

Welcome turnaround progress

Next Games' profitability saw improvement during Q2, with the adj. EBIT rising to EUR -0.5m (Q2/18: -2.0m). Revenue grew 65% y/y to EUR 9.4m but was below our estimates mainly due to a lower than expected DAU for Our World. Development of the financial situation saw positive signs, but game launch financing still remains a concern.

Earnings improvement and mixed Our World progress

Next Games reported decent Q2 results, with EBIT still in the red, at EUR -1.1m, but seeing improvements and in line with our estimates (Evli EUR -1.0m). The adj. EBIT was slightly below our estimates, at EUR -0.5m (Evli 0.1m). Revenue saw growth of 65% y/y to EUR 9.4m, below our estimates (Evli 10.4m) mainly due to a lower than expected DAU for Our World. Q2 did however see the game's ARPDau improve to a commendable EUR 0.34 (from IAP's). Retention issues, however, led to marketing investment levels for the game rising to above planned levels.

Financial situation progress but concerns remain

We have made some adjustments to our estimates, mainly due to having revised our launch timetable estimate for Blade Runner Nexus from Q3/2019 to Q4/2019. Our estimates also include a minor adjustment for marketing revenue from Our World, which based on figures posted in Q2 shows promising revenue potential. We expect revenue in 2019 to grow 21% to EUR 42.5m (prev. 47.8m), while expecting profitability to remain negative, with an adj. EBIT of EUR -3.0m (prev. EUR -0.5m). A key near-term concern remains the launch of Blade Runner and financing of any more substantial marketing investments that are to be expected in conjunction with the launch. A positive sign for the financial situation was the stabilization of the cash balance and a renewed credit limit guarantee.

HOLD with a target price of EUR 1.50

Next Games turnaround project has seen good progress and earnings have seen improvements compared to the near past. With the uncertainty relating to financing of upcoming game launches justifying valuation upside remains a challenge and we retain our HOLD-rating and target price of EUR 1.50.

Rating HOLD



Share price, EUR (Last trading day's closing price) 1.54
Target price, EUR 1.5

Latest change in recommendation	11-Jan-19
Latest report on company	29-Apr-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	28
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
Web site	www.nextgames.com

Analyst Jerker Salokivi
E-mail jerker.salokivi@evli.com
Telephone +358 9 4766 9149

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	43	-7	-16.0%	-7	-0.32	-4.8	0.8	23.4	-4.8	0.00
2020E	54	-2	-3.4%	-2	-0.10	-15.0	0.7	8.3	-19.7	0.00
2021E	63	1	1.3%	0	0.00	6,791.6	0.6	4.8	46.2	0.00
Market cap, EURm			28	BV per share 2019E, EUR			0.9	CAGR EPS 2018-21, %		0.0
Net debt 2019E, EURm			4	Price/book 2019E			1.7	CAGR sales 2018-21, %		21.5
Enterprise value, EURm			33	Dividend yield 2019E, %			0.0	ROE 2019E, %		-29.5
Total assets 2019E, EURm			34	Tax rate 2019E, %			20.0	ROCE 2019E, %		-25.5
Goodwill 2019E, EURm			3	Equity ratio 2019E, %			50.1	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	Q3/19E	Q4/19E	2019E	2020E	2021E
Net sales	32.5	4.8	5.7	13.4	11.3	35.2	9.8	9.4	10.1	13.2	42.5	54.1	63.2
<i>change, %</i>	4%	-56%	-33%	110%	71%	9%	105%	65%	-25%	16%	21%	27%	17%
Cost of revenue	-13.2	-2.0	-2.4	-6.0	-3.5	-14.0	-4.3	-3.7	-4.3	-4.4	-16.7	-21.6	-25.3
Gross profit	19.3	2.8	3.3	7.4	7.9	21.3	5.6	5.7	5.8	8.8	25.9	32.5	37.9
<i>-margin, %</i>	59%	58%	58%	55%	69%	60%	57%	60%	57%	67%	61%	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	-9.8	-10.5
Sales and marketing costs	-12.7	-2.5	-2.9			-23.6	-4.3	-4.1	-4.0	-8.0	-20.4	-21.0	-23.0
Admin costs	-4.7	-1.0	-1.1			-4.2	-1.0	-0.7	-0.7	-0.8	-3.2	-3.5	-3.6
EBIT	-5.1	-2.5	-2.4	-10.3	-1.6	-16.9	-2.4	-1.1	-1.0	-2.3	-6.8	-1.8	0.8
<i>-margin, %</i>	-16%	-52%	-43%	-77%	-14%	-48%	-24%	-12%	-10%	-17%	-16%	-3%	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	0.3	0.3	0.9	1.4	1.4
Adj. operating result		-2.1	-2.0	-9.2	-0.5	-13.8	-1.3	-0.5	0.0	-1.2	-3.0	2.4	5.0
<i>-margin, %</i>		-43%	-35%	-68%	-4%	-39%	-13%	-5%	0%	-9%	-7%	4%	8%

