

Showing some more positive signs

Next Games reported better results than we had expected and clearly better profitability, which effectively halted cash burn. The Stranger Things and Blade Runner Rogue games are set for scaled launch in the year-end or later and growth prospects in 2021 remain largely unchanged.

Profitability clear above expectations

Next Games reported better H1 results than we had expected. Revenue amounted to EUR 14.4m (EvlI 13.8m) and the adj. operating profit to EUR 0.1m (EvlI -2.4m). NML performed above our expectations due to ARPDAU improvements while Our World gross bookings continued to decline as DAU figures fell clearly, although the ARPDAU continued to improve. Our World was affected by COVID-19 restrictions on movement. With the improved profitability operating cash flow turned positive and the cash position excluding debt repayment remained effectively unchanged from the end of 2019.

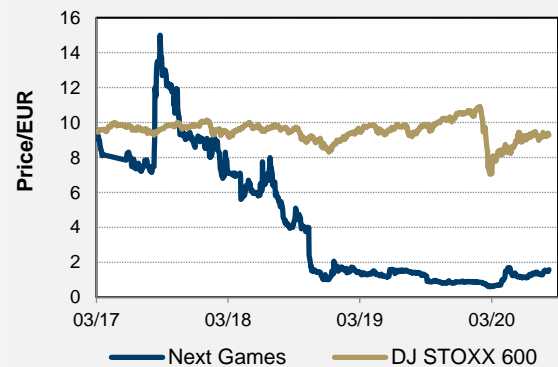
Scaled new game launches set for the year-end

Next Games has clearly reevaluated its publishing strategy since the launch of Our World and new games will be brought to market and scaled over a longer time period. With Stranger Things expected to be launched in Q4/20 and Blade Runner Rogue still seeing major updates the impact of new games on 2020 revenue will likely be very limited and Next Games quite expectedly dropped its revenue guidance. Publishing operations EBITDA is expected to grow clearly in 2020 following lower marketing costs. 2021 figures are highly dependent on the new games to be launched and visibility as such is extremely low. With a larger share of employees working on live games profitability should improve but marketing costs should still limit near-term profitability potential.

SELL with a target price of EUR 1.2 (0.9)

The improved profitability and resulting halt to cash burn provide needed support for the company's financial position. With the uncertainty from the dependency on new games, valuation in our view is still not justifiable. We adjust our target price to EUR 1.2 (0.9) and retain our SELL-rating.

Rating ■ SELL



Share price, EUR (Last trading day's closing price) 1.58

Target price, EUR 1.2

Latest change in recommendation 24-Aug-20

Latest report on company 24-Aug-20

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 44

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 -

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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
2018	35.2	-16.9	-48.0%	-13.8	-0.97	-1.1	0.5	-1.1	-70.0	0.00
2019	34.7	-7.4	-21.4%	-7.1	-0.30	-3.0	0.6	-3.0	-28.5	0.00
2020E	30.7	-4.4	-14.3%	-6.2	-0.17	-9.3	1.6	-10.9	-14.1	0.00
2021E	63.3	1.9	3.1%	3.4	0.05	32.7	0.7	22.8	7.8	0.00
2022E	83.1	6.8	8.2%	5.7	0.19	8.3	0.5	5.7	12.8	0.00
Market cap, EURm	44		Gearing 2020E, %	18.7		CAGR EPS 2019-22, %	0.0			
Net debt 2020E, EURm	3		Price/book 2020E	2.4		CAGR sales 2019-22, %	33.8			
Enterprise value, EURm	48		Dividend yield 2020E, %	0.0		ROE 2020E, %	-23.2			
Total assets 2020E, EURm	30		Tax rate 2020E, %	2.1		ROCE 2020E, %	-17.6			
Goodwill 2020E, EURm	3		Equity ratio 2020E, %	60.1		PEG, P/E 20/CAGR	0.0			

