

Wärtsilä

Company report

11/14/2022 22:18



Erkki Vesola
+358 50 549 5512
erkki.vesola@inderes.fi

This report is a summary translation of the report "Kaasun kevennys kurssirallissa" published on 11/14/2022 at 10:24 pm

inde
res.

Easing off the gas in the price rally

Yesterday, Wärtsilä hosted a mid-Q4 conference that had a positive tone in terms of key demand and profitability drivers. At this stage, our estimates remain unchanged. The price rally has eaten away on the share's upside and we lower our recommendation to Accumulate (previously Buy). However, the lower short- and medium-term risk profile provides basis for raising the target price to EUR 9.00 (previously 8.00).

Equipment demand has continued to be good

According to Wärtsilä, equipment demand in different businesses has continued to meet expectations in Q4 and the prospect base is strong. Q4'21 was exceptional for orders (2,150 MEUR; +92 % y-o-y) but reasonably sized orders are moving now too. In the Marine business, Wärtsilä's target is far away, as some vessel types have record delivery times. For example, delivery of an LNG vessel ordered now will not take place until 2027. Corresponding equipment orders (such as Wärtsilä's engine) by a shipyard will only take place in 2025, as the shipping company always wants the latest technology. LNG carriers accounted for 18% of Wärtsilä Marine's equipment orders in Q1-Q3'22.

Storage systems are doing well

According to Wärtsilä, the market for electricity storage systems is still growing in Q4 compared to Q3. Wärtsilä did not directly say that its own storage system orders would grow in Q4 from Q3 figures (804 MWh, 320 MEUR), but we consider this possible. At least customers have, according to Wärtsilä, accepted a new higher price level. According to Wärtsilä, it is still in the top-3 among global storage system suppliers and sees the use of GEMS software that optimizes battery use as its main competitive advantage.

Sales in services is also lively

Wärtsilä praised the good demand for services, especially in the Marine business. This is based on a high capacity utilization rate in cruise and container ships, and LNG carriers. Wärtsilä has successfully shifted the focus of its service offering from mere spare parts and maintenance to performance-based contracts, where the customer is committed to Wärtsilä and the renewal rate of contracts exceeds 90% for both the Marine business and Energy.

Profitability drivers heading in the right direction

Wärtsilä expects equipment delivery margins to return to normal levels when orders received before the rapid component inflation have been delivered by the end of H1'23. Currently, the prices of Wärtsilä's equipment offers are valid for up to one month and the link between the Group's bidding system and supply chain has been clearly tightened. For services, Wärtsilä stated that their prices are currently in balance with the cost level. In addition, the profitability of electricity storage systems is "headed in the right direction".

There is still undervaluation

The share's total expected return is around 14% y-on-y, which still exceeds the around 9% required return. The risk-adjusted expected return is therefore still attractive. The share's 2023 P/E and EV/EBIT ratios are 19-23% below the median of the peers. However, the ratios of the entire peer group have risen strikingly fast. The DCF model indicates a growth potential of over 50% for the share, but we note that the cash flow profile of the model is highly backloaded.

Recommendation

Accumulate
(previous Buy)

9.00 EUR
(previous EUR 8.00)

Share price:
8.25



Key figures

	2021	2022e	2023e	2024e
Revenue	4778	5852	6232	6643
growth-%	4%	22%	7%	7%
EBIT adj.	357	369	472	544
EBIT-% adj.	7.5 %	6.3 %	7.6 %	8.2 %
Net Income	193	-21	309	379
EPS (adj.)	0.40	0.50	0.52	0.64

P/E (adj.)	31.0	16.5	15.8	12.9
P/B	3.2	2.3	2.2	2.1
Dividend yield-%	1.9 %	4.2 %	4.9 %	6.2 %
EV/EBIT (adj.)	22.5	15.7	12.2	10.6
EV/EBITDA	16.9	19.5	9.4	8.3
EV/S	1.7	1.0	0.9	0.9

