

Rapid growth set to continue

Netum's H2 fell below our expectations, but the outlook for 2023 appears quite strong. We retain our BUY-rating and target price of EUR 4.2.

H2 below our expectations

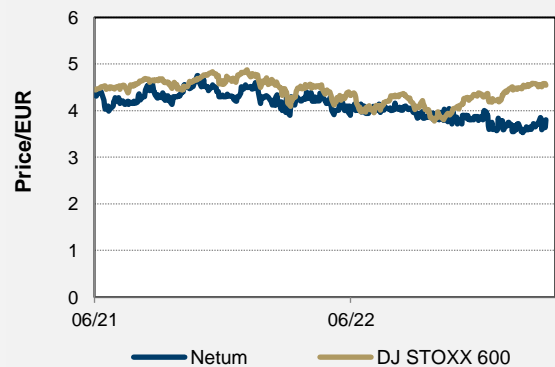
Netum reported H2 results below our expectations. Revenue grew 14.7% (3.8% organic growth) to EUR 13.7m (Evli EUR 15.8m). EBITA amounted to EUR 0.8m (Evli EUR 1.3m). Growth was partially affected by a slow start to certain projects, which along with frontloaded growth investments, internal development projects, and wage and general cost increases lowered profitability. Netum's BoD proposes a dividend of EUR 0.11 per share (Evli EUR 0.10). Netum expects revenue growth of over 20% in 2023 and an EBITA-margin of over 10%.

Confidently eyeing clear double-digit growth in 2023

The growth figures in H2/22 were rather disappointing after solid double-digit organic growth in H1, but with the healthy pipeline management appeared very confident in achieving the targeted growth in 2023. Growth will to a smaller extent be aided by previous acquisitions, with Studyo Oy being the most recent acquisition in December 2022, but the bulk will need to be organic. Price competition in the public sector tenders remains stiff, but increased focus also on the private sector, an area where Netum's offering has been more limited, opens up new potential. We have somewhat lowered our estimates due to the below expectations revenue in H2/22 as well as through a more cautious take on margin improvement speed. We still expect a 2.7%p y/y EBITA-margin improvement mainly through improved billing rates. The perceived rather good ability to transfer inflationary impact on customers should also benefit.

BUY with a target price of EUR 4.2

Despite slightly lowered estimates, the improved visibility regarding the growth outlook reduces the near-term uncertainty and we retain our target price of EUR 4.2, valuing Netum at around 16x 2023e P/E (goodwill amortization adjusted). Our BUY-rating remains intact.

Rating BUY

 Share price, EUR (Last trading day's closing price) **3.80**

 Target price, EUR **4.2**

Latest change in recommendation	16-Aug-22
Latest report on company	16-Dec-22
Research paid by issuer:	YES
No. of shares outstanding, '000's	11,690
No. of shares fully diluted, '000's	11,690
Market cap, EURm	44
Free float, %	-
Exchange rate	0.000
Reuters code	NETUM.HE
Bloomberg code	NETUM FH
Average daily volume, EURm	-
Next interim report	15-Aug-23
Web site	www.netum.fi

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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	22.4	1.9	8.5%	-4.9	0.05	93.1	2.3	27.0	-9.9	0.11
2022	29.1	0.8	2.6%	2.6	0.02	238.2	1.5	56.2	6.0	0.11
2023E	35.8	2.3	6.4%	3.1	0.12	31.5	1.2	18.1	7.1	0.14
2024E	41.2	3.7	8.9%	4.4	0.22	17.4	0.9	10.5	9.8	0.19
2025E	45.3	4.7	10.4%	5.2	0.29	13.0	0.8	7.6	11.7	0.22
Market cap, EURm	44		Gearing 2023E, %			-24.2	CAGR EPS 2022-25, %		164.6	
Net debt 2023E, EURm	-3		Price/book 2023E			3.7	CAGR sales 2022-25, %		15.8	
Enterprise value, EURm	42		Dividend yield 2023E, %			3.6	ROE 2023E, %		11.8	
Total assets 2023E, EURm	21		Tax rate 2023E, %			20.0	ROCE 2023E, %		16.1	
Goodwill 2023E, EURm	9		Equity ratio 2023E, %			57.8	PEG, P/E 23/CAGR		0.6	

