

Leaving behind a year to forget

Solteq's Q4 was as expected weak, earnings improvement in Utilities a positive. We expect improvement across the board in 2024 driven by cost savings measures taken in Utilities.

A quarter of cleaning up in-house figures

Solteq reported slightly weaker than expected Q4 figures. Net sales amounted to EUR 14.2m (Evli EUR 14.6m), in comparable terms at previous year levels. Net sales in Retail & Commerce were a slight disappointment, showing a minor y/y decline, while Utilities showed slight growth. The operating profit and adj. operating profit amounted to EUR -9.1m/-1.0m respectively (Evli EUR -7.1m/-0.8m), with the difference in the former mostly due to additional write-offs along with those previously communicated. Solteq expects the comparable revenue to grow in 2024 and the operating result to be positive. Solteq's BoD proposes that no dividend be paid for FY2023 (Evli EUR 0.00).

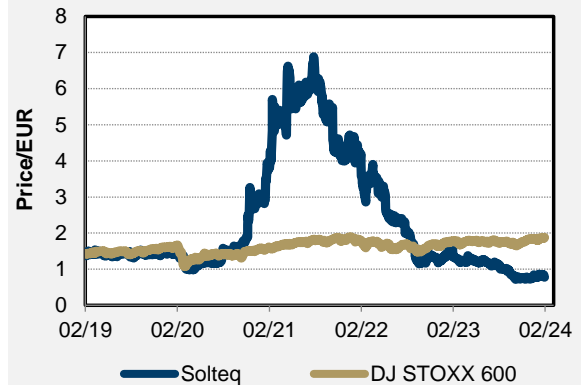
Expecting improvements across the board

With the cost savings measures implemented in Utilities, the impact of which was partly visible already in Q4 (comparable EBIT + ~EUR 0.6m y/y), Solteq's profitability is set to improve significantly in 2024, with our EBIT estimate at EUR 2.1m. A key factor for 2024 and Solteq's investment case lies in Utilities' ability to capitalize on the favourable market conditions. With the product-related challenges tackled and a key customer delivery nearing completion, we expect new sales to start to pick up during H1 and growth to accelerate during H2. Near-term growth is supported by potential in Finland while longer-term growth needs to be sought abroad. The market conditions remain shaky for Retail & Commerce but we remain optimistic about growth in 2024 given the assumed easing of macroeconomic uncertainties.

HOLD with a target price of EUR 0.85

Despite expected clear EBIT improvements, earnings should remain weak due to financial expenses. The 2024e P/E as such remains unappealing, but much less so on 2025e should the company get closer to its financial targets. With the turnaround uncertainty we retain our TP of EUR 0.85 and HOLD rating.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 0.78
Target price, EUR 0.85

Latest change in recommendation	20-Sep-22
Latest report on company	13-Feb-24
Research paid by issuer:	YES
No. of shares outstanding, '000's	19,397
No. of shares fully diluted, '000's	19,397
Market cap, EURm	15
Free float, %	43.0
Exchange rate	0.000
Reuters code	SOLTEQ.HE
Bloomberg code	SOLTEQ.FH
Average daily volume, EURm	0.01
Next interim report	30-Apr-24
Web site	solteq.com/en/investors

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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	68.4	-4.4	-6.5%	-5.6	-0.28	-2.7	0.7	-10.4	-38.0	0.00
2023	57.7	-3.5	-6.1%	6.0	-0.28	-2.6	0.7	-11.5	36.9	0.00
2024E	56.9	2.1	3.7%	0.1	0.00	188.6	0.7	18.8	0.4	0.00
2025E	61.2	5.0	8.2%	2.5	0.13	6.2	0.6	7.4	16.7	0.06
2026E	66.1	6.9	10.4%	4.2	0.21	3.6	0.5	4.9	27.8	0.11
Market cap, EURm	15		Gearing 2024E, %	141.3		CAGR EPS 2023-26, %		0.0		
Net debt 2024E, EURm	24		Price/book 2024E	0.9		CAGR sales 2023-26, %		4.7		
Enterprise value, EURm	40		Dividend yield 2024E, %	0.3		ROE 2024E, %		0.5		
Total assets 2024E, EURm	59		Tax rate 2024E, %	20.0		ROCE 2024E, %		4.7		
Goodwill 2024E, EURm	41		Equity ratio 2024E, %	29.5		PEG, P/E 24/CAGR		0.7		