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

Next Games	2018	H1/19	H2/19	2019	H1/20	H2/20E	2020E	2021E	2022E
Net sales	35.2	19.2	15.5	34.7	14.4	16.3	30.5	63.3	83.1
<i>change, %</i>	<i>9%</i>	<i>83%</i>	<i>-38%</i>	<i>-2%</i>	<i>-25%</i>	<i>5%</i>	<i>-12%</i>	<i>108%</i>	<i>31%</i>
Cost of revenue	-14.0	-8.0	-7.1	-15.0	-6.8	-7.2	-14.0	-27.8	-36.6
Gross profit	21.3	11.3	8.4	19.7	7.6	9.1	16.5	35.4	46.5
<i>-margin, %</i>	<i>60%</i>	<i>59%</i>	<i>54%</i>	<i>57%</i>	<i>53%</i>	<i>56%</i>	<i>54%</i>	<i>56%</i>	<i>56%</i>
Other operating income	0.1	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0
R&D costs	-7.5	-3.3	-3.3	-6.6	-2.6	-3.4	-6.0	-8.0	-9.0
Sales and marketing costs	-26.8	-9.8	-7.8	-17.6	-5.0	-7.0	-12.0	-22.0	-27.0
Admin costs	-4.0	-1.6	-1.3	-3.0	-1.9	-1.5	-3.4	-3.5	-3.7
EBIT	-16.9	-3.5	-3.9	-7.4	-1.6	-2.8	-4.9	1.9	6.8
<i>-margin, %</i>	<i>-48%</i>	<i>-18%</i>	<i>-25%</i>	<i>-21%</i>	<i>-11%</i>	<i>-17%</i>	<i>-16%</i>	<i>3%</i>	<i>8%</i>
Depreciations	1.7	1.5	1.5	2.9	1.5	1.5	3.0	3.0	3.0
IFRS 2 adjustment	1.5	0.2	0.3	0.5	0.3	0.3	0.5	0.5	0.5
Adj. operating result	-13.8	-1.8	-2.2	-4.0	0.1	-1.0	-1.4	5.4	10.3
<i>-margin, %</i>	<i>-39%</i>	<i>-9%</i>	<i>-14%</i>	<i>-11%</i>	<i>1%</i>	<i>-6%</i>	<i>-5%</i>	<i>9%</i>	<i>12%</i>
Publishing operations									
EBITDA	0.5	2.3	1.5	3.8	3.4	2.9	6.3	15.0	21.1

Next Games	2018	H1/19	H2/19	2019	H1/20	H2/20E	2020E	2021E	2022E
DAU (m)	0.46	0.39	0.30	0.34	0.24	0.28	0.26	0.68	0.91
TWD: NML		0.21	0.17	0.19	0.16	0.15	0.15	0.13	0.07
TWD: Our World		0.18	0.12	0.15	0.08	0.08	0.08	0.08	0.06
Blade Runner Rogue						0.03	0.01	0.15	0.14
Stranger Things						0.03	0.01	0.30	0.25
Game 1/2021								0.02	0.23
Game 1/2022									0.14
Game 2/2022									0.02
ARPDau (EUR)	0.24	0.26	0.29	0.27	0.33	0.31	0.33	0.22	0.21
TWD: NML		0.22	0.23	0.23	0.28	0.29	0.28	0.22	0.17
TWD: Our World		0.32	0.37	0.34	0.46	0.50	0.47	0.40	0.22
Blade Runner Rogue						0.15	0.15	0.22	0.21
Stranger Things						0.22	0.22	0.22	0.25
Game 1/2021								0.23	0.23
Game 1/2022									0.23
Game 2/2022									0.20
Gross bookings (EURm)	35.8	18.5	16.0	34.5	14.2	16.3	30.5	63.3	83.1
TWD: NML	21.4	8.3	7.6	15.9	7.9	7.9	15.8	10.4	4.3
TWD: Our World	14.0	10.2	8.4	18.5	6.3	6.7	13.0	11.7	4.8
Blade Runner Rogue						0.7	0.7	12.0	10.7
Stranger Things						1.0	1.0	24.1	22.8
Game 1/2021								5.0	19.3
Game 1/2022									16.0
Game 2/2022									5.1

