

CARGOTEC

1/14/2025 10:50 am EET

This is a translated version of "Lisätietojen odotteluksi meni"
report, published on 1/14/2025



Erkki Vesola
+358 50 549 5512
erkki.vesola@inderes.fi

COMPANY REPORT



Waiting for further information

Cargotec/Hiab's market is stable, as is the company's own revenue and profitability development. Our forecast changes for 2024-2026 are due to the transfer of MacGregor to discontinued operations. However, the valuation picture for the company and the stock is currently unclear until the balance sheet structure of the new entity is made public, and for the same reason, the appropriateness of many valuation measures has temporarily deteriorated. However, we believe that a significant part of the overvaluation has been eliminated and we are raising our recommendation to Reduce (was Sell) while maintaining our target price of EUR 51.00.

Forecast changes reflect MacGregor divestment

Cargotec's pre-silent analyst call did not provide any significant new information about the company's target market. Customer behavior remained similar to Q3, also geographically. Hiab has been very successful in its commercial operations and the optimization between component costs and its own pricing has been good, supporting both revenue and margins.

Cargotec elaborated a bit on Hiab's outlook for 2025 and said that the market picture for H1'25 is not much different from 2024. Hiab's order intake has been stable since Q2'24, which is also an indicator of future revenue development. Volumes and cost management will be the main margin drivers, and the 20 MEUR cost savings program now being implemented will secure the margin development in 2025.

Cargotec reiterated its previous statement, i.e., the company will record a tax-exempt loss of -200 MEUR from the sale of MacGregor in Q4'24, which will be recorded as a goodwill impairment. Cargotec emphasized that the

balance sheet will be very strong after the sale of MacGregor, and the company again flashed the possibility of an extra dividend. However, the situation is complicated by the fact that a comparable pro forma balance sheet for the end of 2023 has not yet been presented.

Our forecast changes for 2024-2026 are based on the transfer of MacGregor to discontinued operations, so the current figures now reflect only the "old" Hiab. We have also modeled an additional dividend of EUR 1.00 per share to be paid from 2025 earnings.

Current valuation picture is unclear

Cargotec's total expected return is negative based on 2025 EV/EBITDA and EV/EBIT multiples. However, due to the high level of uncertainty surrounding the EV component of the calculation, we do not currently base our investment recommendation on this measure.

As peers are almost universally much more indebted than Cargotec is likely to be, EV/EBIT is in principle a more appropriate comparison than P/E. Nevertheless, the EV/EBIT also suggests a valuation premium of around +30% for Cargotec at 2025 multiples. Even when taking into account the uncertainty surrounding the balance sheet structure, Cargotec's share still looks overvalued.

The DCF model indicates a modest upside of +4%. Even on this basis, the stock cannot be considered attractively priced based on current data, but the overvaluation is not as visible as with other methods.

Recommendation

Reduce

(was Sell)

Target price:

51.00 EUR

(was EUR 51.00)

Share price:

50.00

Business risk



Valuation risk



	2023	2024e	2025e	2026e
Revenue	1787	1639	1631	1675
growth-%	-17%	-8%	0%	3%
EBIT adj.	219.2	234.0	229.4	231.9
EBIT-% adj.	12.3 %	14.3 %	14.1 %	13.8 %
PTP	205.4	231.3	222.4	230.3
Net income	155.2	170.3	161.8	171.0
EPS (adj.)	2.37	2.66	2.53	2.68
Dividend	n.a.	1.33	2.35	1.34

P/E (adj.)	n.a.	18.8	19.8	18.7
P/B	n.a.	3.1	2.9	2.9
Dividend yield-%	n.a.	2.7 %	4.7 %	2.7 %
EV/EBIT (adj.)	n.a.	14.8	12.5	12.3
EV/EBITDA	n.a.	12.5	10.8	10.7
EV/S	n.a.	2.1	1.8	1.7

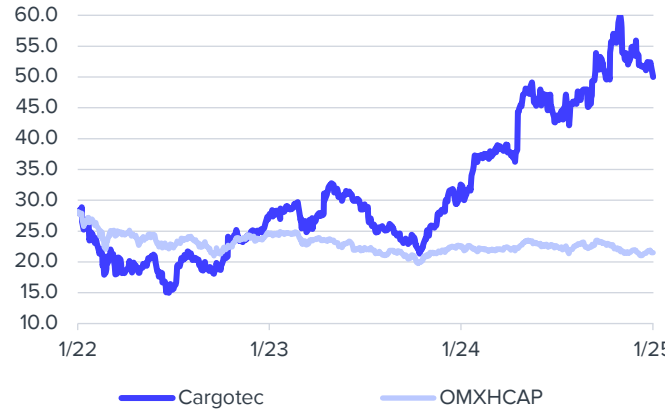
Source: Inderes

Guidance

(Unchanged)

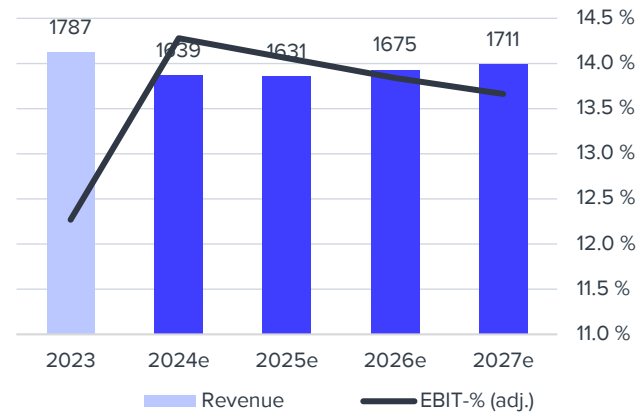
Cargotec expects Hiab's comparable EBIT margin in 2024 to be above 14.0% and MacGregor's comparable EBIT to be above 65 MEUR.