Source: Next Games, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	1.54 PV of Free Cash Flow	22 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	3.86 PV of Horizon value	47 WACC, %	10.6 Market risk premium, %	5.8
Share price potential, %	150.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	4.2 Marketable securities	7 Minimum WACC, %	10.1 Equity beta coefficient	1.40
Minimum value	3.6 Debt - dividend	-6 Maximum WACC, %	11.1 Target debt ratio, %	20
Horizon value, %	67.8 Value of stock	71 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	43	54	63	71	78	84	88	92	97	99	102
<i>Sales growth, %</i>	<i>8.5</i>	<i>20.8</i>	<i>27.2</i>	<i>16.8</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	-7	-2	1	11	12	12	12	13	14	14	14
<i>EBIT margin, %</i>	<i>-48.0</i>	<i>-16.0</i>	<i>-3.4</i>	<i>1.3</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	0	-2	-2	-2	-2	-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>15.1</i>	<i>12.3</i>	<i>10.9</i>	<i>10.2</i>	<i>9.6</i>	<i>9.3</i>	<i>9.2</i>	<i>9.1</i>	<i>9.1</i>	<i>9.0</i>	<i>9.0</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	-26	-5	-3	-1	7	8	8	8	9	10	10	123
= Discounted FCF (DFCF)		-5	-3	-1	5	5	5	4	4	4	4	47
= DFCF min WACC		-5	-3	-1	5	5	5	4	4	4	4	53
= DFCF max WACC		-5	-3	-1	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	9	10	13	43	54	63
EBITDA	-2	-2	-10	-1	-15	-1	0	0	-1	-3	2	5
<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>-0.9</i>	<i>-9.9</i>	<i>-7.0</i>	<i>3.5</i>	<i>8.2</i>
EBIT	-3	-2	-10	-2	-17	-2	-1	-1	-2	-7	-2	1
<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>-10.3</i>	<i>-17.1</i>	<i>-16.0</i>	<i>-3.4</i>	<i>1.3</i>
Net financial items	0	0	0	0	0	0	0	0	0	-1	-1	-1
Pre-tax profit	-2	-2	-10	-2	-17	-3	-1	-1	-2	-7	-2	0
Tax	0	0	0	0	-1	1	0	0	0	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	-3	-3	-11	-2	-18	-2	-1	-1	-2	-6	-2	0
EPS	-0.15	-0.15	-0.57	-0.10	-0.97	-0.11	-0.05	-0.05	-0.10	-0.32	-0.10	0.00
EPS adjusted (diluted no. of shares)	-0.15	-0.15	-0.57	-0.10	-0.97	-0.11	-0.05	-0.05	-0.10	-0.32	-0.10	0.00
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	5	6	13	11	35	10	9	10	13	43	54	63
Total	5	6	13	11	35	10	9	10	13	43	54	63
SALES GROWTH, Y/Y %												
Next Games	-56.2	-33.2	110.4	70.5	8.5	105.3	65.1	-24.8	16.8	20.8	27.2	16.8
Total	-56.2	-33.2	110.4	70.5	8.5	105.3	65.1	-24.8	16.8	20.8	27.2	16.8
EBIT, EURm												
Next Games	-3	-2	-10	-2	-17	-2	-1	-1	-2	-7	-2	1
Total	-3	-2	-10	-2	-17	-2	-1	-1	-2	-7	-2	1
EBIT margin, %												
Next Games	-52.3	-43.0	-77.0	-14.3	-48.0	-24.4	-11.7	-10.3	-17.1	-16.0	-3.4	1.3
Total	-52.3	-43.0	-77.0	-14.3	-48.0	-24.4	-11.7	-10.3	-17.1	-16.0	-3.4	1.3

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	0	10	31	32	35	43	54	63
<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>20.8</i>	<i>27.2</i>	<i>16.8</i>
Costs	-4	-16	-33	-37	-50	-46	-52	-58
Reported EBITDA	-4	-7	-2	-5	-15	-3	2	5
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>-7.0</i>	<i>3.5</i>	<i>8.2</i>
Depreciation	0	0	0	0	-2	-4	-4	-4
EBITA	-4	-7	-2	-5	-17	-7	-2	1
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	-4	-7	-2	-5	-17	-7	-2	1
<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>-16.0</i>	<i>-3.4</i>	<i>1.3</i>
Net financials	0	0	0	-1	0	-1	-1	-1
Pre-tax profit	-4	-7	-2	-6	-17	-7	-2	0
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	0	0	2	0	-1	1	0	0
Minority shares	0	0	0	0	0	0	0	0
Net profit	-4	-7	0	-6	-18	-6	-2	0
BALANCE SHEET, EURm								
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>48</i>	<i>43</i>	<i>41</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>8</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	5	6	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	3	6	9
<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	34	41	48
Liabilities								
Equity	2	5	7	39	23	17	15	15
<i>% of sales</i>	<i>59,025</i>	<i>48</i>	<i>24</i>	<i>121</i>	<i>65</i>	<i>40</i>	<i>28</i>	<i>24</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	8	14	19
<i>% of sales</i>	<i>3,825</i>	<i>4</i>	<i>3</i>	<i>2</i>	<i>16</i>	<i>18</i>	<i>25</i>	<i>30</i>
Non-interest bearing current liabilities	1	4	9	6	8	9	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	34	41	48
CASH FLOW, EURm								
+ EBITDA	-4	-7	-2	-5	-15	-3	2	5
- Net financial items	0	0	0	-1	0	-1	-1	-1
- Taxes	0	0	0	0	0	1	0	0
- 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	1	3	5
- 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	-6	-4	-2
+/- Change in interest-bearing debt	0	0	1	0	5	2	6	5
+/- 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	-4	3	4

