

Guidance not convincing

Administer reported H2 figures a notch above our expectations. The guidance appears rather conservative, and our estimates remain above the guidance range.

H2 figures a notch above our expectations

Administer reported rather good H2 figures and a notch above our expectations. Revenue amounted to EUR 28.9m (Evli EUR 27.4m), with growth of 30.8% driven by acquisitions as well as new customers won by Silta. EBITDA amounted to EUR 2.7m (Evli EUR 2.4m). We had assumed no dividend to be paid due to growth ambitions, but the BoD proposed a dividend of EUR 0.05. Although the implied dividend yield is low (~1.5%), the commencing of payments is a positive sign for share expectations given lack of dividends so far.

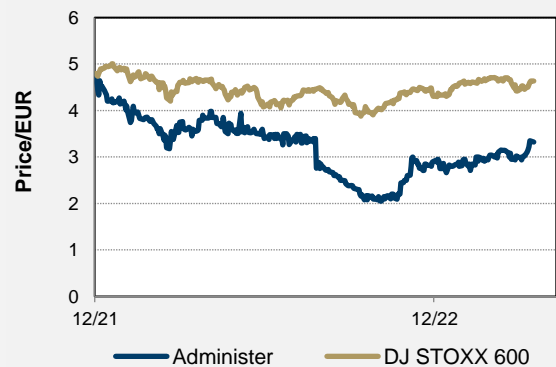
Guidance appears rather conservative

The guidance for 2023 was surprisingly soft and appears rather conservative. Revenue is expected to amount to EUR 76-81m and the EBITDA-margin to 7-9%. With the acquisition of Eonia the run-rate revenue should already be around EUR 80m and the guidance as such imply no or very little organic growth. We have retained our revenue estimate at EUR 82.4m, above the guidance, and expect further acquisitions to also boost growth and a guidance upgrade later on in the year. We have slightly trimmed our EBITDA-margin expectations (9.8%) downwards but still above the guidance range. Administer's EBITDA-margin in 2022 was at 7.1%, with a weaker H1. Our improvement expectations rely on the in relative terms more profitable Eonia and synergies from acquisitions. We note that there is larger uncertainty in our margin expectations due to the lack of proof of significant profitability improvements from operational efficiency.

BUY with a target price of EUR 4.0

With our estimates largely intact, we retain our target price of EUR 4.0 and BUY-rating. Our TP values Administer at approx. 10x EV/EBITDA. The potential remains considerable on the 2024 EBITDA-margin target (24% in 2024), but we continue to see Administer still being a long way away from achieving those.

Rating BUY



Share price, EUR (Last trading day's closing price) 3.32

Target price, EUR 4.0

Latest change in recommendation 04-Mar-22

Latest report on company 24-Mar-23

Research paid by issuer: YES

No. of shares outstanding, '000's 14,329

No. of shares fully diluted, '000's 14,329

Market cap, EURm 48

Free float, % -

Exchange rate 0.000

Reuters code ADMIN.HE

Bloomberg code ADMIN FH

Average daily volume, EURm -

Next interim report 31-Aug-23

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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
2021	41.9	0.1	0.1%	0.6	-0.13	-33.2	1.2	959.9	1.0	0.00
2022	52.8	0.1	0.2%	-22.9	-0.05	-52.9	1.0	473.3	-60.1	0.05
2023E	82.4	3.2	3.9%	3.3	0.08	42.8	0.7	18.5	7.0	0.10
2024E	87.8	6.2	7.0%	6.9	0.25	13.2	0.6	8.7	14.5	0.15
2025E	93.1	8.0	8.6%	8.6	0.37	9.0	0.5	5.8	18.1	0.19
Market cap, EURm	48			Gearing 2023E, %	35.0			CAGR EPS 2022-25, %	0.0	
Net debt 2023E, EURm	11			Price/book 2023E	1.5			CAGR sales 2022-25, %	20.8	
Enterprise value, EURm	59			Dividend yield 2023E, %	3.0			ROE 2023E, %	3.4	
Total assets 2023E, EURm	75			Tax rate 2023E, %	20.0			ROCE 2023E, %	6.3	
Goodwill 2023E, EURm	39			Equity ratio 2023E, %	43.4			PEG, P/E 23/CAGR	0.4	

