

## Making headway

Next Games Q1 EBIT and adjusted operating result amounted to EUR -2.4m and -1.3m respectively, while revenue grew 104% y/y to EUR 9.8m. The company's cost savings program started to show, and further notable progress is expected in Q2. We retain our HOLD-rating with a target price of EUR 1.5

### Positive TWD: Our World signs

Next Games' Q1 results saw profitability remaining in the red, with EBIT at EUR -2.4 (Evli -2.1m) and the adjusted operating result at EUR -1.3m. Q1 revenue grew 104% y/y to EUR 9.8m. TWD: No Man's Land continued on a steady pace while implementation of new sales strategies in TWD: Our World saw the games ARPDau and daily conversion rates improve towards the end of the quarter and reached an ARPDau of EUR 0.31 in March (Q1: EUR 0.26). Management comments point towards a prolonged soft launch period for Blade Runner Nexus due to the nature of the game mechanics. Our estimates assume launch during Q3/2019.

### Cost savings starting to show

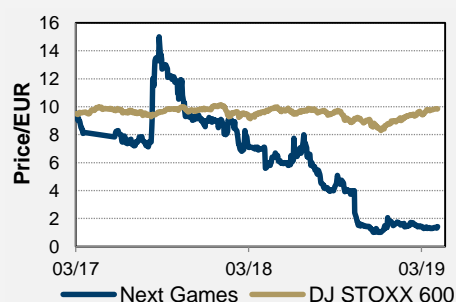
Next Games' expects to achieve annual cost savings in fixed costs of approximately EUR 6.5m and monthly fixed costs excluding game marketing investments to amount to EUR 1.1-1.2m during 2019 after achieving the targeted cost savings. As the held consultation proceedings still affected Q1 results, a reduction in the cost base is expected to be seen in Q2. On our revised estimates we expect an EBIT and adjusted operating result of EUR -4.8m and EUR -0.5m respectively in 2019. Actions taken to stabilize the operational cash flow saw the company's cash position start to stabilize during the quarter.

### HOLD with a target price of EUR 1.5

Next Games has made progress in scaling down its cost base and we expect further progress in Q2. A major boost in revenue would be necessary for further improving profitability which despite positive signs from Our World and the expected Launch of Blade Runner Nexus still seems challenging in the near-term. we retain our HOLD-rating with a target price of EUR 1.5

## Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 1.42

Target price, EUR 1.5

Latest change in recommendation 11-Jan-19

Latest report on company 18-Feb-19

Research paid by issuer: YES

No. of shares outstanding, '000's 18,503

No. of shares fully diluted, '000's 18,503

Market cap, EURm 26

Free float, % 48.6

Exchange rate 0.000

Reuters code NXTGMS.HE

Bloomberg code NXTGMS FH

Average daily volume, EURm -

Next interim report 26-Jul-19

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■ BUY ■ HOLD ■ SELL

## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	32	-5	-15.6%	-6	-0.34	-30.1	4.4	-24.4	-28.1	0.00
2018	35	-17	-48.0%	-17	-0.97	-1.1	0.5	-1.3	-1.1	0.00
2019E	48	-5	-10.1%	-5	-0.23	-6.1	0.6	7.9	-5.9	0.00
2020E	56	1	2.2%	1	0.04	39.3	0.5	4.7	24.3	0.00
2021E	64	5	7.5%	4	0.19	7.6	0.4	2.9	5.8	0.00
Market cap, EURm			26	BV per share 2019E, EUR		1.0	CAGR EPS 2018-21, %			0.0
Net debt 2019E, EURm			2	Price/book 2019E		1.4	CAGR sales 2018-21, %			22.3
Enterprise value, EURm			28	Dividend yield 2019E, %		0.0	ROE 2019E, %			-20.7
Total assets 2019E, EURm			35	Tax rate 2019E, %		20.0	ROCE 2019E, %			-18.1
Goodwill 2019E, EURm			3	Equity ratio 2019E, %		53.1	PEG, P/E 19/CAGR			0.0

