

# Exel Composites

## Company report

02/15/2023 08:25



**Aapeli Pursimo**  
+358 40 719 6067  
aapeli.pursimo@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report "Kysytänäkymät Q4-raportin mielenkiintoisin osa" published on 02/15/2023 at 8:25 am

inde  
res.

# Demand outlook most interesting part of the Q4 report

Exel publishes its Q4 report on Friday at 9.00 am EET. We expect Exel's revenue to have fallen from the comparison period reflecting the moderate new orders and thinner order book of Q3. We estimate that EBIT has grown from the challenging comparison period. We have added the negative non-recurring items reported around the turn of the year to our estimates and revised our financial expense estimates for Q4. However, our operational estimates remain unchanged for the next few years. We feel the share's valuation is still moderate over the next few years, despite the uncertainties in the operating environment, and reiterate our Accumulate recommendation and EUR 6.0 target price.

## We expect revenue has fallen, but EBIT increased in Q4

Exel entered Q4 in a reasonable positions considering the order book at the end of Q3 (35 MEUR) but we expect revenue to fall by 7% to EUR 33.9 million from the strong comparison period. Considering the moderate revenue level, we estimate that Exel's Q4 EBIT is EUR 1.9 million. Thus, we expect the result to have risen from a weak comparison period, when profitability was depressed by the challenges of the US unit. We expect the reported EBIT to be boosted by the [selling](#) of the closed factory in China. We have, however, revised our reported EBIT estimate downward with the [non-recurring cost](#) reported by the company in December and expect that reported EBIT is EUR 4.5 million (previous 7.1 MEUR). Exel has recorded significant positive net financial income from exchange rate changes in intra-group loans with no cash flow effect in Q2-Q3'22. Considering the euro that strengthened in late 2022 (relative to USD) we have clearly raised our net financial cost estimates for Q4. In light of the estimate revisions we expect reported EPS to be EUR 0.18 (previous EUR 0.43). We expect Exel to pay EUR 0.22 per share in dividend.

## 2023 guidance and comments on demand situation are of interest

In 2023, we expect Exel's revenue to decrease by 3% to EUR 136 million and adjusted EBIT to remain at around the 2022 level of EUR 9.1 million. Translated to the company's guidance practices, we believe our estimate means that revenue and adjusted EBIT will remain at last year's level. Our current expectations are not very demanding, especially in terms of revenue if demand is strong and the company is successful in improving efficiency. In the short term, uncertainty is raised by the short structure of the order book and the investment-driven nature of end demand, which may lead to a relatively rapid decline in the company's business opportunities in a period of uncertainty. Considering this our interest in the report is, next to the figures, directed especially at comments on the demand situation (incl. Q4 order book). We also expect the company to provide more details on the downsizing of operations in the UK [announced](#) in December and the schedule of the process. Related to this we have added the non-recurring items announced by the company to our Q1'23 estimates, but will update the targeted cost savings in connection with the Q4 result.

## Share valuation is moderate

With our estimates, Exel's earnings-based valuation multiples for the coming years are moderate (adj. P/E 2023 and 2024: 11x and 10x and EV/EBITDA: 7x and 6x). Due to the uncertainties in the operating environment (especially the development of the demand situation), it is still difficult to rely on a significant increase in multiples in the short term, but we see a slight upside in the multiples relative to the neutral ranges we estimate for the company (P/E: 12x-16x, EV/EBITDA: 6x-9x). Thus, with the slight upside in the multiples and the around 4-5% dividend yield we expect in the next few years, we feel the share's risk-adjusted expected return is still attractive.