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

NORDIC IT SERVICES	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
TietoEVERY	2616	8.0x	7.7x	7.3x	11.4x	10.8x	9.9x	10.7x	10.0x	9.3x
Atea	1273	7.7x	7.1x	6.5x	11.9x	10.7x	9.6x	17.8x	15.3x	13.2x
Knowit	369	7.7x	7.3x	6.4x	14.4x	12.6x	10.0x	14.8x	14.1x	10.8x
Bouvet	525	13.1x	12.0x	10.8x	16.1x	14.9x	13.1x	19.3x	18.6x	16.4x
Gofore	359	11.9x	11.1x	9.4x	15.8x	13.7x	11.7x	19.0x	17.1x	14.8x
Digia	140	7.8x	7.3x	6.7x	10.7x	9.7x	8.9x	12.4x	12.0x	10.6x
Sili Solutions	75	6.8x	6.0x	5.9x	12.1x	10.0x	9.8x	12.4x	10.6x	10.8x
Vincit	49	19.4x	6.3x	4.7x	12.1x	7.3x	9.2x	16.3x	12.2x	8.3x
Innofactor	50	6.2x	6.4x	5.8x	9.6x	9.3x	8.0x	14.8x	10.1x	8.5x
Qt Group	1680	28.6x	23.5x	18.6x	34.7x	27.4x	21.0x	45.9x	35.4x	27.3x
Peer Group Average	641	11.7x	9.5x	8.2x	14.9x	12.6x	11.1x	18.3x	15.5x	13.0x
Peer Group Median	342	7.9x	7.3x	6.6x	12.1x	10.7x	9.9x	15.6x	13.2x	10.8x

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	0.78 PV of Free Cash Flow	51 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	4.81 PV of Horizon value	67 WACC, %	8.9 Market risk premium, %	5.8
Share price potential, %	518.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	5.3 Marketable securities	2 Minimum WACC, %	8.4 Equity beta coefficient	1.10
Minimum value	4.4 Debt - dividend	-26 Maximum WACC, %	9.4 Target debt ratio, %	20
Horizon value, %	56.7 Value of stock	93 Nr of shares, Mn	19.4 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	58	57	61	66	69	73	77	80	84	89	90	92
<i>Sales growth, %</i>	-15.7	-1.4	7.6	8.1	5.0	5.0	5.0	5.0	5.0	5.0	2.0	2.0
Operating income (EBIT)	-4	2	5	7	7	7	8	8	8	9	9	9
<i>Operating income margin, %</i>	-6.1	3.7	8.2	10.4	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
+ Depreciation+amort.	12	2	3	3	3	3	3	3	3	4	4	
EBITDA	9	5	7	9	10	10	11	11	12	12	13	
- Paid taxes	-1	0	-1	-1	-1	-1	-2	-2	-2	-2	-2	
- Change in NWC	-3	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	-5.4	-5.4	-5.4	-5.4	-5.4	-5.4	-5.4	-5.4	-5.4	-5.4	-5.4	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	0	0	0	-1	-1	-1	-1	-1	-1	-1	
<i>opCAPEX / Sales, %</i>	4.9	4.2	4.4	4.2	4.3	4.3	4.3	4.3	4.3	4.3	4.3	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	14	0	0	0	0	0	0	0	0	0	0	
- Other items	-9	0	0	0	0	0	0	0	0	0	0	
= FCFF	8	4	6	8	8	8	9	9	10	10	10	154
= Discounted FCFF		3	5	6	6	6	5	5	5	5	4	67
= DFCF min WACC		3	5	6	6	6	6	5	5	5	5	75
= DFCF max WACC		3	5	6	6	5	5	5	5	5	4	59

