

## Right on track

Innofactor posted solid profitability figures in Q1 along with continued revenue growth. A minor COVID-19 impact is expected for the rest of the year. We continue to expect minor sales growth along with EBITDA improvement in 2020. We retain our BUY-rating with a target price of EUR 0.95 (0.90).

### Solid Q1 profitability and sales growth

Innofactor's Q1 results beat our expectations and profitability reached solid levels. Revenue amounted to EUR 17.2m (Evl 16.8m) and grew 6.2% y/y. EBITDA amounted to EUR 2.0m (Evl 1.2m). All countries were profitable and showed sales growth in Q1. Non-cash internal debt exchange rate fluctuations kept PTP in the red but operating cash flow was a solid EUR 3.1m. The order backlog was at a good level of EUR 54.1m and the pipeline remains healthy according to the company. Guidance remains intact, with net sales and EBITDA expected to increase compared to 2020.

### COVID-19 impact expected to be minor

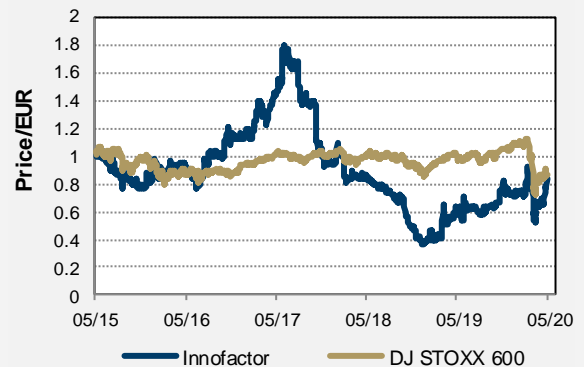
Innofactor expects the impacts of the Coronavirus pandemic on the rest of the year to be minor. Our 2020 estimates remain largely intact as the solid Q1 offset adjustments due to the pandemic for the later quarters. We expect minor growth in 2020, with revenue of EUR 65.1m (2019: 64.2m), and an EBITDA of EUR 5.9m (2019: 5.1m). The high share of recurring revenue, some 55% in Q1, will prove to be beneficial under current circumstances. Additional funding of EUR 3.0m was secured for financial flexibility and possibly pursuing inorganic growth opportunities. The ownership in Arc Technology was increased and will be reported as a subsidiary from Q2, 2020 net sales impact is approximately EUR 1.0m.

### BUY with a target price of EUR 0.95 (0.90)

Innofactor has been on a good track on EPS growth and improved operational efficiency and the impact of COVID-19 is estimated to be limited. Valuation has become fairer on peer multiples, but we see long-term potential intact. We retain our BUY-rating with a target price of EUR 0.95 (0.90).

## Rating

BUY



Share price, EUR (Last trading day's closing price) 0.84  
Target price, EUR 0.95

Latest change in recommendation 06-Jun-19  
Latest report on company 26-Feb-20  
Research paid by issuer: YES  
No. of shares outstanding, '000's 37,388  
No. of shares fully diluted, '000's 37,388  
Market cap, EURm 31  
Free float, % 47.0  
Exchange rate EUR 0.000  
Reuters code IFA1V.HE  
Bloomberg code IFA1V.FH  
Average daily volume, EURm 0.04  
Next interim report 28-Jul-20  
Web site [www.innofactor.com](http://www.innofactor.com)

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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	63.1	-3.9	-6.1%	-1.7	-0.09	-4.1	0.5	-8.7	-13.2	0.00
2019	64.2	0.8	1.2%	4.4	0.01	64.6	0.7	53.8	16.3	0.00
2020E	65.1	1.5	2.3%	2.2	0.01	88.9	0.7	29.8	7.0	0.00
2021E	67.1	3.3	4.9%	2.9	0.06	14.1	0.6	12.8	9.1	0.00
2022E	68.7	4.6	6.7%	2.9	0.09	9.4	0.6	8.6	9.1	0.00
Market cap, EURm			31	Gearing 2020E, %		60.9	CAGR EPS 2019-22, %			99.8
Net debt 2020E, EURm			14	Price/book 2020E		1.4	CAGR sales 2019-22, %			2.3
Enterprise value, EURm			45	Dividend yield 2020E, %		0.0	ROE 2020E, %			1.6
Total assets 2020E, EURm			54	Tax rate 2020E, %		-435.0	ROCE 2020E, %			4.0
Goodwill 2020E, EURm			26	Equity ratio 2020E, %		41.3	PEG, P/E 20/CAGR			0.8

