

On a path of solid progress

Innofactor reported solid Q4 figures, adjusted for one-offs, and proposed the first dividend distribution in company history. We expect a pick-up in growth and continued margin improvement in 2021. We retain our BUY-rating with a target price of EUR 1.75 (1.45).

One-offs hampered otherwise solid figures

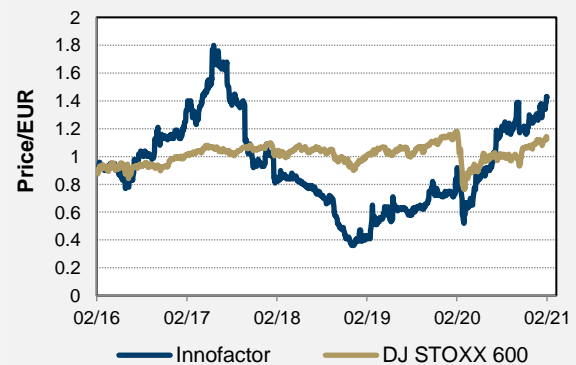
Innofactor reported in our view solid Q4 earnings. Although EBITDA was below our estimates at EUR 1.6m (Evli EUR 2.1m), a one-off of approx. EUR 1.0m relating to a final write-down and cost item of a customer project in Sweden was included, without which EBITDA would have clearly exceeded expectations. Net sales were also slightly above our estimates at EUR 18.3m (Evli EUR 17.6m), showing modest growth of 4.7% y/y. A dividend distribution of EUR 0.04 per share was proposed (Evli EUR 0.03), with authorization being sought for a further potential extra dividend of max 0.04 per share, which if granted and utilized in full would translate to a dividend yield of 5.6%.

Growth and improved profitability expected

Innofactor followed its usual line of guidance, expecting net sales and EBITDA to increase in 2021 compared with 2020. We expect sales growth of 6.4% and EBITDA-margins to improve to 13.1% (2020: 10.8%). With the good order backlog and a balance sheet supportive of acquisitions growth could pick up more clearly, but uncertainty, especially given the on-going pandemic, is still at higher levels and as such we are still wary of assuming higher growth figures. Innofactor is still quite some way from its 20% growth and EBITDA-% target but the targets do not appear to be quite as out of grasp as earlier.

BUY-rating with a target price of EUR 1.75 (1.45)

On our revised estimates we raise our target price to EUR 1.75 (1.45), valuing Innofactor at ~14x 2021 PPA adj. P/E, with our BUY-rating intact. Further upside potential compared to peer multiples still exists, but we consider further evidence of growth pick-up and earnings improvement mandated to justify a higher valuation.

 Rating BUY


Share price, EUR (Last trading day's closing price)	1.43
Target price, EUR	1.75

Latest change in recommendation	04-Jun-19
Latest report on company	28-Oct-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	53
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	27-Apr-21
Web site	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
2019	64.2	0.8	1.2%	4.4	0.01	64.6	0.7	53.8	16.3	0.00
2020	66.2	2.5	3.8%	4.0	0.05	27.2	0.9	24.1	8.4	0.04
2021E	70.4	5.8	8.2%	5.4	0.11	13.3	0.9	10.7	10.0	0.05
2022E	73.2	7.0	9.5%	4.9	0.14	10.6	0.8	8.5	9.1	0.07
2023E	75.4	7.2	9.5%	5.2	0.14	10.0	0.7	7.9	9.7	0.07
Market cap, EURm	53			Gearing 2021E, %	32.6			CAGR EPS 2020-23, %	44.9	
Net debt 2021E, EURm	8			Price/book 2021E	2.1			CAGR sales 2020-23, %	4.5	
Enterprise value, EURm	62			Dividend yield 2021E, %	3.8			ROE 2021E, %	16.3	
Total assets 2021E, EURm	58			Tax rate 2021E, %	21.0			ROCE 2021E, %	14.9	
Goodwill 2021E, EURm	27			Equity ratio 2021E, %	44.8			PEG, P/E 21/CAGR	1.1	

