

Nightingale Health

Company report

9/16/2021 08:35



Antti Luuro
+358 50 571 4893
antti.luuro@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “Nopeita edistysaskelia matkan alkumetreillä” published on 9/16/2021 at 8:33 am

inde
res.

Quick steps forward at the start of the journey

The commercialization of Nightingale's technology is currently taking place on a broad front. Preventive health care has significant potential, but the commercialization of Nightingale's technology and the ramping up the business are in their initial stages. If successful the company offers significant potential returns and the story of Nightingale has, in our view, only strengthened since the IPO, which counterbalances the significant risk associated with commercialization. However, the market seems to require much stronger evidence from the company than our expectations, which are hard to provide in the short term in the current development phase. In the absence of adequate short-term share price drivers, we reduce our target to EUR 6.0 (previously EUR 7.0) but reiterate the Buy recommendation.

Commercialization of technology is progressing on a broad front

After the March listing, Nightingale has actively worked on the commercialization of its technology, which is still in the initial stages. Nightingale is currently working on several fronts, but in the light of the expanded short-term objectives and the company's comments, commercialization seems to be progressing steadily. As far as figures are concerned, the report was in line with our expectations. Revenue was low as expected (H2'21: 1.1 MEUR) and profitability clearly in red (H2'21: PTP -8.2 MEUR) due to listing expenses and early-stage growth projects.

Preventive health care has significant potential

Treatment of people with chronic diseases forms a significant part of healthcare costs, but a large proportion of diseases could be avoided by adjusting lifestyles. We do not believe there is a viable solution on the market as of yet to implement this extensively. Nightingale aims to solve the problem with a health information platform based on blood analysis, where the company can perform risk predictions for more than 1,000 lifestyle-dependent diseases with one blood sample. If the company's approach works, we do not believe there is a particularly competitive alternative on the market, which enables the company to take over a significant share of the market if it succeeds.

Only minor adjustments to our estimates for the next few years

Nightingale's business is only now being built. Thus, the final parameters of the company's business model and the success of current and future commercial projects will only materialize over the years. Therefore, any estimates concerning company business are highly imprecise and the estimates risks are high. Despite this, we see the company has potential to build a significant and profitable business. In our estimates, the fixed point is 2026, when the company would achieve around EUR 108 million in revenue and EUR 27 million in EBIT. We only made minor adjustments to our estimates for the next few years based on the H2 figures and the Yolife acquisition.

Valuation is still based mainly on faith and less on fundamentals

Nightingale's valuation is based on expectations of significant future business. In practice, there is no business yet, so fundamentals-based valuation is extremely difficult for the next few years. Based on scenarios, M&A transactions of peer companies and a DCF model, we still estimate the value per share to be EUR 5-10. This will require successful international commercialization of the technology in the next 10 years and without it, the risk of losing at least part of capital is genuine. On the other hand, the expected long-term return on the share is very attractive if commercialization succeeds. After the weak start as a listed company, the sentiment is cautious and short-term share price development is highly dependent on the company's future news flow.

Recommendation

Buy
(previous Buy)

EUR 6.00
(previous EUR 7.00)

Share price:
4.04



Key figures

	2021	2022e	2023e	2024e
Revenue	2.1	2.9	8.8	25.0
growth-%	32%	39%	203%	185%
EBIT adj.	-5.3	-7.1	-13.2	-14.0
EBIT-% adj.	-254%	-245%	-150%	-56%
PTP	-11.2	-7.7	-14.0	-15.1
EPS (adj.)	-0.13	-0.13	-0.23	-0.25

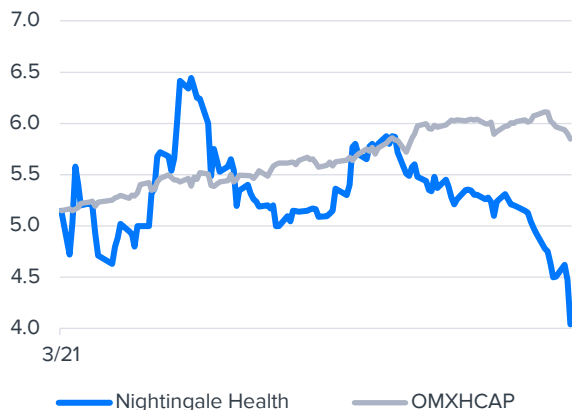
P/E (adj.)	neg.	neg.	neg.	neg.
P/B	2.8	2.1	2.4	2.8
EV/EBIT (adj.)	neg.	neg.	neg.	neg.
EV/EBITDA	neg.	neg.	neg.	neg.
EV/S	>100	51.5	18.7	7.2

Source: Inderes. Years are fiscal years ending June 30th.

