

Fortum

Company report

07/25/2022 07:30



Juha Kinnunen
+358 40 778 1368
juha.kinnunen@inderes.fi

This report is a summary translation of the report "Seppo Rädyn sanat kaikuvat Fortumin käytävillä" published on 7/25/2022 at 7:32 am

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Germany causes problems for Fortum

We lower our target price for Fortum to EUR 13.0 (previously EUR 18.0) but reiterate our highly cautious Accumulate recommendation after Uniper's stabilization package was announced. Germany's stabilization package prevents Uniper from going bankrupt, but apparently only enables Uniper's price increases from October 1. Before that, Uniper will generate huge losses if Gazprom's gas streams remain shut and gas prices extremely high. Fortum's valuation is already reasonable also without Uniper if the financing provided to the company is secure. However, we still urge investors to be extremely cautious in the uncertain situation, the outcome of which is still very difficult to assess.

Germany's stabilization package saves Uniper from bankruptcy

On Friday, Fortum and Uniper [announced](#) a stabilization package granted by Germany to Uniper consisting of three main components. 1) The German State will take a 30% equity stake in Uniper by subscribing approximately 157 million new shares at nominal value of EUR 1.70 per share. With a capitalization of EUR 267 million, Fortum's holding will drop from about 80% to 56%. 2) The German government has committed to make available further capital of up to EUR 7.7 billion against issuance of mandatory convertible instruments. The purpose of the financing is to cover losses arising from Uniper's gas supply business as Gazprom's supply volumes decline considerably. 3) The German state-owned KfW bank will provide Uniper with an additional EUR 7 billion in liquidity support to strengthen the company's financial position. If Uniper's losses exceed EUR 7 billion, the German State is prepared to provide additional support to the company. Our interpretation is that Germany will not allow Uniper to go bankrupt, but the complex stabilization package does not offer other positives.

A delayed price increase mechanism can destroy Uniper's value

The key support measure needed by Uniper is the ability to pass on rapidly increased gas procurement costs to its customers in a situation where Gazprom does not honor its supply contract to Uniper. Eventually, the German government will introduce a mechanism enabling Uniper to pass on 90% of the higher gas procurement costs to its customers. However, the mechanism will not be introduced until October 1, unless a separate decision is taken by the German government prior to this. According to Uniper, its losses will be around EUR 6.2 billion between June 14 and September 30, so Uniper's value can virtually be destroyed before the cost transfer under energy legislation is activated. The loss is determined by 1) gas supplies from Gazprom during the period and 2) gas prices in replacement purchases, so the range is huge. Positive for Fortum is that the company does not have to inject new capital into Uniper and the EUR 8 billion financing package is still in existence. However, Fortum's EUR 4 billion loan has weaker terms than KfW's super senior debt, so the latter must be paid off first. Even 10% losses can accumulate a lot here, resulting in a significant decline in the relative position of Fortum's loan.

The value of the core business is sufficient to justify current share price but risks are still huge

In an uncertain crisis, we believe that Fortum's value can only rely on the value of the Nordic core business. In principle, we feel that this core that generates over EUR 1 billion in EBIT can justify the company's current EUR 10 billion market cap, but additional expenses may arise from Uniper, Russia and collateral requirements. Fortum's net financial liabilities at the end of Q1'22 were only EUR 2.2 billion, but with the Uniper crisis, the situation has changed significantly and Fortum's cash flow has probably been weak in Q2. The balance sheet can hardly take further hits, which means risks are extreme and we urge investors to be extremely cautious.

Recommendation

Accumulate
(previous Accumulate)

EUR 13.00
(previous EUR 18.00)

Share price:
EUR 11.36



Key figures

	2021	2022e	2023e	2024e
Revenue	112400	140684	127905	115440
growth-%	129%	25%	-9%	-10%
EBIT adj.	2536	-6137	1362	1702
EBIT-% adj.	2.3 %	-4.4 %	1.1 %	1.5 %
Net Income	739	-5060	974	1086
EPS (adj.)	2.00	-4.15	1.10	1.22

P/E (adj.)	13.5	neg.	10.4	9.3
P/B	2.0	1.7	1.4	1.3
Dividend yield-%	4.2 %	0.0 %	3.5 %	4.4 %
EV/EBIT (adj.)	12.9	neg.	15.7	11.0
EV/EBITDA	47.2	neg.	7.9	6.1
EV/S	0.3	0.2	0.2	0.2

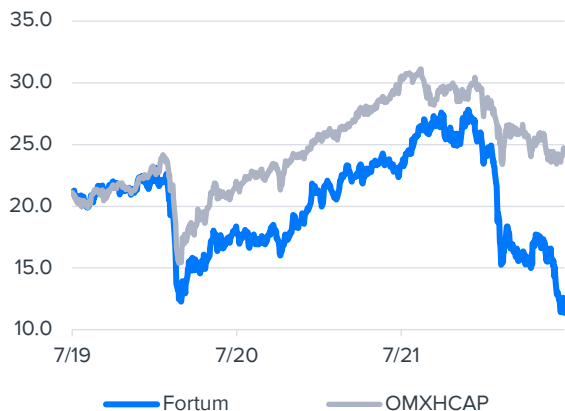
Source: Inderes

Guidance

(Unchanged)

