

## New game launches crucial in 2020

Next Games will report H2 results on February 28<sup>th</sup>. During Q4 Next Games announced that the Blade Runner Nexus game will not be launched during 2019 and updated its outlook. We expect Q4 revenue of EUR 8.2m, seeing some support from season 10 of TWD and the typically stronger Q4, as gross bookings have been on a declining trend for both live games, and an EBIT of EUR -1.7m.

### Expect Q4 revenue of EUR 8.2m, EBIT EUR -1.7m

With Next Games having previously announced that the Blade Runner Nexus game will not be launched during 2019, of key interest in the H2 report will be any comments on the upcoming new products. We expect Q4 revenue of EUR 8.2m (Q4/18: EUR 11.3m), seeing some support for gross bookings from season 10 of TWD and the typically stronger Q4 due to holiday seasons, with gross bookings having been on a declining trend so far during 2019. We expect an EBIT of EUR -1.7m. Profitability has been burdened by the relatively high R&D costs in relation to revenue from live games.

### Launch of new games in 2020 remain crucial

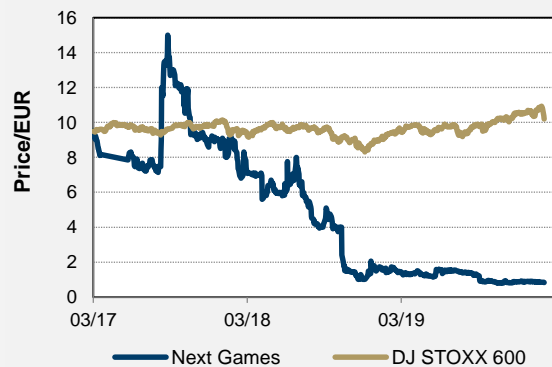
With the delay in the BRN launch from the company's previous expectations, no new games were launched in 2019. Successful new game launches in 2020 remain crucial for ensuring cash flow stability. Both live games have previously been reported to be operated profitably as independent projects, but development costs relating to new products have kept earnings figures in the red. Our assumption is for BRN to be launched mid Q2/20 and the Stranger Things -game in early Q4/20. The successful rights issue during Q4 together with cost savings during 2019 provided some much-needed breathing room for the otherwise rather strained financial position.

### HOLD with a target price of EUR 0.90

Following some estimates revisions due to BRN launch timetable assumptions we continue to expect weaker profitability in 2020 before revenue from new products kick in. We retain our HOLD-rating and target price of EUR 0.90 ahead of the H2 results.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 0.83

Target price, EUR 0.9

Latest change in	11-Jan-19
Latest report on company	04-Nov-19
Research paid by issuer:	YES
No. of shares outstanding,	27,909
No. of shares fully diluted,	27,909
Market cap, EURm	23
Free float, %	45.0
Exchange rate	0.000
Reuters code	NXTGMS.HE
Bloomberg code	NXTGMS FH
Average daily volume, EURm	0.04
Next interim report	28-Feb-20
Web site	<a href="http://nextgames.com/ng/investors">nextgames.com/ng/investors</a>