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	1.58 PV of Free Cash Flow	35 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	2.50 PV of Horizon value	32 WACC, %	13.0 Market risk premium, %	5.8
Share price potential, %	58.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	2.6 Marketable securities	8 Minimum WACC, %	12.5 Equity beta coefficient	1.80
Minimum value	2.4 Debt - dividend	-5 Maximum WACC, %	13.5 Target debt ratio, %	15
Horizon value, %	47.2 Value of stock	70 Nr of shares, Mn	27.9 Effective tax rate, %	20

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	35	31	63	83	91	98	103	108	114	119	122	125
<i>Sales growth, %</i>	-1.5	-11.6	106.3	31.3	10.0	7.5	5.0	5.0	5.0	5.0	2.5	2.5
Operating income (EBIT)	-7	-4	2	7	9	10	10	11	11	12	12	13
<i>Operating income margin, %</i>	-21.4	-14.3	3.1	8.2	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
+ Depreciation+amort.	4	4	4	4	4	4	4	5	5	5	5	
EBITDA	-3	0	6	11	13	14	15	15	16	17	17	
- Paid taxes	0	0	0	-1	-2	-2	-2	-2	-2	-2	-2	
- Change in NWC	0	-1	3	1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	-5.0	-2.1	-5.1	-5.1	-5.1	-5.1	-5.1	-5.1	-5.1	-5.1	-5.1	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-3	-3	-3	-4	-4	-4	-4	-4	-4	-4	-4	-5
<i>opCAPEX / Sales, %</i>	9.9	14.3	7.1	5.5	5.2	5.0	4.9	4.8	4.7	4.6	5.1	
- 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	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	-6	-5	5	7	8	9	9	9	10	10	10	99
= Discounted FCFF		-4	4	5	5	5	5	4	4	4	3	32
= DFCF min WACC		-4	4	5	6	5	5	4	4	4	3	35
= DFCF max WACC		-4	4	5	5	5	5	4	4	4	3	29