## Recommendation

### Accumulate

(previous Accumulate)

### EUR 6.00

(previous EUR 6.00)

### Share price:

5.32



## Key figures

	2021	2022e	2023e	2024e
<b>Revenue</b>	134	140	136	147
<b>growth-%</b>	24%	4%	-3%	8%
<b>EBIT adj.</b>	6.0	9.0	9.1	10.3
<b>EBIT-% adj.</b>	4.5 %	6.4 %	6.7 %	7.0 %
<b>Net Income</b>	1.7	8.3	1.7	6.2
<b>EPS (adj.)</b>	0.29	0.68	0.49	0.53

<b>P/E (adj.)</b>	24.1	7.8	10.9	10.1
<b>P/B</b>	2.8	1.8	1.9	1.7
<b>Dividend yield-%</b>	2.8 %	4.1 %	4.5 %	5.1 %
<b>EV/EBIT (adj.)</b>	20.5	11.0	11.1	9.5
<b>EV/EBITDA</b>	10.3	6.6	6.9	5.8
<b>EV/S</b>	0.9	0.7	0.7	0.7

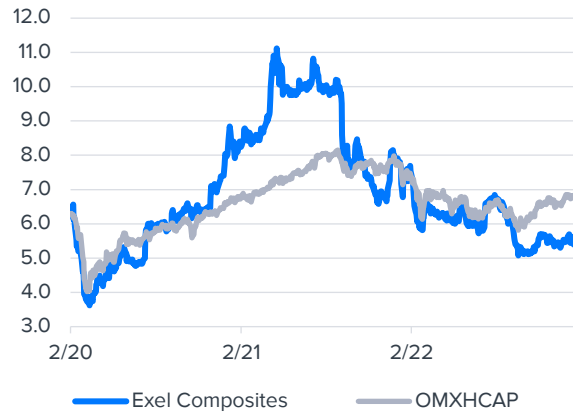
Source: Inderes

## Guidance

(Unchanged)

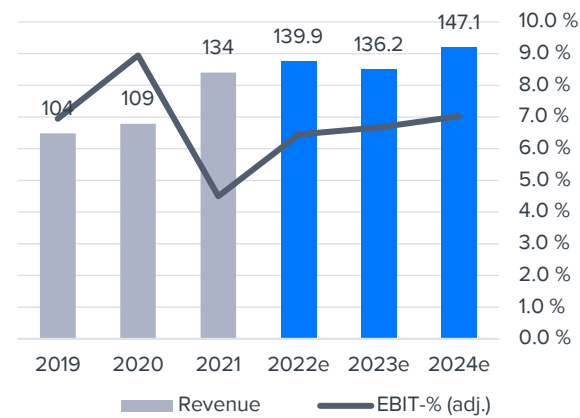
Exel Composites expects that revenue in 2021 will be at last year's level and adjusted operating profit will increase compared to 2021.

### Share price



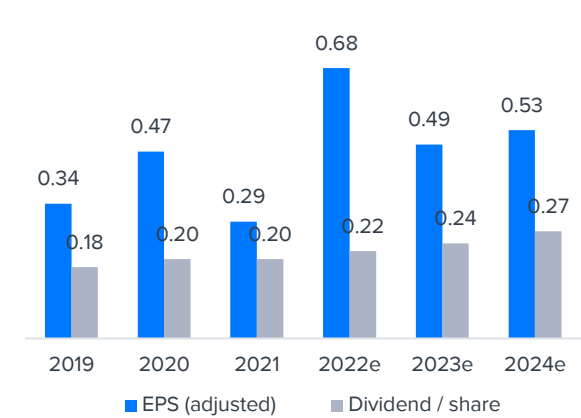
Source: Millistream Market Data AB

### Revenue and EBIT %



Source: Inderes

### EPS and dividend



Source: Inderes



### Value drivers

- Growing composite market creates a good basis for organic growth
- Still room for improvement in profitability relative to the full potential
- Global structure of production and relative economies of scale
- Boosting growth with acquisitions in the medium term



### Risk factors

- Somewhat cyclical and volatile demand
- With a chronically short absolute order book, business opportunities can weaken relatively quickly
- Relatively fixed cost structure
- Concentrated customer portfolio
- Debt in the balance sheet partially limits room for maneuver
- Marginal pressures caused by delivery chain problems and higher material costs in the short term
- Energy price fluctuations in Europe and their impact on the demand in the company's key market

