

## Awaiting a launch of BRN

Next Games Q3 results were below our estimates, with revenue of EUR 7.8 (Evli 8.7m) and EBIT at EUR -2.1m (Evli -1.6m). The number of active users in live games continued to decline but monetization figures remained on good levels and Next Games remained on target monthly fixed cost levels. The targeted growth in 2019 is looking more at risk with little news on the BRN launch. We retain our HOLD-rating with a target price of EUR 0.9 (1.0).

### Decline in active users impacted revenue and profitability

Next Games Q3 results fell short of our expectations. Revenue amounted to EUR 7.8m (Evli 8.7m). Revenue was affected by a continuing declining trend of the number of active users in both NML and Our World, although monetization figures continued to be on a good level. EBIT was as a result of the lower than estimated revenue below our estimates, at EUR -2.1m (Evli -1.6m). Next Games remained on target monthly fixed cost levels in Q3.

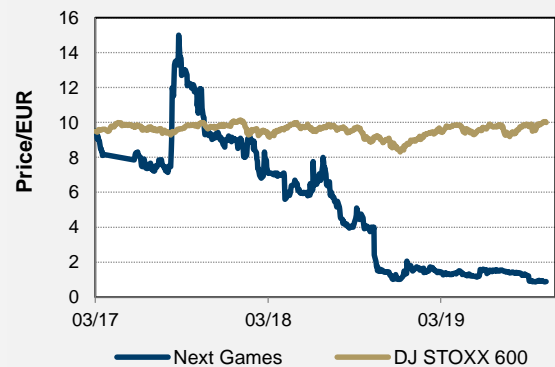
### 2019 growth target at risk

Next Games seeks moderate revenue growth during 2019 compared to 2018 assuming NML and Our World maintain current levels and the plan of launching one game per year remains on schedule. We now estimate a 2.6% revenue growth in 2019. We assume slight overall improvement in revenue of live games in Q4, supported by the post-Q3 NML update and the start of TWD season 10. We continue to assume the launch of Blade Runner Nexus late 2019, although with the already prolonged soft launch period and little update on the game's situation in Q3, the risk of a delay in launch to 2020 remains high. Comments on Our World do not suggest any notable upscaling in 2019.

### HOLD with a target price of EUR 0.9 (1.0)

We have made slight revisions to our estimates post-Q3 and have lowered our 2019-2020 EBIT-margin estimates by some 3-4pp respectively following lowered gross bookings estimates. We adjust our TP to EUR 0.9 (1.0) and retain our HOLD-rating.

Rating HOLD



Share price, EUR (Last trading day's closing price) 0.85

Target price, EUR 0.9

Latest change in recommendation 11-Jan-19

Latest report on company 01-Oct-19

Research paid by issuer: YES

No. of shares outstanding, '000's 27,909

No. of shares fully diluted, '000's 27,909

Market cap, EURm 25

Free float, % 45.0

Exchange rate 0.000

Reuters code NXTGMS.HE

Bloomberg code NXTGMS FH

Average daily volume, EURm 0.0

Next interim report -

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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
2017	32.5	-5.1	-15.6%	-15.6	-0.34	-30.1	4.4	-28.1	-9.3	0.00
2018	35.2	-16.9	-48.0%	-25.8	-0.97	-1.1	0.5	-1.1	-131.1	0.00
2019E	36.1	-8.1	-22.4%	-7.1	-0.24	-3.6	0.6	-2.8	-28.6	0.00
2020E	50.0	-5.0	-10.1%	-5.9	-0.16	-5.7	0.6	-5.6	-23.8	0.00
2021E	68.2	0.7	1.1%	-0.6	0.01	148.8	0.4	39.6	-2.3	0.00
Market cap, EURm	25		Gearing 2019E, %	-10.0		CAGR EPS 2018-21, %		0.0		DPS
Net debt 2019E, EURm	-2		Price/book 2019E	1.0		CAGR sales 2018-21, %		24.7		
Enterprise value, EURm	22		Dividend yield 2019E, %	0.0		ROE 2019E, %		-29.1		
Total assets 2019E, EURm	39		Tax rate 2019E, %	20.0		ROCE 2019E, %		-27.0		
Goodwill 2019E, EURm	3		Equity ratio 2019E, %	61.0		PEG, P/E 19/CAGR		0.0		