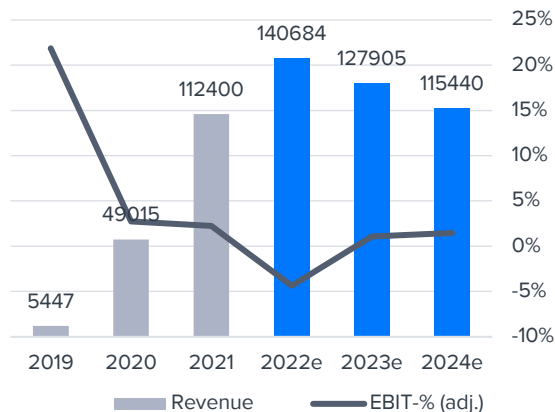
The Generation segment's Nordic generation hedges: approximately 80% at EUR 35 per MWh for the remainder of 2022, and approximately 55% at EUR 33 per MWh for 2023.

Share price



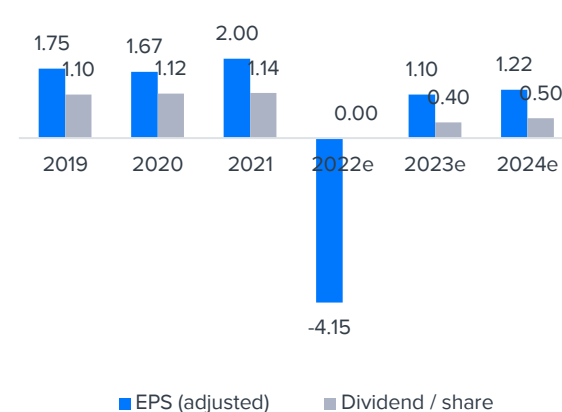
Source: Millstream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Uniper overcoming the energy crisis is key
- Removal of Russia risks as part of the exit from the country
- Improving the investment profile
- Improving operational efficiency
- Successful investments and divestments in accordance with the strategy
- Sustainable increase in the price of electricity, e.g., through higher prices of emission allowances
- New potential from a possible rise in the hydrogen economy



Risk factors

- Huge losses generated for Uniper from the end of Russian gas flows
- Risks related to the financing provided to Uniper
- Russian war in Ukraine and related cycle of sanctions, possible new write-downs
- A drop in electricity prices would ultimately be reflected in the result, despite hedging
- Unfavorable regulatory developments in the Nordic countries, Europe or Russia
- Uncertainty related to coal power brought on by Uniper

Valuation	2022e	2023e	2024e
Share price	11.4	11.4	11.4
Number of shares, millions	888.3	888.3	888.3
Market cap	10087	10087	10087
EV	23841	21333	18633
P/E (adj.)	neg.	10.4	9.3
P/E	neg.	10.4	9.3
P/FCF	neg.	3.9	3.1
P/B	1.7	1.4	1.3
P/S	0.1	0.1	0.1
EV/Sales	0.2	0.2	0.2
EV/EBITDA	neg.	7.9	6.1
EV/EBIT (adj.)	neg.	15.7	11.0
Payout ratio (%)	0.0 %	36.5 %	40.9 %
Dividend yield-%	0.0 %	3.5 %	4.4 %

Source: Inderes

German government's stabilization package

Fortum's subsidiary Uniper is one of the largest natural gas importers in Europe and plays a key role in providing security of energy supply, particularly in Germany. In 2021, nearly 90 billion cubic meters of natural gas was imported to Germany, 55% of which came from Russia. The portfolio of Uniper's gas midstream business includes some 370 TWh of long-term gas supply contracts, of which around 200 TWh originate from Russia. Uniper was hit by a serious crisis when its important gas supplier, Russian Gazprom, stopped delivering agreed gas volumes to Uniper on June 16 and Uniper was forced to buy gas at a significantly higher price on the spot market to meet its customer commitments.

On Friday, Fortum reached an agreement with Uniper and the German government on a stabilization package for Uniper, consisting of three main components. We believe that for Fortum the stabilization package will prevent a perfect nightmare, but it is a great disappointment considering the premise, Germany's possible

alternatives, and the background to the crisis.

1) Germany gets at least a 30% holding in Uniper

The German State will acquire a 30% stake of Uniper's shares by subscribing approximately 157 million new shares at nominal value of EUR 1.70 per share. As a result of the EUR 267 million capitalization, Fortum's holding will drop from about 80% to 56%. However, Fortum remains a main owner in Uniper and it will be presented in the company's financial reporting as a subsidiary. In the current situation, this is certainly not a strength, but gives options for the future.

