

Profitability improvement setback

The profitability guidance downgrade creates a near-term set-back, but improvement potential still favours valuation upside. We lower our TP to EUR 3.5 (4.0), BUY-rating intact.

Lowered profitability guidance

Administer issued a profit warning on August 8th, lowering its guidance for profitability in 2023. According to the new guidance, the EBITDA-margin in 2023 is estimated to be 4-8% (prev. 7-9%). The net sales guidance of EUR 76-81m remains intact. According to the company, profitability during H1/2023 was burdened by wage inflation and other increased expenses, which the company was not able to fully transfer into customer prices. Administer is preparing a profitability programme, focusing on long-term improvements in profitability and in addition new was to identify additional net sales opportunities.

Profitability improvement path postponed

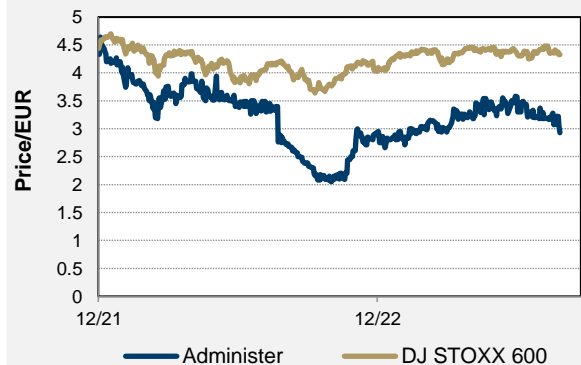
The revised guidance is an unfortunate dent in the company's long-term ambitions for improving profitability, as the guidance range suggests that relative profitability more likely will decrease y/y. With the acquisition of Econia, the previous guidance appeared more on the conservative side, and our estimates were previously slightly above the guidance range (net sales EUR 82.4m and EBITDA-margin 9.8%). The company has grown and is expected to grow rapidly also in 2023 due to acquisitions made, and expectations were for operational efficiency and profitability improvements to become an increasing area of focus. We expect an EBITDA-margin of 6.3% in 2023, with EBIT in the red in H1.

BUY with a target price of EUR 3.5 (4.0)

We continue to see clear potential for profitability improvements in the coming years, despite the set-back now seen. Valuation continues to be attractive, an approx. 3%p y/y increase in EBITDA-margins in 2024 on our estimates would imply an ~10x P/E (excl. goodwill amortizations) and EV/sales remains firmly below 1x. With the near-term setback to profitability improvement, however, we lower our target price to EUR 3.5 (4.0), BUY-rating intact.

Rating

BUY



Share price, EUR (Last trading day's closing price)	2.93
Target price, EUR	3.5
Latest change in recommendation	03-Dec-21
Latest report on company	04-Apr-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	42
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	80.4	0.2	0.2%	1.0	-0.09	-32.6	0.7	295.0	2.4	0.05
2024E	86.8	3.3	3.9%	4.5	0.09	33.4	0.6	15.5	10.8	0.10
2025E	92.0	6.4	7.0%	7.2	0.27	10.8	0.5	7.2	17.1	0.16
Market cap, EURm				42	Gearing 2023E, %		45.4	CAGR EPS 2022-25, %		0.0
Net debt 2023E, EURm				14	Price/book 2023E		1.4	CAGR sales 2022-25, %		20.4
Enterprise value, EURm				56	Dividend yield 2023E, %		1.7	ROE 2023E, %		-4.1
Total assets 2023E, EURm				74	Tax rate 2023E, %		20.0	ROCE 2023E, %		0.4
Goodwill 2023E, EURm				39	Equity ratio 2023E, %		40.6	PEG, P/E 23/CAGR		0.0

