

# Fortum

## Company report

08/23/2022



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

This report is a summary translation of the report “Tuskien taival ja hopeareunus” published on 08/23/2022 at 07:40 am.

**inde  
res.**

# Painful journey and a silver lining

Fortum will publish its Q2 report on Thursday at around 9.00 am. The result will be shocking due to the loss of more than EUR 9 billion reported by subsidiary Uniper in Q2, but Fortum's Nordic core business is set for record results in the coming years if electricity prices remain exceptionally high. The gap left by Uniper's huge losses on the balance sheet will be filled by the German stabilization package when it is implemented. We have reviewed our estimates and made positive changes, but until the stabilization package is implemented, modeling is extremely difficult, and the estimates can change in the coming months too. We are not changing our view on Fortum.

## Uniper's huge losses flow into the group's reported figures

Uniper published its H1 report last Wednesday, which, as expected, was mostly very gloomy. The reported net result was more than EUR 9 billion negative, but this included losses of EUR 6.5 billion in "provisions" already expected to be realized by the end of the year as Russian gas supplies remain at a low level. This loss has further increased due to the reduction in Russian gas supplies and the increase in market prices, but in principle it is limited to EUR 7 billion for Uniper, with Germany bearing the remaining losses under the stabilization package. In addition to the problems in the gas business, the European Generation segment made a loss in Q2 despite high electricity prices, which we believe was due to Uniper's "proxy hedge", where the company has effectively taken a position on the narrowing price gap between the Nordic countries and German Uniper's adjusted net income was still about EUR +256 million in Q2. For Fortum, this means that the reported operating profit will be wildly negative (forecast EUR -9.8 billion), but comparable operating profit is estimated to be over EUR 500 million positive.

## Extremely high electricity prices are the silver lining of the energy crisis for Fortum

While the energy crisis has thrown Uniper into disarray, it has also pushed up electricity prices in the Nordic countries. In the Nordic countries, 2023 futures are now hovering around €190/MWh (2024: around €110/MWh), compared to the "normal level" of €30-50/MWh over the last decade. Despite Fortum's significant hedging, at these electricity prices, the operating income level of the Generation segment could reach EUR 2-3 billion in the coming years, while in a historical perspective the forecast of EUR 1.2 billion for the current year is very high. We have raised our 2023 operating profit forecast for the Generation segment to EUR 2.3 billion, with an average achieved electricity price of €74/MWh (hedged 55% at €33/MWh and market price of €120/MWh). We also significantly raised our 2024 estimates based on current futures, yet not directly based on them. The sustainability of prices is a mystery, but at these prices Generation would make record profits in the coming years. It's still unclear how price locking has been or will be achieved, as in some places the derivatives market has seen a significant drop in trading volumes.

## Estimates to be revised as the situation calms down, next checkpoint after Fortum's Q2

In our previous update, we indicated that further revisions to the estimates would be made. Operationally, we significantly raised our earnings estimates for the Generation segment and thus for Fortum. Despite the disarray at Uniper, Fortum could make a good profit in 2023, but there is a lot of uncertainty. For Uniper, we consider the loss within EUR 6.5 billion as an adjustment item in the Q3 forecast. This is more technical in nature, as the loss will be limited to EUR 7.0 billion if the German stabilization package is implemented. However, this still heavily reduced the reported loss in 2022. Looking at the balance sheet, it's important to note that Germany will make up for Uniper's balance sheet (Q2: equity EUR -5 billion), which is also reflected in the Fortum Group. However, the complex effects of the stabilization package have not yet been considered, and the estimates will continue to change in the coming months.