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

Administer	2020	H1/22	H2/22	2022	H1/'23E	H2/'23E	2023E	2024E	2025E
Net sales	43.7	23.9	28.9	52.8	38.1	44.3	82.4	87.8	93.1
<i>sales growth %</i>	-3.5%	20.4%	30.8%	25.9%	59.4%	53.5%	56.2%	6.6%	6.0%
Other operating income	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Materials and services	-5.4	-3.5	-3.7	-7.1	-5.2	-6.2	-11.4	-11.4	-11.6
Personnel expenses	-27.9	-15.9	-19.0	-34.9	-25.6	-28.2	-53.8	-55.8	-58.8
Other expenses	-6.1	-3.6	-3.6	-7.1	-4.4	-4.9	-9.3	-9.7	-9.8
Results of affiliates	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
EBITDA	4.4	1.0	2.7	3.8	3.0	5.1	8.1	11.2	13.0
<i>EBITDA-margin</i>	<i>10.2%</i>	<i>4.2%</i>	<i>9.5%</i>	<i>7.1%</i>	<i>7.8%</i>	<i>11.5%</i>	<i>9.8%</i>	<i>12.7%</i>	<i>14.0%</i>
Depreciation	-0.6	-0.5	-0.6	-1.1	-0.6	-0.6	-1.3	-1.4	-1.4
EBITA	3.9	0.5	2.1	2.7	2.3	4.5	6.8	9.8	11.6
<i>EBITA-margin</i>	<i>8.8%</i>	<i>2.2%</i>	<i>7.3%</i>	<i>5.1%</i>	<i>6.1%</i>	<i>10.1%</i>	<i>8.2%</i>	<i>11.1%</i>	<i>12.5%</i>
Goodwill amortization	-1.0	-1.0	-1.5	-2.5	-1.8	-1.8	-3.6	-3.6	-3.6
EBIT	2.9	-0.5	0.6	0.1	0.5	2.7	3.2	6.2	8.0
<i>EBIT-margin</i>	<i>6.6%</i>	<i>-2.1%</i>	<i>2.2%</i>	<i>0.2%</i>	<i>1.4%</i>	<i>6.0%</i>	<i>3.9%</i>	<i>7.0%</i>	<i>8.6%</i>

Source: Administer, Evli Research estimates.

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	3.32 PV of Free Cash Flow	100 Long-term growth, %	1.5 Risk-free interest rate, %
DCF share value	24.86 PV of Horizon value	270 WACC, %	5.8 Market risk premium, %
Share price potential, %	648.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	28.5 Marketable securities	5 Minimum WACC, %	5.3 Equity beta coefficient
Minimum value	22.0 Debt - dividend	-18 Maximum WACC, %	6.3 Target debt ratio, %
Horizon value, %	73.0 Value of stock	356 Nr of shares, Mn	14.3 Effective tax rate, %