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

Innofactor	2019	Q1/'20	Q2/'20	Q3/'20	Q4/'20	2020	Q1/'21E	Q2/'21E	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Net sales	64.2	17.2	16.8	14.0	18.3	66.2	17.9	18.0	15.1	19.4	70.4	73.2	75.4
<i>sales growth %</i>	1.7%	6.2%	0.6%	0.3%	4.7%	3.1%	4.4%	7.4%	7.8%	6.3%	6.4%	4.0%	3.0%
EBITDA	5.1	2.0	2.0	1.6	1.6	7.2	2.2	2.3	1.9	3.0	9.2	9.8	10.1
<i>EBITDA margin</i>	7.9%	11.4%	11.9%	11.6%	8.7%	10.8%	12.0%	12.5%	12.3%	15.2%	13.1%	13.3%	13.4%
Acquisition related depreciation	-2.0	-0.5	-0.5	-0.5	-0.5	-1.9	-0.5	-0.1	-0.1	-0.1	-0.6	0.0	0.0
EBIT	0.8	0.8	0.9	0.4	0.4	2.5	1.0	1.5	1.1	2.2	5.8	7.0	7.2
<i>EBIT margin</i>	1.2%	4.8%	5.3%	2.8%	2.2%	3.8%	5.6%	8.3%	7.3%	11.3%	8.2%	9.5%	9.5%
Adj. EBIT (excl. acquisition depr.)	2.8	1.3	1.4	0.9	0.9	4.4	1.5	1.6	1.2	2.3	6.4	7.0	7.2
<i>Adj. EBIT margin</i>	4.4%	7.5%	8.1%	6.2%	4.8%	6.6%	8.2%	8.6%	7.6%	11.6%	9.1%	9.5%	9.5%

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	2684	8.1x	7.1x	6.9x	12.5x	10.0x	9.4x	12.6x	10.2x	9.3x
Atea	1155	9.4x	8.3x	7.7x	16.7x	13.7x	12.3x	21.9x	17.7x	15.6x
Knowit	473	11.9x	10.5x	9.6x	15.2x	13.1x	11.8x	20.0x	17.7x	16.4x
HiQ International	391	16.3x	14.6x	13.5x	20.3x	17.7x	16.2x	28.0x	24.5x	22.3x
Bouvet	588	16.7x	15.2x	13.7x	20.9x	19.0x	16.9x	27.8x	25.3x	22.7x
Enea	355	12.4x	10.1x	8.8x	18.0x	14.5x	11.9x	20.7x	17.3x	14.0x
Gofore	195	18.2x	16.3x	14.0x	20.6x	19.0x	16.9x	29.3x	24.8x	22.2x
Digia	180	11.1x	10.6x	9.6x	16.7x	15.2x	13.4x	19.0x	18.8x	16.7x
Sili Solutions	82							18.0x		
Solteq	31	6.0x	6.0x	5.9x	12.3x	12.3x	12.9x	24.8x	16.1x	13.4x
Peer Group Average	613	12.2x	11.0x	10.0x	17.0x	15.0x	13.5x	22.2x	19.2x	16.9x
Peer Group Median	373	11.9x	10.5x	9.6x	16.7x	14.5x	12.9x	21.3x	17.7x	16.4x
Innofactor (Evli est.)	53	8.4x	6.7x	6.0x	24.1x	10.6x	8.5x	21.4x	13.3x	10.5x
<i>Innofactor prem./disc. to peer median</i>		-29%	-36%	-37%	44%	-27%	-34%	0%	-25%	-36%
Innofactor adj.* (Evli est.)	53	8.4x	6.7x	6.0x	13.7x	9.6x	8.5x	14.6x	11.8x	10.5x
<i>Innofactor prem./disc. to peer median</i>		-29%	-36%	-37%	-18%	-34%	-34%	-31%	-33%	-36%

