

Guidance withdrawn amid uncertainty

Fellow Finance withdrew its 2020 guidance due to the weakened visibility caused by the coronavirus outbreak. We expect the uncertainty to affect investor sentiment and have lowered our estimates for facilitated loan volumes and as a result our revenue and profitability estimates. Fellow Finance will also have to put the brakes on some expansion plans, which will further impede growth. We retain our HOLD-rating with a TP of EUR 3.0 (4.0).

Guidance withdrawn due to coronavirus uncertainty

Fellow Finance withdrew its 2020 guidance due to the weakened visibility caused by the coronavirus outbreak. The company previously expected turnover to grow in 2020 and the growth efforts to decrease operating profit compared to 2019, with growth expected to accelerate during 2021-2022. The uncertainty affects investor sentiment, which we expect to have a negative near-term effect on facilitated loan volumes. Furthermore, Fellow Finance will in the elevated uncertainty situation have to put the brakes on some of its growth plans internationally, which will affect growth in the coming years.

Estimates lowered on weakened investor demand prospects

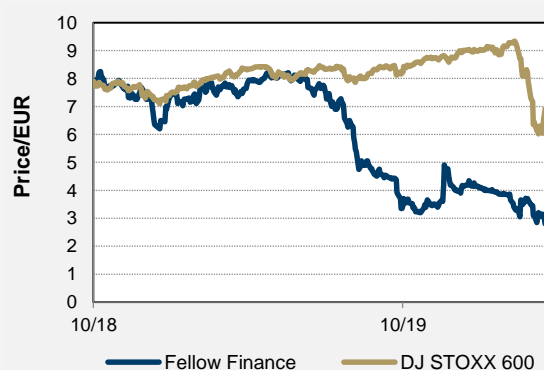
We have lowered our estimates for facilitated loan volumes, driven by the change in investor sentiment, and as a result our estimates for revenue and profitability. Fortunately, fees from managing the current portfolio along with fees from Lainaamo's loan commitments will support revenue while the variable cost components, mainly the commissions to loan brokers, should slightly soften the profitability impact. We now expect a 6% revenue decline in 2020 (prev. 4% increase) and an operating profit of EUR 0.6m (prev. EUR 1.3m).

HOLD-rating with a target price of EUR 3.0 (4.0)

On our revised estimates and increased uncertainty, we adjust our target price to EUR 3.0 (4.0). We assume only a fairly moderate deterioration of the economy due to the coronavirus, while a larger deterioration could result in a clear increase in loan defaults and have a clear negative impact on the company.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 2.80

Target price, EUR 3.0

Latest change in recommendation 19-Aug-19

Latest report on company 17-Feb-20

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 20

Free float, % -

Exchange rate 0.000

Reuters code FELLOW.HE

Bloomberg code FELLOW HE

Average daily volume, EURm 0.07

Next interim report 28-Aug-20

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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
2018	12.0	3.4	28.3%	0.6	0.12	55.1	4.6	16.1	1.2	0.04
2019	14.2	1.6	11.6%	-0.8	-0.01	-349.3	3.2	28.0	-2.9	0.00
2020E	13.3	0.6	4.7%	-1.5	-0.11	-25.6	2.9	60.5	-7.6	0.00
2021E	16.0	1.8	11.0%	-1.4	0.01	316.1	2.5	22.3	-7.0	0.00
2022E	19.6	3.7	19.0%	-0.2	0.22	12.9	2.0	10.6	-1.1	0.07
Market cap, EURm	20		Gearing 2020E, %	131.3		CAGR EPS 2019-22, %	0.0			
Net debt 2020E, EURm	18		Price/book 2020E	1.5		CAGR sales 2019-22, %	11.4			
Enterprise value, EURm	38		Dividend yield 2020E, %	0.0		ROE 2020E, %	-5.5			
Total assets 2020E, EURm	35		Tax rate 2020E, %	20.0		ROCE 2020E, %	1.8			
Goodwill 2020E, EURm	0		Equity ratio 2020E, %	38.7		PEG, P/E 20/CAGR	0.0			

