

# Fortum

## Company report

09/22/2022 8:45



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This report is a summary translation of the report "Paluu menneisyyteen" published 9/22/2022 at 8:45 am

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# Back to the past

We raise Fortum's recommendation to Accumulate (was Reduce) and the target price to EUR 14.5 (was 11.00). Fortum announced yesterday that it had reached an agreement with the German State on the nationalization of Uniper. Fortum will recover its EUR 8 billion financing for Uniper (loan and guarantee) and gain EUR 0.5 billion from its Uniper holding. Even though the Uniper adventure was extremely expensive, the Fortum that hatches from the solution has a relatively attractive profile and with the current electricity market outlook the balance sheet will recover quite quickly. Of course, there are still risks: final separation from Uniper, exit from Russia, windfall taxes and the sustainability of high electricity prices.

## Fortum will sell its entire Uniper holding to the German State

Yesterday, Fortum announced that it will sell its entire Uniper holding to the German State. Fortum will receive a small compensation (EUR 0.5 bn) for the holding and the EUR 4 billion loan granted by Fortum to Uniper is repaid and EUR 4 billion parent company guarantee is released. Thus, Fortum's liquidity position improves significantly and as the situation clarifies it should also be able to access the debt markets. Based on the terms of the arrangement, Uniper is no longer consolidated to Fortum Group from Q3'22, which has a positive impact of some EUR 5 billion on Group equity. The arrangement requires regulatory approval and a decision by Uniper's EGM, and it is expected to be finalized by the end of 2022. The Uniper adventure will go down in Finnish history as one of the most expensive adventures with a loss of about EUR 5.6 billion as some EUR 7 billion was invested in Uniper's shares (dividend of ~900 MEUR received). However, in this situation, the solution was right, and there was also a strong consensus about this on the equity markets (share +20 % in two days).

## A return to the past is welcome

After exiting from Uniper, Fortum will return to its roots as a Nordic electricity company whose crown jewel is the Generation segment. Nordic electricity production in the segment is carbon dioxide-free nuclear power, hydropower and wind power, so we think Fortum's profile should be very attractive (but Russia is still a burden). If current very high electricity prices prevail, we expect the Generation segment to generate an operating result of about EUR 2.2 billion next year, which would also help Fortum's balance sheet to recover relatively quickly from the shocks of Uniper and Russia. We have simply cut Uniper from the Group's continuing operations and transferred the losses to discontinued operations. There is still considerable uncertainty involved in Uniper's Q3 contribution and the earnings and balance sheet effects are still partly unclear. However, we are quite confident that Fortum will survive the German escapade without capitalization, and the risk profile of the new Fortum is significantly lower than before. However, it is hard to predict the development of an exceptionally volatile electricity market, and the windfall tax or other energy policy guidelines can continue to throw spanners in the works together with Russia.

## Valuation can still be seen as confusingly low

Fortum has the preconditions to generate an excellent result next year thanks to the high electricity price. Therefore, the 2023e P/E is only about 7x, which is actually confusingly low. However, 2023 performance (EPS estimate EUR 1.94) is not sustainable and the normalized EPS is likely to be closer to EUR 1.2-1.5. Then the P/E would be about 10x, which we believe still indicates a type of crisis pricing. Although there are still uncertainties, we believe that Fortum's risk/return ratio will be reasonably good if the Uniper arrangement is completed. Even though the Uniper adventure was a disaster, in a favorable market environment, the worst bumps can be remedied rather quickly.

## Recommendation

### Accumulate

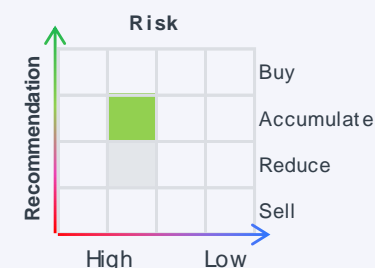
(previous Reduce)

### EUR 14.50

(previous EUR 11.00)

### Share price:

EUR 13.25



## Key figures

	2021	2022e	2023e	2024e
<b>Revenue</b>	112400	8409	9596	9018
<b>growth-%</b>	129%	-93%	14%	-6%
<b>EBIT adj.</b>	2536	1571	2480	1879
<b>EBIT-% adj.</b>	2.3 %	18.7 %	25.8 %	20.8 %
<b>Net Income</b>	739	2871	1726	1285
<b>EPS (adj.)</b>	2.00	-3.75	1.94	1.45

<b>P/E (adj.)</b>	13.5	neg.	6.8	9.2
<b>P/B</b>	2.0	1.7	1.4	1.2
<b>Dividend yield-%</b>	4.2 %	0.0 %	0.0 %	3.8 %
<b>EV/EBIT (adj.)</b>	12.9	11.3	6.7	8.2
<b>EV/EBITDA</b>	47.2	8.2	5.7	6.6
<b>EV/S</b>	0.3	2.1	1.7	1.7

