

## Important profitability improvements

Solteq published preliminary Q2 figures, showing better profitability than we had estimated, while the sales continued to decline slightly, overall more on the positive side due to the current importance of profitability improvements in financing negotiations.

### Profitability improvement and slight sales decline

Solteq published preliminary figures for Q2, showing a significant y/y profitability improvement but continued slight sales decline. The adj. EBIT amounted to EUR 0.0m (Q2/23: EUR -2.1m), above our estimate of EUR -0.6m. The comparable revenue declined by 1.5% y/y to EUR 13.4m, while we had expected a ~3% increase. Solteq further announced that it is considering commencing a written procedure to amend the terms and conditions of its EUR 23m senior unsecured fixed-rate notes, which are due on October 1<sup>st</sup>, 2024.

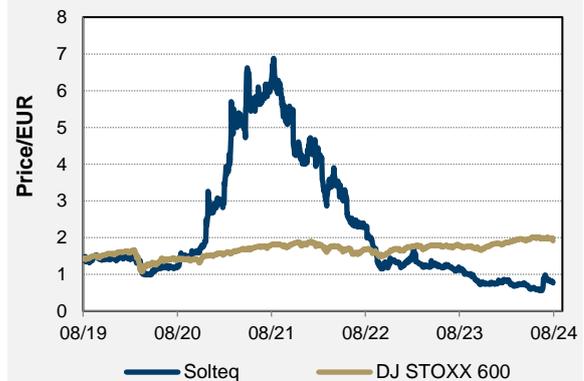
### On good track to notably improve profitability during H2

The improved profitability, both q/q and y/y, is a positive especially with the maturing of its bond later this year. The cost base in Q2 should still be quite elevated due to costs relating to actions taken and savings not yet fully reflected. The adj. EBIT beat in Q2 compared with our estimates provides further confidence to the expected improved profitability level in H2, although we not made notable changes yet, while awaiting further clarity to the run rate of costs going forward. The comparable revenue decline was a slight disappointment, although the pace slowed down compared with Q1. Solteq still continues to expect that the comparable revenue will grow in 2024, which would require at least closer to middle single-digit growth during H2.

### HOLD with a target price of EUR 0.75 (0.70)

In light of the improved profitability outlook, we fine-tune our target price to EUR 0.75 (0.70), HOLD-rating intact. Uncertainty remains high quite high with the market demand situation and financing risks, although the achieved profitability improvements alleviates some of the pressure on the latter.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 0.77  
Target price, EUR 0.75

Latest change in recommendation	20-Sep-22
Latest report on company	02-May-24
Research paid by issuer:	YES
No. of shares outstanding, '000's	19,397
No. of shares fully diluted, '000's	19,397
Market cap, EURm	15
Free float, %	43.0
Exchange rate	0.000
Reuters code	SOLTEQ.HE
Bloomberg code	SOLTEQ FH
Average daily volume, EURm	0.01
Next interim report	22-Aug-24
Web site	solteq.com/en/investors

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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	68.4	-4.4	-6.5%	-5.6	-0.28	-4.4	0.8	-12.5	-23.5	0.00
2023	57.7	-3.5	-6.1%	6.0	-0.28	-2.3	0.7	-11.1	40.8	0.00
2024E	54.4	2.1	3.8%	-0.3	-0.01	-56.4	0.7	19.3	-2.1	0.00
2025E	58.0	3.5	6.0%	1.2	0.06	12.9	0.7	11.1	8.1	0.03
2026E	62.6	5.1	8.1%	2.6	0.13	5.9	0.6	7.2	17.4	0.07
Market cap, EURm	15		Gearing 2024E, %	136.5		CAGR EPS 2023-26, %	0.0			
Net debt 2024E, EURm	-25		Price/book 2024E	0.9		CAGR sales 2023-26, %	2.8			
Enterprise value, EURm	40		Dividend yield 2024E, %	0.0		ROE 2024E, %	-1.5			
Total assets 2024E, EURm	58		Tax rate 2024E, %	-4,305.1		ROCE 2024E, %	4.6			
Goodwill 2024E, EURm	41		Equity ratio 2024E, %	29.3		PEG, P/E 24/CAGR	0.2			