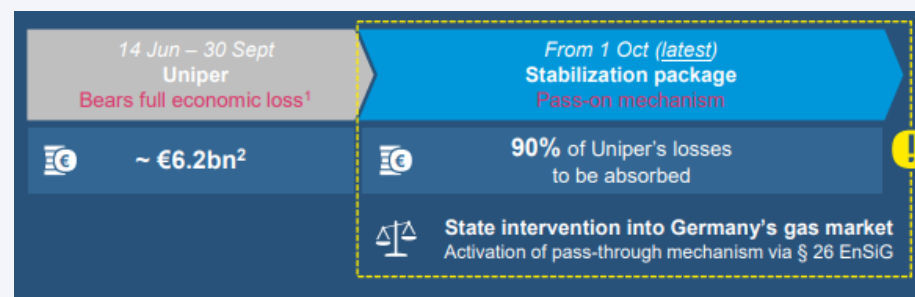
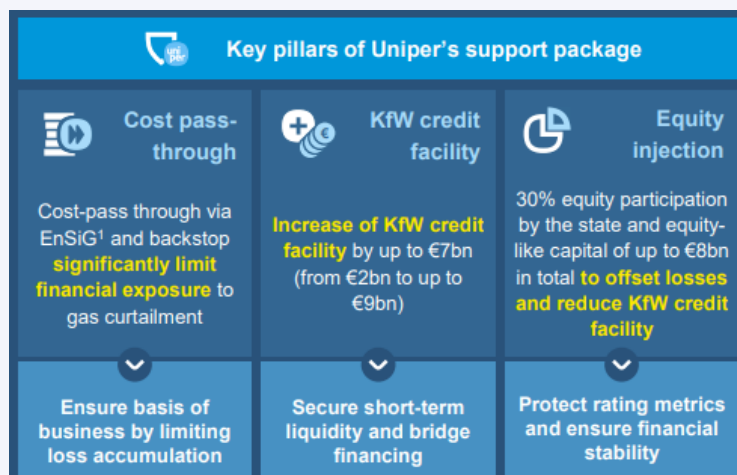
2) Equity repair kit

The German government has committed to make available further capital of up to EUR 7.7 billion against issuance of mandatory convertible instruments. The purpose of the financing is to cover losses arising from Uniper's gas supply business as Gazprom's supply volumes decline considerably. According to Uniper, its losses will be around EUR

6.2 billion between June 14 and September 30 (before the transfer of costs to customers under the new energy legislation is possible). If Uniper's losses in the current year exceed EUR 7 billion, the German government is also prepared to provide further support to Uniper so that it does not dilute the ownership of shareholders. What kind of support this means is still unclear, but it is likely to be debt financing at 'market price'. Hybrid financing and equity financing are dependent on approval from Uniper's General Meeting. Prior to this, the EU Commission will also have to adopt the stabilization package, which causes a delay in the timing of the package.

3) Liquidity injection

To ensure short-term liquidity, the German state-owned KfW bank will provide Uniper with additional EUR 7 billion support to strengthen the company's financial position. This means increasing the amount of the previously granted EUR 2 billion revolving credit facility to EUR 9 billion.



Source: Uniper's presentation on the stabilization package 7/22/2022 ([link](#))

Huge losses ahead before the price increase mechanism

Earlier last week, Uniper announced that it had already utilized the EUR 2 billion revolving credit facility in full, and the liquidity situation was fraught. This provides liquidity for Uniper both for cash flow losses and possible increasing collateral requirements. The revolving credit granted by KfW is in the 'super senior class', i.e., a priority compared to Fortum's loan in repayment order which is disappointing from Fortum's point of view.

Earlier this year, Fortum granted EUR 8 billion financial support to Uniper. The support consisted of a shareholder loan (4 EURbn) and a parent company guarantee (4 EURbn). Based on the support given by Fortum it also has the option to convert its EUR 4 billion loan to Uniper against a portion of maximum 70% of the mandatory convertible instruments subscribed by the German State. In doing so, Fortum would retain its position as the majority shareholder in Uniper even if Germany had to make up for significant losses in Uniper's balance sheet. This is an option for Fortum that gives the company a little leeway in the midst of uncertainty.

The conditions for implementing the package are no dividend payments by Uniper, representation of the German government on the Supervisory Board, restrictions on the remuneration of the Board of Management, and withdrawal of the lawsuit by Uniper against the Netherlands under the Energy Charter Treaty. The stabilization measures are also conditional on S&P's 'investment grade' credit rating for Uniper. According to Uniper, the holding of the German State is key in achieving this.

Most critical element takes effect with a delay

The entire German stabilization package was

necessary because Germany did not introduce a mechanism that enables price increases as Gazprom's supplies decreased and partly run out. In principle, immediate authorization to transfer heavily increased gas supply prices would have rendered other support measures unnecessary, as problems would have been limited to liquidity. We believe that this would have been fully justified already earlier when gas volumes fell sharply and gas reserves had to be unloaded during summer (when reserves are accumulated for winter). However, politically, the decision would have been very unpopular, required admitting that energy policy mistakes had been made and increased already significantly high inflation, so Germany opted for a complex workaround. We also believe that the mechanism is the key element of the stabilization package, because continued losses is not a sustainable solution, despite the main holding.

Now Germany intends to introduce a mechanism under Section 26 of the Energy Security Act (EnSiG), which will allow Uniper to pass on 90% of the higher gas procurement costs to its customers. This cuts Uniper's losses to a fraction but does not eliminate them. This still leaves Uniper in a kind of transitional stage. According to Uniper, the German government wanted to ensure Uniper's incentive to do everything to minimize its losses and it also did not want to put all costs on the German citizens. The bigger disappointment was that the mechanism is not planned to be introduced until October 1. The mechanism could be introduced earlier by a decision of the German government, but we now assume that this will happen on October 1.