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	16.9	14.3	12.2	14.3	57.7	14.2	14.4	12.9	15.4	56.9	61.2	66.1
EBITDA	1.3	7.7	0.5	-0.8	8.7	0.8	1.0	1.0	1.7	4.5	7.5	9.5
<i>EBITDA margin (%)</i>	<i>7.6</i>	<i>54.0</i>	<i>4.5</i>	<i>-5.9</i>	<i>15.1</i>	<i>5.7</i>	<i>7.0</i>	<i>7.8</i>	<i>11.1</i>	<i>7.9</i>	<i>12.2</i>	<i>14.3</i>
EBIT	-0.1	6.3	-0.7	-9.1	-3.5	0.2	0.4	0.4	1.1	2.1	5.0	6.9
<i>EBIT margin (%)</i>	<i>-0.5</i>	<i>44.4</i>	<i>-5.7</i>	<i>-63.7</i>	<i>-6.1</i>	<i>1.4</i>	<i>2.8</i>	<i>3.1</i>	<i>7.1</i>	<i>3.7</i>	<i>8.2</i>	<i>10.4</i>
Net financial items	0.4	-0.6	-0.5	-0.6	-1.2	-0.5	-0.5	-0.5	-0.5	-2.0	-1.9	-1.7
Pre-tax profit	0.4	5.8	-1.2	-9.7	-4.7	-0.3	-0.1	-0.1	0.6	0.1	3.1	5.2
Tax	-0.1	-2.1	0.2	1.4	-0.7	0.1	0.0	0.0	-0.1	0.0	-0.6	-1.0
<i>Tax rate (%)</i>	<i>42.0</i>	<i>36.4</i>	<i>15.4</i>	<i>14.5</i>	<i>-14.1</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.2	3.7	-1.0	-8.3	-5.4	-0.2	-0.1	-0.1	0.5	0.1	2.4	4.2
EPS	0.01	0.19	-0.05	-0.43	-0.28	-0.01	0.00	0.00	0.02	0.00	0.13	0.21
EPS adjusted (diluted no. of shares)	-0.03	0.19	-0.05	-0.43	-0.33	-0.01	0.00	0.00	0.02	0.00	0.13	0.21
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.11
SALES, EURm												
Retail & Commerce	13.4	10.8	9.2	10.5	44.0	10.6	10.7	9.6	11.1	42.0	44.1	46.3
Utilities	3.5	3.4	3.0	3.8	13.7	3.6	3.7	3.3	4.3	14.9	17.1	19.9
Total	16.9	14.3	12.2	14.3	57.7	14.2	14.4	12.9	15.4	56.9	61.2	66.1
SALES GROWTH, Y/Y %												
<i>Retail & Commerce</i>	<i>-9.8</i>	<i>-24.3</i>	<i>-18.8</i>	<i>-21.1</i>	<i>-18.3</i>	<i>-21.1</i>	<i>-1.2</i>	<i>3.7</i>	<i>6.1</i>	<i>-4.5</i>	<i>5.0</i>	<i>5.0</i>
<i>Utilities</i>	<i>-20.2</i>	<i>-5.1</i>	<i>-0.1</i>	<i>4.3</i>	<i>-6.2</i>	<i>4.0</i>	<i>7.6</i>	<i>10.3</i>	<i>13.1</i>	<i>8.8</i>	<i>15.0</i>	<i>16.0</i>
Total	-12.2	-20.4	-14.9	-15.6	-15.7	-16.0	0.9	5.4	8.0	-1.4	7.6	8.1
EBIT, EURm												
Retail & Commerce	1.2	7.9	0.4	-4.2	5.2	0.4	0.5	0.2	0.8	1.9	3.4	3.8
Utilities	-1.3	-1.5	-1.1	-4.9	-8.7	-0.2	-0.1	0.2	0.3	0.2	1.6	3.0
Total	-0.1	6.3	-0.7	-9.1	-3.5	0.2	0.4	0.4	1.1	2.1	5.0	6.9
EBIT margin, %												
<i>Retail & Commerce</i>	<i>8.8</i>	<i>72.5</i>	<i>4.1</i>	<i>-40.4</i>	<i>11.8</i>	<i>3.8</i>	<i>4.7</i>	<i>2.1</i>	<i>7.2</i>	<i>4.5</i>	<i>7.8</i>	<i>8.3</i>
<i>Utilities</i>	<i>-36.7</i>	<i>-44.0</i>	<i>-35.9</i>	<i>-127.9</i>	<i>-63.7</i>	<i>-5.6</i>	<i>-2.7</i>	<i>6.1</i>	<i>7.0</i>	<i>1.3</i>	<i>9.1</i>	<i>15.3</i>
Total	-0.5	44.4	-5.7	-63.7	-6.1	1.4	2.8	3.1	7.1	3.7	8.2	10.4