## Recommendation

### Reduce

(previous Reduce)

### 11.00 EUR

(previous EUR 11.00)

### Share price:

10.47



## Key figures

	2021	2022e	2023e	2024e
<b>Revenue</b>	112400	176230	160879	145278
<b>growth-%</b>	129%	57%	-9%	-10%
<b>EBIT adj.</b>	2536	-6780	1581	2380
<b>EBIT-% adj.</b>	2.3 %	-3.8 %	1.0 %	1.6 %
<b>Net Income</b>	739	-8164	1017	1476
<b>EPS (adj.)</b>	2.00	-2.65	1.15	1.66
<b>P/E (adj.)</b>	13.5	neg.	9.1	6.3
<b>P/B</b>	2.0	3.9	2.7	1.9
<b>Dividend yield-%</b>	4.2 %	0.0 %	0.0 %	4.8 %
<b>EV/EBIT (adj.)</b>	12.9	neg.	15.8	9.2
<b>EV/EBITDA</b>	47.2	neg.	8.5	5.8
<b>EV/S</b>	0.3	0.2	0.2	0.2

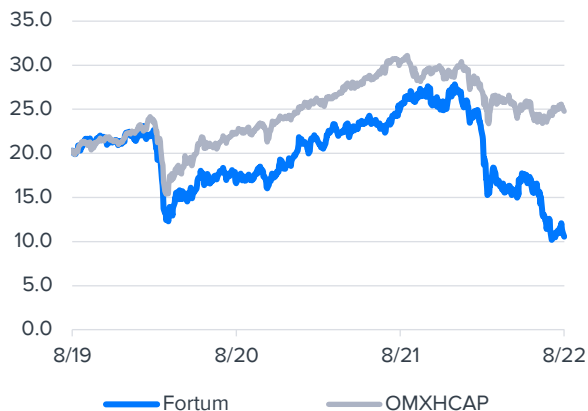
Source: Inderes

## Guidance

(Unchanged)

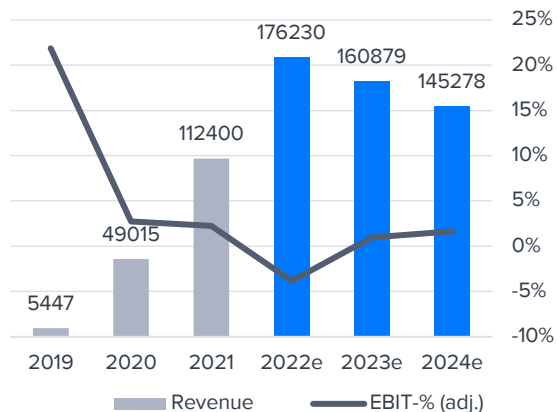
The Generation segment's Nordic generation hedges: approximately 80% at EUR 35 per MWh for the remainder of 2022, and approximately 55% at EUR 33 per MWh for 2023.

### Share price



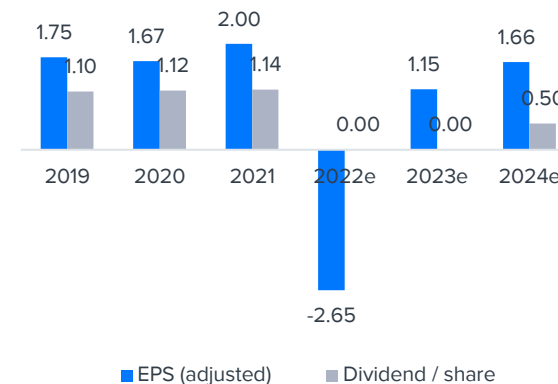
Source: Millistream Market Data AB

### 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

- Uncertainties of the Uniper stabilization package and the fate of Fortum's EUR 8 billion financing
- 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

Valuation	2022e	2023e	2024e
Share price	10.5	10.5	10.5
Number of shares, millions	888.3	888.3	888.3
Market cap	9296	9296	9296
EV	26720	24973	21824
P/E (adj.)	neg.	9.1	6.3
P/E	neg.	9.1	6.3
P/FCF	neg.	3.0	2.1
P/B	3.9	2.7	1.9
P/S	0.1	0.1	0.1
EV/Sales	0.2	0.2	0.2
EV/EBITDA	neg.	8.5	5.8
EV/EBIT (adj.)	neg.	15.8	9.2
Payout ratio (%)	0.0 %	0.0 %	30.1 %
Dividend yield-%	0.0 %	0.0 %	4.8 %