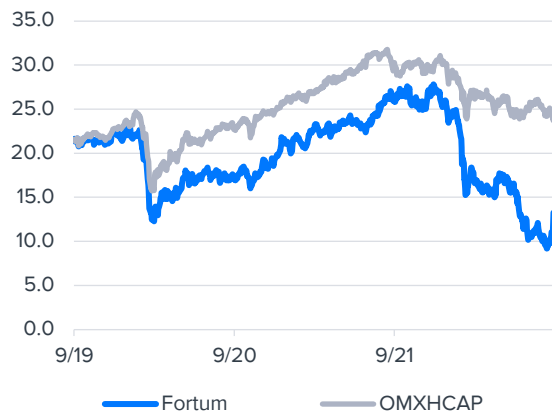
Source: Inderes

## Guidance

(Unchanged)

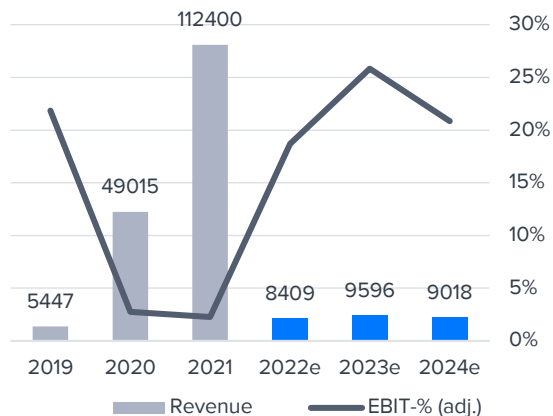
The Generation segment's Nordic generation hedges: approximately 80% at EUR 38 per MWh for the remainder of 2022, and approximately 60% at EUR 37 per MWh for 2023.

## Share price



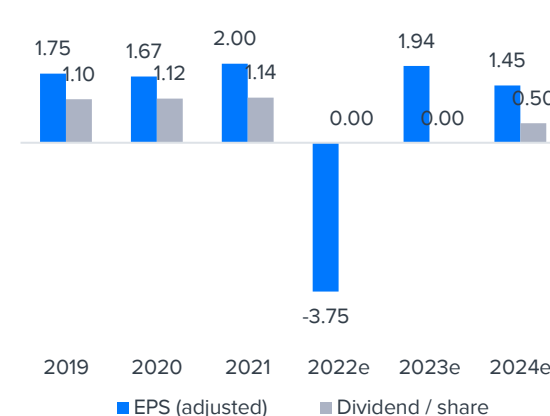
Source: Millstream Market Data AB

## Revenue and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Successful exit from Uniper and Russia
- Improved investment profile and lower risk profile as the situation becomes clearer
- 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



## Risk factors

- Finalization of Uniper's nationalization which remains subject to uncertainty
- Write-down risks associated with Russian business, which may also result in balance sheet problems
- Possible windfall taxes and developments in energy policy
- 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	13.3	13.3	13.3
Number of shares, million	888.3	888.3	888.3
Market cap	11770	11770	11770
EV	17836	16574	15490
P/E (adj.)	neg.	6.8	9.2
P/E	neg.	6.8	9.2
P/FCF	neg.	8.6	9.7
P/B	1.7	1.4	1.2
P/S	1.4	1.2	1.3
EV/Sales	2.1	1.7	1.7
EV/EBITDA	8.2	5.7	6.6
EV/EBIT (adj.)	11.3	6.7	8.2
Payout ratio (%)	0.0 %	0.0 %	34.6 %
Dividend yield-%	0.0 %	0.0 %	3.8 %

Source: Inderes

# Uniper simply cut from the Group

## Uniper will exit the Fortum Group soon

As a result of the agreement between Fortum and the German State, Uniper will no longer be consolidated with Fortum Group, which is why we have cut Uniper from Fortum's continuing operations. Starting from Q3'22 Uniper is presented as discontinued operations and the financial data of Fortum's continuing operations no longer include the impact of Uniper's business. This naturally changes Group figures radically and the changes are mainly positive.

We stress that we have removed the Uniper segment 'crudely' and have not been able to properly consider Uniper on all lines of the income statement. In addition, significant uncertainties also relate to the impact on the balance sheet. Fortum explained that when Uniper's consolidation ends and it is classified as a discontinued operation, Fortum adjusts the quarterly data for comparison periods for 2021 and for the first half of 2022. The adjusted data will be published prior to Fortum's Q3'22 result release (November 10, 2022). Thus, we will receive more detailed information soon, and will then also make

further adjustments to our own figures. Now the figures are 'crude', but the problems lessen when moving to 2023, as this is the first 'whole' year.

## Next year's estimates on the rise with Uniper's exit

We had expected that Uniper's losses would continue next year, and in our previous estimates they were around EUR -1.0 billion at operating result level. The exit of these naturally directly increased the estimates for 2023 by the same amount. On the other hand, our estimates had predicted that Uniper would be able to generate a small positive earnings contribution in 2024 (200 MEUR) and beyond. Thus, our longer-term estimates have decreased, but it has been extremely difficult to predict the performance of Uniper, and confidence in the estimates has been weak for a long time. Therefore, in 'qualitative' terms the result will improve significantly as Uniper leaves.

