

Revenio Group

Company report

10/4/2023



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

✓ Inderes corporate customer

This report is a summary translation of the report “Ostopaikka pitkään salkkuun” published on 10/4/2023 at 8:40 am EEST.

inde
res.

Buying opportunity for a long portfolio

We raise our recommendation for Revenio to Buy (was Accumulate) and reiterate our EUR 26.0 target price. The share price has continued on a negative trend, while the company's valuation level (2024e adj. EV/EBIT ~15x) has decreased significantly. Since the August profit warning, Revenio's share has been declining, but we expect the situation to change as net sales return to an upward trajectory next year. We see weakness as a good place to buy a high-quality value creator for a so-called long portfolio, even though there are uncertainties in the short term.

The stock has continued to fall in a souring atmosphere

The exceptional profit warning issued by Revenio in early August derailed the company's earnings growth story, which has led to a review of the share's acceptable valuation. The stock has continued to decline and is down ~15% since our last update, which we believe is not justified on a company-specific basis. Long rates have risen, but we suspect the bigger reason is the negative trend and souring sentiment. If the company's net sales return to growth next year, high gross margins (around 70%) will allow the profit levers to work in the right direction again and earnings to return to clear growth. The market will then see that Revenio is still a reliable value creator. William Demant Invest, the company's main shareholder, had increased its stake by about 1.9 percentage points last month and now owns about 18% of Revenio. This shows that the owner, who knows the company and the industry well, still has confidence in the company, which provides a degree of support.

Valuation is no longer a problem even with a weak performance in 2023

After the share price drop, the 2023 multiples (adj. EV/EBIT below 20x) are already tolerable, but not enough to drive earnings growth in the wrong direction temporarily. As the earnings growth story gets back on track during 2024, we expect the valuation to rise from the current level (2024e adj. EV/EBIT around 15x) and get closer to 20x (EV/EBIT at the target price of 2024e). Revenio, which has strongly captured market share in recent years, is now also priced below the median of its peer group (2024e EV/EBIT 18-19x), which we do not believe is justified. We estimate that the current valuation level also reflects a lack of confidence in the company's longer-term performance, in which we still firmly believe. Our own view is that after three exceptionally strong years, even Revenio has to suffer a hangover of about a year along with the company's end market. After that, we expect the company to at least return to its previous trend growth.

Big picture unchanged, even though the world was shaken in the short term

Under the iCare brand, Revenio offers world-class tonometers, fundus imaging devices and perimeters. The company is the clear market leader in tonometers and in our view has a deep moat in the sector thanks to its rebound technology lead. In imaging devices, the crown jewels of the product range (DRSplus and Eidon Ultra-Wide Field) are highly competitive, and we expect the company to significantly strengthen its still relatively modest market share in the coming years. In recent years, the company has added software solutions to its offering, moving from being an equipment provider to a holistic eye diagnostics solution provider. Digital strategy is a potential weak point for the company, but cooperation with AI algorithm vendors has started well and there is a lot of potential in the segment. The most significant growth areas are HOME2 tonometers, ILLUME and AI solutions in imaging devices and software, and Oculo software.

Recommendation

Buy

(previous Accumulate)

EUR 26.00

(previous EUR 26.00)

Share price:

19.81



Key figures

	2022	2023e	2024e	2025e
Revenue	97	96	108	125
growth-%	23%	-1%	12%	16%
EBIT adj.	30.9	26.2	32.1	39.3
EBIT-% adj.	31.8 %	27.4 %	29.9 %	31.6 %
Net Income	21.8	17.7	23.6	29.3
EPS (adj.)	0.86	0.74	0.93	1.15

P/E (adj.)	44.6	26.7	21.2	17.3
P/B	11.3	5.3	4.7	4.0
Dividend yield-%	0.9 %	1.8 %	2.2 %	3.1 %
EV/EBIT (adj.)	32.9	19.4	15.3	12.1
EV/EBITDA	30.6	18.1	14.1	11.2
EV/S	10.5	5.3	4.6	3.8

