

Second profit warning for 2018

Innofactor issued a second profit warning, expecting net sales to decline from 2017 and EBITDA to be negative, from previously having expected net sales to be at a similar level to 2017 (EUR 65.7m) and EBITDA in between EUR 0.0–1.3m. Our revised 2018 net sales and EBITDA estimates are at EUR 63.7m and -0.9m respectively. We retain our HOLD-rating with a target price of EUR 0.4.

Lowered guidance for 2018

Innofactor issued its second profit warning for 2018 on January 25th. Innofactor now expects its net sales to decline from 2017 and EBITDA to be negative. Innofactor's previously expected its net sales to be at a similar level to 2017 and the operating margin to be positive but weaker than in 2017. Innofactor's net sales and EBITDA in 2017 amounted to EUR 65.7m and EUR 1.3m respectively. The weaker than expected sales is according to Innofactor due to the timing of customer's purchases related to the Dynasty product family along with lower sales in Denmark. Profitability is affected by the lower sales along with some write offs related to project deliveries, of which to our understanding the lower sales have a bigger impact. Innofactor further held co-operation negotiations during Q4 that is expected to have affected profitability.

Expect improvements in 2019

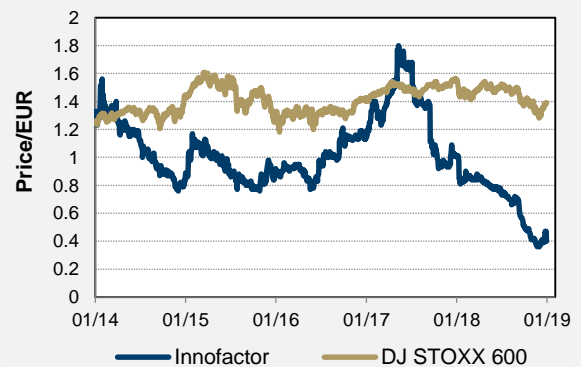
Following the updated guidance, we have revised our 2018 estimates, with our net sales and EBITDA estimates at EUR 63.7m and EUR -0.9m respectively, with our other estimates largely intact. We expect to see a minor improvement in sales going into 2019 and a more notable profitability improvement, mainly from the organizational changes made in late 2018.

HOLD with a target price of EUR 0.4

On our estimates valuation continues to appear justifiable on EV/EBITDA multiples, as the improvement we expect to see in profitability in 2019 is still well below historically seen levels. We retain our HOLD-rating with a target price of EUR 0.4.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 0.40

Target price, EUR 0.4

Latest change in recommendation 09-Oct-18

Latest report on company 28-Jan-19

Research paid by issuer: YES

No. of shares outstanding, '000's 36,188

No. of shares fully diluted, '000's 36,188

Market cap, EURm 14

Free float, % 45.0

Exchange rate EUR 0.000

Reuters code IFA1V.HE

Bloomberg code IFA1V FH

Average daily volume, EURm 0.03

Next interim report 05-Mar-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
2016	60	2	3.9%	2	0.04	25.8	0.9	11.2	23.3	0.00
2017	66	-1	-2.2%	-2	-0.03	-26.9	0.7	8.2	-32.4	0.00
2018E	64	-4	-5.6%	-4	-0.09	-4.6	0.5	-16.8	-8.3	0.00
2019E	65	0	0.5%	0	0.00	-94.4	0.4	3.2	86.2	0.00
2020E	66	2	3.3%	2	0.04	10.3	0.4	3.2	10.5	0.00
Market cap, EURm			14	BV per share 2018E, EUR		0.6	CAGR EPS 2017-20, %			0.0
Net debt 2018E, EURm			15	Price/book 2018E		0.7	CAGR sales 2017-20, %			0.3
Enterprise value, EURm			30	Dividend yield 2018E, %		0.0	ROE 2018E, %			-13.5
Total assets 2018E, EURm			55	Tax rate 2018E, %		20.4	ROCE 2018E, %			-9.3
Goodwill 2018E, EURm			26	Equity ratio 2018E, %		39.8	PEG, P/E 18/CAGR			0.0