Investors should note that Fortum's Russia segment is still included in our estimates. Their role is small (2023e EBIT estimate 176 MEUR or 7.1% of estimated Group EBIT), but conservative investors can also exclude this, because money transactions from Russia may still be frozen. In practice, however, the

result in the coming years depends very heavily on the performance of the Generation segment and on the development of electricity prices.

## Uniper's Q3 reporting is still partly unclear

In the previous quarters, Fortum has recorded significant losses mainly due to provisions recorded by Uniper and negative changes in fair value related to Russian gas restrictions. These have therefore been unrealized losses, which would actually occur in Q3. However, now Uniper is a discontinued operation and Uniper's losses in Q3 and beyond will not affect Fortum Group's equity, as the effect terminating the consolidation will eliminate the effect of losses. We believe these losses, which have not actually realized for Fortum, will be adjusted in the Q3 result. Calculated based on the Q2 balance sheet, the end of the consolidation would strengthen Fortum Group's equity by about EUR 5 billion. This is clear, but what is unclear is how the impact affects the income statement and whether the write-down of the Uniper holding occurs at the same time.

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	177787	8409	-95%	161487	9596	-94%	145900	9018	-94%
EBITDA	-10557	2177	-121%	2830	2932	4%	3760	2344	-38%
EBIT (exc. NRIs)	-6699	1571	-123%	1480	2480	68%	2405	1879	-22%
EBIT	-11892	1742	-115%	1480	2480	68%	2405	1879	-22%
PTP	-12630	1004	-108%	1157	2263	96%	2076	1695	-18%
EPS (excl. NRIs)	-2.21	-3.75	70%	1.07	1.94	82%	1.69	1.45	-15%
DPS	0.00	0.00	0%	0.00	0.00	0%	0.50	0.50	0%

# The balance sheet should hold

Thus the estimates may be revised later as the reporting becomes clearer. In any case, according to Fortum, Uniper's losses in discontinued operations in the Q3'22 report include Uniper's net loss for the first nine months of 2022 and the positive effect of the consolidation ending. This amount will be revised in our own estimates later on.

## Capital should be sufficient

Fortum's balance sheet situation is interesting in that the consolidated and parent company's balance sheets have recently looked very different. According to Fortum, the loss resulting from the divestment will reduce the equity of the parent company Fortum Corporation, but the exact amount has not been reported by the company. At most, the write-down is around EUR 6.5 billion if Uniper's shares have been in the balance sheet at acquisition price (about EUR 7 bn) and the effect is straightforward (no separate silos and debt financing). Nevertheless, Fortum estimates that it will remain at an adequate level and that there is no need for additional equity financing, which is a reassuring in itself. At the end of 2021, the parent company's equity stood at EUR 11.6 billion, which obviously also includes Russian write-downs.

On the other hand, the effects on the consolidated balance sheet are at least initially positive. Because Uniper's equity at the end of Q2 was EUR 5 billion negative, this is now removed from the consolidated balance sheet. On the other hand, the weakening of the parent company is also reflected in the Group, but apparently with a delay. However, Uniper's contribution in Q3 and the reversal of previous losses, where the mechanism is not clear to us, play a key role.

In any event, the financial position improves with the repayment of the EUR 4 billion loan granted by Fortum to Uniper once the arrangement is completed. The loan is recognized as a receivable in Q3, which raises the net financial debt for now because the receivable is not interest-bearing and thus not eliminated from net financial debt. However, without this, Fortum's net financial debt is quite moderate at EUR 2.4 billion, so there is no excessive debt as the situation settles down. In addition, the deal price of EUR 0.5 billion received by Fortum for Uniper's shares will be recognized as a short-term receivable until the sale of the shares is completed.

## Russia's write-down risk remains relevant

The balance sheet of Fortum continues to involve a write-down risk of the Russian businesses, because exiting the country is hard and potential sales require approval from Russian authorities. After previous write-downs and ruble fluctuations, Fortum's total book value of Russian assets is about EUR 5.5 billion (at the end of Q2'22). We estimate that at least a good EUR 2 billion (Unipro) disappeared from this with Uniper, and around EUR 3 billion remains (depending also on the ruble's exchange rate).

Once we see Fortum's balance sheet (both Group and parent) in the Q3 report, we will know how relevant the balance sheet risks related to Russia are. Nevertheless, we stress to investors that equity is not as much of a risk as liquidity that previously really threatened Fortum. In this respect, the situation has improved and with the Uniper arrangement it will improve further significantly. However, through credit rating agencies, balance sheet risks (including equity) can affect the availability of debt financing and thus operational activity in a capital-intensive sector.

