

## Downgrade to HOLD

Talenom's top- and bottom-line figures in Q2 were quite in line with our estimates, and the larger piece of news was the change of CEO. We have made mostly minor upwards revisions to our estimates due to acquisitions and a faster than anticipated implementation of new automation procedures to the bookkeeping automation line. With valuation becoming stretched due to share price inclines we downgrade to HOLD (BUY) with a TP of EUR 36.0 (35.0)

### Earnings in line, CEO to change

Talenom's Q2 earnings did not deliver any major surprises, with net sales of EUR 14.8m (Evli 14.4m) and EBIT of EUR 3.2m (Evli 3.2m) well in line with our estimates, with the main news being the change of CEO. Otto-Pekka Huhtala (former deputy CEO) has started as CEO as of the 29.7.2019. Talenom gave a limited update on the Talenom Financing Services, having provided EUR 31m financing during H1/19. The potential for the service area remains promising but we expect an insignificant near-term impact.

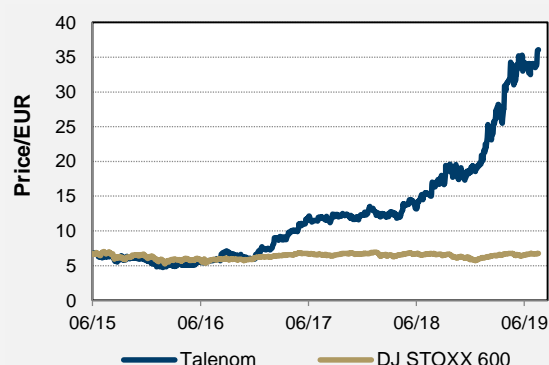
### Estimates revisions mostly minor

We have made minor upwards revisions to our estimates, with only minor adjustments to our 2019 estimates, now expecting 2019 sales of EUR 59.9m and EBIT of EUR 11.7m. We have made slight adjustments to sales estimates to account for the Wasa Tilit and WT Företagstjänster acquisitions, also raising our 2020E sales growth estimate by 2pp to 18%. Talenom has also started to implement the new instance of automation, thus eliminating dependencies to other third-party accounting software. The implementation schedule is ahead of our previous estimates, prompting a minor adjustment to our H2/19 earnings estimates.

### HOLD (BUY) with a target price of EUR 36.0 (35.0)

Talenom has enjoyed substantial share price inclines and although Talenom on our estimates is set to continue to deliver solid sales and earnings growth, valuation is becoming a stretch. Our target price and estimates value Talenom at a 2019 P/E multiple of 28.5x, which we still consider justifiable. We downgrade our rating to HOLD (BUY).

### Rating

■ HOLD

 Share price, EUR (Last trading day's closing price) **36.10**

 Target price, EUR **36.0**

 Latest change in recommendation **30-Jul-19**

 Latest report on company **07-May-19**

 Research paid by issuer: **YES**

 No. of shares outstanding, '000's **6,973**

 No. of shares fully diluted, '000's **6,973**

 Market cap, EURm **252**

 Free float, % **57.0**

 Exchange rate **0.000**

 Reuters code **TNOM.HE**

 Bloomberg code **TNOM FH**

 Average daily volume, EURm **0.07**

 Next interim report **21-Oct-19**

 Web site **www.talenom.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 %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	41	5	11.7%	4	0.50	23.4	2.5	8.9	21.6	0.32
2018	49	9	17.5%	8	0.93	20.6	3.2	10.8	18.4	0.55
2019E	60	12	19.5%	11	1.26	28.6	4.6	16.3	23.7	0.75
2020E	71	15	20.7%	14	1.59	22.6	3.9	13.5	19.0	0.96
2021E	80	17	21.0%	16	1.84	19.6	3.5	11.8	16.5	1.10
Market cap, EURm			252	BV per share 2019E, EUR		3.6	CAGR EPS 2018-21, %			25.7
Net debt 2019E, EURm			26	Price/book 2019E		10.0	CAGR sales 2018-21, %			17.8
Enterprise value, EURm			278	Dividend yield 2019E, %		2.1	ROE 2019E, %			40.2
Total assets 2019E, EURm			67	Tax rate 2019E, %		20.0	ROCE 2019E, %			21.6
Goodwill 2019E, EURm			19	Equity ratio 2019E, %		37.3	PEG, P/E 19/CAGR			1.7