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

Innofactor	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20	Q2/'20E	Q3/'20E	Q4/'20E	2020E	2021E	2022E
Net sales	63.1	16.1	16.7	14.0	17.4	64.2	17.2	16.6	13.8	17.5	65.1	67.1	68.7
sales growth %	-3.8%	-2.0%	-2.1%	1.4%	9.7%	1.7%	6.5%	-0.3%	-1.2%	0.4%	1.4%	3.0%	2.5%
EBITDA	-1.1	0.9	1.1	1.5	1.6	5.1	1.9	1.1	1.2	1.7	5.9	6.6	6.9
EBITDA margin	-1.7%	5.4%	6.8%	11.0%	8.9%	7.9%	11.1%	6.6%	8.7%	9.7%	9.1%	9.9%	10.0%
Acquisition related depreciation	-2.0	-0.5	-0.5	-0.5	-0.5	-2.0	-0.5	-0.5	-0.5	-0.5	-1.9	-0.7	0.0
EBIT	-3.9	-0.1	0.2	0.3	0.5	0.8	0.8	0.0	0.1	0.6	1.5	3.3	4.6
EBIT margin	-6.1%	-0.6%	0.9%	1.8%	2.8%	1.2%	4.7%	0.0%	0.7%	3.4%	2.3%	4.9%	6.7%
Adj. EBIT (excl. acquisition depr.)	-1.8	0.4	0.7	0.8	1.0	2.8	1.3	0.5	0.6	1.1	3.4	4.0	4.6
Adj. EBIT margin	-2.9%	2.6%	4.0%	5.4%	5.7%	4.4%	7.5%	2.8%	4.2%	6.1%	5.2%	6.0%	6.7%

Source: Innofactor, Evli Research estimates

INNOFACTOR PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		20	21	22	20	21	22	20	21	22
TietoEVRY	2560	7.2x	6.4x	6.4x	10.0x	8.6x	8.6x	12.0x	10.1x	10.1x
Atea	854	8.1x	6.8x	6.8x	14.2x	11.0x	11.0x	16.5x	12.3x	12.3x
Knowit	252	7.3x	6.5x	6.5x	9.3x	8.1x	8.1x	11.9x	10.6x	10.6x
HiQ International	206	10.3x	7.9x	7.9x	13.3x	9.6x	9.6x	18.2x	13.3x	13.3x
Bouvet	403	12.4x	11.4x	11.4x	16.2x	14.7x	14.7x	21.2x	19.2x	19.2x
Enea	269	11.1x	8.9x	8.9x	16.1x	12.9x	12.9x	17.2x	14.7x	14.7x
Gofore	100							17.1x	14.1x	14.1x
Digia	128	8.4x	8.0x	8.0x	12.5x	11.3x	11.3x	14.1x	12.8x	12.8x
Sili Solutions	59	6.0x	6.2x	6.2x	12.6x	8.4x	8.4x	11.0x	10.9x	10.9x
Solteq	21	6.5x	5.5x	5.5x	18.2x	13.8x	13.8x	144.5x	18.7x	18.7x
Peer Group Average	485	8.6x	7.5x	7.5x	13.6x	10.9x	10.9x	28.4x	13.7x	13.7x
Peer Group Median	229	8.1x	6.8x	6.8x	13.3x	11.0x	11.0x	16.8x	13.0x	13.0x
Innofactor (Evli est.)	31	7.6x	6.4x	5.7x	29.8x	12.8x	8.6x	25.9x	14.1x	9.4x
Innofactor prem./disc. to peer median		-6%	-6%	-16%	123%	17%	-22%	54%	8%	-28%
Innofactor adj.* (Evli est.)	31	7.6x	6.4x	5.7x	13.2x	10.6x	8.6x	16.8x	11.3x	9.4x
Innofactor prem./disc. to peer median		-6%	-6%	-16%	-1%	-4%	-22%	0%	-14%	-28%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	0.84 PV of Free Cash Flow	39 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	2.04 PV of Horizon value	53 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	142.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	2.3 Marketable securities	1 Minimum WACC, %	7.4 Equity beta coefficient	1.00
Minimum value	1.8 Debt - dividend	-17 Maximum WACC, %	8.4 Target debt ratio, %	30
Horizon value, %	58.1 Value of stock	76 Nr of shares, Mn	37.4 Effective tax rate, %	20