Guidance (Unchanged)

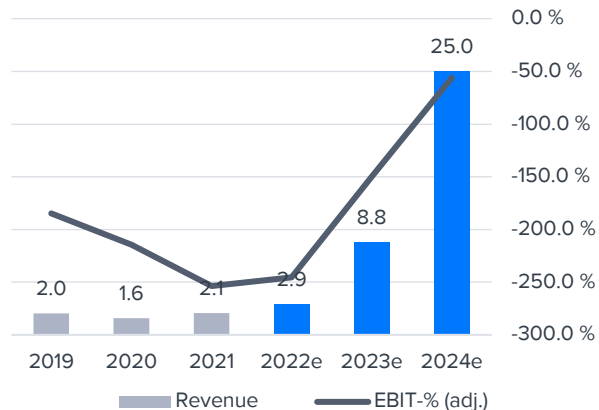
Nightingale has not provided guidance for 2022.

Share price



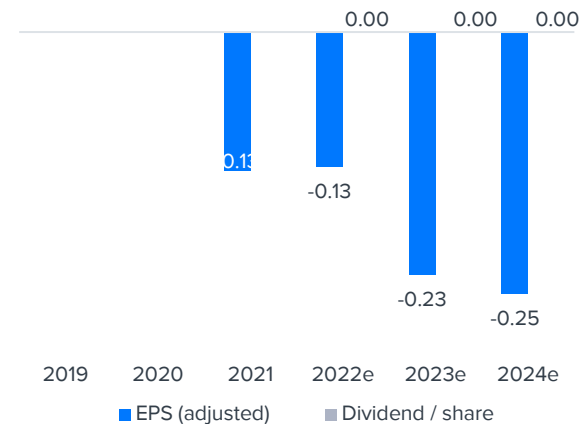
Source: Thomson Reuters

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Huge growing global market supported by mega trends
- Competitive and cost-efficient technology for predicting disease risks from blood samples
- Platform-based, scalable business model that complement current players
- Strong position as analyzer of Biobanks' blood samples
- Credible investors support internationalization as partners



Risk factors

- Business model proving inoperative
- Falling behind ambitious objectives and drop in valuation that expects successful commercialization
- Slower than expected progress in the implementation of new technology in a conservative industry
- Data breach including personal health data
- Need for new financing
- Competing technologies

Valuation	2022e	2023e	2024e
Share price	4.04	4.04	4.04
Number of shares, millions	60.6	60.6	60.6
Market cap	245	245	245
EV	149	165	179
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/FCF	neg.	neg.	neg.
P/B	2.1	2.4	2.8
P/S	84.4	27.8	9.8
EV/Sales	51.5	18.7	7.2
EV/EBITDA	neg.	neg.	neg.
EV/EBIT (adj.)	neg.	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Commercialization progresses, no surprises in figures

Commercialization progresses on a broad front

After listing in March, Nightingale has taken quick steps forward in the commercialization of its technology. In April, the company received a clinical laboratory certificate in Japan, signed a strategic cooperation agreement with Terveystalo and signed a sales contract for health and welfare services with Japanese Mitsui. In May, the company signed a strategic partnership with Reaktor to support scaling up the company's digital solutions. In June, Nightingale secured the availability of its home tests by partnering and making a minority investment in Weavr Health, whose blood collection device Nightingale has used to carry out the first steps of its home test pilot. In July, the company also accelerated the development of digital solutions through acquiring Yolife.

We believe that the most important thing about the report was to have a check point on how these projects are progressing. Not much new information was provided on the projects but based on company comments they are progressing stably on all fronts.

Unsurprising report figures in a supporting role

Revenue for the first half of the year was low as expected at EUR 1.1 million. This is based on the company being in the midst of building new business. Revenue in the period was still generated almost purely from research activities. Income flow from the new business model will in our view be visible in small amounts in the figures towards the end of the year at the earliest but the figures that were reported were not at the core of our focus.

