

Favourable profitability development

Loihde's Q2 was better than estimated, profitability in particular, with adj. EBITDA up EUR 1.6m y/y to EUR 2.6m (Evli EUR 1.9m). We continue to expect favourable growth and profitability development going forward.

Growth and profitability better than expected

Loihde reported Q2 results that were better than we had estimated. Net sales in Q2 grew by 3% y/y to EUR 35.4m (Evli: EUR 34.9m) while the adj. EBITDA beat our estimates driven by the higher sales growth and amounted to EUR 2.6m (Evli: 1.9m), improving by EUR 1.6m y/y. Q2 saw a similar trend as in Q1, with Security Solutions and Cyber, Cloud & Connect growing rapidly, while Data & AI and Digital Services saw sales declining.

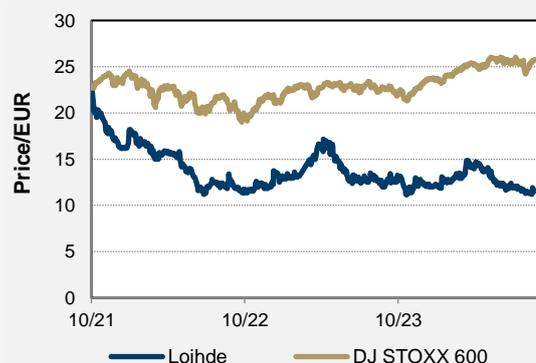
Anticipating slower growth but good margins in H2

We have made only small revisions to our estimates. We have slightly lowered our H2 sales growth expectations based on management comments regarding Security Solutions and the rapid H1 growth of the business area, with our 2024e sales growth now at 3.5%. Our 2024 adj. EBITDA estimate is up a notch to EUR 10.7m (prev. 10.5m) based on the better than anticipated Q2 and H2 adjustments. The cost base decreased slightly y/y in Q2, but with comparison period figures affected by costs related to ERP implementation, we anticipate slight cost pressure on H2. Comments on the market situation overall did not suggest any notable swings in either direction. We currently anticipate slightly accelerated growth in 2025e driven by recovery in the currently weaker performing business areas amid slightly slower growth in Security Solutions on the good comparison figures. The growth should in turn translate to higher margins through improved billing rates.

HOLD with a target price of EUR 12.2 (11.8)

With the upbeat Q2 and slight positive estimates revision we adjust our target price to EUR 12.2 (11.8). Valuation upside remains dependent on pick-up in demand, with current near-term multiples remaining on the more challenging side.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 11.55

Target price, EUR 12.2

Latest change in recommendation 10-Mar-23

Latest report on company 23-Aug-24

Research paid by issuer: YES

No. of shares outstanding, '000's 5,732

No. of shares fully diluted, '000's 5,732

Market cap, EURm 66

Free float, % -

Exchange rate 0.000

Reuters code LOIHDE.HE

Bloomberg code LOIHDE FH

Average daily volume, EURm -

Next interim report 30-Oct-24

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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
2022	123.0	6.4	5.2%	-6.3	0.54	3,700.4	0.5	9.7	-8.5	0.80
2023	132.7	-0.9	-0.7%	5.2	-0.11	247.5	0.5	-74.5	7.6	2.00
2024E	137.3	1.9	1.4%	1.2	0.19	62.0	0.5	39.8	1.8	0.20
2025E	143.4	3.8	2.6%	2.5	0.51	22.7	0.5	19.2	3.9	0.25
2026E	149.1	5.2	3.5%	3.4	0.71	16.3	0.5	13.6	5.2	0.36
Market cap, EURm	66		Gearing 2024E, %	9.0		CAGR EPS 2023-26, %	144.3			
Net debt 2024E, EURm	8		Price/book 2024E	0.7		CAGR sales 2023-26, %	4.0			
Enterprise value, EURm	74		Dividend yield 2024E, %	1.7		ROE 2024E, %	1.1			
Total assets 2024E, EURm	141		Tax rate 2024E, %	48.2		ROCE 2024E, %	1.7			
Goodwill 2024E, EURm	64		Equity ratio 2024E, %	64.3		PEG, P/E 24/CAGR	0.9			