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	64	65	67	69	70	72	74	76	78	80	81	83
<i>Sales growth, %</i>	<i>1.7</i>	<i>1.4</i>	<i>3.0</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>2.5</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	1	2	3	5	5	5	5	5	5	6	6	6
<i>Operating income margin, %</i>	<i>1.2</i>	<i>2.3</i>	<i>4.9</i>	<i>6.7</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>
+ Depreciation+amort.	4	4	3	2	2	3	3	3	3	3	3	3
EBITDA	5	6	7	7	7	8	8	8	8	9	9	
- Paid taxes	0	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
- Change in NWC	2	0	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>-2.9</i>	<i>-2.9</i>	<i>-2.9</i>	<i>-2.9</i>	<i>-2.9</i>	<i>-2.9</i>	<i>-2.9</i>	<i>-2.9</i>	<i>-2.9</i>	<i>-2.9</i>	<i>-2.9</i>	<i>-2.9</i>
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>opCAPEX / Sales, %</i>	<i>2.8</i>	<i>4.0</i>	<i>4.1</i>	<i>4.1</i>	<i>4.1</i>	<i>4.1</i>	<i>4.1</i>	<i>4.1</i>	<i>4.1</i>	<i>4.1</i>	<i>4.1</i>	<i>4.2</i>
- 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	6	5	5	5	5	6	6	6	6	6	6	111
= Discounted FCFF		5	4	4	4	4	4	4	3	3	3	53
= DFCF min WACC		5	4	4	4	4	4	4	4	3	3	61
= DFCF max WACC		5	4	4	4	4	4	3	3	3	3	47

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	16.1	16.7	14.0	17.4	64.2	17.2	16.6	13.8	17.5	65.1	67.1	68.7
EBITDA	0.9	1.1	1.5	1.6	5.1	2.0	1.1	1.2	1.7	5.9	6.6	6.9
<i>EBITDA margin (%)</i>	<i>5.4</i>	<i>6.8</i>	<i>11.0</i>	<i>8.9</i>	<i>7.9</i>	<i>11.4</i>	<i>6.6</i>	<i>8.7</i>	<i>9.7</i>	<i>9.1</i>	<i>9.9</i>	<i>10.0</i>
EBIT	-0.1	0.2	0.3	0.5	0.8	0.8	0.0	0.1	0.6	1.5	3.3	4.6
<i>EBIT margin (%)</i>	<i>-0.6</i>	<i>0.9</i>	<i>1.8</i>	<i>2.8</i>	<i>1.2</i>	<i>4.7</i>	<i>0.0</i>	<i>0.7</i>	<i>3.4</i>	<i>2.3</i>	<i>4.9</i>	<i>6.7</i>
Net financial items	-0.1	-0.3	-0.2	-0.2	-0.8	-0.9	-0.2	-0.2	-0.2	-1.4	-0.5	-0.4
Pre-tax profit	-0.2	-0.1	0.0	0.3	0.0	-0.1	-0.2	-0.1	0.4	0.1	2.8	4.2
Tax	0.1	0.1	0.1	0.1	0.4	0.3	0.0	0.0	-0.1	0.3	-0.6	-0.9
<i>Tax rate (%)</i>	<i>55.3</i>	<i>102.9</i>	<i>-219.5</i>	<i>-37.4</i>	<i>-3,690.9</i>	<i>263.7</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>-435.0</i>	<i>21.0</i>	<i>21.0</i>
Net profit	-0.1	0.0	0.1	0.4	0.4	0.2	-0.1	-0.1	0.3	0.4	2.2	3.3
EPS	0.00	0.00	0.00	0.01	0.01	0.01	0.00	0.00	0.01	0.01	0.06	0.09
EPS adjusted (diluted no. of shares)	0.00	0.00	0.00	0.01	0.01	0.01	0.00	0.00	0.01	0.01	0.06	0.09
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
<b>SALES, EURm</b>												
Innofactor	16.1	16.7	14.0	17.4	64.2	17.2	16.6	13.8	17.5	65.1	67.1	68.7
Total	16.1	16.7	14.0	17.4	64.2	17.2	16.6	13.8	17.5	65.1	67.1	68.7
<b>SALES GROWTH, Y/Y %</b>												
Innofactor	-2.0	-2.1	1.4	9.7	1.7	6.5	-0.3	-1.2	0.4	1.4	3.0	2.5
Total	-2.0	-2.1	1.4	9.7	1.7	6.5	-0.3	-1.2	0.4	1.4	3.0	2.5
<b>EBIT, EURm</b>												
Innofactor	-0.1	0.2	0.3	0.5	0.8	0.8	0.0	0.1	0.6	1.5	3.3	4.6
Total	-0.1	0.2	0.3	0.5	0.8	0.8	0.0	0.1	0.6	1.5	3.3	4.6
<b>EBIT margin, %</b>												
Innofactor	-0.6	0.9	1.8	2.8	1.2	4.7	0.0	0.7	3.4	2.3	4.9	6.7
Total	-0.6	0.9	1.8	2.8	1.2	4.7	0.0	0.7	3.4	2.3	4.9	6.7