Source Bloomberg, Evli Research. *Excl. purchase price amortization

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	1.43 PV of Free Cash Flow	57 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	3.26 PV of Horizon value	77 WACC, %	7.9 Market risk premium, %
Share price potential, %	127.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	3.6 Marketable securities	3 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	3.0 Debt - dividend	-15 Maximum WACC, %	8.4 Target debt ratio, %
Horizon value, %	57.5 Value of stock	122 Nr of shares, Mn	37.4 Effective tax rate, %

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	66	70	73	75	77	79	81	83	85	87	89	91
<i>Sales growth, %</i>	<i>3.1</i>	<i>6.4</i>	<i>4.0</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>2.0</i>	<i>2.0</i>
Operating income (EBIT)	3	6	7	7	7	8	8	8	8	8	8	9
<i>Operating income margin, %</i>	<i>3.8</i>	<i>8.2</i>	<i>9.5</i>	<i>9.5</i>	<i>9.5</i>	<i>9.5</i>	<i>9.5</i>	<i>9.5</i>	<i>9.5</i>	<i>9.5</i>	<i>9.5</i>	<i>9.5</i>
+ Depreciation+amort.	5	3	3	3	3	3	3	3	3	3	3	4
EBITDA	7	9	10	10	10	11	11	11	11	12	12	
- Paid taxes	0	0	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2
- Change in NWC	0	0	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</i>	<i>-2.7</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>3.8</i>	<i>4.2</i>	<i>4.2</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>
- 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	8	8	8	8	8	8	9	9	9	9	163
= Discounted FCFF		8	7	6	6	6	5	5	5	5	4	77
= DFCF min WACC		8	7	6	6	6	6	5	5	5	5	88
= DFCF max WACC		8	7	6	6	6	5	5	5	4	4	68

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	17.2	16.8	14.0	18.3	66.2	17.9	18.0	15.1	19.4	70.4	73.2	75.4
EBITDA	2.0	2.0	1.6	1.6	7.2	2.2	2.3	1.9	3.0	9.2	9.8	10.1
<i>EBITDA margin (%)</i>	<i>11.4</i>	<i>11.9</i>	<i>11.6</i>	<i>8.7</i>	<i>10.8</i>	<i>12.0</i>	<i>12.5</i>	<i>12.3</i>	<i>15.2</i>	<i>13.1</i>	<i>13.3</i>	<i>13.4</i>
EBIT	0.8	0.9	0.4	0.4	2.5	1.0	1.5	1.1	2.2	5.8	7.0	7.2
<i>EBIT margin (%)</i>	<i>4.8</i>	<i>5.3</i>	<i>2.8</i>	<i>2.2</i>	<i>3.8</i>	<i>5.6</i>	<i>8.3</i>	<i>7.3</i>	<i>11.3</i>	<i>8.2</i>	<i>9.5</i>	<i>9.5</i>
Net financial items	-0.9	0.3	-0.4	0.5	-0.5	-0.2	-0.2	-0.2	-0.2	-0.7	-0.6	-0.4
Pre-tax profit	-0.1	1.2	0.0	1.0	2.1	0.8	1.3	0.9	2.0	5.1	6.4	6.8
Tax	0.3	0.1	0.0	-0.7	-0.3	-0.2	-0.3	-0.2	-0.4	-1.1	-1.3	-1.4
<i>Tax rate (%)</i>	<i>263.7</i>	<i>-6.5</i>	<i>0.0</i>	<i>72.9</i>	<i>14.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>
Net profit	0.2	1.3	0.0	0.3	1.8	0.6	1.0	0.7	1.6	4.0	5.1	5.4
EPS	0.01	0.03	0.00	0.01	0.05	0.02	0.03	0.02	0.04	0.11	0.14	0.14
EPS adjusted (diluted no. of shares)	0.03	0.02	0.01	0.01	0.05	0.02	0.03	0.02	0.04	0.11	0.14	0.14
Dividend per share	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.05	0.07	0.07
SALES, EURm												
Innofactor	17.2	16.8	14.0	18.3	66.2	17.9	18.0	15.1	19.4	70.4	73.2	75.4
Total	17.2	16.8	14.0	18.3	66.2	17.9	18.0	15.1	19.4	70.4	73.2	75.4
SALES GROWTH, Y/Y %												
Innofactor	6.2	0.6	0.3	4.7	3.1	4.4	7.4	7.8	6.3	6.4	4.0	3.0
Total	6.2	0.6	0.3	4.7	3.1	4.4	7.4	7.8	6.3	6.4	4.0	3.0
EBIT, EURm												
Innofactor	0.8	0.9	0.4	0.4	2.5	1.0	1.5	1.1	2.2	5.8	7.0	7.2
Total	0.8	0.9	0.4	0.4	2.5	1.0	1.5	1.1	2.2	5.8	7.0	7.2
EBIT margin, %												
Innofactor	4.8	5.3	2.8	2.2	3.8	5.6	8.3	7.3	11.3	8.2	9.5	9.5
Total	4.8	5.3	2.8	2.2	3.8	5.6	8.3	7.3	11.3	8.2	9.5	9.5