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

Fellow Finance	2018	H1/'19	H2/'19	2019	H1/'20E	H2/'20E	2020E	2021E	2022E
Net sales	12.0	7.2	7.0	14.2	6.3	7.0	13.3	16.0	19.6
<i>sales growth, %</i>	38%	30%	10%	19%	-13%	0%	-6%	20%	23%
Fee income	9.0	5.3	4.7	10.0	4.0	4.6	8.6	11.2	14.8
Interest income	3.0	1.9	2.2	4.2	2.3	2.4	4.7	4.8	4.8
Facilitated loans	172	109	92	201	72	91	163	215	285
<i>change, %</i>	74%	43%	-4%	17%	-34%	-1%	-19%	32%	33%
Expenses									
Materials and services	-3.8	-2.3	-2.0	-4.3	-1.5	-1.9	-3.4	-4.5	-6.0
<i>as % of facilitated loans</i>	2.2%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Personnel expenses	-1.7	-1.0	-1.8	-2.9	-1.3	-1.4	-2.7	-3.2	-3.5
Other op. expenses	-2.7	-2.3	-2.6	-5.0	-2.9	-3.2	-6.1	-6.0	-6.0
D&A	-0.4	-0.2	-0.2	-0.4	-0.2	-0.2	-0.5	-0.5	-0.4
EBIT	3.4	1.4	0.3	1.6	0.3	0.3	0.6	1.8	3.7
<i>EBIT margin</i>	28.1%	19.0%	3.9%	11.6%	5.2%	4.3%	4.7%	11.0%	19.0%
Adj. EBIT	3.5	1.4	1.0	2.3	0.3	0.3	0.6	1.8	3.7
<i>Adj. EBIT margin</i>	29.5%	19.0%	14.0%	16.5%	5.2%	4.3%	4.7%	11.0%	19.0%

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	2.80 PV of Free Cash Flow	17 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	3.55 PV of Horizon value	25 WACC, %	11.5 Market risk premium, %	5.8
Share price potential, %	26.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	4.0 Marketable securities	4 Minimum WACC, %	11.0 Equity beta coefficient	1.40
Minimum value	3.2 Debt - dividend	-20 Maximum WACC, %	12.0 Target debt ratio, %	20
Horizon value, %	59.6 Value of stock	25 Nr of shares, Mn	7.1 Effective tax rate, %	20

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	14	13	16	20	26	32	35	37	39	41	41	42
<i>Sales growth, %</i>	<i>18.3</i>	<i>-6.3</i>	<i>20.1</i>	<i>22.8</i>	<i>30.0</i>	<i>25.0</i>	<i>10.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	2	1	2	4	6	7	8	8	9	9	10	10
<i>Operating income margin, %</i>	<i>11.6</i>	<i>4.7</i>	<i>11.0</i>	<i>19.0</i>	<i>23.0</i>	<i>23.0</i>	<i>23.0</i>	<i>23.0</i>	<i>23.0</i>	<i>23.0</i>	<i>23.0</i>	<i>23.0</i>
+ Depreciation+amort.	0	1	0	1	1	1	1	1	1	1	1	1
EBITDA	2	1	2	4	7	8	9	10	10	11	11	
- Paid taxes	-1	0	0	-1	-1	-1	-2	-2	-2	-2	-2	
- Change in NWC	0	-1	-1	-1	-3	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>50.6</i>	<i>60.0</i>	<i>57.8</i>	<i>54.7</i>	<i>54.7</i>	<i>47.4</i>	<i>45.7</i>	<i>45.7</i>	<i>45.7</i>	<i>45.7</i>	<i>46.8</i>	
+ Change in other liabs	-7	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-1	0	-1	-1	-1	-1	-1	-1	-1	-2	-2	
<i>opCAPEX / Sales, %</i>	<i>4.6</i>	<i>3.3</i>	<i>4.2</i>	<i>4.3</i>	<i>4.5</i>	<i>4.3</i>	<i>3.9</i>	<i>3.8</i>	<i>3.8</i>	<i>3.8</i>	<i>3.6</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	0	0	1	1	4	5	6	6	6	7	72
= Discounted FCFF		0	0	1	1	3	3	3	3	2	2	25
= DFCF min WACC		0	0	1	1	3	3	3	3	3	2	27
= DFCF max WACC		0	0	1	1	2	3	3	3	2	2	23

