

Return to growth within reach

Fellow Finance's H1 revenue fell short of our expectations as a result of the business financing driven growth. We expect a return to growth in H2 but have lowered our 2022-2023 growth expectations by some ~10%. We adjust our TP to EUR 3.8 (4.0) and retain our BUY-rating.

Loan mix driven revenue decline in H1

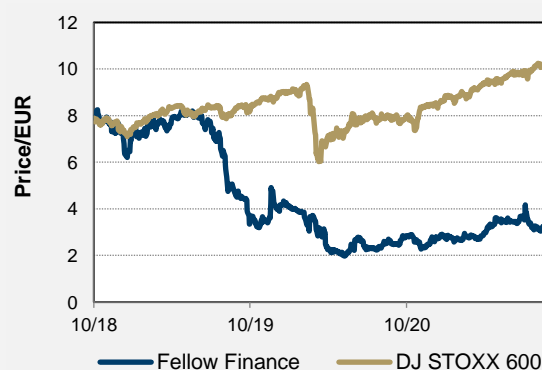
Fellow Finance reported somewhat twofold H1 results. With the loan mix having shifted more towards business financing and the relative fee income to loan volume lower than anticipated revenue was below our estimates, declining 5.3% y/y to EUR 5.5m (Evli EUR 6.2m), despite the 31% y/y growth in intermediated loan volume. EBIT of EUR 0.5m was still in line with our estimate (Evli EUR 0.5m) as a result of reduced costs from lower broker fees and credit losses from Lainaamo as well as a downsizing of Fellow Finance's own balance sheet stock. Costs did see some additional burden from growth investments, with new and up-coming product launches and slight growth in personnel.

Set to return to growth but pace still somewhat lackluster

We have slightly lowered our 2021 estimates, now expecting revenue of EUR 11.7m (prev. 13.1m) and EBIT of EUR 1.0m (EUR 1.4m) and lowered our 2022-2023 revenue estimates by ~10%. We expect double-digit growth in H2 but for costs increases due to growth investments and the announced combination agreement to keep bottom-line figures at similar levels as in H1. We expect intermediated loan volumes to rebound to 2019 levels but a lower revenue level with the growth in business financing. The easing of temporary regulations domestically and abroad provides support for continued growth in fee income in the near-term, while interest income should see declines with the downsizing of the balance sheet lending.

BUY-rating with a target price of EUR 3.8 (4.0)

In light of our slightly lowered estimates, mainly on the growth side, we adjust our target price to EUR 3.8 (4.0). With the new growth initiatives and loan volume rebounds Fellow Finance is set for a return to growth. We retain our BUY-rating.

 Rating BUY

 Share price, EUR (Last trading day's closing price) 3.12

 Target price, EUR 3.8

 Latest change in recommendation 03-May-21

 Latest report on company 26-Jul-21

 Research paid by issuer: YES

 No. of shares outstanding, '000's 7,174

 No. of shares fully diluted, '000's 7,174

 Market cap, EURm 22

 Free float, % 0.0

 Exchange rate 0.000

 Reuters code FELLOW.HE

 Bloomberg code FELLOW HE

 Average daily volume, EURm 0.07

 Next interim report 23-Feb-22

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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	14.2	1.6	11.6%	-0.8	-0.01	-349.3	3.2	28.0	-2.9	0.00
2020	11.1	0.6	5.5%	6.7	-0.12	-23.6	2.8	50.8	32.0	0.00
2021E	11.7	1.0	8.8%	1.7	-0.02	-144.3	2.6	29.6	7.7	0.00
2022E	13.7	2.3	16.6%	-0.2	0.17	18.4	2.2	13.5	-1.1	0.00
2023E	15.6	2.9	18.8%	-1.5	0.23	13.4	2.1	11.0	-6.5	0.07
Market cap, EURm	22		Gearing 2021E, %	60.5		CAGR EPS 2020-23, %	0.0			
Net debt 2021E, EURm	8		Price/book 2021E	1.7		CAGR sales 2020-23, %	12.1			
Enterprise value, EURm	31		Dividend yield 2021E, %	0.0		ROE 2021E, %	-1.1			
Total assets 2021E, EURm	25		Tax rate 2021E, %	-642.1		ROCE 2021E, %	4.0			
Goodwill 2021E, EURm	0		Equity ratio 2021E, %	53.5		PEG, P/E 21/CAGR	0.0			

