

## Guidance for 2019 lowered

Fellow Finance lowered its 2019 guidance due to weaker intermediated loan volume development and a more aggressive execution of its international expansion strategy. We have lowered our 2019 adj. EBIT estimate down by some 40%. On our lowered estimates and given the increased uncertainty we downgrade to HOLD (BUY) with a target price of EUR 5.5 (9.0).

### Lowered guidance for sales and profitability

Fellow Finance gave an updated guidance, according to which the 2019 revenue is expected to grow by over 20% (prev. over 30%) while the adjusted operating profit is expected to be lower than in (prev. grow from) 2018. The guidance revision is mainly due to a lower than expected intermediated loan volume and a more aggressive than international expansion strategy. Based on monthly figures the intermediated loans saw good growth during early to mid H1, with the summer months having exhibited a growth pace decline.

### Our 2019 adj. EBIT estimate lowered by some 40%

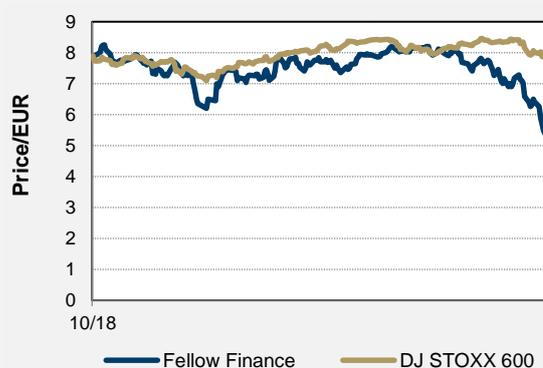
For Fellow Finance to achieve the new guidance a pick-up in intermediated loan volume growth will be needed in H2/19. The more aggressive execution of the international expansion strategy should support volume growth. On our revised estimates we expect a 25% y/y growth in intermediated loan volumes during H2/19 and 2019 sales to grow 22% to EUR 14.6m (prev. 16.5m). The guidance given for operating profit leaves room for notable uncertainty regarding profitability levels. We estimate a 2019 adj. operating profit of EUR 2.6m (prev. 4.5m), down from EUR 3.5m in 2018, based on the expected lower revenue while keeping our cost structure estimates essentially unchanged.

### HOLD (BUY) with a target price of EUR 5.5 (9.0)

On our revised estimates valuation does not appear particularly attractive. Fellow Finance will post H1/19 results on August the 23<sup>rd</sup>, which should provide much-needed clarity on earnings development and outlook. On our clearly lower estimates and increased uncertainty we downgrade to hold ahead of the H1 results with a target price of EUR 5.5 (9.0).

## Rating

HOLD



Share price, EUR (Last trading day's closing price) 5.38

Target price, EUR 5.5

Latest change in recommendation 19-Aug-19

Latest report on company 15-Feb-19

Research paid by issuer: YES

No. of shares outstanding, '000's 7,129

No. of shares fully diluted, '000's 7,129

Market cap, EURm 38

Free float, % -

Exchange rate 0.000

Reuters code FELLOW.HE

Bloomberg code FELLOW HE

Average daily volume, EURm -

Next interim report 23-Aug-19

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BUY HOLD SELL

## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	9	2	28.8%	1	0.19	0.0	1.7	0.0	5.9	0.09
2018	12	3	28.3%	1	0.12	55.1	4.3	9.5	15.2	0.04
2019E	15	3	17.5%	2	0.19	28.4	3.0	28.9	17.2	0.06
2020E	18	3	18.7%	3	0.29	18.8	2.5	24.9	13.1	0.09
2021E	21	4	18.9%	3	0.38	14.3	2.1	23.9	10.9	0.11
Market cap, EURm			38	BV per share 2019E, EUR		2.2	CAGR EPS 2018-21, %			47.3
Net debt 2019E, EURm			6	Price/book 2019E		2.5	CAGR sales 2018-21, %			21.4
Enterprise value, EURm			44	Dividend yield 2019E, %		1.1	ROE 2019E, %			9.0
Total assets 2019E, EURm			33	Tax rate 2019E, %		20.0	ROCE 2019E, %			9.0
Goodwill 2019E, EURm			0	Equity ratio 2019E, %		47.1	PEG, P/E 19/CAGR			0.6