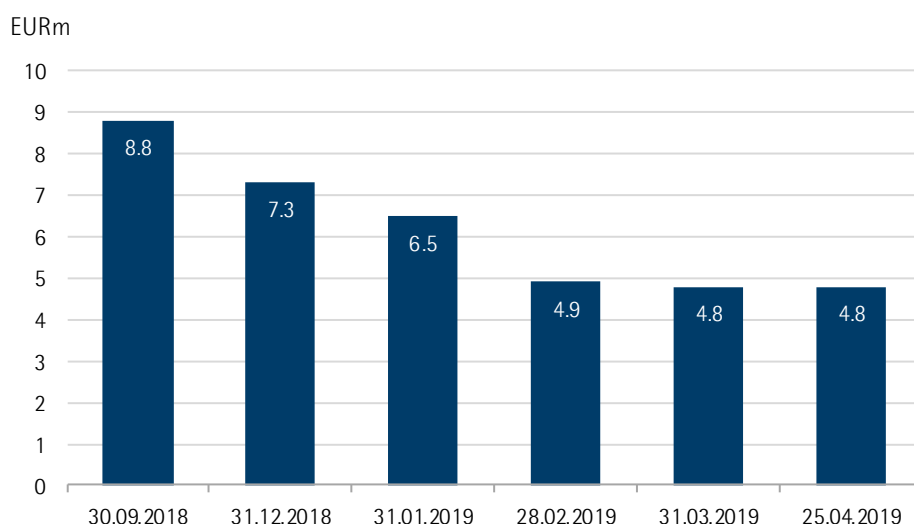
All the important disclosures can be found on the last pages of this report.

Figure 1: Estimates summary

Next Games	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18	2018	Q1/'19	Q2/'19E	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Net sales	32.5	4.8	5.7	13.4	11.3	35.2	9.8	10.4	13.0	14.6	47.8	56.2	64.4
change, %	4%	-56%	-33%	110%	71%	9%	105%	83%	-3%	29%	36%	18%	15%
Cost of revenue	-13.2	-2.0	-2.4	-6.0	-3.5	-14.0	-4.3	-4.6	-5.7	-4.8	-19.4	-22.5	-25.8
Gross profit	19.3	2.8	3.3	7.4	7.9	21.3	5.6	5.8	7.3	9.8	28.5	33.7	38.6
-margin, %	59%	58%	58%	55%	69%	60%	57%	56%	56%	67%	60%	60%	60%
Other operating income	0.1	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				-10.4	-2.7	-2.1	-2.4	-2.3	-9.5	-9.8	-10.0
Sales and marketing costs	-12.7	-2.5				-23.6	-4.3	-3.8	-7.5	-4.5	-20.1	-19.0	-20.0
Admin costs	-4.7	-1.0				-4.2	-1.0	-0.9	-0.9	-0.9	-3.7	-3.7	-3.8
EBIT	-5.1	-2.5	-2.4	-10.3	-1.6	-16.9	-2.4	-1.0	-3.5	2.1	-4.8	1.2	4.8
-margin, %	-16%	-52%	-43%	-77%	-14%	-48%	-24%	-9%	-27%	14%	-10%	2%	8%
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	0.3	0.3	0.3	1.4	1.4	1.4
Adj. operating result		-2.1	-2.0	-9.2	-0.5	-13.8	-1.3	0.1	-2.5	3.1	-0.5	5.4	9.0
-margin, %		-43%	-35%	-68%	-4%	-39%	-13%	1%	-19%	21%	-1%	10%	14%

Source: Next Games, Evli research estimates

Figure 2: Next Games' cash position development



Source: Next Games. In addition, Next Games has an unused credit limit of EUR 5m.

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	1.42 PV of Free Cash Flow	29 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	4.19 PV of Horizon value	47 WACC, %	10.6 Market risk premium, %	5.8
Share price potential, %	194.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	4.5 Marketable securities	7 Minimum WACC, %	10.1 Equity beta coefficient	1.40
Minimum value	3.9 Debt - dividend	-6 Maximum WACC, %	11.1 Target debt ratio, %	20
Horizon value, %	62.1 Value of stock	77 Nr of shares, Mn	18.5 Effective tax rate, %	20