Valuation	2022e	2023e	2024e
Share price	5.32	5.32	5.32
Number of shares, millions	11.9	11.9	11.9
Market cap	63	63	63
EV	99	101	98
P/E (adj.)	7.8	10.9	10.1
P/E	7.6	36.8	10.1
P/FCF	13.4	24.1	10.1
P/B	1.8	1.9	1.7
P/S	0.5	0.5	0.4
EV/Sales	0.7	0.7	0.7
EV/EBITDA	6.6	6.9	5.8
EV/EBIT (adj.)	11.0	11.1	9.5
Payout ratio (%)	31.4 %	166.2 %	51.4 %
Dividend yield-%	4.1 %	4.5 %	5.1 %

Source: Inderes

# Q4 expectations and estimate revisions

Estimates	Q4'21	Q4'22	Q4'22e	Q4'22e	Consensus		2022e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	36.5		33.9				140
EBIT (adj.)	1.0		1.9				9.0
EBIT	0.6		4.5				9.2
EPS (reported)	0.04		0.19				0.70
DPS	0.20		0.22				0.22
Revenue growth-%	32.7 %		-7.0 %				4.1 %
EBIT-% (adj.)	2.8 %		5.6 %				6.4 %

Source: Inderes

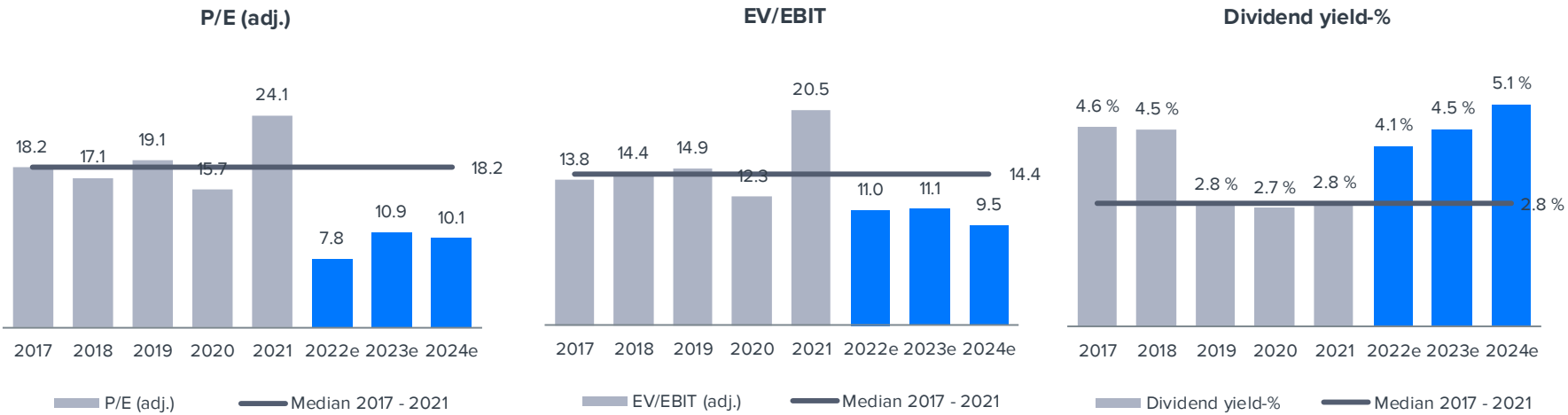
Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	140	140	0%	136	136	0%	147	147	0%
EBITDA	18.8	16.2	-14%	15.6	11.5	-26%	17.0	17.0	0%
EBIT (exc. NRIs)	9.0	9.0	0%	9.1	9.1	0%	10.3	10.3	0%
EBIT	11.8	9.2	-22%	9.1	5.0	-45%	10.3	10.3	0%
PTP	15.4	11.7	-24%	7.5	3.4	-55%	8.8	8.8	0%
EPS (excl. NRIs)	0.74	0.68	-8%	0.45	0.49	8%	0.52	0.53	0%
DPS	0.22	0.22	0%	0.24	0.24	0%	0.27	0.27	0%

