

One-off to burden Q2 results

Consti reports its Q2 results on July 23rd. The Q2 figures will be burdened by the outcome of the Hotel St. George renovation project arbitration proceedings but operational performance should remain steady. The venture into new building construction has gotten off to a good start with the signing of a larger office construction project.

Arbitration proceedings outcome to burden Q2 results

Consti will report its Q2 results on July 23rd. Profitability figures are expected to be rather grim due to the unfavourable outcome of the arbitration proceedings relating to the Hotel St. George renovation project but apart from that no larger deviations should be expected. The impact of the arbitration proceedings on the operating result should be some EUR 3.0m and we expect an operating result of EUR -0.4m. The impact is partly reflected also in revenue, due to which we expect a slight decline in revenue y/y to EUR 68.5m (Q2/20: EUR 69.3m). Excluding the impact our estimates reflect slight improvement in both revenue and operating result.

Promising start to new construction venture

Apart from the news regarding the arbitration proceedings, the other notable news during the quarter was the announcement of Consti's first significant new building construction project. The project, consisting of two new office buildings, is valued at approx. EUR 30m. New building construction was implemented as part of Consti's revised strategy, with the aim for 10–15% of revenue to come from such projects in 2023, and the signing of a deal of such size provides a solid foundation for achieving the target. With Consti having implemented steps to improve profitability, our sights have been turned toward the unfavourable revenue development, and revenue from new construction could well be a driver in Consti's investment case.

HOLD-rating with a target price of EUR 13.0

We have made no adjustments to our estimates ahead of the Q2 report. We retain our HOLD-rating and target price of EUR 13.0. Our target price values Consti at approx. 16.6x 2021 P/E (excl. arbitration proceedings items).

Rating

■ HOLD


Share price, EUR (Last trading day's closing price) 12.50

Target price, EUR 13.0

Latest change in recommendation	28-Apr-21
Latest report on company	15-Jun-21
Research paid by issuer:	Yes
No. of shares outstanding, '000's	7,858
No. of shares fully diluted, '000's	7,858
Market cap, EURm	98
Free float, %	62.0
Exchange rate EUR	1.000
Reuters code	CONSTI.HE
Bloomberg code	CONSTI FH
Average daily volume, EURm	0.1
Next interim report	23-Jul-21
Web site	investor.consti.fi

Analyst	Jerker Salokivi
E-mail	jerker.salokivi@evli.com
Telephone	+358 9 4766 9149

■ BUY ■ HOLD ■ SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2019	314.8	4.6	1.5%	0.1	0.32	20.3	0.2	15.6	0.2	0.16
2020	274.6	8.2	3.0%	15.1	0.71	14.2	0.3	10.6	19.2	0.40
2021E	278.0	5.7	2.1%	3.9	0.48	26.0	0.4	18.5	3.9	0.35
2022E	286.3	10.0	3.5%	7.6	0.94	13.3	0.4	10.1	7.8	0.47
2023E	294.4	11.0	3.7%	8.5	1.05	11.9	0.3	8.7	8.7	0.53
Market cap, EURm		98	Gearing 2021E, %			23.2	CAGR EPS 2020-23, %			14.1
Net debt 2021E, EURm		7	Price/book 2021E			3.2	CAGR sales 2020-23, %			2.3
Enterprise value, EURm		105	Dividend yield 2021E, %			2.8	ROE 2021E, %			12.3
Total assets 2021E, EURm		126	Tax rate 2021E, %			20.0	ROCE 2021E, %			9.5
Goodwill 2021E, EURm		49	Equity ratio 2021E, %			24.6	PEG, P/E 21/CAGR			0.8

All the important disclosures can be found on the last pages of this report.