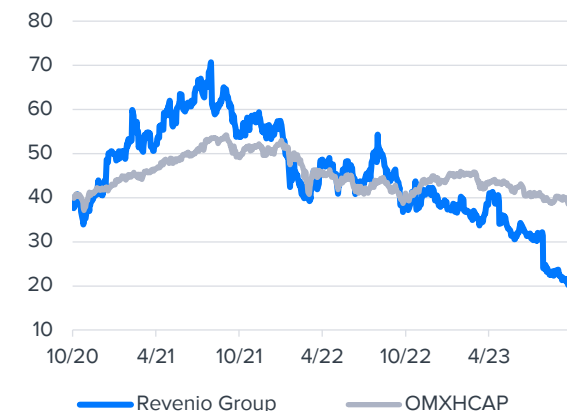
Source: Inderes

Guidance

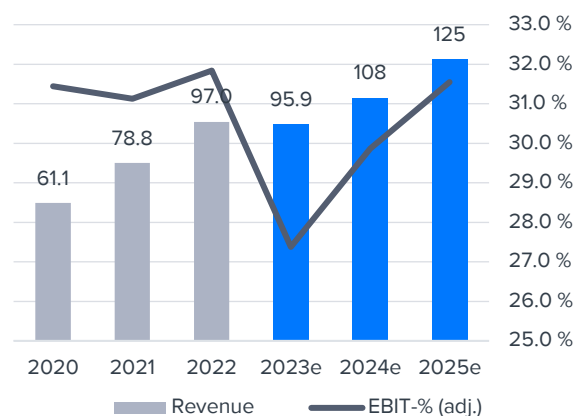
(Unchanged)

Revenio Group's exchange rate-adjusted net sales growth is estimated to be between 1 - 5 percent compared to the previous year and profitability, excluding non-recurring items, is estimated to remain at a good level.

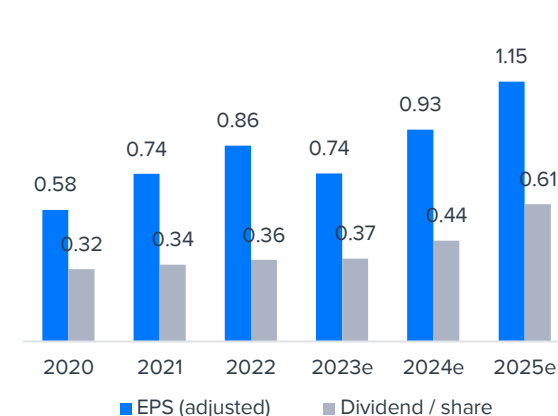
Share price



Revenue and EBIT-%



EPS and dividend



Value drivers

- Long-term growth outlook is strong
- Generally quite good predictability of the result and cash flow
- Strong competitive protection and growth drivers give support
- New products and software systems have attractive long-term growth potential
- Excellent track record of value creation
- Potential acquisitions (OCT)



Risk factors

- Weakening of patent protection for the Icare tonometer after 2023
- Speed and success of the HOME product's ramp-up
- Success in strong growth of imaging devices
- Success of growth investments (new products)
- The valuation of the share is still not favorable if earnings growth does not resume as expected

Valuation	2023e	2024e	2025e
Share price	19.8	19.8	19.8
Number of shares, millions	26.6	26.6	26.6
Market cap	527	527	527
EV	508	492	474
P/E (adj.)	26.7	21.2	17.3
P/E	29.8	22.3	18.0
P/B	5.3	4.7	4.0
P/S	5.5	4.9	4.2
EV/Sales	5.3	4.6	3.8
EV/EBITDA	18.1	14.1	11.2
EV/EBIT (adj.)	19.4	15.3	12.1
Payout ratio (%)	55.0 %	50.0 %	55.0 %
Dividend yield-%	1.8 %	2.2 %	3.1 %

Source: Inderes

For valuation, weakness is an opportunity

A bump in the road to an excellent investment story

It has been relatively easy to paint Revenio's earnings growth story well into the future, as the core business has maintained a strong growth trajectory while the company's profitability has scaled upwards. Simultaneously, Revenio is maturing its future growth drivers (HOME2, ILLUME and Oculo), with which the company aims to transform itself from a high-quality equipment manufacturer to a total solutions provider. Revenio's excellent track-record took a hit from the profit warning, but overall, the sector still has strong structural long-term growth drivers and deep moats (patents, brand, slow-moving industry and high barrier of entry). In addition, we believe that Revenio is both an interesting acquisition target (Demant) and that the company can expand its product portfolio through its own acquisitions. Demant's additional purchases push Revenio further into its camp, but also provide a significant level of support.