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

INNOFACTOR PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		18E	19E	20E	18E	19E	20E	18E	19E	20E
Tieto	1865	9.5x	9.2x	8.8x	12.1x	11.4x	10.9x	14.2x	13.7x	13.2x
Atea	1299	11.6x	9.2x	7.8x	18.4x	12.9x	10.4x	25.2x	16.8x	14.0x
Knowit	301	9.3x	7.9x	7.4x	9.8x	8.6x	7.7x	13.2x	12.0x	11.1x
HiQ	293	13.5x	12.2x	11.1x	14.6x	12.7x	11.8x	19.5x	16.9x	15.7x
Bouvet	224	9.1x	8.2x	7.9x	10.3x	9.2x	8.8x	14.0x	12.6x	12.1x
Enea	210	12.5x	10.9x	8.5x	15.0x	13.2x	9.9x	17.3x	14.8x	11.6x
Gofore	109	11.7x	8.5x	6.7x	12.5x	8.9x	7.0x	17.9x	13.9x	11.8x
Digia	77	7.8x	6.2x	5.1x	9.8x	8.0x	6.4x	13.8x	11.4x	9.7x
Sili Solutions	60	13.2x	7.1x		16.3x	7.8x		23.5x	11.7x	9.9x
Solteq	27							24.7x	12.7x	10.9x
Peer Group Average	446	10.9x	8.8x	7.9x	13.2x	10.3x	9.1x	18.3x	13.6x	12.0x
Peer Group Median	217	11.6x	8.5x	7.8x	12.5x	9.2x	9.4x	17.6x	13.2x	11.7x
Innofactor (Evli est.)	14	Neg.	9.1x	5.0x	Neg.	86.0x	10.5x	Neg.	Neg.	10.2x

Innofactor prem./disc. to peer median

- 7% -36% - >100% 12% - - -13%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	0.40 PV of Free Cash Flow	19 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	0.80 PV of Horizon value	24 WACC, %	8.4 Market risk premium, %	5.8
Share price potential, %	99.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	0.9 Marketable securities	1 Minimum WACC, %	7.9 Equity beta coefficient	1.00
Minimum value	0.7 Debt - dividend	-16 Maximum WACC, %	8.9 Target debt ratio, %	20
Horizon value, %	55.3 Value of stock	29 Nr of shares, Mn	36.2 Effective tax rate, %	20

DCF valuation, EURm	2017	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	Horizon
Net sales	66	64	65	66	68	70	71	73	75	77	78	80
<i>Sales growth, %</i>	<i>10.1</i>	<i>-3.1</i>	<i>2.0</i>	<i>2.0</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	-1	-4	0	2	3	3	4	4	4	4	4	4
<i>EBIT margin, %</i>	<i>-2.2</i>	<i>-5.6</i>	<i>0.5</i>	<i>3.3</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>
+ Depreciation+amort.	3	3	3	2	1	1	1	1	1	1	1	1
- Income taxes	0	2	0	0	0	0	0	-1	-1	-1	-1	-1
- Change in NWC	2	-2	1	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>-0.4</i>	<i>2.2</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>	
+ Change in other liabs	2	0	0	0	0	0	0	0	0	0	0	0
- Capital Expenditure	-2	-1	-1	-2	-1	0	-1	-1	-1	-1	-1	-1
<i>Investments / Sales, %</i>	<i>2.6</i>	<i>1.2</i>	<i>2.1</i>	<i>2.3</i>	<i>0.9</i>	<i>0.7</i>	<i>1.2</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>
- Other items	1	0	0	0	0	0	0	0	0	0	0	0
= Unlevered Free CF (FCF)	4	-2	3	3	4	4	4	3	3	3	3	48
= Discounted FCF (DFCF)		-2	3	3	3	3	2	2	2	2	1	24
= DFCF min WACC		-2	3	3	3	3	2	2	2	2	2	27
= DFCF max WACC		-2	3	3	3	3	2	2	2	2	1	21