Source: Inderes

# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	6.57	4.00	6.48	7.38	7.10	5.32	5.32	5.32	5.32
Number of shares, millions	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9
Market cap	78	48	77	88	84	63	63	63	63
EV	87	72	107	119	124	99	101	98	95
P/E (adj.)	18.2	17.1	19.1	15.7	24.1	7.8	10.9	10.1	9.2
P/E	18.4	>100	32.0	16.4	50.9	7.6	36.8	10.1	9.2
P/FCF	neg.	neg.	20.1	24.2	neg.	13.4	24.1	10.1	8.6
P/B	2.7	1.8	2.9	3.0	2.8	1.8	1.9	1.7	1.5
P/S	0.9	0.5	0.7	0.8	0.6	0.5	0.5	0.4	0.4
EV/Sales	1.0	0.7	1.0	1.1	0.9	0.7	0.7	0.7	0.6
EV/EBITDA	9.3	7.8	10.0	7.8	10.3	6.6	6.9	5.8	5.3
EV/EBIT (adj.)	13.8	14.4	14.9	12.3	20.5	11.0	11.1	9.5	8.5
Payout ratio (%)	84.1%	554.7 %	88.8 %	44.3 %	143.3 %	31.4 %	166.2 %	51.4 %	50.0 %
Dividend yield-%	4.6 %	4.5 %	2.8 %	2.7 %	2.8 %	4.1 %	4.5 %	5.1 %	5.5 %

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
Gurit	564	593	18.1	14.5	13.2	11.0	1.4	1.3	24.8	19.5	1.5	1.9	3.5
Hexagon	591	666			91.6	25.4	1.4	1.1					1.3
Exel Composites (Inderes)	63	99	11.0	11.1	6.6	6.9	0.7	0.7	7.8	10.9	4.1	4.5	1.8
Average			18.1	14.5	52.4	18.2	1.4	1.2	24.8	19.5	1.5	1.9	2.4
Median			18.1	14.5	52.4	18.2	1.4	1.2	24.8	19.5	1.5	1.9	2.4
Diff-% to median			-39%	-24%	-87%	-62%	-49%	-39%	-69%	-44%	168%	133%	-25%

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	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
Revenue	109	31.0	33.5	33.4	36.5	134	34.2	38.1	33.8	33.9	140	136	147	154
Group	109	31.0	33.5	33.4	36.5	134	34.2	38.1	33.8	33.9	140	136	147	154
Adjustment items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	15.3	4.0	3.9	1.7	2.3	11.9	1.8	4.8	3.4	6.2	16.2	11.5	17.0	17.9
Depreciation	-5.9	-1.6	-1.6	-3.3	-1.7	-8.2	-1.7	-1.8	-1.7	-1.7	-6.9	-6.5	-6.6	-6.7
EBIT (excl. NRI)	9.7	2.5	2.5	0.1	1.0	6.0	2.2	3.1	1.8	1.9	9.0	9.1	10.3	11.2
EBIT	9.4	2.4	2.4	-1.7	0.6	3.7	0.0	3.0	1.7	4.5	9.2	5.0	10.3	11.2
Adjustment items	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-2.3	0.5	-0.5	0.3	0.1	0.4	0.5	1.9	1.5	-1.5	2.5	-1.6	-1.5	-1.3
PTP	7.1	2.9	1.9	-1.4	0.7	4.2	0.5	4.9	3.2	3.0	11.7	3.4	8.8	9.9
Taxes	-1.8	-1.0	-0.4	-0.8	-0.3	-2.5	-0.6	-0.9	-1.2	-0.8	-3.5	-1.6	-2.4	-2.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	-0.1	-0.2	-0.3
Net earnings	5.4	2.0	1.5	-2.2	0.4	1.7	0.0	4.0	2.1	2.3	8.3	1.7	6.2	6.9
EPS (adj.)	0.47	0.17	0.13	-0.06	0.06	0.29	0.13	0.35	0.19	0.02	0.68	0.49	0.53	0.58
EPS (rep.)	0.45	0.17	0.12	-0.19	0.04	0.14	0.00	0.34	0.18	0.19	0.70	0.14	0.53	0.58