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	53	82	88	93	98	103	108	113	119	125	127	128
<i>Sales growth, %</i>	<i>25.9</i>	<i>56.2</i>	<i>6.6</i>	<i>6.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	0	3	6	8	12	16	17	18	19	20	20	21
<i>Operating income margin, %</i>	<i>0.2</i>	<i>3.9</i>	<i>7.0</i>	<i>8.6</i>	<i>12.0</i>	<i>16.0</i>	<i>16.0</i>	<i>16.0</i>	<i>16.0</i>	<i>16.0</i>	<i>16.0</i>	<i>16.0</i>
+ Depreciation+amort.	4	5	5	5	5	6	6	6	6	7	7	
EBITDA	4	8	11	13	17	22	23	24	25	27	27	
- Paid taxes	0	-1	-2	-2	-3	-4	-4	-4	-5	-5	-5	
- Change in NWC	-2	1	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-4.2</i>	<i>-4.2</i>	<i>-4.2</i>	<i>-4.2</i>	<i>-4.2</i>	<i>-4.2</i>	<i>-4.2</i>	<i>-4.2</i>	<i>-4.2</i>	<i>-4.2</i>	<i>-4.2</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-1	-4	-2	-2	-2	-2	-2	-2	-2	-3	-2	
<i>opCAPEX / Sales, %</i>	<i>2.3</i>	<i>4.8</i>	<i>2.2</i>	<i>2.1</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>1.8</i>	
- Acquisitions	-23	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	-23	4	8	9	12	16	17	18	19	20	20	469
= Discounted FCFF		4	7	8	10	12	12	12	12	12	12	270
= DFCF min WACC		4	7	8	10	13	13	12	12	12	12	320
= DFCF max WACC		4	7	8	10	12	12	12	12	11	11	231

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1E	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	0.0	23.9	0.0	28.9	52.8	0.0	38.1	0.0	44.3	82.4	87.8	93.1
EBITDA	0.0	1.0	0.0	2.7	3.7	0.0	3.0	0.0	5.1	8.1	11.2	13.0
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>4.2</i>	<i>0.0</i>	<i>9.5</i>	<i>7.1</i>	<i>0.0</i>	<i>7.8</i>	<i>0.0</i>	<i>11.5</i>	<i>9.8</i>	<i>12.7</i>	<i>14.0</i>
EBIT	0.0	-0.5	0.0	0.6	0.1	0.0	0.5	0.0	2.7	3.2	6.2	8.0
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>-2.1</i>	<i>0.0</i>	<i>2.2</i>	<i>0.2</i>	<i>0.0</i>	<i>1.4</i>	<i>0.0</i>	<i>6.0</i>	<i>3.9</i>	<i>7.0</i>	<i>8.6</i>
Net financial items	0.0	0.0	0.0	-0.4	-0.4	0.0	-0.4	0.0	-0.4	-0.9	-0.8	-0.5
Pre-tax profit	0.0	-0.6	0.0	0.3	-0.3	0.0	0.1	0.0	2.2	2.3	5.4	7.5
Tax	0.0	0.0	0.0	-0.4	-0.4	0.0	-0.4	0.0	-0.8	-1.2	-1.8	-2.2
<i>Tax rate (%)</i>	<i>0.0</i>	<i>3.9</i>	<i>0.0</i>	<i>22.0</i>	<i>18.1</i>	<i>0.0</i>	<i>20.0</i>	<i>0.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	-0.6	0.0	-0.1	-0.7	0.0	-0.3	0.0	1.4	1.1	3.6	5.3
EPS	0.00	-0.04	0.00	-0.01	-0.05	0.00	-0.02	0.00	0.10	0.08	0.25	0.37
EPS adjusted (diluted no. of shares)	0.00	-0.04	0.00	-0.01	-0.05	0.00	-0.02	0.00	0.10	0.08	0.25	0.37
Dividend per share	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.10	0.15	0.19
SALES, EURm												
Administer	0.0	23.9	0.0	28.9	52.8	0.0	38.1	0.0	44.3	82.4	87.8	93.1
Total	0.0	23.9	0.0	28.9	52.8	0.0	38.1	0.0	44.3	82.4	87.8	93.1
SALES GROWTH, Y/Y %												
Administer	<i>0.0</i>	<i>20.7</i>	<i>0.0</i>	<i>30.5</i>	<i>25.9</i>	<i>0.0</i>	<i>59.4</i>	<i>0.0</i>	<i>53.5</i>	<i>56.2</i>	<i>6.6</i>	<i>6.0</i>
Total	<i>0.0</i>	<i>20.7</i>	<i>0.0</i>	<i>30.5</i>	<i>25.9</i>	<i>0.0</i>	<i>59.4</i>	<i>0.0</i>	<i>53.5</i>	<i>56.2</i>	<i>6.6</i>	<i>6.0</i>
EBIT, EURm												
Administer	0.0	-0.5	0.0	0.6	0.1	0.0	0.5	0.0	2.7	3.2	6.2	8.0
Total	0.0	-0.5	0.0	0.6	0.1	0.0	0.5	0.0	2.7	3.2	6.2	8.0
EBIT margin, %												
Administer	<i>0.0</i>	<i>-2.1</i>	<i>0.0</i>	<i>2.2</i>	<i>0.2</i>	<i>0.0</i>	<i>1.4</i>	<i>0.0</i>	<i>6.0</i>	<i>3.9</i>	<i>7.0</i>	<i>8.6</i>
Total	<i>0.0</i>	<i>-2.1</i>	<i>0.0</i>	<i>2.2</i>	<i>0.2</i>	<i>0.0</i>	<i>1.4</i>	<i>0.0</i>	<i>6.0</i>	<i>3.9</i>	<i>7.0</i>	<i>8.6</i>

