

Growth in good shape

Netum grew faster than expected in H1 but otherwise showed little other surprises. Deal flow and growth in headcount provide good support for continued clear double-digit growth. We retain our HOLD-rating and adjust our target price to EUR 4.6 (4.4).

Growth surpassed expectations, no larger surprises

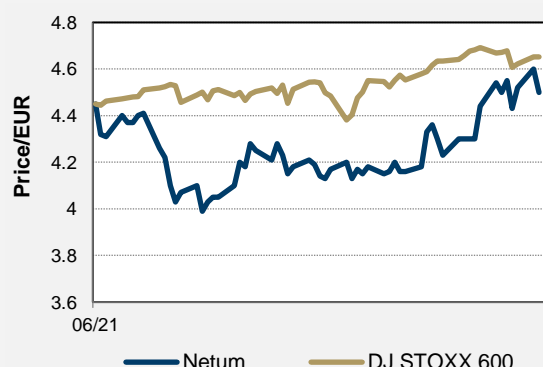
Netum reported its H1 results, which all in all were slightly better than expected. Revenue grew organically at a good pace of 21.7% to EUR 10.4m (Evli EUR 9.8m). The comparable EBITA grew to EUR 1.6m (Evli EUR 1.5m). The comp. EBITA-margin declined slightly y/y to 15.4% (H1/20: 17.2%), which can be largely explained by significant new recruitments. The company's IPO had a negative impact of EUR 0.9m on earnings figures and the comparable EPS was at EUR 0.12 (H1/20: 0.15).

Growth prospects looking good

Netum has been very successful in new recruitments and the personnel grew by nearly 50% y/y to 171. As such the company has been able to manage profitability well given the quite minor dip in relative profitability. The deal flow has been good, including several significant long-term contracts, which with the success in recruitments should support growth remaining well in the double-digits in the near-term. The for Netum strategically important cyber security business was made a separate business area at the start of the year and has according to the company performed well, which in terms of relative growth has been a driver in our growth estimates. We have made minor, relatively insignificant upwards adjustments to our near- to mid-term estimates. Our 2021 estimates for net sales and comp. EBITA of EUR 21.6m and EUR 3.4m remain quite near the top of the company's guidance of 2021 net sales and comp. EBITA of EUR 20-22m and EUR 3.1-3.5m respectively.

HOLD with a target price of EUR 4.6 (4.4)

In light of our minor estimates revisions and the good first half of 2021 we adjust our target price to EUR 4.6 (4.4). Our target price values Netum at approx. 20x 2021 adj. P/E (excl. IPO expenses and goodwill amortization). We retain our HOLD-rating.

 Rating 🟡 HOLD


Share price, EUR (Last trading day's closing price)	4.50
Target price, EUR	4.6

Latest change in recommendation	07-Jun-21
Latest report on company	07-Jun-21
Research paid by issuer:	YES
No. of shares outstanding, '000's	11,535
No. of shares fully diluted, '000's	11,535
Market cap, EURm	52
Free float, %	0.0
Exchange rate	0.000
Reuters code	NETUM.HE
Bloomberg code	NETUM FH
Average daily volume, EURm	0.0
Next interim report	-
Web site	www.netum.fi

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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
2019	13.4	0.7	5.0%	1.1	0.02	0.0	0.4	7.1	0.0	0.05
2020	17.5	2.0	11.5%	1.8	0.15	0.0	0.2	1.4	0.0	0.08
2021E	21.6	2.5	11.5%	2.2	0.08	56.3	2.1	18.6	4.3	0.09
2022E	26.0	3.0	11.4%	3.1	0.18	25.1	1.7	14.9	5.9	0.10
2023E	30.4	3.8	12.4%	3.7	0.23	19.2	1.4	11.1	7.1	0.13
Market cap, EURm				52	Gearing 2021E, %	-47.2	CAGR EPS 2020-23, %		17.2	
Net debt 2021E, EURm				-6	Price/book 2021E	4.2	CAGR sales 2020-23, %		20.1	
Enterprise value, EURm				46	Dividend yield 2021E, %	2.0	ROE 2021E, %		10.6	
Total assets 2021E, EURm				19	Tax rate 2021E, %	22.6	ROCE 2021E, %		20.2	
Goodwill 2021E, EURm				6	Equity ratio 2021E, %	65.1	PEG, P/E 21/CAGR		1.0	