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	59.6	65.7	63.1	64.2	66.2	70.4	73.2	75.4
<i>Sales growth (%)</i>	<i>34.1</i>	<i>10.1</i>	<i>-3.8</i>	<i>1.7</i>	<i>3.1</i>	<i>6.4</i>	<i>4.0</i>	<i>3.0</i>
EBITDA	4.8	1.3	-1.1	5.1	7.2	9.2	9.8	10.1
<i>EBITDA margin (%)</i>	<i>8.1</i>	<i>2.0</i>	<i>-1.7</i>	<i>7.9</i>	<i>10.8</i>	<i>13.1</i>	<i>13.3</i>	<i>13.4</i>
Depreciation	-2.5	-2.8	-2.8	-4.3	-4.7	-3.4	-2.8	-2.9
EBITA	2.3	-1.5	-3.9	0.8	2.5	5.8	7.0	7.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	2.3	-1.5	-3.9	0.8	2.5	5.8	7.0	7.2
<i>EBIT margin (%)</i>	<i>3.9</i>	<i>-2.2</i>	<i>-6.1</i>	<i>1.2</i>	<i>3.8</i>	<i>8.2</i>	<i>9.5</i>	<i>9.5</i>
Reported EBIT	2.3	-1.5	-3.9	0.8	2.5	5.8	7.0	7.2
<i>EBIT margin (reported) (%)</i>	<i>3.9</i>	<i>-2.2</i>	<i>-6.1</i>	<i>1.2</i>	<i>3.8</i>	<i>8.2</i>	<i>9.5</i>	<i>9.5</i>
Net financials	-0.4	-0.1	0.1	-0.8	-0.5	-0.7	-0.6	-0.4
Pre-tax profit	1.9	-1.6	-3.8	0.0	2.1	5.1	6.4	6.8
Taxes	-0.4	0.3	0.6	0.4	-0.3	-1.1	-1.3	-1.4
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	1.5	-1.3	-3.2	0.4	1.8	4.0	5.1	5.4
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	8	7	4	2	2	2	2
Goodwill	28	26	26	26	27	27	27	27
Right of use assets	0	0	5	5	4	4	4	5
Inventory	0	0	0	0	0	0	0	0
Receivables	19	17	13	14	14	15	16	16
Liquid funds	1	1	0	1	3	5	3	3
Total assets	64	58	57	56	57	58	57	58
Liabilities								
Shareholder's equity	23	25	21	22	23	26	29	32
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	5	5	4	4	4	5
Deferred taxes	2	2	1	1	2	2	2	2
Interest bearing debt	17	14	15	12	11	9	5	2
Non-interest bearing current liabilities	22	17	14	16	16	17	18	18
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	64	58	57	56	57	58	57	58
CASH FLOW, EURm								
+ EBITDA	5	1	-1	5	7	9	10	10
- Net financial items	0	0	0	-1	0	-1	-1	0
- Taxes	2	0	0	0	0	0	-1	-1
- Increase in Net Working Capital	-1	2	1	2	0	0	0	0
+/- Other	-2	1	-1	0	0	0	0	0
= Cash flow from operations	3	4	-1	6	7	8	8	8
- Capex	-1	-2	-1	-2	-3	-3	-3	-3
- Acquisitions	-6	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-4	2	-2	4	4	5	5	5
+/- New issues/buybacks	0	4	0	0	0	0	0	0
- Paid dividend	0	0	0	0	0	-1	-2	-3
+/- Other	5	-6	1	-4	-1	-2	-4	-3
Change in cash	0	0	-1	1	2	2	-1	0