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	36.10 PV of Free Cash Flow	71 Long-term growth, %	2.3 Risk-free interest rate, %
DCF share value	28.73 PV of Horizon value	159 WACC, %	7.4 Market risk premium, %
Share price potential, %	-20.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	32.6 Marketable securities	6 Minimum WACC, %	6.9 Equity beta coefficient
Minimum value	25.6 Debt - dividend	-35 Maximum WACC, %	7.9 Target debt ratio, %
Horizon value, %	69.3 Value of stock	200 Nr of shares, Mn	7.0 Effective tax rate, %

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	49	60	71	80	88	94	100	105	110	115	118	121
<i>Sales growth, %</i>	<i>18.0</i>	<i>22.5</i>	<i>18.0</i>	<i>13.0</i>	<i>10.0</i>	<i>7.0</i>	<i>6.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>2.3</i>	<i>2.3</i>
Operating income (EBIT)	9	12	15	17	18	18	19	19	20	21	21	22
<i>EBIT margin, %</i>	<i>17.5</i>	<i>19.5</i>	<i>20.7</i>	<i>21.0</i>	<i>21.0</i>	<i>19.0</i>	<i>19.0</i>	<i>18.0</i>	<i>18.0</i>	<i>18.0</i>	<i>18.0</i>	<i>18.0</i>
+ Depreciation+amort.	5	7	8	9	10	11	11	12	13	13	14	14
- Income taxes	-1	-2	-3	-3	-4	-4	-4	-4	-4	-4	-4	-4
- Change in NWC	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	0	0
<i>NWC / Sales, %</i>	<i>-4.6</i>	<i>-1.7</i>	<i>0.3</i>	<i>1.5</i>	<i>2.4</i>	<i>3.0</i>	<i>3.4</i>	<i>3.8</i>	<i>4.2</i>	<i>4.5</i>	<i>4.6</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Capital Expenditure	-18	-12	-13	-13	-13	-13	-14	-14	-15	-16	-15	-15
<i>Investments / Sales, %</i>	<i>36.2</i>	<i>20.8</i>	<i>18.1</i>	<i>16.3</i>	<i>14.8</i>	<i>14.0</i>	<i>13.7</i>	<i>13.5</i>	<i>13.5</i>	<i>13.5</i>	<i>12.7</i>	<i>12.7</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= Unlevered Free CF (FCF)	-6	3	6	8	10	11	12	12	13	14	16	311
= Discounted FCF (DFCF)		3	5	7	8	8	8	8	8	7	8	159
= DFCF min WACC		3	5	7	8	8	8	8	8	8	8	185
= DFCF max WACC		3	5	7	8	8	8	8	7	7	8	139

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	13	13	11	12	49	15	15	14	16	60	71	80
EBITDA	4	4	3	3	14	5	5	4	5	19	23	26
<i>EBITDA margin (%)</i>	<i>29.3</i>	<i>30.8</i>	<i>27.4</i>	<i>24.4</i>	<i>28.0</i>	<i>34.8</i>	<i>32.8</i>	<i>29.6</i>	<i>29.8</i>	<i>31.7</i>	<i>32.2</i>	<i>32.3</i>
EBIT	3	3	2	1	9	3	3	3	3	12	15	17
<i>EBIT margin (%)</i>	<i>20.7</i>	<i>20.6</i>	<i>16.6</i>	<i>11.8</i>	<i>17.5</i>	<i>23.3</i>	<i>21.3</i>	<i>17.6</i>	<i>16.1</i>	<i>19.5</i>	<i>20.7</i>	<i>21.0</i>
Net financial items	0	0	0	0	-1	0	0	0	0	-1	-1	-1
Pre-tax profit	2	2	2	1	8	3	3	2	2	11	14	16
Tax	0	-1	0	0	-2	-1	-1	0	0	-2	-3	-3
<i>Tax rate (%)</i>	<i>19.9</i>	<i>20.6</i>	<i>19.3</i>	<i>20.8</i>	<i>20.1</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>	<i>20.0</i>
Net profit	2	2	1	1	6	3	2	2	2	9	11	13
EPS	0.29	0.29	0.21	0.15	0.93	0.38	0.33	0.27	0.28	1.26	1.59	1.84
EPS adjusted (diluted no. of shares)	0.29	0.29	0.21	0.15	0.93	0.38	0.33	0.27	0.28	1.26	1.59	1.84
Dividend per share	0.00	0.00	0.00	0.00	0.55	0.00	0.00	0.00	0.00	0.75	0.96	1.10
<b>SALES, EURm</b>												
Talenom	13	13	11	12	49	15	15	14	16	60	71	80
Total	13	13	11	12	49	15	15	14	16	60	71	80
<b>SALES GROWTH, Y/Y %</b>												
Talenom	18.1	17.9	19.8	16.3	18.0	16.1	18.0	27.4	29.3	22.5	18.0	13.0
Total	18.1	17.9	19.8	16.3	18.0	16.1	18.0	27.4	29.3	22.5	18.0	13.0
<b>EBIT, EURm</b>												
Talenom	3	3	2	1	9	3	3	3	3	12	15	17
Total	3	3	2	1	9	3	3	3	3	12	15	17
<b>EBIT margin, %</b>												
Talenom	20.7	20.6	16.6	11.8	17.5	23.3	21.3	17.6	16.1	19.5	20.7	21.0
Total	20.7	20.6	16.6	11.8	17.5	23.3	21.3	17.6	16.1	19.5	20.7	21.0