Source: Inderes

# Mixed quarter results to be seen on Thursday

## A chaotic quarter behind

Fortum will publish its Q2 report on Thursday at about 9.00 pm. We have had another exceptionally eventful quarter, dominated by the decline in gas supplies from Russia, the plunge of subsidiary Uniper into crisis and the German stabilization package for Uniper. While Germany has been a disaster for Fortum, in the Nordic countries the company's core business, Generation, is performing strongly, supported by high electricity prices. However, the benefits of exceptionally high electricity prices aren't yet reflected in Fortum's results, as the Generation segment had hedged around 80% of its production at €35/MWh in 2022.

Moving parts are also caused by Russia, which could lead to further write-downs, and the impact of higher collateral requirements, especially on cash flows. The Q2 adjustment items also include a capital gain of EUR 600 million on the sale of a 50% stake in an Oslo district heating company. After all that has happened, both the reported figures and the adjustments to them are very confusing, so analyzing

the result will presumably be very difficult. Uniper's Q2 result was discussed extensively in our previous update, which can be found [here](#).

## High electricity prices support operational development

Electricity prices in the Nordic countries were at a very high level in Q2, supporting Fortum's Generation segment. In areas important for Fortum in Finland (around 40% of sales), the average area price was around €117/MWh, compared to around €46/MWh in Q2'21. In the Swedish SE2 region (around 20% of sales), the average price was significantly lower than the general price level (around €52/MWh) and in this region we also find it difficult to hedge the price (poor product liquidity). In general, around 80% of electricity sales in 2022 were hedged at €35/MWh, so the benefit gained from the market price is limited. We estimate that the average price received by the Generation segment in Q2 was around €48/MWh (Q2'21: €38/MWh). We expect the Generation segment to generate an operating profit of around EUR 270 million (Q2'21: 193 MEUR). This would be a

very strong level, but now it could be disappointing given the generally high price of electricity. In Q2, water resources in the core areas were, in our view, slightly below average, which may weaken the performance.

## Other segments only cause minor vibrations

Fortum's City Solutions and Consumer Solutions segments are so small that they are buried below Uniper and Generation. For City Solutions, the impact of the energy crisis is partly unclear, as the increased raw material prices may not have been passed on to customers in the period. In any case, we expect a small operating loss for the seasonally weak period. The Consumer Solutions business may again have been disrupted by sharp fluctuations in electricity prices, but we believe that these are only a problem when consumption exceeds expectations. It seems contradictory that the Russia segment is expected to report a decent operating result in Q2. However, a question arises whether it has been possible to repatriate cash flows from Russia.

Estimates	Q2'21	Q2'22	Q2'22e	Q2'22e	Consensus	2022e	
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Comparable EBITDA	348		852				-5471
Comparable EBIT	35		532				-6780
EBIT (reported)	-840		-9813				-12589
EPS (reported)	-0.53		-7.50				-9.19