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	35	48	56	64	72	79	85	90	94	99	101	104
<i>Sales growth, %</i>	<i>8.5</i>	<i>35.8</i>	<i>17.5</i>	<i>14.6</i>	<i>12.0</i>	<i>10.0</i>	<i>7.5</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	-17	-5	1	5	11	12	12	13	13	14	14	15
<i>EBIT margin, %</i>	<i>-48.0</i>	<i>-10.1</i>	<i>2.2</i>	<i>7.5</i>	<i>15.0</i>	<i>15.0</i>	<i>14.0</i>	<i>14.0</i>	<i>14.0</i>	<i>14.0</i>	<i>14.0</i>	<i>14.0</i>
+ Depreciation+amort.	2	4	4	4	5	5	6	6	7	7	7	
- Income taxes	0	1	0	-1	-2	-2	-2	-3	-3	-3	-3	
- Change in NWC	1	3	1	1	1	1	1	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-4.1</i>	<i>-10.1</i>	<i>-10.1</i>	<i>-10.1</i>	<i>-10.1</i>	<i>-10.1</i>	<i>-10.1</i>	<i>-10.1</i>	<i>-10.1</i>	<i>-10.1</i>	<i>-10.1</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-11	-6	-7	-7	-7	-7	-8	-8	-8	-9	-9	-9
<i>Investments / Sales, %</i>	<i>32.0</i>	<i>13.4</i>	<i>11.8</i>	<i>10.7</i>	<i>10.0</i>	<i>9.4</i>	<i>9.1</i>	<i>9.0</i>	<i>9.0</i>	<i>8.9</i>	<i>8.9</i>	<i>8.9</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	-26	-3	-1	2	7	8	8	9	9	10	10	126
= Discounted FCF (DFCF)		-3	-1	2	5	5	5	4	4	4	4	47
= DFCF min WACC		-3	-1	2	5	5	5	4	4	4	4	53
= DFCF max WACC		-3	-1	2	5	5	4	4	4	4	4	43

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	5	6	13	11	35	10	10	13	15	48	56	64
EBITDA	-2	-2	-10	-1	-15	-1	0	-3	3	-1	5	9
<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>-0.2</i>	<i>-19.8</i>	<i>20.8</i>	<i>-2.1</i>	<i>8.8</i>	<i>14.3</i>
EBIT	-3	-2	-10	-2	-17	-2	-1	-4	2	-5	1	5
<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>-9.4</i>	<i>-27.1</i>	<i>14.3</i>	<i>-10.1</i>	<i>2.2</i>	<i>7.5</i>
Net financial items	0	0	0	0	0	0	0	0	0	-1	0	-1
Pre-tax profit	-2	-2	-10	-2	-17	-3	-1	-4	2	-5	1	4
Tax	0	0	0	0	-1	1	0	1	0	1	0	-1
<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	-3	-3	-11	-2	-18	-2	-1	-3	2	-4	1	3
EPS	-0.15	-0.15	-0.57	-0.10	-0.97	-0.11	-0.05	-0.16	0.08	-0.23	0.04	0.19
EPS adjusted (diluted no. of shares)	-0.15	-0.15	-0.57	-0.10	-0.97	-0.11	-0.05	-0.16	0.08	-0.23	0.04	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
<b>SALES, EURm</b>												
Next Games	5	6	13	11	35	10	10	13	15	48	56	64
Total	5	6	13	11	35	10	10	13	15	48	56	64
<b>SALES GROWTH, Y/Y %</b>												
Next Games	-56.2	-33.2	110.4	70.5	8.5	105.3	82.8	-3.2	29.2	35.8	17.5	14.6
Total	-56.2	-33.2	110.4	70.5	8.5	105.3	82.8	-3.2	29.2	35.8	17.5	14.6
<b>EBIT, EURm</b>												
Next Games	-3	-2	-10	-2	-17	-2	-1	-4	2	-5	1	5
Total	-3	-2	-10	-2	-17	-2	-1	-4	2	-5	1	5
<b>EBIT margin, %</b>												
Next Games	-52.3	-43.0	-77.0	-14.3	-48.0	-24.4	-9.4	-27.1	14.3	-10.1	2.2	7.5
Total	-52.3	-43.0	-77.0	-14.3	-48.0	-24.4	-9.4	-27.1	14.3	-10.1	2.2	7.5