Key figures	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	4.6 %	11.3 %	23.1 %	28.2 %	32.7 %	23.7 %	10.3 %	13.5 %	1.2 %	-7.0 %	4.1 %	-2.7 %	8.0 %	4.5 %
Adjusted EBIT growth-%	34.9 %	17.0 %	-15.0 %	-94.6 %	-62.9 %	-37.8 %	-11.7 %	27.1 %	1580.6 %	88.9 %	49.5 %	0.6 %	13.7 %	8.2 %
EBITDA-%	14.1 %	12.9 %	11.7 %	5.0 %	6.4 %	8.9 %	5.2 %	12.5 %	10.1 %	18.3 %	11.6 %	8.4 %	11.5 %	11.6 %
Adjusted EBIT-%	8.9 %	7.9 %	7.3 %	0.3 %	2.8 %	4.5 %	6.4 %	8.2 %	5.4 %	5.6 %	6.4 %	6.7 %	7.0 %	7.3 %
Net earnings-%	4.9 %	6.4 %	4.4 %	-6.6 %	1.2 %	1.2 %	-0.1 %	10.6 %	6.2 %	6.7 %	6.0 %	1.3 %	4.2 %	4.5 %

Source: Inderes

# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>47.8</b>	<b>51.9</b>	<b>50.8</b>	<b>51.8</b>	<b>52.2</b>
Goodwill	12.6	12.8	12.8	12.8	12.8
Intangible assets	3.9	2.8	2.9	2.9	3.0
Tangible assets	29.4	34.3	33.2	34.1	34.4
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	0.1	0.1	0.1
Deferred tax assets	1.7	1.9	1.9	1.9	1.9
<b>Current assets</b>	<b>49.0</b>	<b>65.8</b>	<b>64.7</b>	<b>61.5</b>	<b>64.3</b>
Inventories	16.2	23.9	22.4	21.8	22.8
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	20.9	26.3	26.9	26.1	28.2
Cash and equivalents	12.0	15.6	15.4	13.6	13.2
<b>Balance sheet total</b>	<b>96.8</b>	<b>118</b>	<b>115</b>	<b>113</b>	<b>116</b>

Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>28.9</b>	<b>31.2</b>	<b>35.6</b>	<b>34.7</b>	<b>38.0</b>
Share capital	2.1	2.1	2.1	2.1	2.1
Retained earnings	22.2	21.9	27.8	26.9	30.3
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	4.5	6.6	5.0	5.0	5.0
Minorities	0.0	0.6	0.6	0.6	0.6
<b>Non-current liabilities</b>	<b>14.1</b>	<b>17.1</b>	<b>18.6</b>	<b>16.3</b>	<b>17.7</b>
Deferred tax liabilities	0.2	0.5	0.5	0.5	0.5
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	12.9	15.6	17.6	15.3	16.7
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.9	1.0	0.5	0.5	0.5
<b>Current liabilities</b>	<b>53.9</b>	<b>69.4</b>	<b>61.3</b>	<b>62.3</b>	<b>60.7</b>
Short term debt	30.3	37.4	32.6	34.4	30.6
Payables	23.6	32.0	28.7	27.9	30.1
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>96.8</b>	<b>118</b>	<b>115</b>	<b>113</b>	<b>116</b>