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

Netum (EURm)	2021	H1/22	H2/22	2022	H1/23E	H2/23E	2023E	2024E	2025E
Net sales	22.4	15.4	13.7	29.1	17.2	18.6	35.8	41.2	45.3
<i>Sales growth %</i>	<i>27.7%</i>	<i>47.8%</i>	<i>14.7%</i>	<i>30.1%</i>	<i>11.5%</i>	<i>35.6%</i>	<i>22.8%</i>	<i>15.0%</i>	<i>10.0%</i>
Other income	0.3	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.1
Materials and services	-3.9	-2.8	-1.6	-4.4	-2.6	-3.0	-5.6	-6.6	-7.2
<i>% of net sales</i>	<i>-17.5%</i>	<i>-18.0%</i>	<i>-11.8%</i>	<i>-15.1%</i>	<i>-15.1%</i>	<i>-16.1%</i>	<i>-15.6%</i>	<i>-16.0%</i>	<i>-16.0%</i>
Personnel expenses	-12.6	-8.8	-9.2	-18.0	-10.4	-11.0	-21.4	-23.9	-25.8
<i>% of net sales</i>	<i>-56.2%</i>	<i>-57.3%</i>	<i>-66.8%</i>	<i>-61.8%</i>	<i>-60.5%</i>	<i>-59.1%</i>	<i>-59.8%</i>	<i>-58.0%</i>	<i>-57.0%</i>
Other op. expenses	-2.8	-2.0	-2.0	-4.0	-2.2	-2.3	-4.5	-4.9	-5.4
<i>% of net sales</i>	<i>-12.4%</i>	<i>-12.9%</i>	<i>-14.7%</i>	<i>-13.7%</i>	<i>-12.8%</i>	<i>-12.4%</i>	<i>-11.5%</i>	<i>-12.0%</i>	<i>-12.0%</i>
EBITDA	3.4	1.9	0.9	2.8	2.0	2.3	4.4	5.9	6.9
<i>EBITDA-%</i>	<i>15.3%</i>	<i>12.1%</i>	<i>6.9%</i>	<i>9.7%</i>	<i>11.8%</i>	<i>12.5%</i>	<i>12.2%</i>	<i>14.2%</i>	<i>15.2%</i>
D&A	-0.3	-0.1	-0.2	-0.3	-0.2	-0.2	-0.3	-0.4	-0.4
Tangible	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Intangible	-0.1	-0.1	-0.1	-0.2	-0.1	-0.1	-0.2	-0.2	-0.2
Goodwill amortization	-1.2	-0.9	-0.9	-1.7	-0.9	-0.9	-1.7	-1.8	-1.8
EBITA	3.2	1.7	0.8	2.5	1.9	2.2	4.0	5.5	6.5
<i>EBITA-%</i>	<i>14.2%</i>	<i>11.2%</i>	<i>5.5%</i>	<i>8.5%</i>	<i>10.8%</i>	<i>11.6%</i>	<i>11.2%</i>	<i>13.3%</i>	<i>14.4%</i>
Items affecting comparability	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Comparable EBITA	3.1	1.8	0.8	2.6	1.9	2.2	4.0	5.5	6.5
<i>Comparable EBITA-%</i>	<i>13.8%</i>	<i>11.4%</i>	<i>5.8%</i>	<i>8.8%</i>	<i>11.0%</i>	<i>11.8%</i>	<i>11.2%</i>	<i>13.3%</i>	<i>14.4%</i>
EBIT	1.9	0.9	-0.1	0.8	1.0	1.3	2.3	3.7	4.7
<i>EBIT-%</i>	<i>8.7%</i>	<i>5.6%</i>	<i>-0.8%</i>	<i>2.6%</i>	<i>5.8%</i>	<i>7.0%</i>	<i>6.5%</i>	<i>8.9%</i>	<i>10.4%</i>

