

Divestment secures a solid start

Innofactor is set to post solid Q1/21 figures with the one-off from the Prime business divestment. With a solid cash position and ambitious long-term growth targets we expect to start seeing measures to boost growth. We retain our BUY-rating with a target price of EUR 2.2 (1.75).

Q1 boosted by divestment one-off

Innofactor will publish its Q1 results on April 27th. Innofactor earlier announced that it had agreed to sell its resource management software solution business, Innofactor Prime, to Total Specific Solutions. The transaction is to have a positive impact of approx. EUR 2.6m on Q1/21 EBITDA and a negative impact of approx. EUR 2.0m on 2021 sales. As such, Innofactor should report exceptionally strong EBITDA in Q1/21, with our estimate at EUR 4.8m. We expect sales to continue on the modest growth trend seen in late 2020 and expect sales to grow 4.4% to EUR 17.9m. Growth is supported by the positive development of the order backlog, which at the end of 2020 was up some 21% y/y.

Expecting to see measures to boost growth

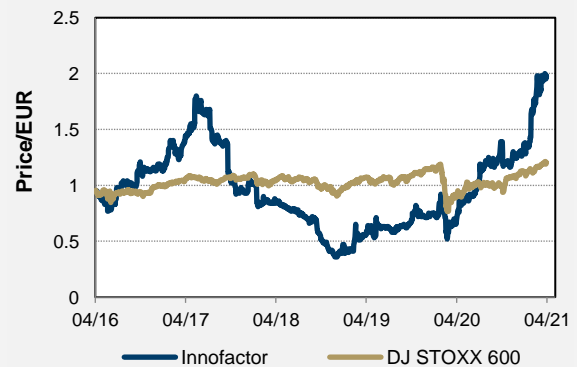
With the divestment of Innofactor Prime we have lowered our 2021 sales estimates and slightly lowered our profitability figures (excl. Prime div.). We now expect sales of EUR 68.4m (2020: 66.2m) and EBITDA (excl. Prime div.) of EUR 8.9m (2020: EUR 7.2m). Innofactor expects net sales and EBITDA in 2021 to grow compared with 2020. Innofactor's cash position was at a healthy level already at the end of 2020, now further strengthened by the proceeds from the Prime divestment, and it is likely only a matter of time until acquisitions start picking up again to speed up growth.

BUY with a target price of EUR 2.2 (1.75)

Innofactor's share price has now recovered from the dip in previous years and valuation is no longer quite as cheap. Compared to peers, valuation is still not too stretched. We expect to start seeing measures to boost growth further, which would further warrant higher multiples. We adjust our TP to EUR 2.2 (1.75) and retain our BUY-rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 1.98

Target price, EUR 2.2

Latest change in recommendation 04-Jun-19

Latest report on company 19-Feb-21

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 74

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

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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	68.4	8.1	11.8%	10.3	0.16	12.7	1.1	9.6	13.9	0.06
2022E	71.1	6.8	9.5%	4.8	0.13	14.8	1.1	11.1	6.5	0.07
2023E	73.3	7.0	9.5%	5.2	0.14	13.9	1.0	10.4	7.0	0.07
Market cap, EURm	74		Gearing 2021E, %		12.9		CAGR EPS 2020-23, %		44.6	
Net debt 2021E, EURm	4		Price/book 2021E		2.7		CAGR sales 2020-23, %		3.5	
Enterprise value, EURm	78		Dividend yield 2021E, %		3.0		ROE 2021E, %		22.8	
Total assets 2021E, EURm	59		Tax rate 2021E, %		21.0		ROCE 2021E, %		20.3	
Goodwill 2021E, EURm	24		Equity ratio 2021E, %		46.9		PEG, P/E 21/CAGR		-5.8	