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

Next Games	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19*	Q4/19E	2019E	2020E	2021E
Net sales	32.5	4.8	5.7	13.4	11.3	35.2	9.8	9.4	7.8	9.1	36.1	50.0	68.2
<i>change, %</i>	<i>4%</i>	<i>-56%</i>	<i>-33%</i>	<i>110%</i>	<i>71%</i>	<i>9%</i>	<i>105%</i>	<i>65%</i>	<i>-42%</i>	<i>-20%</i>	<i>3%</i>	<i>38%</i>	<i>37%</i>
Cost of revenue	-13.2	-2.0	-2.4	-6.0	-3.5	-14.0	-4.3	-3.7	-3.5	-3.0	-14.5	-20.0	-27.3
Gross profit	19.3	2.8	3.3	7.4	7.9	21.3	5.6	5.7	4.3	6.1	21.7	30.0	40.9
<i>-margin, %</i>	<i>59%</i>	<i>58%</i>	<i>58%</i>	<i>55%</i>	<i>69%</i>	<i>60%</i>	<i>57%</i>	<i>60%</i>	<i>56%</i>	<i>67%</i>	<i>60%</i>	<i>60%</i>	<i>60%</i>
Other operating income	0.1	0.0	0.0			0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
R&D costs	-7.0	-1.8	-1.8			-10.4	-2.7	-2.0	-2.1	-2.3	-9.1	-9.5	-10.5
Sales and marketing costs	-12.7	-2.5	-2.9			-23.6	-4.3	-4.1	-3.6	-5.5	-17.5	-22.0	-26.0
Admin costs	-4.7	-1.0	-1.1			-4.2	-1.0	-0.7	-0.7	-0.8	-3.2	-3.5	-3.7
EBIT	-5.1	-2.5	-2.4	-10.3	-1.6	-16.9	-2.4	-1.1	-2.1	-2.5	-8.1	-5.0	0.7
<i>-margin, %</i>	<i>-16%</i>	<i>-52%</i>	<i>-43%</i>	<i>-77%</i>	<i>-14%</i>	<i>-48%</i>	<i>-24%</i>	<i>-12%</i>	<i>-27%</i>	<i>-27%</i>	<i>-22%</i>	<i>-10%</i>	<i>1%</i>
Depreciations		0.1	0.1	0.8	0.7	1.7	0.7	0.7	0.7	0.7	2.9	2.8	2.8
IFRS 2 adjustment		0.4	0.4	0.4	0.4	1.5	0.3	-0.1	0.2	0.3	0.7	1.2	1.2
Adj. operating result		-2.1	-2.0	-9.2	-0.5	-13.8	-1.3	-0.5	-1.2	-1.5	-4.4	-1.0	4.7
<i>-margin, %</i>		<i>-43%</i>	<i>-35%</i>	<i>-68%</i>	<i>-4%</i>	<i>-39%</i>	<i>-13%</i>	<i>-5%</i>	<i>-15%</i>	<i>-16%</i>	<i>-12%</i>	<i>-2%</i>	<i>7%</i>