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	0.0	19.2	0.0	15.5	34.7	0.0	14.4	0.0	16.3	30.7	63.3	83.1
EBITDA	0.0	-1.5	0.0	-2.0	-3.5	0.0	0.3	0.0	-0.8	-0.4	5.9	10.8
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>-7.9</i>	<i>0.0</i>	<i>-12.7</i>	<i>-10.0</i>	<i>0.0</i>	<i>2.1</i>	<i>0.0</i>	<i>-4.7</i>	<i>-1.3</i>	<i>9.4</i>	<i>13.0</i>
EBIT	0.0	-3.5	0.0	-3.9	-7.4	0.0	-1.6	0.0	-2.8	-4.4	1.9	6.8
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>-18.2</i>	<i>0.0</i>	<i>-25.5</i>	<i>-21.4</i>	<i>0.0</i>	<i>-11.1</i>	<i>0.0</i>	<i>-17.1</i>	<i>-14.3</i>	<i>3.1</i>	<i>8.2</i>
Net financial items	0.0	-0.2	0.0	-0.1	-0.3	0.0	-0.3	0.0	-0.2	-0.5	-0.3	-0.2
Pre-tax profit	0.0	-3.7	0.0	-4.0	-7.8	0.0	-1.9	0.0	-3.0	-4.8	1.7	6.6
Tax	0.0	-0.3	0.0	-0.2	-0.5	0.0	0.1	0.0	0.0	0.1	-0.3	-1.3
<i>Tax rate (%)</i>	<i>0.0</i>	<i>-8.2</i>	<i>0.0</i>	<i>-5.6</i>	<i>-6.8</i>	<i>0.0</i>	<i>5.6</i>	<i>0.0</i>	<i>0.0</i>	<i>2.1</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	-4.0	0.0	-4.3	-8.3	0.0	-1.8	0.0	-3.0	-4.7	1.3	5.3
EPS	0.00	-0.14	0.00	-0.15	-0.30	0.00	-0.06	0.00	-0.11	-0.17	0.05	0.19
EPS adjusted (diluted no. of shares)	0.00	-0.14	0.00	-0.15	-0.30	0.00	-0.06	0.00	-0.11	-0.17	0.05	0.19
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
SALES, EURm												
Next Games	0.0	19.2	0.0	15.5	34.7	0.0	14.4	0.0	16.3	30.7	63.3	83.1
Total	0.0	19.2	0.0	15.5	34.7	0.0	14.4	0.0	16.3	30.7	63.3	83.1
SALES GROWTH, Y/Y %												
Next Games	<i>0.0</i>	<i>83.5</i>	<i>0.0</i>	<i>-37.4</i>	<i>-1.5</i>	<i>0.0</i>	<i>-25.1</i>	<i>0.0</i>	<i>5.2</i>	<i>-11.6</i>	<i>106.3</i>	<i>31.3</i>
Total	<i>0.0</i>	<i>83.5</i>	<i>0.0</i>	<i>-37.4</i>	<i>-1.5</i>	<i>0.0</i>	<i>-25.1</i>	<i>0.0</i>	<i>5.2</i>	<i>-11.6</i>	<i>106.3</i>	<i>31.3</i>
EBIT, EURm												
Next Games	0.0	-3.5	0.0	-3.9	-7.4	0.0	-1.6	0.0	-2.8	-4.4	1.9	6.8
Total	0.0	-3.5	0.0	-3.9	-7.4	0.0	-1.6	0.0	-2.8	-4.4	1.9	6.8
EBIT margin, %												
Next Games	<i>0.0</i>	<i>-18.2</i>	<i>0.0</i>	<i>-25.5</i>	<i>-21.4</i>	<i>0.0</i>	<i>-11.1</i>	<i>0.0</i>	<i>-17.1</i>	<i>-14.3</i>	<i>3.1</i>	<i>8.2</i>
Total	<i>0.0</i>	<i>-18.2</i>	<i>0.0</i>	<i>-25.5</i>	<i>-21.4</i>	<i>0.0</i>	<i>-11.1</i>	<i>0.0</i>	<i>-17.1</i>	<i>-14.3</i>	<i>3.1</i>	<i>8.2</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	9.7	31.1	32.5	35.2	34.7	30.7	63.3	83.1
<i>Sales growth (%)</i>	<i>242,600.0</i>	<i>220.5</i>	<i>4.4</i>	<i>8.5</i>	<i>-1.5</i>	<i>-11.6</i>	<i>106.3</i>	<i>31.3</i>
EBITDA	-6.6	-1.9	-4.7	-14.7	-3.5	-0.4	5.9	10.8
<i>EBITDA margin (%)</i>	<i>-68.5</i>	<i>-6.3</i>	<i>-14.4</i>	<i>-41.9</i>	<i>-10.0</i>	<i>-1.3</i>	<i>9.4</i>	<i>13.0</i>
Depreciation	-0.4	-0.2	-0.4	-2.2	-4.0	-4.0	-4.0	-4.0
EBITA	-7.0	-2.2	-5.1	-16.9	-7.4	-4.4	1.9	6.8
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-7.0	-2.2	-5.1	-16.9	-7.4	-4.4	1.9	6.8
<i>EBIT margin (%)</i>	<i>-72.5</i>	<i>-7.0</i>	<i>-15.6</i>	<i>-48.0</i>	<i>-21.4</i>	<i>-14.3</i>	<i>3.1</i>	<i>8.2</i>
Reported EBIT	-7.0	-2.2	-5.1	-16.9	-7.4	-4.4	1.9	6.8
<i>EBIT margin (reported) (%)</i>	<i>-72.5</i>	<i>-7.0</i>	<i>-15.6</i>	<i>-48.0</i>	<i>-21.4</i>	<i>-14.3</i>	<i>3.1</i>	<i>8.2</i>
Net financials	0.2	-0.1	-1.0	0.0	-0.3	-0.5	-0.3	-0.2
Pre-tax profit	-6.9	-2.3	-6.0	-16.9	-7.8	-4.8	1.7	6.6
Taxes	0.0	2.5	-0.1	-1.2	-0.5	0.1	-0.3	-1.3
Minority shares	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-6.9	0.1	-6.1	-18.0	-8.3	-4.7	1.3	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	1	3	8	13	13	13	14	14
Goodwill	0	2	3	3	3	3	3	3
Right of use assets	0	0	0	5	4	4	4	4
Inventory	0	0	0	0	0	0	0	0
Receivables	3	6	5	6	5	6	9	12
Liquid funds	5	4	26	7	8	2	4	10
Total assets	9	17	46	36	35	30	37	46
Liabilities								
Shareholder's equity	5	7	39	23	23	18	19	25
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	5	4	4	4	4
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	0	1	1	1	1	2	0	0
Non-interest bearing current liabilities	4	9	6	8	7	6	13	17
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	9	17	46	37	35	30	37	46
CASH FLOW, EURm								
+ EBITDA	-7	-2	-5	-15	-3	0	6	11
- Net financial items	0	0	-1	0	0	0	0	0
- Taxes	0	0	0	0	0	0	0	-1
- Increase in Net Working Capital	0	0	-1	1	0	-1	3	1
+/- Other	0	2	3	2	0	0	0	0
= Cash flow from operations	-7	0	-4	-12	-4	-2	8	10
- Capex	-1	1	0	-2	-3	-4	-4	-5
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-8	0	-4	-14	-7	-6	3	6
+/- New issues/buybacks	9	3	38	2	8	0	0	0
- Paid dividend	0	0	0	0	0	0	0	0
+/- Other	1	-4	-11	-7	-1	1	-1	0
Change in cash	2	-1	23	-19	0	-5	2	6

