

Expecting a solid Q4

SSH will report Q4 earnings next week on Tuesday, the 12th of February. We expect a solid Q4 result driven by patent license agreement and UKM license deal. Our focus in the Q4 report will be on strategy execution and actions to further accelerate SSH's growth in 2019. Our HOLD rating and target price of EUR 1.80 remain intact ahead of Q4.

Expecting a solid Q4 result driven by patent and UKM deals

SSH announced in the end of last year that it had entered into a patent license agreement with a leading provider of patent risk management solutions. SSH has received a one-time payment of approximately EUR 1.75m which will be recognized in Q418. In addition, SSH previously announced a UKM license deal with a major global retail company, which is expected to contribute roughly EUR 1.5m in revenue in Q4.

Raising estimates for Q418, estimates for 2019 unchanged

We raise our Q4 estimates to take into account the EUR 1.75m patent license agreement. We now expect Q4 net sales to be EUR 7.2m (prev. 5.4m) and Q4 EBIT to be EUR 1.8m (prev. 0.3m). Our estimates for 2019 and onwards remain intact. We expect FY2018E net sales to be EUR 19.1m (vs. 16.2m 2017) and EBIT to be EUR 1.0m (vs. -1.8m 2017).

HOLD rating and target price of 1.80 euros maintained

Our focus in the Q4 call will be on strategy execution and actions to further accelerate SSH's growth in 2019. We're also keen on hearing an update on PrivX sales development, as SSH announced several partnerships regarding PrivX during the end of last year. We do not expect SSH to give any revenue or earnings guidance for 2019 (guidance ceased in 2017). We maintain our HOLD rating and target price of EUR 1.80 ahead of Q4.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 1.82

Target price, EUR 1.8

Latest change in recommendation 22-Mar-18

Latest report on company 24-Oct-18

Research paid by issuer: Yes

No. of shares outstanding, '000's 38,570

No. of shares fully diluted, '000's 38,570

Market cap, EURm 70

Free float, % 37.0

Exchange rate EUR/USD 1.110

Reuters code SSH1C.HE

Bloomberg code SSH1V FH

Average daily volume, EURm -

Next interim report 12-Feb-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
2016	15	-11	-71.5%	-11	-0.35	-5.6	4.7	-7.7	-6.6	0.00
2017	16	-2	-10.5%	-2	-0.08	-21.9	4.1	93.2	-39.1	0.00
2018E	19	1	5.1%	1	0.00	-2,005.6	3.5	20.0	69.3	0.00
2019E	20	0	-0.6%	-1	-0.04	-49.2	3.4	44.5	-535.1	0.00
2020E	23	0	1.2%	0	0.00	-471.5	2.9	26.8	245.4	0.00
Market cap, EURm			70	BV per share 2018E, EUR		0.0	CAGR EPS 2017-20, %			-63.7
Net debt* 2018E, EURm			-3	Price/book* 2018E		55.5	CAGR sales 2017-20, %			12.6
Enterprise value, EURm			67	Dividend yield 2018E, %		0.0	ROE 2018E, %			-3.2
Total assets 2018E, EURm			25	Tax rate 2018E, %		0.0	ROCE 2018E, %			7.4
Goodwill 2018E, EURm			0	Equity* ratio 2018E, %		5.0	PEG, P/E 18/CAGR			0.0