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	30	33	37	41	49	60	71	80
<i>Sales growth (%)</i>	<i>14.0</i>	<i>11.6</i>	<i>12.0</i>	<i>12.1</i>	<i>18.0</i>	<i>22.5</i>	<i>18.0</i>	<i>13.0</i>
Costs	-23	-30	-30	-32	-35	-41	-48	-54
Reported EBITDA	6	3	7	10	14	19	23	26
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>21.3</i>	<i>9.6</i>	<i>18.5</i>	<i>23.0</i>	<i>28.0</i>	<i>31.7</i>	<i>32.2</i>	<i>32.3</i>
Depreciation	-3	-2	-3	-5	-5	-7	-8	-9
EBITA	3	1	4	5	9	12	15	17
Goodwill amortization / writedown	-2	0	0	0	0	0	0	0
Reported EBIT	2	1	4	5	9	12	15	17
<i>EBIT margin (%)</i>	<i>5.2</i>	<i>3.7</i>	<i>11.3</i>	<i>11.7</i>	<i>17.5</i>	<i>19.5</i>	<i>20.7</i>	<i>21.0</i>
Net financials	-1	-1	-1	-1	-1	-1	-1	-1
Pre-tax profit	0	0	4	4	8	11	14	16
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	0	0	-1	-1	-2	-2	-3	-3
Minority shares	0	0	0	0	0	0	0	0
Net profit	0	0	3	3	6	9	11	13
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	10	11	14	17	30	34	39	43
<i>% of sales</i>	<i>33</i>	<i>34</i>	<i>38</i>	<i>41</i>	<i>60</i>	<i>57</i>	<i>55</i>	<i>54</i>
Goodwill	19	18	18	18	18	19	19	19
<i>% of sales</i>	<i>63</i>	<i>56</i>	<i>50</i>	<i>44</i>	<i>38</i>	<i>31</i>	<i>26</i>	<i>23</i>
Inventory	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Receivables	4	4	5	5	5	7	8	9
<i>% of sales</i>	<i>15</i>	<i>13</i>	<i>13</i>	<i>13</i>	<i>11</i>	<i>11</i>	<i>11</i>	<i>11</i>
Liquid funds	2	5	4	5	6	7	9	10
<i>% of sales</i>	<i>5</i>	<i>16</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>
Total assets	34	40	42	46	59	67	74	80
Liabilities								
Equity	1	9	12	14	19	25	31	37
<i>% of sales</i>	<i>2</i>	<i>28</i>	<i>32</i>	<i>34</i>	<i>38</i>	<i>42</i>	<i>44</i>	<i>46</i>
Deferred taxes	0	0	0	1	1	1	1	1
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>1</i>	<i>1</i>
Interest bearing debt	26	24	23	23	32	33	34	34
<i>% of sales</i>	<i>86</i>	<i>71</i>	<i>61</i>	<i>54</i>	<i>65</i>	<i>55</i>	<i>49</i>	<i>43</i>
Non-interest bearing current liabilities	1	0	0	0	0	0	0	0
<i>% of sales</i>	<i>5</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Other interest free debt	7	7	8	9	8	8	8	8
<i>% of sales</i>	<i>23</i>	<i>21</i>	<i>21</i>	<i>21</i>	<i>17</i>	<i>13</i>	<i>11</i>	<i>10</i>
Total liabilities	34	40	42	46	59	67	74	80
<b>CASH FLOW, EURm</b>								
+ EBITDA	6	3	7	10	14	19	23	26
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	0	-1	0	0	-1	-2	-3	-3
- Increase in Net Working Capital	0	0	0	1	-1	-1	-1	-1
+/- Other	2	1	1	1	1	0	0	0
= Cash flow from operations	7	3	7	10	12	15	18	21
- Capex	-7	-3	-6	-7	-18	-12	-13	-13
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	-2	-1	0	1	-7	2	5	8
+/- Change in interest-bearing debt	2	-2	-1	0	9	1	1	0
+/- New issues/buybacks	0	9	0	0	1	1	0	0
- Paid dividend	0	0	0	-1	-2	-4	-5	-7
+/- Change in loan receivables	0	-1	0	0	0	0	0	0
Change in cash	1	5	-2	0	1	1	1	1