INTERIM FIGURES

EVLI ESTIMATES, EURm	2017Q1	2017Q2	2017Q3	2017Q4	2017	2018Q1	2018Q2	2018Q3	2018Q4E	2018E	2019E	2020E
Net sales	17	17	14	17	66	16	17	14	16	64	65	66
EBITDA	1	1	-1	1	1	0	0	0	-1	-1	3	5
<i>EBITDA margin (%)</i>	<i>5.2</i>	<i>3.3</i>	<i>-4.8</i>	<i>3.1</i>	<i>2.0</i>	<i>2.1</i>	<i>0.2</i>	<i>-3.6</i>	<i>-4.4</i>	<i>-1.3</i>	<i>4.4</i>	<i>7.0</i>
EBIT	0	0	-1	0	-1	0	-1	-1	-1	-4	0	2
<i>EBIT margin (%)</i>	<i>1.3</i>	<i>-0.6</i>	<i>-9.5</i>	<i>-1.4</i>	<i>-2.2</i>	<i>-2.2</i>	<i>-3.7</i>	<i>-8.6</i>	<i>-8.5</i>	<i>-5.6</i>	<i>0.5</i>	<i>3.3</i>
Net financial items	0	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	0	0	-1	0	-2	0	-1	-1	-1	-4	0	2
Tax	0	0	0	0	0	0	0	0	0	1	0	0
<i>Tax rate (%)</i>	<i>19.8</i>	<i>19.9</i>	<i>20.0</i>	<i>25.0</i>	<i>20.0</i>	<i>19.9</i>	<i>20.1</i>	<i>20.0</i>	<i>21.0</i>	<i>20.4</i>	<i>21.0</i>	<i>21.0</i>
Net profit	0	0	-1	0	-1	0	-1	-1	-1	-3	0	1
EPS	0.00	-0.01	-0.03	0.00	-0.03	-0.01	-0.02	-0.03	-0.03	-0.09	0.00	0.04
EPS adjusted (diluted no. of shares)	0.00	-0.01	-0.03	0.00	-0.03	-0.01	-0.02	-0.03	-0.03	-0.09	0.00	0.04
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	0.00
SALES, EURm												
Innofactor	17	17	14	17	66	16	17	14	16	64	65	66
Total	17	17	14	17	66	16	17	14	16	64	65	66
SALES GROWTH, Y/Y %												
Innofactor	18.2	12.6	19.7	-4.7	10.1	-4.5	-0.8	-2.5	-4.3	-3.1	2.0	2.0
Total	18.2	12.6	19.7	-4.7	10.1	-4.5	-0.8	-2.5	-4.3	-3.1	2.0	2.0
EBIT, EURm												
Innofactor	0	0	-1	0	-1	0	-1	-1	-1	-4	0	2
Total	0	0	-1	0	-1	0	-1	-1	-1	-4	0	2
EBIT margin, %												
Innofactor	1.3	-0.6	-9.5	-1.4	-2.2	-2.2	-3.7	-8.6	-8.5	-5.6	0.5	3.3
Total	1.3	-0.6	-9.5	-1.4	-2.2	-2.2	-3.7	-8.6	-8.5	-5.6	0.5	3.3