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	58.3	60.5	69.1	68.4	57.7	56.9	61.2	66.1
<i>Sales growth (%)</i>	<i>2.5</i>	<i>3.7</i>	<i>14.2</i>	<i>-0.9</i>	<i>-15.7</i>	<i>-1.4</i>	<i>7.6</i>	<i>8.1</i>
EBITDA	9.7	10.4	12.3	5.5	8.7	4.5	7.5	9.5
<i>EBITDA margin (%)</i>	<i>16.7</i>	<i>17.2</i>	<i>17.8</i>	<i>8.1</i>	<i>15.1</i>	<i>7.9</i>	<i>12.2</i>	<i>14.3</i>
Depreciation	-4.0	-5.0	-5.1	-10.0	-12.2	-2.4	-2.5	-2.6
EBITA	5.7	5.4	7.2	-4.4	-3.5	2.1	5.0	6.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	5.7	5.4	7.2	-4.4	-3.5	2.1	5.0	6.9
<i>EBIT margin (%)</i>	<i>9.8</i>	<i>8.9</i>	<i>10.4</i>	<i>-6.5</i>	<i>-6.1</i>	<i>3.7</i>	<i>8.2</i>	<i>10.4</i>
Reported EBIT	5.7	5.4	7.2	-4.4	-3.5	2.1	5.0	6.9
<i>EBIT margin (reported) (%)</i>	<i>9.8</i>	<i>8.8</i>	<i>10.4</i>	<i>-6.5</i>	<i>-6.1</i>	<i>3.7</i>	<i>8.2</i>	<i>10.4</i>
Net financials	-2.0	-2.6	-1.9	-2.2	-1.2	-2.0	-1.9	-1.7
Pre-tax profit	3.7	2.7	5.3	-6.6	-4.7	0.1	3.1	5.2
Taxes	-0.9	-0.8	-1.1	1.2	-0.7	0.0	-0.6	-1.0
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	2.8	2.0	4.1	-5.4	-5.4	0.1	2.4	4.2
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	11	12	13	10	2	2	2	2
Goodwill	39	39	42	46	41	41	41	41
Right of use assets	7	7	5	3	2	2	2	2
Inventory	0	0	0	0	0	0	0	0
Receivables	16	12	12	11	10	10	10	11
Liquid funds	4	5	4	2	2	3	2	3
Total assets	77	75	76	74	57	59	59	60
Liabilities								
Shareholder's equity	25	27	28	23	17	17	20	23
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	8	7	5	3	2	2	2	2
Deferred taxes	1	1	1	1	1	1	1	1
Interest bearing debt	28	24	24	30	24	26	23	20
Non-interest bearing current liabilities	17	16	18	17	13	13	14	15
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	77	75	76	74	57	59	59	60
CASH FLOW, EURm								
+ EBITDA	10	10	12	6	9	5	7	9
- Net financial items	-2	-3	-2	-2	-1	-2	-2	-2
- Taxes	-1	-1	-1	0	-1	0	-1	-1
- Increase in Net Working Capital	-1	0	1	1	-3	0	0	0
+/- Other	-2	-1	0	0	-9	0	0	0
= Cash flow from operations	4	6	10	4	-5	2	5	7
- Capex	-7	-5	-4	-4	-3	-2	-3	-3
- Acquisitions	0	0	-3	-5	0	0	0	0
+ Divestments	0	4	0	0	14	0	0	0
= Free cash flow	-3	6	4	-6	6	0	3	4
+/- New issues/buybacks	0	0	0	2	0	0	0	0
- Paid dividend	0	0	-3	-2	0	0	0	-1
+/- Other	2	-4	-2	4	-6	1	-3	-3
Change in cash	-2	1	-1	-2	0	2	-1	0