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

Solteq	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	68.4	16.9	14.3	12.2	14.3	57.7	13.6	13.4	12.6	14.8	54.4	58.0	62.6
<i>sales growth %</i>	-0.9%	-12.2%	-20.4%	-14.9%	-15.6%	-15.7%	-19.7%	-6.1%	3.1%	3.8%	-5.7%	6.7%	7.9%
<i>comparable growth %</i>			-8.2%	1.9%	0.0%	-5.3%	-3.8%	-1.5%	3.1%	3.9%	0.3%		
Other income	0.2	0.0	8.4	0.1	-0.2	8.3	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Materials and services	-7.6	-1.9	-1.7	-1.5	-1.9	-7.0	-1.6	-1.5	-1.4	-1.8	-6.3	-6.8	-7.3
Personnel expenses	-44.6	-11.0	-10.6	-8.1	-10.2	-39.9	-9.4	-9.1	-7.6	-8.3	-34.3	-35.4	-37.5
Other expenses	-10.9	-2.8	-2.6	-2.1	-2.8	-10.3	-2.3	-2.2	-2.0	-2.8	-9.3	-9.8	-10.2
EBITDA	5.6	1.3	7.7	0.5	-0.8	8.7	0.4	0.6	1.6	1.9	4.5	6.0	7.7
Adj. EBITDA	6.1	0.1	-1.3	-0.1	-0.5	-1.7	0.4	0.6	1.6	1.9	4.5	6.0	7.7
<i>D&amp;A</i>	-10.0	-1.4	-1.4	-1.2	-8.3	-12.2	-0.6	-0.6	-0.6	-0.6	-2.4	-2.5	-2.6
EBIT	-4.4	-0.1	6.3	-0.7	-9.1	-3.5	-0.2	0.0	1.0	1.3	2.1	3.5	5.1
<i>EBIT-%</i>	-6.4 %	-0.5 %	44.4 %	-5.7 %	-63.7 %	-6.1 %	-1.8 %	0.0%	7.9%	8.8%	3.8 %	6.0 %	8.1 %
<i>Adjustment items</i>	5.1	-0.6	-8.4	-0.1	8.1	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adj. EBIT	0.7	-0.7	-2.1	-0.8	-1.0	-4.6	-0.2	0.0	1.0	1.3	2.1	3.5	5.1
<i>Adj. EBIT-%</i>	1.0%	-3.9%	-14.5%	-6.7%	-7.2%	-7.9%	-1.8%	0.0%	7.9%	8.8%	3.8%	6.0%	8.1%
<b>Retail &amp; Commerce</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23</b>	<b>Q3/'23</b>	<b>Q4/'23</b>	<b>2023</b>	<b>Q1/'24</b>	<b>Q2/'24E</b>	<b>Q3/'24E</b>	<b>Q4/'24E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Net sales	53.8	13.4	10.8	9.2	10.5	44.0	10.4	10.2	9.5	10.8	40.9	42.5	44.6
<i>sales growth %</i>		-9.8%	-24.3%	-18.8%	-21.1%	-18.3%	-22.8%	-5.8%	3.0%	3.2%	-7.0%	4.0%	5.0%
Adj. EBITDA	6.5	1.3	0.1	0.7	0.2	2.3	0.8	0.7	1.2	1.4	4.1	5.3	5.7
<i>Adj. EBITDA-%</i>	12.2%	9.9%	1.4%	7.4%	1.5%	5.3%	7.9%	6.9%	12.7%	13.0%	10.1%	12.5%	12.9%
EBIT	-1.8	1.2	7.8	0.4	-4.2	5.2	0.4	0.3	0.8	1.0	2.5	3.7	4.0
<i>EBIT-%</i>	-3.4%	8.8%	72.5%	4.1%	-40.4%	11.8%	4.0%	2.9%	8.4%	9.3%	6.2%	8.6%	9.0%
Adj. EBIT	3.0	0.8	-0.4	0.3	-0.2	0.4	0.4	0.3	0.8	1.0	2.5	3.7	4.0
<i>Adj. EBIT-%</i>	5.5%	6.1%	-3.6%	2.8%	-2.3%	1.0%	4.0%	2.9%	8.4%	9.3%	6.2%	8.6%	9.0%
<b>Utilities</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23</b>	<b>Q3/'23</b>	<b>Q4/'23</b>	<b>2023</b>	<b>Q1/'24</b>	<b>Q2/'24E</b>	<b>Q3/'24E</b>	<b>Q4/'24E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Net sales	14.6	3.5	3.4	3.0	3.8	13.7	3.2	3.2	3.1	4.0	13.5	15.5	18.0
<i>sales growth %</i>		-20.2%	-5.1%	-0.1%	4.3%	-6.2%	-7.5%	-7.0%	3.6%	5.2%	-1.4%	15.0%	16.0%
Adj. EBITDA	-0.5	-1.2	-1.4	-0.8	-0.5	-4.0	-0.5	-0.1	0.4	0.5	0.3	0.7	1.9
<i>Adj. EBITDA-%</i>	-3.2%	-34.8%	-41.2%	-27.4%	-14.0%	-29.0%	-14.5%	-3.0%	13.0%	12.6%	2.6%	4.3%	10.6%
EBIT	-2.6	-1.3	-1.5	-1.1	-4.9	-8.7	-0.7	-0.3	0.2	0.3	-0.5	-0.2	1.1
<i>EBIT-%</i>	-17.6%	-36.7%	-44.0%	-35.9%	-127.9%	-63.7%	-20.7%	-9.4%	6.5%	7.5%	-3.4%	-1.1%	5.9%
Adj. EBIT	-2.3	-1.5	-1.7	-1.1	-0.8	-5.0	-0.7	-0.3	0.2	0.3	-0.5	-0.2	1.1
<i>Adj. EBIT-%</i>	-15.8%	-42.4%	-49.1%	-36.2%	-20.6%	-36.7%	-20.7%	-9.4%	6.5%	7.5%	-3.4%	-1.1%	5.9%