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

Fellow Finance	2017	H1/'18	H2/'18	2018	H1/'19E	H2/'19E	2019E	2020E	2021E
Net sales	8.7	5.6	6.4	12.0	7.0	7.6	14.6	17.9	21.5
<i>sales growth, %</i>	55%	43%	34%	38%	25%	19%	22%	23%	20%
Fee income	6.0	4.1	4.8	9.0	5.5	6.0	11.5	14.6	18.0
Interest income	2.7	1.4	1.5	3.0	1.5	1.6	3.1	3.3	3.5
Facilitated loans	99	76	96	172	109	120	229	290	370
<i>change, %</i>	120%	74%	74%	74%	43%	25%	33%	27%	28%
<b>Expenses</b>									
Materials and services	-3.0	-1.8	-1.9	-3.8	-3.0	-3.2	-6.2	-7.3	-8.5
<i>as % of facilitated loans</i>	3.0%	2.4%	2.0%	2.2%	2.8%	2.7%	2.7%	2.5%	2.3%
Personnel expenses	-1.0	-0.7	-1.0	-1.7	-1.0	-1.2	-2.2	-3.0	-4.0
Other op. expenses	-1.8	-1.2	-1.5	-2.7	-1.5	-1.7	-3.2	-3.8	-4.4
D&A	-0.4	-0.2	-0.2	-0.4	-0.2	-0.2	-0.4	-0.5	-0.5
EBIT	2.5	1.7	1.7	3.4	1.3	1.3	2.6	3.4	4.1
<i>EBIT margin</i>	28.8%	30.0%	26.4%	28.1%	18.0%	17.1%	17.5%	18.7%	18.9%
Adj. EBIT	2.5	1.7	1.9	3.5	1.3	1.3	2.6	3.4	4.1
<i>Adj. EBIT margin</i>	28.8%	30.0%	29.1%	29.5%	18.0%	17.1%	17.5%	18.7%	18.9%

PAYMENT PROCESSING & FINANCING PLATFORMS	Ticker	MCAP EUR	P/E		P/Sales		Sales gr.		Net income margin	
			19E	20E	19E	20E	19E	20E	19E	20E
Green Dot	GDOT US	1388	10.8x	9.0x	1.4x	1.3x	11%	6%	16%	12%
Total System Services	TSS US	20317	26.1x	22.7x	5.6x	5.2x	6%	7%	26%	35%
WEX	WEX US	7781	21.6x	18.6x	5.0x	4.5x	24%	10%	25%	26%
GreenSky	GSKY US	1137	11.7x	9.8x	2.4x	2.0x	34%	21%	21%	22%
PayPal Holdings	PYPL US	112598	34.1x	30.1x	7.0x	6.0x	22%	18%	20%	20%
Mastercard	MA US	250905	36.0x	30.4x	16.5x	14.6x	20%	13%	47%	48%
Visa	V US	318725	31.8x	27.5x	15.0x	13.6x	17%	11%	55%	56%
Worldpay	WP US	37891	28.9x	24.8x	9.8x	9.0x	16%	9%	36%	37%
LendingTree	TREE US	3463	51.7x	32.9x	3.5x	2.9x	52%	18%	10%	12%
Fidelity Natl Info Svcs	FIS US	76479	25.0x	20.8x	8.0x	6.7x	34%	20%	28%	31%
Peer Group Average		83800	27.8x	22.7x	7.4x	6.6x	24%	13%	28%	30%
Peer Group Median		20317	27.5x	23.8x	6.3x	5.6x	21%	12%	25%	29%