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	54	91	15	16	15	15	15
Net debt (excl. convertibles)	26	26	31	25	24	22	19
Enterprise value	81	117	46	41	40	37	34
Sales	60	69	68	58	57	61	66
EBITDA	10	12	6	9	5	7	9
EBIT	5	7	-4	-4	2	5	7
Pre-tax	3	5	-7	-5	0	3	5
Earnings	2	4	-5	-5	0	2	4
Equity book value (excl. minorities)	27	28	23	17	17	20	23
Valuation multiples							
EV/sales	1.3	1.7	0.7	0.7	0.7	0.6	0.5
EV/EBITDA	7.8	9.5	8.3	4.7	8.7	4.9	3.6
EV/EBITA	15.1	16.3	-10.4	-11.5	18.8	7.4	4.9
EV/EBIT	15.1	16.3	-10.4	-11.5	18.8	7.4	4.9
EV/OCF	12.8	11.7	11.9	-7.7	16.1	7.1	4.9
EV/FCFF	9.1	21.2	-16.0	5.2	10.9	5.9	4.3
P/FCFE	9.8	25.6	-2.6	2.7	242.7	6.0	3.6
P/E	27.3	21.9	-2.7	-2.6	188.6	6.2	3.6
P/B	2.0	3.2	0.7	0.9	0.9	0.8	0.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.1	5.1	3.7
Target EV/EBIT	0.0	0.0	0.0	0.0	19.5	7.7	5.2
Target EV/FCF	0.0	0.0	0.0	0.0	658.3	15.3	8.4
Target P/B	0.0	0.0	0.0	0.0	1.0	0.8	0.7
Target P/E	0.0	0.0	0.0	0.0	206.1	6.7	4.0
Per share measures							
Number of shares	19,307	19,397	19,397	19,397	19,397	19,397	19,397
Number of shares (diluted)	19,307	19,397	19,397	19,397	19,397	19,397	19,397
EPS	0.10	0.21	-0.28	-0.28	0.00	0.13	0.21
Operating cash flow per share	0.33	0.51	0.20	-0.27	0.13	0.27	0.36
Free cash flow per share	0.29	0.18	-0.29	0.31	0.00	0.13	0.22
Book value per share	1.37	1.44	1.16	0.89	0.89	1.02	1.17
Dividend per share	0.15	0.10	0.00	0.00	0.00	0.06	0.11
Dividend payout ratio, %	146.3	46.8	0.0	0.0	50.0	50.0	50.0
Dividend yield, %	5.4	2.1	0.0	0.0	0.3	8.1	13.8
FCF yield, %	10.2	3.9	-38.0	36.9	0.4	16.7	27.8
Efficiency measures							
ROE	7.8	15.2	-21.5	-27.1	0.5	13.2	19.6
ROCE	9.1	12.4	-7.8	-7.1	4.7	11.2	15.6
Financial ratios							
Inventories as % of sales	0.1	0.3	0.2	0.1	0.1	0.1	0.1
Receivables as % of sales	19.1	17.0	16.2	16.9	16.9	16.9	16.9
Non-interest bearing liabilities as % of sales	26.8	25.5	25.6	22.4	22.4	22.4	22.4
NWC/sales, %	-7.5	-8.2	-9.2	-5.4	-5.4	-5.4	-5.4
Operative CAPEX/sales, %	8.0	5.2	6.4	4.9	4.2	4.4	4.2
CAPEX/sales (incl. acquisitions), %	8.0	1.0	-1.1	4.9	4.2	4.4	4.2
FCFF/EBITDA	0.9	0.4	-0.5	0.9	0.8	0.8	0.8
Net debt/EBITDA, book-weighted	2.6	2.1	5.7	2.8	5.4	2.9	2.0
Debt/equity, market-weighted	0.4	0.3	2.0	1.5	1.7	1.5	1.3
Equity ratio, book-weighted	35.5	36.9	30.3	30.1	29.5	33.7	37.9
Gearing, %	99.9	92.6	139.4	142.3	141.3	111.4	83.9