*EUR 12m hybrid included in debt

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

	2015	2016	2017	Q1/18A	Q2/18A	Q3/18A	Q4/18E	2018E	2019E	2020E	2021E
Net sales	18.9	15.1	16.2	4.8	3.7	3.4	7.2	19.1	20.0	23.1	27.1
<i>growth %</i>	16%	-20%	7%					18%	5%	16%	17%
Cost of goods sold	-6.5	-1.9	-1.4	-0.4	-0.2	-0.1	-0.6	-1.3	-1.6	-1.8	-2.2
<i>of net sales%</i>	34%	13%	9%	8%	5%	3%	8%	7%	8%	8%	8%
Gross profit	12.4	13.2	14.8	4.4	3.5	3.3	6.6	17.8	18.4	21.3	25.0
<i>Gross margin %</i>	66%	87%	91%	92%	95%	97%	92%	93%	92%	92%	92%
Sales and marketing costs	-10.0	-12.0	-8.9	-2.3	-2.1	-2.3	-2.7	-9.4	-10.2	-11.4	-12.7
<i>of net sales%</i>	53%	79%	55%	48%	57%	68%	38%	49%	51%	49%	47%
R&D costs	-5.1	-9.4	-5.6	-1.3	-1.1	-1.2	-1.4	-5.0	-6.0	-7.2	-8.2
<i>of net sales%</i>	27%	62%	35%	27%	30%	35%	20%	26%	30%	31%	30%
Administrative costs	-1.6	-2.5	-2.1	-0.7	-0.3	-0.6	-0.7	-2.3	-2.3	-2.4	-2.4
<i>of net sales%</i>	9%	17%	13%	15%	8%	18%	10%	12%	12%	10%	9%
Operating expenses	-16.7	-23.9	-16.6	-4.3	-3.5	-4.1	-4.8	-16.7	-18.5	-21.0	-23.3
<i>of net sales%</i>	89%	158%	102%	90%	95%	121%	67%	88%	93%	91%	86%
EBIT	-4.4	-10.7	-1.8	0.1	-0.1	-0.8	1.8	1.0	-0.1	0.3	1.7
<i>EBIT margin %</i>	-23%	-71%	-11%	2%	-3%	-24%	25%	5%	-1%	1%	6%

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	1.82 PV of Free Cash Flow	25 Long-term growth, %	3.0 Risk-free interest rate, %	2.25
DCF share value	1.87 PV of Horizon value	45 WACC, %	11.0 Market risk premium, %	5.8
Share price potential, %	2.7 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	2.0 Marketable securities	15 Minimum WACC, %	10.5 Equity beta coefficient	1.38
Minimum value	1.7 Debt - dividend	-12 Maximum WACC, %	11.5 Target debt ratio, %	15
Horizon value, %	64.7 Value of stock	72 Nr of shares, Mn	38.6 Effective tax rate, %	20

DCF valuation, EURm	2017	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	Horizon
Net sales	16	19	20	23	27	32	37	43	49	55	57	58
<i>Sales growth, %</i>	<i>7.3</i>	<i>17.6</i>	<i>4.8</i>	<i>15.8</i>	<i>17.3</i>	<i>18.0</i>	<i>16.0</i>	<i>15.0</i>	<i>15.0</i>	<i>12.0</i>	<i>3.0</i>	<i>3.0</i>
Operating income (EBIT)	-2	1	0	0	2	3	6	6	7	8	8	9
<i>EBIT margin, %</i>	<i>-10.5</i>	<i>5.1</i>	<i>-0.6</i>	<i>1.2</i>	<i>6.1</i>	<i>10.0</i>	<i>15.0</i>	<i>15.0</i>	<i>15.0</i>	<i>15.0</i>	<i>15.0</i>	<i>15.0</i>
+ Depreciation+amort.	2	2	1	1	1	2	2	2	3	3	4	
- Income taxes	0	0	0	0	0	0	0	0	0	0	0	
- Change in NWC	0	1	0	1	1	2	2	2	2	2	1	
<i>NWC / Sales, %</i>	<i>-34.0</i>	<i>-34.0</i>	<i>-34.0</i>	<i>-34.0</i>	<i>-34.0</i>	<i>-34.0</i>	<i>-34.0</i>	<i>-34.0</i>	<i>-34.0</i>	<i>-34.0</i>	<i>-34.0</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-1	-1	-1	-2	-2	-3	-3	-4	-4	-4	-4	-4
<i>Investments / Sales, %</i>	<i>9.2</i>	<i>5.9</i>	<i>5.3</i>	<i>8.3</i>	<i>8.5</i>	<i>8.6</i>	<i>8.4</i>	<i>8.3</i>	<i>8.3</i>	<i>7.9</i>	<i>6.6</i>	<i>6.6</i>
- Other items	-1	-1	-1	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	-2	1	0	0	2	4	6	7	8	9	9	115
= Discounted FCF (DFCF)		2	0	0	2	3	4	4	4	4	4	45
= DFCF min WACC		2	0	0	2	3	4	4	4	4	4	51
= DFCF max WACC		2	0	0	2	3	4	4	4	4	3	41

