

Continued steady performance

Innofactor's Q2 results were well in line with expectations. We have made essentially no changes to our estimates and continue to expect modest growth and notable profitability improvement. We retain our BUY-rating and target price of EUR 2.2.

Q2 well in line with our expectations

Innofactor reported its Q2 results, which were well in line with our expectations. Revenue grew 3.2% y/y, 7.6% organically, to EUR 17.3m (EvlI 17.3m). Revenue growth turned positive again in all countries. EBITDA and EBIT amounted to EUR 2.1m (EvlI 2.2m) and EUR 1.3m (EvlI EUR 1.4m) respectively, with all other countries except Sweden showing positive figures. The order backlog continued to grow nicely, up 28% y/y to EUR 72.7m. Innofactor reiterated its guidance, expecting revenue and EBITDA to increase compared to 2020. Innofactor made an early repayment of loans for EUR 2.7m, improving the equity ratio and net gearing to 49.9% and 30.5% respectively, while still leaving the cash position on par with 2020 year-end figures. All in all, the Q2 report was quite neutral and held little significant new information.

No notable changes to our estimates

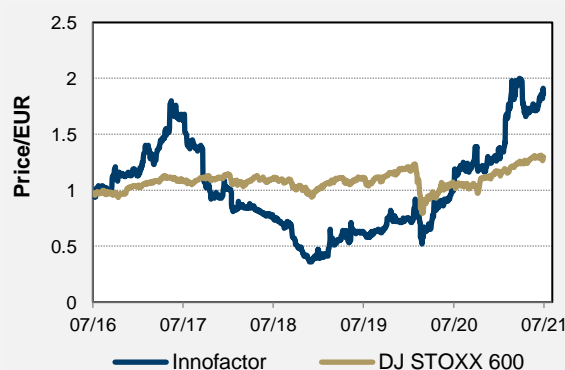
We have made essentially no changes to our estimates. We expect revenue in 2021 to grow 3.4% EUR 68.4m and EBIT (excl. PPA and Prime divestment) to improve to EUR 6.0m (2020: EUR 4.4m). We expect slight pick-up in growth during H2 accounting for the impact of COVID-19 on 2020 comparison figures supported by the solid order backlog. Positive signs in the other Nordic countries speak for a potential pick-up in the growth pace, with growth recently having been driven to a larger extent by Finland.

BUY with a target price of EUR 2.2

With no essential changes to our estimates or view on Innofactor as an investment case we retain our BUY-rating and target price of EUR 2.2. Our target price values Innofactor at a slight discount to peers on adj. multiples, which we still consider fair given the lower growth pace.

Rating

BUY



Share price, EUR (Last trading day's closing price) 1.86

Target price, EUR 2.2

Latest change in recommendation 04-Jun-19

Latest report on company 28-Apr-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 70

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-Oct-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%	3.5	0.05	27.2	0.9	24.1	7.4	0.04
2021E	68.4	8.1	11.8%	7.9	0.15	12.1	1.1	9.3	11.3	0.06
2022E	71.1	6.8	9.5%	4.6	0.13	14.0	1.0	10.8	6.6	0.07
2023E	73.3	7.0	9.5%	4.9	0.14	13.2	1.0	10.2	7.1	0.07
Market cap, EURm			70	Gearing 2021E, %			21.6	CAGR EPS 2020-23, %	44.0	
Net debt 2021E, EURm			6	Price/book 2021E			2.5	CAGR sales 2020-23, %	3.5	
Enterprise value, EURm			76	Dividend yield 2021E, %			3.2	ROE 2021E, %	22.5	
Total assets 2021E, EURm			56	Tax rate 2021E, %			21.6	ROCE 2021E, %	21.1	
Goodwill 2021E, EURm			27	Equity ratio 2021E, %			49.4	PEG, P/E 21/CAGR	-6.3	