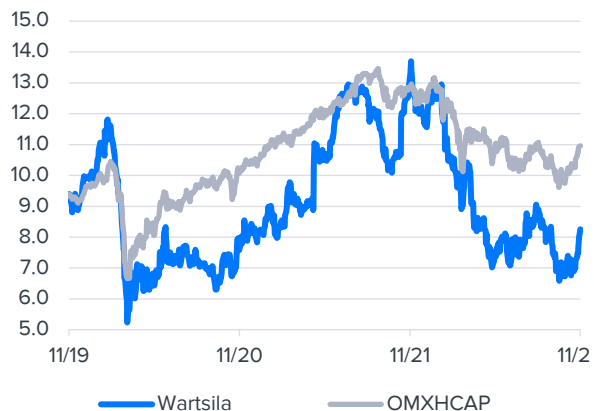
Source: Inderes

Guidance

(Unchanged)

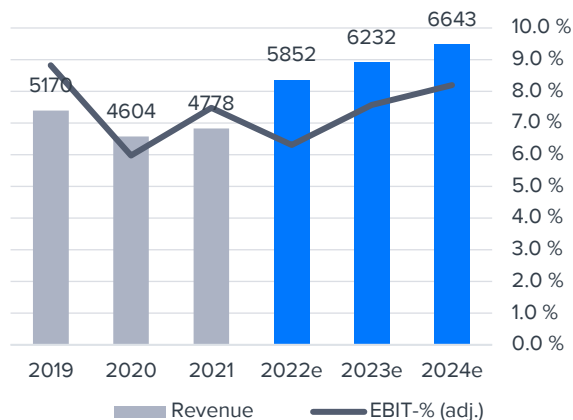
Wärtsilä expects the demand environment in Q4'22 to be weaker to that of Q4'21. For 2022 as a whole, demand is expected to be slightly higher than in 2021.

Share price



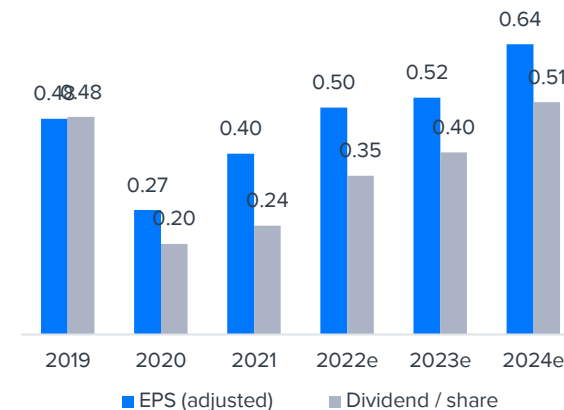
Source: Millstream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Strong position in selected segments
- Growing role of special-purpose vessels and automation in marine operations
- Extensive installed equipment portfolio and significant share of services business
- Proven good and predictable performance over the cycle



Risk factors

- Cyclicity of shipbuilding
- Uncertainty about the winning renewable energy production forms
- Energy's deliveries focusing on storage solutions depress margins

Valuation	2022e	2023e	2024e
Share price	8.25	8.25	8.25
Number of shares, millions	591.7	591.7	591.7
Market cap	4882	4882	4882
EV	5800	5776	5749
P/E (adj.)	16.5	15.8	12.9
P/E	neg.	15.8	12.9
P/FCF	neg.	20.1	17.0
P/B	2.3	2.2	2.1
P/S	0.8	0.8	0.7
EV/Sales	1.0	0.9	0.9
EV/EBITDA	19.5	9.4	8.3
EV/EBIT (adj.)	15.7	12.2	10.6
Payout ratio (%)	neg.	76.9%	80.0%
Dividend yield-%	4.2%	4.9%	6.2%

Source: Inderes

No grounds for estimate changes yet

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	5852	5852	0%	6232	6232	0%	6643	6643	0%
EBIT (exc. NRIs)	369	369	0%	472	472	0%	544	544	0%
EBIT	52.0	52.0	0%	472	472	0%	544	544	0%
PTP	42.0	42.0	0%	464	464	0%	522	522	0%
EPS (excl. NRIs)	0.50	0.50	0%	0.52	0.52	0%	0.64	0.64	0%
DPS	0.35	0.35	0%	0.40	0.40	0%	0.51	0.51	0%