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	16.9	14.3	12.2	14.3	57.7	13.6	13.4	12.6	14.8	54.4	58.0	62.6
EBITDA	1.3	7.7	0.5	-0.8	8.7	0.4	0.6	1.6	1.9	4.5	6.0	7.7
EBITDA margin (%)	7.6	54.0	4.5	-5.9	15.1	2.7	4.6	12.8	12.9	8.3	10.3	12.2
EBIT	-0.1	6.3	-0.7	-9.1	-3.5	-0.2	0.0	1.0	1.3	2.1	3.5	5.1
EBIT margin (%)	-0.5	44.4	-5.7	-63.7	-6.1	-1.8	0.0	7.9	8.8	3.8	6.0	8.1
Net financial items	0.4	-0.6	-0.5	-0.6	-1.2	-0.5	-0.6	-0.5	-0.5	-2.1	-2.0	-1.9
Pre-tax profit	0.4	5.8	-1.2	-9.7	-4.7	-0.7	-0.6	0.5	0.8	0.0	1.4	3.2
Tax	-0.1	-2.1	0.2	1.4	-0.7	0.0	0.0	-0.1	-0.2	-0.3	-0.7	-1.0
Tax rate (%)	42.0	36.4	15.4	14.5	-14.1	0.1	0.1	20.0	20.0	-4,305.1	20.0	20.0
Net profit	0.2	3.7	-1.0	-8.3	-5.4	-0.7	-0.6	0.4	0.6	-0.3	1.2	2.5
EPS	0.01	0.19	-0.05	-0.43	-0.28	-0.04	-0.03	0.02	0.03	-0.01	0.06	0.13
EPS adjusted (diluted no. of shares)	-0.03	0.19	-0.05	-0.43	-0.33	-0.04	-0.03	0.02	0.03	-0.01	0.06	0.13
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.07
<b>SALES, EURm</b>												
Retail & Commerce	13.4	10.8	9.2	10.5	44.0	10.4	10.2	9.5	10.8	40.9	42.5	44.6
Utilities	3.5	3.4	3.0	3.8	13.7	3.2	3.2	3.1	4.0	13.5	15.5	18.0
Total	16.9	14.3	12.2	14.3	57.7	13.6	13.4	12.6	14.8	54.4	58.0	62.6
<b>SALES GROWTH, Y/Y %</b>												
Retail & Commerce	-9.8	-24.3	-18.8	-21.1	-18.3	-22.8	-5.8	3.0	3.2	-7.0	4.0	5.0
Utilities	-20.2	-5.1	-0.1	4.3	-6.2	-7.5	-7.0	3.6	5.2	-1.4	15.0	16.0
Total	-12.2	-20.4	-14.9	-15.6	-15.7	-19.7	-6.1	3.1	3.8	-5.7	6.7	7.9
<b>EBIT, EURm</b>												
Retail & Commerce	1.2	7.9	0.4	-4.2	5.2	0.4	0.3	0.8	1.0	2.5	3.7	4.0
Utilities	-1.3	-1.5	-1.1	-4.9	-8.7	-0.7	-0.3	0.2	0.3	-0.5	-0.2	1.1
Total	-0.1	6.3	-0.7	-9.1	-3.5	-0.2	0.0	1.0	1.3	2.1	3.5	5.1
<b>EBIT margin, %</b>												
Retail & Commerce	8.8	72.5	4.1	-40.4	11.8	4.0	2.9	8.4	9.3	6.2	8.6	9.0
Utilities	-36.7	-44.0	-35.9	-127.9	-63.7	-20.7	-9.4	6.5	7.5	-3.4	-1.1	5.9
Total	-0.5	44.4	-5.7	-63.7	-6.1	-1.8	0.0	7.9	8.8	3.8	6.0	8.1