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	12.50 PV of Free Cash Flow	76 Long-term growth, %	1.2 Risk-free interest rate, %	2.25
DCF share value	18.67 PV of Horizon value	81 WACC, %	8.6 Market risk premium, %	5.8
Share price potential, %	49.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	20.1 Marketable securities	24 Minimum WACC, %	8.1 Equity beta coefficient	1.15
Minimum value	17.4 Debt - dividend	-35 Maximum WACC, %	9.1 Target debt ratio, %	30
Horizon value, %	51.6 Value of stock	147 Nr of shares, Mn	7.9 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	275	278	286	294	299	303	308	312	317	322	326	330
<i>Sales growth, %</i>	-12.8	1.2	3.0	2.8	1.5	1.5	1.5	1.5	1.5	1.5	1.2	1.2
Operating income (EBIT)	8	6	10	11	12	12	12	12	13	13	13	13
<i>Operating income margin, %</i>	3.0	2.1	3.5	3.7	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
+ Depreciation+amort.	3	3	3	3	3	3	3	3	3	3	4	4
EBITDA	11	9	13	14	15	15	16	16	16	16	17	
- Paid taxes	-1	-1	-2	-2	-2	-2	-2	-2	-3	-3	-3	
- Change in NWC	8	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	-4.9	-4.9	-4.9	-4.9	-4.9	-4.9	-4.9	-4.9	-4.9	-4.9	-4.9	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>opCAPEX / Sales, %</i>	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	17	7	10	11	12	12	12	12	13	13	13	177
= Discounted FCFF		6	9	9	9	8	8	7	7	6	6	81
= DFCF min WACC		6	9	9	9	9	8	8	7	7	6	91
= DFCF max WACC		6	9	9	9	8	8	7	7	6	6	73