Fortum bears a painful amount of responsibility

Overall, the German stabilization package will save Uniper from bankruptcy, which was expected, but in terms of the value of ownership we find it very weak. Uniper is likely to generate huge losses in Q2, which will destroy value and greatly increase the need for financing. Since the credit facility from the German KfW has higher seniority than Fortum's loan, the solution also weakens the debt position. Therefore, Fortum bears a significant responsibility compared to a situation where Germany had simply accepted the situation and allowed prices to be passed on to customers. Now this will happen anyway, but with a delay. Our own mistake in our previous view was that we assumed that Germany would accept the force majeure earlier and allow for an increase in prices in this situation. In this respect, the solution can be seen as Germany causing problems for Fortum.

At the same time, we must remember that the real source of the problem is Gazprom and that Russia has started using energy as a weapon at the latest when Europe subjected the country to considerable sanctions. Everything is based on Russia's massive military action in Ukraine. We think it is clear that no compensation can be expected from Russia for Gazprom's breach of contract. Fortum, and especially Uniper, have made huge miscalculations, the biggest being relying on Gazprom and its gas supplies. In retrospect this naturally seems naïve, but on the other hand, the company had 50 years of cooperation during which the supply worked as agreed. Germany's energy policy has been based on Russian gas and supplied by Uniper. Now, in a tight spot, the company has to pay a heavy price for its strategy, the future of which is highly questionable.

Uniper's potentially huge losses changed the estimate landscape

Estimate changes 2022e-2024e

- We have now in our estimates considered the losses estimated by Uniper of some EUR 6.2 billion before the price mechanism is introduced on October 1.
- Uniper's loss is determined by 1) gas supplies from Gazprom during the period and 2) gas prices in replacement purchases, so the range is huge and our estimates involve a lot of uncertainty. Possible earlier adoption of the price mechanism may lower the loss.
- In addition, the remaining 10% loss share of Uniper means that losses from Uniper's Global Commodities business may continue for a further 12-24 months if the gas supply received by the company do not recover to agreed levels. We have taken this into account in our estimates by cutting Uniper's estimates drastically and we expect the Group to generate a loss until 2024.
- Fortum's holding in Uniper will change, which creates a significant variable for the estimates. Thus far we have assumed that Fortum's holding will remain at around 56%, but changes will be confirmed as Uniper's losses accumulate.
- We have raised Generation segment's estimates due to the continued upward trend in electricity prices. Under normal circumstances the changes would be significant but are now crushed by Uniper.
- We have not made substantial changes to the estimates of other segments. The Russia segment is still included in estimates as the business continues. Fortum and Uniper are still looking for buyers for the Russian businesses.
- Fortum may have to make significant write-downs in the balance sheet due to Uniper's difficulties and new Russia write-downs are still possible. We have not included these in our estimates for the time being.
- We have cut Fortum's dividend estimate for 2022 to zero, because the company's balance sheet deteriorates very strongly in the scenario. After that, we expect the dividend to develop with the result, but the uncertainty surrounding performance is very high.
- Estimate development depends on a number of external factors, and our current estimates only describe one possible scenario.

Estimate revisions	2022e		Change	2023e		Change	2024e		Change
	Old	New		Old	New		Old	New	
MEUR / EUR			%			%			%
Revenue	140378	140684	0%	134138	127905	-5%	127520	115440	-9%
EBITDA	2073	-6206	-399%	3369	2712	-20%	3294	3059	-7%
EBIT (exc. NRIs)	2142	-6137	-387%	2019	1362	-33%	1937	1702	-12%
EBIT	764	-7515	-1084%	2019	1362	-33%	1937	1702	-12%
PTP	-431	-8760	1932%	1919	1192	-38%	1837	1532	-17%
EPS (excl. NRIs)	1.39	-4.15	-398%	1.53	1.10	-28%	1.46	1.22	-16%
DPS	1.14	0.00	-100%	1.14	0.40	-65%	1.14	0.50	-56%

Source: Inderes

The core undoubtedly has value

The core of Fortum is undoubtedly valuable

In an uncertain crisis, we believe that Fortum's value can only rely on the value of the Nordic core business. The Generation segment is very valuable, especially in the current market situation, where electricity prices are very high. According to our estimates, the Generation, City Solutions and Consumer Solutions segments will generate a total EBIT of about EUR 1.4 billion this year. Part of this would in any case flow to group expenses (about 120 MEUR), but it can be said with relative confidence that the core business will be able to generate over EUR 1 billion in EBIT. However, financial expenses are, of course, on the rise in the current situation, if Fortum has to bear significantly more debt.

In any event, we believe that the core businesses alone justify the company's current market cap of good EUR 10 billion. At the end of Q1'22, Fortum's financial liability was only EUR 2.2 billion, which would in principle make the core business' EV/EBIT attractive at about 10x. Here, the value of both Uniper and Russia's business is zero. However, it is difficult to assess the situation because additional expenses may arise from Uniper, Russia and normal collateral requirements. Although the EUR 8 billion financing granted to Uniper remains unchanged, confidence in its rapid recovery has clearly diminished.