## Fortum's net financial debt, Q2'22

EUR million	30 Jun 2022	31 Dec 2021
<b>+ Interest-bearing liabilities</b>	<b>14,277</b>	<b>17,220</b>
<b>- BS Liquid funds</b>	<b>4,165</b>	<b>7,592</b>
- Non-current securities	95	111
- Collateral arrangement securities	532	549
<b>- Securities in interest-bearing receivables</b>	<b>627</b>	<b>660</b>
- BS Margin receivables	10,719	9,163
+ BS Margin liabilities	3,587	985
<b>+/- Net margin liabilities/receivables</b>	<b>-7,132</b>	<b>-8,179</b>
<b>Financial net debt</b>	<b>2,353</b>	<b>789</b>

# Valuation is attractive, but there are risks

## A more solid entity

The value of Fortum's core business has been clear throughout the crisis, and it now seems that Fortum can slowly be priced on the basis of this value as the Uniper mess gradually becomes clearer. Fortum's market cap is currently close to EUR 12 billion. Fortum's net financial debt adjusted by the completed Uniper arrangement should again amount to around EUR 2.4 billion, so the damage caused by the Uniper catastrophe will ultimately be limited, especially if the favorable market environment prevails.

Fortum's Generation segment alone can generate operating results of over EUR 2 billion over the next few years, thanks to exceptionally high electricity prices, and now that it seems like Uniper's losses are eliminated, the overall performance level looks positive. In our estimates, we practically give no value to the Uniper holding anymore, so in that sense even a deal price of 0.5 billion is positive. Particularly important, however, is that the EUR 8 billion funding is being returned, which is also likely to allow Fortum to gradually access the debt markets. This is critical to the overall context and particularly important in a situation where significant liquidity is still required for collateral requirements.

## The share is cheap with the result of the next few years

Fortum has the preconditions to generate an excellent result next year thanks to the high electricity price. Therefore, the 2023e P/E is only about 7x, which is actually confusingly low. However, 2023 performance (EPS estimate EUR 1.95) is not sustainable and the normalized EPS is likely to be closer to EUR 1.2-1.5. Then the P/E would be about 10x, which we believe, however, still indicates a type of crisis pricing. Although there are still uncertainties,

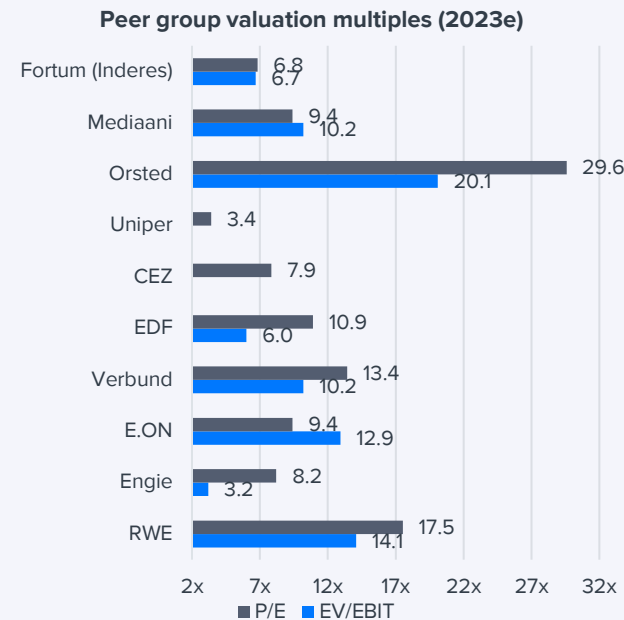
we believe that Fortum's risk/return ratio will be reasonably good after the Uniper arrangement is completed. Even though Uniper was a disaster, in a favorable market environment, the worst damage can be remedied rather quickly. If Fortum succeeds in stabilizing its financial situation and returns to distributing dividends within a reasonable time frame, the company's risk profile would decline further. In this case we feel that the company's new profile would support a significantly higher valuation, but the earnings outlook would naturally have to stabilize.

## There are still risks

Although it seems that the Uniper mess is now being resolved and we believe the arrangement will be completed by the end of the year, as long as the arrangement has not been implemented, it is not 100% certain. The previous Uniper stabilization package changed quickly when the downhill steepened. The bigger problem, however, is the exit from Russia, which in this market environment seems to be very difficult, even at reasonable prices. Russia's behavior has become even stranger, so the situation has not improved in this respect. In addition, there are significant risks associated with regulation of the whole sector and the energy policy throughout Europe. In exceptional circumstances, the desire to 'repair' market activity is obvious, but the impact may ultimately be negative for all. Taxation of excessive profits with 'windfall taxes' is politically attractive, which is why we find this risk significant, even though the debate in Finland has not been particularly aggressive so far. In addition, an obvious risk for Fortum's earnings development is the longer-term sustainability of very high electricity prices, which may be hampered by challenges on the futures market. If hedging cannot be carried out in a normal way, high prices can be a quickly passing phenomenon.