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

Fellow Finance	2019	H1/'20	H2/'20	2020	H1/'21	H2/'21E	2021E	2022E	2023E
Net sales	14.2	5.8	5.3	11.1	5.5	6.2	11.7	13.7	15.6
<i>sales growth, %</i>	<i>19 %</i>	<i>-20 %</i>	<i>-25 %</i>	<i>-22 %</i>	<i>-5 %</i>	<i>17.5%</i>	<i>5.5%</i>	<i>17.3%</i>	<i>13.7%</i>
Fee income	10.0	3.3	2.7	6.0	3.1	3.9	6.9	9.5	11.8
Interest income	4.2	2.5	2.6	5.1	2.4	2.3	4.7	4.2	3.8
Intermediated loan volume	201	69	64	133	91	111	202	250	310
<i>change, %</i>	<i>17 %</i>	<i>-37 %</i>	<i>-30 %</i>	<i>-34 %</i>	<i>31 %</i>	<i>74.0%</i>	<i>51.9%</i>	<i>23.9%</i>	<i>24.0%</i>
Expenses									
Materials and services	-4.3	-1.4	-0.9	-2.3	-1.2	-1.6	-2.8	-3.5	-4.3
<i>% of intermed. loan vol.</i>	<i>2.1%</i>	<i>2.0%</i>	<i>1.4%</i>	<i>1.7%</i>	<i>1.4%</i>	<i>1.4%</i>	<i>1.4%</i>	<i>1.4%</i>	<i>1.4%</i>
Personnel expenses	-2.9	-1.1	-0.9	-2.0	-1.4	-1.4	-2.8	-3.0	-3.2
Other op. expenses	-5.0	-3.1	-2.6	-5.7	-2.1	-2.4	-4.5	-4.4	-4.5
D&A	-0.4	-0.2	-0.2	-0.4	-0.3	-0.3	-0.5	-0.5	-0.6
EBIT	1.6	-0.1	0.7	0.6	0.5	0.6	1.0	2.3	2.9
<i>EBIT margin</i>	<i>11.6%</i>	<i>-0.9%</i>	<i>12.5%</i>	<i>5.5%</i>	<i>8.2%</i>	<i>9.4%</i>	<i>8.8%</i>	<i>16.6%</i>	<i>18.8%</i>
Adj. EBIT	2.3	-0.1	0.7	0.6	0.5	0.6	1.0	2.3	2.9
<i>Adj. EBIT margin</i>	<i>16.5%</i>	<i>-0.9%</i>	<i>12.5%</i>	<i>5.5%</i>	<i>8.2%</i>	<i>9.4%</i>	<i>8.8%</i>	<i>16.6%</i>	<i>18.8%</i>

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	3.12 PV of Free Cash Flow	13 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	2.48 PV of Horizon value	15 WACC, %	11.5 Market risk premium, %	5.8
Share price potential, %	-20.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	2.7 Marketable securities	4 Minimum WACC, %	11.0 Equity beta coefficient	1.40
Minimum value	2.3 Debt - dividend	-14 Maximum WACC, %	12.0 Target debt ratio, %	20
Horizon value, %	52.7 Value of stock	18 Nr of shares, Mn	7.2 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	11	12	14	16	19	21	22	24	25	26	27	27
<i>Sales growth, %</i>	-22.0	5.5	17.3	13.7	25.0	10.0	5.0	5.0	5.0	5.0	2.0	2.0
Operating income (EBIT)	1	1	2	3	4	5	5	5	5	6	6	6
<i>Operating income margin, %</i>	5.5	8.8	16.6	18.8	18.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0
+ Depreciation+amort.	0	1	1	1	1	1	1	1	1	1	1	1
EBITDA	1	2	3	4	4	6	6	6	7	7	7	
- Paid taxes	-1	0	0	-1	-1	-1	-1	-1	-1	-1	-1	-1
- Change in NWC	0	-1	-1	-3	-1	-1	-1	-1	-1	-1	-1	-1
<i>NWC / Sales, %</i>	68.4	74.4	73.0	83.3	70.2	67.0	67.0	67.0	67.0	67.0	69.0	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	7	2	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>opCAPEX / Sales, %</i>	-67.5	-21.2	5.2	5.1	5.3	5.0	4.9	4.9	4.9	4.9	4.8	
- 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	8	3	0	-1	2	3	3	3	3	4	4	40
= Discounted FCFF		2	0	-1	1	2	2	2	2	1	1	15
= DFCF min WACC		2	0	-1	1	2	2	2	2	2	1	16
= DFCF max WACC		2	0	-1	1	2	2	2	2	1	1	13