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1E	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	0.0	7.2	0.0	7.0	14.2	0.0	6.3	0.0	7.0	13.3	16.0	19.6
EBITDA	0.0	1.6	0.0	0.5	2.1	0.0	0.5	0.0	0.5	1.1	2.2	4.3
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>21.7</i>	<i>1,673.0</i>	<i>6.9</i>	<i>14.5</i>	<i>0.0</i>	<i>8.8</i>	<i>0.0</i>	<i>7.5</i>	<i>8.5</i>	<i>14.0</i>	<i>21.9</i>
EBIT	0.0	1.4	0.0	0.3	1.6	0.0	0.3	0.0	0.3	0.6	1.8	3.7
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>19.0</i>	<i>0.0</i>	<i>3.9</i>	<i>11.6</i>	<i>0.0</i>	<i>5.2</i>	<i>0.0</i>	<i>4.3</i>	<i>4.7</i>	<i>11.0</i>	<i>19.0</i>
Net financial items	0.0	-0.7	0.0	-0.8	-1.5	0.0	-0.8	0.0	-0.8	-1.6	-1.7	-1.8
Pre-tax profit	0.0	0.6	0.0	-0.5	0.1	0.0	-0.5	0.0	-0.5	-1.0	0.1	1.9
Tax	0.0	-0.2	0.0	0.0	-0.2	0.0	0.1	0.0	0.1	0.2	0.0	-0.4
<i>Tax rate (%)</i>	<i>0.0</i>	<i>34.3</i>	<i>0.0</i>	<i>4.6</i>	<i>176.3</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	0.0	0.4	0.0	-0.5	-0.1	0.0	-0.4	0.0	-0.4	-0.8	0.1	1.5
EPS	0.00	0.06	0.00	-0.07	-0.01	0.00	-0.05	0.00	-0.06	-0.11	0.01	0.22
EPS adjusted (diluted no. of shares)	0.00	0.06	0.00	-0.07	-0.01	0.00	-0.05	0.00	-0.06	-0.11	0.01	0.22
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07
SALES, EURm												
Fellow Finance	0.0	7.2	0.0	7.0	14.2	0.0	6.3	0.0	7.0	13.3	16.0	19.6
Total	0.0	7.2	0.0	7.0	14.2	0.0	6.3	0.0	7.0	13.3	16.0	19.6
SALES GROWTH, Y/Y %												
<i>Fellow Finance</i>	<i>0.0</i>	<i>29.6</i>	<i>0.0</i>	<i>8.4</i>	<i>18.3</i>	<i>0.0</i>	<i>-13.5</i>	<i>0.0</i>	<i>1.2</i>	<i>-6.3</i>	<i>20.1</i>	<i>22.8</i>
<i>Total</i>	<i>0.0</i>	<i>29.6</i>	<i>0.0</i>	<i>8.4</i>	<i>18.3</i>	<i>0.0</i>	<i>-13.5</i>	<i>0.0</i>	<i>1.2</i>	<i>-6.3</i>	<i>20.1</i>	<i>22.8</i>
EBIT, EURm												
Fellow Finance	0.0	1.4	0.0	0.3	1.6	0.0	0.3	0.0	0.3	0.6	1.8	3.7
Total	0.0	1.4	0.0	0.3	1.6	0.0	0.3	0.0	0.3	0.6	1.8	3.7
EBIT margin, %												
<i>Fellow Finance</i>	<i>0.0</i>	<i>19.0</i>	<i>0.0</i>	<i>3.9</i>	<i>11.6</i>	<i>0.0</i>	<i>5.2</i>	<i>0.0</i>	<i>4.3</i>	<i>4.7</i>	<i>11.0</i>	<i>19.0</i>
<i>Total</i>	<i>0.0</i>	<i>19.0</i>	<i>0.0</i>	<i>3.9</i>	<i>11.6</i>	<i>0.0</i>	<i>5.2</i>	<i>0.0</i>	<i>4.3</i>	<i>4.7</i>	<i>11.0</i>	<i>19.0</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	4.0	5.6	8.7	12.0	14.2	13.3	16.0	19.6
<i>Sales growth (%)</i>	<i>0.0</i>	<i>39.6</i>	<i>55.0</i>	<i>38.5</i>	<i>18.3</i>	<i>-6.3</i>	<i>20.1</i>	<i>22.8</i>
EBITDA	1.6	1.3	2.9	3.8	2.1	1.1	2.2	4.3
<i>EBITDA margin (%)</i>	<i>40.7</i>	<i>22.5</i>	<i>33.1</i>	<i>31.9</i>	<i>14.5</i>	<i>8.5</i>	<i>14.0</i>	<i>21.9</i>
Depreciation	-0.3	-0.3	-0.4	-0.4	-0.4	-0.5	-0.5	-0.6
EBITA	1.3	0.9	2.5	3.4	1.6	0.6	1.8	3.7
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.3	0.9	2.5	3.4	1.6	0.6	1.8	3.7
<i>EBIT margin (%)</i>	<i>32.2</i>	<i>16.4</i>	<i>28.8</i>	<i>28.3</i>	<i>11.6</i>	<i>4.7</i>	<i>11.0</i>	<i>19.0</i>
Reported EBIT	1.3	0.9	2.5	3.4	1.6	0.6	1.8	3.7
<i>EBIT margin (reported) (%)</i>	<i>32.2</i>	<i>16.4</i>	<i>28.8</i>	<i>28.3</i>	<i>11.6</i>	<i>4.7</i>	<i>11.0</i>	<i>19.0</i>
Net financials	-1.3	-0.8	-1.3	-2.3	-1.5	-1.6	-1.7	-1.8
Pre-tax profit	0.0	0.1	1.2	1.1	0.1	-1.0	0.1	1.9
Taxes	-0.1	-0.1	-0.1	-0.3	-0.2	0.2	0.0	-0.4
Minority shares	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-0.3	0.1	1.1	0.8	-0.1	-0.8	0.1	1.5