Since Uniper's crisis, Fortum's balance sheet position has changed significantly and Fortum's cash flow was probably subdued in Q2. Additional valuation challenges arise from the fact that Fortum's total interest-bearing liabilities are EUR 14.9 billion. A major variable is a guarantee receivable of EUR 7.4 billion at the end of Q1'22 and Fortum's liquid assets (Q1'22: EUR 6.4 billion). As the electricity market continues to

fluctuate strongly, collateral requirements have, in principle, increased for both Uniper and Fortum, so collateral is still not being released, but accumulated.

Extremely high risks

The fate of Fortum still relies on external factors, so the risks are extreme and we continue to urge investors to exercise extreme caution. Although we give no value to the Uniper holding in our valuation, Fortum may continue to suffer from write-downs and lose some of the funding it has granted as negative development continues. In this case, the company may face a larger balance sheet problem, and new dynamic effects may arise.

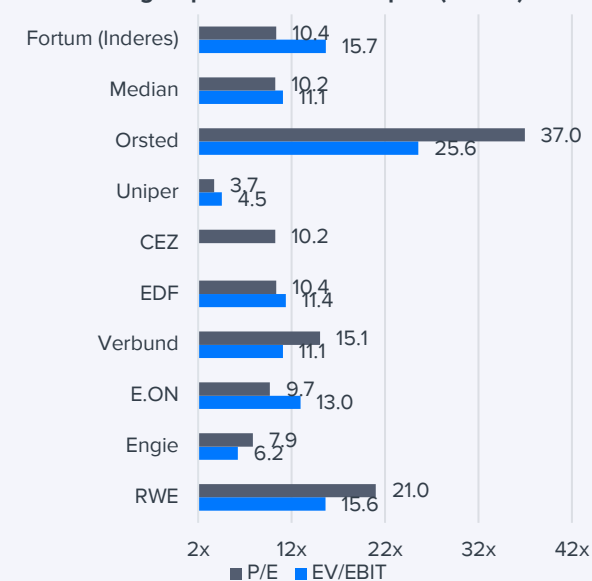
However we believe that at the current share price level the pricing includes a very bleak scenario which is why we give the share a highly cautious Accumulate recommendation. If things began to move in a positive direction for a change and Fortum could, e.g., exit Russia with a reasonable valuation, the company's profile would improve and the balance sheet would strengthen. If Uniper or Russia would result in significant additional hits on Fortum's balance sheet, we feel the company's credit rating would be at least questionable and, in principle, the company could have to seek new equity capital, which stood at EUR 8.8 billion at the end of Q2'22.

It is important to note that situations change very quickly with the news flow. Uniper publishes its H1'22 result on August 2, 2022, and Fortum's corresponding half-year report is published on August 12, 2022. After these, we are again a little wiser.

Valuation	2022e	2023e	2024e
Share price	11.4	11.4	11.4
Number of shares, millions	888.3	888.3	888.3
Market cap	10087	10087	10087
EV	23841	21333	18633
P/E (adj.)	neg.	10.4	9.3
P/E	neg.	10.4	9.3
P/FCF	neg.	3.9	3.1
P/B	1.7	1.4	1.3
P/S	0.1	0.1	0.1
EV/Sales	0.2	0.2	0.2
EV/EBITDA	neg.	7.9	6.1
EV/EBIT (adj.)	neg.	15.7	11.0
Payout ratio (%)	0.0 %	36.5 %	40.9 %
Dividend yield-%	0.0 %	3.5 %	4.4 %

Source: Inderes

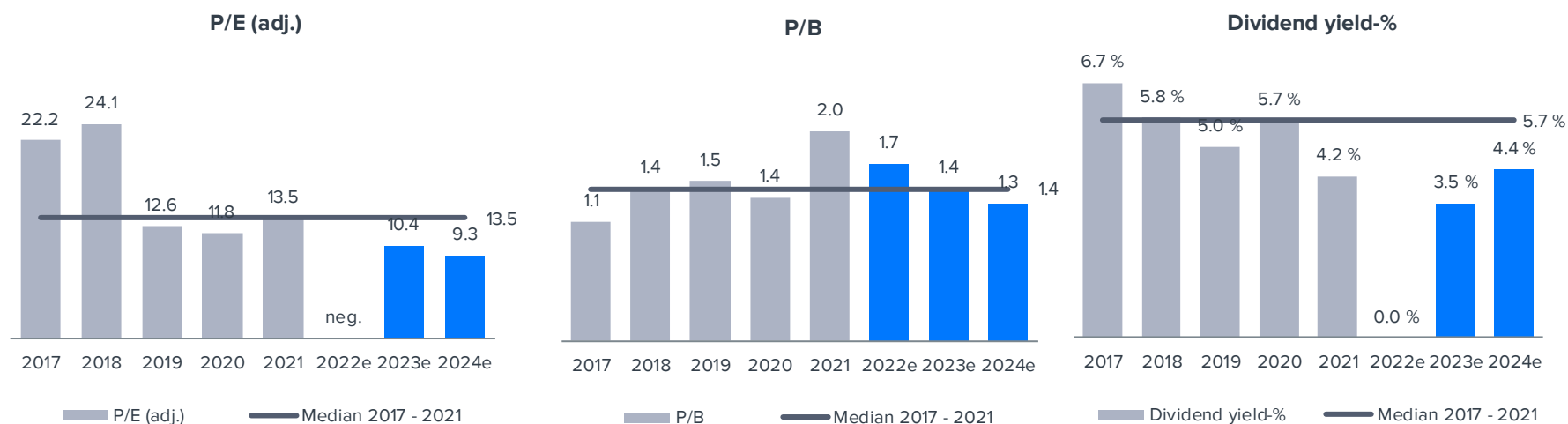
Peer group's valuation multiples (2023e)



Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	16.5	19.1	22.0	19.7	27.0	11.4	11.4	11.4	11.4
Number of shares, millions	888.4	888.4	888.3	888.4	888.3	888.3	888.3	888.3	888.3
Market cap	14658	16968	19542	17501	23975	10087	10087	10087	10087
EV	13955	16805	18665	25567	32676	23841	21333	18633	17324
P/E (adj.)	22.2	24.1	12.6	11.8	13.5	neg.	10.4	9.3	8.6
P/E	16.9	20.1	13.2	9.6	32.5	neg.	10.4	9.3	8.6
P/FCF	neg.	10.0	46.5	neg.	neg.	neg.	3.9	3.1	5.2
P/B	1.1	1.4	1.5	1.4	2.0	1.7	1.4	1.3	1.2
P/S	3.2	3.2	3.6	0.4	0.2	0.1	0.1	0.1	0.1
EV/Sales	3.1	3.2	3.4	0.5	0.3	0.2	0.2	0.2	0.2
EV/EBITDA	8.6	10.0	11.0	9.5	47.2	neg.	7.9	6.1	5.5
EV/EBIT (adj.)	16.9	17.0	15.7	19.0	12.9	neg.	15.7	11.0	9.8
Payout ratio (%)	112.8 %	115.9 %	66.0 %	54.6 %	137.1%	0.0 %	36.5 %	40.9 %	75.9 %
Dividend yield-%	6.7 %	5.8 %	5.0 %	5.7 %	4.2 %	0.0 %	3.5 %	4.4 %	8.8 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
RWE	25250	30831	12.5	15.6	7.6	8.8	15.3	21.0	2.4	2.4	1.4
Engie	27801	41844	6.0	6.2	3.6	3.6	7.2	7.9	8.7	8.7	0.8
E.ON	22282	58188	12.7	13.0	7.7	7.8	9.6	9.7	6.0	6.2	1.8
Verbund	36965	41095	15.0	11.1	12.9	9.8	19.6	15.1	2.6	3.2	5.1
EDF	45532	78803	15.6	11.4	5.3	4.2	9.2	10.4	5.2	4.0	1.0
CEZ	23913	632	0.3	0.2	0.2	0.1	13.0	10.2	5.0	6.2	3.0
Enel	48027	88295	7.3	6.9	4.6	4.3	8.5	7.8	8.5	9.1	1.5
Uniper	2734	3024	3.7	4.5	1.7	1.9	3.2	3.7	6.4	11.6	0.4
Orsted	46417	50116	17.7	25.6	12.9	15.0	25.1	37.0	1.6	1.8	4.2
Fortum (Inderes)	10087	23841	neg.	15.7	neg.	7.9	neg.	10.4	0.0	3.5	1.7
Average			10.1	10.5	6.3	6.2	12.3	13.6	5.2	5.9	2.1
Median			12.5	11.1	5.3	4.3	9.6	10.2	5.2	6.2	1.5
Diff-% to median				42%		81%		1%	-100%	-43%	10%

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Income statement

Income statement	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue	49015	21493	17128	23701	50078	112400	43623	18532	17704	60826	140684	127905	115440	104712
<i>Generation</i>	2006	675	576	684	964	2899	710	705	649	1055	3118	3501	2954	2930
<i>City Solutions</i>	1075	418	256	202	426	1302	390	258	210	414	1272	1326	1353	1381
<i>Consumer Solutions</i>	1267	661	424	485	1052	2622	1168	562	642	1210	3582	3719	3800	3882
<i>Russia</i>	929	264	182	193	267	906	223	174	184	254	835	827	827	827
<i>Uniper</i>	44514	19770	15893	22411	47918	105992	41484	17042	16302	58354	133182	119864	107877	97089
<i>Other</i>	140	34	36	33	35	138	35	37	34	36	141	144	148	151
<i>Eliminations</i>	-916	-329	-239	-307	-584	-1459	-387	-246	-316	-496	-1446	-1475	-1519	-1549
EBITDA	2689	1653	-527	-2791	2358	693	-2082.0	692	-5190.7	374	-6206.3	2712	3059	3129
Depreciation	-1090	-308	-313	-314	-346	-1281	-334	-320	-325	-330	-1309	-1350	-1357	-1367
EBIT (excl. NRI)	1344	1171	35	260	1070	2536	-438	-228	-5516	44	-6137	1362	1702	1762
EBIT	1599	1345	-840	-3105	2012	-588	-2416	372	-5516	44	-7515	1362	1702	1762
<i>Generation</i>	722	269	195	245	401	1110	282	259	176	453	1171	1284	1039	1016
<i>City Solutions</i>	47	86	-4	-20	73	135	48	-7	-25	69	85	77	71	65
<i>Consumer Solutions</i>	90	36	19	13	-16	52	35	21	27	55	138	148	151	154
<i>Russia</i>	251	100	37	45	79	261	61	29	36	67	193	173	161	148
<i>Uniper</i>	363	711	-177	9	577	1120	-833	-500	-5700	-570	-7603	-200	400	500
<i>Other</i>	-129	-31	-35	-32	-44	-142	-31	-30	-30	-30	-121	-120	-120	-120
<i>Items affecting comparability</i>	255	174	-875	-3365	942	-3124	-1978	600	0	0	-1378	0	0	0
Share of associates' profit or loss	656	79	62	11	40	192	-190	15	0	25	-150	30	30	30
Net financial items	-56	36	35	-40	76	107	-955	-40	-50	-50	-1095	-200	-200	-150
PTP	2199	1460	-743	-3134	2128	-289	-3561	347	-5566	19	-8760	1192	1532	1642
Taxes	-344	-150	84	1366	-1125	176	729	-78	1308	1	1960	-267	-345	-371
Minority interest	-32	-218	185	1047	-162	852	610	73	878	179	1740	50	-100	-101
Net earnings	1823	1092	-474	-721	842	739	-2222	342	-3380	200	-5060	974	1086	1171
EPS (adj.)	1.67	0.94	0.09	0.19	0.78	2.00	-0.27	-0.29	-3.80	0.22	-4.15	1.10	1.22	1.32
EPS (rep.)	2.05	1.23	-0.53	-0.81	0.95	0.83	-2.50	0.38	-3.80	0.22	-5.70	1.10	1.22	1.32