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

ESTIMATES	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24E	Q4'24E	2024E	2025E
Net sales	123.0	31.3	34.2	29.9	37.3	132.6	33.1	35.4	30.6	38.3	137.3	143.4
Adj. EBITDA	10.3	-0.1	1.0	2.9	3.8	7.6	1.6	2.6	2.3	4.2	10.7	12.9
Adj. EBIT	3.3	-1.9	-0.9	1.0	1.8	0.0	-0.3	0.6	0.4	2.3	3.9	5.8
<i>Net sales growth</i>	<i>17.8%</i>	<i>13.0%</i>	<i>14.9%</i>	<i>1.3%</i>	<i>3.4%</i>	<i>7.8%</i>	<i>5.8%</i>	<i>3.5%</i>	<i>2.2%</i>	<i>2.8%</i>	<i>3.5%</i>	<i>4.4%</i>
<i>Adj. EBITDA margin</i>	<i>8.4%</i>	<i>-0.4%</i>	<i>3.0%</i>	<i>9.7%</i>	<i>10.1%</i>	<i>5.7%</i>	<i>4.9%</i>	<i>7.2%</i>	<i>7.6%</i>	<i>11.0%</i>	<i>7.8%</i>	<i>9.0%</i>
<i>Adj. EBIT margin</i>	<i>2.7%</i>	<i>-6.1%</i>	<i>-2.7%</i>	<i>3.4%</i>	<i>4.8%</i>	<i>0.0%</i>	<i>-1.0%</i>	<i>1.7%</i>	<i>1.2%</i>	<i>5.9%</i>	<i>2.8%</i>	<i>4.0%</i>

LOIHDE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
Digia	158	7.5x	7.1x	6.7x	11.0x	10.0x	9.2x	12.3x	11.5x	10.2x
Etteplan	313	8.3x	7.2x	6.7x	13.2x	11.1x	10.7x	14.1x	11.7x	11.2x
Gofore	337	10.4x	9.3x	8.5x	14.0x	12.1x	10.8x	16.7x	14.4x	13.3x
Innofactor	60	8.4x	7.1x	6.4x	12.7x	10.6x	9.0x	15.7x	12.8x	10.5x
Netum Group	38	10.4x	9.9x	9.5x	10.8x	10.4x	9.9x	14.4x	11.6x	10.8x
Siili Solutions	64	6.2x	5.2x	5.5x	9.6x	7.8x	8.1x	11.1x	9.2x	9.9x
Sitowise Group	84	8.3x	6.8x	6.0x	21.0x	13.3x	10.6x	24.2x	11.3x	8.2x
Solteq	13	9.1x	6.9x	5.5x	21.9x	11.3x	8.0x	17.1x	11.1x	8.6x
Solwers	38	5.8x	5.0x	4.8x	9.6x	8.5x	7.7x	13.3x	11.0x	10.0x
TietoEVRY	2235	7.0x	6.6x	6.4x	10.5x	9.3x	8.9x	9.8x	8.7x	8.2x
Vincit	38							23.0x	10.1x	7.9x
Securitas	5997	7.6x	7.1x	6.8x	10.5x	9.7x	9.1x	12.7x	10.4x	9.3x
Peer Group Average	675	8.1x	7.1x	6.6x	13.2x	10.4x	9.3x	15.2x	11.7x	9.8x
Peer Group Median	62	8.3x	7.1x	6.4x	11.0x	10.4x	9.1x	14.1x	11.4x	9.9x
Loihde (Evli est.)	67	7.7x	6.2x	5.4x	39.8x	19.2x	13.6x	62.0x	22.7x	16.3x