INTERIM FIGURES

EVLI ESTIMATES, EURm	2017Q1	2017Q2	2017Q3	2017Q4	2017	2018Q1	2018Q2	2018Q3	2018Q4E	2018E	2019E	2020E
Net sales	3	4	3	6	16	5	4	3	7	19	20	23
EBITDA	-1	0	0	2	0	0	0	0	2	3	1	2
<i>EBITDA margin (%)</i>	<i>-39.2</i>	<i>-3.1</i>	<i>-10.2</i>	<i>30.7</i>	<i>1.8</i>	<i>10.3</i>	<i>8.0</i>	<i>-11.9</i>	<i>30.2</i>	<i>13.3</i>	<i>6.3</i>	<i>6.7</i>
EBIT	-2	-1	-1	1	-2	0	0	-1	2	1	0	0
<i>EBIT margin (%)</i>	<i>-54.8</i>	<i>-16.2</i>	<i>-25.8</i>	<i>22.2</i>	<i>-10.5</i>	<i>2.1</i>	<i>-2.7</i>	<i>-23.5</i>	<i>24.7</i>	<i>5.1</i>	<i>-0.6</i>	<i>1.2</i>
Net financial items	0	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	-2	-1	-1	1	-2	0	0	-1	2	1	-1	0
Tax	0	0	0	0	0	0	0	0	0	0	0	0
<i>Tax rate (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Net profit	-2	-1	-1	1	-3	0	0	-1	1	0	-1	0
EPS	-0.05	-0.03	-0.03	0.03	-0.08	-0.01	-0.01	-0.03	0.04	0.00	-0.04	0.00
EPS adjusted (diluted no. of shares)	-0.05	-0.03	-0.03	0.03	-0.08	-0.01	-0.01	-0.03	0.04	0.00	-0.04	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												
Software fees	1	1	1	2	4	2	1	1	3	6	9	11
Professional services	0	1	0	3	4	1	1	0	2	4	2	2
Recurring revenue	2	2	2	2	8	2	2	2	2	9	9	10
Total	3	4	3	6	16	5	4	3	7	19	20	23
SALES GROWTH, Y/Y %												
<i>Software fees</i>	<i>-14.3</i>	<i>-65.5</i>	<i>-41.7</i>	<i>30.8</i>	<i>-34.4</i>	<i>183.3</i>	<i>-30.0</i>	<i>42.9</i>	<i>70.6</i>	<i>57.5</i>	<i>36.1</i>	<i>33.3</i>
<i>Professional services</i>	<i>300.0</i>	<i>0.0</i>	<i>0.0</i>	<i>316.7</i>	<i>254.5</i>	<i>150.0</i>	<i>50.0</i>	<i>-50.0</i>	<i>-22.0</i>	<i>3.8</i>	<i>-45.7</i>	<i>-9.1</i>
<i>Recurring revenue</i>	<i>16.7</i>	<i>10.5</i>	<i>0.0</i>	<i>-4.5</i>	<i>5.1</i>	<i>0.0</i>	<i>0.0</i>	<i>10.0</i>	<i>9.5</i>	<i>4.8</i>	<i>5.7</i>	<i>5.4</i>
Total	19.2	-22.9	-13.9	53.7	7.3	54.8	0.0	9.7	13.5	17.6	4.8	15.8
EBIT, EURm												
	-2	-1	-1	1	-2	0	0	-1	2	1	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
Total	-2	-1	-1	1	-2	0	0	-1	2	1	0	0
EBIT margin, %												
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	68,290.0
Total	-54.8	-16.2	-25.8	22.2	-10.5	2.1	-2.7	-23.5	24.7	5.1	-0.6	1.2