Valuation	2022e	2023e	2024e
Share price	13.3	13.3	13.3
Number of shares, million:	888.3	888.3	888.3
Market cap	11770	11770	11770
EV	17836	16574	15490
P/E (adj.)	neg.	6.8	9.2
P/E	neg.	6.8	9.2
P/FCF	neg.	8.6	9.7
P/B	1.7	1.4	1.2
P/S	1.4	1.2	1.3
EV/Sales	2.1	1.7	1.7
EV/EBITDA	8.2	5.7	6.6
EV/EBIT (adj.)	11.3	6.7	8.2
Payout ratio (%)	0.0 %	0.0 %	34.6 %
Dividend yield-%	0.0 %	0.0 %	3.8 %

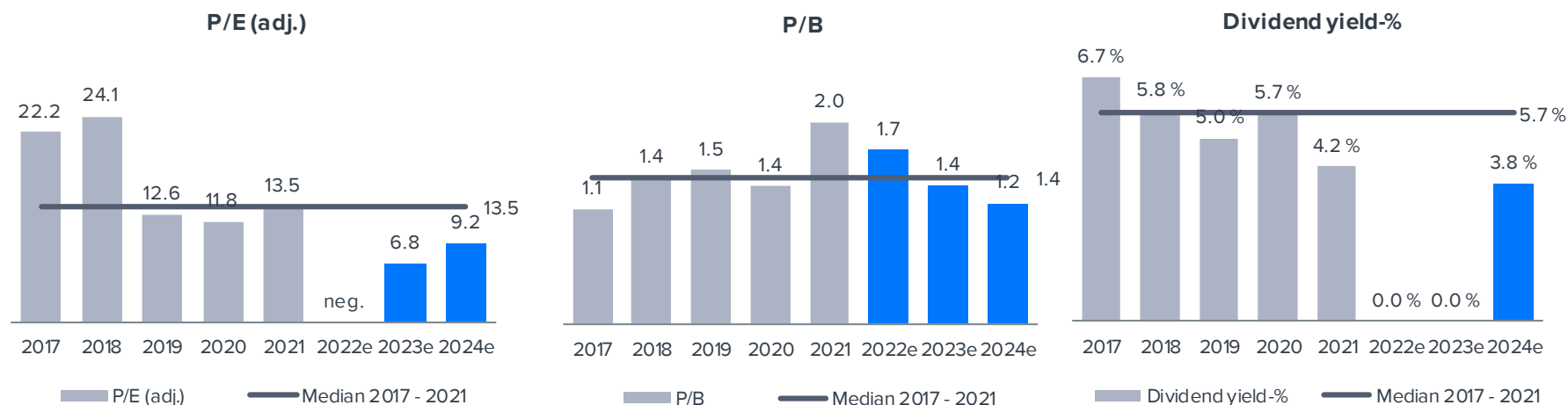
Source: Inderes



# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	16.5	19.1	22.0	19.7	27.0	13.3	13.3	13.3	13.3
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	11770	11770	11770	11770
EV	13955	16805	18665	25567	32676	17836	16574	15490	15039
P/E (adj.)	22.2	24.1	12.6	11.8	13.5	neg.	6.8	9.2	10.3
P/E	16.9	20.1	13.2	9.6	32.5	neg.	6.8	9.2	10.3
P/FCF	neg.	10.0	46.5	neg.	neg.	neg.	8.6	9.7	11.4
P/B	1.1	1.4	1.5	1.4	2.0	1.7	1.4	1.2	1.1
P/S	3.2	3.2	3.6	0.4	0.2	1.4	1.2	1.3	1.3
EV/Sales	3.1	3.2	3.4	0.5	0.3	2.1	1.7	1.7	1.7
EV/EBITDA	8.6	10.0	11.0	9.5	47.2	8.2	5.7	6.6	7.0
EV/EBIT (adj.)	16.9	17.0	15.7	19.0	12.9	11.3	6.7	8.2	9.0
Payout ratio (%)	112.8 %	115.9 %	66.0 %	54.6 %	137.1 %	0.0 %	0.0 %	34.6 %	58.2 %
Dividend yield-%	6.7 %	5.8 %	5.0 %	5.7 %	4.2 %	0.0 %	0.0 %	3.8 %	5.7 %