Loihde prem./disc. to peer median

-8 % -13 % -17 % 264 % 86 % 50 % 339 % 99 % 64 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	11.55 PV of Free Cash Flow	75 Long-term growth, %	1.5 Risk-free interest rate, %	2.50
DCF share value	26.23 PV of Horizon value	85 WACC, %	9.1 Market risk premium, %	6.3
Share price potential, %	127.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	4.5
Maximum value	28.3 Marketable securities	12 Minimum WACC, %	8.6 Equity beta coefficient	1.15
Minimum value	24.5 Debt - dividend	-22 Maximum WACC, %	9.6 Target debt ratio, %	15
Horizon value, %	53.2 Value of stock	150 Nr of shares, Mn	5.7 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	133	137	143	149	155	160	165	169	173	176	179	182
<i>Sales growth, %</i>	7.9	3.5	4.4	4.0	4.0	3.0	3.0	3.0	2.0	2.0	1.5	1.5
Operating income (EBIT)	-1	2	4	5	7	7	7	8	9	9	9	9
<i>Operating income margin, %</i>	-0.7	1.4	2.6	3.5	4.5	4.5	4.5	4.5	5.0	5.0	5.0	5.0
+ Depreciation+amort.	8	8	8	8	8	8	9	9	9	9	9	
EBITDA	7	10	12	13	15	16	16	16	18	18	18	
- Paid taxes	-1	0	-1	-1	-1	-1	-1	-2	-2	-2	-2	
- Change in NWC	-4	-1	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	10.5	10.6	10.5	10.4	10.3	10.3	10.2	10.1	10.1	10.0	10.0	
+ Change in other liabs	-6	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	4	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	
<i>opCAPEX / Sales, %</i>	2.0	5.6	5.5	5.5	5.5	5.5	5.5	5.5	5.4	5.4	5.4	
- Acquisitions	-2	0	0	0	0	0	0	0	0	0	0	
+ Divestments	8	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	6	7	9	10	11	12	12	13	14	14	14	191
= Discounted FCFF		7	8	8	9	8	8	7	7	7	6	85
= DFCF min WACC		7	8	8	9	8	8	7	7	7	7	95
= DFCF max WACC		7	8	8	8	8	7	7	7	6	6	76

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	31.3	34.2	29.9	37.3	132.7	33.0	35.4	30.6	38.3	137.3	143.4	149.1
EBITDA	-0.4	0.8	2.8	3.5	6.7	1.4	2.2	2.1	4.0	9.7	11.8	13.3
EBITDA margin (%)	-1.3	2.4	9.2	9.4	5.0	4.3	6.3	6.7	10.4	7.1	8.2	8.9
EBIT	-2.2	-1.1	0.9	1.5	-0.9	-0.5	0.3	0.1	2.0	1.9	3.8	5.2
EBIT margin (%)	-7.0	-3.2	2.9	4.1	-0.7	-1.6	0.8	0.4	5.3	1.4	2.6	3.5
Net financial items	-0.2	0.6	-0.2	0.3	0.4	0.1	0.1	0.0	0.0	0.2	-0.1	-0.1
Pre-tax profit	-2.4	-0.5	0.6	1.8	-0.5	-0.4	0.4	0.1	2.0	2.1	3.6	5.1
Tax	0.4	-0.5	-0.2	0.3	-0.1	-0.2	-0.4	0.0	-0.4	-1.0	-0.7	-1.0
Tax rate (%)	15.4	-99.3	37.0	-16.0	-22.0	-44.8	99.5	20.0	20.0	48.2	20.0	20.0
Net profit	-2.0	-1.1	0.4	2.1	-0.6	-0.6	0.0	0.1	1.6	1.1	2.9	4.1
EPS	-0.35	-0.19	0.07	0.36	-0.11	-0.11	0.00	0.02	0.28	0.19	0.51	0.71
EPS adjusted (diluted no. of shares)	-0.30	-0.15	0.10	0.41	0.05	-0.11	0.00	0.02	0.28	0.19	0.51	0.71
Dividend per share	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	0.00	0.20	0.25	0.36
SALES, EURm												
Group	31.3	34.2	29.9	37.3	132.7	33.0	35.4	30.6	38.3	137.3	143.4	149.1
Total	31.3	34.2	29.9	37.3	132.7	33.0	35.4	30.6	38.3	137.3	143.4	149.1
SALES GROWTH, YYY %												
Group	13.0	14.9	1.3	3.6	7.9	5.6	3.5	2.2	2.6	3.5	4.4	4.0
Total	13.0	14.9	1.3	3.6	7.9	5.6	3.5	2.2	2.6	3.5	4.4	4.0
EBIT, EURm												
Group	-2.2	-1.1	0.9	1.5	-0.9	-0.5	0.3	0.1	2.0	1.9	3.8	5.2
Total	-2.2	-1.1	0.9	1.5	-0.9	-0.5	0.3	0.1	2.0	1.9	3.8	5.2
EBIT margin, %												
Group	-7.0	-3.2	2.9	4.1	-0.7	-1.6	0.8	0.4	5.3	1.4	2.6	3.5
Total	-7.0	-3.2	2.9	4.1	-0.7	-1.6	0.8	0.4	5.3	1.4	2.6	3.5

