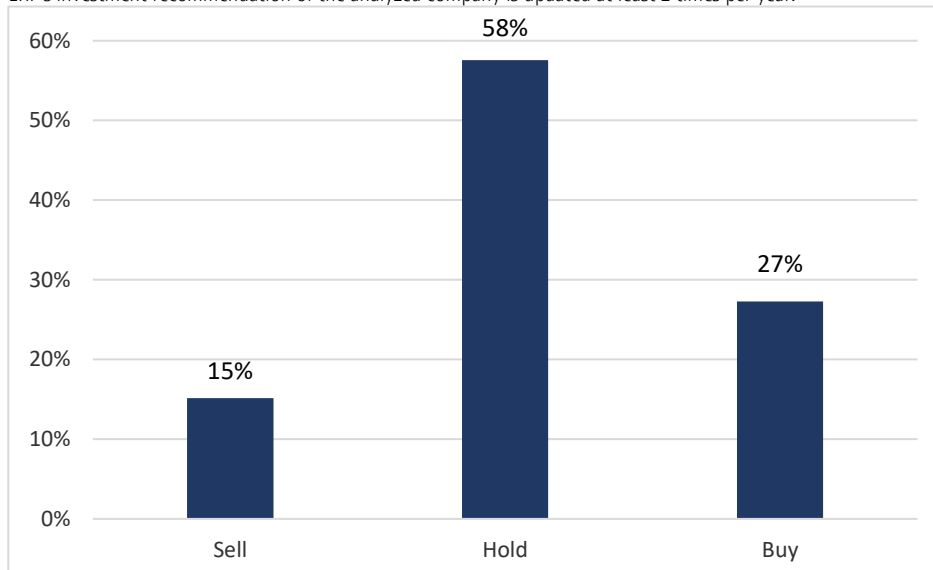
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Investment recommendations are defined as follows:

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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