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	35604	49399	64390	44540	39683
Goodwill	1069	1021	1021	1021	1021
Intangible assets	1739	1146	1146	1146	1146
Tangible assets	19367	19049	19240	19390	19533
Associated companies	2912	2461	2261	2261	2261
Other investments	7959	6477	6477	6477	6477
Other non-current assets	2402	17096	32096	12096	7096
Deferred tax assets	156	2149	2149	2149	2149
Current assets	22206	100262	103728	71534	51868
Inventories	1396	2275	2847	2589	2337
Other current assets	8998	65500	65500	35500	20500
Receivables	9504	24895	31160	28329	24414
Cash and equivalents	2308	7592	4221	5116	4618
Balance sheet total	57810	149661	168118	116074	91551

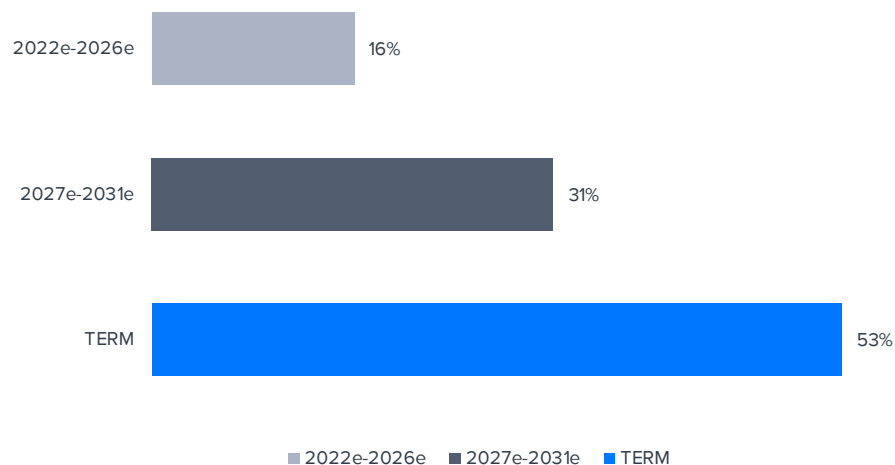
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	15577	13665	7558	8533	9264
Share capital	3046	3046	3046	3046	3046
Retained earnings	10149	10062	3989	4964	5695
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	-242.0	-977.0	-977.0	-977.0	-977.0
Minorities	2624	1534	1500	1500	1500
Non-current liabilities	22356	38070	60011	40050	33469
Deferred tax liabilities	952	827	827	827	827
Provisions	8098	10298	10298	10298	10298
Long term debt	8785	8701	12642	12681	11100
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	4521	18244	36244	16244	11244
Current liabilities	19877	97926	100549	67491	48818
Short term debt	1877	8519	6094	4442	2825
Payables	9525	17462	22510	21104	19048
Other current liabilities	8475	71945	71945	41945	26945
Balance sheet total	57810	149661	168118	116074	91551

DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
EBIT (operating profit)	-588	-7515	1362	1702	1762	1791	1826	1863	1900	1938	1958	
+ Depreciation	1281	1309	1350	1357	1367	1475	1471	1470	1471	1474	1474	
- Paid taxes	-1943	1960	-267	-345	-371	-358	-384	-400	-411	-421	-433	
- Tax, financial expenses	30	-249	-46	-46	-35	-54	-46	-38	-36	-34	-35	
+ Tax, financial income	9	0	0	0	0	0	0	0	0	0	7	
- Change in working capital	-1365	-1790	1684	2111	716	349	3013	-72	426	-75	-39	
Operating cash flow	-2575	-6285	4082	4778	3440	3203	5881	2822	3350	2881	2932	
+ Change in other long-term liabilities	15923	18000	-20000	-5000	0	0	0	0	0	0	0	
- Gross CAPEX	-13534	-16500	18500	3500	-1500	-1425	-1454	-1483	-1316	-1489	-1684	
Free operating cash flow	-186	-4785	2582	3278	1940	1778	4428	1340	2034	1392	1248	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-186	-4785	2582	3278	1940	1778	4428	1340	2034	1392	1248	21460
Discounted FCFF		-4648	2347	2787	1543	1323	3081	872	1239	793	665	11438
Sum of FCFF present value		21441	26089	23742	20955	19413	18090	15008	14136	12897	12104	11438
Enterprise value DCF		21441										
- Interesting bearing debt		-17220										
+ Cash and cash equivalents		7592										
+ Associated companies		2261										
-Minorities		-1500										
-Dividend/capital return		-1013										
Equity value DCF		11561										
Equity value DCF per share		13.0										
Wacc												
Tax-% (WACC)		25.0 %										
Target debt ratio (D/(D+E))		35.0 %										
Cost of debt		2.5 %										
Equity Beta		1.60										
Market risk premium		4.75%										
Liquidity premium		0.00%										
Risk free interest rate		2.0 %										
Cost of equity		9.6 %										
Weighted average cost of capital (WACC)		6.9 %										

Cash flow distribution



Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	5447	49015	112400	140684	127905	EPS (reported)	1.67	2.05	0.83	-5.70	1.10
EBITDA	1693	2689	693	-6206	2712	EPS (adj.)	1.75	1.67	2.00	-4.15	1.10
EBIT	1118	1599	-588	-7515	1362	OCF / share	1.51	1.75	-2.90	-7.08	4.60
PTP	1728	2199	-289	-8760	1192	FCF / share	0.47	-8.69	-0.21	-5.39	2.91
Net Income	1482	1823	739	-5060	974	Book value / share	14.62	14.58	13.66	6.82	7.92
Extraordinary items	-72	255	-3124	-1378	0	Dividend / share	1.10	1.12	1.14	0.00	0.40
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	23364	57810	149661	168118	116074	Revenue growth-%	4%	800%	129%	25%	-9%
Equity capital	13235	15577	13665	7558	8533	EBITDA growth-%	1%	59%	-74%	-996%	-144%
Goodwill	612	1069	1021	1021	1021	EBIT (adj.) growth-%	21%	13%	89%	-342%	-122%
Net debt	5255	8354	9628	14515	12007	EPS (adj.) growth-%	120%	-4%	19%	-307%	-126%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	31.1 %	5.5 %	0.6 %	-4.4 %	2.1 %
EBITDA	1693	2689	693	-6206	2712	EBIT (adj.)-%	21.8 %	2.7 %	2.3 %	-4.4 %	1.1 %
Change in working capital	-240	-785	-1365	-1790	1684	EBIT-%	20.5 %	3.3 %	-0.5 %	-5.3 %	1.1 %
Operating cash flow	1340	1556	-2575	-6285	4082	ROE-%	11.9 %	14.1 %	5.9 %	-55.6 %	14.9 %
CAPEX	-617	-20567	-13534	-16500	18500	ROI-%	9.9 %	10.3 %	-1.3 %	-26.8 %	5.4 %
Free cash flow	420	-7721	-186	-4785	2582	Equity ratio	56.6 %	26.9 %	9.1%	4.5 %	7.4 %
						Gearing	39.7 %	53.6 %	70.5 %	192.0 %	140.7 %
Valuation multiples	2019	2020	2021	2022e	2023e						
EV/S	3.4	0.5	0.3	0.2	0.2						
EV/EBITDA (adj.)	11.0	9.5	47.2	neg.	7.9						
EV/EBIT (adj.)	15.7	19.0	12.9	neg.	15.7						
P/E (adj.)	12.6	11.8	13.5	neg.	10.4						
P/E	1.5	1.4	2.0	1.7	1.4						
Dividend-%	5.0 %	5.7 %	4.2 %	0.0 %	3.5 %						

Source: Inderes

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Date	Recommendation	Target price	Share price
04-02-19	Accumulate	21.00 €	19.95 €
29-04-19	Accumulate	20.00 €	18.67 €
22-07-19	Accumulate	21.00 €	20.86 €
18-09-19	Reduce	21.00 €	21.40 €
09-10-19	Reduce	21.00 €	21.00 €
25-10-19	Reduce	21.00 €	21.60 €
07-02-20	Accumulate	23.00 €	21.99 €
17-03-20	Buy	15.00 €	13.31 €
27-04-20	Buy	17.00 €	14.86 €
18-05-20	Buy	17.50 €	14.92 €
21-07-20	Buy	20.00 €	17.84 €
20-08-20	Buy	20.00 €	17.02 €
18-11-20	Buy	20.00 €	17.63 €
04-12-20	Buy	20.00 €	18.30 €
15-02-21	Accumulate	22.50 €	21.97 €
14-05-21	Accumulate	24.00 €	22.74 €
18-08-21	Accumulate	26.50 €	24.49 €
15-11-21	Reduce	25.00 €	25.30 €
28-02-22	Reduce	19.00 €	19.47 €
07-03-22	Accumulate	16.00 €	15.26 €
27-04-22	Reduce	16.00 €	15.63 €
13-05-22	Reduce	16.00 €	15.31 €
21-06-22	Accumulate	18.00 €	16.31 €
25-07-22	Accumulate	13.00 €	11.36 €



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