Valuation is now at the level of a mere mortal

Revenio's 2023 adjusted EV/EBIT is now below 20x, which we consider already reasonable, especially considering the weak performance in 2023 (by Revenio's standards). However, in the absence of an earnings growth driver, there is still no upside driver for valuation. If the company's earnings growth story returns to track in 2024 as we expect, the valuation is already moderate (2024e adj. EV/EBIT 15x) for a quality company in an industry where valuations are high. If we have estimated the future earnings growth multiples correctly, in a year's time the stock will probably be priced at EV/EBIT 20x (target price level). Of course, this is influenced by factors such as interest rates and general required returns. However, we

believe that the level is justified even without the strategic benefits that a company in the sector could gain from an acquisition.

Affordable relative to peers and history

Revenio's valuation has also fallen below the peer group median when looking at EV/EBIT multiples for 2023-2024 (table in appendices). We think that the closest peer is Zeiss, and Revenio's valuation multiples are roughly in line with its. The multiples for both have fallen sharply since recent years. In relation to Revenio's own history, the share valuation is now at its lowest level in Revenio's current history (graph on the right). Similar levels of valuation must be sought since 2015, when the company transformed from a conglomerate to its current form. Interest rates and required returns are generally higher now, but the stock is still very cheap compared to its history, given the company's progress.

After disappointments, the valuation have returned to mere mortal levels, reflecting weaker earnings growth and concerns about the sustainability of challenges. At the same time, the previously extremely high expectations of the company have been brought down to a very human level, through which we may also see positive surprises in the near future. We now find the risk-adjusted expected return attractive, although there are still risks in the short term. No one knows exactly when end-market demand will recover or how deep the dip will eventually be, but we remain very confident in Revenio's long-term competitiveness in the sector. The continued rise in interest rates may also continue to put pressure on the stock, even though the COE used at 8.6% (was 8.2%) already takes this into account to a reasonable extent.

Valuation	2023e	2024e	2025e
Share price	19.8	19.8	19.8
Number of shares, millions	26.6	26.6	26.6
Market cap	527	527	527
EV	508	492	474
P/E (adj.)	26.7	21.2	17.3
P/E	29.8	22.3	18.0
P/B	5.3	4.7	4.0
P/S	5.5	4.9	4.2
EV/Sales	5.3	4.6	3.8
EV/EBITDA	18.1	14.1	11.2
EV/EBIT (adj.)	19.4	15.3	12.1
Payout ratio (%)	55.0 %	50.0 %	55.0 %
Dividend yield-%	1.8 %	2.2 %	3.1 %

Source: Inderes

Development of Revenio multiples

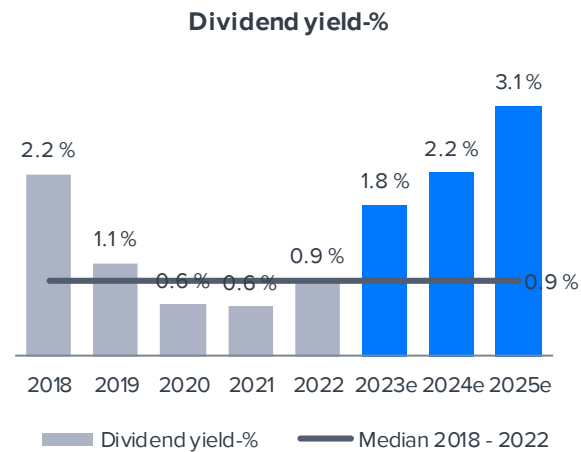
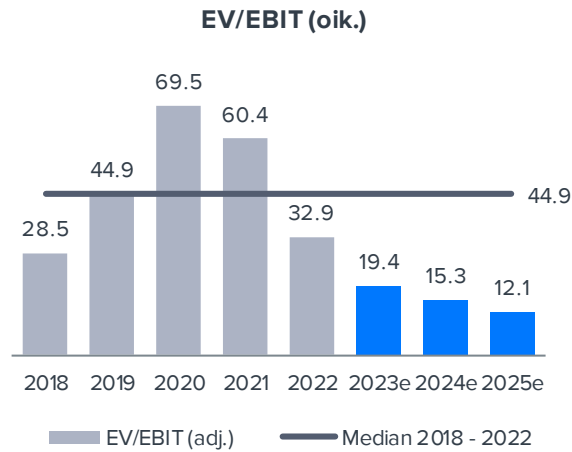
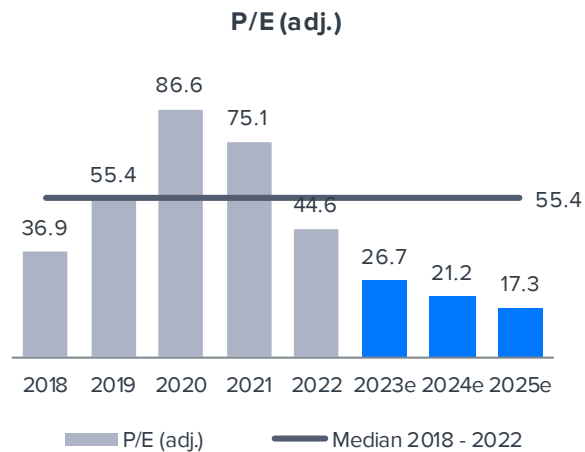
Source: Bloomberg, current year's consensus estimate (BEST)



Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	12.6	26.3	50.3	55.6	38.6	19.8	19.8	19.8	19.8
Number of shares, millions	23.9	26.0	26.6	26.7	26.6	26.6	26.6	26.6	26.6
Market cap	301	697	1337	1482	1026	527	527	527	527
EV	290	700	1335	1482	1015	508	492	474	455
P/E (adj.)	36.9	55.4	86.6	75.1	44.6	26.7	21.2	17.3	14.7
P/E	36.9	73.0	>100	85.7	47.1	29.8	22.3	18.0	15.2
P/B	16.6	10.8	19.2	18.9	11.3	5.3	4.7	4.0	3.5
P/S	9.8	14.1	21.9	18.8	10.6	5.5	4.9	4.2	3.6
EV/Sales	9.5	14.1	21.9	18.8	10.5	5.3	4.6	3.8	3.1
EV/EBITDA	27.1	47.9	61.5	57.7	30.6	18.1	14.1	11.2	9.3
EV/EBIT (adj.)	28.5	44.9	69.5	60.4	32.9	19.4	15.3	12.1	9.9
Payout ratio (%)	82.3 %	85.1 %	63.7 %	52.4 %	43.9 %	55.0 %	50.0 %	55.0 %	60.0 %
Dividend yield-%	2.2 %	1.1 %	0.6 %	0.6 %	0.9 %	1.8 %	2.2 %	3.1 %	3.9 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e
Revenio Group	534	536	20.9	17.8	18.1	15.7	5.5	5.0	27.1	23.0	1.9	2.1
Cooper Companies	14716	17075	22.0	19.9	17.9	15.9	5.0	4.7	24.3	22.0	0.0	0.0
Ametek	32402	33913	21.1	19.5	17.7	16.5	5.4	5.1	23.6	22.0	0.7	0.7
Topcon	1137	1457			7.5	8.0	1.1	1.1	13.7	16.3	2.6	2.6
Medtronic	98578	115040	14.7	14.8	13.0	13.2	3.9	3.8	14.7	15.2	3.5	3.6
EssilorLuxotica SA	74236	84961	19.9	18.5	12.7	11.7	3.3	3.2	24.2	21.9	2.1	2.3
Carl Zeiss Meditec	7093	7340	19.8	17.7	16.2	14.9	3.5	3.2	26.2	24.4	1.4	1.5
Demand	8559	10323	18.3	16.8	13.9	13.1	3.5	3.2	28.5	20.9		
Optomed (Inderes)	46	44					2.9	2.6				
Revenio Group (Inderes)	527	508	19.4	15.3	18.1	14.1	5.3	4.6	26.7	21.2	1.8	2.2
Average			25.4	20.6	16.8	15.0	3.9	3.6	33.2	24.6	1.5	1.6
Median			20.9	18.5	16.9	15.3	3.9	3.8	25.1	22.0	1.4	1.5
Diff-% to median			-7%	-17%	7%	-8%	36%	22%	6%	-4%	37%	55%