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	17.3	14.5	18.7	68.4	71.1	73.3
<i>sales growth %</i>	1.7%	6.2%	0.6%	0.3%	4.7%	3.1%	4.4%	3.3%	3.5%	2.5%	3.4%	4.0%	3.0%
EBITDA	5.1	2.0	2.0	1.6	1.6	7.2	4.8	2.2	1.8	2.9	11.5	9.5	9.8
<i>EBITDA margin</i>	7.9%	11.4%	11.9%	11.6%	8.7%	10.8%	26.5%	12.4%	12.1%	15.2%	16.8%	13.4%	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	3.6	1.4	1.0	2.1	8.1	6.8	7.0
<i>EBIT margin</i>	1.2%	4.8%	5.3%	2.8%	2.2%	3.8%	20.1%	8.1%	6.9%	11.2%	11.8%	9.5%	9.5%
Adj. EBIT (excl. NRI's and acq. depr.)	2.8	1.3	1.4	0.9	0.9	4.4	1.5	1.5	1.1	2.2	6.1	6.8	7.0
<i>Adj. EBIT margin</i>	4.4%	7.5%	8.1%	6.2%	4.8%	6.6%	8.2%	8.4%	7.3%	11.5%	9.0%	9.5%	9.5%

Source: Innofactor, Evli Research estimates

INNOFACTOR PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		21	22	23	21	22	23	21	22	23
TietoEVRY	3349	8.3x	7.8x	7.8x	11.9x	11.0x	11.0x	12.3x	11.3x	11.3x
Atea	1705	10.1x	9.2x	9.2x	16.2x	14.3x	14.3x	21.7x	18.9x	18.9x
Knowit	589	12.2x	11.9x	11.9x	15.1x	14.6x	14.6x	19.9x	19.6x	19.6x
Bouvet	700	16.3x	14.9x	14.9x	20.5x	18.4x	18.4x	27.5x	24.7x	24.7x
Enea	535	15.9x	13.2x	13.2x	23.8x	18.8x	18.8x	27.9x	22.0x	22.0x
Gofore	305	17.7x	15.3x	15.3x	23.4x	19.6x	19.6x	28.9x	24.7x	24.7x
Digia	213	11.1x	10.3x	10.3x	15.6x	14.4x	14.4x	19.2x	17.6x	17.6x
Sili Solutions	122	8.9x	7.5x	7.5x	15.1x	11.7x	11.7x	15.6x	12.8x	12.8x
Solteq	97	9.6x	8.8x	8.8x	16.6x	14.5x	14.5x	22.0x	17.8x	17.8x
Peer Group Average	846	12.2x	11.0x	11.0x	17.6x	15.3x	15.3x	21.7x	18.8x	18.8x
Peer Group Median	535	11.1x	10.3x	10.3x	16.2x	14.5x	14.5x	21.7x	18.9x	18.9x
Innofactor (Evli est.)	74	6.7x	7.9x	7.4x	9.6x	11.1x	10.4x	12.7x	14.8x	13.9x
<i>Innofactor prem./disc. to peer median</i>		-39%	-24%	-29%	-41%	-23%	-28%	-42%	-22%	-26%
Innofactor adj.* (Evli est.)	74	8.7x	7.9x	7.4x	12.7x	11.1x	10.4x	17.4x	14.8x	13.9x
<i>Innofactor prem./disc. to peer median</i>		-21%	-24%	-29%	-22%	-23%	-28%	-20%	-22%	-26%

Source FactSet, Evli Research. *Excl. purchase price amortization and Prime div.

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	1.98 PV of Free Cash Flow	61 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	3.33 PV of Horizon value	76 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	68.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	3.7 Marketable securities	3 Minimum WACC, %	7.4 Equity beta coefficient	1.00
Minimum value	3.1 Debt - dividend	-15 Maximum WACC, %	8.4 Target debt ratio, %	30
Horizon value, %	55.5 Value of stock	124 Nr of shares, Mn	37.4 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	66	68	71	73	75	77	79	81	83	85	87	88
<i>Sales growth, %</i>	<i>3.1</i>	<i>3.4</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	8	7	7	7	7	7	8	8	8	8	8
<i>Operating income margin, %</i>	<i>3.8</i>	<i>11.8</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	
EBITDA	7	12	9	10	10	10	11	11	11	11	12	
- Paid taxes	0	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	
- Change in NWC	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>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-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>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	3	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	6	13	7	8	8	8	8	8	9	9	9	158
= Discounted FCFF		12	7	6	6	6	5	5	5	5	4	76
= DFCF min WACC		12	7	6	6	6	6	5	5	5	5	87
= DFCF max WACC		12	6	6	6	6	5	5	5	4	4	67