LENDING PLATFORMS	Ticker	MCAP EUR	P/E		P/Sales		Sales gr.		Net income margin	
			19E	20E	19E	20E	19E	20E	19E	20E
On Deck Capital	ONDK US	224	9.6x	7.5x	0.6x	0.5x	18%	5%	7%	8%
LendingClub	LC US	1080	188.4x	33.7x	1.5x	1.4x	-31%	13%	4%	7%
Funding Circle Holdings	FCH GB	446			2.4x	2.0x	15%	20%	-21%	-12%
Peer Group Average		652	99.0x	20.6x	1.5x	1.3x	1%	13%	-3%	1%
Peer Group Median		652	99.0x	20.6x	1.5x	1.4x	15%	13%	4%	7%

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	5.38 PV of Free Cash Flow	21 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	6.38 PV of Horizon value	30 WACC, %	11.5 Market risk premium, %	5.8
Share price potential, %	18.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	6.9 Marketable securities	9 Minimum WACC, %	11.0 Equity beta coefficient	1.40
Minimum value	5.9 Debt - dividend	-14 Maximum WACC, %	12.0 Target debt ratio, %	20
Horizon value, %	58.4 Value of stock	45 Nr of shares, Mn	7.1 Effective tax rate, %	20

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	12	15	18	21	26	31	39	43	45	47	48	49
<i>Sales growth, %</i>	<i>38.5</i>	<i>21.3</i>	<i>23.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>25.0</i>	<i>10.0</i>	<i>5.0</i>	<i>5.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	3	3	3	4	6	7	9	10	10	11	11	11
<i>EBIT margin, %</i>	<i>28.3</i>	<i>17.5</i>	<i>18.7</i>	<i>18.9</i>	<i>23.0</i>							
+ Depreciation+amort.	0	0	0	0	1	1	1	1	1	1	1	1
- Income taxes	-1	-1	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2
- Change in NWC	2	-1	-1	-2	-3	-4	0	0	-1	-1	-1	-1
<i>NWC / Sales, %</i>	<i>26.3</i>	<i>29.6</i>	<i>32.3</i>	<i>36.6</i>	<i>41.2</i>	<i>46.2</i>	<i>35.8</i>	<i>33.3</i>	<i>33.3</i>	<i>33.3</i>	<i>34.8</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Capital Expenditure	-3	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>Investments / Sales, %</i>	<i>26.3</i>	<i>4.2</i>	<i>3.2</i>	<i>3.1</i>	<i>3.1</i>	<i>3.1</i>	<i>3.2</i>	<i>2.7</i>	<i>2.6</i>	<i>2.6</i>	<i>2.4</i>	<i>2.4</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= Unlevered Free CF (FCF)	2	1	1	1	2	2	7	7	7	8	8	82
= Discounted FCF (DFCF)		1	1	1	1	1	4	4	3	3	3	30
= DFCF min WACC		1	1	1	1	1	4	4	3	3	3	33
= DFCF max WACC		1	1	1	1	1	4	4	3	3	3	27