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	44.5	59.6	65.7	63.1	64.2	65.1	67.1	68.7
<i>Sales growth (%)</i>	<i>1.4</i>	<i>34.1</i>	<i>10.1</i>	<i>-3.8</i>	<i>1.7</i>	<i>1.4</i>	<i>3.0</i>	<i>2.5</i>
EBITDA	3.7	4.8	1.3	-1.1	5.1	5.9	6.6	6.9
<i>EBITDA margin (%)</i>	<i>8.3</i>	<i>8.1</i>	<i>2.0</i>	<i>-1.7</i>	<i>7.9</i>	<i>9.1</i>	<i>9.9</i>	<i>10.0</i>
Depreciation	-1.2	-2.5	-2.8	-2.8	-4.3	-4.4	-3.3	-2.3
EBITA	2.5	2.3	-1.5	-3.9	0.8	1.5	3.3	4.6
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	2.5	2.3	-1.5	-3.9	0.8	1.5	3.3	4.6
<i>EBIT margin (%)</i>	<i>5.7</i>	<i>3.9</i>	<i>-2.2</i>	<i>-6.1</i>	<i>1.2</i>	<i>2.3</i>	<i>4.9</i>	<i>6.7</i>
Reported EBIT	2.5	2.3	-1.5	-3.9	0.8	1.5	3.3	4.6
<i>EBIT margin (reported) (%)</i>	<i>5.7</i>	<i>3.9</i>	<i>-2.2</i>	<i>-6.1</i>	<i>1.2</i>	<i>2.3</i>	<i>4.9</i>	<i>6.7</i>
Net financials	-0.6	-0.4	-0.1	0.1	-0.8	-1.4	-0.5	-0.4
Pre-tax profit	1.9	1.9	-1.6	-3.8	0.0	0.1	2.8	4.2
Taxes	-0.4	-0.4	0.3	0.6	0.4	0.3	-0.6	-0.9
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	1.3	1.5	-1.3	-3.2	0.4	0.4	2.2	3.3
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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	4	10	8	7	4	2	2	2
Goodwill	20	28	26	26	26	26	26	26
Right of use assets	0	0	0	5	5	5	5	5
Inventory	0	0	0	0	0	0	0	0
Receivables	13	19	17	13	14	14	15	15
Liquid funds	1	1	1	0	1	1	2	2
Total assets	44	64	58	57	56	54	55	56
<b>Liabilities</b>								
Shareholder's equity	21	23	25	21	22	22	25	28
Minority interest	0	0	0	0	0	0	0	0
Convertibles	3	0	0	0	0	0	0	0
Lease liabilities	0	0	0	5	5	5	5	5
Deferred taxes	1	2	2	1	1	1	1	1
Interest bearing debt	9	17	14	15	12	10	7	5
Non-interest bearing current liabilities	9	22	17	14	16	16	17	17
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	44	64	58	57	56	54	55	56
<b>CASH FLOW, EURm</b>								
+ EBITDA	4	5	1	-1	5	6	7	7
- Net financial items	0	0	0	0	-1	-1	0	0
- Taxes	0	2	0	0	0	0	-1	-1
- Increase in Net Working Capital	1	-1	2	1	2	0	0	0
+/- Other	-1	-2	1	-1	0	0	0	0
= Cash flow from operations	3	3	4	-1	6	5	6	6
- Capex	0	-1	-2	-1	-2	-3	-3	-3
- Acquisitions	-2	-6	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	1	-4	2	-2	4	2	3	3
+/- New issues/buybacks	1	0	4	0	0	0	0	0
- Paid dividend	0	0	0	0	0	0	0	0
+/- Other	-2	5	-6	1	-4	-2	-2	-3
Change in cash	0	0	0	-1	1	0	0	0