Source: Refinitiv / Inderes

Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	61.1	78.8	20.2	24.4	24.1	28.3	97.0	23.2	22.3	23.4	27.0	95.9	108	125	146
Tonometers (estimate)	41.8	49.2	13.2	16.9	13.0	15.5	58.6	14.7	15.3	13.1	14.7	57.8	63.1	70.7	81.3
Imaging devices (estimate)	19.1	28.3	6.6	6.9	10.7	12.1	36.2	7.8	6.4	9.6	11.5	35.3	40.6	47.9	56.5
Oculo / Software (estimate)	0.0	0.9	0.4	0.6	0.5	0.7	2.2	0.6	0.7	0.7	0.8	2.8	3.9	6.0	8.0
Other products (estimate)	0.2	0.4	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	21.7	25.7	6.4	8.0	8.5	10.2	33.1	7.1	5.6	6.6	8.8	28.1	34.9	42.2	49.1
Depreciation	-4.6	-3.6	-0.8	-0.9	-0.9	-0.9	-3.4	-0.9	-1.0	-1.0	-1.0	-3.9	-4.0	-4.1	-4.3
EBIT (excl. NRI)	19.2	24.5	5.9	7.4	8.0	9.6	30.9	6.5	5.8	5.9	8.1	26.2	32.1	39.3	45.9
EBIT	17.1	22.1	5.6	7.1	7.7	9.3	29.7	6.2	4.7	5.6	7.8	24.2	30.9	38.1	44.8
Net financial items	-0.4	0.0	0.3	-0.1	-0.1	-0.7	-0.6	-0.4	-0.2	-0.1	-0.1	-0.8	-0.3	-0.1	0.1
PTP	16.7	22.1	5.8	7.1	7.6	8.6	29.1	5.8	4.5	5.5	7.7	23.4	30.7	38.0	44.9
Taxes	-3.4	-4.8	-1.2	-1.7	-1.5	-2.9	-7.3	-1.5	-1.2	-1.3	-1.8	-5.7	-7.0	-8.7	-10.3
Minority interest	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	0.0
Net earnings	13.3	17.3	4.6	5.4	6.1	5.7	21.8	4.2	3.3	4.2	5.9	17.7	23.6	29.3	34.6
EPS (adj.)	0.58	0.74	0.18	0.22	0.24	0.23	0.86	0.17	0.17	0.17	0.23	0.74	0.93	1.15	1.34
EPS (rep.)	0.50	0.65	0.17	0.20	0.23	0.22	0.82	0.16	0.12	0.16	0.22	0.67	0.89	1.10	1.30

Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	23.4 %	29.1 %	20.6 %	29.5 %	24.1 %	18.9 %	23.1 %	14.9 %	-8.7 %	-3.1 %	-4.5 %	-1.2 %	12.3 %	15.8 %	17.0 %
Adjusted EBIT growth-%		27.8 %	6.6 %	57.6 %	27.5 %	19.3 %	25.9 %	10.6 %	-22.1 %	-25.9 %	-16.2 %	-15.0 %	22.5 %	22.3 %	16.9 %
EBITDA-%	35.5 %	32.6 %	31.7 %	32.7 %	35.4 %	36.1 %	34.1 %	30.5 %	25.3 %	28.2 %	32.5 %	29.3 %	32.5 %	33.8 %	33.7 %
Adjusted EBIT-%	31.4 %	31.1 %	29.0 %	30.4 %	33.0 %	34.1 %	31.8 %	27.9 %	26.0 %	25.2 %	29.9 %	27.4 %	29.9 %	31.6 %	31.5 %
Net earnings-%	21.9 %	22.0 %	22.6 %	22.2 %	25.2 %	20.2 %	22.5 %	18.3 %	14.8 %	18.1 %	21.9 %	18.4 %	22.0 %	23.5 %	23.7 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	69.8	70.8	71.4	72.2	73.1
Goodwill	59.8	59.8	59.8	59.8	59.8
Intangible assets	4.2	4.3	4.8	5.2	5.7
Tangible assets	2.6	2.8	2.9	3.2	3.7
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.4	0.4	0.4	0.4
Other non-current assets	1.9	1.9	1.9	1.9	1.9
Deferred tax assets	1.3	1.6	1.6	1.6	1.6
Current assets	40.8	52.5	57.4	74.1	95.2
Inventories	6.4	6.7	7.7	7.5	8.7
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	9.2	13.7	13.4	14.0	16.2
Cash and equivalents	25.2	32.1	36.3	52.6	70.3
Balance sheet total	125	136	140	157	178