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	0.0	5.8	0.0	5.3	11.1	0.0	5.5	0.0	6.2	11.7	13.7	15.6
EBITDA	0.0	0.2	0.0	0.8	1.1	0.0	0.7	0.0	0.8	1.6	2.8	3.6
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>3.2</i>	<i>0.0</i>	<i>16.0</i>	<i>9.5</i>	<i>0.0</i>	<i>12.8</i>	<i>0.0</i>	<i>13.5</i>	<i>13.3</i>	<i>20.6</i>	<i>22.9</i>
EBIT	0.0	-0.1	0.0	0.7	0.6	0.0	0.5	0.0	0.6	1.0	2.3	2.9
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>-0.9</i>	<i>0.0</i>	<i>12.5</i>	<i>5.5</i>	<i>0.0</i>	<i>8.2</i>	<i>0.0</i>	<i>9.4</i>	<i>8.8</i>	<i>16.6</i>	<i>18.8</i>
Net financial items	0.0	-0.7	0.0	-0.5	-1.2	0.0	-0.5	0.0	-0.6	-1.1	-0.8	-0.8
Pre-tax profit	0.0	-0.7	0.0	0.1	-0.6	0.0	0.0	0.0	0.0	0.0	1.5	2.1
Tax	0.0	0.0	0.0	-0.3	-0.3	0.0	-0.1	0.0	0.0	-0.1	-0.3	-0.4
<i>Tax rate (%)</i>	<i>0.0</i>	<i>-1.8</i>	<i>0.0</i>	<i>268.4</i>	<i>-44.7</i>	<i>0.0</i>	<i>-7,263.2</i>	<i>0.0</i>	<i>20.0</i>	<i>-642.1</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	-0.7	0.0	-0.2	-0.9	0.0	-0.1	0.0	0.0	-0.2	1.2	1.7
EPS	0.00	-0.10	0.00	-0.02	-0.12	0.00	-0.02	0.00	0.00	-0.02	0.17	0.23
EPS adjusted (diluted no. of shares)	0.00	-0.10	0.00	-0.02	-0.12	0.00	-0.02	0.00	0.00	-0.02	0.17	0.23
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	5.8	0.0	5.3	11.1	0.0	5.5	0.0	6.2	11.7	13.7	15.6
Total	0.0	5.8	0.0	5.3	11.1	0.0	5.5	0.0	6.2	11.7	13.7	15.6
SALES GROWTH, Y/Y %												
Fellow Finance	<i>0.0</i>	<i>-19.8</i>	<i>0.0</i>	<i>-24.3</i>	<i>-22.0</i>	<i>0.0</i>	<i>-5.3</i>	<i>0.0</i>	<i>17.5</i>	<i>5.5</i>	<i>17.3</i>	<i>13.7</i>
Total	<i>0.0</i>	<i>-19.8</i>	<i>0.0</i>	<i>-24.4</i>	<i>-22.0</i>	<i>0.0</i>	<i>-5.3</i>	<i>0.0</i>	<i>17.5</i>	<i>5.5</i>	<i>17.3</i>	<i>13.7</i>
EBIT, EURm												
Fellow Finance	0.0	-0.1	0.0	0.7	0.6	0.0	0.5	0.0	0.6	1.0	2.3	2.9
Total	0.0	-0.1	0.0	0.7	0.6	0.0	0.5	0.0	0.6	1.0	2.3	2.9
EBIT margin, %												
Fellow Finance	<i>0.0</i>	<i>-0.9</i>	<i>0.0</i>	<i>12.5</i>	<i>5.5</i>	<i>0.0</i>	<i>8.2</i>	<i>0.0</i>	<i>9.4</i>	<i>8.8</i>	<i>16.6</i>	<i>18.8</i>
Total	<i>0.0</i>	<i>-0.9</i>	<i>0.0</i>	<i>12.5</i>	<i>5.5</i>	<i>0.0</i>	<i>8.2</i>	<i>0.0</i>	<i>9.4</i>	<i>8.8</i>	<i>16.6</i>	<i>18.8</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	5.6	8.7	12.0	14.2	11.1	11.7	13.7	15.6
<i>Sales growth (%)</i>	<i>39.6</i>	<i>55.0</i>	<i>38.5</i>	<i>18.3</i>	<i>-22.0</i>	<i>5.5</i>	<i>17.3</i>	<i>13.7</i>
EBITDA	1.3	2.9	3.8	2.1	1.1	1.6	2.8	3.6
<i>EBITDA margin (%)</i>	<i>22.5</i>	<i>33.1</i>	<i>31.9</i>	<i>14.5</i>	<i>9.5</i>	<i>13.3</i>	<i>20.6</i>	<i>22.9</i>
Depreciation	-0.3	-0.4	-0.4	-0.4	-0.5	-0.5	-0.6	-0.7
EBITA	0.9	2.5	3.4	1.6	0.6	1.0	2.3	2.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.9	2.5	3.4	1.6	0.6	1.0	2.3	2.9
<i>EBIT margin (%)</i>	<i>16.4</i>	<i>28.8</i>	<i>28.3</i>	<i>11.6</i>	<i>5.5</i>	<i>8.8</i>	<i>16.6</i>	<i>18.8</i>
Reported EBIT	0.9	2.5	3.4	1.6	0.6	1.0	2.3	2.9
<i>EBIT margin (reported) (%)</i>	<i>16.4</i>	<i>28.8</i>	<i>28.3</i>	<i>11.6</i>	<i>5.5</i>	<i>8.8</i>	<i>16.6</i>	<i>18.8</i>
Net financials	-0.8	-1.3	-2.3	-1.5	-1.2	-1.1	-0.8	-0.8
Pre-tax profit	0.1	1.2	1.1	0.1	-0.6	0.0	1.5	2.1
Taxes	-0.1	-0.1	-0.3	-0.2	-0.3	-0.1	-0.3	-0.4
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.1	1.1	0.8	-0.1	-0.9	-0.2	1.2	1.7
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	10	14	17	24	16	13	13	13
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	5	6	7	8	9	10	11	15
Liquid funds	2	2	9	4	4	2	3	3
Total assets	17	22	32	36	28	25	27	31
Liabilities								
Shareholder's equity	3	4	15	14	14	13	15	16
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	13	17	17	20	14	10	11	13
Non-interest bearing current liabilities	1	1	1	1	1	1	1	2
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	17	22	32	36	28	25	27	31
CASH FLOW, EURm								
+ EBITDA	1	3	4	2	1	2	3	4
- Net financial items	-1	-1	-2	-2	-1	-1	-1	-1
- Taxes	0	0	0	0	0	0	0	0
- Increase in Net Working Capital	-1	1	0	0	0	-1	-1	-3
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	-1	2	1	0	-1	-1	0	-1
- Capex	0	0	-1	-1	7	2	-1	-1
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-1	2	1	-1	7	2	0	-1
+/- New issues/buybacks	0	0	10	0	0	0	0	0
- Paid dividend	0	0	-1	0	0	0	0	0
+/- Other	2	-2	-3	-4	-7	-3	1	2
Change in cash	1	0	7	-5	0	-1	0	0