\*Costs not reported, Evli estimate

Next Games	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19	Q4/19E	2019E	2020E	2021E
DAU (m)	0.43	0.31	0.31	0.67	0.48	0.46	0.44	0.35	0.30	0.46	0.39	0.76	1.13
TWD: NML		0.31	0.31	0.27	0.25		0.23	0.19	0.16	0.17	0.19	0.16	0.13
TWD: Our World				0.39	0.22		0.21	0.15	0.13	0.14	0.16	0.15	0.15
Blade Runner Nexus										0.15	0.15	0.20	0.18
Stranger Things -game												0.25	0.20
Game 1/2021													0.22
Game 2/2021													0.25
ARPDau (EUR)	0.19	0.17	0.20	0.22	0.24	0.24	0.24	0.28	0.27	0.26	0.26	0.24	0.22
TWD: NML		0.17	0.21	0.24	0.25		0.22	0.22	0.21	0.23	0.22	0.20	0.18
TWD: Our World				0.23	0.28		0.26	0.37	0.36	0.37	0.34	0.31	0.25
Blade Runner Nexus										0.18	0.18	0.22	0.20
Stranger Things -game												0.23	0.22
Game 1/2021													0.23
Game 2/2021													0.23
Gross bookings (EURm)	30.9	4.7	5.7	13.8	11.6	35.8	9.5	9.0	7.8	9.1	35.5	50.0	68.2
TWD: NML		4.7	5.5	5.5	5.7	21.4	4.5	3.8	3.4	3.6	15.3	11.7	8.5
TWD: Our World				8.2	5.8	14.0	5.0	5.2	4.5	4.8	19.4	17.0	13.7
Blade Runner Nexus										0.7	0.7	16.1	13.1
Stranger Things -game												5.2	16.1
Game 1/2021													11.5
Game 2/2021													5.2

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3	2019Q4E	2019E	2020E	2021E
Net sales	4.8	5.7	13.4	11.3	35.2	9.8	9.4	7.8	9.1	36.1	50.0	68.2
EBITDA	-2.4	-2.4	-9.6	-0.9	-15.3	-1.4	-0.1	-1.0	-1.5	-4.2	-1.3	5.1
<i>EBITDA margin (%)</i>	<i>-50.9</i>	<i>-41.8</i>	<i>-71.2</i>	<i>-7.8</i>	<i>-43.3</i>	<i>-14.7</i>	<i>-1.6</i>	<i>-13.3</i>	<i>-17.0</i>	<i>-11.6</i>	<i>-2.6</i>	<i>7.4</i>
EBIT	-2.5	-2.4	-10.3	-1.6	-16.9	-2.4	-1.1	-2.1	-2.5	-8.1	-5.0	0.7
<i>EBIT margin (%)</i>	<i>-52.3</i>	<i>-43.0</i>	<i>-77.0</i>	<i>-14.3</i>	<i>-48.0</i>	<i>-24.4</i>	<i>-11.7</i>	<i>-27.1</i>	<i>-27.4</i>	<i>-22.4</i>	<i>-10.1</i>	<i>1.1</i>
Net financial items	0.1	0.1	-0.1	-0.1	0.1	-0.1	-0.1	-0.1	-0.1	-0.4	-0.4	-0.5
Pre-tax profit	-2.4	-2.3	-10.4	-1.7	-16.8	-2.5	-1.2	-2.2	-2.6	-8.5	-5.5	0.2
Tax	-0.4	-0.4	-0.2	-0.2	-1.2	0.5	0.2	0.4	0.5	1.7	1.1	0.0
<i>Tax rate (%)</i>	<i>-15.4</i>	<i>-15.8</i>	<i>-2.0</i>	<i>-12.5</i>	<i>-6.9</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-2.7	-2.8	-10.6	-1.9	-18.0	-2.0	-1.0	-1.8	-2.1	-6.8	-4.4	0.2
EPS	-0.15	-0.15	-0.57	-0.10	-0.97	-0.07	-0.03	-0.06	-0.07	-0.24	-0.16	0.01
EPS adjusted (diluted no. of shares)	-0.15	-0.15	-0.57	-0.10	-0.97	-0.07	-0.03	-0.06	-0.07	-0.24	-0.16	0.01
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>												
Next Games	4.8	5.7	13.4	11.3	35.2	9.8	9.4	7.8	9.1	36.1	50.0	68.2
Total	4.8	5.7	13.4	11.3	35.2	9.8	9.4	7.8	9.1	36.1	50.0	68.2
<b>SALES GROWTH, Y/Y %</b>												
Next Games	-56.2	-33.2	110.4	70.5	8.5	105.3	65.1	-41.9	-19.4	2.6	38.2	36.5
Total	-56.2	-33.2	110.4	70.5	8.5	105.3	65.1	-41.9	-19.4	2.6	38.2	36.5
<b>EBIT, EURm</b>												
Next Games	-2.5	-2.4	-10.3	-1.6	-16.9	-2.4	-1.1	-2.1	-2.5	-8.1	-5.0	0.7
Total	-2.5	-2.4	-10.3	-1.6	-16.9	-2.4	-1.1	-2.1	-2.5	-8.1	-5.0	0.7
<b>EBIT margin, %</b>												
Next Games	-52.3	-43.0	-77.0	-14.3	-48.0	-24.4	-11.7	-27.1	-27.4	-22.4	-10.1	1.1
Total	-52.3	-43.0	-77.0	-14.3	-48.0	-24.4	-11.7	-27.1	-27.4	-22.4	-10.1	1.1