Source: Inderes

Undervaluation has decreased

The fast-paced rally ate the biggest upside, recommendation lowered to Accumulate

Wärtsilä's share has risen by 22% since the Q3 report and the clearest undervaluation has melted. As we expected [in our Q3 report](#), based on the mid-Q4 review the worst cost pressures are easing and early signs of efficiency improvements in the profitability of storage systems have also been seen. However, we believe that the strong price rally has eaten away most of the upside for the time being. We now lower our recommendation to Accumulate. We feel that the short- and medium-term risk profile of Wärtsilä has decreased as demand and profitability drivers are more positive than before. This provides the basis for us to raise the target price to EUR 9.00 (previously 8.00), even though our numerical estimates remain unchanged.

Risk-adjusted return remains at a good level

The total expected return of Wärtsilä's share (upside in the share price determined by earnings growth and change in valuation multiple plus dividend yield) is around 14% year-on-year, which still exceeds the around 9% required return. Thus the share's risk-adjusted expected return is still attractive.

Multiples below peers

The share's 2023 P/E and EV/EBIT ratios (16x and 12x) are 19-23% below the median of the peers. The overall peer group pricing of Wärtsilä's share is favorable, but the multiples for the entire peer group have increased by about 20% in a few weeks, which may be an overreaction.

DCF potential is large, but the risks of the model are elevated

Our DCF model indicates an upside potential of over 50% for the share. However, the risk level of the model is high, as the cash-flow profile is highly backloaded. This in turn is due, in particular, to the fact that electricity storage systems will still generate significant losses in the coming years, before we expect the business to turn profitable from 2025 onwards. Therefore, the applicability of the DCF value as a basis for the recommendation is currently rather limited.

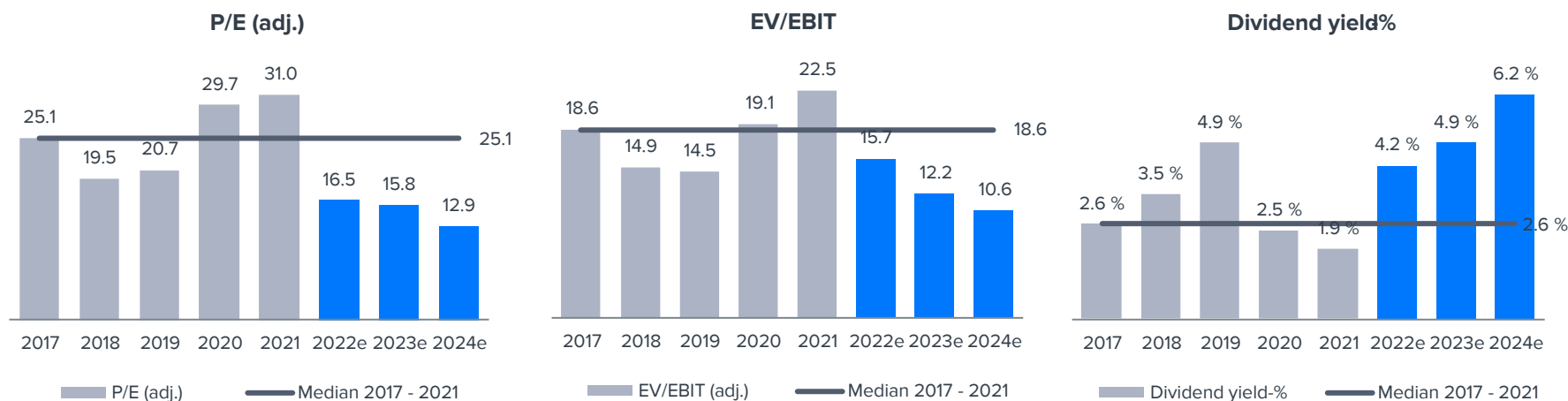
Valuation	2022e	2023e	2024e
Share price	8.25	8.25	8.25
Number of shares, millions	591.7	591.7	591.7
Market cap	4882	4882	4882
EV	5800	5776	5749
P/E (adj.)	16.5	15.8	12.9
P/E	neg.	15.8	12.9
P/FCF	neg.	20.1	17.0
P/B	2.3	2.2	2.1
P/S	0.8	0.8	0.7
EV/Sales	1.0	0.9	0.9
EV/EBITDA	19.5	9.4	8.3
EV/EBIT (adj.)	15.7	12.2	10.6
Payout ratio (%)	neg.	76.9 %	80.0 %
Dividend yield-%	4.2 %	4.9 %	6.2 %