Profitability was, as expected, well in red and profit before taxes was EUR -8.2 million. The low profitability

was based on Nightingale's growth strategy that is in an investment stage. Costs in the early part of the year were increased by approximately EUR 7.6 million IPO costs of which an estimated EUR 5.6 million are profit related. Although the result figures were in line with our estimates, we expected the share of non-recurring costs to be higher. The cost level increase was, in our view, caused by slightly faster progressing investments into the commercialization of the company technology than we expected. The company's fiscal year ended on June 30 and the periods in the table therefore differ from the calendar year.

Estimates MEUR / EUR	H2'20	H2'21	H2'21e	H2'21e	Consensus		Difference (%)	2021
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
Revenue	1.2	1.1	1.0				6%	2.1
EBIT	-1.5	-2.9	-8.1				-65%	-5.3
PTP	-1.7	-8.2	-8.3				-2%	-11.2
EPS (adj.)		-0.05	-0.01					-0.13
EPS (reported)	-0.05	-0.16	-0.14				-16%	-0.22
Revenue growth-%		-13.0 %	-17.7 %				4.7 pp	31.9 %
EBIT-% (adj.)		-274.7 %	-12.1 %				-262.6 pp	-253.6 %

Source: Inderes

Only minor adjustments to our estimates for the next few years

Seeds of growth have been sown diligently

Nightingale is currently working on several fronts to commercialize its technology. Building operations in Finland and Japan, building digital solutions, the integration of after the business acquisition, expanding the home test pilot, continuing research and applying for FDA approval are all ongoing simultaneously.

In addition, Nightingale issued new short-term objectives for the new fiscal year (July 1, 2021 to June 30, 2022) in connection with the report. Nightingale aims to launch a commercial service based on the at-home test and signing an international commercial partnership agreement. The objectives of FDA (U.S. Food and Drug Administration) approval and launching a new version of the company's mobile application set during the IPO remain unchanged.

By the end of the fiscal year, Nightingale also aims at reaching an order book of EUR 5 million, expected to contain commitments from business partners as well as customers using a continuous subscription service. The objective of the order book includes the current income flow from research activities.

The company must proceed with discipline to keep all strategically important projects on the right track. The expanded targets do, however, give an indication of the company's belief in the potential for commercializing its technology, although we will only see the results over time. So far, the company has done, however, all the things it aimed at either on time or faster in the short term. This bodes well for the development of commercialization in the short term.

We made minor adjustments to our estimates

We raised our growth expectations for the new fiscal year slightly considering the company's objective of the order book growing to EUR 5 million. Otherwise, our growth estimates remained practically unchanged. Our estimates still contain significant risks when looking several years ahead, as the company's revenue streams are only forming.

We also adjusted our expectations concerning the company's cost structure, which we now expect to focus more strongly on direct expenses instead of capitalization of R&D expenses. The change is of a technical nature. In practice, the adjustment lowers the EBITDA estimate but does not significantly change our revenue or profit estimate.

Estimate revisions	2021	2021e	Change	2022e	2022e	Change	2023e	2023e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	2.0	2.1	3%	2.4	2.9	21%	9.0	8.8	-2%
EBITDA	-10.1	-4.8	52%	-3.6	-5.7	-61%	-9.3	-10.0	-8%
EBIT (exc. NRIs)	-2.5	-5.3	-114%	-6.9	-7.1	-3%	-13.1	-13.2	-1%
EBIT	-10.5	-5.3	50%	-6.9	-7.1	-3%	-13.1	-13.2	-1%
PTP	-10.9	-11.2	-3%	-7.3	-7.7	-6%	-13.8	-14.0	-1%
EPS (excl. NRIs)	-0.05	-0.13	-180%	-0.12	-0.13	-5%	-0.23	-0.23	-1%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation

Valuation is still based mainly on faith and less on fundamentals

Nightingale's valuation is based on expectations related to the commercialization potential of the technology and significant future business. In practice, this business does not yet exist. Thus, fundamentals-based valuation is extremely difficult for the next few years and only imprecise valuation methods are available.

Based on scenarios, M&A transactions of peer companies and a DCF model, we still estimate the value per share to be EUR 5-10. This will require successful international commercialization of the technology in the next 10 years and without it, the risk of losing at least part of capital is genuine.