Source: Inderes

# Estimates gradually become more accurate as the dust settles

## Estimate changes 2022e-2024e

- We raised our estimates for the Generation segment sharply as electricity futures continued to rise strongly:
  - We raised our operating profit estimate for 2023 to around EUR 2.3 billion, where the average achieved electricity price would be €74/MWh based on a market price of around €120/MWh in Fortum's key regions and 55% hedging at €33/MWh.
  - We raised our operating profit estimates for 2024 to around EUR 1.9 billion, where the average achieved electricity price would be €65/MWh based on a market price of around €80/MWh in Fortum's key regions and 45% hedges already in place at €35/MWh. Please note that Fortum's hedging levels and prices are not known for 2024, but these are our own uncertain estimates. In addition, market prices can also change rapidly in the other direction.
  - We also slightly raised our further estimates as the electricity market dynamics change following the end of Russian imports. However, it's very difficult to estimate the level to which electricity prices will eventually normalize in Finland and Sweden. We made only minor revisions to our estimates for 2022.
  - Forecasting both electricity prices and Fortum's earnings performance is complicated by Olkiluoto 3, which is apparently finally due to enter commercial operation in October.
- For Uniper, we consider the EUR 6.5 billion loss on Russian gas supplies included in the Q2 results as an adjustment in the Q3 estimate. The loss in the Uniper segment will change from an accounting loss to an operating loss as the year progresses. Although the amount is very large, it's technical in nature, as in principle Uniper's gas losses will be limited to EUR 7.0 billion as the German stabilization package is implemented. Thus, the main impact of the loss reported relates to the amount of capital that Germany will have to inject into Uniper, which will weaken the position of Fortum's EUR 8 billion financing for Uniper.
- The amount of Uniper's gas losses will depend on the actual gas supplies from Russia/Gazprom and the market price of gas to the extent that Uniper will have to procure substitute gas on the market. However, from October 1, losses will be limited to 10% of what they used to be, with Germany effectively bearing 90% of the losses.
- Germany will make up for Uniper's balance sheet (Q2: equity EUR -5 billion), which is also reflected in the Fortum Group. As regards the German stabilization package, it remains to be seen how Uniper will be financed once gas losses exceed the EUR 7 billion threshold. In principle, the financing should not dilute shareholders further, but on the other hand, Uniper's balance sheet should be sufficient for an investment grade credit rating, which puts pressure on increase equity in addition to debt financing.
- We continue to stress that the estimates will change strongly in the coming months as the uncertainty gradually clears. We will next update our estimates after Fortum's Q2 results, but clarity will ultimately require the details and implementation of the German stabilization package.

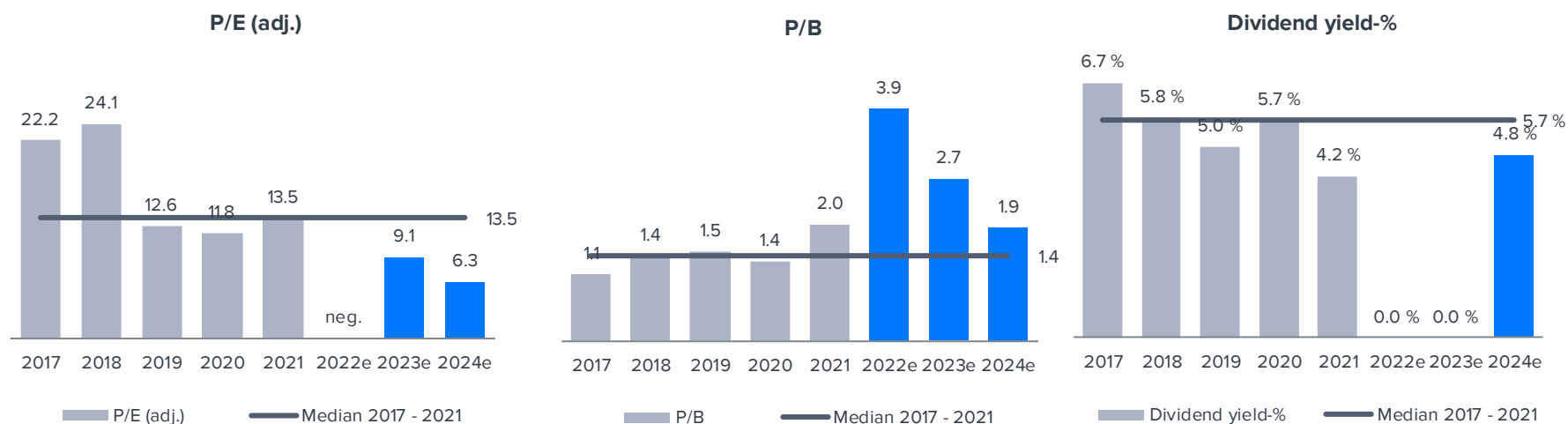
Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	176189	176230	0%	159859	160879	1%	144346	145278	1%
EBITDA	-17821	-11280	-37%	1912	2931	53%	3064	3737	22%
EBIT (exc. NRIs)	-6821	-6780	-1%	562	1581	182%	1749	2380	36%
EBIT	-19130	-12589	-34%	562	1581	182%	1749	2380	36%
PTP	-20375	-13834	-32%	204	1247	511%	1375	2037	48%
EPS (excl. NRIs)	-0.97	-2.65	174%	0.24	1.15	375%	1.09	1.66	53%
DPS	0.00	0.00	0%	0.00	0.00	0%	0.50	0.50	0%