INCOME STATEMENT, EURm	2013	2014	2015	2016	2017	2018E	2019E	2020E
Sales	13	16	19	15	16	19	20	23
<i>Sales growth (%)</i>	<i>10.9</i>	<i>22.7</i>	<i>16.6</i>	<i>-20.1</i>	<i>7.3</i>	<i>17.6</i>	<i>4.8</i>	<i>15.8</i>
Costs	-12	-15	-22	-24	-16	-17	-19	-22
Reported EBITDA	1	1	-3	-9	0	3	1	2
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>7.4</i>	<i>8.7</i>	<i>-14.7</i>	<i>-58.8</i>	<i>1.8</i>	<i>13.3</i>	<i>6.3</i>	<i>6.7</i>
Depreciation	-1	-1	-2	-2	-2	-2	-1	-1
EBITA	0	0	-4	-11	-2	1	0	0
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	0	0	-4	-11	-2	1	0	0
<i>EBIT margin (%)</i>	<i>1.5</i>	<i>1.2</i>	<i>-23.3</i>	<i>-71.5</i>	<i>-10.5</i>	<i>5.1</i>	<i>-0.6</i>	<i>1.2</i>
Net financials	0	0	1	0	0	0	0	0
Pre-tax profit	0	0	-4	-11	-2	1	-1	0
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	0	0	0	0	0	0	0	0
Minority shares	0	0	0	0	0	0	0	0
Net profit	0	0	-4	-12	-3	0	-1	0
BALANCE SHEET, EURm								
Assets								
Fixed assets	3	4	5	5	5	4	4	5
<i>% of sales</i>	<i>26</i>	<i>25</i>	<i>26</i>	<i>36</i>	<i>30</i>	<i>23</i>	<i>21</i>	<i>21</i>
Goodwill	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>
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	4	8	6	9	5	6	6	7
<i>% of sales</i>	<i>32</i>	<i>46</i>	<i>29</i>	<i>57</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
Liquid funds	6	6	11	8	14	15	15	7
<i>% of sales</i>	<i>44</i>	<i>38</i>	<i>60</i>	<i>52</i>	<i>83</i>	<i>80</i>	<i>75</i>	<i>30</i>
Total assets	13	18	22	22	23	25	25	19
Liabilities								
Equity	3	8	-1	-4	1	1	0	0
<i>% of sales</i>	<i>26</i>	<i>48</i>	<i>-3</i>	<i>-25</i>	<i>6</i>	<i>7</i>	<i>1</i>	<i>0</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*	4	0	12	12	12	12	12	4
<i>% of sales</i>	<i>30</i>	<i>0</i>	<i>64</i>	<i>79</i>	<i>74</i>	<i>63</i>	<i>60</i>	<i>16</i>
Non-interest bearing current liabilities	4	10	10	14	10	12	13	15
<i>% of sales</i>	<i>29</i>	<i>60</i>	<i>55</i>	<i>90</i>	<i>64</i>	<i>64</i>	<i>64</i>	<i>64</i>
Other interest free debt	2	0	0	0	0	0	0	0
<i>% of sales</i>	<i>17</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total liabilities	13	18	22	22	23	25	25	19
CASH FLOW, EURm								
+ EBITDA	1	1	-3	-9	0	3	1	2
- Net financial items	0	0	1	0	0	0	0	0
- Taxes	0	0	0	0	0	0	0	0
- Increase in Net Working Capital	-1	0	3	0	0	1	0	1
+/- Other	0	0	0	-1	-1	-1	-1	0
= Cash flow from operations	0	2	0	-10	-1	3	0	2
- Capex	-2	-2	-3	-2	-1	-1	-1	-2
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	-2	0	-2	-12	-2	1	-1	0
+/- Change in interest-bearing debt	4	-4	12	0	0	0	0	-8
+/- New issues/buybacks	-3	4	-5	9	8	0	0	0
- Paid dividend	0	0	0	0	0	0	0	0
+/- Change in loan receivables	0	0	0	0	0	0	0	0
Change in cash	-1	0	5	-3	6	2	0	-8