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	58.3	60.5	69.1	68.4	57.7	54.4	58.0	62.6
<i>Sales growth (%)</i>	2.5	3.7	14.2	-0.9	-15.7	-5.7	6.7	7.9
EBITDA	9.7	10.4	12.3	5.5	8.7	4.5	6.0	7.7
<i>EBITDA margin (%)</i>	16.7	17.2	17.8	8.1	15.1	8.3	10.3	12.2
Depreciation	-4.0	-5.0	-5.1	-10.0	-12.2	-2.4	-2.5	-2.6
EBITA	5.7	5.4	7.2	-4.4	-3.5	2.1	3.5	5.1
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	5.7	5.4	7.2	-4.4	-3.5	2.1	3.5	5.1
<i>EBIT margin (%)</i>	9.8	8.9	10.4	-6.5	-6.1	3.8	6.0	8.1
Reported EBIT	5.7	5.4	7.2	-4.4	-3.5	2.1	3.5	5.1
<i>EBIT margin (reported) (%)</i>	9.8	8.8	10.4	-6.5	-6.1	3.8	6.0	8.1
Net financials	-2.0	-2.6	-1.9	-2.2	-1.2	-2.1	-2.0	-1.9
Pre-tax profit	3.7	2.7	5.3	-6.6	-4.7	0.0	1.4	3.2
Taxes	-0.9	-0.8	-1.1	1.2	-0.7	-0.3	-0.7	-1.0
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	2.8	2.0	4.1	-5.4	-5.4	-0.3	1.2	2.5
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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	11	12	13	10	2	2	2	2
Goodwill	39	39	42	46	41	41	41	41
Right of use assets	7	7	5	3	2	2	2	2
Inventory	0	0	0	0	0	0	0	0
Receivables	16	12	12	11	10	9	10	11
Liquid funds	4	5	4	2	2	3	3	3
Total assets	77	75	76	74	57	58	58	59
<b>Liabilities</b>								
Shareholder's equity	25	27	28	23	17	17	18	20
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	8	7	5	3	2	2	2	2
Deferred taxes	1	1	1	1	1	1	1	1
Interest bearing debt	28	24	24	30	24	26	24	22
Non-interest bearing current liabilities	17	16	18	17	13	12	13	14
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	77	75	76	74	57	58	58	59
<b>CASH FLOW, EURm</b>								
+ EBITDA	10	10	12	6	9	4	6	8
- Net financial items	-2	-3	-2	-2	-1	-1	0	0
- Taxes	-1	-1	-1	0	-1	0	-1	-1
- Increase in Net Working Capital	-1	0	1	1	-3	0	0	0
+/- Other	-2	-1	0	0	-9	0	0	0
= Cash flow from operations	4	6	10	4	-5	3	5	7
- Capex	-7	-5	-4	-4	-3	-2	-3	-3
- Acquisitions	0	0	-3	-5	0	0	0	0
+ Divestments	0	4	0	0	14	0	0	0
= Free cash flow	-3	6	4	-6	6	0	3	4
+/- New issues/buybacks	0	0	0	2	0	0	0	0
- Paid dividend	0	0	-3	-2	0	0	0	-1
+/- Other	2	-4	-2	4	-6	2	0	0
Change in cash	-2	1	-1	-2	0	1	3	3