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	38	34	13	27	31	31	31
Net debt (excl. convertibles)	16	13	20	16	14	11	8
Enterprise value	54	47	33	43	45	42	39
Sales	60	66	63	64	65	67	69
EBITDA	5	1	-1	5	6	7	7
EBIT	2	-1	-4	1	2	3	5
Pre-tax	2	-2	-4	0	0	3	4
Earnings	1	-1	-3	0	0	2	3
Equity book value (excl. minorities)	23	25	21	22	22	25	28
<b>Valuation multiples</b>							
EV/sales	0.9	0.7	0.5	0.7	0.7	0.6	0.6
EV/EBITDA	11.2	36.2	-30.4	8.4	7.6	6.4	5.7
EV/EBITA	23.3	-32.4	-8.7	53.8	29.8	12.8	8.6
EV/EBIT	23.3	-32.4	-8.7	53.8	29.8	12.8	8.6
EV/OCF	17.4	11.4	-57.7	6.9	9.4	7.5	6.9
EV/FCFF	-17.6	17.1	-17.9	6.9	8.9	8.4	7.8
P/FCFE	-9.1	13.7	-7.6	6.1	14.3	11.0	10.9
P/E	25.8	-26.9	-4.1	64.6	88.9	14.1	9.4
P/B	1.7	1.4	0.6	1.2	1.4	1.3	1.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.3	7.0	6.3
Target EV/EBIT	0.0	0.0	0.0	0.0	32.5	14.0	9.5
Target EV/FCF	0.0	0.0	0.0	0.0	22.5	16.2	15.2
Target P/B	0.0	0.0	0.0	0.0	1.6	1.4	1.3
Target P/E	0.0	0.0	0.0	0.0	100.6	16.0	10.7
<b>Per share measures</b>							
Number of shares	33,454	36,188	36,188	37,388	37,388	37,388	37,388
Number of shares (diluted)	33,454	36,188	36,188	37,388	37,388	37,388	37,388
EPS	0.04	-0.03	-0.09	0.01	0.01	0.06	0.09
Operating cash flow per share	0.09	0.12	-0.02	0.17	0.13	0.15	0.15
Free cash flow per share	-0.13	0.07	-0.05	0.12	0.06	0.08	0.08
Book value per share	0.67	0.68	0.59	0.59	0.60	0.66	0.75
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
FCF yield, %	-10.9	7.3	-13.2	16.3	7.0	9.1	9.1
<b>Efficiency measures</b>							
ROE	6.8	-5.3	-13.8	1.9	1.6	9.4	12.6
ROCE	6.4	-3.7	-9.6	2.0	4.0	8.8	12.3
<b>Financial ratios</b>							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	32.5	25.6	20.9	21.9	21.9	21.9	21.9
Non-interest bearing liabilities as % of sales	37.2	26.6	22.1	24.8	24.8	24.8	24.8
NWC/sales, %	-4.6	-1.0	-1.2	-2.9	-2.9	-2.9	-2.9
Operative CAPEX/sales, %	1.4	2.6	1.8	2.8	4.0	4.1	4.1
CAPEX/sales (incl. acquisitions), %	-9.4	2.6	1.8	2.8	4.0	4.1	4.1
FCFF/EBITDA	-0.6	2.1	1.7	1.2	0.9	0.8	0.7
Net debt/EBITDA, book-weighted	3.3	10.2	-18.6	3.1	2.3	1.6	1.2
Debt/equity, market-weighted	0.4	0.4	1.2	0.4	0.3	0.2	0.1
Equity ratio, book-weighted	35.4	42.5	37.3	39.7	41.3	45.2	50.5
Gearing, %	70.2	53.8	96.1	71.8	60.9	43.8	28.4