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	34	13	27	48	53	53	53
Net debt (excl. convertibles)	13	20	16	12	8	6	3
Enterprise value	47	33	43	60	62	59	56
Sales	66	63	64	66	70	73	75
EBITDA	1	-1	5	7	9	10	10
EBIT	-1	-4	1	3	6	7	7
Pre-tax	-2	-4	0	2	5	6	7
Earnings	-1	-3	0	2	4	5	5
Equity book value (excl. minorities)	25	21	22	23	26	29	32
Valuation multiples							
EV/sales	0.7	0.5	0.7	0.9	0.9	0.8	0.7
EV/EBITDA	36.2	-30.4	8.4	8.4	6.7	6.1	5.6
EV/EBITA	-32.4	-8.7	53.8	24.1	10.7	8.5	7.9
EV/EBIT	-32.4	-8.7	53.8	24.1	10.7	8.5	7.9
EV/OCF	11.4	-57.7	6.9	9.2	7.4	7.4	6.8
EV/FCFF	17.1	-17.9	6.9	10.8	7.6	7.8	7.2
P/FCFE	13.7	-7.6	6.1	11.9	10.0	10.9	10.3
P/E	-26.9	-4.1	64.6	27.2	13.3	10.6	10.0
P/B	1.4	0.6	1.2	2.0	2.1	1.8	1.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.0	7.3	6.8
Target EV/EBIT	0.0	0.0	0.0	0.0	12.7	10.2	9.5
Target EV/FCF	0.0	0.0	0.0	0.0	13.8	14.5	13.1
Target P/B	0.0	0.0	0.0	0.0	2.5	2.3	2.1
Target P/E	0.0	0.0	0.0	0.0	16.3	12.9	12.2
Per share measures							
Number of shares	36,188	36,188	37,388	37,388	37,388	37,388	37,388
Number of shares (diluted)	36,188	36,188	37,388	37,388	37,388	37,388	37,388
EPS	-0.03	-0.09	0.01	0.05	0.11	0.14	0.14
Operating cash flow per share	0.12	-0.02	0.17	0.17	0.22	0.21	0.22
Free cash flow per share	0.07	-0.05	0.12	0.11	0.14	0.13	0.14
Book value per share	0.68	0.59	0.59	0.63	0.69	0.78	0.85
Dividend per share	0.00	0.00	0.00	0.04	0.05	0.07	0.07
Dividend payout ratio, %	0.0	0.0	0.0	84.9	50.0	50.0	50.0
Dividend yield, %	0.0	0.0	0.0	2.8	3.8	4.7	5.0
FCF yield, %	7.3	-13.2	16.3	8.4	10.0	9.1	9.7
Efficiency measures							
ROE	-5.3	-13.8	1.9	7.7	16.3	18.4	17.6
ROCE	-3.7	-9.6	2.0	6.4	14.9	18.0	18.8
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	25.6	20.9	21.9	21.4	21.4	21.4	21.4
Non-interest bearing liabilities as % of sales	26.6	22.1	24.8	24.1	24.1	24.1	24.1
NWC/sales, %	-1.0	-1.2	-2.9	-2.7	-2.7	-2.7	-2.7
Operative CAPEX/sales, %	2.6	1.8	2.8	3.8	4.2	4.2	4.1
CAPEX/sales (incl. acquisitions), %	2.6	1.8	2.8	3.8	4.2	4.2	4.1
FCFF/EBITDA	2.1	1.7	1.2	0.8	0.9	0.8	0.8
Net debt/EBITDA, book-weighted	10.2	-18.6	3.1	1.7	0.9	0.6	0.3
Debt/equity, market-weighted	0.4	1.2	0.4	0.2	0.2	0.1	0.0
Equity ratio, book-weighted	42.5	37.3	39.7	41.4	44.8	50.5	54.6
Gearing, %	53.8	96.1	71.8	52.6	32.6	19.3	9.2