# DCF calculation

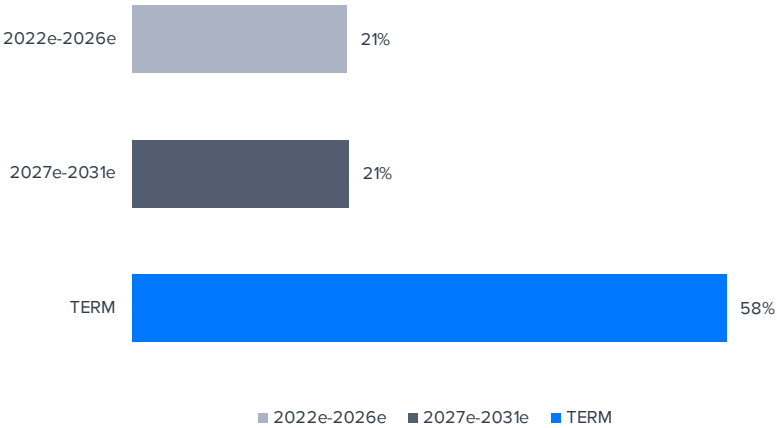
DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	23.7 %	4.1 %	-2.7 %	8.0 %	4.5 %	3.5 %	3.0 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %
EBIT-%	2.8 %	6.6 %	3.7 %	7.0 %	7.3 %	7.3 %	7.2 %	7.1 %	7.0 %	7.0 %	7.0 %	7.0 %
<b>EBIT (operating profit)</b>	<b>3.7</b>	<b>9.2</b>	<b>5.0</b>	<b>10.3</b>	<b>11.2</b>	<b>11.6</b>	<b>11.8</b>	<b>11.9</b>	<b>12.0</b>	<b>12.3</b>	<b>12.5</b>	
+ Depreciation	8.2	6.9	6.5	6.6	6.7	6.9	7.0	7.0	7.0	7.0	7.0	
- Paid taxes	-2.3	-3.5	-1.6	-2.4	-2.7	-2.8	-2.8	-2.8	-2.9	-2.9	-2.9	
- Tax, financial expenses	0.1	0.7	-0.4	-0.4	-0.4	-0.3	-0.3	-0.3	-0.3	-0.3	-0.4	
+ 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	
- Change in working capital	-4.8	-2.3	0.6	-0.9	-0.5	-0.4	-0.3	-0.4	-0.2	-0.5	-0.5	
<b>Operating cash flow</b>	<b>4.8</b>	<b>11.1</b>	<b>10.1</b>	<b>13.3</b>	<b>14.4</b>	<b>15.0</b>	<b>15.4</b>	<b>15.4</b>	<b>15.7</b>	<b>15.6</b>	<b>15.8</b>	
+ Change in other long-term liabilities	0.1	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-12.2	-5.9	-7.5	-7.1	-7.1	-7.1	-7.1	-7.1	-7.1	-7.2	-7.1	
<b>Free operating cash flow</b>	<b>-7.2</b>	<b>4.7</b>	<b>2.6</b>	<b>6.3</b>	<b>7.3</b>	<b>7.9</b>	<b>8.3</b>	<b>8.4</b>	<b>8.6</b>	<b>8.5</b>	<b>8.8</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-7.2	4.7	2.6	6.3	7.3	7.9	8.3	8.4	8.6	8.5	8.8	138
<b>Discounted FCFF</b>		<b>4.8</b>	<b>2.4</b>	<b>5.4</b>	<b>5.8</b>	<b>5.8</b>	<b>5.6</b>	<b>5.2</b>	<b>4.9</b>	<b>4.5</b>	<b>4.3</b>	<b>67.0</b>
Sum of FCFF present value		116	111	108	103	97.2	91.4	85.8	80.6	75.7	71.2	67.0
<b>Enterprise value DCF</b>		<b>116</b>										
- Interesting bearing debt		-53.0										
+ Cash and cash equivalents		15.6										
-Minorities		-1.1										
-Dividend/capital return		-2.4										
<b>Equity value DCF</b>		<b>74.7</b>										
<b>Equity value DCF per share</b>		<b>6.3</b>										