On the other hand, the expected long-term return on the share is very attractive if commercialization succeeds, which is visible in the return expectations of our scenarios. The current valuation level is clearly

below our fair value range. For an investor that believes in the company's story and potential, that can tolerate high risks and is extremely patient, we still see this as a good time to join the company's story.

We believe Nightingale's story has continued strengthening since the IPO. However, the market seems to require much stronger evidence from the company than our expectations, which are hard to provide in the short term in the current development phase.

If the growth in the next few years is successful, revenue-based multiples will start to support the valuation (2024-2025 EV/S 7x-3x), which would create a clear positive share price driver. However, these multiples rely on very uncertain estimates, so their credibility will strengthen only when visibility into business growth improves over the next few years. Thus, short-term share price development remains highly dependent on the company's future news flow.

In 2026 (6/30/26)	Pessimistic	Current estimate	Optimistic
Variable revenue growth%	35 %	55 %	55 %
Variable EBIT %	-6 %	24 %	43 %
Variable revenue MEUR	35	108	301
x multiple revenue	4	10	15
x multiple EBIT		25	30
= EV (EV/Sales)	140	1 078	4 518
= EV (EV/EBIT)		646	3 885
Average (EV)	140	862	4 202
+Net cash	16	83	182
=Market cap	156	945	4384
Shares price 2026 (incl dividends)	2,57	15,58	72,33
Return	-36 %	286 %	1690 %
Annual return (~5y)	-9 %	33 %	83 %

NB! The return percentages for the scenarios should be examined bearing in mind the very high risk level of the company. Current estimates contain exceptionally high uncertainty and the possibility of the pessimistic scenario is considerable.

Valuation	2022e	2023e	2024e
Share price	4.04	4.04	4.04
Number of shares, millions	60.6	60.6	60.6
Market cap	245	245	245
EV	149	165	179
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/FCF	neg.	neg.	neg.
P/B	2.1	2.4	2.8
P/S	84.4	27.8	9.8
EV/Sales	51.5	18.7	7.2
EV/EBITDA	neg.	neg.	neg.
EV/EBIT (adj.)	neg.	neg.	neg.
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Steps towards strengthening the growth story

Step	Importance ¹		Company objective
	Small	Large	
FDA approval			2021
Launch of new app version			In short term
Launch of commercial at-home test service			Fiscal year ² 2022
Significant international commercial partnership			Fiscal year ² 2022
EUR 5 million order book			Fiscal year ² 2022

1 Inderes' view of the relative impact of the step on the likelihood of large-scale commercial success

2 Fiscal year 2022 ends on June 30, 2022

Source: Nightingale, Inderes

Valuation table

Valuation	2021	2022e	2023e	2024e	2025e
Share price	5.77	4.04	4.04	4.04	4.04
Number of shares, millions	51.1	60.6	60.6	60.6	60.6
Market cap	349	245	245	245	245
EV	240	149	165	179	180
P/E (adj.)	neg.	neg.	neg.	neg.	>100
P/E	neg.	neg.	neg.	neg.	>100
P/FCF	3.1	neg.	neg.	neg.	>100
P/B	2.8	2.1	2.4	2.8	2.8
P/S	>100	84.4	27.8	9.8	4.4
EV/Sales	>100	51.5	18.7	7.2	3.2
EV/EBITDA	neg.	neg.	neg.	neg.	21.8
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	88.4
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes

Income statement

Income statement	2019	2020	2021	H1'22e	H2'22e	2022e	2023e	2024e	2025e
Revenue	2.0	1.6	2.1	1.2	1.7	2.9	8.8	25.0	56.0
EBITDA	-3.6	-3.2	-4.8	-2.8	-2.9	-5.7	-10.0	-7.4	8.2
Depreciation	-0.2	-0.2	-0.5	-0.4	-1.0	-1.4	-3.2	-6.6	-6.2
EBIT (excl. NRI)	-3.8	-3.4	-5.3	-3.2	-3.9	-7.1	-13.2	-14.0	2.0
EBIT	-3.8	-3.4	-5.3	-3.2	-3.9	-7.1	-13.2	-14.0	2.0
Net financial items	-0.2	-0.4	-6.0	-0.3	-0.3	-0.6	-0.8	-1.1	-1.2
PTP	-4.0	-3.8	-11.2	-3.5	-4.2	-7.7	-14.0	-15.1	0.8
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-4.0	-3.8	-11.2	-3.5	-4.2	-7.7	-14.0	-15.1	0.8
EPS (adj.)			-0.13	-0.06	-0.07	-0.13	-0.23	-0.25	0.01
EPS (rep.)			-0.22	-0.06	-0.07	-0.13	-0.23	-0.25	0.01