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	103.1	106.8	104.4	123.0	132.7	137.3	143.4	149.1
<i>Sales growth (%)</i>	-1.7	3.6	-2.3	17.8	7.9	3.5	4.4	4.0
EBITDA	5.6	5.6	5.6	13.3	6.7	9.7	11.8	13.3
<i>EBITDA margin (%)</i>	5.4	5.2	5.4	10.8	5.0	7.1	8.2	8.9
Depreciation	-10.8	-9.4	-6.5	-6.9	-7.6	-7.8	-8.0	-8.0
EBITA	-5.2	-3.8	-0.9	6.4	-0.9	1.9	3.8	5.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-5.2	-3.8	-0.9	6.4	-0.9	1.9	3.8	5.2
<i>EBIT margin (%)</i>	-5.0	-3.6	-0.8	5.2	-0.7	1.4	2.6	3.5
Reported EBIT	-5.2	-3.8	5.6	6.7	-0.9	1.9	3.8	5.2
<i>EBIT margin (reported) (%)</i>	-5.0	-3.6	5.3	5.4	-0.7	1.4	2.6	3.5
Net financials	20.8	0.8	1.1	-2.3	0.4	0.2	-0.1	-0.1
Pre-tax profit	15.6	-3.1	0.2	4.1	-0.5	2.1	3.6	5.1
Taxes	-4.5	-0.9	0.2	-1.0	-0.1	-1.0	-0.7	-1.0
Minority shares	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	10.9	-4.2	6.9	3.4	-0.6	1.1	2.9	4.1
Cash NRIs	0.0	0.0	6.4	0.3	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	11	11	11	10	10	10	9	9
Goodwill	48	45	53	63	64	64	64	64
Right of use assets	0	7	8	8	10	10	11	11
Inventory	6	7	7	10	12	12	13	14
Receivables	37	28	41	36	35	36	38	39
Liquid funds	52	48	24	21	12	7	7	7
Total assets	153	146	146	151	145	141	143	145
Liabilities								
Shareholder's equity	118	111	110	111	101	90	92	95
Minority interest	1	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	7	8	9	10	11	11	12
Deferred taxes	0	0	1	0	0	0	0	0
Interest bearing debt	6	0	0	0	0	4	3	1
Non-interest bearing current liabilities	27	26	26	29	34	34	36	37
Other interest-free debt	0	2	1	1	0	0	0	0
Total liabilities	153	146	146	151	145	141	143	145
CASH FLOW, EURm								
+ EBITDA	6	6	6	13	7	10	12	13
- Net financial items	-9	-16	-7	-3	-9	0	0	0
- Taxes	-4	-4	0	-1	-1	0	-1	-1
- Increase in Net Working Capital	3	0	1	-4	-4	-1	0	0
+/- Other	29	16	7	0	9	0	0	0
= Cash flow from operations	25	2	7	5	2	9	10	12
- Capex	-2	-2	-6	-2	-3	-8	-8	-8
- Acquisitions	0	0	-10	-11	-2	0	0	0
+ Divestments	0	0	6	1	8	0	0	0
= Free cash flow	23	0	-4	-6	5	1	3	3
+/- New issues/buybacks	2	6	7	2	-5	0	0	0
- Paid dividend	-10	-10	-15	-3	-5	-12	-1	-1
+/- Other	-14	0	-11	5	-4	5	-1	-2
Change in cash	2	-4	-23	-3	-9	-6	0	0