Source: Inderes

# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	16.5	19.1	22.0	19.7	27.0	10.5	10.5	10.5	10.5
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	9296	9296	9296	9296
EV	13955	16805	18665	25567	32676	26720	24973	21824	20350
P/E (adj.)	22.2	24.1	12.6	11.8	13.5	neg.	9.1	6.3	6.4
P/E	16.9	20.1	13.2	9.6	32.5	neg.	9.1	6.3	6.4
P/FCF	neg.	10.0	46.5	neg.	neg.	neg.	3.0	2.1	3.5
P/B	1.1	1.4	1.5	1.4	2.0	3.9	2.7	1.9	1.6
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.	8.5	5.8	5.4
EV/EBIT (adj.)	16.9	17.0	15.7	19.0	12.9	neg.	15.8	9.2	8.4
Payout ratio (%)	112.8 %	115.9 %	66.0 %	54.6 %	137.1%	0.0 %	0.0 %	30.1 %	30.5 %
Dividend yield-%	6.7 %	5.8 %	5.0 %	5.7 %	4.2 %	0.0 %	0.0 %	4.8 %	4.8 %

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	28935	37072	12.1	16.2	8.1	9.9	14.5	20.8	2.1	2.1	1.7
Engie	31508	22998	3.2	3.4	2.0	2.0	7.9	8.6	7.9	7.6	0.9
E.ON	24194	60945	13.2	13.5	8.0	8.2	10.3	10.5	5.5	5.7	1.9
Verbund	37903	42087	15.8	11.7	12.9	9.9	20.8	15.3	2.8	3.2	5.2
EDF	46328	42872	8.5	5.8	3.1	2.3		10.6	5.2	3.9	1.0
CEZ	22681						11.9	9.1	5.6	7.2	2.9
Enel	50864	88047	7.4	6.8	4.6	4.3	9.0	8.3	8.0	8.6	1.5
Uniper	2357	2947		9.1	1.7	1.8	2.9	3.4	6.6	14.0	0.5
Orsted	44346	46927	16.4	23.1	12.0	13.7	24.3	34.2	1.7	1.9	4.1
<b>Fortum (Inderes)</b>	<b>9296</b>	<b>26720</b>	<b>neg.</b>	<b>15.8</b>	<b>neg.</b>	<b>8.5</b>	<b>neg.</b>	<b>9.1</b>	<b>0.0</b>	<b>0.0</b>	<b>3.9</b>
<b>Average</b>			<b>10.9</b>	<b>11.2</b>	<b>6.5</b>	<b>6.5</b>	<b>12.7</b>	<b>13.4</b>	<b>5.0</b>	<b>6.0</b>	<b>2.2</b>
<b>Median</b>			<b>12.1</b>	<b>10.4</b>	<b>6.3</b>	<b>6.3</b>	<b>11.1</b>	<b>10.5</b>	<b>5.5</b>	<b>5.7</b>	<b>1.7</b>
<b>Diff-% to median</b>				<b>52%</b>		<b>36%</b>		<b>-13%</b>	<b>-100%</b>	<b>-100%</b>	<b>138%</b>