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	3.80 PV of Free Cash Flow	32 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	6.64 PV of Horizon value	44 WACC, %	8.4 Market risk premium, %	5.8
Share price potential, %	74.7 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	7.2 Marketable securities	4 Minimum WACC, %	7.9 Equity beta coefficient	1.00
Minimum value	6.1 Debt - dividend	-3 Maximum WACC, %	8.9 Target debt ratio, %	20
Horizon value, %	58.1 Value of stock	78 Nr of shares, Mn	11.7 Effective tax rate, %	20

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	29	36	41	45	48	49	50	52	54	55	57	58
<i>Sales growth, %</i>	<i>30.1</i>	<i>22.8</i>	<i>15.0</i>	<i>10.0</i>	<i>5.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	1	2	4	5	6	6	6	6	7	7	7	7
<i>Operating income margin, %</i>	<i>2.6</i>	<i>6.4</i>	<i>8.9</i>	<i>10.4</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>
+ Depreciation+amort.	2	2	2	2	0	0	0	0	0	0	0	1
EBITDA	3	4	6	7	6	7	7	7	7	7	7	8
- Paid taxes	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
- Change in NWC	1	0	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>-3.1</i>	<i>-3.1</i>	<i>-3.1</i>	<i>-3.1</i>	<i>-3.1</i>	<i>-3.1</i>	<i>-3.1</i>	<i>-3.1</i>	<i>-3.1</i>	<i>-3.1</i>	<i>-3.1</i>	<i>-3.1</i>
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-1	-1	-1	-1	0	0	0	-1	-1	-1	-1	-1
<i>opCAPEX / Sales, %</i>	<i>1.7</i>	<i>1.5</i>	<i>1.3</i>	<i>1.1</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= FCFF	3	3	4	5	5	5	5	5	5	6	6	98
= Discounted FCFF		3	4	4	3	3	3	3	3	3	3	44
= DFCF min WACC		3	4	4	4	3	3	3	3	3	3	51
= DFCF max WACC		3	4	4	3	3	3	3	3	3	2	39

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1E	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	0.0	15.4	0.0	13.7	29.1	0.0	17.2	0.0	18.6	35.8	41.2	45.3
EBITDA	0.0	1.9	0.0	0.9	2.8	0.0	2.0	0.0	2.3	4.4	5.9	6.9
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>12.1</i>	<i>0.0</i>	<i>6.9</i>	<i>9.7</i>	<i>0.0</i>	<i>11.8</i>	<i>0.0</i>	<i>12.5</i>	<i>12.2</i>	<i>14.2</i>	<i>15.2</i>
EBIT	0.0	0.9	0.0	-0.1	0.8	0.0	1.0	0.0	1.3	2.3	3.7	4.7
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>5.6</i>	<i>0.0</i>	<i>-0.8</i>	<i>2.6</i>	<i>0.0</i>	<i>5.8</i>	<i>0.0</i>	<i>7.0</i>	<i>6.4</i>	<i>8.9</i>	<i>10.4</i>
Net financial items	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	-0.1	0.0	0.0
Pre-tax profit	0.0	0.8	0.0	-0.2	0.6	0.0	0.9	0.0	1.2	2.2	3.6	4.7
Tax	0.0	-0.3	0.0	-0.1	-0.4	0.0	-0.4	0.0	-0.4	-0.8	-1.1	-1.3
<i>Tax rate (%)</i>	<i>0.0</i>	<i>19.6</i>	<i>0.0</i>	<i>17.3</i>	<i>19.0</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	0.5	0.0	-0.3	0.2	0.0	0.6	0.0	0.8	1.4	2.6	3.4
EPS	0.00	0.04	0.00	-0.03	0.02	0.00	0.05	0.00	0.07	0.12	0.22	0.29
EPS adjusted (diluted no. of shares)	0.00	0.04	0.00	-0.03	0.02	0.00	0.05	0.00	0.07	0.12	0.22	0.29
Dividend per share	0.00	0.00	0.00	0.00	0.11	0.00	0.00	0.00	0.00	0.14	0.19	0.22
SALES, EURm												
Group	0.0	15.4	0.0	13.7	29.1	0.0	17.2	0.0	18.6	35.8	41.2	45.3
Total	0.0	15.4	0.0	13.7	29.1	0.0	17.2	0.0	18.6	35.8	41.2	45.3
SALES GROWTH, Y/Y %												
Group	<i>0.0</i>	<i>47.8</i>	<i>0.0</i>	<i>14.7</i>	<i>30.1</i>	<i>0.0</i>	<i>11.5</i>	<i>0.0</i>	<i>35.6</i>	<i>22.8</i>	<i>15.0</i>	<i>10.0</i>
Total	<i>0.0</i>	<i>47.8</i>	<i>0.0</i>	<i>14.7</i>	<i>30.1</i>	<i>0.0</i>	<i>11.5</i>	<i>0.0</i>	<i>35.6</i>	<i>22.8</i>	<i>15.0</i>	<i>10.0</i>
EBIT, EURm												
Group	0.0	0.9	0.0	-0.1	0.8	0.0	1.0	0.0	1.3	2.3	3.7	4.7
Total	0.0	0.9	0.0	-0.1	0.8	0.0	1.0	0.0	1.3	2.3	3.7	4.7
EBIT margin, %												
Group	<i>0.0</i>	<i>5.6</i>	<i>0.0</i>	<i>-0.8</i>	<i>2.6</i>	<i>0.0</i>	<i>5.8</i>	<i>0.0</i>	<i>7.0</i>	<i>6.4</i>	<i>8.9</i>	<i>10.4</i>
Total	<i>0.0</i>	<i>5.6</i>	<i>0.0</i>	<i>-0.8</i>	<i>2.6</i>	<i>0.0</i>	<i>5.8</i>	<i>0.0</i>	<i>7.0</i>	<i>6.4</i>	<i>8.9</i>	<i>10.4</i>