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

Netum (EURm)	2020	H1/21	H2/21E	2021E	2022E	2023E
Net sales	17.5	10.4	11.2	21.6	26.0	30.4
<i>Sales growth %</i>	<i>31.1%</i>	<i>21.7%</i>	<i>25.5%</i>	<i>23.3%</i>	<i>20.0%</i>	<i>17.0%</i>
Other income	0.1	0.2	0.0	0.3	0.0	0.0
Materials and services	-3.5	-1.9	-2.1	-4.0	-5.1	-5.9
<i>% of net sales</i>	<i>-20.1%</i>	<i>-18.0%</i>	<i>-19.0%</i>	<i>-18.5%</i>	<i>-19.5%</i>	<i>-19.5%</i>
Personnel expenses	-8.9	-5.7	-6.0	-11.7	-13.8	-16.0
<i>% of net sales</i>	<i>-50.9%</i>	<i>-54.9%</i>	<i>-53.5%</i>	<i>-54.2%</i>	<i>-53.0%</i>	<i>-52.8%</i>
Other op. expenses	-1.9	-1.2	-1.2	-2.4	-2.9	-3.3
<i>% of net sales</i>	<i>-10.9%</i>	<i>-11.3%</i>	<i>-11.0%</i>	<i>-11.1%</i>	<i>-11.0%</i>	<i>-11.0%</i>
EBITDA	3.2	1.9	1.9	3.8	4.3	5.1
<i>EBITDA-%</i>	<i>18.5%</i>	<i>18.1%</i>	<i>16.7%</i>	<i>17.4%</i>	<i>16.5%</i>	<i>16.7%</i>
D&A	-0.2	-0.1	-0.1	-0.2	-0.2	-0.2
Tangible	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Intangible	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Goodwill amortization	-1.1	-0.5	-0.5	-1.1	-1.1	-1.1
EBITA	3.1	1.8	1.8	3.5	4.1	4.9
<i>EBITA-%</i>	<i>17.6%</i>	<i>17.1%</i>	<i>15.8%</i>	<i>16.4%</i>	<i>15.7%</i>	<i>16.0%</i>
Items affecting comparability	0.0	-0.2	0.0	-0.2	0.0	0.0
Comparable EBITA	3.1	1.6	1.8	3.4	4.1	4.9
<i>Comparable EBITA-%</i>	<i>17.6%</i>	<i>15.4%</i>	<i>15.8%</i>	<i>15.6%</i>	<i>15.7%</i>	<i>16.0%</i>
EBIT	2.0	1.3	1.2	2.5	3.0	3.8
<i>EBIT-%</i>	<i>11.5%</i>	<i>12.0%</i>	<i>11.0%</i>	<i>11.5%</i>	<i>11.4%</i>	<i>12.4%</i>

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	4.50 PV of Free Cash Flow	25 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	4.77 PV of Horizon value	34 WACC, %	8.4 Market risk premium, %	5.8
Share price potential, %	6.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	5.2 Marketable securities	1 Minimum WACC, %	7.9 Equity beta coefficient	1.00
Minimum value	4.4 Debt - dividend	-5 Maximum WACC, %	8.9 Target debt ratio, %	20
Horizon value, %	57.6 Value of stock	55 Nr of shares, Mn	11.5 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	18	22	26	30	35	36	37	38	39	40	42	43
<i>Sales growth, %</i>	<i>31.1</i>	<i>23.3</i>	<i>20.0</i>	<i>17.0</i>	<i>15.0</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)	2	2	3	4	4	4	5	5	5	5	5	5
<i>Operating income margin, %</i>	<i>11.5</i>	<i>11.5</i>	<i>11.4</i>	<i>12.4</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>
+ Depreciation+amort.	1	1	1	1	0	0	0	0	0	0	0	0
EBITDA	3	4	4	5	5	5	5	5	5	5	5	6
- Paid taxes	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
- Change in NWC	-1	0	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>1.2</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>	<i>-0.7</i>
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	0	0	0	0	0	0	0	0	0	0	0	0
<i>opCAPEX / Sales, %</i>	<i>1.6</i>	<i>1.6</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</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>
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= FCFF	2	3	3	4	3	4	4	4	4	4	4	72
= Discounted FCFF		3	3	3	3	3	2	2	2	2	2	34
= DFCF min WACC		3	3	3	3	3	2	2	2	2	2	38
= DFCF max WACC		3	3	3	3	2	2	2	2	2	2	30