*EUR 12m hybrid included in debt

KEY FIGURES	2014	2015	2016	2017	2018E	2019E	2020E
M-cap	78	95	67	68	70	70	70
Net debt*	-6	1	4	-1	-3	-3	-3
Enterprise value	72	95	71	67	67	67	67
Sales	16	19	15	16	19	20	23
EBITDA	1	-3	-9	0	3	1	2
EBIT	0	-4	-11	-2	1	0	0
Pre-tax	0	-4	-11	-2	1	-1	0
Earnings	0	-4	-12	-3	0	-1	0
Book value	8	-1	-4	1	1	0	0
Valuation multiples							
EV/sales	4.4	5.1	4.7	4.1	3.5	3.4	2.9
EV/EBITDA	50.6	-34.3	-8.0	229.5	26.3	53.3	43.2
EV/EBITA	358.2	-21.7	-6.6	-39.1	69.3	-535.1	245.4
EV/EBIT	358.2	-21.7	-6.6	-39.1	69.3	-535.1	245.4
EV/operating cash flow	38.9	-422.7	-8.2	91.2	19.1	42.7	25.6
EV/cash earnings	46.3	-41.3	-7.8	-316.9	27.4	78.0	49.5
P/E	235.6	-24.1	-5.6	-21.9	-2,005.6	-49.2	-471.5
P/E excl. goodwill	235.6	-24.1	-5.6	-21.9	-2,005.6	-49.2	-471.5
P/B*	9.9	-160.6	-17.6	75.6	55.5	293.4	776.9
P/sales	4.8	5.0	4.4	4.2	3.7	3.5	3.0
P/CF	42.2	-419.7	-7.7	93.2	20.0	44.5	26.8
Target EV/EBIT	0.0	0.0	0.0	0.0	68.5	-529.0	242.5
Target P/E	0.0	0.0	0.0	0.0	-1,983.6	-48.7	-466.3
Target P/B	0.0	0.0	0.0	0.0	54.9	290.2	768.4
Per share measures							
Number of shares	30,974	31,370	34,561	38,441	38,570	38,570	38,570
Number of shares (diluted)	30,974	31,370	34,561	38,441	38,570	38,570	38,570
EPS	0.01	-0.13	-0.35	-0.08	0.00	-0.04	0.00
EPS excl. goodwill	0.01	-0.13	-0.35	-0.08	0.00	-0.04	0.00
Cash EPS	0.05	-0.07	-0.27	-0.01	0.06	0.02	0.04
Operating cash flow per share	0.06	-0.01	-0.25	0.02	0.09	0.04	0.07
Capital employed per share	0.06	0.00	0.01	-0.02	-0.05	-0.07	-0.08
Book value per share	0.25	-0.02	-0.11	0.02	0.03	0.01	0.00
Book value excl. goodwill	0.25	-0.02	-0.11	0.02	0.03	0.01	0.00
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	5.8	0.0	0.0	0.0	-3.2	-189.6	-90.3
ROCE	2.6	-45.7	-110.1	-16.1	7.4	-1.0	3.4
Financial ratios							
Capex/sales, %	11.2	13.7	15.8	9.2	5.9	5.3	8.3
Capex/depreciation excl. goodwill,%	149.6	159.2	124.5	74.9	70.9	76.7	150.8
Net debt/EBITDA, book-weighted	-4.3	-0.2	-0.5	-5.2	-1.3	-2.3	-2.0
Debt/equity, market-weighted	0.0	0.1	0.2	0.2	0.2	0.2	0.1
Equity* ratio, book-weighted	62.9	-3.4	-29.1	3.9	5.0	1.0	0.5
Gearing*	-0.78	-1.14	-1.09	-1.67	-2.60	-12.13	-35.12
Number of employees, average	95	109	84	80	0	0	0
Sales per employee, EUR	170,526	173,303	179,762	202,500	0	0	0
EBIT per employee, EUR	2,105	-40,367	-128,571	-21,250	0	0	0