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	11.9	13.4	17.5	22.4	29.1	35.8	41.2	45.3
<i>Sales growth (%)</i>	<i>18.1</i>	<i>12.7</i>	<i>31.1</i>	<i>27.7</i>	<i>30.1</i>	<i>22.8</i>	<i>15.0</i>	<i>10.0</i>
EBITDA	2.2	1.7	3.2	3.4	2.8	4.4	5.9	6.9
<i>EBITDA margin (%)</i>	<i>18.7</i>	<i>13.0</i>	<i>18.5</i>	<i>15.2</i>	<i>9.7</i>	<i>12.2</i>	<i>14.2</i>	<i>15.2</i>
Depreciation	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3	-0.4	-0.4
EBITA	2.1	1.6	3.1	3.1	2.5	4.0	5.5	6.5
Goodwill amortization / writedown	-0.8	-0.9	-1.1	-1.2	-1.7	-1.7	-1.8	-1.8
EBIT	1.3	0.7	2.0	1.9	0.8	2.3	3.7	4.7
<i>EBIT margin (%)</i>	<i>11.1</i>	<i>5.0</i>	<i>11.5</i>	<i>8.5</i>	<i>2.6</i>	<i>6.4</i>	<i>8.9</i>	<i>10.4</i>
Reported EBIT	1.3	0.7	2.0	1.9	0.8	2.3	3.7	4.7
<i>EBIT margin (reported) (%)</i>	<i>11.1</i>	<i>5.0</i>	<i>11.5</i>	<i>8.5</i>	<i>2.6</i>	<i>6.4</i>	<i>8.9</i>	<i>10.4</i>
Net financials	-0.2	-0.2	-0.2	-1.0	-0.1	-0.1	0.0	0.0
Pre-tax profit	1.1	0.5	1.8	0.9	0.6	2.2	3.6	4.7
Taxes	-0.3	-0.4	-0.5	-0.4	-0.4	-0.8	-1.1	-1.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.8	0.1	1.3	0.5	0.2	1.4	2.6	3.4
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	0	0	1	2	1	1	1	1
Goodwill	7	8	7	12	11	9	7	5
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Receivables	2	3	3	5	5	6	7	7
Liquid funds	1	1	1	1	4	5	6	9
Total assets	10	12	12	20	20	21	21	23
Liabilities								
Shareholder's equity	3	3	5	12	12	12	13	14
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	5	6	4	3	3	2	0	0
Non-interest bearing current liabilities	2	3	3	5	6	7	8	9
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	10	12	12	20	20	21	21	23
CASH FLOW, EURm								
+ EBITDA	2	2	3	3	3	4	6	7
- Net financial items	0	0	0	-1	0	0	0	0
- Taxes	0	0	0	-1	-1	-1	-1	-1
- Increase in Net Working Capital	0	0	-1	-1	1	0	0	0
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	2	1	2	1	3	4	5	6
- Capex	0	0	0	0	-1	-1	-1	-1
- Acquisitions	0	0	0	-6	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	2	1	2	-5	3	3	4	5
+/- New issues/buybacks	0	1	1	7	1	0	0	0
- Paid dividend	0	0	0	-1	-1	-1	-2	-2
+/- Other	-1	-2	-1	-2	1	-1	-2	0
Change in cash	1	0	1	0	3	1	1	3