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	0	10	31	32	35	48	56	64
<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>35.8</i>	<i>17.5</i>	<i>14.6</i>
Costs	-4	-16	-33	-37	-50	-49	-51	-55
Reported EBITDA	-4	-7	-2	-5	-15	-1	5	9
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<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>-2.1</i>	<i>8.8</i>	<i>14.3</i>
Depreciation	0	0	0	0	-2	-4	-4	-4
EBITA	-4	-7	-2	-5	-17	-5	1	5
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	-4	-7	-2	-5	-17	-5	1	5
<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>-10.1</i>	<i>2.2</i>	<i>7.5</i>
Net financials	0	0	0	-1	0	-1	0	-1
Pre-tax profit	-4	-7	-2	-6	-17	-5	1	4
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	0	0	2	0	-1	1	0	-1
Minority shares	0	0	0	0	0	0	0	0
Net profit	-4	-7	0	-6	-18	-4	1	3
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	1	1	3	8	18	20	23	26
<i>% of sales</i>	<i>24,975</i>	<i>9</i>	<i>8</i>	<i>26</i>	<i>51</i>	<i>43</i>	<i>42</i>	<i>40</i>
Goodwill	0	0	2	3	3	3	3	3
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>7</i>	<i>10</i>	<i>9</i>	<i>7</i>	<i>6</i>	<i>5</i>
Inventory	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Receivables	0	3	6	5	6	6	7	8
<i>% of sales</i>	<i>0</i>	<i>34</i>	<i>20</i>	<i>15</i>	<i>18</i>	<i>12</i>	<i>12</i>	<i>12</i>
Liquid funds	2	5	4	26	7	4	6	10
<i>% of sales</i>	<i>56,825</i>	<i>48</i>	<i>12</i>	<i>81</i>	<i>21</i>	<i>8</i>	<i>11</i>	<i>15</i>
Total assets	3	9	17	46	36	35	41	48
Liabilities								
Equity	2	5	7	39	23	19	19	23
<i>% of sales</i>	<i>59,025</i>	<i>48</i>	<i>24</i>	<i>121</i>	<i>65</i>	<i>39</i>	<i>34</i>	<i>35</i>
Deferred taxes	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Interest bearing debt	0	0	1	1	6	6	10	11
<i>% of sales</i>	<i>3,825</i>	<i>4</i>	<i>3</i>	<i>2</i>	<i>16</i>	<i>12</i>	<i>17</i>	<i>18</i>
Non-interest bearing current liabilities	1	4	9	6	8	11	12	14
<i>% of sales</i>	<i>18,875</i>	<i>37</i>	<i>28</i>	<i>17</i>	<i>22</i>	<i>22</i>	<i>22</i>	<i>22</i>
Other interest free debt	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>2</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total liabilities	3	9	17	46	36	35	41	48
<b>CASH FLOW, EURm</b>								
+ EBITDA	-4	-7	-2	-5	-15	-1	5	9
- Net financial items	0	0	0	-1	0	-1	0	-1
- Taxes	0	0	0	0	0	1	0	-1
- Increase in Net Working Capital	1	0	2	-2	1	3	1	1
+/- Other	0	0	-1	0	0	0	0	0
= Cash flow from operations	-3	-7	-1	-7	-15	3	5	9
- 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
= Net cash flow	-3	-8	-1	-15	-27	-4	-1	2
+/- Change in interest-bearing debt	0	0	1	0	5	0	4	2
+/- New issues/buybacks	6	9	3	38	2	0	0	0
- Paid dividend	0	0	0	0	0	0	0	0
+/- Change in loan receivables	0	10	0	0	0	0	0	0
Change in cash	3	11	3	23	-20	-3	2	3