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/'21	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Net sales	64.2	17.2	16.8	14.0	18.3	66.2	17.8	17.3	14.5	18.8	68.4	71.1	73.3
<i>sales growth %</i>	1.7%	6.2%	0.6%	0.3%	4.7%	3.1%	3.8%	3.2%	3.5%	3.0%	3.4%	4.0%	3.0%
EBITDA	5.1	2.0	2.0	1.6	1.6	7.2	4.7	2.0	1.8	2.8	11.2	9.2	9.6
<i>EBITDA margin</i>	7.9%	11.4%	11.9%	11.6%	8.7%	10.8%	26.2%	11.7%	12.1%	14.6%	16.3%	13.0%	13.1%
Acquisition related depreciation	-2.0	-0.5	-0.5	-0.5	-0.5	-1.9	-0.1	-0.1	-0.1	-0.1	-0.5	0.0	0.0
EBIT	0.8	0.8	0.9	0.4	0.4	2.5	3.8	1.3	1.0	2.0	8.1	6.8	7.0
<i>EBIT margin</i>	1.2%	4.8%	5.3%	2.8%	2.2%	3.8%	21.4%	7.4%	6.9%	10.6%	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	1.3	1.4	1.1	2.1	6.0	6.8	7.0
<i>Adj. EBIT margin</i>	4.4%	7.5%	8.1%	6.2%	4.8%	6.6%	7.6%	8.2%	7.6%	11.2%	8.7%	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	3368							12.2x	11.5x	10.9x
Atea	1832	11.8x	10.4x	9.7x	18.8x	15.5x	14.1x	23.5x	19.2x	17.2x
Knowit	605	8.7x	7.1x	6.3x	12.2x	10.1x	9.5x	19.0x	17.6x	15.7x
Bouvet	566	13.7x	12.4x	11.2x	16.9x	15.6x	14.1x	23.3x	20.8x	18.6x
Enea	497	2.4x	12.9x	11.2x	4.8x	18.2x	15.3x	25.0x	20.6x	16.7x
Gofore	280	15.1x	13.1x	12.0x	20.0x	16.8x	15.0x	24.7x	21.1x	19.0x
Digia	220	10.7x	10.1x	9.9x	15.0x	14.2x	13.3x	18.4x	17.6x	16.2x
Sili Solutions	118	8.5x	7.2x	7.3x	14.3x	11.2x	10.5x	14.9x	12.2x	12.2x
Solteq	116	9.8x	9.2x	8.6x	15.8x	14.3x	12.8x	20.3x	17.8x	15.2x
Peer Group Average	845	10.1x	10.3x	9.5x	14.7x	14.5x	13.1x	20.1x	17.6x	15.8x
Peer Group Median	497	10.2x	10.2x	9.8x	15.4x	14.9x	13.7x	20.3x	17.8x	16.2x
Innofactor (Evli est.)	69	6.2x	7.9x	7.3x	9.3x	10.8x	10.1x	12.0x	14.0x	13.2x
<i>Innofactor prem./disc. to peer median</i>		-40 %	-23 %	-25 %	-39 %	-27 %	-26 %	-41 %	-22 %	-18 %
Innofactor adj.* (Evli est.)	69	8.8x	7.9x	7.3x	12.6x	10.8x	10.1x	17.1x	14.0x	13.2x
<i>Innofactor prem./disc. to peer median</i>		-14 %	-23 %	-25 %	-18 %	-27 %	-26 %	-16 %	-22 %	-18 %

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

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	1.86 PV of Free Cash Flow	59 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	3.28 PV of Horizon value	77 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	76.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	3.6 Marketable securities	3 Minimum WACC, %	7.4 Equity beta coefficient	1.00
Minimum value	3.0 Debt - dividend	-17 Maximum WACC, %	8.4 Target debt ratio, %	30
Horizon value, %	56.7 Value of stock	123 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	4	2	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	-1	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	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>opCAPEX / Sales, %</i>	<i>2.2</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	0	0	0	0	0	0	0	0	0	0	
- Other items	-1	0	0	0	0	0	0	0	0	0	0	
= FCFF	5	11	7	7	8	8	8	8	9	9	9	158
= Discounted FCFF		10	6	6	6	6	5	5	5	5	4	77
= DFCF min WACC		10	6	6	6	6	6	5	5	5	5	88
= DFCF max WACC		10	6	6	6	6	5	5	5	4	4	68