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

Administer	2020	2021	H1/22	H2/22	2022	H1/'23E	H2/'23E	2023E	2024E	2025E
Net sales	43.7	41.9	23.9	28.9	52.8	39.0	41.4	80.4	86.8	92.0
<i>sales growth %</i>	-3.5%	-4.0%	20.4%	30.8%	25.9%	63.2%	43.4%	52.4%	8.0%	6.0%
Other operating income	0.1	0.2	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Materials and services	-5.4	-5.6	-3.5	-3.7	-7.1	-5.5	-5.9	-11.4	-12.2	-12.4
Personnel expenses	-27.9	-28.2	-15.9	-19.0	-34.9	-27.0	-27.5	-54.5	-56.4	-58.1
Other expenses	-6.1	-6.0	-3.6	-3.6	-7.1	-4.7	-4.9	-9.6	-10.0	-10.1
Results of affiliates	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	4.4	2.3	1.0	2.7	3.8	1.9	3.2	5.1	8.3	11.4
<i>EBITDA-margin</i>	<i>10.2%</i>	<i>5.4%</i>	<i>4.2%</i>	<i>9.5%</i>	<i>7.1%</i>	<i>4.8%</i>	<i>7.7%</i>	<i>6.3%</i>	<i>9.6%</i>	<i>12.4%</i>
Depreciation	-0.6	-0.7	-0.5	-0.6	-1.1	-0.6	-0.6	-1.3	-1.4	-1.4
EBITA	3.9	1.5	0.5	2.1	2.7	1.2	2.6	3.8	6.9	10.0
<i>EBITA-margin</i>	<i>8.8%</i>	<i>3.6%</i>	<i>2.2%</i>	<i>7.3%</i>	<i>5.1%</i>	<i>3.2%</i>	<i>6.2%</i>	<i>4.7%</i>	<i>8.0%</i>	<i>10.9%</i>
Goodwill amortization	-1.0	-1.5	-1.0	-1.5	-2.5	-1.8	-1.8	-3.6	-3.6	-3.6
EBIT	2.9	0.1	-0.5	0.6	0.1	-0.6	0.8	0.2	3.3	6.4
<i>EBIT-margin</i>	<i>6.6%</i>	<i>0.1%</i>	<i>-2.1%</i>	<i>2.2%</i>	<i>0.2%</i>	<i>-1.5%</i>	<i>1.8%</i>	<i>0.2%</i>	<i>3.9%</i>	<i>7.0%</i>

Source: Administer, Evli Research estimates.

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	2.93 PV of Free Cash Flow	96 Long-term growth, %	1.5 Risk-free interest rate, %
DCF share value	24.80 PV of Horizon value	273 WACC, %	5.8 Market risk premium, %
Share price potential, %	746.3 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	21.9 Debt - dividend	-18 Maximum WACC, %	6.3 Target debt ratio, %
Horizon value, %	74.0 Value of stock	355 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	80	87	92	97	101	107	112	117	123	125	127
<i>Sales growth, %</i>	<i>25.9</i>	<i>52.4</i>	<i>8.0</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	0	3	6	12	16	17	18	19	20	20	20
<i>Operating income margin, %</i>	<i>0.2</i>	<i>0.2</i>	<i>3.9</i>	<i>7.0</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	5	8	11	17	22	23	24	25	27	27	
- Paid taxes	0	-1	-1	-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>4.7</i>	<i>2.3</i>	<i>2.1</i>	<i>2.0</i>	<i>2.0</i>	<i>2.1</i>	<i>2.1</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	2	5	8	12	16	17	18	18	19	20	465
= Discounted FCFF		2	5	7	10	12	12	12	12	12	12	273
= DFCF min WACC		2	5	7	10	13	13	13	13	13	12	323
= DFCF max WACC		2	5	7	10	12	12	12	12	12	11	234

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	39.0	0.0	41.4	80.4	86.8	92.0
EBITDA	0.0	1.0	0.0	2.7	3.7	0.0	1.9	0.0	3.2	5.1	8.3	11.4
<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>4.8</i>	<i>0.0</i>	<i>7.7</i>	<i>6.3</i>	<i>9.6</i>	<i>12.4</i>
EBIT	0.0	-0.5	0.0	0.6	0.1	0.0	-0.6	0.0	0.8	0.2	3.3	6.4
<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>-1.5</i>	<i>0.0</i>	<i>1.8</i>	<i>0.2</i>	<i>3.9</i>	<i>7.0</i>
Net financial items	0.0	0.0	0.0	-0.4	-0.4	0.0	-0.4	0.0	-0.4	-0.9	-0.9	-0.7
Pre-tax profit	0.0	-0.6	0.0	0.3	-0.3	0.0	-1.0	0.0	0.3	-0.7	2.5	5.7
Tax	0.0	0.0	0.0	-0.4	-0.4	0.0	-0.2	0.0	-0.4	-0.6	-1.2	-1.9
<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	-1.2	0.0	-0.1	-1.3	1.3	3.9
EPS	0.00	-0.04	0.00	-0.01	-0.05	0.00	-0.08	0.00	-0.01	-0.09	0.09	0.27
EPS adjusted (diluted no. of shares)	0.00	-0.04	0.00	-0.01	-0.05	0.00	-0.08	0.00	-0.01	-0.09	0.09	0.27
Dividend per share	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.05	0.10	0.16
SALES, EURm												
Administer	0.0	23.9	0.0	28.9	52.8	0.0	39.0	0.0	41.4	80.4	86.8	92.0
Total	0.0	23.9	0.0	28.9	52.8	0.0	39.0	0.0	41.4	80.4	86.8	92.0
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>63.2</i>	<i>0.0</i>	<i>43.4</i>	<i>52.4</i>	<i>8.0</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>63.2</i>	<i>0.0</i>	<i>43.4</i>	<i>52.4</i>	<i>8.0</i>	<i>6.0</i>
EBIT, EURm												
Administer	0.0	-0.5	0.0	0.6	0.1	0.0	-0.6	0.0	0.8	0.2	3.3	6.4
Total	0.0	-0.5	0.0	0.6	0.1	0.0	-0.6	0.0	0.8	0.2	3.3	6.4
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>-1.5</i>	<i>0.0</i>	<i>1.8</i>	<i>0.2</i>	<i>3.9</i>	<i>7.0</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>-1.5</i>	<i>0.0</i>	<i>1.8</i>	<i>0.2</i>	<i>3.9</i>	<i>7.0</i>