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	0	46	30	21	22	22	22
Net debt (excl. convertibles)	15	8	17	10	8	8	10
Enterprise value	15	55	46	31	31	31	32
Sales	9	12	14	11	12	14	16
EBITDA	3	4	2	1	2	3	4
EBIT	2	3	2	1	1	2	3
Pre-tax	1	1	0	-1	0	2	2
Earnings	1	1	0	-1	0	1	2
Equity book value (excl. minorities)	4	15	14	14	13	15	16
Valuation multiples							
EV/sales	1.7	4.6	3.2	2.8	2.6	2.2	2.1
EV/EBITDA	5.2	14.3	22.4	29.1	19.6	10.9	9.0
EV/EBITA	5.9	16.1	28.0	51.6	29.6	13.5	11.0
EV/EBIT	5.9	16.1	28.0	50.8	29.6	13.5	11.0
EV/OCF	7.0	41.5	-228.4	-37.1	-40.5	66.6	-48.9
EV/FCFF	-5.0	-65.4	-6.6	4.0	11.9	86.2	-41.3
P/FCFE	0.0	81.8	-34.9	3.1	13.0	-90.4	-15.4
P/E	0.0	55.1	-349.3	-23.6	-144.3	18.4	13.4
P/B	0.0	3.2	2.0	1.5	1.7	1.5	1.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	22.7	12.6	10.4
Target EV/EBIT	0.0	0.0	0.0	0.0	34.3	15.7	12.7
Target EV/FCF	0.0	0.0	0.0	0.0	20.6	-143.9	-25.5
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	-175.8	22.4	16.4
Per share measures							
Number of shares	5,818	7,129	7,129	7,174	7,174	7,174	7,174
Number of shares (diluted)	5,818	7,129	7,129	7,174	7,174	7,174	7,174
EPS	0.19	0.12	-0.01	-0.12	-0.02	0.17	0.23
Operating cash flow per share	0.36	0.18	-0.03	-0.12	-0.10	0.06	-0.09
Free cash flow per share	0.34	0.08	-0.12	0.93	0.24	-0.03	-0.20
Book value per share	0.72	2.04	2.03	1.90	1.88	2.04	2.28
Dividend per share	0.09	0.04	0.00	0.00	0.00	0.00	0.07
Dividend payout ratio, %	47.2	33.9	0.0	0.0	0.0	0.0	30.0
Dividend yield, %	0.0	0.6	0.0	0.0	0.0	0.0	2.2
FCF yield, %	0.0	1.2	-2.9	32.0	7.7	-1.1	-6.5
Efficiency measures							
ROE	29.8	9.0	-0.6	-6.3	-1.1	8.6	10.7
ROCE	13.4	13.0	5.0	1.9	4.0	9.2	10.6
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	71.3	58.4	58.3	78.7	84.7	83.3	93.5
Non-interest bearing liabilities as % of sales	13.5	6.9	7.7	10.3	10.3	10.3	10.3
NWC/sales, %	57.8	51.5	50.6	68.4	74.4	73.0	83.3
Operative CAPEX/sales, %	1.9	6.3	4.6	-67.5	-21.2	5.2	5.1
CAPEX/sales (incl. acquisitions), %	1.9	6.3	4.6	-67.5	-21.2	5.2	5.1
FCFF/EBITDA	-1.0	-0.2	-3.4	7.2	1.6	0.1	-0.2
Net debt/EBITDA, book-weighted	5.2	2.2	8.0	9.4	5.2	3.0	2.8
Debt/equity, market-weighted	0.0	0.4	0.7	0.7	0.5	0.5	0.6
Equity ratio, book-weighted	19.1	44.8	40.2	48.0	53.5	53.9	52.9
Gearing, %	354.2	57.4	114.0	72.5	60.5	57.2	60.2