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
<b>Revenue</b>	<b>49015</b>	<b>21493</b>	<b>17128</b>	<b>23701</b>	<b>50078</b>	<b>112400</b>	<b>43623</b>	<b>36811</b>	<b>34971</b>	<b>60826</b>	<b>176230</b>	<b>160879</b>	<b>145278</b>	<b>131447</b>
<i>Generation</i>	2006	675	576	684	964	2899	710	720	676	1055	3160	4520	4033	3782
<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	35307	33541	58354	168686	151817	136636	122972
<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
<b>EBITDA</b>	<b>2689</b>	<b>1653</b>	<b>-527</b>	<b>-2791</b>	<b>2358</b>	<b>693</b>	<b>-2082.0</b>	<b>-9478.5</b>	<b>36.6</b>	<b>244</b>	<b>-11279.7</b>	<b>2931</b>	<b>3737</b>	<b>3779</b>
Depreciation	-1090	-308	-313	-314	-346	-1281	-334	-320	-325	-330	-1309	-1350	-1357	-1367
<b>EBIT (excl. NRI)</b>	<b>1344</b>	<b>1171</b>	<b>35</b>	<b>260</b>	<b>1070</b>	<b>2536</b>	<b>-438</b>	<b>532</b>	<b>-6788</b>	<b>-86</b>	<b>-6780</b>	<b>1581</b>	<b>2380</b>	<b>2412</b>
<b>EBIT</b>	<b>1599</b>	<b>1345</b>	<b>-840</b>	<b>-3105</b>	<b>2012</b>	<b>-588</b>	<b>-2416</b>	<b>-9799</b>	<b>-288</b>	<b>-86</b>	<b>-12589</b>	<b>1581</b>	<b>2380</b>	<b>2412</b>
<i>Generation</i>	722	269	195	245	401	1110	282	273	203	453	1212	2303	1917	1666
<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	246	-7000	-700	-8287	-1000	200	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	-10331	6500	0	-5809	0	0	0
<i>Share of associates' profit or loss</i>	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	-364	-372	-427
<b>PTP</b>	<b>2199</b>	<b>1460</b>	<b>-743</b>	<b>-3134</b>	<b>2128</b>	<b>-289</b>	<b>-3561</b>	<b>-9824</b>	<b>-338</b>	<b>-111</b>	<b>-13834</b>	<b>1247</b>	<b>2037</b>	<b>2016</b>
Taxes	-344	-150	84	1366	-1125	176	729	1328	80	32	2169	-280	-462	-457
Minority interest	-32	-218	185	1047	-162	852	610	1834	878	179	3501	50	-100	-101
<b>Net earnings</b>	<b>1823</b>	<b>1092</b>	<b>-474</b>	<b>-721</b>	<b>842</b>	<b>739</b>	<b>-2222</b>	<b>-6662</b>	<b>619</b>	<b>100</b>	<b>-8164</b>	<b>1017</b>	<b>1476</b>	<b>1458</b>
<b>EPS (adj.)</b>	<b>1.67</b>	<b>0.94</b>	<b>0.09</b>	<b>0.19</b>	<b>0.78</b>	<b>2.00</b>	<b>-0.27</b>	<b>4.13</b>	<b>-6.62</b>	<b>0.11</b>	<b>-2.65</b>	<b>1.15</b>	<b>1.66</b>	<b>1.64</b>
<b>EPS (rep.)</b>	<b>2.05</b>	<b>1.23</b>	<b>-0.53</b>	<b>-0.81</b>	<b>0.95</b>	<b>0.83</b>	<b>-2.50</b>	<b>-7.50</b>	<b>0.70</b>	<b>0.11</b>	<b>-9.19</b>	<b>1.15</b>	<b>1.66</b>	<b>1.64</b>

Source: Inderes



# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>35604</b>	<b>49399</b>	<b>94390</b>	<b>74540</b>	<b>69683</b>
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	62096	42096	37096
Deferred tax assets	156	2149	2149	2149	2149
<b>Current assets</b>	<b>22206</b>	<b>100262</b>	<b>113386</b>	<b>80824</b>	<b>59976</b>
Inventories	1396	2275	3567	3256	2940
Other current assets	8998	65500	65500	35500	20500
Receivables	9504	24895	39032	35632	30724
Cash and equivalents	2308	7592	5287	6435	5811
<b>Balance sheet total</b>	<b>57810</b>	<b>149661</b>	<b>207776</b>	<b>155364</b>	<b>129659</b>

Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>15577</b>	<b>13665</b>	<b>1368</b>	<b>2385</b>	<b>3861</b>
Share capital	3046	3046	3046	3046	3046
Retained earnings	10149	10062	885	1902	3378
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	-1563.0	-1563.0	-1563.0
Minorities	2624	1534	-1000.0	-1000.0	-1000.0
<b>Non-current liabilities</b>	<b>22356</b>	<b>38070</b>	<b>96107</b>	<b>77047</b>	<b>70339</b>
Deferred tax liabilities	952	827	827	827	827
Provisions	8098	10298	10298	10298	10298
Long term debt	8785	8701	18738	19678	17970
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	4521	18244	66244	46244	41244
<b>Current liabilities</b>	<b>19877</b>	<b>97926</b>	<b>110301</b>	<b>75931</b>	<b>55458</b>
Short term debt	1877	8519	10159	7441	4542
Payables	9525	17462	28197	26545	23971
Other current liabilities	8475	71945	71945	41945	26945
<b>Balance sheet total</b>	<b>57810</b>	<b>149661</b>	<b>207776</b>	<b>155364</b>	<b>129659</b>

# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	5447	49015	112400	<b>176230</b>	<b>160879</b>	EPS (reported)	1.67	2.05	0.83	<b>-9.19</b>	<b>1.15</b>
EBITDA	1693	2689	693	<b>-11280</b>	<b>2931</b>	EPS (adj.)	1.75	1.67	2.00	<b>-2.65</b>	<b>1.15</b>
EBIT	1118	1599	-588	<b>-12589</b>	<b>1581</b>	OCF / share	1.51	1.75	-2.90	<b>-15.74</b>	<b>5.21</b>
PTP	1728	2199	-289	<b>-13834</b>	<b>1247</b>	FCF / share	0.47	-8.69	-0.21	<b>-14.05</b>	<b>3.52</b>
Net Income	1482	1823	739	<b>-8164</b>	<b>1017</b>	Book value / share	14.62	14.58	13.66	<b>2.67</b>	<b>3.81</b>
Extraordinary items	-72	255	-3124	<b>-5809</b>	<b>0</b>	Dividend / share	1.10	1.12	1.14	<b>0.00</b>	<b>0.00</b>
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	23364	57810	149661	<b>207776</b>	<b>155364</b>	Revenue growth-%	4%	800%	129%	<b>57%</b>	<b>-9%</b>
Equity capital	13235	15577	13665	<b>1368</b>	<b>2385</b>	EBITDA growth-%	1%	59%	-74%	<b>-1728%</b>	<b>-126%</b>
Goodwill	612	1069	1021	<b>1021</b>	<b>1021</b>	EBIT (adj.) growth-%	21%	13%	89%	<b>-367%</b>	<b>-123%</b>
Net debt	5255	8354	9628	<b>23610</b>	<b>20684</b>	EPS (adj.) growth-%	120%	-4%	19%	<b>-232%</b>	<b>-143%</b>
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	31.1%	5.5%	0.6%	<b>-6.4%</b>	<b>1.8%</b>
EBITDA	1693	2689	693	<b>-11280</b>	<b>2931</b>	EBIT (adj.)-%	21.8%	2.7%	2.3%	<b>-3.8%</b>	<b>1.0%</b>
Change in working capital	-240	-785	-1365	<b>-4695</b>	<b>2059</b>	EBIT-%	20.5%	3.3%	-0.5%	<b>-7.1%</b>	<b>1.0%</b>
Operating cash flow	1340	1556	-2575	<b>-13979</b>	<b>4627</b>	ROE-%	11.9%	14.1%	5.9%	<b>-112.6%</b>	<b>35.4%</b>
CAPEX	-617	-20567	-13534	<b>-46500</b>	<b>18500</b>	ROI-%	9.9%	10.3%	-1.3%	<b>-41.7%</b>	<b>5.4%</b>
Free cash flow	420	-7721	-186	<b>-12479</b>	<b>3127</b>	Equity ratio	56.6%	26.9%	9.1%	<b>0.7%</b>	<b>1.5%</b>
						Gearing	39.7%	53.6%	70.5%	<b>1725.6%</b>	<b>867.1%</b>
Valuation multiples	2019	2020	2021	2022e	2023e						
EV/S	3.4	0.5	0.3	<b>0.2</b>	<b>0.2</b>						
EV/EBITDA (adj.)	11.0	9.5	47.2	neg.	<b>8.5</b>						
EV/EBIT (adj.)	15.7	19.0	12.9	neg.	<b>15.8</b>						
P/E (adj.)	12.6	11.8	13.5	neg.	<b>9.1</b>						
P/E	1.5	1.4	2.0	<b>3.9</b>	<b>2.7</b>						
Dividend-%	5.0%	5.7%	4.2%	<b>0.0%</b>	<b>0.0%</b>						