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	17.2	16.8	14.0	18.3	66.2	17.8	17.3	14.5	18.8	68.4	71.1	73.3
EBITDA	2.0	2.0	1.6	1.6	7.2	4.7	3.0	1.8	2.8	12.2	9.2	9.6
<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>26.2</i>	<i>17.3</i>	<i>12.1</i>	<i>14.6</i>	<i>17.8</i>	<i>13.0</i>	<i>13.1</i>
EBIT	0.8	0.9	0.4	0.4	2.5	3.8	1.3	1.0	2.0	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>21.4</i>	<i>7.4</i>	<i>6.9</i>	<i>10.6</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	-0.5	0.0	-0.1	-0.1	-0.7	-0.5	-0.3
Pre-tax profit	-0.1	1.2	0.0	1.0	2.1	3.4	1.3	0.9	1.9	7.3	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>21.5</i>	<i>23.1</i>	<i>21.0</i>	<i>21.0</i>	<i>21.6</i>	<i>21.0</i>	<i>21.0</i>
Net profit	0.2	1.3	0.0	0.3	1.8	2.6	1.0	0.7	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	0.15	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	0.15	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	17.8	17.3	14.5	18.8	68.4	71.1	73.3
Total	17.2	16.8	14.0	18.3	66.2	17.8	17.3	14.5	18.8	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>3.8</i>	<i>3.2</i>	<i>3.5</i>	<i>3.0</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>3.8</i>	<i>3.2</i>	<i>3.5</i>	<i>3.0</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	3.8	1.3	1.0	2.0	8.1	6.8	7.0
Total	0.8	0.9	0.4	0.4	2.5	3.8	1.3	1.0	2.0	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>21.4</i>	<i>7.4</i>	<i>6.9</i>	<i>10.6</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>21.4</i>	<i>7.4</i>	<i>6.9</i>	<i>10.6</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	12.2	9.2	9.6
<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>17.8</i>	<i>13.0</i>	<i>13.1</i>
Depreciation	-2.5	-2.8	-2.8	-4.3	-4.7	-4.1	-2.5	-2.7
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	-0.5	-0.3
Pre-tax profit	1.9	-1.6	-3.8	0.0	2.1	7.3	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	1	1	2
Goodwill	28	26	26	26	27	27	27	27
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	4	2	3
Total assets	64	58	57	56	57	56	56	57
Liabilities								
Shareholder's equity	23	25	21	22	23	28	30	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	6	2	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	56	56	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	-1	0	0	0
+/- Other	-2	1	-1	0	-1	0	0	0
= Cash flow from operations	3	4	-1	6	5	11	8	8
- Capex	-1	-2	-1	-2	-1	-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	8	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	-5	-4	-2
Change in cash	0	0	-1	1	2	1	-2	1