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	0	168	20	25	44	44	44
Net debt (excl. convertibles)	-3	-26	-1	-3	3	0	-6
Enterprise value	-3	143	18	22	48	44	39
Sales	31	32	35	35	31	63	83
EBITDA	-2	-5	-15	-3	0	6	11
EBIT	-2	-5	-17	-7	-4	2	7
Pre-tax	-2	-6	-17	-8	-5	2	7
Earnings	0	-6	-18	-8	-5	1	5
Equity book value (excl. minorities)	7	39	23	23	18	19	25
Valuation multiples							
EV/sales	-0.1	4.4	0.5	0.6	1.6	0.7	0.5
EV/EBITDA	1.4	-30.4	-1.2	-6.4	-122.7	7.5	3.6
EV/EBITA	1.2	-28.1	-1.1	-3.0	-10.9	22.8	5.7
EV/EBIT	1.2	-28.1	-1.1	-3.0	-10.9	22.8	5.7
EV/OCF	6.0	-34.7	-1.5	-6.1	-25.9	5.6	3.8
EV/FCFF	80.4	-23.4	-1.0	-3.6	-10.2	9.4	5.6
P/FCFE	0.0	-39.4	-1.4	-3.5	-7.1	12.9	7.8
P/E	0.0	-30.1	-1.1	-3.0	-9.3	32.7	8.3
P/B	0.0	4.3	0.9	1.1	2.4	2.3	1.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	-95.0	5.6	2.6
Target EV/EBIT	0.0	0.0	0.0	0.0	-8.4	17.2	4.1
Target EV/FCF	0.0	0.0	0.0	0.0	-5.9	9.8	4.9
Target P/B	0.0	0.0	0.0	0.0	1.9	1.7	1.4
Target P/E	0.0	0.0	0.0	0.0	-7.1	24.8	6.3
Per share measures							
Number of shares	3,325	18,219	18,503	27,909	27,909	27,909	27,909
Number of shares (diluted)	3,325	18,219	18,503	27,909	27,909	27,909	27,909
EPS	0.03	-0.34	-0.97	-0.30	-0.17	0.05	0.19
Operating cash flow per share	-0.14	-0.23	-0.65	-0.13	-0.07	0.28	0.37
Free cash flow per share	0.02	-0.23	-0.74	-0.25	-0.22	0.12	0.20
Book value per share	2.22	2.16	1.24	0.82	0.65	0.70	0.89
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	-2.5	-70.0	-28.5	-14.1	7.8	12.8
Efficiency measures							
ROE	1.6	-26.2	-58.0	-36.3	-23.2	7.2	23.9
ROCE	-32.7	-22.8	-49.5	-26.9	-17.6	8.1	25.8
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	19.7	15.3	18.0	15.1	18.0	15.0	15.0
Non-interest bearing liabilities as % of sales	27.9	17.3	22.1	20.1	20.1	20.1	20.1
NWC/sales, %	-8.2	-1.9	-4.1	-5.0	-2.1	-5.1	-5.1
Operative CAPEX/sales, %	-1.6	0.5	5.0	9.9	14.3	7.1	5.5
CAPEX/sales (incl. acquisitions), %	-1.6	0.5	5.0	9.9	14.3	7.1	5.5
FCFF/EBITDA	0.0	1.3	1.3	1.8	12.0	0.8	0.6
Net debt/EBITDA, book-weighted	1.4	5.5	0.1	0.8	-8.7	0.0	-0.5
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	50.9	88.7	62.6	65.9	60.1	53.2	54.0
Gearing, %	-36.9	-65.2	-6.2	-12.4	18.7	-0.2	-23.0