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	0	96	74	69	66	66	66
Net debt (excl. convertibles)	-41	-16	-12	-2	8	7	5
Enterprise value	-41	80	62	67	74	73	71
Sales	107	104	123	133	137	143	149
EBITDA	6	6	13	7	10	12	13
EBIT	-4	-1	6	-1	2	4	5
Pre-tax	-3	0	4	-1	2	4	5
Earnings	-4	0	3	-1	1	3	4
Equity book value (excl. minorities)	111	110	111	101	90	92	95
Valuation multiples							
EV/sales	-0.4	0.8	0.5	0.5	0.5	0.5	0.5
EV/EBITDA	-7.3	14.3	4.6	10.1	7.7	6.2	5.4
EV/EBITA	10.7	-90.8	9.7	-74.5	39.8	19.2	13.6
EV/EBIT	10.7	-90.8	9.7	-74.5	39.8	19.2	13.6
EV/OCF	-25.1	12.0	12.2	35.3	8.3	7.0	6.1
EV/FCFF	25.1	11.2	10.7	11.8	10.6	8.2	7.1
P/FCFE	0.0	-23.1	-11.7	13.2	55.3	26.0	19.3
P/E	0.0	45.1	3,700.4	247.5	62.0	22.7	16.3
P/B	0.0	0.9	0.7	0.7	0.7	0.7	0.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.1	6.5	5.6
Target EV/EBIT	0.0	0.0	0.0	0.0	41.8	20.2	14.3
Target EV/FCF	0.0	0.0	0.0	0.0	65.3	30.1	21.8
Target P/B	0.0	0.0	0.0	0.0	0.8	0.8	0.7
Target P/E	0.0	0.0	0.0	0.0	65.5	24.0	17.2
Per share measures							
Number of shares	5,684	5,930	5,628	5,752	5,732	5,732	5,732
Number of shares (diluted)	5,684	5,930	5,628	5,752	5,732	5,732	5,732
EPS	-0.73	0.08	0.54	-0.11	0.19	0.51	0.71
Operating cash flow per share	0.29	1.12	0.90	0.33	1.55	1.82	2.03
Free cash flow per share	-0.05	-0.70	-1.12	0.91	0.21	0.44	0.60
Book value per share	19.46	18.48	19.78	17.52	15.76	16.07	16.53
Dividend per share	2.70	0.55	0.80	2.00	0.20	0.25	0.36
Dividend payout ratio, %	-369.0	675.2	147.7	-1,855.5	107.4	50.0	50.0
Dividend yield, %	0.0	3.4	6.1	16.6	1.7	2.2	3.1
FCF yield, %	0.0	-4.3	-8.5	7.6	1.8	3.9	5.2
Efficiency measures							
ROE	-3.6	0.4	2.8	-0.6	1.1	3.2	4.4
ROCE	-3.2	-0.7	5.4	-0.8	1.7	3.6	4.9
Financial ratios							
Inventories as % of sales	6.2	7.0	8.4	9.1	9.1	9.1	9.1
Receivables as % of sales	25.9	39.4	29.3	26.7	26.6	26.4	26.3
Non-interest bearing liabilities as % of sales	24.4	25.2	23.9	25.3	25.0	25.0	25.0
NWC/sales, %	6.8	21.2	13.8	10.5	10.6	10.5	10.4
Operative CAPEX/sales, %	1.8	6.1	1.3	2.0	5.6	5.5	5.5
CAPEX/sales (incl. acquisitions), %	1.8	-3.6	-7.5	0.4	5.6	5.5	5.5
FCFF/EBITDA	-0.3	1.3	0.4	0.9	0.7	0.8	0.8
Net debt/EBITDA, book-weighted	-7.3	-2.9	-0.9	-0.3	0.8	0.6	0.4
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Equity ratio, book-weighted	75.8	74.9	73.8	69.3	64.3	64.5	65.3
Gearing, %	-37.1	-14.6	-11.1	-2.1	9.0	7.3	5.1