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	0	0	168	20	26	26	26
Net debt	-4	-3	-26	-1	2	3	2
Enterprise value	-4	-3	143	18	28	30	28
Sales	10	31	32	35	48	56	64
EBITDA	-7	-2	-5	-15	-1	5	9
EBIT	-7	-2	-5	-17	-5	1	5
Pre-tax	-7	-2	-6	-17	-5	1	4
Earnings	-7	0	-6	-18	-4	1	3
Book value	5	7	39	23	19	19	23
<b>Valuation multiples</b>							
EV/sales	-0.4	-0.1	4.4	0.5	0.6	0.5	0.4
EV/EBITDA	0.6	1.4	-30.4	-1.2	-28.0	6.0	3.0
EV/EBITA	0.6	1.2	-28.1	-1.1	-5.9	24.3	5.8
EV/EBIT	0.6	1.2	-28.1	-1.1	-5.9	24.3	5.8
EV/operating cash flow	0.6	3.2	-20.7	-1.2	8.5	5.3	3.1
EV/cash earnings	0.6	1.4	-25.9	-1.2	-57.3	6.7	3.6
P/E	0.0	0.0	-30.1	-1.1	-6.1	39.3	7.6
P/E excl. goodwill	0.0	0.0	-30.1	-1.1	-6.1	39.3	7.6
P/B	0.0	0.0	4.3	0.9	1.4	1.4	1.2
P/sales	0.0	0.0	5.2	0.6	0.5	0.5	0.4
P/CF	0.0	0.0	-24.4	-1.3	7.9	4.7	2.9
Target EV/EBIT	0.0	0.0	0.0	0.0	-6.2	25.5	6.1
Target P/E	0.0	0.0	0.0	0.0	-6.5	41.6	8.0
Target P/B	0.0	0.0	0.0	0.0	1.5	1.4	1.2
<b>Per share measures</b>							
Number of shares	2,449	3,325	18,219	18,503	18,503	18,503	18,503
Number of shares (diluted)	2,449	3,325	18,219	18,503	18,503	18,503	18,503
EPS	-2.81	0.03	-0.34	-0.97	-0.23	0.04	0.19
EPS excl. goodwill	-2.81	-0.27	-0.31	-0.97	-0.23	0.04	0.19
Cash EPS	-2.65	-0.60	-0.30	-0.82	-0.03	0.24	0.42
Operating cash flow per share	-2.74	-0.26	-0.38	-0.79	0.18	0.30	0.49
Capital employed per share	0.17	1.11	0.73	1.13	1.09	1.20	1.30
Book value per share	1.90	2.22	2.16	1.24	1.00	1.04	1.23
Book value excl. goodwill	1.90	1.55	1.98	1.06	0.82	0.86	1.05
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
<b>Efficiency measures</b>							
ROE	-196.2	1.6	-26.2	-58.0	-20.7	3.5	16.5
ROCE	-176.2	-32.7	-20.9	-49.2	-18.1	4.6	15.4
<b>Financial ratios</b>							
Capex/sales, %	11.2	10.3	23.9	32.0	13.4	11.8	10.7
Capex/depreciation excl. goodwill,%	277.1	392.5	1,739.9	680.7	168.4	177.7	159.2
Net debt/EBITDA, book-weighted	0.6	1.4	5.5	0.1	-2.0	0.7	0.2
Debt/equity, market-weighted	0.0	0.0	0.0	0.3	0.2	0.4	0.4
Equity ratio, book-weighted	52.7	50.9	88.7	62.7	53.1	46.7	47.0
Gearing	-0.90	-0.37	-0.65	-0.07	0.11	0.18	0.07
Number of employees, average	0	0	0	0	0	0	0
Sales per employee, EUR	0	0	0	0	0	0	0
EBIT per employee, EUR	0	0	0	0	0	0	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 four new projects under development.

**INVESTMENT CASE:**

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ovaskainen Jari Juhani Rainer	3,093,110	4.392	16.7%
IDG Ventures USA III, L.P.	1,188,306	1.687	6.4%
Hiitola Kalle Johannes	942,896	1.339	5.1%
Achrén Joakim Tomas Johan	940,818	1.336	5.1%
Achrén Mikael Jan Kennet	911,862	1.295	4.9%
Jumisko Jaakko Ensio	861,426	1.223	4.7%
Ilmarinen Mutual Pension Insurance Company	546,224	0.776	3.0%
Varma Mutual Pension Insurance Company	380,000	0.540	2.1%
Nuard Ventures Oy	364,000	0.517	2.0%
Vaah Holdings Oy	266,720	0.379	1.4%
Ten largest	9,495,362	13.483	51%
Residual	9,007,952	12.791	49%
Total	18,503,314	26.275	100%

**EARNINGS CALENDAR**

July 26, 2019 Q2 report  
November 01, 2019 Q3 report

**OTHER EVENTS**

May 21, 2019 AGM

**COMPANY MISCELLANEOUS**

CEO: Teemu Huuhtanen Kansakoulukatu 10, 00100 Helsinki  
CFO: Annina Salvén Tel:  
IR:

## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year



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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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