Source: Inderes

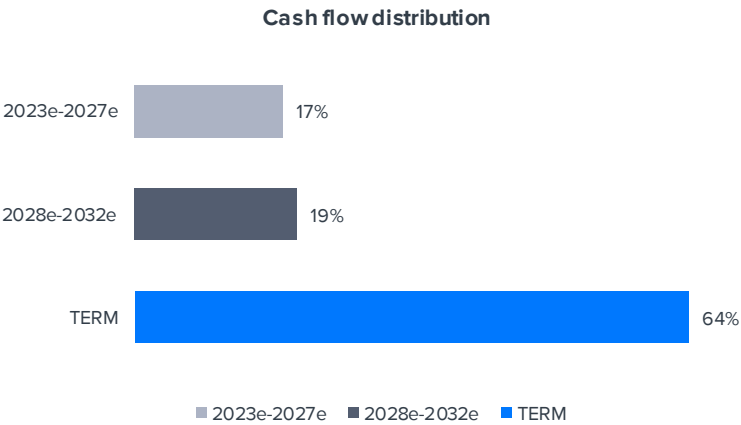
Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	78.4	90.9	99.0	113	130
Share capital	5.3	5.3	5.3	5.3	5.3
Retained earnings	22.1	34.3	42.4	56.3	73.8
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	51.0	51.3	51.3	51.3	51.3
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	5.8	20.1	19.3	19.3	19.3
Deferred tax liabilities	3.6	3.7	3.7	3.7	3.7
Provisions	0.5	0.5	0.5	0.5	0.5
Interest bearing debt	1.7	15.8	15.0	15.0	15.0
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	40.4	25.2	22.2	24.5	27.9
Interest bearing debt	23.5	5.0	3.0	3.0	3.0
Payables	16.9	20.2	19.2	21.5	24.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	125	136	140	157	178

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	23.1 %	-1.2 %	12.3 %	15.8 %	17.0 %	15.0 %	12.0 %	9.0 %	8.0 %	5.0 %	3.0 %	3.0 %
EBIT-%	30.6 %	25.3 %	28.7 %	30.6 %	30.7 %	30.5 %	30.0 %	29.0 %	29.0 %	28.0 %	28.0 %	28.0 %
EBIT (operating profit)	29.7	24.2	30.9	38.1	44.8	51.1	56.3	59.4	64.1	65.0	66.9	
+ Depreciation	3.4	3.9	4.0	4.1	4.3	4.5	4.9	5.3	5.6	5.9	6.1	
- Paid taxes	-7.5	-5.7	-7.0	-8.7	-10.3	-11.8	-13.1	-13.8	-14.9	-15.1	-15.6	
- Tax, financial expenses	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.0	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.3	0.3	0.3	
- Change in working capital	-1.5	-1.7	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	24.0	20.4	29.8	33.4	38.8	43.9	48.3	51.0	55.0	56.0	57.6	
+ 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	
- Gross CAPEX	-2.9	-3.3	-3.6	-3.8	-4.0	-5.0	-5.4	-5.7	-6.1	-6.1	-6.1	
Free operating cash flow	21.1	17.2	26.2	29.6	34.8	38.9	42.9	45.3	48.9	49.9	51.6	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	21.1	17.2	26.2	29.6	34.8	38.9	42.9	45.3	48.9	49.9	51.6	952
Discounted FCFF		16.8	23.7	24.6	26.7	27.4	27.9	27.1	26.9	25.3	24.1	445
Sum of FCFF present value		695	679	655	630	604	576	548	521	494	469	445
Enterprise value DCF		695										
- Interest bearing debt		-20.8										
+ Cash and cash equivalents		32.1										
-Minorities		0.0										
-Dividend/capital return		-9.6										
Equity value DCF		697										
Equity value DCF per share		26.2										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	4.0 %
Equity Beta	1.28
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.6 %
Weighted average cost of capital (WACC)	8.6 %