COMPANY DESCRIPTION: Loihde is a service provider, specializing in comprehensive security and IT services. The company engages in agile digital IT-services, such as digital strategy consultancy, data solutions and analytics, AI, software development and service design. Loihde focuses on high-tier security technologies both in its physical and digital security services. The company employs over 800 persons.

INVESTMENT CASE: Loihde has gone through notable organizational changes and has now placed its focus on growing its topline and improving its profitability. With further integrating its back-office and administrative function, additional cost savings are likely to materialize. Margins should also see further expansion with the increased share of digital security and IT-services. Loihde's healthy balance sheet enables the company to further speed up its growth with M&A activities. The company operates in prolific markets with the underlying markets grow at high-single-digit figures by several megatrends supporting the underlying market development.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Suomen Teollisuussijoitus Oy	275,000	3.176	4.8%
Bellurum Oy	210,576	2.432	3.7%
Lakiasiaintoimisto Asiakasturva Oy	124,589	1.439	2.2%
VISIO Allocator Fund	100,000	1.155	1.7%
Tenendum Oy	79,000	0.912	1.4%
LähiTapiola Mutual Life Insurance Company	75,000	0.866	1.3%
LähiTapiola Mutual Insurance Company	75,000	0.866	1.3%
City of Vaasa	70,400	0.813	1.2%
Pelkonen Antti	68,480	0.791	1.2%
Hotcom Oy	67,780	0.783	1.2%
Ten largest	1,145,825	13.234	20%
Residual	4,585,978	52.968	80%
Total	5,731,803	66.202	100%

EARNINGS CALENDAR

October 30, 2024

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Samu Konttinen

Silmukkatie 6, 65100 Vaasa

CFO: Pirjo Suhonen

Tel: +358 10 273 2300

IR: Tiina Nieminen

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

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes – income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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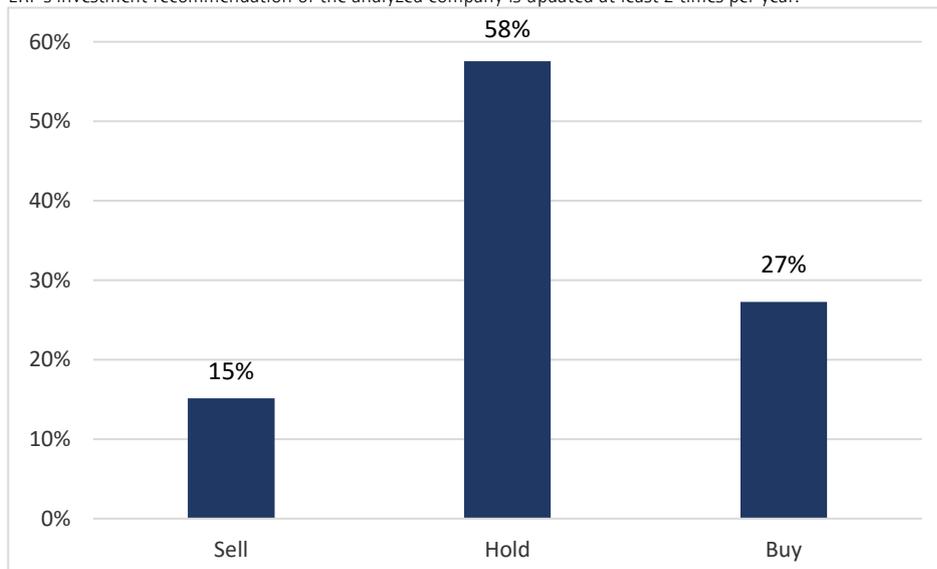
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Investment recommendations are defined as follows:

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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