Source: Inderes

Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	17.5	13.9	9.85	8.15	12.4	8.25	8.25	8.25	8.25
Number of shares, millions	591.7	591.7	591.7	591.7	591.7	591.7	591.7	591.7	591.7
Market cap	10375	8225	5828	4823	7314	4882	4882	4882	4882
EV	10721	8608	6601	5255	8022	5800	5776	5749	5694
P/E (adj.)	25.1	19.5	20.7	29.7	31.0	16.5	15.8	12.9	10.4
P/E	27.7	21.3	27.0	36.0	37.9	neg.	15.8	12.9	10.4
P/FCF	38.3	32.8	neg.	6.9	neg.	neg.	20.1	17.0	12.8
P/B	4.4	3.4	2.4	2.2	3.2	2.3	2.2	2.1	2.0
P/S	2.1	1.6	1.1	1.0	1.5	0.8	0.8	0.7	0.7
EV/Sales	2.2	1.7	1.3	1.1	1.7	1.0	0.9	0.9	0.8
EV/EBITDA	15.5	12.8	12.2	12.9	16.9	19.5	9.4	8.3	6.9
EV/EBIT (adj.)	18.6	14.9	14.5	19.1	22.5	15.7	12.2	10.6	8.5
Payout ratio (%)	72.6 %	73.5 %	131.5 %	88.3 %	73.6 %	neg.	76.9 %	80.0 %	90.0 %
Dividend yield-%	2.6 %	3.5 %	4.9 %	2.5 %	1.9 %	4.2 %	4.9 %	6.2 %	8.7 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
Metso Outotec Corp	7164	7784	12.9	10.5	10.4	8.7	1.5	1.4	15.2	13.2	3.3	3.9	3.0
Kone Oyj	26020	24401	23.1	19.7	18.6	16.4	2.2	2.2	31.3	26.4	3.6	3.7	8.6
Konecranes Abp	2322	3068	11.1	9.2	8.4	7.1	0.9	0.8	12.4	10.2	4.3	4.6	1.7
Siemens Energy AG	10416	7737		11.5	6.1	3.9	0.3	0.3	53.3	19.6	1.2	1.9	0.7
Abb Ltd	59701	63982	17.3	15.9	14.1	13.0	2.3	2.2	21.5	19.4	2.9	3.0	4.7
Alfa Laval AB	11640	12989	19.1	16.0	14.8	12.7	2.8	2.4	23.9	19.7	2.1	2.4	3.7
Alstom SA	9236	11137	20.5	17.7	10.1	9.6	0.7	0.7	23.8	15.8	1.3	1.5	1.0
Caterpillar Inc	119178	148431	18.2	16.1	14.7	13.6	2.6	2.5	17.1	15.8	2.0	2.1	8.2
General Electric Co	91325	103624	17.7	12.5	12.1	9.8	1.4	1.3	34.0	19.8	0.4	0.4	3.0
Rolls-Royce Holdings PLC	8523	14373	26.2	17.2	9.3	7.8	1.1	1.0	71.1	24.2			
Woodward Inc	5827	6473	29.1	22.1	18.6	15.7	2.8	2.6	37.5	28.0	0.7	0.8	2.3
Wartsila (Inderes)	4882	5800	15.7	12.2	19.5	9.4	1.0	0.9	16.5	15.8	4.2	4.9	2.3
Average			19.5	15.3	12.5	10.7	1.7	1.6	31.0	19.3	2.2	2.4	3.7
Median			18.6	16.0	12.1	9.8	1.5	1.4	23.9	19.6	2.0	2.2	3.0
Diff-% to median			-16%	-23%	61%	-4%	-32%	-33%	-31%	-19%	111%	118%	-22%