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	0.0	0.0	0.0	17.5	17.5	0.0	10.4	0.0	11.2	21.6	26.0	30.4
EBITDA	0.0	0.0	0.0	3.2	3.2	0.0	1.9	0.0	1.9	3.8	4.3	5.1
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>18.5</i>	<i>18.5</i>	<i>0.0</i>	<i>18.1</i>	<i>0.0</i>	<i>16.7</i>	<i>17.4</i>	<i>16.5</i>	<i>16.8</i>
EBIT	0.0	0.0	0.0	2.0	2.0	0.0	1.3	0.0	1.2	2.5	3.0	3.8
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>11.5</i>	<i>11.5</i>	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>11.0</i>	<i>11.5</i>	<i>11.4</i>	<i>12.4</i>
Net financial items	0.0	0.0	0.0	-0.2	-0.2	0.0	-0.9	0.0	0.0	-1.0	-0.1	-0.1
Pre-tax profit	0.0	0.0	0.0	1.8	1.8	0.0	0.3	0.0	1.2	1.5	2.9	3.7
Tax	0.0	0.0	0.0	-0.5	-0.5	0.0	-0.2	0.0	-0.3	-0.6	-0.8	-1.0
<i>Tax rate (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>17.6</i>	<i>17.6</i>	<i>0.0</i>	<i>27.7</i>	<i>0.0</i>	<i>20.0</i>	<i>22.6</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	0.0	0.0	1.3	1.3	0.0	0.1	0.0	0.8	0.9	2.1	2.7
EPS	0.00	0.00	0.00	0.15	0.15	0.00	0.01	0.00	0.07	0.08	0.18	0.23
EPS adjusted (diluted no. of shares)	0.00	0.00	0.00	0.15	0.15	0.00	0.01	0.00	0.07	0.08	0.18	0.23
Dividend per share	0.00	0.00	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.09	0.10	0.13
SALES, EURm												
Group	0.0	0.0	0.0	17.5	17.5	0.0	10.4	0.0	11.2	21.6	26.0	30.4
Total	0.0	0.0	0.0	17.5	17.5	0.0	10.4	0.0	11.2	21.6	26.0	30.4
SALES GROWTH, Y/Y %												
Group	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>31.1</i>	<i>31.1</i>	<i>0.0</i>		<i>0.0</i>	<i>-36.1</i>	<i>23.3</i>	<i>20.0</i>	<i>17.0</i>
Total	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>31.1</i>	<i>31.1</i>	<i>0.0</i>	<i>1,043,500.</i>	<i>0.0</i>	<i>-36.1</i>	<i>23.3</i>	<i>20.0</i>	<i>17.0</i>
							<i>0</i>					
EBIT, EURm												
Group	0.0	0.0	0.0	2.0	2.0	0.0	1.3	0.0	1.2	2.5	3.0	3.8
Total	0.0	0.0	0.0	2.0	2.0	0.0	1.3	0.0	1.2	2.5	3.0	3.8
EBIT margin, %												
Group	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>11.5</i>	<i>11.5</i>	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>11.0</i>	<i>11.5</i>	<i>11.4</i>	<i>12.4</i>
Total	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>11.5</i>	<i>11.5</i>	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>11.0</i>	<i>11.5</i>	<i>11.4</i>	<i>12.4</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	7.9	10.0	11.9	13.4	17.5	21.6	26.0	30.4
<i>Sales growth (%)</i>	<i>4.9</i>	<i>26.8</i>	<i>18.1</i>	<i>12.7</i>	<i>31.1</i>	<i>23.3</i>	<i>20.0</i>	<i>17.0</i>
EBITDA	1.6	1.8	2.2	1.7	3.2	3.8	4.3	5.1
<i>EBITDA margin (%)</i>	<i>19.9</i>	<i>17.5</i>	<i>18.7</i>	<i>13.0</i>	<i>18.5</i>	<i>17.4</i>	<i>16.5</i>	<i>16.8</i>
Depreciation	0.0	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.3
EBITA	1.6	1.6	2.1	1.6	3.1	3.5	4.1	4.9
Goodwill amortization / writedown	0.0	-0.7	-0.8	-0.9	-1.1	-1.1	-1.1	-1.1
EBIT	1.6	1.0	1.3	0.7	2.0	2.5	3.0	3.8
<i>EBIT margin (%)</i>	<i>19.8</i>	<i>9.6</i>	<i>11.1</i>	<i>5.0</i>	<i>11.5</i>	<i>11.5</i>	<i>11.4</i>	<i>12.4</i>
Reported EBIT	1.6	1.0	1.3	0.7	2.0	2.5	3.0	3.8
<i>EBIT margin (reported) (%)</i>	<i>19.8</i>	<i>9.6</i>	<i>11.1</i>	<i>5.0</i>	<i>11.5</i>	<i>11.5</i>	<i>11.4</i>	<i>12.4</i>
Net financials	0.2	-0.2	-0.2	-0.2	-0.2	-1.0	-0.1	-0.1
Pre-tax profit	1.7	0.8	1.1	0.5	1.8	1.5	2.9	3.7
Taxes	-0.3	-0.4	-0.3	-0.4	-0.5	-0.6	-0.8	-1.0
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	1.4	0.4	0.8	0.1	1.3	0.9	2.1	2.7
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	0	0	0	0	1	1	1	1
Goodwill	0	8	7	8	7	6	5	4
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Receivables	3	3	2	3	3	3	4	5
Liquid funds	2	0	1	1	1	9	10	12
Total assets	5	11	10	12	12	19	20	22
Liabilities								
Shareholder's equity	3	2	3	3	5	12	13	15
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	0	6	5	6	4	3	3	2
Non-interest bearing current liabilities	1	3	2	3	3	4	4	5
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	5	11	10	12	12	19	20	22
CASH FLOW, EURm								
+ EBITDA	2	2	2	2	3	4	4	5
- Net financial items	0	0	0	0	0	-1	0	0
- Taxes	0	0	0	0	0	-1	-1	-1
- Increase in Net Working Capital	-1	1	0	0	-1	0	0	0
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	0	2	2	1	2	3	3	4
- Capex	0	-9	0	0	0	0	0	0
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	0	-6	2	1	2	2	3	4
+/- New issues/buybacks	2	-1	0	1	1	7	0	0
- Paid dividend	0	0	0	0	0	-1	-1	-1
+/- Other	0	6	-1	-2	-2	-1	-1	0
Change in cash	2	-2	1	0	1	7	2	2