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	59.0	69.3	68.2	78.1	274.6	59.3	68.5	69.3	80.9	278.0	286.3	294.4
EBITDA	1.3	3.2	3.2	3.7	11.4	0.9	0.4	3.5	4.1	8.8	13.1	14.2
<i>EBITDA margin (%)</i>	<i>2.2</i>	<i>4.6</i>	<i>4.8</i>	<i>4.8</i>	<i>4.2</i>	<i>1.5</i>	<i>0.5</i>	<i>5.0</i>	<i>5.0</i>	<i>3.1</i>	<i>4.6</i>	<i>4.8</i>
EBIT	0.5	2.4	2.5	3.0	8.2	0.1	-0.4	2.7	3.3	5.7	10.0	11.0
<i>EBIT margin (%)</i>	<i>0.8</i>	<i>3.4</i>	<i>3.6</i>	<i>3.8</i>	<i>3.0</i>	<i>0.2</i>	<i>-0.6</i>	<i>3.9</i>	<i>4.1</i>	<i>2.1</i>	<i>3.5</i>	<i>3.7</i>
Net financial items	-0.3	-0.2	-0.2	-0.2	-1.0	-0.2	-0.2	-0.2	-0.2	-0.9	-0.8	-0.6
Pre-tax profit	0.2	2.1	2.2	2.7	7.2	-0.1	-0.6	2.5	3.1	4.8	9.2	10.4
Tax	0.0	-0.4	-0.5	-0.6	-1.6	0.0	0.1	-0.5	-0.6	-1.0	-1.8	-2.1
<i>Tax rate (%)</i>	<i>16.9</i>	<i>19.6</i>	<i>24.0</i>	<i>21.4</i>	<i>21.6</i>	<i>19.8</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.1	1.7	1.7	2.0	5.6	-0.1	-0.5	2.0	2.4	3.8	7.4	8.3
EPS	0.02	0.22	0.22	0.26	0.71	-0.02	-0.07	0.25	0.31	0.48	0.94	1.05
EPS adjusted (diluted no. of shares)	0.02	0.22	0.22	0.26	0.71	-0.02	-0.07	0.25	0.31	0.48	0.94	1.05
Dividend per share	0.00	0.00	0.00	0.00	0.40	0.00	0.00	0.00	0.00	0.35	0.47	0.53
SALES, EURm												
Housing Companies	16.5	24.8	23.8	21.1	86.1	13.4	21.8	23.0	25.0	83.2	86.5	90.0
Corporations	20.8	21.6	21.5	26.6	90.6	21.8	20.0	20.5	24.5	86.8	88.5	89.9
Public Sector	9.4	10.3	9.8	12.0	41.4	7.5	10.9	11.0	13.8	43.1	44.4	45.8
Building Technology	15.5	16.5	15.9	21.5	69.4	19.2	19.3	18.1	21.0	77.6	80.0	82.4
Elimination	-3.0	-3.9	-2.8	-3.2	-12.9	-2.6	-3.5	-3.3	-3.4	-12.8	-13.2	-13.6
Total	59.0	69.3	68.2	78.1	274.6	59.3	68.5	69.3	80.9	278.0	286.3	294.4
SALES GROWTH, Y/Y %												
<i>Housing Companies</i>	<i>-41.9</i>	<i>-10.4</i>	<i>-21.7</i>	<i>-12.1</i>	<i>-22.0</i>	<i>-18.6</i>	<i>-12.1</i>	<i>-3.2</i>	<i>18.3</i>	<i>-3.4</i>	<i>4.0</i>	<i>4.0</i>
<i>Corporations</i>	<i>-24.8</i>	<i>-31.8</i>	<i>-22.9</i>	<i>-16.2</i>	<i>-23.9</i>	<i>5.0</i>	<i>-7.6</i>	<i>-4.8</i>	<i>-8.0</i>	<i>-4.2</i>	<i>2.0</i>	<i>1.5</i>
<i>Public Sector</i>	<i>77.7</i>	<i>24.2</i>	<i>-7.2</i>	<i>22.7</i>	<i>22.3</i>	<i>-20.3</i>	<i>5.7</i>	<i>12.4</i>	<i>15.1</i>	<i>4.1</i>	<i>3.0</i>	<i>3.0</i>
<i>Building Technology</i>	<i>-5.5</i>	<i>-12.3</i>	<i>-11.5</i>	<i>29.5</i>	<i>-0.5</i>	<i>24.4</i>	<i>17.3</i>	<i>13.7</i>	<i>-2.3</i>	<i>12.0</i>	<i>3.0</i>	<i>3.0</i>
<i>Elimination</i>	<i>-26.8</i>	<i>-25.6</i>	<i>-43.5</i>	<i>-19.5</i>	<i>-29.4</i>	<i>-13.5</i>	<i>-9.6</i>	<i>17.4</i>	<i>7.4</i>	<i>-0.4</i>	<i>3.0</i>	<i>3.0</i>
Total	-19.7	-14.7	-16.7	-0.2	-12.8	0.4	-1.2	1.6	3.6	1.2	3.0	2.8