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

Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
Revenue	4604	4778	1231	1408	1433	1780	5852	6232	6643	7057
Marine Power	1748	1863	455	503	463	615	2036	2303	2354	2446
Marine Systems	808	654	163	185	184	235	767	663	696	733
Voyage	248	279	60	58	61	87	266	315	334	361
Energy	1620	1861	535	633	696	804	2668	2876	3188	3449
Portfolio Business	181	121	18	28	30	39	115	75	71	67
EBITDA	408	476	-25	109	61	153	298	613	690	819
Depreciation	-174	-162	-122	-34	-51	-39	-246	-141	-146	-152
EBIT (excl. NRI)	275	357	65	86	81	137	369	472	544	668
EBIT	234	314	-147	75	10	114	52	472	544	668
Marine Power	134	180	-35	47	-25	69	56	229	252	280
Marine Systems	81	47	5	11	18	17	51	54	62	69
Voyage	-42	-39	-134	-24	-16	-7	-181	-3	5	14
Energy	91	134	20	41	34	55	150	191	222	301
Portfolio Business	-29	-9	-3	0	-1	3	-1	2	3	3
	-1	1	0	0	0	-23	-23	0	0	0
Net financial items	-43	-18	0	-2	-3	-5	-10	-8	-22	-23
PTP	191	296	-147	73	8	109	42	464	522	645
Taxes	-58	-103	5	-21	-4	-36	-56	-148	-136	-168
Minority interest	1	0	-1	-1	-4	-1	-7	-7	-7	-7
Net earnings	134	193	-143	51	0	72	-21	309	379	470
EPS (adj.)	0.27	0.40	0.12	0.10	0.12	0.16	0.50	0.52	0.64	0.79
EPS (rep.)	0.23	0.33	-0.24	0.09	0.00	0.12	-0.04	0.52	0.64	0.79

Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	-10.9 %	3.8 %	30.1 %	24.4 %	29.9 %	11.4 %	22.5 %	6.5 %	6.6 %	6.2 %
Adjusted EBIT growth-%	-39.7 %	29.8 %	57.2 %	21.7 %	-6.4 %	-13.5 %	3.4 %	27.9 %	15.3 %	22.8 %
EBITDA-%	8.9 %	10.0 %	-2.0 %	7.7 %	4.3 %	8.6 %	5.1 %	9.8 %	10.4 %	11.6 %
Adjusted EBIT-%	6.0 %	7.5 %	5.3 %	6.1 %	5.7 %	7.7 %	6.3 %	7.6 %	8.2 %	9.5 %
Net earnings-%	2.9 %	4.0 %	-11.6 %	3.6 %	0.0 %	4.0 %	-0.4 %	5.0 %	5.7 %	6.7 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	2427	2539	2476	2485	2521
Goodwill	1325	1374	1299	1299	1299
Intangible assets	391	401	360	363	375
Tangible assets	444	504	530	535	560
Associated companies	23	27	28	28	28
Other investments	19	18	19	19	19
Other non-current assets	42	48	39	39	39
Deferred tax assets	183	167	201	201	201
Current assets	3805	3984	4111	4375	4663
Inventories	1192	1185	1358	1446	1541
Other current assets	99	2	3	0	0
Receivables	1595	1833	2224	2368	2524
Cash and equivalents	919	964	527	561	598
Balance sheet total	6232	6523	6587	6860	7184