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	0	0	0	0	52	52	52
Net debt (excl. convertibles)	6	4	5	3	-6	-8	-10
Enterprise value	6	4	5	3	46	44	41
Sales	10	12	13	18	22	26	30
EBITDA	2	2	2	3	4	4	5
EBIT	1	1	1	2	2	3	4
Pre-tax	1	1	0	2	2	3	4
Earnings	0	1	0	1	1	2	3
Equity book value (excl. minorities)	2	3	3	5	12	13	15
Valuation multiples							
EV/sales	0.6	0.4	0.4	0.2	2.1	1.7	1.4
EV/EBITDA	3.4	1.9	2.8	0.8	12.2	10.3	8.1
EV/EBITA	3.7	2.0	3.0	0.9	13.0	10.8	8.5
EV/EBIT	6.2	3.2	7.1	1.4	18.6	14.9	11.1
EV/OCF	2.4	2.4	3.5	1.3	17.9	12.9	10.1
EV/FCFF	-1.0	2.0	-250.9	1.6	15.4	14.0	11.0
P/FCFE	0.0	0.0	0.0	0.0	23.2	16.9	14.0
P/E	0.0	0.0	0.0	0.0	56.3	25.1	19.2
P/B	0.0	0.0	0.0	0.0	4.2	3.9	3.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	12.5	10.5	8.3
Target EV/EBIT	0.0	0.0	0.0	0.0	19.0	15.2	11.4
Target EV/FCF	0.0	0.0	0.0	0.0	21.1	14.7	11.5
Target P/B	0.0	0.0	0.0	0.0	4.3	4.0	3.5
Target P/E	0.0	0.0	0.0	0.0	57.5	25.6	19.6
Per share measures							
Number of shares	32,000	32,000	8,500	9,000	11,535	11,535	11,535
Number of shares (diluted)	32,000	32,000	8,500	9,000	11,535	11,535	11,535
EPS	0.01	0.02	0.02	0.15	0.08	0.18	0.23
Operating cash flow per share	0.08	0.06	0.16	0.23	0.22	0.30	0.36
Free cash flow per share	-0.19	0.06	0.13	0.20	0.19	0.27	0.32
Book value per share	0.06	0.08	0.38	0.56	1.07	1.16	1.30
Dividend per share	0.01	0.01	0.05	0.08	0.09	0.10	0.13
Dividend payout ratio, %	56.5	51.8	309.8	57.7	112.6	55.7	55.0
Dividend yield, %	0.0	0.0	0.0	0.0	2.0	2.2	2.9
FCF yield, %	0.0	0.0	0.0	0.0	4.3	5.9	7.1
Efficiency measures							
ROE	16.3	33.6	4.7	31.5	10.6	16.1	19.1
ROCE	17.0	16.7	8.3	22.5	20.2	19.0	22.8
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	29.9	16.5	19.3	17.9	16.0	16.0	16.0
Non-interest bearing liabilities as % of sales	29.4	17.1	23.2	16.7	16.7	16.7	16.7
NWC/sales, %	0.5	-0.6	-3.9	1.2	-0.7	-0.7	-0.7
Operative CAPEX/sales, %	86.3	-1.0	2.0	1.6	1.6	1.3	1.3
CAPEX/sales (incl. acquisitions), %	86.3	-1.0	2.0	1.6	1.6	1.3	1.3
FCFF/EBITDA	-3.4	0.9	0.0	0.5	0.8	0.7	0.7
Net debt/EBITDA, book-weighted	3.4	1.9	2.8	0.8	-1.5	-1.8	-2.0
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Equity ratio, book-weighted	18.2	26.6	27.3	41.9	65.1	66.2	67.9
Gearing, %	293.5	165.3	148.9	54.1	-47.2	-58.7	-69.7