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	37.0	45.3	43.7	41.9	52.8	80.4	86.8	92.0
<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>52.4</i>	<i>8.0</i>	<i>6.0</i>
EBITDA	1.9	3.0	4.4	2.3	3.7	5.1	8.3	11.4
<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>6.3</i>	<i>9.6</i>	<i>12.4</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	3.8	6.9	10.0
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	0.2	3.3	6.4
<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>0.2</i>	<i>3.9</i>	<i>7.0</i>
Reported EBIT	0.5	0.9	2.9	0.1	0.1	0.2	3.3	6.4
<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>0.2</i>	<i>3.9</i>	<i>7.0</i>
Net financials	-0.2	-0.3	-0.3	-1.8	-0.4	-0.9	-0.9	-0.7
Pre-tax profit	0.2	0.6	2.6	-1.7	-0.3	-0.7	2.5	5.7
Taxes	-0.2	-0.1	-0.6	0.0	-0.4	-0.6	-1.2	-1.9
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	-1.3	1.3	3.9
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	20	22	23
Liquid funds	1	1	1	13	5	7	7	8
Total assets	25	26	25	47	66	74	73	72
Liabilities								
Shareholder's equity	7	7	9	32	32	30	31	33
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	21	17	12
Non-interest bearing current liabilities	9	10	9	11	15	23	25	27
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	25	26	25	47	66	74	73	72
CASH FLOW, EURm								
+ EBITDA	2	3	4	2	4	5	8	11
- Net financial items	0	0	0	-2	0	-1	-1	-1
- Taxes	0	0	-1	0	0	-1	-1	-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	5	7	9
- 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	1	5	7
+/- New issues/buybacks	5	0	0	25	1	0	0	0
- Paid dividend	0	0	0	0	0	-1	-1	-1
+/- Other	7	-1	-2	-13	14	2	-3	-5
Change in cash	-1	-1	0	12	-9	2	1	0