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1E	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	0	6	0	6	12	0	7	0	8	15	18	21
EBITDA	0	2	0	2	4	0	1	0	2	3	4	4
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>33.3</i>	<i>0.0</i>	<i>30.6</i>	<i>31.9</i>	<i>0.0</i>	<i>20.9</i>	<i>0.0</i>	<i>19.7</i>	<i>20.5</i>	<i>20.6</i>	<i>20.9</i>
EBIT	0	2	0	2	3	0	1	0	1	3	3	4
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>30.0</i>	<i>0.0</i>	<i>26.9</i>	<i>28.3</i>	<i>0.0</i>	<i>18.0</i>	<i>0.0</i>	<i>17.1</i>	<i>17.5</i>	<i>18.7</i>	<i>18.9</i>
Net financial items	0	-1	0	-2	-2	0	0	0	0	-1	-1	-1
Pre-tax profit	0	1	0	0	1	0	1	0	1	2	3	3
Tax	0	0	0	0	0	0	0	0	0	0	-1	-1
<i>Tax rate (%)</i>	<i>0.0</i>	<i>21.8</i>	<i>0.0</i>	<i>39.8</i>	<i>23.3</i>	<i>0.0</i>	<i>20.0</i>	<i>0.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0	1	0	0	1	0	1	0	1	1	2	3
EPS	0.00	0.11	0.00	0.01	0.12	0.00	0.09	0.00	0.10	0.19	0.29	0.38
EPS adjusted (diluted no. of shares)	0.00	0.11	0.00	0.01	0.12	0.00	0.09	0.00	0.10	0.19	0.29	0.38
Dividend per share	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.06	0.09	0.11
<b>SALES, EURm</b>												
Fellow Finance	0	6	0	6	12	0	7	0	8	15	18	21
Total	0	6	0	6	12	0	7	0	8	15	18	21
<b>SALES GROWTH, Y/Y %</b>												
Fellow Finance	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-25.9</i>	<i>38.5</i>	<i>0.0</i>	<i>24.5</i>	<i>0.0</i>	<i>18.4</i>	<i>21.3</i>	<i>23.0</i>	<i>20.0</i>
Total	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-26.0</i>	<i>38.5</i>	<i>0.0</i>	<i>24.5</i>	<i>0.0</i>	<i>18.4</i>	<i>21.3</i>	<i>23.0</i>	<i>20.0</i>
<b>EBIT, EURm</b>												
Fellow Finance	0	2	0	2	3	0	1	0	1	3	3	4
Total	0	2	0	2	3	0	1	0	1	3	3	4
<b>EBIT margin, %</b>												
Fellow Finance	<i>0.0</i>	<i>30.0</i>	<i>0.0</i>	<i>26.9</i>	<i>28.3</i>	<i>0.0</i>	<i>18.0</i>	<i>0.0</i>	<i>17.1</i>	<i>17.5</i>	<i>18.7</i>	<i>18.9</i>
Total	<i>0.0</i>	<i>30.0</i>	<i>0.0</i>	<i>26.9</i>	<i>28.3</i>	<i>0.0</i>	<i>18.0</i>	<i>0.0</i>	<i>17.1</i>	<i>17.5</i>	<i>18.7</i>	<i>18.9</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	0	4	6	9	12	15	18	21
<i>Sales growth (%)</i>	<i>0.0</i>	<i>100,025.0</i>	<i>39.6</i>	<i>55.0</i>	<i>38.5</i>	<i>21.3</i>	<i>23.0</i>	<i>20.0</i>
Costs	0	-2	-4	-6	-8	-12	-14	-17
Reported EBITDA	0	2	1	3	4	3	4	4
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>40.7</i>	<i>22.5</i>	<i>33.1</i>	<i>31.9</i>	<i>20.5</i>	<i>20.6</i>	<i>20.9</i>
Depreciation	0	0	0	0	0	0	0	0
EBITA	0	1	1	2	3	3	3	4
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	0	1	1	2	3	3	3	4
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>32.2</i>	<i>16.4</i>	<i>28.8</i>	<i>28.3</i>	<i>17.5</i>	<i>18.7</i>	<i>18.9</i>
Net financials	0	-1	-1	-1	-2	-1	-1	-1
Pre-tax profit	0	0	0	1	1	2	3	3
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	0	0	0	0	0	0	-1	-1
Minority shares	0	0	0	0	0	0	0	0
Net profit	0	0	0	1	1	1	2	3
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	0	11	10	14	17	17	17	17
<i>% of sales</i>	<i>0</i>	<i>264</i>	<i>171</i>	<i>160</i>	<i>139</i>	<i>116</i>	<i>95</i>	<i>81</i>
Goodwill	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Inventory	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Receivables	0	3	5	6	7	9	12	15
<i>% of sales</i>	<i>0</i>	<i>82</i>	<i>94</i>	<i>71</i>	<i>58</i>	<i>62</i>	<i>64</i>	<i>69</i>
Liquid funds	0	2	2	2	9	7	6	4
<i>% of sales</i>	<i>0</i>	<i>39</i>	<i>40</i>	<i>20</i>	<i>72</i>	<i>50</i>	<i>35</i>	<i>20</i>
Total assets	0	16	17	22	32	33	35	36
Liabilities								
Equity	0	3	3	4	15	16	17	19
<i>% of sales</i>	<i>0</i>	<i>76</i>	<i>55</i>	<i>48</i>	<i>121</i>	<i>107</i>	<i>96</i>	<i>90</i>
Deferred taxes	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Interest bearing debt	0	11	13	17	14	13	12	10
<i>% of sales</i>	<i>0</i>	<i>276</i>	<i>238</i>	<i>191</i>	<i>117</i>	<i>88</i>	<i>66</i>	<i>47</i>
Non-interest bearing current liabilities	0	2	1	1	4	5	6	7
<i>% of sales</i>	<i>0</i>	<i>38</i>	<i>12</i>	<i>13</i>	<i>32</i>	<i>32</i>	<i>32</i>	<i>32</i>
Other interest free debt	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total liabilities	0	16	17	22	32	33	35	36
<b>CASH FLOW, EURm</b>								
+ EBITDA	0	2	1	3	4	3	4	4
- Net financial items	0	-1	-1	-1	-2	-1	-1	-1
- Taxes	0	0	0	0	0	0	-1	-1
- Increase in Net Working Capital	0	-2	-3	0	2	-1	-1	-2
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	0	-2	-2	1	3	1	1	1
- Capex	0	-11	1	-5	-3	-1	-1	-1
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	0	-13	-2	-4	0	0	0	0
+/- Change in interest-bearing debt	0	11	2	3	-3	-1	-1	-2
+/- New issues/buybacks	0	3	0	0	10	0	0	0
- Paid dividend	0	0	0	0	-1	0	0	-1
+/- Change in loan receivables	0	0	0	0	0	0	0	0
Change in cash	0	2	1	0	7	-1	-1	-2