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	11.269	21.1%
Ilmarinen Mutual Pension Insurance Company	1,800,000	2.574	4.8%
Jyrki Hallikainen	1,471,009	2.104	3.9%
Linturi Kaija and Risto	1,256,411	1.797	3.4%
Laiho Rami Tapani	1,181,594	1.690	3.2%
Ärje Matias Juhanpoika	882,065	1.261	2.4%
Mäki Antti Jussi	747,192	1.068	2.0%
Tilman Tuomo Tapani	733,397	1.049	2.0%
Ingman Finance	500,000	0.715	1.3%
Hellen Stefan Andreas	486,000	0.695	1.3%
Ten largest	16,937,905	24.221	45%
Residual	20,450,320	29.244	55%
Total	37,388,225	53.465	100%

EARNINGS CALENDAR

April 27, 2021	Q1 report
July 22, 2021	Q2 report
October 28, 2021	Q3 report

OTHER EVENTS

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

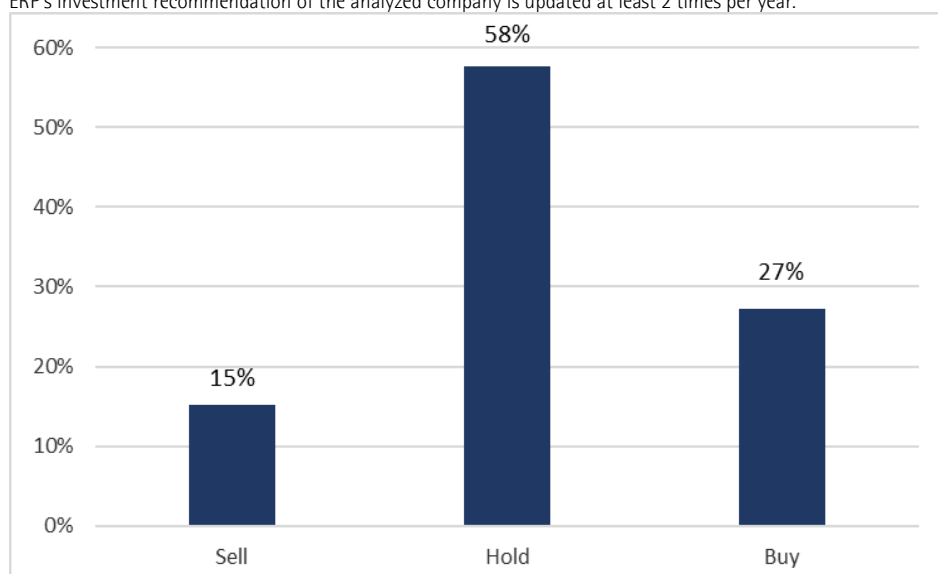
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Investment recommendations are defined as follows:

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

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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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