COMPANY DESCRIPTION: Solteq is a Nordic software and IT-services provider specializing in digital business solutions. Solteq's strength has been in commerce related solutions with a focus on selected sectors, namely the retail and wholesale, industry, energy, and services sectors. Recent product development investments have focused on product development in the company's Utilities business and autonomous service robotics.

INVESTMENT CASE: Solteq's investment case revolves around the success of executing its strategy of shifting from its IT-services oriented past towards becoming a software house. Implied margin upside potential is considerable, with segment targets putting margins clearly in the double digits. Growth will increasingly need to be sought from abroad, as domestic growth potential is somewhat restricted within core competencies.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Profiz Business Solution Oyj	2,195,569	1.708	11.3%
Elo Mutual Pension Insurance Company	2,000,000	1.556	10.3%
Ilmarinen Mutual Pensions Insurance Company	1,651,293	1.285	8.5%
Varma Mutual Pension Insurance Company	1,545,597	1.202	8.0%
Aktia Capital Mutual Fund	770,000	0.599	4.0%
Aalto Seppo Tapio	625,000	0.486	3.2%
Saadetdin Ali	602,216	0.469	3.1%
Säästöpankki Small Cap Mutual Fund	500,000	0.389	2.6%
Incedo Oy	313,178	0.244	1.6%
Mandatum Life Insurance Company Ltd	283,439	0.221	1.5%
Ten largest	10,486,292	8.158	54%
Residual	8,910,209	6.932	46%
Total	19,396,501	15.090	100%

EARNINGS CALENDAR

April 30, 2024	Q1 report
August 22, 2024	Q2 report
October 24, 2024	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Aarne Aktan	Karhumäentie 3, FI-01350
CFO:	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

<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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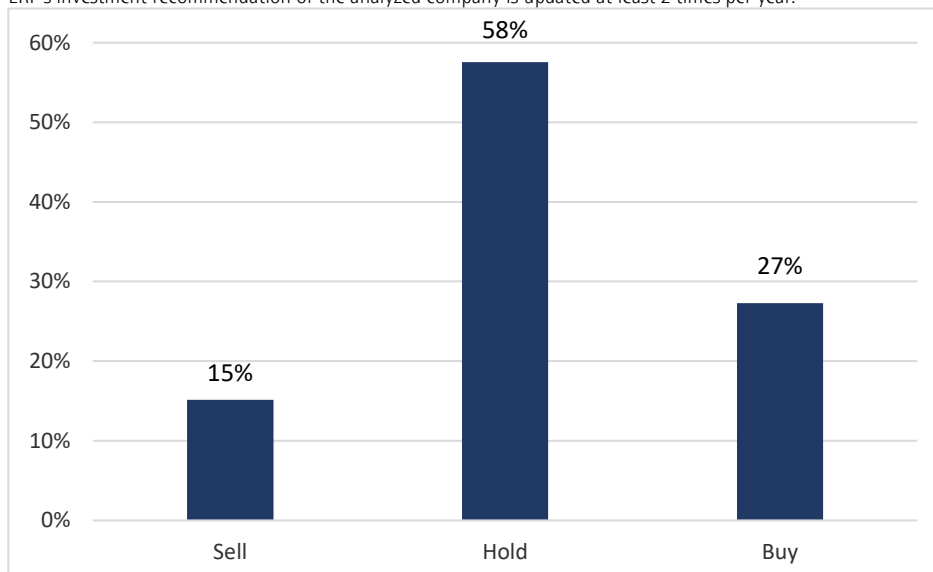
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Investment recommendations are defined as follows:

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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