EBIT, EURm												
Group	0.5	2.4	2.5	3.0	8.2	0.1	-0.4	2.7	3.3	5.7	10.0	11.0
Total	0.5	2.4	2.5	3.0	8.2	0.1	-0.4	2.7	3.3	5.7	10.0	11.0
EBIT margin, %												
<i>Total</i>	<i>0.8</i>	<i>3.4</i>	<i>3.6</i>	<i>3.8</i>	<i>3.0</i>	<i>0.2</i>	<i>-0.6</i>	<i>3.9</i>	<i>4.1</i>	<i>2.1</i>	<i>3.5</i>	<i>3.7</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	261.5	300.2	315.8	314.8	274.6	278.0	286.3	294.4
<i>Sales growth (%)</i>	<i>2.1</i>	<i>14.8</i>	<i>5.2</i>	<i>-0.3</i>	<i>-12.8</i>	<i>1.2</i>	<i>3.0</i>	<i>2.8</i>
EBITDA	13.1	1.7	-0.5	8.1	11.4	8.8	13.1	14.2
<i>EBITDA margin (%)</i>	<i>5.0</i>	<i>0.6</i>	<i>-0.1</i>	<i>2.6</i>	<i>4.2</i>	<i>3.1</i>	<i>4.6</i>	<i>4.8</i>
Depreciation	-2.1	-2.1	-1.7	-3.5	-3.2	-3.0	-3.1	-3.2
EBITA	10.9	-0.4	-2.1	4.6	8.2	5.7	10.0	11.0
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	10.9	-0.4	-2.1	4.6	8.2	5.7	10.0	11.0
<i>EBIT margin (%)</i>	<i>4.2</i>	<i>-0.1</i>	<i>-0.7</i>	<i>1.5</i>	<i>3.0</i>	<i>2.1</i>	<i>3.5</i>	<i>3.7</i>
Reported EBIT	10.9	-0.4	-2.1	4.6	8.2	5.7	10.0	11.0
<i>EBIT margin (reported) (%)</i>	<i>4.2</i>	<i>-0.1</i>	<i>-0.7</i>	<i>1.5</i>	<i>3.0</i>	<i>2.1</i>	<i>3.5</i>	<i>3.7</i>
Net financials	-0.9	-0.8	-0.7	-1.2	-1.0	-0.9	-0.8	-0.6
Pre-tax profit	10.1	-1.2	-2.8	3.4	7.2	4.8	9.2	10.4
Taxes	-2.1	0.1	0.5	-0.7	-1.6	-1.0	-1.8	-2.1
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	8.0	-1.1	-2.3	2.5	5.6	3.8	7.4	8.3
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	6	5	4	4	3	3	3	3
Goodwill	44	49	49	49	49	49	49	49
Right of use assets	0	0	4	3	2	2	2	3
Inventory	1	1	1	1	1	1	1	1
Receivables	39	36	53	50	49	50	51	53
Liquid funds	9	10	3	10	24	21	21	22
Total assets	98	101	115	117	129	126	128	130
Liabilities								
Shareholder's equity	30	25	23	26	30	31	36	40
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	3	3	0	0	0
Lease liabilities	0	0	4	4	2	2	2	3
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	21	22	23	25	27	26	21	17
Non-interest bearing current liabilities	46	52	62	56	63	64	66	68
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	98	101	115	117	129	126	128	130
CASH FLOW, EURm								
+ EBITDA	13	2	0	8	11	9	13	14
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-1	-1	0	0	-1	-1	-2	-2
- Increase in Net Working Capital	0	9	-5	-3	8	0	0	0
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	11	9	-7	4	18	7	11	12
- Capex	-2	-1	-1	-4	-3	-3	-3	-3
- Acquisitions	-1	-4	0	0	0	0	0	0
+ Divestments	0	1	1	0	0	0	0	0
= Free cash flow	8	4	-8	0	15	4	8	9
+/- New issues/buybacks	0	1	0	0	0	0	0	0
- Paid dividend	-3	-4	0	0	-1	-3	-3	-4
+/- Other	0	-1	1	6	0	-4	-4	-4
Change in cash	5	0	-6	7	14	-3	1	1