**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. Innofactor has operations in Finland, Sweden, Denmark, and Norway.

**INVESTMENT CASE:** Innofactor has been showing recovery from a few years of subpar performance, caused primarily by integration issues relating to its pan-Nordic platform. Focus in the near-term should still remain on actions to improve margins and sorting out challenges relating to international operations. Good traction for Microsoft's enterprise solutions supports growth outlook going forward.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ensio Sami	7,880,237	6.619	21.1%
Ilmarinen Mutual Pension Insurance Company	1,800,000	1.512	4.8%
Jyrki Hallikainen	1,471,009	1.236	3.9%
Laiho Rami Tapani	1,262,159	1.060	3.4%
Linturi Kaija and Risto	1,256,411	1.055	3.4%
Tilman Tuomo Tapani	1,000,397	0.840	2.7%
Ärje Matias Juhanpoika	882,065	0.741	2.4%
Mäki Antti Jussi	847,192	0.712	2.3%
Saarelainen Mika Pekka	678,649	0.570	1.8%
Muukkonen Teemu Heikki	514,468	0.432	1.4%
Ten largest	17,592,587	14.778	47%
Residual	19,795,638	16.628	53%
Total	37,388,225	31.406	100%

EARNINGS CALENDAR	
July 28, 2020	Q2 report
October 27, 2020	Q3 report
OTHER EVENTS	
March 31, 2020	AGM

COMPANY MISCELLANEOUS	
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CFO: Markku Puolanne	Tel: +358 (0)10 272 9000
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



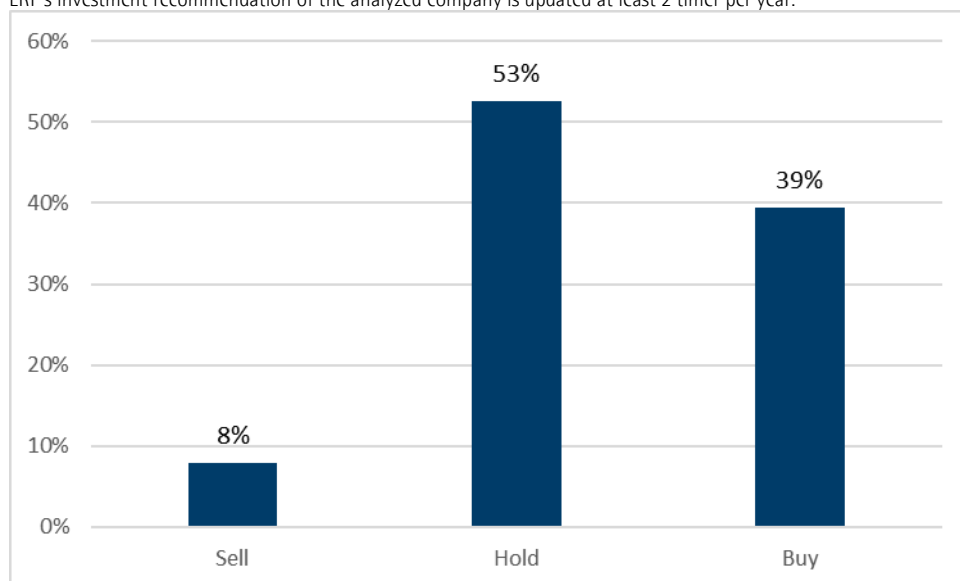
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Investment recommendations are defined as follows:

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

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

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