Source: Inderes

# Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at [www.inderes.fi/research-disclaimer](http://www.inderes.fi/research-disclaimer).

## Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
2/4/2019	Accumulate	21.00 €	19.95 €
4/29/2019	Accumulate	20.00 €	18.67 €
7/22/2019	Accumulate	21.00 €	20.86 €
9/18/2019	Reduce	21.00 €	21.40 €
10/9/2019	Reduce	21.00 €	21.00 €
10/25/2019	Reduce	21.00 €	21.60 €
2/7/2020	Accumulate	23.00 €	21.99 €
3/17/2020	Buy	15.00 €	13.31 €
4/27/2020	Buy	17.00 €	14.86 €
5/18/2020	Buy	17.50 €	14.92 €
7/21/2020	Buy	20.00 €	17.84 €
8/20/2020	Buy	20.00 €	17.02 €
11/18/2020	Buy	20.00 €	17.63 €
12/4/2020	Buy	20.00 €	18.30 €
2/15/2021	Accumulate	22.50 €	21.97 €
5/14/2021	Accumulate	24.00 €	22.74 €
8/18/2021	Accumulate	26.50 €	24.49 €
11/15/2021	Reduce	25.00 €	25.30 €
2/28/2022	Reduce	19.00 €	19.47 €
3/7/2022	Accumulate	16.00 €	15.26 €
4/27/2022	Reduce	16.00 €	15.63 €
5/13/2022	Reduce	16.00 €	15.31 €
6/21/2022	Accumulate	18.00 €	16.31 €
7/25/2022	Accumulate	13.00 €	11.36 €
8/18/2022	Reduce	11.00 €	11.41 €
8/23/2022	Reduce	11.00 €	10.47 €



Inderes' mission is to connect listed companies and investors. We produce high-quality research and content for the needs of our extensive investor community.

At Inderes we believe that open data is every investor's fundamental right. We guarantee investors' access to award-winning research, insightful video content and an active investor community.

For listed companies we ensure that there is always high-quality information available on the company for investors and shareholders for decision making, and that data collected from investors can be utilized by the companies.

Over 100 Finnish listed companies want to serve their shareholders and investors through us by utilizing our company research services, data driven IR services, content creation and consulting.

### Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at [inderes.fi](https://www.inderes.fi)



STARMINE  
ANALYST AWARDS  
FROM REFINITIV



THOMSON REUTERS  
ANALYST AWARDS



Juha Kinnunen  
2012, 2016, 2017, 2018, 2019, 2020



Mikael Rautanen  
2014, 2016, 2017, 2019



Sauli Vilén  
2012, 2016, 2018, 2019, 2020



Antti Viljakainen  
2014, 2015, 2016, 2018, 2019, 2020



Olli Koponen  
2020



Joni Grönqvist  
2019, 2020



Erkki Vesola  
2018, 2020



Petri Gostowski  
2020



Atte Riikola  
2020

**Research belongs  
to everyone.**