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	32	49	87	131	252	252	252
Net debt	18	18	18	26	26	26	25
Enterprise value	50	67	105	157	278	277	276
Sales	33	37	41	49	60	71	80
EBITDA	3	7	10	14	19	23	26
EBIT	1	4	5	9	12	15	17
Pre-tax	0	4	4	8	11	14	16
Earnings	0	3	3	6	9	11	13
Book value	9	12	14	19	25	31	37
<b>Valuation multiples</b>							
EV/sales	1.5	1.8	2.5	3.2	4.6	3.9	3.5
EV/EBITDA	15.8	9.9	11.0	11.5	14.6	12.2	10.7
EV/EBITA	41.1	16.1	21.6	18.4	23.7	19.0	16.5
EV/EBIT	41.1	16.1	21.6	18.4	23.7	19.0	16.5
EV/operating cash flow	17.7	9.8	10.7	12.9	18.0	14.9	12.9
EV/cash earnings	41.1	10.8	12.2	13.1	17.2	14.4	12.7
P/E	400.0	16.9	23.4	20.6	28.6	22.6	19.6
P/E excl. goodwill	400.0	16.9	23.4	20.6	28.6	22.6	19.6
P/B	3.4	4.2	6.2	7.0	10.0	8.1	6.8
P/sales	1.0	1.3	2.1	2.7	4.2	3.6	3.2
P/CF	11.3	7.2	8.9	10.8	16.3	13.5	11.8
Target EV/EBIT	0.0	0.0	0.0	0.0	23.7	18.9	16.4
Target P/E	0.0	0.0	0.0	0.0	28.5	22.6	19.6
Target P/B	0.0	0.0	0.0	0.0	10.0	8.1	6.8
<b>Per share measures</b>							
Number of shares	6,084	6,807	6,812	6,872	6,973	6,973	6,973
Number of shares (diluted)	6,084	6,807	6,812	6,872	6,973	6,973	6,973
EPS	0.01	0.43	0.50	0.93	1.26	1.59	1.84
EPS excl. goodwill	0.01	0.43	0.55	0.93	1.26	1.59	1.84
Cash EPS	0.20	0.91	1.27	1.74	2.31	2.76	3.13
Operating cash flow per share	0.46	1.00	1.44	1.77	2.21	2.67	3.07
Capital employed per share	4.52	4.39	4.63	6.47	7.29	8.14	8.85
Book value per share	1.54	1.72	2.05	2.72	3.59	4.44	5.32
Book value excl. goodwill	-1.49	-0.99	-0.66	0.04	0.91	1.75	2.64
Dividend per share	0.07	0.20	0.32	0.55	0.75	0.96	1.10
Dividend payout ratio, %	532.3	46.9	63.9	59.4	59.4	60.0	60.0
Dividend yield, %	1.3	2.8	2.5	2.9	2.1	2.7	3.1
<b>Efficiency measures</b>							
ROE	1.6	27.5	26.6	39.0	40.2	39.7	37.7
ROCE	4.1	12.5	13.7	19.7	21.6	23.7	24.5
<b>Financial ratios</b>							
Capex/sales, %	9.4	15.5	17.9	36.2	20.8	18.1	16.3
Capex/depreciation excl. goodwill,%	163.2	217.0	159.1	345.1	166.3	157.5	144.1
Net debt/EBITDA, book-weighted	5.7	2.7	1.9	1.9	1.4	1.1	1.0
Debt/equity, market-weighted	0.7	0.5	0.3	0.2	0.1	0.1	0.1
Equity ratio, book-weighted	23.5	27.7	30.4	31.5	37.3	41.6	46.1
Gearing	1.93	1.55	1.26	1.38	1.03	0.83	0.66
Number of employees, average	588	542	613	673	816	954	1,067
Sales per employee, EUR	56,116	68,186	67,571	72,617	73,350	74,091	74,839
EBIT per employee, EUR	2,075	7,707	7,896	12,697	14,331	15,337	15,716