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	7,078,068	11.183	25.4%
IDG Ventures USA III, L.P.	1,188,306	1.878	4.3%
Hiitola Kalle Johannes	971,675	1.535	3.5%
Achrén Joakim Tomas Johan	918,698	1.452	3.3%
Ilmarinen Mutual Pension Insurance Company	819,336	1.295	2.9%
Jumisko Jaakko Ensio	813,246	1.285	2.9%
Achrén Mikael Jan Kennet	722,848	1.142	2.6%
Varma Mutual Pension Insurance Company	570,000	0.901	2.0%
Vilpo Oy	308,976	0.488	1.1%
Danske Invest Finnish Small Cap Fund	306,465	0.484	1.1%
Ten largest	13,697,618	21.642	49%
Residual	14,211,082	22.454	51%
Total	27,908,700	44.096	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

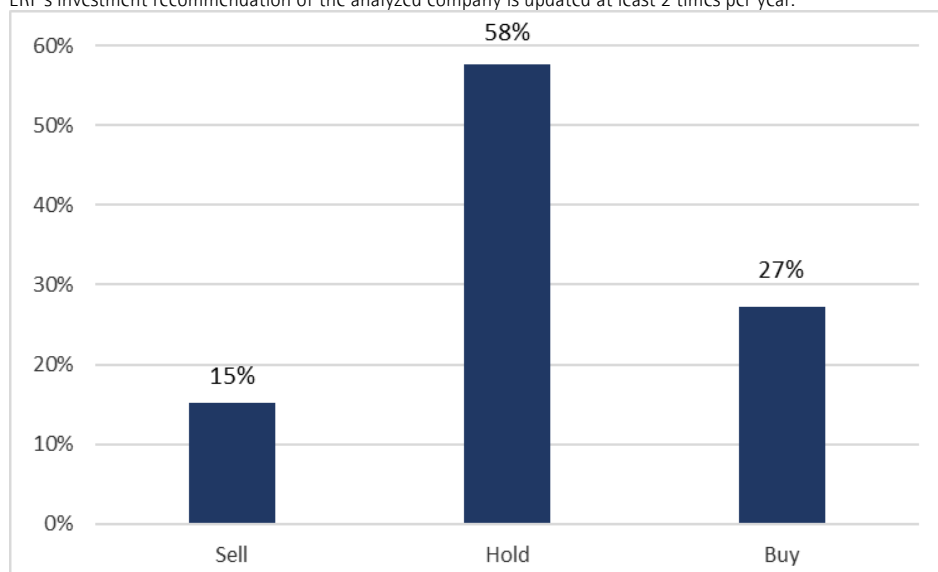
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Investment recommendations are defined as follows:

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

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

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