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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%	-4.7	-0.34	-30.1	4.4	-28.1	-2.8	0.00
2018	35.2	-16.9	-48.0%	-13.9	-0.97	-1.1	0.5	-1.1	-70.6	0.00
2019E	35.2	-7.3	-20.9%	-7.4	-0.25	-3.3	0.6	-2.9	-32.1	0.00
2020E	42.9	-8.2	-19.2%	-9.1	-0.25	-3.3	0.7	-3.7	-39.5	0.00
2021E	66.0	-0.6	-0.9%	-1.3	-0.04	-22.7	0.5	-54.1	-5.5	0.00
Market cap, EURm	23		Gearing 2019E, %	-8.6		CAGR EPS 2018-21, %		-66.5		
Net debt 2019E, EURm	-2		Price/book 2019E	1.0		CAGR sales 2018-21, %		23.3		
Enterprise value, EURm	21		Dividend yield 2019E, %	0.0		ROE 2019E, %		-30.3		
Total assets 2019E, EURm	39		Tax rate 2019E, %	4.9		ROCE 2019E, %		-24.5		
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	8.2	35.2	42.9	66.0
<i>change, %</i>	4%	-56%	-33%	110%	71%	9%	105%	65%	-42%	-28%	0%	22%	54%
Cost of revenue	-13.2	-2.0	-2.4	-6.0	-3.5	-14.0	-4.3	-3.7	-3.5	-2.7	-14.1	-17.2	-26.4
Gross profit	19.3	2.8	3.3	7.4	7.9	21.3	5.6	5.7	4.3	5.5	21.0	25.8	39.6
<i>-margin, %</i>	59%	58%	58%	55%	69%	60%	57%	60%	56%	67%	60%	60%	60%
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	-3.9	-15.9	-21.0	-26.0
Admin costs	-4.7	-1.0	-1.1			-4.2	-1.0	-0.7	-0.7	-1.0	-3.4	-3.5	-3.7
EBIT	-5.1	-2.5	-2.4	-10.3	-1.6	-16.9	-2.4	-1.1	-2.1	-1.7	-7.3	-8.2	-0.6
<i>-margin, %</i>	-16%	-52%	-43%	-77%	-14%	-48%	-24%	-12%	-27%	-21%	-21%	-19%	-1%
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	-0.7	-3.6	-4.2	3.4
<i>-margin, %</i>		-43%	-35%	-68%	-4%	-39%	-13%	-5%	-15%	-8%	-10%	-10%	5%

\*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	0.30	0.34	0.74	1.10
TWD: NML		0.31	0.31	0.27	0.25		0.23	0.19	0.16	0.16	0.18	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												0.18	0.15
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	0.30	0.27	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												0.22	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	8.2	34.5	42.9	66.0
TWD: NML		4.7	5.5	5.5	5.7	21.4	4.5	3.8	3.4	3.4	15.1	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												9.0	11.0
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	8.2	35.2	42.9	66.0
EBITDA	-2.4	-2.4	-9.6	-0.9	-15.3	-1.4	-0.1	-1.0	-0.8	-3.4	-4.5	3.7
<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>-9.7</i>	<i>-9.7</i>	<i>-10.5</i>	<i>5.7</i>
EBIT	-2.5	-2.4	-10.3	-1.6	-16.9	-2.4	-1.1	-2.1	-1.7	-7.3	-8.2	-0.6
<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>-21.3</i>	<i>-20.9</i>	<i>-19.2</i>	<i>-0.9</i>
Net financial items	0.1	0.1	-0.1	-0.1	0.1	0.0	0.0	0.0	-0.1	-0.1	-0.5	-0.7
Pre-tax profit	-2.4	-2.3	-10.4	-1.7	-16.8	-2.4	-1.1	-2.1	-1.8	-7.4	-8.7	-1.3
Tax	-0.4	-0.4	-0.2	-0.2	-1.2	0.0	0.0	0.0	0.4	0.4	1.7	0.3
<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>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>20.0</i>	<i>4.9</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-2.7	-2.8	-10.6	-1.9	-18.0	-2.4	-1.1	-2.1	-1.5	-7.1	-7.0	-1.0
EPS	-0.15	-0.15	-0.57	-0.10	-0.97	-0.09	-0.04	-0.08	-0.05	-0.25	-0.25	-0.04
EPS adjusted (diluted no. of shares)	-0.15	-0.15	-0.57	-0.10	-0.97	-0.09	-0.04	-0.08	-0.05	-0.25	-0.25	-0.04
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	8.2	35.2	42.9	66.0
Total	4.8	5.7	13.4	11.3	35.2	9.8	9.4	7.8	8.2	35.2	42.9	66.0
<b>SALES GROWTH, Y/Y %</b>												
Next Games	-56.2	-33.2	110.4	70.5	8.5	105.3	65.1	-41.9	-27.9	-0.1	22.0	53.8
Total	-56.2	-33.2	110.4	70.5	8.5	105.3	65.1	-41.9	-27.9	-0.1	22.0	53.8
<b>EBIT, EURm</b>												
Next Games	-2.5	-2.4	-10.3	-1.6	-16.9	-2.4	-1.1	-2.1	-1.7	-7.3	-8.2	-0.6
Total	-2.5	-2.4	-10.3	-1.6	-16.9	-2.4	-1.1	-2.1	-1.7	-7.3	-8.2	-0.6
<b>EBIT margin, %</b>												
Next Games	-52.3	-43.0	-77.0	-14.3	-48.0	-24.4	-11.7	-27.1	-21.3	-20.9	-19.2	-0.9
Total	-52.3	-43.0	-77.0	-14.3	-48.0	-24.4	-11.7	-27.1	-21.3	-20.9	-19.2	-0.9