Key figures	2019	2020	2021	H1'22e	H2'22e	2022e	2023e	2024e	2025e
Revenue growth-%		-22.9 %	31.9 %	18.5 %	59.2 %	39.4 %	203.4 %	184.5 %	123.6 %
Adjusted EBIT growth-%		-10.5 %	55.9 %	35.8 %	34.0 %	34.8 %	85.5 %	6.2 %	-114.5 %
EBITDA-%	-173.5 %	-200.1 %	-231.0 %	-231.4 %	-172.8 %	-197.1 %	-113.8 %	-29.5 %	14.7 %
Adjusted EBIT-%	-184.7 %	-214.5 %	-253.6 %	-264.8 %	-231.7 %	-245.4 %	-150.0 %	-56.0 %	3.6 %
Net earnings-%	-196.3 %	-238.9 %	-537.8 %	-289.8 %	-249.3 %	-266.1 %	-158.5 %	-60.2 %	1.4 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	13.5	18.2	21.6	23.2	22.8
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	12.1	17.4	20.8	22.1	20.4
Tangible assets	1.4	0.7	0.8	1.1	2.3
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	10.3	116	106	96.0	88.0
Inventories	0.2	0.7	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	9.2	1.6	0.3	0.9	2.5
Cash and equivalents	0.9	114	106	95.1	85.5
Balance sheet total	23.8	134	128	119	111

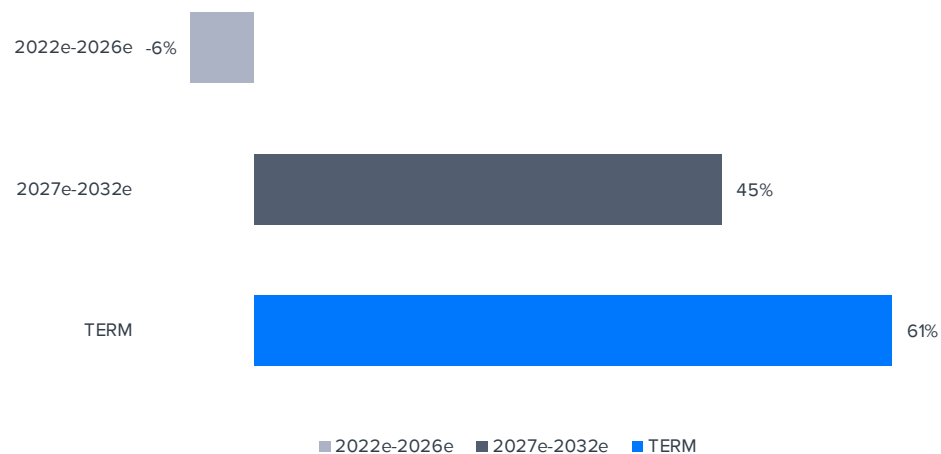
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	8.7	124	117	103	88.2
Share capital	0.0	0.1	0.1	0.1	0.1
Retained earnings	-10.9	-22.0	-29.7	-43.7	-58.8
Hybrid bonds	6.8	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	12.8	146	147	147	147
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	4.5	3.2	10.0	15.0	20.0
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	4.5	3.2	10.0	15.0	20.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	10.6	6.6	0.3	0.9	2.5
Short term debt	1.4	1.9	0.0	0.0	0.0
Payables	9.2	4.7	0.3	0.9	2.5
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	23.8	134	128	119	111

DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
EBIT (operating profit)	-5.3	-7.1	-13.2	-14.0	2.0	25.8	55.0	89.1	127	166	196	202	
+ Depreciation	0.5	1.4	3.2	6.6	6.2	5.1	5.2	5.5	6.0	6.5	7.0	7.7	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	-3.7	-10.8	-17.6	-25.1	-33.0	-38.9	-40.1	
- Tax, financial expenses	0.0	0.0	0.0	0.0	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	2.7	-2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	-2.2	-8.2	-10.0	-7.4	8.1	27.0	49.1	76.8	107	139	164	169	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-5.1	-4.8	-4.8	-6.2	-7.1	-8.5	-9.9	-11.6	-12.9	-13.0	-13.8	-9.4	
Free operating cash flow	-7.3	-13.0	-14.8	-13.6	1.0	18.5	39.3	65.1	94.3	126	150	160	
+/- Other	119	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	112	-12.5	-14.8	-13.6	1.0	18.5	39.3	65.1	94.3	126	150	160	1181
Discounted FCFF		-11.0	-11.2	-8.8	0.6	8.8	15.9	22.5	27.9	31.9	32.4	29.5	218
Sum of FCFF present value		357	368	379	388	387	379	363	340	312	280	248	218
Enterprise value DCF		357											
- Interesting bearing debt		-5.1											
+ Cash and cash equivalents		114											
-Minorities		0.0											
-Dividend/capital return		0.0											
Equity value DCF		466											
Equity value DCF per share		7.7											

Cash flow distribution



Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	6.0 %
Equity Beta	3.6
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.0 %
Cost of equity	20.0 %
Weighted average cost of capital (WACC)	16.9 %

Source: Inderes

Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	2.0	1.6	2.1	2.9	8.8	EPS (reported)			-0.22	-0.13	-0.23
EBITDA	-3.6	-3.2	-4.8	-5.7	-10.0	EPS (adj.)			-0.13	-0.13	-0.23
EBIT	-3.8	-3.4	-5.3	-7.1	-13.2	OCF / share			-0.04	-0.14	-0.17
PTP	-4.0	-3.8	-11.2	-7.7	-14.0	FCF / share			2.18	-0.21	-0.24
Net Income	-4.0	-3.8	-11.2	-7.7	-14.0	Book value / share			2.43	1.93	1.70
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share			0.00	0.00	0.00
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	14.4	23.8	134.2	127.5	119.2	Revenue growth-%	17%	-23%	32%	39%	203%
Equity capital	5.7	8.7	124.4	117.3	103.3	EBITDA growth-%	60%	-11%	52%	19%	75%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	54%	-10%	56%	35%	86%
Net debt	0.8	4.9	-108.7	-95.7	-80.1	EPS (adj.) growth-%				-4%	81%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	-173.5 %	-200.1 %	-231.0 %	-197.1 %	-113.8 %
EBITDA	-3.6	-3.2	-4.8	-5.7	-10.0	EBIT (adj.)-%	-184.7 %	-214.5 %	-253.6 %	-245.4 %	-150.0 %
Change in working capital	-0.3	0.4	2.7	-2.5	0.0	EBIT-%	-184.7 %	-214.5 %	-253.6 %	-245.4 %	-150.0 %
Operating cash flow	-3.8	-2.8	-2.2	-8.2	-10.0	ROE-%	-52.1 %	-52.2 %	-16.8 %	-6.4 %	-12.7 %
CAPEX	-3.1	-7.8	-5.1	-4.8	-4.8	ROI-%	-24.9 %	-24.6 %	-7.2 %	-5.5 %	-10.8 %
Free cash flow	-6.9	-10.6	111.5	-12.5	-14.8	Equity ratio	39.6 %	37.0 %	92.7 %	91.9 %	86.7 %
Valuation multiples	2019	2020	2021	2022e	2023e	Gearing	13.5 %	56.5 %	-87.4 %	-81.6 %	-77.5 %
EV/S			>100	51.5	18.7						
EV/EBITDA (adj.)			neg.	neg.	neg.						
EV/EBIT (adj.)			neg.	neg.	neg.						
P/E (adj.)			neg.	neg.	neg.						
P/B			2.8	2.1	2.4						
Dividend-%			0.0 %	0.0 %	0.0 %						

Source: Inderes

Disclaimer and recommendation history

Recommendation history (>12 mo)

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.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Date	Recommendation	Target price	Share price
20-04-21	Buy	7.00 €	5.00 €
16-09-21	Buy	6.00 €	4.04 €



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



Petri Kajaani
2017, 2019, 2020



Joni Grönqvist
2019, 2020



Erkki Vesola
2018, 2020



Petri Gostowski
2020



Atte Riikola
2020



Olli Koponen
2020

**Research belongs
to everyone.**