INCOME STATEMENT, EURm	2013	2014	2015	2016	2017	2018E	2019E	2020E
Sales	33	44	44	60	66	64	65	66
<i>Sales growth (%)</i>	<i>73.7</i>	<i>34.1</i>	<i>1.4</i>	<i>34.1</i>	<i>10.1</i>	<i>-3.1</i>	<i>2.0</i>	<i>2.0</i>
Costs	-29	-40	-41	-55	-64	-65	-62	-62
Reported EBITDA	3	4	4	5	1	-1	3	5
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>10.0</i>	<i>8.7</i>	<i>8.3</i>	<i>8.1</i>	<i>2.0</i>	<i>-1.3</i>	<i>4.4</i>	<i>7.0</i>
Depreciation	-1	-1	-1	-2	-3	-3	-3	-2
EBITA	2	2	3	2	-1	-4	0	2
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	2	2	3	2	-1	-4	0	2
<i>EBIT margin (%)</i>	<i>6.9</i>	<i>5.5</i>	<i>5.7</i>	<i>3.9</i>	<i>-2.2</i>	<i>-5.6</i>	<i>0.5</i>	<i>3.3</i>
Net financials	0	0	-1	0	0	0	0	0
Pre-tax profit	2	2	2	2	-2	-4	0	2
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	0	0	0	0	0	1	0	0
Minority shares	0	0	0	0	0	0	0	0
Net profit	1	1	1	1	-1	-3	0	1
BALANCE SHEET, EURm								
Assets								
Fixed assets	5	4	4	10	8	7	5	4
<i>% of sales</i>	<i>15</i>	<i>9</i>	<i>8</i>	<i>16</i>	<i>13</i>	<i>10</i>	<i>8</i>	<i>7</i>
Goodwill	19	20	20	28	26	26	26	26
<i>% of sales</i>	<i>59</i>	<i>45</i>	<i>44</i>	<i>46</i>	<i>40</i>	<i>41</i>	<i>41</i>	<i>40</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	14	16	13	19	17	17	17	17
<i>% of sales</i>	<i>43</i>	<i>36</i>	<i>30</i>	<i>33</i>	<i>26</i>	<i>26</i>	<i>26</i>	<i>26</i>
Liquid funds	1	1	1	1	1	1	2	2
<i>% of sales</i>	<i>3</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>1</i>	<i>1</i>	<i>3</i>	<i>3</i>
Total assets	47	48	44	64	59	55	54	54
Liabilities								
Equity								
Equity	16	20	21	23	25	22	23	24
<i>% of sales</i>	<i>50</i>	<i>45</i>	<i>48</i>	<i>38</i>	<i>38</i>	<i>34</i>	<i>35</i>	<i>37</i>
Deferred taxes	1	1	1	2	2	2	2	1
<i>% of sales</i>	<i>3</i>	<i>2</i>	<i>2</i>	<i>4</i>	<i>3</i>	<i>3</i>	<i>2</i>	<i>2</i>
Interest bearing debt	15	14	12	17	14	16	13	11
<i>% of sales</i>	<i>46</i>	<i>32</i>	<i>28</i>	<i>28</i>	<i>22</i>	<i>25</i>	<i>20</i>	<i>16</i>
Non-interest bearing current liabilities	14	13	9	22	17	15	17	17
<i>% of sales</i>	<i>43</i>	<i>31</i>	<i>21</i>	<i>37</i>	<i>27</i>	<i>24</i>	<i>26</i>	<i>26</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	47	48	44	64	59	55	54	54
CASH FLOW, EURm								
+ EBITDA	3	4	4	5	1	-1	3	5
- Net financial items	0	0	-1	0	0	0	0	0
- Taxes	0	0	0	2	0	2	0	0
- Increase in Net Working Capital	-1	-1	1	-1	2	-2	1	0
+/- Other	-1	0	0	-2	1	0	0	0
= Cash flow from operations	1	2	4	3	4	-2	4	4
- Capex	0	-1	0	-1	-2	-1	-1	-2
- Acquisitions	-2	0	-2	-6	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	-1	2	2	-4	2	-3	2	2
+/- Change in interest-bearing debt	14	-1	-1	4	-2	2	-3	-2
+/- New issues/buybacks	1	2	1	0	4	0	1	0
- Paid dividend	0	0	0	0	0	0	0	0
+/- Change in loan receivables	0	0	0	1	2	0	0	0
Change in cash	14	2	1	1	5	-1	0	0

KEY FIGURES	2014	2015	2016	2017	2018E	2019E	2020E
M-cap	25	33	38	34	14	14	14
Net debt	13	12	16	13	15	11	9
Enterprise value	38	44	54	47	30	26	23
Sales	44	44	60	66	64	65	66
EBITDA	4	4	5	1	-1	3	5
EBIT	2	3	2	-1	-4	0	2
Pre-tax	2	2	2	-2	-4	0	2
Earnings	1	1	1	-1	-3	0	1
Book value	20	21	23	25	22	23	24
Valuation multiples							
EV/sales	0.9	1.0	0.9	0.7	0.5	0.4	0.4
EV/EBITDA	9.9	12.0	11.2	36.2	-35.1	9.1	5.0
EV/EBITA	15.6	17.4	23.3	-32.4	-8.3	86.2	10.5
EV/EBIT	15.6	17.4	23.3	-32.4	-8.3	86.2	10.5
EV/operating cash flow	16.3	11.3	15.8	11.4	-34.6	5.7	5.2
EV/cash earnings	11.5	14.0	8.5	37.1	63.8	9.1	5.6
P/E	21.9	26.0	25.8	-26.9	-4.6	-94.4	10.3
P/E excl. goodwill	21.9	26.0	25.8	-26.9	-4.6	-94.4	10.3
P/B	1.3	1.5	1.7	1.4	0.7	0.6	0.6
P/sales	0.6	0.7	0.6	0.5	0.2	0.2	0.2
P/CF	10.8	8.3	11.2	8.2	-16.8	3.2	3.2
Target EV/EBIT	0.0	0.0	0.0	0.0	-8.3	86.2	10.5
Target P/E	0.0	0.0	0.0	0.0	-4.6	-94.4	10.3
Target P/B	0.0	0.0	0.0	0.0	0.7	0.6	0.6
Per share measures							
Number of shares	32,154	33,454	33,454	36,188	36,188	36,188	36,188
Number of shares (diluted)	32,154	33,454	33,454	36,188	36,188	36,188	36,188
EPS	0.04	0.04	0.04	-0.03	-0.09	0.00	0.04
EPS excl. goodwill	0.04	0.04	0.04	-0.03	-0.09	0.00	0.04
Cash EPS	0.10	0.10	0.19	0.04	0.01	0.08	0.12
Operating cash flow per share	0.07	0.12	0.10	0.12	-0.02	0.12	0.12
Capital employed per share	1.01	0.98	1.14	1.06	1.03	0.95	0.91
Book value per share	0.61	0.64	0.67	0.69	0.61	0.63	0.67
Book value excl. goodwill	0.00	0.05	-0.16	-0.04	-0.12	-0.10	-0.06
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payout ratio, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Efficiency measures							
ROE	6.7	6.2	6.8	-5.3	-13.5	-0.7	6.0
ROCE	7.4	7.6	6.4	-3.7	-9.3	0.8	6.2
Financial ratios							
Capex/sales, %	1.6	4.9	12.3	2.6	1.2	2.1	2.3
Capex/depreciation excl. goodwill,%	31.8	185.9	-31.5	107.6	28.8	54.0	63.3
Net debt/EBITDA, book-weighted	3.4	3.1	3.3	10.2	-18.0	4.0	1.9
Debt/equity, market-weighted	0.6	0.4	0.4	0.4	1.1	0.9	0.7
Equity ratio, book-weighted	41.0	48.5	35.4	42.8	39.8	42.3	45.5
Gearing	0.66	0.54	0.70	0.53	0.70	0.50	0.36
Number of employees, average	421	409	591	601	615	630	649
Sales per employee, EUR	104,119	108,685	100,873	109,261	103,501	103,057	102,057
EBIT per employee, EUR	5,717	6,218	3,946	-2,431	-5,816	476	3,390