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	54	91	24	15	15	15	15
Net debt (excl. convertibles)	26	26	31	25	-19	-22	-25
Enterprise value	81	117	55	39	-4	-7	-10
Sales	60	69	68	58	54	58	63
EBITDA	10	12	6	9	4	6	8
EBIT	5	7	-4	-4	2	3	5
Pre-tax	3	5	-7	-5	0	1	3
Earnings	2	4	-5	-5	0	1	3
Equity book value (excl. minorities)	27	28	23	17	17	18	20
<b>Valuation multiples</b>							
EV/sales	1.3	1.7	0.8	0.7	0.7	0.7	0.6
EV/EBITDA	7.8	9.5	10.0	4.5	8.8	6.4	4.8
EV/EBITA	15.1	16.3	-12.5	-11.1	19.3	11.1	7.2
EV/EBIT	15.1	16.3	-12.5	-11.1	19.3	11.1	7.2
EV/OCF	12.8	11.7	14.2	-7.4	19.9	10.0	6.8
EV/FCFF	9.1	21.2	-19.1	5.0	12.3	7.6	5.7
P/FCFE	9.8	25.6	-4.3	2.5	-46.7	12.3	5.8
P/E	27.3	21.9	-4.4	-2.3	-56.4	12.9	5.9
P/B	2.0	3.2	1.1	0.9	0.9	0.8	0.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.8	6.4	4.7
Target EV/EBIT	0.0	0.0	0.0	0.0	19.2	11.0	7.1
Target EV/FCF	0.0	0.0	0.0	0.0	-123	31.6	14.0
Target P/B	0.0	0.0	0.0	0.0	0.9	0.8	0.7
Target P/E	0.0	0.0	0.0	0.0	-55.0	12.6	5.7
<b>Per share measures</b>							
Number of shares	19,307	19,397	19,397	19,397	19,397	19,397	19,397
Number of shares (diluted)	19,307	19,397	19,397	19,397	19,397	19,397	19,397
EPS	0.10	0.21	-0.28	-0.28	-0.01	0.06	0.13
Operating cash flow per share	0.33	0.51	0.20	-0.27	0.10	0.20	0.28
Free cash flow per share	0.29	0.18	-0.29	0.31	-0.02	0.06	0.13
Book value per share	1.37	1.44	1.16	0.89	0.87	0.93	1.03
Dividend per share	0.15	0.10	0.00	0.00	0.00	0.03	0.07
Dividend payout ratio, %	146.3	46.8	0.0	0.0	0.0	50.0	50.0
Dividend yield, %	5.4	2.1	0.0	0.0	0.0	3.9	8.5
FCF yield, %	10.2	3.9	-23.5	40.8	-2.1	8.1	17.4
<b>Efficiency measures</b>							
ROE	7.8	15.2	-21.5	-27.1	-1.5	6.6	13.3
ROCE	9.1	12.4	-7.8	-7.1	4.6	7.8	11.5
<b>Financial ratios</b>							
Inventories as % of sales	0.1	0.3	0.2	0.1	0.1	0.1	0.1
Receivables as % of sales	19.1	17.0	16.2	16.9	16.9	16.9	16.9
Non-interest bearing liabilities as % of sales	26.8	25.5	25.6	22.4	22.4	22.4	22.4
NWC/sales, %	-7.5	-8.2	-9.2	-5.4	-5.4	-5.4	-5.4
Operative CAPEX/sales, %	8.0	5.2	6.4	4.9	4.3	4.6	4.5
CAPEX/sales (incl. acquisitions), %	8.0	1.0	-1.1	4.9	4.3	4.6	4.5
FCFF/EBITDA	0.9	0.4	-0.5	0.9	10.3	0.8	0.8
Net debt/EBITDA, book-weighted	2.6	2.1	5.7	2.8	-4.3	-3.7	-3.2
Debt/equity, market-weighted	0.4	0.3	1.3	1.7	0.0	0.0	0.0
Equity ratio, book-weighted	35.5	36.9	30.3	30.1	29.3	31.4	34.1
Gearing, %	99.9	92.6	139.4	142.3	146.4	130.4	107.6