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	0.0	9.7	31.1	32.5	35.2	36.1	50.0	68.2
<i>Sales growth (%)</i>	<i>0.0</i>	<i>242,600.0</i>	<i>220.5</i>	<i>4.4</i>	<i>8.5</i>	<i>2.6</i>	<i>38.2</i>	<i>36.5</i>
EBITDA	-4.0	-6.6	-1.9	-4.7	-15.3	-4.2	-1.3	5.1
<i>EBITDA margin (%)</i>	<i>-98,825.0</i>	<i>-68.5</i>	<i>-6.3</i>	<i>-14.4</i>	<i>-43.3</i>	<i>-11.6</i>	<i>-2.6</i>	<i>7.4</i>
Depreciation	0.0	-0.4	-0.2	-0.4	-1.7	-3.9	-3.7	-4.3
EBITA	-4.0	-7.0	-2.2	-5.1	-16.9	-8.1	-5.0	0.7
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-4.0	-7.0	-2.2	-5.1	-16.9	-8.1	-5.0	0.7
<i>EBIT margin (%)</i>	<i>-98,825.0</i>	<i>-72.5</i>	<i>-7.0</i>	<i>-15.6</i>	<i>-48.0</i>	<i>-22.4</i>	<i>-10.1</i>	<i>1.1</i>
Reported EBIT	-4.0	-7.0	-2.2	-5.1	-16.9	-8.1	-5.0	0.7
<i>EBIT margin (reported) (%)</i>	<i>-98,825.0</i>	<i>-72.5</i>	<i>-7.0</i>	<i>-15.6</i>	<i>-48.0</i>	<i>-22.4</i>	<i>-10.1</i>	<i>1.1</i>
Net financials	0.1	0.2	-0.1	-0.5	0.1	-0.4	-0.4	-0.5
Pre-tax profit	-3.8	-6.9	-2.3	-5.6	-16.8	-8.5	-5.5	0.2
Taxes	0.0	0.0	2.5	-0.1	-1.2	1.7	1.1	0.0
Minority shares	0.0	0.0	-0.1	-0.5	-0.1	0.0	0.0	0.0
Net profit	-3.8	-6.9	0.1	-6.1	-18.0	-6.8	-4.4	0.2
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>								
Assets								
Fixed assets	1	1	3	8	18	20	23	26
Goodwill	0	0	2	3	3	3	3	3
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Receivables	0	3	6	5	6	4	6	8
Liquid funds	2	5	4	26	7	10	6	7
Total assets	3	9	17	46	36	39	41	46
Liabilities								
Shareholder's equity	2	5	7	39	23	24	20	20
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	0	0	1	1	6	7	10	11
Non-interest bearing current liabilities	1	4	9	6	8	8	11	15
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	3	9	17	46	36	39	41	46
<b>CASH FLOW, EURm</b>								
+ EBITDA	-4	-7	-2	-5	-15	-4	-1	5
- Net financial items	0	0	0	-1	0	0	0	-1
- Taxes	0	0	0	0	0	2	1	0
- Increase in Net Working Capital	1	0	2	-2	1	2	1	2
+/- Other	0	0	-1	0	0	0	0	0
= Cash flow from operations	-3	-7	-1	-8	-15	-1	1	6
- Capex	0	-1	-3	-8	-11	-6	-7	-7
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-3	-8	-4	-16	-26	-7	-6	-1
+/- New issues/buybacks	6	9	3	38	2	8	0	0
- Paid dividend	0	0	0	0	0	0	0	0
+/- Other	-1	1	1	0	5	2	3	1
Change in cash	2	2	-1	23	-19	2	-3	0