Source: Inderes



Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	61.1	78.8	97.0	95.9	107.6	EPS (reported)	0.50	0.65	0.82	0.67	0.89
EBITDA	21.7	25.7	33.1	28.1	34.9	EPS (adj.)	0.58	0.74	0.86	0.74	0.93
EBIT	17.1	22.1	29.7	24.2	30.9	OCF / share	0.59	0.85	0.90	0.77	1.12
PTP	16.7	22.1	29.1	23.4	30.7	FCF / share	0.50	0.25	0.79	0.65	0.99
Net Income	13.3	17.3	21.8	17.7	23.6	Book value / share	2.62	2.94	3.42	3.73	4.25
Extraordinary items	-2.1	-2.4	-1.2	-2.0	-1.2	Dividend / share	0.32	0.34	0.36	0.37	0.44
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	114.4	124.6	136.1	140.4	156.7	Revenue growth-%	23%	29%	23%	-1%	12%
Equity capital	69.7	78.4	90.9	99.0	112.9	EBITDA growth-%	49%	18%	29%	-15%	24%
Goodwill	50.4	59.8	59.8	59.8	59.8	EBIT (adj.) growth-%	23%	28%	26%	-15%	22%
Net debt	-1.9	0.0	-11.3	-18.3	-34.6	EPS (adj.) growth-%	23%	27%	17%	-14%	26%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	35.5 %	32.6 %	34.1 %	29.3 %	32.5 %
EBITDA	21.7	25.7	33.1	28.1	34.9	EBIT (adj.)-%	31.4 %	31.1 %	31.8 %	27.4 %	29.9 %
Change in working capital	-2.1	2.4	-1.5	-1.7	1.9	EBIT-%	28.0 %	28.0 %	30.6 %	25.3 %	28.7 %
Operating cash flow	15.8	22.7	24.0	20.4	29.8	ROE-%	19.9 %	23.4 %	25.7 %	18.6 %	22.3 %
CAPEX	-2.5	-15.8	-2.9	-3.3	-3.6	ROI-%	17.9 %	22.1 %	27.6 %	21.5 %	25.3 %
Free cash flow	13.2	6.7	21.1	17.2	26.2	Equity ratio	60.9 %	63.0 %	66.8 %	70.5 %	72.1 %
						Gearing	-2.7 %	0.0 %	-12.5 %	-18.5 %	-30.7 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	21.9	18.8	10.5	5.3	4.6						
EV/EBITDA (adj.)	61.5	57.7	30.6	18.1	14.1						
EV/EBIT (adj.)	69.5	60.4	32.9	19.4	15.3						
P/E (adj.)	86.6	75.1	44.6	26.7	21.2						
P/B	19.2	18.9	11.3	5.3	4.7						
Dividend-%	0.6 %	0.6 %	0.9 %	1.8 %	2.2 %						

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.

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	Share price
2/21/2020	Accumulate	31.00 €	28.85 €
3/19/2020	Buy	24.00 €	18.48 €
4/23/2020	Accumulate	25.00 €	22.75 €
8/7/2020	Reduce	34.00 €	33.50 €
10/23/2020	Reduce	36.00 €	38.05 €
12/21/2020	Reduce	44.00 €	48.65 €
2/12/2021	Accumulate	60.00 €	53.00 €
4/26/2021	Accumulate	65.00 €	59.20 €
<i>Analyst changed</i>			
6/9/2021	Accumulate	65.00 €	59.50 €
8/6/2021	Reduce	65.00 €	64.80 €
10/22/2021	Accumulate	58.00 €	55.40 €
2/11/2022	Accumulate	48.00 €	44.30 €
4/7/2022	Reduce	48.00 €	47.96 €
4/29/2022	Reduce	48.00 €	47.58 €
8/5/2022	Reduce	52.00 €	54.30 €
10/28/2022	Reduce	40.00 €	39.48 €
1/27/2023	Reduce	40.00 €	37.62 €
2/10/2023	Reduce	38.00 €	37.26 €
1/27/2023	Reduce	40.00 €	37.62 €
2/10/2023	Reduce	38.00 €	37.26 €
3/20/2023	Accumulate	38.00 €	34.66 €
4/28/2023	Reduce	38.00 €	39.24 €
8/3/2023	Accumulate	26.00 €	24.08 €
8/11/2023	Accumulate	26.00 €	23.20 €
10/4/2023	Buy	26.00 €	19.81 €



Connecting investors and companies

Inderes connects investors and listed companies. We help over 400 Nordic listed companies to better serve their shareholders. Our community is home to over 70 000 active investors. Our social objective is to democratize information in the financial markets.

We build solutions for listed companies that enable seamless and effective investor relations. Majority of our revenue comes from services to listed companies, including Commissioned Research, Virtual Events, AGM services, and IR technology and consultation.

Inderes is listed on Nasdaq First North growth market and operates in Finland, Sweden, Norway and Denmark.

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.**