COMPANY DESCRIPTION: InnoFactor provides software products and solutions to commercial, public sector, and membership-based organizations in the Nordic countries. It specializes in Microsoft-based cloud solutions and digital transformation.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ensio Sami	7,716,173	3.086	21.3%
Ilmarinen Mutual Pension Insurance Company	1,800,000	0.720	5.0%
Tilman Tuomo Tapani	1,465,437	0.586	4.0%
Svalroma Invest AB	1,435,196	0.574	4.0%
Linturi Kaija and Risto	1,256,411	0.503	3.5%
Laiho Rami Tapani	1,255,159	0.502	3.5%
Orje Matias Juhanpoika	882,065	0.353	2.4%
Miki Antti Jussi	877,192	0.351	2.4%
Muukkonen Teemu Heikki	522,230	0.209	1.4%
Ingman Finance Oy Ab	500,000	0.200	1.4%
Ten largest	17,709,863	7.084	49%
Residual	18,478,362	7.391	51%
Total	36,188,225	14.475	100%

EARNINGS CALENDAR

March 05, 2019	FY 2018 Results
May 14, 2019	Q1 report
July 23, 2019	Q2 report
October 29, 2019	Q3 report

OTHER EVENTS

April 02, 2019	AGM
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COMPANY MISCELLANEOUS

CEO: Sami Ensio	Keilaranta 9, FI-02150 Espoo
CFO: Marko Lehtonen	Tel: +358 (0)10 272 9000
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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<https://research.evli.com/JasperAllModels.action?authParam=key:461&authParam=x:G3rNagWrtf7K&authType=3>

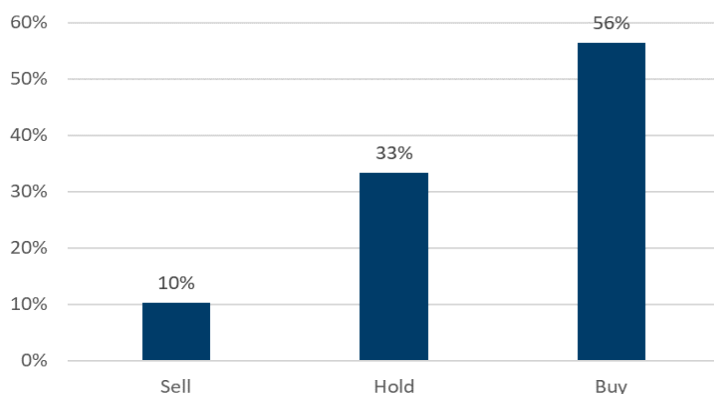
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:

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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 in general updated 2 – 4 per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 16th of April 2018. If recommendation is not given, it is not mentioned here.

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

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