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	0	0	168	20	25	25	25
Net debt (excl. convertibles)	-4	-3	-26	-1	-2	4	4
Enterprise value	-4	-3	143	18	22	28	29
Sales	10	31	32	35	36	50	68
EBITDA	-7	-2	-5	-15	-4	-1	5
EBIT	-7	-2	-5	-17	-8	-5	1
Pre-tax	-7	-2	-6	-17	-9	-5	0
Earnings	-7	0	-6	-18	-7	-4	0
Equity book value (excl. minorities)	5	7	39	23	24	20	20
<b>Valuation multiples</b>							
EV/sales	-0.4	-0.1	4.4	0.5	0.6	0.6	0.4
EV/EBITDA	0.6	1.4	-30.4	-1.2	-5.4	-21.7	5.7
EV/EBITA	0.6	1.2	-28.1	-1.1	-2.8	-5.6	39.6
EV/EBIT	0.6	1.2	-28.1	-1.1	-2.8	-5.6	39.6
EV/OCF	0.6	2.9	-18.1	-1.2	-31.9	37.8	4.6
EV/FCFF	-2.0	0.7	-9.7	-0.7	-3.3	-5.1	-183.6
P/FCFE	0.0	0.0	-10.8	-0.8	-3.5	-4.2	-43.2
P/E	0.0	0.0	-30.1	-1.1	-3.6	-5.7	148.8
P/B	0.0	0.0	4.3	0.9	1.0	1.3	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	-5.4	-21.9	5.8
Target EV/EBIT	0.0	0.0	0.0	0.0	-2.8	-5.7	39.9
Target EV/FCF	0.0	0.0	0.0	0.0	-3.2	-4.9	-50.7
Target P/B	0.0	0.0	0.0	0.0	1.0	1.3	1.3
Target P/E	0.0	0.0	0.0	0.0	-3.7	-5.8	150.5
<b>Per share measures</b>							
Number of shares	2,449	3,325	18,219	18,503	27,909	27,909	27,909
Number of shares (diluted)	2,449	3,325	18,219	18,503	27,909	27,909	27,909
EPS	-2.81	0.03	-0.34	-0.97	-0.24	-0.16	0.01
Operating cash flow per share	-2.67	-0.28	-0.43	-0.79	-0.03	0.03	0.23
Free cash flow per share	-3.11	-1.24	-0.86	-1.40	-0.25	-0.21	-0.02
Book value per share	1.90	2.22	2.16	1.24	0.86	0.70	0.71
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, %	0.0	0.0	-9.3	-131.1	-28.6	-23.8	-2.3
<b>Efficiency measures</b>							
ROE	-196.2	1.6	-26.2	-58.0	-29.1	-20.0	0.8
ROCE	-176.2	-32.7	-20.9	-49.2	-27.0	-16.5	2.4
<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	33.9	19.7	15.3	18.0	12.0	12.0	12.0
Non-interest bearing liabilities as % of sales	37.0	27.9	17.3	22.1	22.1	22.1	22.1
NWC/sales, %	-4.6	-8.2	-1.9	-4.1	-10.1	-10.1	-10.1
Operative CAPEX/sales, %	11.2	10.3	23.9	32.0	17.7	13.3	10.1
CAPEX/sales (incl. acquisitions), %	11.2	10.3	23.9	32.0	17.7	13.3	10.1
FCFF/EBITDA	-0.3	2.1	3.1	1.7	1.6	4.2	0.0
Net debt/EBITDA, book-weighted	0.6	1.4	5.5	0.1	0.6	-2.7	0.8
Debt/equity, market-weighted	0.0	0.0	0.0	0.3	0.3	0.4	0.4
Equity ratio, book-weighted	52.7	50.9	88.7	62.7	61.0	48.3	43.3
Gearing, %	-90.4	-36.9	-65.2	-6.6	-10.0	17.8	20.6