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	37.0	45.3	43.7	41.9	52.8	82.4	87.8	93.1
<i>Sales growth (%)</i>	<i>82.7</i>	<i>22.5</i>	<i>-3.5</i>	<i>-4.0</i>	<i>25.9</i>	<i>56.2</i>	<i>6.6</i>	<i>6.0</i>
EBITDA	1.9	3.0	4.4	2.3	3.7	8.1	11.2	13.0
<i>EBITDA margin (%)</i>	<i>5.1</i>	<i>6.5</i>	<i>10.2</i>	<i>5.4</i>	<i>7.1</i>	<i>9.8</i>	<i>12.7</i>	<i>14.0</i>
Depreciation	-1.1	-1.1	-0.6	-0.7	-1.1	-1.3	-1.4	-1.4
EBITA	0.8	1.9	3.8	1.5	2.7	6.8	9.8	11.6
Goodwill amortization / writedown	-0.3	-1.0	-1.0	-1.5	-2.5	-3.6	-3.6	-3.6
EBIT	0.5	0.9	2.9	0.1	0.1	3.2	6.2	8.0
<i>EBIT margin (%)</i>	<i>1.3</i>	<i>1.9</i>	<i>6.6</i>	<i>0.1</i>	<i>0.2</i>	<i>3.9</i>	<i>7.0</i>	<i>8.6</i>
Reported EBIT	0.5	0.9	2.9	0.1	0.1	3.2	6.2	8.0
<i>EBIT margin (reported) (%)</i>	<i>1.3</i>	<i>1.9</i>	<i>6.6</i>	<i>0.1</i>	<i>0.2</i>	<i>3.9</i>	<i>7.0</i>	<i>8.6</i>
Net financials	-0.2	-0.3	-0.3	-1.8	-0.4	-0.9	-0.8	-0.5
Pre-tax profit	0.2	0.6	2.6	-1.7	-0.3	2.3	5.4	7.5
Taxes	-0.2	-0.1	-0.6	0.0	-0.4	-1.2	-1.8	-2.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.0	0.4	2.0	-1.8	-0.7	1.1	3.6	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	3	3	3	4	6	9	9	10
Goodwill	13	15	14	23	42	39	35	31
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Receivables	8	8	7	7	13	21	22	23
Liquid funds	1	1	1	13	5	7	8	8
Total assets	25	26	25	47	66	75	74	72
Liabilities								
Shareholder's equity	7	7	9	32	32	33	35	38
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	10	8	6	4	18	18	13	7
Non-interest bearing current liabilities	9	10	9	11	15	24	26	27
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	25	26	25	47	66	75	74	72
CASH FLOW, EURm								
+ EBITDA	2	3	4	2	4	8	11	13
- Net financial items	0	0	0	-2	0	-1	-1	-1
- Taxes	0	0	-1	0	0	-1	-2	-2
- Increase in Net Working Capital	-2	1	0	2	-2	1	0	0
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	0	4	4	2	1	7	9	11
- Capex	-13	-4	-1	-2	-1	-4	-2	-2
- Acquisitions	0	0	0	0	-23	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-13	0	2	1	-23	3	7	9
+/- New issues/buybacks	5	0	0	25	1	0	0	0
- Paid dividend	0	0	0	0	0	-1	-1	-2
+/- Other	7	-1	-2	-13	14	0	-5	-6
Change in cash	-1	-1	0	12	-9	3	0	0