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	10	14	17	24	24	24	24
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Receivables	3	5	6	7	8	9	10	12
Liquid funds	2	2	2	9	4	3	3	4
Total assets	16	17	22	32	36	35	38	40
Liabilities								
Shareholder's equity	3	3	4	15	14	14	14	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	11	13	17	17	20	21	23	24
Non-interest bearing current liabilities	2	1	1	1	1	1	1	2
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	16	17	22	32	36	35	38	40
CASH FLOW, EURm								
+ EBITDA	2	1	3	4	2	1	2	4
- Net financial items	-1	-1	-1	-2	-2	-2	-2	-2
- Taxes	0	0	0	0	0	0	0	0
- Increase in Net Working Capital	-2	-1	1	0	0	-1	-1	-1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	-2	-1	2	1	0	-1	-1	1
- Capex	-11	0	0	-1	-1	0	-1	-1
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-13	-1	2	1	-1	-2	-1	0
+/- New issues/buybacks	3	0	0	10	0	0	0	0
- Paid dividend	0	0	0	-1	0	0	0	0
+/- Other	11	2	-2	-3	-4	0	2	1
Change in cash	2	1	0	7	-5	-1	1	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	0	0	46	30	20	20	20
Net debt (excl. convertibles)	11	15	8	17	18	19	20
Enterprise value	11	15	55	46	38	39	40
Sales	6	9	12	14	13	16	20
EBITDA	1	3	4	2	1	2	4
EBIT	1	2	3	2	1	2	4
Pre-tax	0	1	1	0	-1	0	2
Earnings	0	1	1	0	-1	0	2
Equity book value (excl. minorities)	3	4	15	14	14	14	15
Valuation multiples							
EV/sales	2.0	1.7	4.6	3.2	2.9	2.5	2.0
EV/EBITDA	8.8	5.2	14.3	22.4	33.5	17.6	9.2
EV/EBITA	12.1	5.9	16.1	28.0	60.5	22.3	10.6
EV/EBIT	12.1	5.9	16.1	28.0	60.5	22.3	10.6
EV/OCF	-13.8	7.0	41.5	-228.4	-35.4	-54.6	63.9
EV/FCFF	-34.5	-5.0	-65.4	-6.6	-164.0	-860.0	32.5
P/FCFE	0.0	0.0	81.8	-34.9	-13.2	-14.3	-90.6
P/E	0.0	0.0	55.1	-349.3	-25.6	316.1	12.9
P/B	0.0	0.0	3.2	2.0	1.5	1.4	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	34.7	18.2	9.5
Target EV/EBIT	0.0	0.0	0.0	0.0	62.7	23.1	11.0
Target EV/FCF	0.0	0.0	0.0	0.0	-26.0	-29.2	-186.3
Target P/B	0.0	0.0	0.0	0.0	1.6	1.6	1.4
Target P/E	0.0	0.0	0.0	0.0	-27.4	338.7	13.8
Per share measures							
Number of shares	5,818	5,818	7,129	7,129	7,129	7,129	7,129
Number of shares (diluted)	5,818	5,818	7,129	7,129	7,129	7,129	7,129
EPS	0.01	0.19	0.12	-0.01	-0.11	0.01	0.22
Operating cash flow per share	-0.14	0.36	0.18	-0.03	-0.15	-0.10	0.09
Free cash flow per share	-0.17	0.34	0.08	-0.12	-0.21	-0.20	-0.03
Book value per share	0.53	0.72	2.04	2.03	1.92	1.93	2.15
Dividend per share	0.00	0.09	0.04	0.00	0.00	0.00	0.07
Dividend payout ratio, %	0.0	47.2	33.9	0.0	0.0	30.0	30.0
Dividend yield, %	0.0	0.0	0.6	0.0	0.0	0.1	2.3
FCF yield, %	0.0	0.0	1.2	-2.9	-7.6	-7.0	-1.1
Efficiency measures							
ROE	2.4	29.8	9.0	-0.6	-5.5	0.5	10.6
ROCE	6.0	13.4	13.0	5.0	1.8	5.0	9.9
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	93.6	71.3	58.4	58.3	67.7	65.5	62.5
Non-interest bearing liabilities as % of sales	12.1	13.5	6.9	7.7	7.7	7.7	7.7
NWC/sales, %	81.5	57.8	51.5	50.6	60.0	57.8	54.7
Operative CAPEX/sales, %	3.0	1.9	6.3	4.6	3.3	4.2	4.3
CAPEX/sales (incl. acquisitions), %	3.0	1.9	6.3	4.6	3.3	4.2	4.3
FCFF/EBITDA	-0.3	-1.0	-0.2	-3.4	-0.2	0.0	0.3
Net debt/EBITDA, book-weighted	8.8	5.2	2.2	8.0	15.9	8.7	4.6
Debt/equity, market-weighted	0.0	0.0	0.4	0.7	1.0	1.1	1.2
Equity ratio, book-weighted	18.1	19.1	44.8	40.2	38.7	36.6	37.9
Gearing, %	358.8	354.2	57.4	114.0	131.3	140.9	128.3