COMPANY DESCRIPTION: Fellow Finance operates a lending platform for debt-based consumer and business financing. The company operates in Finland, Sweden, Germany, Poland, Denmark and the Czech Republic. The company began its operations in 2014 and listed on the Nasdaq First North Finland -marketplace in 2018. Over EUR 800m 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	5.763	25.7%
TN Ventures Oy	830,843	2.592	11.6%
Oy T&T Nordcap Ab	656,436	2.048	9.2%
OP-Finland Micro Cap	298,174	0.930	4.2%
OP-Finland Small Cap	269,711	0.841	3.8%
Avensis Capital Oy	165,000	0.515	2.3%
Fennia Life Insurance Company	146,746	0.458	2.0%
Säästöpankki Small Cap mutual fund	128,841	0.402	1.8%
Uustalo Rauno	109,142	0.341	1.5%
DB-Manager Oy	82,306	0.257	1.1%
Ten largest	4,534,362	14.147	63%
Residual	2,639,263	8.235	37%
Total	7,173,625	22.382	100%

EARNINGS CALENDAR

OTHER EVENTS

April 02, 2021

AGM

COMPANY MISCELLANEOUS

CEO: Teemu Nyholm

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

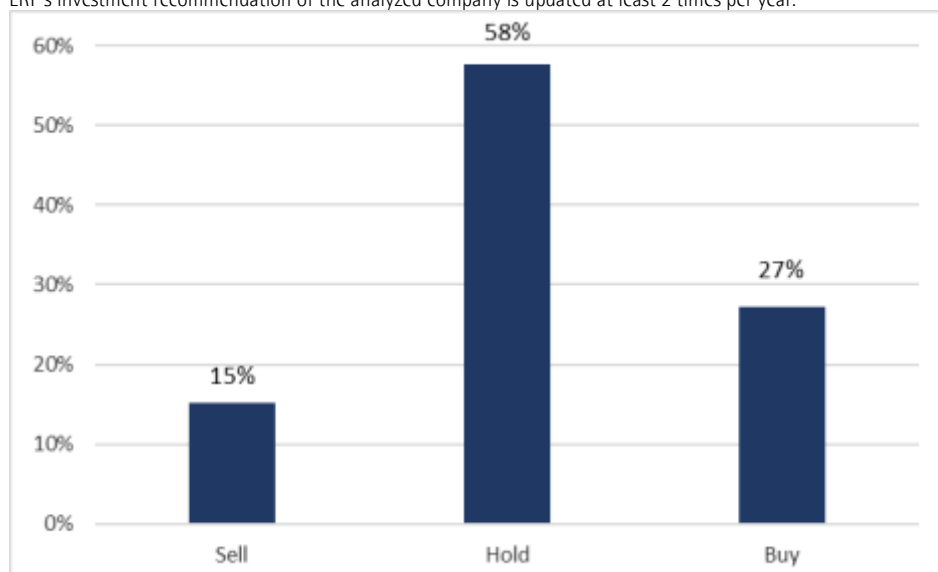
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Investment recommendations are defined as follows:

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

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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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