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	0	0	60	38	42	42	42
Net debt (excl. convertibles)	8	6	-9	14	14	10	4
Enterprise value	8	6	51	52	56	52	46
Sales	45	44	42	53	80	87	92
EBITDA	3	4	2	4	5	8	11
EBIT	1	3	0	0	0	3	6
Pre-tax	1	3	-2	0	-1	2	6
Earnings	0	2	-2	-1	-1	1	4
Equity book value (excl. minorities)	7	9	32	32	30	31	33
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	11.0	6.2	4.0
EV/EBITA	4.1	1.4	33.8	19.6	14.7	7.5	4.6
EV/EBIT	8.7	1.9	959.9	473.3	295.0	15.5	7.2
EV/OCF	1.9	1.6	21.2	40.1	11.7	7.9	5.1
EV/FCFF	11.2	2.2	21.6	-2.3	32.2	9.9	6.0
P/FCFE	0.0	0.0	104.5	-1.7	41.6	9.3	5.9
P/E	0.0	0.0	-33.2	-52.9	-32.6	33.4	10.8
P/B	0.0	0.0	1.8	1.2	1.4	1.4	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	12.6	7.2	4.8
Target EV/EBIT	0.0	0.0	0.0	0.0	338.2	17.9	8.5
Target EV/FCF	0.0	0.0	0.0	0.0	63.2	13.3	7.6
Target P/B	0.0	0.0	0.0	0.0	1.7	1.6	1.5
Target P/E	0.0	0.0	0.0	0.0	-38.9	39.9	13.0
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	-0.09	0.09	0.27
Operating cash flow per share	0.42	0.37	0.17	0.09	0.33	0.46	0.63
Free cash flow per share	0.05	0.23	0.04	-1.60	0.07	0.32	0.50
Book value per share	0.78	0.99	2.28	2.24	2.10	2.14	2.31
Dividend per share	0.00	0.00	0.00	0.05	0.05	0.10	0.16
Dividend payout ratio, %	0.0	0.0	0.0	-99.4	-53.8	115.8	57.9
Dividend yield, %	0.0	0.0	0.0	1.7	1.7	3.5	5.3
FCF yield, %	0.0	0.0	1.0	-60.1	2.4	10.8	17.1
Efficiency measures							
ROE	6.1	23.1	-8.6	-2.2	-4.1	4.1	12.1
ROCE	5.4	18.2	0.2	0.3	0.4	6.8	13.8
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	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	4.7	2.3	2.1
CAPEX/sales (incl. acquisitions), %	7.8	3.1	4.4	-41.3	4.7	2.3	2.1
FCFF/EBITDA	0.2	0.6	1.0	-6.0	0.3	0.6	0.7
Net debt/EBITDA, book-weighted	2.6	1.2	-3.9	3.7	2.7	1.2	0.4
Debt/equity, market-weighted	0.0	0.0	0.1	0.5	0.5	0.4	0.3
Equity ratio, book-weighted	29.2	38.4	68.5	48.7	40.6	41.9	46.0
Gearing, %	101.8	58.3	-27.2	43.3	45.4	32.1	12.5

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	20.161	48.0%
Ilmarinen Mutual Pension Insurance Company	1,250,000	3.663	8.7%
Sijoitus Oy MC Invest Ab	1,205,508	3.532	8.4%
Oy Fincorp Ab	396,811	1.163	2.8%
Varma Mutual Pension Insurance Company	337,093	0.988	2.4%
Elo Mutual Pension Insurance Company	308,642	0.904	2.2%
Salmivala Maria-Elina	283,221	0.830	2.0%
Herranen Kimmo	231,700	0.679	1.6%
Oy Talcom Ab	136,200	0.399	1.0%
Husu Päivi Marianna	115,756	0.339	0.8%
Ten largest	11,145,911	32.658	78%
Residual	3,183,503	9.328	22%
Total	14,329,414	41.985	100%

EARNINGS CALENDAR

August 31, 2023

Q2 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Kimmo Herranen

Itämerenkatu 5, FIN-00180 Helsinki

CFO: Kalle Lehtonen

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

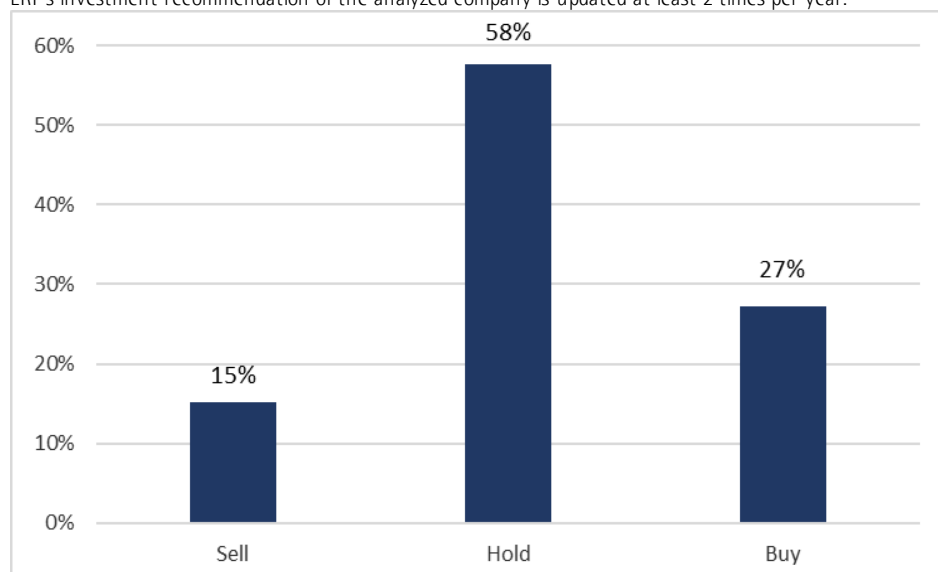
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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