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	17.3	14.5	18.7	68.4	71.1	73.3
EBITDA	2.0	2.0	1.6	1.6	7.2	4.8	2.2	1.8	2.9	11.5	9.5	9.8
<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>26.5</i>	<i>12.4</i>	<i>12.1</i>	<i>15.2</i>	<i>16.8</i>	<i>13.4</i>	<i>13.4</i>
EBIT	0.8	0.9	0.4	0.4	2.5	3.6	1.4	1.0	2.1	8.1	6.8	7.0
<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>20.1</i>	<i>8.1</i>	<i>6.9</i>	<i>11.2</i>	<i>11.8</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	-0.4	-0.2
Pre-tax profit	-0.1	1.2	0.0	1.0	2.1	3.4	1.2	0.8	1.9	7.4	6.3	6.7
Tax	0.3	0.1	0.0	-0.7	-0.3	-0.7	-0.3	-0.2	-0.4	-1.6	-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	2.7	1.0	0.6	1.5	5.8	5.0	5.3
EPS	0.01	0.03	0.00	0.01	0.05	0.07	0.03	0.02	0.04	0.16	0.13	0.14
EPS adjusted (diluted no. of shares)	0.03	0.02	0.01	0.01	0.05	0.07	0.03	0.02	0.04	0.16	0.13	0.14
Dividend per share	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.06	0.07	0.07
SALES, EURm												
Innofactor	17.2	16.8	14.0	18.3	66.2	17.9	17.3	14.5	18.7	68.4	71.1	73.3
Total	17.2	16.8	14.0	18.3	66.2	17.9	17.3	14.5	18.7	68.4	71.1	73.3
SALES GROWTH, Y/Y %												
<i>Innofactor</i>	<i>6.2</i>	<i>0.6</i>	<i>0.3</i>	<i>4.7</i>	<i>3.1</i>	<i>4.4</i>	<i>3.3</i>	<i>3.5</i>	<i>2.5</i>	<i>3.4</i>	<i>4.0</i>	<i>3.0</i>
<i>Total</i>	<i>6.2</i>	<i>0.6</i>	<i>0.3</i>	<i>4.7</i>	<i>3.1</i>	<i>4.4</i>	<i>3.3</i>	<i>3.5</i>	<i>2.5</i>	<i>3.4</i>	<i>4.0</i>	<i>3.0</i>
EBIT, EURm												
Innofactor	0.8	0.9	0.4	0.4	2.5	3.6	1.4	1.0	2.1	8.1	6.8	7.0
Total	0.8	0.9	0.4	0.4	2.5	3.6	1.4	1.0	2.1	8.1	6.8	7.0
EBIT margin, %												
<i>Innofactor</i>	<i>4.8</i>	<i>5.3</i>	<i>2.8</i>	<i>2.2</i>	<i>3.8</i>	<i>20.1</i>	<i>8.1</i>	<i>6.9</i>	<i>11.2</i>	<i>11.8</i>	<i>9.5</i>	<i>9.5</i>
<i>Total</i>	<i>4.8</i>	<i>5.3</i>	<i>2.8</i>	<i>2.2</i>	<i>3.8</i>	<i>20.1</i>	<i>8.1</i>	<i>6.9</i>	<i>11.2</i>	<i>11.8</i>	<i>9.5</i>	<i>9.5</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	59.6	65.7	63.1	64.2	66.2	68.4	71.1	73.3
<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>3.4</i>	<i>4.0</i>	<i>3.0</i>
EBITDA	4.8	1.3	-1.1	5.1	7.2	11.5	9.5	9.8
<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>16.8</i>	<i>13.4</i>	<i>13.4</i>
Depreciation	-2.5	-2.8	-2.8	-4.3	-4.7	-3.4	-2.7	-2.8
EBITA	2.3	-1.5	-3.9	0.8	2.5	8.1	6.8	7.0
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	8.1	6.8	7.0
<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>11.8</i>	<i>9.5</i>	<i>9.5</i>
Reported EBIT	2.3	-1.5	-3.9	0.8	2.5	8.1	6.8	7.0
<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>11.8</i>	<i>9.5</i>	<i>9.5</i>
Net financials	-0.4	-0.1	0.1	-0.8	-0.5	-0.7	-0.4	-0.2
Pre-tax profit	1.9	-1.6	-3.8	0.0	2.1	7.4	6.3	6.7
Taxes	-0.4	0.3	0.6	0.4	-0.3	-1.6	-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	5.8	5.0	5.3
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	10	8	7	4	2	2	2	2
Goodwill	28	26	26	26	27	24	24	24
Right of use assets	0	0	5	5	4	4	4	4
Inventory	0	0	0	0	0	0	0	0
Receivables	19	17	13	14	14	15	15	16
Liquid funds	1	1	0	1	3	10	3	6
Total assets	64	58	57	56	57	59	54	57
Liabilities								
Shareholder's equity	23	25	21	22	23	28	31	33
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	4
Deferred taxes	2	2	1	1	2	2	2	2
Interest bearing debt	17	14	15	12	11	9	0	0
Non-interest bearing current liabilities	22	17	14	16	16	16	17	18
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	64	58	57	56	57	59	54	57
CASH FLOW, EURm								
+ EBITDA	5	1	-1	5	7	12	9	10
- Net financial items	0	0	0	-1	0	-1	0	0
- Taxes	2	0	0	0	0	-1	-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	10	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	3	0	0
= Free cash flow	-4	2	-2	4	4	10	5	5
+/- New issues/buybacks	0	4	0	0	0	0	0	0
- Paid dividend	0	0	0	0	0	-1	-2	-2
+/- Other	5	-6	1	-4	-1	-2	-9	0
Change in cash	0	0	-1	1	2	6	-6	3