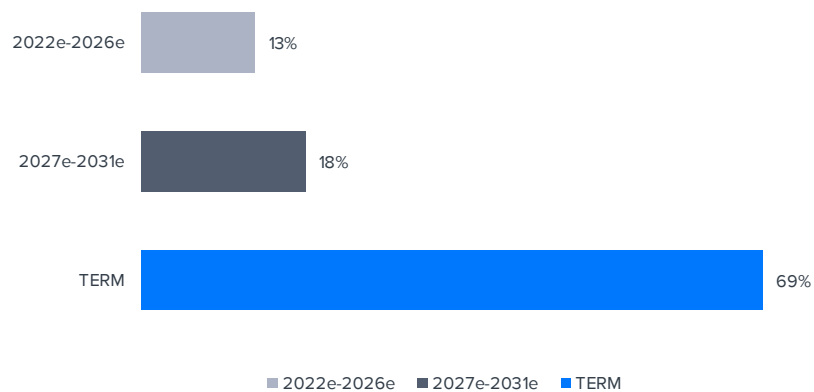
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	2187	2259	2096	2198	2339
Share capital	336	336	336	336	336
Retained earnings	2030	2105	1942	2044	2185
Hybrid bonds	0	0	0	0	0
Revaluation reserve	61	61	61	61	61
Other equity	-251	-251	-251	-251	-251
Minorities	11	8	8	8	8
Non-current liabilities	1720	1936	1748	1757	1766
Deferred tax liabilities	76.0	66.0	62.0	62.0	62.0
Provisions	324	324	324	324	324
Long term debt	1129	1325	1141	1150	1159
Convertibles	0	0	0	0	0
Other long term liabilities	191	221	221	221	221
Current liabilities	2325	2328	2743	2905	3079
Short term debt	198	321	285	287	289
Payables	2059	2007	2458	2617	2790
Other current liabilities	68	0	0	0	0
Balance sheet total	6232	6523	6587	6860	7184

DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	3.8 %	22.5 %	6.5 %	6.6 %	6.2 %	5.6 %	5.0 %	4.4 %	3.7 %	3.1%	2.5 %	2.5 %
EBIT-%	6.6 %	0.9 %	7.6 %	8.2 %	9.5 %	10.0 %	9.8 %	9.6 %	9.4 %	9.0 %	9.0 %	9.0 %
EBIT (operating profit)	314	52.0	472	544	668	745	767	784	796	786	806	
+ Depreciation	162	246	141	146	152	157	162	166	169	170	173	
- Paid taxes	-97	-94	-148	-136	-168	-188	-193	-196	-199	-195	-200	
- Tax, financial expenses	-8	-4	-4	-8	-8	-8	-9	-10	-11	-12	-13	
+ Tax, financial income	2	1	2	2	2	2	2	3	3	3	3	
- Change in working capital	-254	-113	-70	-79	-80	-76	-71	-66	-59	-51	-42	
Operating cash flow	118	88	393	469	566	633	658	680	699	702	728	
+ Change in other long-term liabilities	30	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-286	-148	-150	-182	-186	-186	-185	-182	-178	-189	-200	
Free operating cash flow	-138	-60	243	287	381	447	473	498	521	512	528	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-138	-60	243	287	381	447	473	498	521	512	528	11078
Discounted FCFF		-59	224	247	305	333	328	322	314	287	276	5783
Sum of FCFF present value		8359	8418	8194	7947	7642	7309	6981	6659	6345	6058	5783
Enterprise value DCF		8359										
- Interesting bearing debt		-1647										
+ Cash and cash equivalents		964										
-Minorities		-19										
-Dividend/capital return		-142										
Equity value DCF		7515										
Equity value DCF per share		12.7										

Cash flow distribution



Wacc	
Tax-% (WACC)	26.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	3.0 %
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.7 %
Weighted average cost of capital (WACC)	7.4 %