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	0.0	9.7	31.1	32.5	35.2	35.2	42.9	66.0
<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>-0.1</i>	<i>22.0</i>	<i>53.8</i>
EBITDA	-4.0	-6.6	-1.9	-4.7	-15.3	-3.4	-4.5	3.7
<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>-9.7</i>	<i>-10.5</i>	<i>5.7</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	-7.3	-8.2	-0.6
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	-7.3	-8.2	-0.6
<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>-20.9</i>	<i>-19.2</i>	<i>-0.9</i>
Reported EBIT	-4.0	-7.0	-2.2	-5.1	-16.9	-7.3	-8.2	-0.6
<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>-20.9</i>	<i>-19.2</i>	<i>-0.9</i>
Net financials	0.1	0.2	-0.1	-0.5	0.1	-0.1	-0.5	-0.7
Pre-tax profit	-3.8	-6.9	-2.3	-5.6	-16.8	-7.4	-8.7	-1.3
Taxes	0.0	0.0	2.5	-0.1	-1.2	0.4	1.7	0.3
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	-7.1	-7.0	-1.0
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	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	5	8
Liquid funds	2	5	4	26	7	10	6	7
Total assets	3	9	17	46	36	39	39	45
<b>Liabilities</b>								
Shareholder's equity	2	5	7	39	23	24	17	16
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	13	15
Non-interest bearing current liabilities	1	4	9	6	8	8	10	15
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	3	9	17	46	36	39	39	45
<b>CASH FLOW, EURm</b>								
+ EBITDA	-4	-7	-2	-5	-15	-3	-5	4
- Net financial items	0	0	0	-1	0	0	-1	-1
- Taxes	0	0	0	0	0	0	2	0
- Increase in Net Working Capital	1	0	0	-1	1	2	1	2
+/- Other	0	0	2	3	2	0	0	0
= Cash flow from operations	-3	-7	0	-4	-12	-1	-2	6
- Capex	0	-1	1	-1	-2	-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	0	-5	-14	-7	-9	-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	-4	-11	-7	2	5	2
Change in cash	2	2	-1	23	-19	2	-4	1