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	27130	35267	11.0	14.1	7.4	9.0	12.4	17.5	2.3	2.4	1.5
Engie	30689	22179	3.0	3.2	1.8	1.9	7.5	8.2	8.4	8.0	0.9
E.ON	21659	58410	12.6	12.9	7.6	7.8	9.2	9.4	6.2	6.4	1.8
Verbund	30659	34843	13.1	10.2	10.9	8.5	17.2	13.4	3.5	3.8	4.2
EDF	46328	42872	8.5	6.0	3.1	2.4		10.9	5.2	3.9	1.0
CEZ	20436						10.1	7.9	6.6	8.5	2.7
Enel	49212	86395	7.3	6.7	4.5	4.3	8.7	8.0	8.3	8.9	1.4
Uniper	1540	2130			4.9	1.3		3.4	8.6	8.1	0.4
Orsted	38682	41263	14.6	20.1	10.5	12.0	21.5	29.6	2.0	2.1	3.5
<b>Fortum (Inderes)</b>	<b>11770</b>	<b>17836</b>	<b>11.3</b>	<b>6.7</b>	<b>neg.</b>	<b>5.7</b>	<b>neg.</b>	<b>6.8</b>	<b>0.0</b>	<b>0.0</b>	<b>1.7</b>
<b>Average</b>			<b>10.0</b>	<b>10.5</b>	<b>6.3</b>	<b>5.9</b>	<b>12.4</b>	<b>12.0</b>	<b>5.7</b>	<b>5.8</b>	<b>1.9</b>
<b>Median</b>			<b>11.0</b>	<b>10.2</b>	<b>6.1</b>	<b>6.0</b>	<b>10.1</b>	<b>9.4</b>	<b>6.2</b>	<b>6.4</b>	<b>1.5</b>
<b>Diff-% to median</b>			<b>3%</b>	<b>-34%</b>		<b>-6%</b>		<b>-27%</b>	<b>-100%</b>	<b>-100%</b>	<b>11%</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	Q2'22	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>2139</b>	<b>1750</b>	<b>1707</b>	<b>2813</b>	<b>8409</b>	<b>9596</b>	<b>9018</b>	<b>8938</b>
<i>Generation</i>	2006	675	576	684	964	2899	710	722	747	1101	3280	4420	3736	3550
<i>City Solutions</i>	1075	418	256	202	426	1302	390	229	210	423	1252	1334	1361	1389
<i>Consumer Solutions</i>	1267	661	424	485	1052	2622	1168	856	682	1173	3880	3379	3453	3529
<i>Russia</i>	929	264	182	193	267	906	223	218	184	254	879	871	871	871
<i>Uniper</i>	44514	19770	15893	22411	47918	105992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Other</i>	140	34	36	33	35	138	35	34	34	36	138	141	145	148
<i>Eliminations</i>	-916	-329	-239	-307	-584	-1459	-387	-309	-150	-175	-1021	-550	-550	-550
<b>EBITDA</b>	<b>2689</b>	<b>1653</b>	<b>-527</b>	<b>-2791</b>	<b>2358</b>	<b>693</b>	<b>264</b>	<b>755</b>	<b>394</b>	<b>764</b>	<b>2177</b>	<b>2932</b>	<b>2344</b>	<b>2152</b>
Depreciation	-1090	-308	-313	-314	-346	-1281	-147	5	-144	-149	-435	-453	-464	-476
<b>EBIT (excl. NRI)</b>	<b>1344</b>	<b>1171</b>	<b>35</b>	<b>260</b>	<b>1070</b>	<b>2536</b>	<b>395</b>	<b>311</b>	<b>250</b>	<b>615</b>	<b>1571</b>	<b>2480</b>	<b>1879</b>	<b>1676</b>
<b>EBIT</b>	<b>1599</b>	<b>1345</b>	<b>-840</b>	<b>-3105</b>	<b>2012</b>	<b>-588</b>	<b>117</b>	<b>760</b>	<b>250</b>	<b>615</b>	<b>1742</b>	<b>2480</b>	<b>1879</b>	<b>1676</b>
<i>Generation</i>	722	269	195	245	401	1110	282	294	275	500	1351	2222	1638	1452
<i>City Solutions</i>	47	86	-4	-20	73	135	48	-36	-45	58	25	75	69	62
<i>Consumer Solutions</i>	90	36	19	13	-16	52	35	21	24	35	115	127	129	132
<i>Russia</i>	251	100	37	45	79	261	61	57	26	52	196	176	163	150
<i>Uniper</i>	363	711	-177	9	577	1120	0	0	0	0	0	0	0	0
<i>Other</i>	-129	-31	-35	-32	-44	-142	-31	-25	-30	-30	-116	-120	-120	-120
<i>Items affecting comparability</i>	255	174	-875	-3365	942	-3124	-278	449	0	0	171	0	0	0
Osuus osakkuusyrityiden tuloksesta	656	79	62	11	40	192	-190	-48	0	25	-213	30	30	30
Net financial items	-56	36	35	-40	76	107	-955	530	-50	-50	-525	-246	-214	-191
<b>PTP</b>	<b>2199</b>	<b>1460</b>	<b>-743</b>	<b>-3134</b>	<b>2128</b>	<b>-289</b>	<b>-1028</b>	<b>1242</b>	<b>200</b>	<b>590</b>	<b>1004</b>	<b>2263</b>	<b>1695</b>	<b>1515</b>
Taxes	-344	-150	84	1366	-1125	176	728	1303	-47	-133	1851	-503	-375	-334
Minority interest	-32	-218	185	1047	-162	852	0	0	0	15	15	-35	-36	-36
<b>Net earnings</b>	<b>1823</b>	<b>1092</b>	<b>-474</b>	<b>-721</b>	<b>842</b>	<b>739</b>	<b>-2833</b>	<b>-7356</b>	<b>6553</b>	<b>473</b>	<b>-3163</b>	<b>1726</b>	<b>1285</b>	<b>1145</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>-2.88</b>	<b>-8.79</b>	<b>7.38</b>	<b>0.53</b>	<b>-3.75</b>	<b>1.94</b>	<b>1.45</b>	<b>1.29</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>-3.19</b>	<b>-8.28</b>	<b>7.38</b>	<b>0.53</b>	<b>-3.56</b>	<b>1.94</b>	<b>1.45</b>	<b>1.29</b>