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	0	0	0	46	38	38	38
Net debt	9	11	15	5	6	6	6
Enterprise value	9	11	15	52	44	44	44
Sales	4	6	9	12	15	18	21
EBITDA	2	1	3	4	3	4	4
EBIT	1	1	2	3	3	3	4
Pre-tax	0	0	1	1	2	3	3
Earnings	0	0	1	1	1	2	3
Book value	3	3	4	15	16	17	19
<b>Valuation multiples</b>							
EV/sales	2.4	2.0	1.7	4.3	3.0	2.5	2.1
EV/EBITDA	5.8	8.8	5.2	13.5	14.7	11.9	9.8
EV/EBITA	7.3	12.1	5.9	15.2	17.2	13.1	10.9
EV/EBIT	7.3	12.1	5.9	15.2	17.2	13.1	10.9
EV/operating cash flow	-17.2	-6.4	6.9	10.6	33.0	28.6	27.6
EV/cash earnings	43.0	26.9	10.1	40.9	24.6	18.4	14.2
P/E	0.0	0.0	0.0	55.1	28.4	18.8	14.3
P/E excl. goodwill	0.0	0.0	0.0	55.1	28.4	18.8	14.3
P/B	0.0	0.0	0.0	3.2	2.5	2.2	2.0
P/sales	0.0	0.0	0.0	3.9	2.6	2.1	1.8
P/CF	0.0	0.0	0.0	9.5	28.9	24.9	23.9
Target EV/EBIT	0.0	0.0	0.0	0.0	17.6	13.4	11.1
Target P/E	0.0	0.0	0.0	0.0	29.0	19.2	14.6
Target P/B	0.0	0.0	0.0	0.0	2.5	2.3	2.0
<b>Per share measures</b>							
Number of shares	5,818	5,818	5,818	7,129	7,129	7,129	7,129
Number of shares (diluted)	5,818	5,818	5,818	7,129	7,129	7,129	7,129
EPS	-0.04	0.01	0.19	0.12	0.19	0.29	0.38
EPS excl. goodwill	-0.04	0.01	0.19	0.12	0.19	0.29	0.38
Cash EPS	0.04	0.07	0.25	0.18	0.25	0.33	0.44
Operating cash flow per share	-0.09	-0.30	0.37	0.68	0.19	0.22	0.23
Capital employed per share	2.15	2.44	3.26	2.78	2.97	3.21	3.53
Book value per share	0.52	0.53	0.72	2.04	2.19	2.42	2.71
Book value excl. goodwill	0.50	0.52	0.71	2.03	2.18	2.41	2.70
Dividend per share	0.00	0.00	0.09	0.04	0.06	0.09	0.11
Dividend payout ratio, %	0.0	0.0	47.2	33.9	30.0	30.0	30.0
Dividend yield, %	0.0	0.0	0.0	0.7	1.1	1.6	2.1
<b>Efficiency measures</b>							
ROE	0.0	2.4	29.8	9.0	9.0	12.5	14.7
ROCE	18.3	6.0	13.4	13.8	9.0	11.6	13.9
<b>Financial ratios</b>							
Capex/sales, %	275.0	-12.7	54.0	26.3	4.2	3.2	3.1
Capex/depreciation excl. goodwill,%	3,216.9	-202.9	1,257.8	751.5	139.8	166.3	157.6
Net debt/EBITDA, book-weighted	5.8	8.8	5.2	1.4	1.9	1.5	1.3
Debt/equity, market-weighted	0.0	0.0	0.0	0.3	0.3	0.3	0.3
Equity ratio, book-weighted	19.4	18.1	19.1	44.8	47.1	49.4	53.1
Gearing	3.13	3.59	3.54	0.37	0.36	0.33	0.30
Number of employees, average	0	0	0	0	0	0	0
Sales per employee, EUR	0	0	0	0	0	0	0
EBIT per employee, EUR	0	0	0	0	0	0	0