**COMPANY DESCRIPTION:** Solteq is a Nordic software and IT-services provider specializing in digital business solutions. Solteq's strength has been in commerce related solutions with a focus on selected sectors, namely the retail and wholesale, industry, energy, and services sectors. Recent product development investments have focused on product development in the company's Utilities business and autonomous service robotics.

**INVESTMENT CASE:** Solteq's investment case revolves around the success of executing its strategy of shifting from its IT-services oriented past towards becoming a software house. Implied margin upside potential is considerable, with segment targets putting margins clearly in the double digits. Growth will increasingly need to be sought from abroad, as domestic growth potential is somewhat restricted within core competencies.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Profiz Business Solution Oyj	2,195,569	1.686	11.3%
Elo Mutual Pension Insurance Company	2,000,000	1.536	10.3%
Ilmarinen Mutual Pensions Insurance Company	1,651,293	1.268	8.5%
Varma Mutual Pension Insurance Company	1,545,597	1.187	8.0%
Aktia Capital Mutual Fund	770,000	0.591	4.0%
Aalto Seppo Tapio	625,000	0.480	3.2%
Saadetdin Ali	602,216	0.463	3.1%
Säästöpankki Small Cap Mutual Fund	500,000	0.384	2.6%
Incedo Oy	313,178	0.241	1.6%
Mandatum Life Insurance Company Ltd	283,439	0.218	1.5%
Ten largest	10,486,292	8.053	54%
Residual	8,910,209	6.843	46%
Total	19,396,501	14.897	100%

#### EARNINGS CALENDAR

August 22, 2024

Q2 report

October 24, 2024

Q3 report

#### OTHER EVENTS

#### COMPANY MISCELLANEOUS

CEO: Aarne Aktan

Karhumäentie 3, FI-01350

CFO:

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

<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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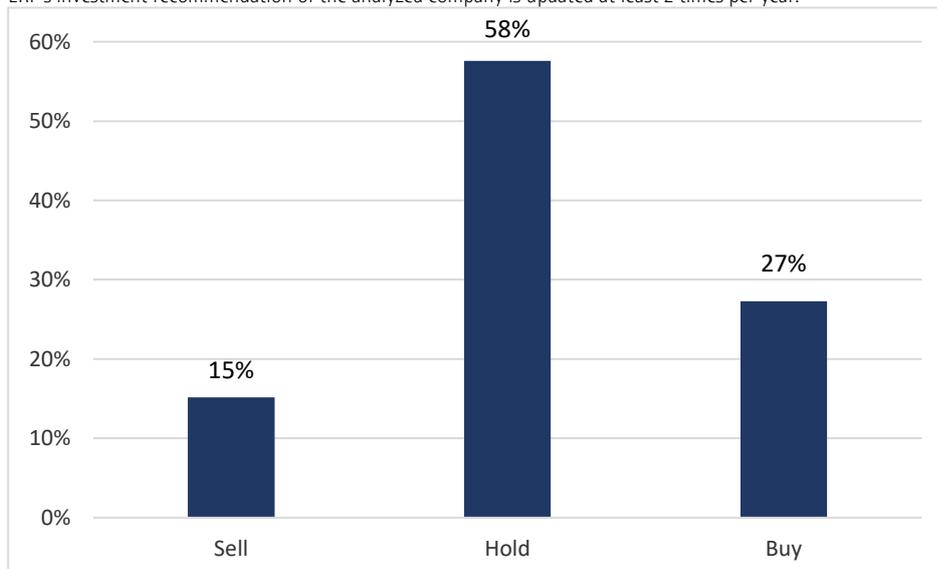
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Investment recommendations are defined as follows:

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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