*EUR 12m hybrid included in debt

COMPANY DESCRIPTION: SH Communications Security Corp (NASDAQ OMX Nordic: SSH1V) is the leading provider of enterprise cybersecurity solutions for securing access to servers and the cloud.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ylonen Tatu	14,508,473	26.405	37.6%
Clausal Computing Oy	3,808,650	6.932	9.9%
Mikkonen Juha Taneli	2,100,000	3.822	5.4%
Elo Mutual Pension Insurance Company	1,500,000	2.730	3.9%
Gaselli Capital Oy	1,200,000	2.184	3.1%
Ilmarinen Mutual Pension Insurance Company	1,165,300	2.121	3.0%
Syrjälä Timo Kalevi	835,011	1.520	2.2%
Varma Mutual Pension Insurance Company	755,300	1.375	2.0%
Taalari Tehdas Mikro Markka Fund	623,000	1.134	1.6%
AC Invest Oy	400,000	0.728	1.0%
Ten largest	26,895,734	48.950	70%
Residual	11,674,399	21.247	30%
Total	38,570,133	70.198	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Kaisa Olkkonen

Korvetintie 3, FIN-00380 Helsinki

CFO: Niklas Nordstrom

Tel: +358 20 500 7000

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	Balancesheet 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)	$\frac{\text{Turnover}}{\text{Balancesheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balancesheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balancesheet total} - \text{non interest bearing debt (average)}}$	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

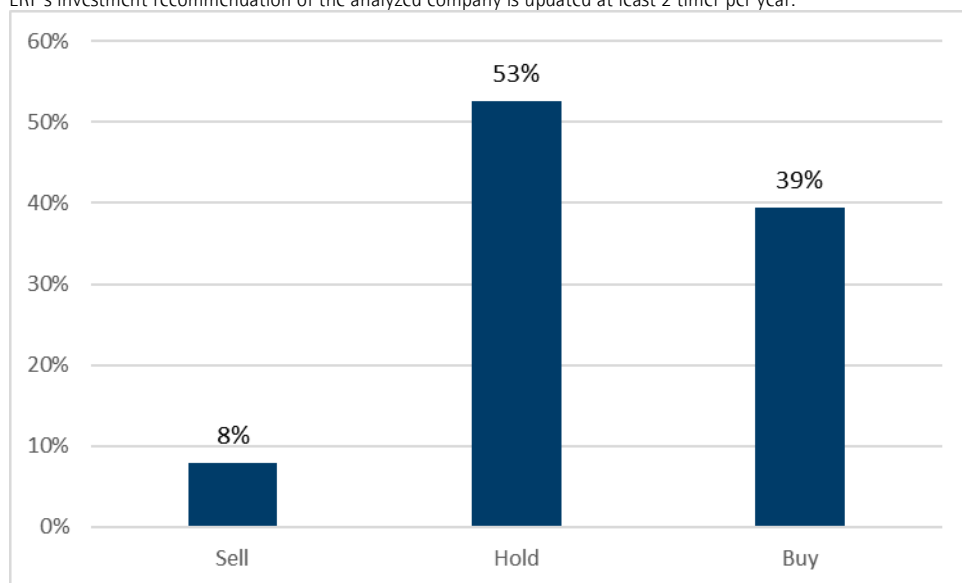
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Investment recommendations are defined as follows:

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

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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): Forslund

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