Source: Inderes

Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	5170.0	4604.0	4778.0	5851.7	6232.0	EPS (reported)	0.37	0.23	0.33	-0.04	0.52
EBITDA	541.0	408.0	476.0	298.0	613.1	EPS (adj.)	0.48	0.27	0.40	0.50	0.52
EBIT	361.0	234.0	314.0	52.0	471.9	OCF / share	0.26	1.30	0.20	0.15	0.66
PTP	314.0	191.0	296.0	42.0	464.1	FCF / share	-0.26	1.18	-0.23	-0.10	0.41
Net Income	216.0	134.0	193.0	-21.0	309.3	Book value / share	4.05	3.68	3.80	3.53	3.70
Extraordinary items	-95.0	-41.0	-43.0	-317.0	0.0	Dividend / share	0.48	0.20	0.24	0.35	0.40
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	6398.0	6232.0	6523.0	6586.9	6859.5	Revenue growth-%	0%	-11%	4%	22%	7%
Equity capital	2409.0	2187.0	2258.7	2095.6	2197.7	EBITDA growth-%	-20%	-25%	17%	-37%	106%
Goodwill	1380.0	1325.0	1374.0	1299.0	1299.0	EBIT (adj.) growth-%	-21%	-40%	30%	3%	28%
Net debt	738.0	408.0	682.6	899.9	876.5	EPS (adj.) growth-%	-33%	-42%	45%	25%	4%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	10.5 %	8.9 %	10.0 %	5.1 %	9.8 %
EBITDA	541.0	408.0	476.0	298.0	613.1	EBIT (adj.)-%	8.8 %	6.0 %	7.5 %	6.3 %	7.6 %
Change in working capital	-235.0	469.0	-254.2	-113.3	-70.0	EBIT-%	7.0 %	5.1 %	6.6 %	0.9 %	7.6 %
Operating cash flow	152.5	770.9	118.5	88.1	392.7	ROE-%	9.0 %	5.9 %	8.7 %	-1.0 %	14.5 %
CAPEX	-329.0	-73.0	-286.0	-148.0	-149.8	ROI-%	11.2 %	6.7 %	8.4 %	1.5 %	13.4 %
Free cash flow	-155.5	695.9	-137.5	-59.9	242.9	Equity ratio	41.4 %	37.8 %	37.5 %	35.1 %	35.4 %
Valuation multiples	2019	2020	2021	2022e	2023e	Gearing	30.6 %	18.7 %	30.2 %	42.9 %	39.9 %
EV/S	1.3	1.1	1.7	1.0	0.9						
EV/EBITDA (adj.)	12.2	12.9	16.9	19.5	9.4						
EV/EBIT (adj.)	14.5	19.1	22.5	15.7	12.2						
P/E (adj.)	20.7	29.7	31.0	16.5	15.8						
P/E	2.4	2.2	3.2	2.3	2.2						
Dividend-%	4.9 %	2.5 %	1.9 %	4.2 %	4.9 %						

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.

Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
28-10-19	Reduce	9.00 €	9.27 €
27-11-19	Accumulate	10.00 €	9.08 €
20-01-20	Accumulate	12.00 €	10.83 €
31-01-20	Accumulate	12.50 €	11.45 €
26-03-20	Accumulate	7.50 €	6.78 €
22-04-20	Accumulate	7.00 €	6.36 €
20-07-20	Accumulate	8.00 €	7.51 €
26-10-20	Accumulate	8.00 €	7.44 €
21-01-21	Reduce	9.40 €	9.01 €
29-01-21	Reduce	8.70 €	8.11 €
23-04-21	Reduce	10.00 €	10.31 €
21-07-21	Reduce	12.00 €	12.35 €
27-10-21	Accumulate	12.60 €	11.88 €
19-11-21	Accumulate	14.00 €	13.16 €
31-01-22	Accumulate	13.00 €	10.84 €
30-03-22	Accumulate	11.50 €	9.11 €
21-04-22	Accumulate	10.60 €	8.41 €
29-04-22	Accumulate	9.50 €	7.75 €
22-07-22	Accumulate	9.50 €	8.58 €
03-10-22	Buy	8.00 €	6.58 €
26-10-22	Buy	8.00 €	6.76 €
15-11-22	Accumulate	9.00 €	8.25 €



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.**