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	34	13	27	48	70	70	70
Net debt (excl. convertibles)	13	20	16	12	6	4	1
Enterprise value	47	33	43	60	76	73	71
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	30	33
Valuation multiples							
EV/sales	0.7	0.5	0.7	0.9	1.1	1.0	1.0
EV/EBITDA	36.2	-30.4	8.4	8.4	6.2	7.9	7.3
EV/EBITA	-32.4	-8.7	53.8	24.1	9.3	10.8	10.2
EV/EBIT	-32.4	-8.7	53.8	24.1	9.3	10.8	10.2
EV/OCF	11.4	-57.7	6.9	12.0	7.1	9.7	8.9
EV/FCFF	17.1	-17.9	6.9	11.3	7.1	10.2	9.5
P/FCFE	13.7	-7.6	6.1	13.5	8.8	15.2	14.1
P/E	-26.9	-4.1	64.6	27.2	12.1	14.0	13.2
P/B	1.4	0.6	1.2	2.0	2.5	2.3	2.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.3	9.3	8.7
Target EV/EBIT	0.0	0.0	0.0	0.0	10.9	12.7	12.0
Target EV/FCF	0.0	0.0	0.0	0.0	11.2	18.8	16.9
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	14.3	16.6	15.6
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	0.15	0.13	0.14
Operating cash flow per share	0.12	-0.02	0.17	0.13	0.29	0.20	0.21
Free cash flow per share	0.07	-0.05	0.12	0.09	0.21	0.12	0.13
Book value per share	0.68	0.59	0.59	0.63	0.74	0.81	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	39.0	50.0	50.0
Dividend yield, %	0.0	0.0	0.0	3.1	3.2	3.6	3.8
FCF yield, %	7.3	-13.2	16.3	7.4	11.3	6.6	7.1
Efficiency measures							
ROE	-5.3	-13.8	1.9	7.7	22.5	17.1	16.5
ROCE	-3.7	-9.6	2.0	6.4	21.1	18.2	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	2.2	4.2	4.2	4.1
CAPEX/sales (incl. acquisitions), %	2.6	1.8	2.8	2.2	4.2	4.2	4.1
FCFF/EBITDA	2.1	1.7	1.2	0.7	0.9	0.8	0.8
Net debt/EBITDA, book-weighted	10.2	-18.6	3.1	1.7	0.5	0.4	0.1
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	49.4	54.8	58.2
Gearing, %	53.8	96.1	71.8	52.6	21.6	12.0	3.6

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	7,886,142	14.668	21.1%
Ilmarinen Mutual Pension Insurance Company	1,800,000	3.348	4.8%
Linturi Kaija and Risto	1,256,411	2.337	3.4%
Laiho Rami Tapani	1,158,694	2.155	3.1%
Jyrki Hallikainen	1,000,000	1.860	2.7%
Ärje Matias Juhanpoika	882,065	1.641	2.4%
Mäki Antti Jussi	613,725	1.142	1.6%
Tilman Tuomo Tapani	563,568	1.048	1.5%
Hellen Stefan Andreas	486,000	0.904	1.3%
Ingman Finance	450,000	0.837	1.2%
Ten largest	16,096,605	29.940	43%
Residual	21,291,620	39.602	57%
Total	37,388,225	69.542	100%

EARNINGS CALENDAR

October 28, 2021

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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Keilaranta 9, FI-02150 Espoo

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

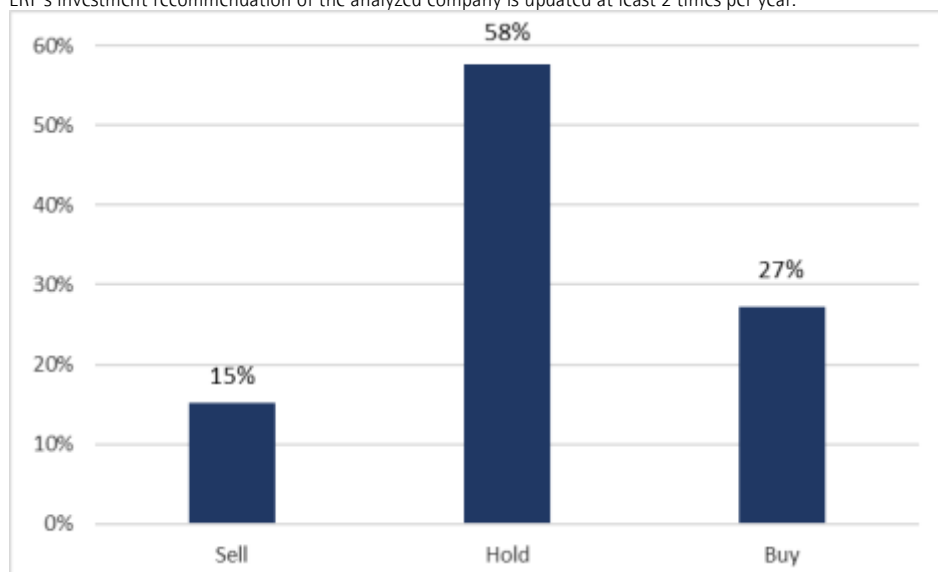
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Investment recommendations are defined as follows:

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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