Source: Inderes

# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>35604</b>	<b>49399</b>	<b>17891</b>	<b>18188</b>	<b>18474</b>
Goodwill	1069	1021	1021	1021	1021
Intangible assets	1739	1146	1146	1146	1146
Tangible assets	19367	19049	11314	11611	11897
Associated companies	2912	2461	2261	2261	2261
Other investments	7959	6477	0.0	0.0	0.0
Other non-current assets	2402	17096	0.0	0.0	0.0
Deferred tax assets	156	2149	2149	2149	2149
<b>Current assets</b>	<b>22206</b>	<b>100262</b>	<b>2943</b>	<b>3359</b>	<b>3156</b>
Inventories	1396	2275	252	288	271
Other current assets	8998	65500	0.0	0.0	0.0
Receivables	9504	24895	1850	2111	1984
Cash and equivalents	2308	7592	841	960	902
<b>Balance sheet total</b>	<b>57810</b>	<b>149661</b>	<b>20834</b>	<b>21547</b>	<b>21630</b>

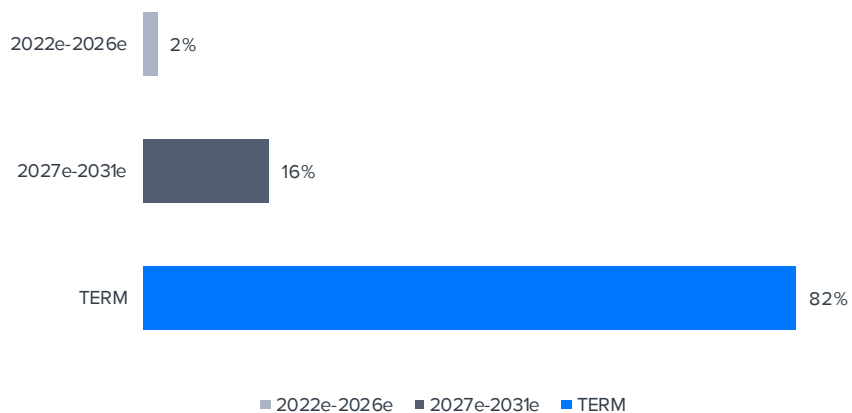
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>15577</b>	<b>13665</b>	<b>7182</b>	<b>8908</b>	<b>10193</b>
Share capital	3046	3046	3046	3046	3046
Retained earnings	10149	10062	5886	7612	8897
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	-2000.0	-2000.0	-2000.0
Minorities	2624	1534	250	250	250
<b>Non-current liabilities</b>	<b>22356</b>	<b>38070</b>	<b>8973</b>	<b>8401</b>	<b>7457</b>
Deferred tax liabilities	952	827	827	827	827
Provisions	8098	10298	1000	1000	1000
Long term debt	8785	8701	6646	6074	5130
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	4521	18244	500	500	500
<b>Current liabilities</b>	<b>19877</b>	<b>97926</b>	<b>4679</b>	<b>4238</b>	<b>3981</b>
Short term debt	1877	8519	2097	1610	1457
Payables	9525	17462	1682	1727	1623
Other current liabilities	8475	71945	900	900	900
<b>Balance sheet total</b>	<b>57810</b>	<b>149661</b>	<b>20834</b>	<b>21547</b>	<b>21630</b>

# DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	129.3 %	-92.5 %	14.1 %	-6.0 %	-0.9 %	-2.0 %	-2.0 %	2.0 %	2.0 %	2.0 %	1.0 %	1.0 %
EBIT-%	-0.5 %	20.7 %	25.8 %	20.8 %	18.8 %	20.0 %	19.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %
<b>EBIT (operating profit)</b>	<b>-588</b>	<b>1742</b>	<b>2480</b>	<b>1879</b>	<b>1676</b>	<b>1752</b>	<b>1631</b>	<b>1576</b>	<b>1608</b>	<b>1640</b>	<b>1656</b>	
+ Depreciation	1281	435	453	464	476	487	497	507	517	526	535	
- Paid taxes	-1943	1851	-503	-375	-334	-354	-328	-315	-321	-328	-337	
- Tax, financial expenses	19	-121	-55	-48	-43	-40	-39	-40	-40	-41	-37	
+ Tax, financial income	6	0	0	0	0	0	0	0	0	0	1	
- Change in working capital	-1365	3743	-251	40	6	13	12	-12	-12	-13	-7	
<b>Operating cash flow</b>	<b>-2590</b>	<b>7650</b>	<b>2123</b>	<b>1961</b>	<b>1780</b>	<b>1857</b>	<b>1774</b>	<b>1717</b>	<b>1751</b>	<b>1785</b>	<b>1813</b>	
+ Change in other long-term liabilities	15923	-27042	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-13534	30873	-750	-750	-750	-750	-750	-750	-750	-750	745	
<b>Free operating cash flow</b>	<b>-201</b>	<b>11481</b>	<b>1373</b>	<b>1211</b>	<b>1030</b>	<b>1107</b>	<b>1024</b>	<b>967</b>	<b>1001</b>	<b>1035</b>	<b>2558</b>	
+/- Other	0	-15034	0	0	0	0	0	0	0	0	0	
FCFF	-201	-3553	1373	1211	1030	1107	1024	967	1001	1035	2558	38419
<b>Discounted FCFF</b>		<b>-3481</b>	<b>1249</b>	<b>1022</b>	<b>807</b>	<b>805</b>	<b>691</b>	<b>605</b>	<b>582</b>	<b>558</b>	<b>1281</b>	<b>19235</b>
Sum of FCFF present value		23354	26835	25586	24564	23757	22952	22261	21656	21074	20516	19235
<b>Enterprise value DCF</b>		<b>23354</b>										
- Interesting bearing debt		-17220										
+ Cash and cash equivalents		7592										
+ Associated companies		2261										
- Minorities		-424										
- Dividend/capital return		-1013										
<b>Equity value DCF</b>		<b>14550</b>										
<b>Equity value DCF per share</b>		<b>16.4</b>										