**COMPANY DESCRIPTION:** Next Games is a Finland-based developer and publisher of licensed mobile games. The Company develops games in cooperation with the license owners of the entertainment products, for instance a television series. The company's current live games include The Walking Dead No Man's Land and the Walking Dead: Our World along with several new projects under development.

**INVESTMENT CASE:**

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ovaskainen Jari Juhani Rainer	3,093,110	2.753	11.1%
IDG Ventures USA III, L.P.	1,188,306	1.058	4.3%
Hiitola Kalle Johannes	942,896	0.839	3.4%
Achrén Joakim Tomas Johan	941,348	0.838	3.4%
Achrén Mikael Jan Kennet	855,599	0.761	3.1%
Jumisko Jaakko Ensio	845,246	0.752	3.0%
Ilmarinen Mutual Pension Insurance Company	546,224	0.486	2.0%
Varma Mutual Pension Insurance Company	380,000	0.338	1.4%
Nuard Ventures Oy	364,000	0.324	1.3%
Vaah Holdings Oy	266,720	0.237	1.0%
Ten largest	9,423,449	8.387	34%
Residual	18,485,251	16.452	66%
Total	27,908,700	24.839	100%

**EARNINGS CALENDAR**

**OTHER EVENTS**

**COMPANY MISCELLANEOUS**

CEO: Teemu Huuhtanen

Aleksanterinkatu 9A, 00100 Helsinki

CFO: Annina Salvén

Tel:

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

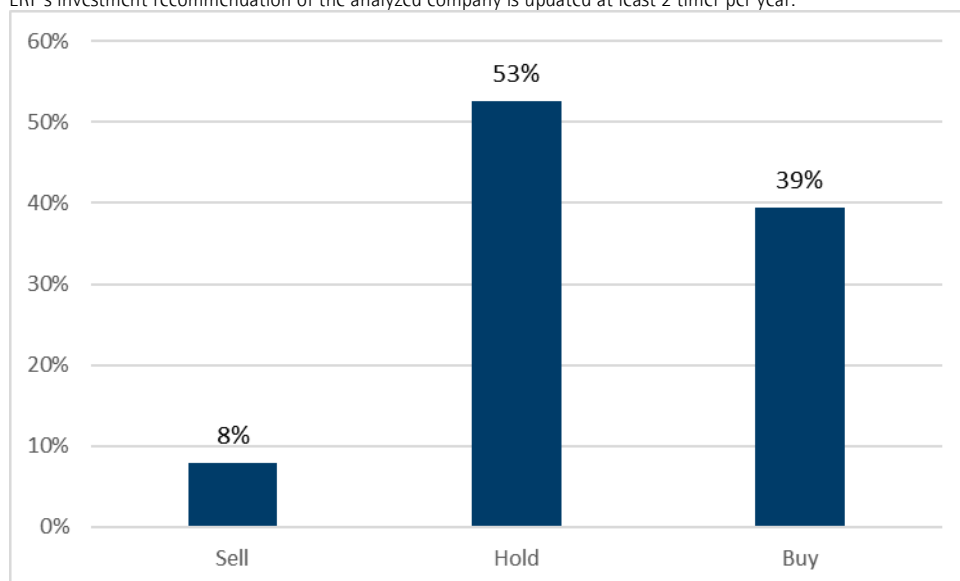
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 timer per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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