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	34	13	27	48	74	74	74
Net debt (excl. convertibles)	13	20	16	12	4	1	-2
Enterprise value	47	33	43	60	78	75	72
Sales	66	63	64	66	68	71	73
EBITDA	1	-1	5	7	12	9	10
EBIT	-1	-4	1	3	8	7	7
Pre-tax	-2	-4	0	2	7	6	7
Earnings	-1	-3	0	2	6	5	5
Equity book value (excl. minorities)	25	21	22	23	28	31	33
Valuation multiples							
EV/sales	0.7	0.5	0.7	0.9	1.1	1.1	1.0
EV/EBITDA	36.2	-30.4	8.4	8.4	6.7	7.9	7.4
EV/EBITA	-32.4	-8.7	53.8	24.1	9.6	11.1	10.4
EV/EBIT	-32.4	-8.7	53.8	24.1	9.6	11.1	10.4
EV/OCF	11.4	-57.7	6.9	9.2	7.7	9.6	8.8
EV/FCFF	17.1	-17.9	6.9	10.8	6.0	10.1	9.5
P/FCFE	13.7	-7.6	6.1	11.9	7.2	15.3	14.3
P/E	-26.9	-4.1	64.6	27.2	12.7	14.8	13.9
P/B	1.4	0.6	1.2	2.0	2.7	2.4	2.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.5	8.8	8.2
Target EV/EBIT	0.0	0.0	0.0	0.0	10.6	12.3	11.6
Target EV/FCF	0.0	0.0	0.0	0.0	8.4	17.2	15.5
Target P/B	0.0	0.0	0.0	0.0	3.0	2.7	2.5
Target P/E	0.0	0.0	0.0	0.0	14.1	16.5	15.4
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	0.16	0.13	0.14
Operating cash flow per share	0.12	-0.02	0.17	0.17	0.27	0.21	0.22
Free cash flow per share	0.07	-0.05	0.12	0.11	0.27	0.13	0.14
Book value per share	0.68	0.59	0.59	0.63	0.74	0.82	0.89
Dividend per share	0.00	0.00	0.00	0.04	0.06	0.07	0.07
Dividend payout ratio, %	0.0	0.0	0.0	84.9	38.4	50.0	50.0
Dividend yield, %	0.0	0.0	0.0	2.0	3.0	3.4	3.6
FCF yield, %	7.3	-13.2	16.3	8.4	13.9	6.5	7.0
Efficiency measures							
ROE	-5.3	-13.8	1.9	7.7	22.8	17.1	16.7
ROCE	-3.7	-9.6	2.0	6.4	20.3	17.9	19.2
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	1.1	0.8	0.8
Net debt/EBITDA, book-weighted	10.2	-18.6	3.1	1.7	0.3	0.1	-0.2
Debt/equity, market-weighted	0.4	1.2	0.4	0.2	0.1	0.0	0.0
Equity ratio, book-weighted	42.5	37.3	39.7	41.4	46.9	56.8	58.3
Gearing, %	53.8	96.1	71.8	52.6	12.9	3.2	-5.1