COMPANY DESCRIPTION: Netum is a Finland-based strongly growing IT services company with over 20 years of experience of demanding IT projects. Netum employs ~170 IT professionals in Helsinki, Tampere, Turku, and Pori. The company's services include digital service development, continuity services, integration services, cyber security solutions, and IT management consulting. In addition, the company has two SaaS software solutions, Truugo (message validation platform) and Netum DUX (IT asset management).

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Matti Mujunen	1,965,000	8.842	17.0%
Cascade Oy	1,445,000	6.503	12.5%
Osaamo Oy	1,327,440	5.973	11.5%
Aloma Oy	1,300,000	5.850	11.3%
Jari Lilja	757,808	3.410	6.6%
Oy Fincorp Ab	468,039	2.106	4.1%
Ilmarinen Mutual Pension Insurance Company	437,500	1.969	3.8%
Olli Savolainen	397,808	1.790	3.4%
Tero Nummijärvi	232,409	1.046	2.0%
Ari Pulkkinen	227,094	1.022	2.0%
Ten largest	8,558,098	38.511	74%
Residual	2,976,902	13.396	26%
Total	11,535,000	51.908	100%

EARNINGS CALENDAR

OTHER EVENTS

March 09, 2022

AGM

COMPANY MISCELLANEOUS

CEO: Matti Mujunen

Yliopistonkatu 58 B, 33100 Tampere

CFO: Pekka Levänen

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

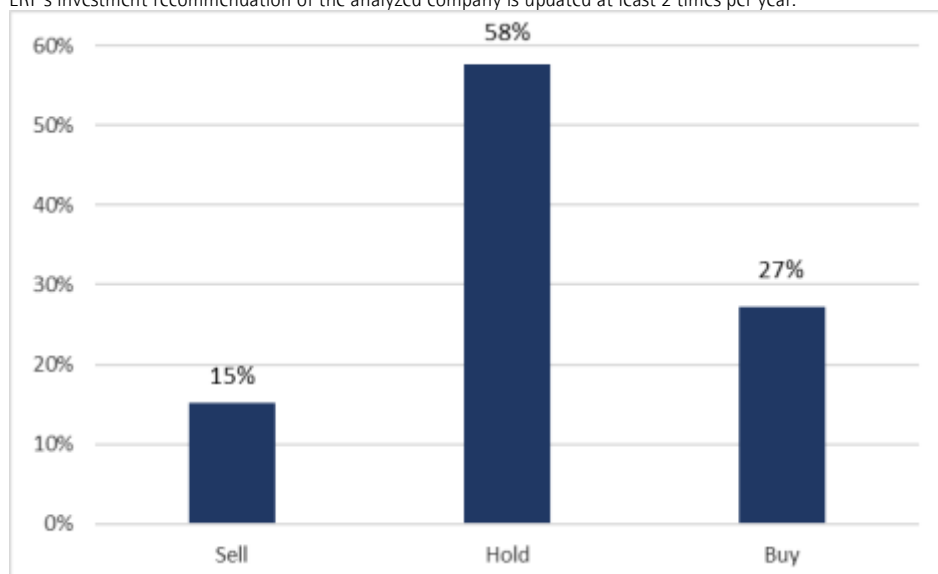
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Salokivi

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