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	0	0	168	20	28	28	28
Net debt	-4	-3	-26	-1	4	8	9
Enterprise value	-4	-3	143	18	33	36	38
Sales	10	31	32	35	43	54	63
EBITDA	-7	-2	-5	-15	-3	2	5
EBIT	-7	-2	-5	-17	-7	-2	1
Pre-tax	-7	-2	-6	-17	-7	-2	0
Earnings	-7	0	-6	-18	-6	-2	0
Book value	5	7	39	23	17	15	15
Valuation multiples							
EV/sales	-0.4	-0.1	4.4	0.5	0.8	0.7	0.6
EV/EBITDA	0.6	1.4	-30.4	-1.2	-10.9	19.1	7.3
EV/EBITA	0.6	1.2	-28.1	-1.1	-4.8	-19.7	46.2
EV/EBIT	0.6	1.2	-28.1	-1.1	-4.8	-19.7	46.2
EV/operating cash flow	0.6	3.2	-20.7	-1.2	26.7	10.5	6.4
EV/cash earnings	0.6	1.4	-25.9	-1.2	-15.7	19.6	8.7
P/E	0.0	0.0	-30.1	-1.1	-4.8	-15.0	6,791.6
P/E excl. goodwill	0.0	0.0	-30.1	-1.1	-4.8	-15.0	6,791.6
P/B	0.0	0.0	4.3	0.9	1.7	1.9	1.9
P/sales	0.0	0.0	5.2	0.6	0.7	0.5	0.5
P/CF	0.0	0.0	-24.4	-1.3	23.4	8.3	4.8
Target EV/EBIT	0.0	0.0	0.0	0.0	-4.7	-19.3	45.3
Target P/E	0.0	0.0	0.0	0.0	-4.7	-14.6	6,615.2
Target P/B	0.0	0.0	0.0	0.0	1.6	1.8	1.8
Per share measures							
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	-0.32	-0.10	0.00
EPS excl. goodwill	-2.81	-0.27	-0.31	-0.97	-0.32	-0.10	0.00
Cash EPS	-2.65	-0.60	-0.30	-0.82	-0.11	0.10	0.23
Operating cash flow per share	-2.74	-0.26	-0.38	-0.79	0.07	0.19	0.32
Capital employed per share	0.17	1.11	0.73	1.13	1.12	1.21	1.30
Book value per share	1.90	2.22	2.16	1.24	0.92	0.82	0.82
Book value excl. goodwill	1.90	1.55	1.98	1.06	0.74	0.64	0.64
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
Efficiency measures							
ROE	-196.2	1.6	-26.2	-58.0	-29.5	-11.8	0.0
ROCE	-176.2	-32.7	-20.9	-49.2	-25.5	-6.9	2.6
Financial ratios							
Capex/sales, %	11.2	10.3	23.9	32.0	15.1	12.3	10.9
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	-1.4	4.1	1.8
Debt/equity, market-weighted	0.0	0.0	0.0	0.3	0.3	0.5	0.7
Equity ratio, book-weighted	52.7	50.9	88.7	62.7	50.1	37.0	31.5
Gearing	-0.90	-0.37	-0.65	-0.07	0.24	0.51	0.62
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	4.763	16.7%
IDG Ventures USA III, L.P.	1,188,306	1.830	6.4%
Hiitola Kalle Johannes	942,896	1.452	5.1%
Achrén Joakim Tomas Johan	940,818	1.449	5.1%
Achrén Mikael Jan Kennet	889,941	1.371	4.8%
Jumisko Jaakko Ensio	850,246	1.309	4.6%
Ilmarinen Mutual Pension Insurance Company	546,224	0.841	3.0%
Varma Mutual Pension Insurance Company	380,000	0.585	2.1%
Nuard Ventures Oy	364,000	0.561	2.0%
Vaah Holdings Oy	266,720	0.411	1.4%
Ten largest	9,462,261	14.572	51%
Residual	9,041,053	13.923	49%
Total	18,503,314	28.495	100%

EARNINGS CALENDAR

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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Contact information**SALES, TRADING AND RESEARCH****Equity Sales**

Ari Laine +358 9 4766 9115
Lauri Ahokanto +358 9 4766 9117
Niclas Henelius +358 9 4766 9116

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9130
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120

ETFs and Derivatives

Tobias Björk (Head) +358 9 4766 9130
Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130
Sami Järvinen +358 9 4766 9110

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001