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	0	0	60	38	48	48	48
Net debt (excl. convertibles)	8	6	-9	14	11	6	-1
Enterprise value	8	6	51	52	59	53	47
Sales	45	44	42	53	82	88	93
EBITDA	3	4	2	4	8	11	13
EBIT	1	3	0	0	3	6	8
Pre-tax	1	3	-2	0	2	5	8
Earnings	0	2	-2	-1	1	4	5
Equity book value (excl. minorities)	7	9	32	32	33	35	38
Valuation multiples							
EV/sales	0.2	0.1	1.2	1.0	0.7	0.6	0.5
EV/EBITDA	2.6	1.2	22.6	13.9	7.3	4.8	3.6
EV/EBITA	4.1	1.4	33.8	19.6	8.7	5.5	4.0
EV/EBIT	8.7	1.9	959.9	473.3	18.5	8.7	5.8
EV/OCF	1.9	1.6	21.2	40.1	8.1	6.1	4.5
EV/FCFF	11.2	2.2	21.6	-2.3	14.6	7.1	5.2
P/FCFE	0.0	0.0	104.5	-1.7	14.3	6.9	5.5
P/E	0.0	0.0	-33.2	-52.9	42.8	13.2	9.0
P/B	0.0	0.0	1.8	1.2	1.5	1.4	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.5	5.7	4.4
Target EV/EBIT	0.0	0.0	0.0	0.0	21.5	10.2	7.1
Target EV/FCF	0.0	0.0	0.0	0.0	20.7	9.2	6.6
Target P/B	0.0	0.0	0.0	0.0	1.8	1.7	1.5
Target P/E	0.0	0.0	0.0	0.0	51.6	15.9	10.8
Per share measures							
Number of shares	9,620	9,620	14,194	14,329	14,329	14,329	14,329
Number of shares (diluted)	9,620	9,620	14,194	14,329	14,329	14,329	14,329
EPS	0.04	0.20	-0.13	-0.05	0.08	0.25	0.37
Operating cash flow per share	0.42	0.37	0.17	0.09	0.51	0.62	0.74
Free cash flow per share	0.05	0.23	0.04	-1.60	0.23	0.48	0.60
Book value per share	0.78	0.99	2.28	2.24	2.27	2.42	2.64
Dividend per share	0.00	0.00	0.00	0.05	0.10	0.15	0.19
Dividend payout ratio, %	0.0	0.0	0.0	-99.4	127.2	60.0	50.3
Dividend yield, %	0.0	0.0	0.0	1.5	3.0	4.5	5.6
FCF yield, %	0.0	0.0	1.0	-60.1	7.0	14.5	18.1
Efficiency measures							
ROE	6.1	23.1	-8.6	-2.2	3.4	10.7	14.6
ROCE	5.4	18.2	0.2	0.3	6.3	12.5	17.2
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	17.0	15.3	15.9	24.9	24.9	24.9	24.9
Non-interest bearing liabilities as % of sales	21.5	20.0	25.1	29.2	29.2	29.2	29.2
NWC/sales, %	-4.5	-4.8	-9.2	-4.2	-4.2	-4.2	-4.2
Operative CAPEX/sales, %	7.8	3.1	4.4	2.3	4.8	2.2	2.1
CAPEX/sales (incl. acquisitions), %	7.8	3.1	4.4	-41.3	4.8	2.2	2.1
FCFF/EBITDA	0.2	0.6	1.0	-6.0	0.5	0.7	0.7
Net debt/EBITDA, book-weighted	2.6	1.2	-3.9	3.7	1.4	0.5	0.0
Debt/equity, market-weighted	0.0	0.0	0.1	0.5	0.4	0.3	0.2
Equity ratio, book-weighted	29.2	38.4	68.5	48.7	43.4	47.1	52.3
Gearing, %	101.8	58.3	-27.2	43.3	35.0	16.9	-1.5