COMPANY DESCRIPTION: Talenom Oyj operates as an accounting company. The Company offers accounting, bookkeeping, taxation, and legal services, as well as invoicing, financial performance monitoring and management software, and payroll services.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Tahkola Harri	1,564,315	56.472	22.4%
Tahkola Markus	939,304	33.909	13.5%
Ilmarinen Mutual Pension Insurance Company	894,020	32.274	12.8%
Evli Finnish Small Cap fund	400,000	14.440	5.7%
Skandinaviska Enskilda Banken (nominee reg.)	290,059	10.471	4.2%
Nordea Bank (nominee reg.)	287,616	10.383	4.1%
Danske Invest Finnish Institutional Equity fund	231,252	8.348	3.3%
EQ Nordic Small Cap fund	136,032	4.911	2.0%
Siuruainen Mikko	130,086	4.696	1.9%
The Church Pension Fund	101,000	3.646	1.4%
Ten largest	4,973,684	179.550	71%
Residual	1,998,988	72.163	29%
Total	6,972,672	251.713	100%

#### EARNINGS CALENDAR

October 21, 2019

Q3 report

#### OTHER EVENTS

#### COMPANY MISCELLANEOUS

CEO: Otto-Pekka Huhtala

Töölönlahdenkatu 2, 00100 Helsinki

CFO: Antti Aho

Tel:

IR: Miikka Hätäjä

## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

## Important Disclosures

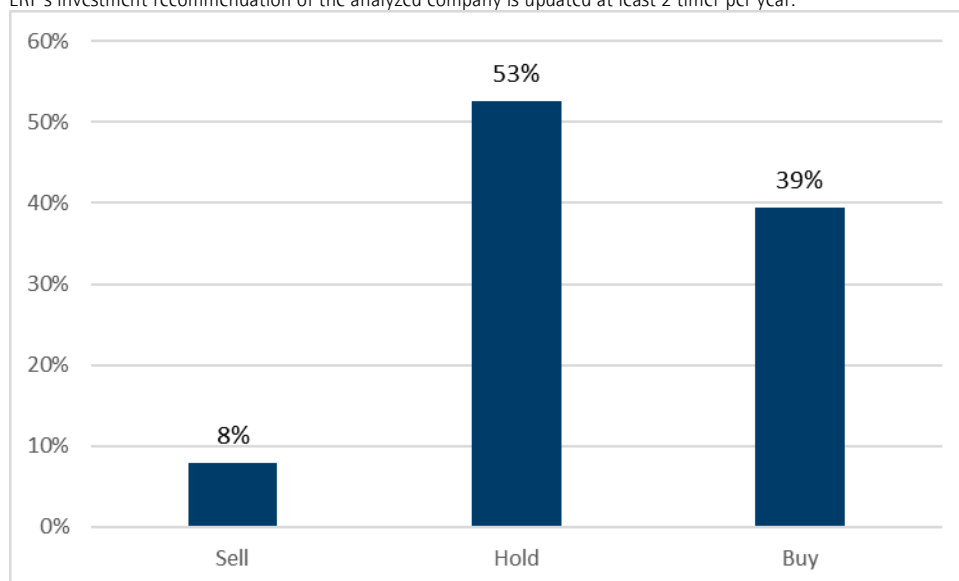
Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. 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

<https://research.evli.com/JasperAllModels.action?authParam=key;461&authParam=x;G3rNagWrtf7K&authType=3>

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 1st of February 2019. 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 30.7.2019, 9:00. This report has been published on 30.7.2019, 9:15.

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 been disclosed to the company prior to its dissemination. The company has not made any amendments to its contents. Selected portions of the report were provided to the company for fact checking purposes only.

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 Sales**

Ari Laine +358 9 4766 9115  
Lauri Ahokanto +358 9 4766 9117  
Niclas Henelius +358 9 4766 9116

**Trading**

Lauri Vehkaluoto (Head) +358 9 4766 9130  
Pasi Väisänen +358 9 4766 9120  
Antti Kässi +358 9 4766 9120

**ETFs and Derivatives**

Tobias Björk (Head) +358 9 4766 9130  
Joachim Dannberg +358 9 4766 9123  
Kimmo Lijja +358 9 4766 9130  
Sami Järvinen +358 9 4766 9110

**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  
Anna-Liisa Rissanen +358 40 157 9919

**Evli Investment Solutions**

Johannes Asuja +358 9 4766 9205  
Markku Reinikainen +358 9 4766 9669



**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