COMPANY DESCRIPTION: Fellow Finance operates a lending platform for debt-based consumer and business financing. The company operates in Finland, Sweden, Germany, Poland, and Denmark. The company began its operations in 2014 and listed on the Nasdaq First North Finland -marketplace in 2018. Over EUR 500m worth of loans have been intermediated through the company's platform since inception.

INVESTMENT CASE: The alternative finance markets in Europe have been growing rapidly and Fellow Finance should seek to capitalize on the growth. A key for success in our view lies in expansion abroad given the limited size and competition in the domestic market, with the international operations still in ramp-up. The scalability of its technology offers solid margin potential although growth investments will have a significant impact on margins in the coming years.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Taaleri Oyj	1,847,163	5.172	25.9%
Margin Investments Oy	836,721	2.343	11.7%
TN Ventures Oy	830,843	2.326	11.7%
Oy T&T Nordcap Ab	656,436	1.838	9.2%
OP-Finland Small Cap	266,642	0.747	3.7%
OP-Finland Micro Cap	265,000	0.742	3.7%
Avensis Capital Oy	263,090	0.737	3.7%
Fennia Life Insurance Company	156,512	0.438	2.2%
Säästöpankki Small Cap mutual fund	128,841	0.361	1.8%
Swiss Life (Luxembourg) S.A.	77,392	0.217	1.1%
Ten largest	5,328,640	14.920	75%
Residual	1,799,985	5.040	25%
Total	7,128,625	19.960	100%

EARNINGS CALENDAR	
August 28, 2020	Q2 report
OTHER EVENTS	
April 03, 2020	AGM

COMPANY MISCELLANEOUS	
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CFO: Niko Stark	Tel: 0203, 80,101
IR:	

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

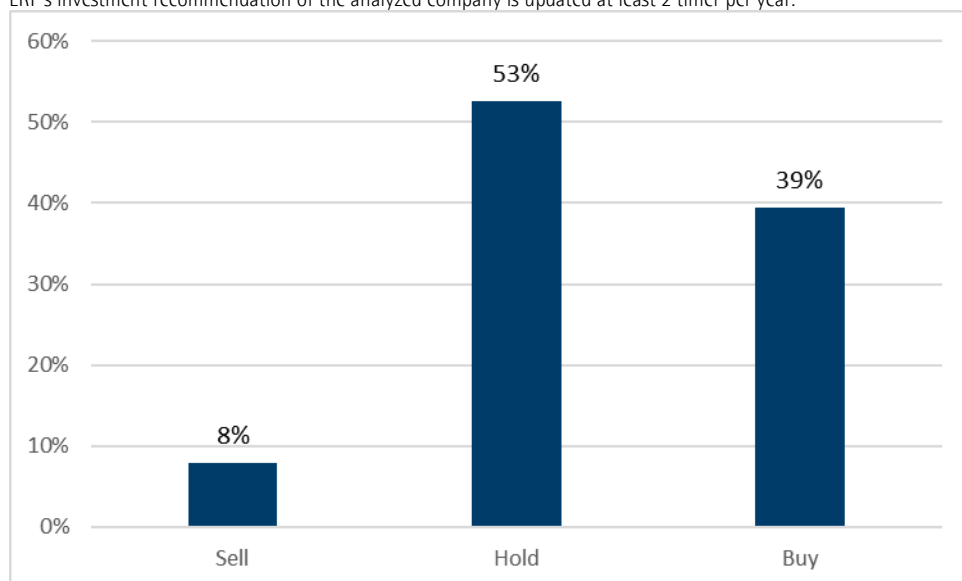
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Investment recommendations are defined as follows:

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

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 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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