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	66	43	50	79	98	98	98
Net debt (excl. convertibles)	12	23	19	5	7	2	-3
Enterprise value	78	67	72	87	105	101	96
Sales	300	316	315	275	278	286	294
EBITDA	2	0	8	11	9	13	14
EBIT	0	-2	5	8	6	10	11
Pre-tax	-1	-3	3	7	5	9	10
Earnings	-1	-2	2	6	4	7	8
Equity book value (excl. minorities)	25	23	26	30	31	36	40
Valuation multiples							
EV/sales	0.3	0.2	0.2	0.3	0.4	0.4	0.3
EV/EBITDA	45.3	-143.6	8.9	7.6	12.0	7.7	6.8
EV/EBITA	-207.0	-31.3	15.6	10.6	18.5	10.1	8.7
EV/EBIT	-207.0	-31.3	15.6	10.6	18.5	10.1	8.7
EV/OCF	8.8	-9.9	19.7	4.9	15.1	9.3	8.1
EV/FCFF	14.9	-9.6	31.9	5.2	15.9	9.7	8.5
P/FCFE	14.6	-5.7	523.9	5.2	25.4	12.9	11.5
P/E	-61.0	-18.5	20.3	14.2	26.0	13.3	11.9
P/B	2.6	1.8	1.9	2.6	3.2	2.8	2.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	12.5	8.0	7.0
Target EV/EBIT	0.0	0.0	0.0	0.0	19.2	10.4	9.1
Target EV/FCF	0.0	0.0	0.0	0.0	28.2	13.7	11.7
Target P/B	0.0	0.0	0.0	0.0	3.3	2.9	2.5
Target P/E	0.0	0.0	0.0	0.0	27.1	13.9	12.3
Per share measures							
Number of shares	7,621	7,858	7,858	7,858	7,858	7,858	7,858
Number of shares (diluted)	7,621	7,858	7,858	7,858	7,858	7,858	7,858
EPS	-0.14	-0.30	0.32	0.71	0.48	0.94	1.05
Operating cash flow per share	1.16	-0.85	0.47	2.27	0.89	1.38	1.51
Free cash flow per share	0.59	-0.96	0.01	1.93	0.49	0.97	1.09
Book value per share	3.32	2.98	3.33	3.87	3.95	4.53	5.12
Dividend per share	0.00	0.00	0.16	0.40	0.35	0.47	0.53
Dividend payout ratio, %	0.0	0.0	50.8	56.3	72.9	50.0	50.0
Dividend yield, %	0.0	0.0	2.5	4.0	2.8	3.8	4.2
FCF yield, %	6.8	-17.4	0.2	19.2	3.9	7.8	8.7
Efficiency measures							
ROE	-3.9	-9.6	10.0	19.7	12.3	22.1	21.8
ROCE	-0.6	-4.2	8.6	13.7	9.5	17.0	18.6
Financial ratios							
Inventories as % of sales	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Receivables as % of sales	12.1	16.8	15.8	17.9	17.9	17.9	17.9
Non-interest bearing liabilities as % of sales	17.3	19.5	17.8	23.1	23.1	23.1	23.1
NWC/sales, %	-5.0	-2.5	-1.7	-4.9	-4.9	-4.9	-4.9
Operative CAPEX/sales, %	0.5	0.4	1.3	1.0	1.1	1.1	1.1
CAPEX/sales (incl. acquisitions), %	-0.8	0.4	1.3	1.0	1.1	1.1	1.1
FCFF/EBITDA	3.0	15.0	0.3	1.5	0.8	0.8	0.8
Net debt/EBITDA, book-weighted	7.0	-50.5	2.3	0.4	0.8	0.2	-0.2
Debt/equity, market-weighted	0.3	0.5	0.5	0.3	0.3	0.2	0.2
Equity ratio, book-weighted	28.8	24.4	29.8	26.1	24.6	27.8	30.9
Gearing, %	47.7	100.0	64.4	14.1	23.2	6.6	-6.2