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	0	0	49	44	44	44	44
Net debt (excl. convertibles)	5	3	2	-1	-3	-6	-9
Enterprise value	5	3	51	43	42	39	36
Sales	13	18	22	29	36	41	45
EBITDA	2	3	3	3	4	6	7
EBIT	1	2	2	1	2	4	5
Pre-tax	0	2	1	1	2	4	5
Earnings	0	1	1	0	1	3	3
Equity book value (excl. minorities)	3	5	12	12	12	13	14
Valuation multiples							
EV/sales	0.4	0.2	2.3	1.5	1.2	0.9	0.8
EV/EBITDA	2.8	0.8	15.1	15.2	9.5	6.6	5.2
EV/EBITA	3.0	0.9	16.4	17.2	10.3	7.1	5.5
EV/EBIT	7.1	1.4	27.0	56.2	18.1	10.5	7.6
EV/OCF	3.5	1.3	42.5	13.7	11.3	7.9	6.3
EV/FCFF	-250.9	1.6	-12.6	15.3	12.9	8.8	6.9
P/FCFE	0.0	0.0	-10.1	16.8	14.1	10.2	8.5
P/E	0.0	0.0	93.1	238.2	31.5	17.4	13.0
P/B	0.0	0.0	4.0	3.7	3.7	3.4	3.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	10.6	7.4	5.9
Target EV/EBIT	0.0	0.0	0.0	0.0	20.1	11.8	8.6
Target EV/FCF	0.0	0.0	0.0	0.0	14.7	10.0	7.7
Target P/B	0.0	0.0	0.0	0.0	4.1	3.8	3.5
Target P/E	0.0	0.0	0.0	0.0	34.8	19.2	14.4
Per share measures							
Number of shares	8,500	9,000	11,535	11,690	11,690	11,690	11,690
Number of shares (diluted)	8,500	9,000	11,535	11,690	11,690	11,690	11,690
EPS	0.02	0.15	0.05	0.02	0.12	0.22	0.29
Operating cash flow per share	0.16	0.23	0.11	0.27	0.31	0.42	0.49
Free cash flow per share	0.13	0.17	-0.42	0.22	0.27	0.37	0.45
Book value per share	0.38	0.56	1.07	1.02	1.03	1.11	1.21
Dividend per share	0.05	0.08	0.11	0.11	0.14	0.19	0.22
Dividend payout ratio, %	309.8	57.7	239.9	698.8	113.9	85.9	76.4
Dividend yield, %	0.0	0.0	2.6	2.9	3.6	4.9	5.9
FCF yield, %	0.0	0.0	-9.9	6.0	7.1	9.8	11.7
Efficiency measures							
ROE	4.7	31.5	6.1	1.5	11.8	20.5	25.1
ROCE	8.3	22.5	15.5	5.1	16.1	27.3	34.7
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	19.3	17.9	21.4	15.9	15.9	15.9	15.9
Non-interest bearing liabilities as % of sales	23.2	16.7	21.5	18.9	18.9	18.9	18.9
NWC/sales, %	-3.9	1.2	-0.1	-3.1	-3.1	-3.1	-3.1
Operative CAPEX/sales, %	2.0	1.6	2.1	1.7	1.5	1.3	1.1
CAPEX/sales (incl. acquisitions), %	2.0	-0.1	-22.9	1.7	1.5	1.3	1.1
FCFF/EBITDA	0.0	0.5	-1.2	1.0	0.7	0.7	0.8
Net debt/EBITDA, book-weighted	2.8	0.8	0.7	-0.4	-0.7	-1.0	-1.3
Debt/equity, market-weighted	0.0	0.0	0.1	0.1	0.0	0.0	0.0
Equity ratio, book-weighted	27.3	41.9	60.6	59.6	57.8	62.4	62.3
Gearing, %	148.9	54.1	18.3	-8.8	-24.2	-43.7	-61.3