## Wacc

Tax-% (WACC)	25.0 %
Target debt ratio (D/(D+E))	25.0 %
Cost of debt	6.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	1.60%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>9.8 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.5 %</b>

Source: Inderes

## Cash flow distribution



# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	103.8	108.6	134.4	139.9	136.2	EPS (reported)	0.20	0.45	0.14	0.70	0.14
EBITDA	10.7	15.3	11.9	16.2	11.5	EPS (adj.)	0.34	0.47	0.29	0.68	0.49
EBIT	5.1	9.4	3.7	9.2	5.0	OCF / share	0.83	1.26	0.41	0.94	0.85
PTP	3.9	7.1	4.2	11.7	3.4	FCF / share	0.32	0.30	-0.61	0.40	0.22
Net Income	2.4	5.4	1.7	8.3	1.7	Book value / share	2.21	2.43	2.57	2.94	2.86
Extraordinary items	-2.1	-0.3	-2.3	0.2	-4.1	Dividend / share	0.18	0.20	0.20	0.22	0.24
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	85.4	96.8	117.7	115.5	113.3	Revenue growth-%	7%	5%	24%	4%	-3%
Equity capital	26.3	28.9	31.2	35.6	34.7	EBITDA growth-%	15%	43%	-22%	35%	-29%
Goodwill	13.0	12.6	12.8	12.8	12.8	EBIT (adj.) growth-%	44%	35%	-38%	49%	1%
Net debt	30.2	31.2	37.4	34.8	36.1	EPS (adj.) growth-%	45%	38%	-38%	132%	-28%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	10.3 %	14.1 %	8.9 %	11.6 %	8.4 %
EBITDA	10.7	15.3	11.9	16.2	11.5	EBIT (adj.)-%	6.9 %	8.9 %	4.5 %	6.4 %	6.7 %
Change in working capital	1.9	2.4	-4.8	-2.3	0.6	EBIT-%	4.9 %	8.7 %	2.8 %	6.6 %	3.7 %
Operating cash flow	9.9	14.9	4.8	11.1	10.1	ROE-%	9.3 %	19.5 %	5.6 %	25.4 %	5.0 %
CAPEX	-6.1	-11.7	-12.2	-5.9	-7.5	ROI-%	8.6 %	13.9 %	4.8 %	10.9 %	5.9 %
Free cash flow	3.8	3.6	-7.2	4.7	2.6	Equity ratio	30.8 %	29.8 %	26.5 %	30.8 %	30.6 %
Valuation multiples	2019	2020	2021	2022e	2023e	Gearing	114.9 %	107.9 %	119.9 %	97.9 %	104.2 %
EV/S	1.0	1.1	0.9	0.7	0.7						
EV/EBITDA (adj.)	10.0	7.8	10.3	6.6	6.9						
EV/EBIT (adj.)	14.9	12.3	20.5	11.0	11.1						
P/E (adj.)	19.1	15.7	24.1	7.8	10.9						
P/E	2.9	3.0	2.8	1.8	1.9						
Dividend-%	2.8 %	2.7 %	2.8 %	4.1 %	4.5 %						

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).

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

## Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
02-11-20	Accumulate	6.80 €	6.40 €
08-12-20	Accumulate	7.00 €	6.50 €
19-02-21	Accumulate	9.20 €	8.76 €
02-05-21	Accumulate	11.50 €	10.88 €
21-07-21	Accumulate	11.50 €	10.32 €
02-09-21	Accumulate	11.50 €	9.95 €
17-09-21	Accumulate	9.50 €	8.59 €
05-11-21	Accumulate	8.40 €	7.52 €
16-02-22	Reduce	7.50 €	7.15 €
02-05-22	Accumulate	7.00 €	6.30 €
Change of analyst			
21-07-22	Accumulate	7.00 €	6.00 €
28-09-22	Accumulate	6.00 €	5.30 €
04-11-22	Accumulate	6.00 €	5.30 €
15-02-23	Accumulate	6.00 €	5.32 €



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.**