COMPANY DESCRIPTION: Consti is one of the leading renovation and technical service companies in Finland. Consti has a comprehensive service offering covering technical building services, residential pipeline renovation, renovation contracting, building facade repair and maintenance, and other renovation and technical services for residential and non-residential properties. Consti was established in 2008 to meet the growing need for repair and construction work.

INVESTMENT CASE: Consti should seek to regain healthier levels of profitability after a period of weaker profitability during the past few years driven by a number of weak margin projects. Reorganisations and more disciplined bidding procedures support the profitability outlook, although the latter has had an unfavourable impact on the order backlog. In the near-term the decline in order backlog along with an anticipated increase in competition following a slow-down in new construction volumes pose growth challenges. The long-term market outlook, however, remains favourable due to among other things a large aging building stock, and the renovation market is expected to see steady growth.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Lujatalo Oy	790,000	9.875	10.1%
Heikintorppa Oy	557,700	6.971	7.1%
Wipunen varainhallinta Oy	557,700	6.971	7.1%
Korkeela Esa Sakari	434,637	5.433	5.5%
Evli Finnish Small Cap Fund	422,625	5.283	5.4%
Kivi Risto Juhani	380,267	4.753	4.8%
Fennia Life Insurance Company Ltd	355,525	4.444	4.5%
Kalervo Markku	299,128	3.739	3.8%
Korkeela Antti Petteri	176,705	2.209	2.2%
Consti Yhtiöt Oyj	173,031	2.163	2.2%
Ten largest	4,147,318	51.841	53%
Residual	3,710,949	46.387	47%
Total	7,858,267	98.228	100%

EARNINGS CALENDAR	
July 23, 2021	Q2 report
October 27, 2021	Q3 report
OTHER EVENTS	
April 07, 2021	AGM

COMPANY MISCELLANEOUS	
CEO: Esa Korkeela	Hopeatie 2, 6. krs, 00440 Helsinki, Finland
CFO: Joni Sorsanen	Tel: +358 10 288 6000
IR: Ismo Heikkilä	

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

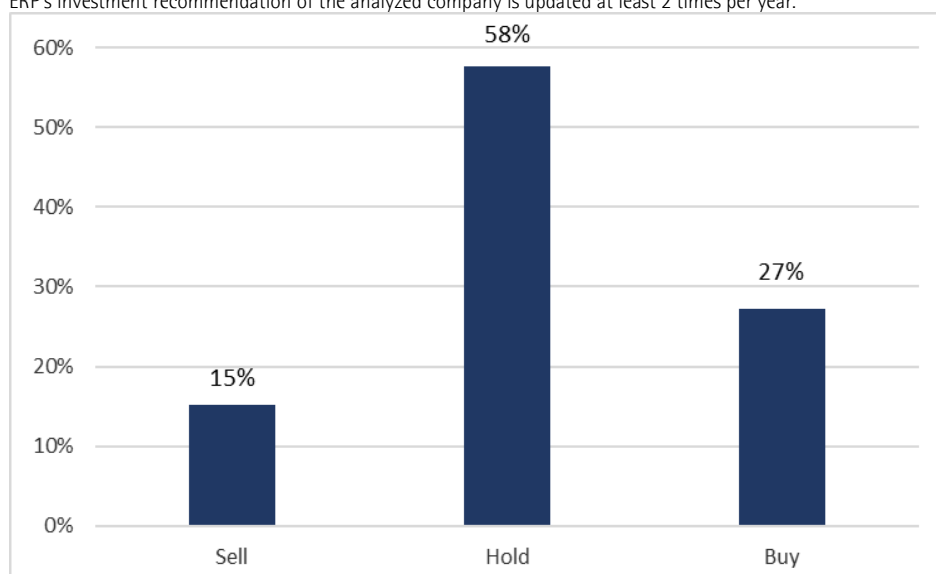
Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Salokivi

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Bank Plc. Production of the investment recommendation has been concluded on 21.7.2021, 7:45. This report has been published on 21.7.2021, 8:00.

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment

Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Bank Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Bank Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli Bank is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Bank Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg	+358 9 4766 9123
Ari Laine	+358 9 4766 9115
Kimmo Lilja	+358 9 4766 9130

Trading

Lauri Vehkaluoto (Head)	+358 9 4766 9120
Pasi Väisänen	+358 9 4766 9120
Antti Kässi	+358 9 4766 9120
Miika Ronkanen	+358 9 4766 9120

Structured Investments

Heikki Savijoki	+358 9 4766 9726
Aki Lakkisto	+358 9 4766 9123

Equity Research

Jonas Forslund	+358 9 4766 9314
Joonas Ilvonen	+358 44 430 9071
Jerker Salokivi	+358 9 4766 9149
Teemu Reiman	+358 40 352 6175

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
----------------	------------------



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001