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	15.603	21.1%
Ilmarinen Mutual Pension Insurance Company	1,800,000	3.564	4.8%
Linturi Kaija and Risto	1,256,411	2.488	3.4%
Laiho Rami Tapani	1,158,694	2.294	3.1%
Jyrki Hallikainen	1,129,821	2.237	3.0%
Ärje Matias Juhanpoika	882,065	1.746	2.4%
Mäki Antti Jussi	745,020	1.475	2.0%
Tilman Tuomo Tapani	703,397	1.393	1.9%
Hellen Stefan Andreas	486,000	0.962	1.3%
Ingman Finance	450,000	0.891	1.2%
Ten largest	16,491,645	32.653	44%
Residual	20,896,580	41.375	56%
Total	37,388,225	74.029	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

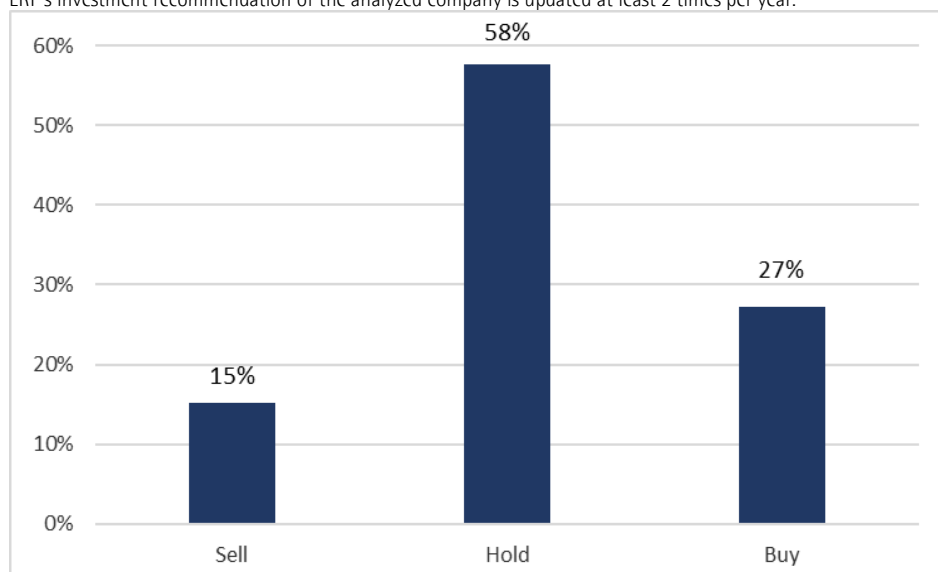
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Investment recommendations are defined as follows:

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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