Cash flow distribution



## Wacc

Tax-% (WACC)	23.0 %
Target debt ratio (D/(D+E))	30.0 %
Cost of debt	3.0 %
Equity Beta	1.70
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.0 %
<b>Cost of equity</b>	<b>10.1 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>7.7 %</b>

# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	5447	49015	112400	<b>8409</b>	<b>9596</b>	EPS (reported)	1.67	2.05	0.83	<b>-3.56</b>	<b>1.94</b>
EBITDA	1693	2689	693	<b>2177</b>	<b>2932</b>	EPS (adj.)	1.75	1.67	2.00	<b>-3.75</b>	<b>1.94</b>
EBIT	1118	1599	-588	<b>1742</b>	<b>2480</b>	OCF / share	1.51	1.75	-2.92	<b>8.61</b>	<b>2.39</b>
PTP	1728	2199	-289	<b>1004</b>	<b>2263</b>	FCF / share	0.47	-8.69	-0.23	<b>-4.00</b>	<b>1.55</b>
Net Income	1482	1823	739	<b>-3163</b>	<b>1726</b>	Book value / share	14.62	14.58	13.66	<b>7.80</b>	<b>9.75</b>
Extraordinary items	-72	255	-3124	<b>171</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>20834</b>	<b>21547</b>	Revenue growth-%	4%	800%	129%	<b>-93%</b>	<b>14%</b>
Equity capital	13235	15577	13665	<b>7182</b>	<b>8908</b>	EBITDA growth-%	1%	59%	-74%	<b>214%</b>	<b>35%</b>
Goodwill	612	1069	1021	<b>1021</b>	<b>1021</b>	EBIT (adj.) growth-%	21%	13%	89%	<b>-38%</b>	<b>58%</b>
Net debt	5255	8354	9628	<b>7903</b>	<b>6725</b>	EPS (adj.) growth-%	120%	-4%	19%	<b>-288%</b>	<b>-152%</b>
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	31.1 %	5.5 %	0.6 %	<b>25.9 %</b>	<b>30.6 %</b>
EBITDA	1693	2689	693	<b>2177</b>	<b>2932</b>	EBIT (adj.)-%	21.8 %	2.7 %	2.3 %	<b>18.7 %</b>	<b>25.8 %</b>
Change in working capital	-240	-785	-1365	<b>3743</b>	<b>-251</b>	EBIT-%	20.5 %	3.3 %	-0.5 %	<b>20.7 %</b>	<b>25.8 %</b>
Operating cash flow	1340	1556	-2590	<b>7650</b>	<b>2123</b>	ROE-%	11.9 %	14.1 %	5.9 %	<b>-33.2 %</b>	<b>22.1 %</b>
CAPEX	-617	-20567	-13534	<b>30873</b>	<b>-750</b>	ROI-%	9.9 %	10.3 %	-1.3 %	<b>6.5 %</b>	<b>15.4 %</b>
Free cash flow	420	-7721	-201	<b>-3553</b>	<b>1373</b>	Equity ratio	56.6 %	26.9 %	9.1 %	<b>34.5 %</b>	<b>41.3 %</b>
Valuation multiples	2019	2020	2021	2022e	2023e	Gearing	39.7 %	53.6 %	70.5 %	<b>110.0 %</b>	<b>75.5 %</b>
EV/S	3.4	0.5	0.3	<b>2.1</b>	<b>1.7</b>						
EV/EBITDA (adj.)	11.0	9.5	47.2	<b>8.2</b>	<b>5.7</b>						
EV/EBIT (adj.)	15.7	19.0	12.9	<b>11.3</b>	<b>6.7</b>						
P/E (adj.)	12.6	11.8	13.5	neg.	<b>6.8</b>						
P/E	1.5	1.4	2.0	<b>1.7</b>	<b>1.4</b>						
Dividend-%	5.0 %	5.7 %	4.2 %	<b>0.0 %</b>	<b>0.0 %</b>						

Source: Inderes

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Date	Recommendation	Target price	Share price
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 €
18-08-22	Reduce	11.00 €	11.41 €
23-08-22	Reduce	11.00 €	10.47 €
26-08-22	Reduce	11.00 €	10.32 €
22-09-22	Accumulate	14.50 €	13.25 €



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