COMPANY DESCRIPTION: Netum is a Finland-based strongly growing IT services company with over 20 years of experience of demanding IT projects. Netum employs over 270 IT professionals in Helsinki, Hämeenlinna, Jyväskylä, Tampere, Turku, and Pori. The company's services include digital service development, continuity services, integration services, cyber security solutions, and IT management consulting. In addition, the company has two SaaS software solutions, Truugo (message validation platform) and Netum DUX (IT asset management).

INVESTMENT CASE: Netum has experienced clearly profitable growth in recent years and is set to continue to grow well into double-digit figures. The solid organic growth from a good demand and successful recruitments has recently been further boosted by a pick up in M&A activity. Margins and growth have been under some pressure during 2022 but are set to recover going forward, with the demand situation remaining fairly solid overall.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Matti Mujunen	1,967,000	7.475	16.8%
Cascade Oy	1,462,685	5.558	12.5%
Osaamo Oy	1,360,000	5.168	11.6%
Aloma Oy	1,300,000	4.940	11.1%
Jari Lilja	759,808	2.887	6.5%
Oy Fincorp Ab	660,665	2.511	5.7%
Ilmarinen Mutual Pension Insurance Company	467,500	1.776	4.0%
Olli Savolainen	399,808	1.519	3.4%
Tero Nummijärvi	232,409	0.883	2.0%
Leskinen Juha-Pekka Sakari	214,808	0.816	1.8%
Ten largest	8,824,683	33.534	75%
Residual	2,864,817	10.886	25%
Total	11,689,500	44.420	100%

EARNINGS CALENDAR

August 15, 2023

Q2 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Matti Mujunen

Yliopistonkatu 58 B, 33100 Tampere

CFO: Pekka Levänen

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

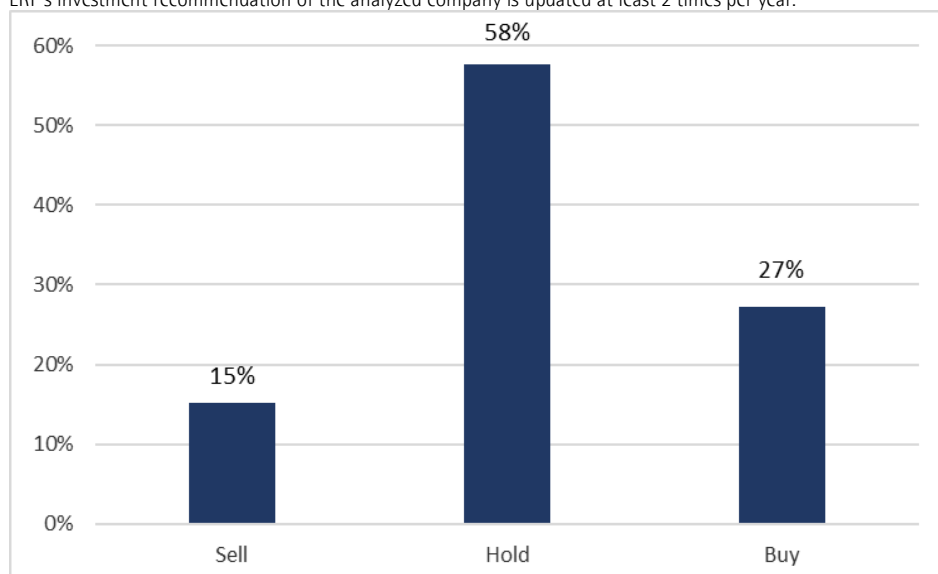
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Investment recommendations are defined as follows:

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

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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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