**COMPANY DESCRIPTION:** Fellow Finance Oyj operates a lending platform for debt-based consumer and business financing. The company operates in Finland, Sweden, Germany, and Poland. The company began its operations in 2014 and listed on the Nasdaq First North Finland -marketplace in 2018.

**INVESTMENT CASE:**

OWNERSHIP STRUCTURE	SHARES	EURm	%
Taaleri Oyj	1,847,163	9.938	25.9%
Margin Investments Oy	830,843	4.470	11.7%
TN Ventures Oy	830,843	4.470	11.7%
Oy T&T Nordcap Ab	646,436	3.478	9.1%
Avensis Capital Oy	277,266	1.492	3.9%
SEB Finland Small Cap	159,000	0.855	2.2%
Fennia Life Insurance Company	142,330	0.766	2.0%
OP-Finland Micro Cap	140,060	0.754	2.0%
OP-Finland Small Cap	130,000	0.699	1.8%
Säästöpankki Small Cap mutual fund	128,841	0.693	1.8%
Ten largest	5,132,782	27.614	72%
Residual	1,995,843	10.738	28%
Total	7,128,625	38.352	100%

**EARNINGS CALENDAR**

August 23, 2019

H1 report

**OTHER EVENTS**

April 03, 2019

AGM

**COMPANY MISCELLANEOUS**

CEO: Jouni Hintikka

Pursimiehenkatu 4 A, FIN-00150 Helsinki

CFO: Niko Stark

Tel: 0203, 80,101

IR:

## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

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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.

Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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