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	0	0	168	20	23	23	23
Net debt (excl. convertibles)	-4	-3	-26	-1	-2	7	8
Enterprise value	-4	-3	143	18	21	30	32
Sales	10	31	32	35	35	43	66
EBITDA	-7	-2	-5	-15	-3	-5	4
EBIT	-7	-2	-5	-17	-7	-8	-1
Pre-tax	-7	-2	-6	-17	-7	-9	-1
Earnings	-7	0	-6	-18	-7	-7	-1
Equity book value (excl. minorities)	5	7	39	23	24	17	16
<b>Valuation multiples</b>							
EV/sales	-0.4	-0.1	4.4	0.5	0.6	0.7	0.5
EV/EBITDA	0.6	1.4	-30.4	-1.2	-6.2	-6.7	8.4
EV/EBITA	0.6	1.2	-28.1	-1.1	-2.9	-3.7	-54.1
EV/EBIT	0.6	1.2	-28.1	-1.1	-2.9	-3.7	-54.1
EV/OCF	0.6	6.0	-34.7	-1.5	-20.2	-12.1	5.6
EV/FCFF	-2.0	80.4	-21.8	-1.0	-2.9	-3.5	-43.8
P/FCFE	0.0	0.0	-35.6	-1.4	-3.1	-2.5	-18.2
P/E	0.0	0.0	-30.1	-1.1	-3.3	-3.3	-22.7
P/B	0.0	0.0	4.3	0.9	1.0	1.4	1.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	-6.7	-7.1	9.0
Target EV/EBIT	0.0	0.0	0.0	0.0	-3.1	-3.9	-57.4
Target EV/FCF	0.0	0.0	0.0	0.0	-3.1	-3.5	-26.3
Target P/B	0.0	0.0	0.0	0.0	1.1	1.5	1.6
Target P/E	0.0	0.0	0.0	0.0	-3.5	-3.6	-24.7
<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	-0.25	-0.25	-0.04
Operating cash flow per share	-2.67	-0.14	-0.23	-0.65	-0.04	-0.09	0.20
Free cash flow per share	-3.11	0.02	-0.26	-0.75	-0.27	-0.33	-0.05
Book value per share	1.90	2.22	2.16	1.24	0.85	0.60	0.57
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	-2.8	-70.6	-32.1	-39.5	-5.5
<b>Efficiency measures</b>							
ROE	-196.2	1.6	-26.2	-58.0	-30.3	-34.5	-6.3
ROCE	-176.2	-32.7	-20.9	-49.2	-24.5	-27.1	-1.9
<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	-1.6	1.9	5.4	18.2	15.5	10.5
CAPEX/sales (incl. acquisitions), %	11.2	-1.6	1.9	5.4	18.2	15.5	10.5
FCFF/EBITDA	-0.3	0.0	1.4	1.2	2.1	1.9	-0.2
Net debt/EBITDA, book-weighted	0.6	1.4	5.5	0.1	0.6	-1.6	2.2
Debt/equity, market-weighted	0.0	0.0	0.0	0.3	0.3	0.5	0.6
Equity ratio, book-weighted	52.7	50.9	88.7	62.7	61.0	43.1	34.8
Gearing, %	-90.4	-36.9	-65.2	-6.6	-8.6	42.2	52.9

**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:** Next Games' success will rely heavily on the launch of new games during 2020. Growth has been stagnant as the number of users in both live games have seen a declining trend. With an expected larger portfolio of live games in the coming years, growth should in our view pick up and profitability improve due to a lower relative share of development costs.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ovaskainen Jari Juhani Rainer	6,578,068	5.460	23.6%
IDG Ventures USA III, L.P.	1,188,306	0.986	4.3%
Hiitola Kalle Johannes	971,675	0.806	3.5%
Achrén Joakim Tomas Johan	937,698	0.778	3.4%
Jumisko Jaakko Ensio	830,246	0.689	3.0%
Ilmarinen Mutual Pension Insurance Company	819,336	0.680	2.9%
Achrén Mikael Jan Kennet	811,367	0.673	2.9%
Varma Mutual Pension Insurance Company	570,000	0.473	2.0%
Nuard Ventures Oy	364,000	0.302	1.3%
Danske Invest Finnish Small Cap Fund	306,465	0.254	1.1%
Ten largest	13,377,161	11.103	48%
Residual	14,531,539	12.061	52%
Total	27,908,700	23.164	100%

#### EARNINGS CALENDAR

February 28, 2020 FY 2019 Results  
August 28, 2020 Q2 report

#### OTHER EVENTS

May 20, 2020 AGM

#### 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 times per year.

Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

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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