COMPANY DESCRIPTION: Administer is one of the leading providers of financial management and HR & payroll services in Finland. Founded in 1985, the company has grown rapidly in recent years through acquisitions and today employs over 700 employees. In-house developed technology has played an important role and the company is looking to further leverage its know-how to develop the industry. The company completed its IPO in December 2021.

INVESTMENT CASE: Administer has set out rather ambitious targets, seeking to achieve revenue of EUR 84m and an EBITDA-margin of 24% in 2024. The company has yet to show the required profitability figures to achieve the target, but with the acquisition of Econia and further potential consolidation in the fragmented and non-cyclical industry the revenue target is well within grasp. Profitability improvement relies upon synergies from acquisitions as well as internal operational efficiency, further to be improved by pick-up in growth.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Aho Peter	6,880,980	22.845	48.0%
Ilmarinen Mutual Pension Insurance Company	1,250,000	4.150	8.7%
Sijoitus Oy MC Invest Ab	1,205,508	4.002	8.4%
Oy Fincorp Ab	384,392	1.276	2.7%
Salmivala Maria-Elina	337,807	1.122	2.4%
Varma Mutual Pension Insurance Company	337,093	1.119	2.4%
Elo Mutual Pension Insurance Company	308,642	1.025	2.2%
Herranen Kimmo	231,700	0.769	1.6%
Oy Talcom Ab	133,000	0.442	0.9%
Husu Päivi Marianna	117,756	0.391	0.8%
Ten largest	11,186,878	37.140	78%
Residual	3,142,536	10.433	22%
Total	14,329,414	47.574	100%

EARNINGS CALENDAR

August 31, 2023

Q2 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Peter Aho

Itämerenkatu 5, FIN-00180 Helsinki

CFO: Johan Idman

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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

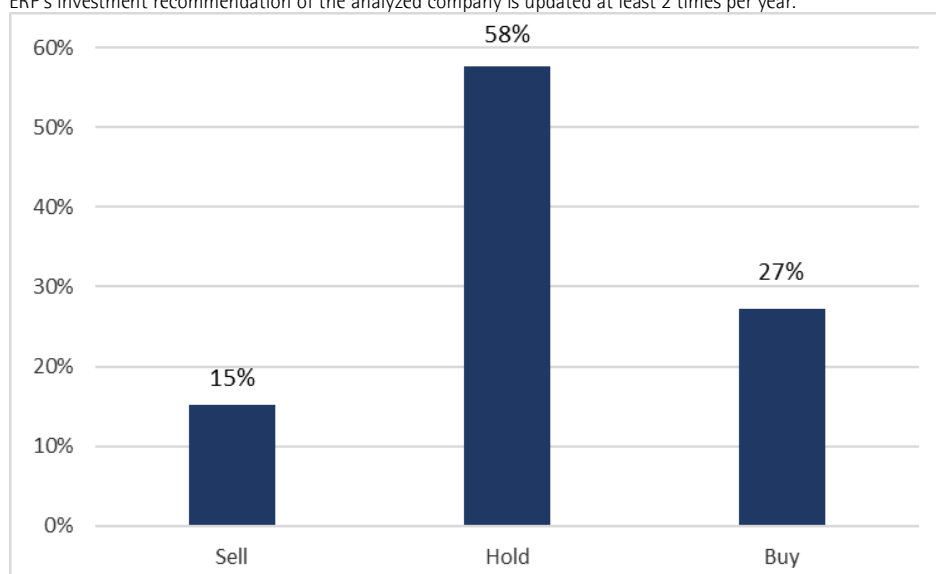
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Investment recommendations are defined as follows:

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.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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