Share price



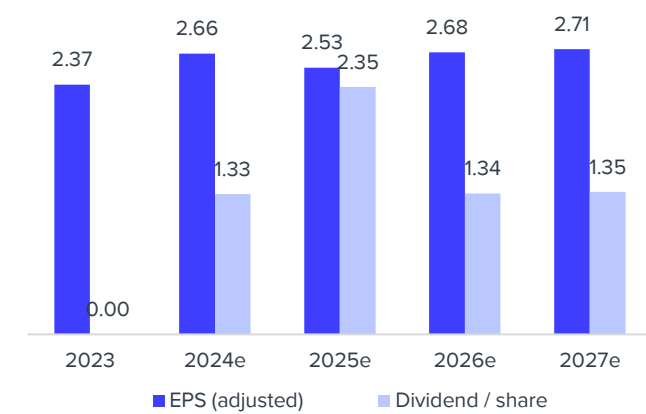
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Recovery of construction growth
- Investments in growth in North America
- Growth in service business
- Margin impact of Excellence programs

Risk factors

- Continued slowdown in customers' investment decisions
- General cyclicality of equipment demand

Valuation	2024e	2025e	2026e
Share price	50.0	50.0	50.0
Number of shares, millions	63.9	63.9	63.9
Market cap	3196	3196	3196
EV	3452	2861	2853
P/E (adj.)	18.8	19.8	18.7
P/E	18.8	19.8	18.7
P/B	3.1	2.9	2.9
P/S	2.0	2.0	1.9
EV/Sales	2.1	1.8	1.7
EV/EBITDA	12.5	10.8	10.7
EV/EBIT (adj.)	14.8	12.5	12.3
Payout ratio (%)	49.9 %	92.8 %	49.9 %
Dividend yield-%	2.7 %	4.7 %	2.7 %

Source: Inderes

Forecast changes reflect MacGregor divestment

Smooth sailing

Cargotec/Hiab's market is stable, as is the company's own revenue and profitability development. Our forecast changes for 2024-2026 are due to the transfer of MacGregor to discontinued operations.

Successful cost management

Cargotec's pre-silent analyst call did not provide any significant new information about the company's target market. Customer behavior remained similar to Q3, also geographically. Some smaller customers are still waiting for interest rates to come down, but larger customers are making decisions. Regarding Cargotec's (Hiab's) own deliveries, it was noted that the "excess" order book, which was especially visible in 2022-2023 and still in early 2024, has largely been delivered.

Hiab has been very successful in its commercial operations and the optimization between component costs and its own pricing has been good, supporting both revenue and

margins. Although the company has lowered the prices of some products, overall its own prices have continued to rise.

Little change expected in 2025

Cargotec elaborated a bit on Hiab's outlook for 2025 and said that the market picture for H1'25 is not much different from 2024. Hiab's order intake has been stable since Q2'24, which is also an indicator of future revenue development. Lead times have normalized and the order intake for H1'25 is on track for delivery before the end of 2025. Volumes and cost management will be the main margin drivers, and the 20 MEUR cost savings program now being implemented will secure the margin development in 2025.

Clarified treatment of loss on sale of MacGregor

Cargotec reiterated its previous statement that the company will record a tax-exempt loss of -200 MEUR in Q4'24 from the sale of MacGregor. The loss is recognized as a goodwill impairment. In addition, the sale of

MacGregor will result in one-time charges of around -25 MEUR, of which roughly half is expected to be booked in Q4'24. Both items are presented as expenses of discontinued operations and therefore have no impact on the comparable figures.

Cargotec emphasized that the balance sheet will be very strong after the sale of MacGregor, and the company again flashed the possibility of an extra dividend. However, the situation is complicated by the fact that a comparable pro forma balance sheet for the end of 2023 has not yet been presented.

MacGregor divestment now reflected in the forecasts

Our forecast changes in the table are based on the transfer of MacGregor to discontinued operations, so the current figures now reflect only the "old" Hiab. After deducting Group expenses, Cargotec/Hiab's EBIT margin for 2025-2026 is 14.1%-14.3%. We have also modeled an additional dividend of EUR 1.00 per share to be paid from 2025 earnings.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	2472	1639	-34%	2599	1631	-37%	2617	1675	-36%
EBIT (exc. NRIs)	295	234	-21%	317	229	-28%	318	232	-27%
EBIT	263	234	-11%	317	229	-28%	318	232	-27%
PTP	257	231	-10%	320	222	-31%	315	230	-27%
EPS (excl. NRIs)	3.08	2.66	-14%	3.60	2.53	-30%	3.54	2.68	-24%
DPS	1.54	1.33	-14%	1.80	2.35	31%	1.77	1.34	-24%

Source: Inderes

Current valuation picture is unclear

Caution is still warranted, even though we bump the recommendation to Reduce

Cargotec's share price has recently declined slightly, which we believe is justified. However, the valuation picture for the company and the stock is currently unclear until the balance sheet structure of the new entity is announced and the company further details its near-term plans. For the same reason, the suitability of many valuation measures has temporarily deteriorated. The main reason for this is uncertainty about the future balance sheet structure and in particular about interest-bearing debt. Our own balance sheet forecast is compiled from a number of sources and has large margins of error. However, we believe that a significant part of the overvaluation has been eliminated, and we are raising our recommendation to Reduce (was Sell) while maintaining our target price of EUR 51.00. The target price is maintained based on the unchanged forecasts for the core business (Hiab). However, the next price drivers will not be long in coming as Cargotec's Q4 results will be published on February 12, when we will get fresh comments on the market outlook and 2025 guidance in addition to balance sheet information.

Total return appears to remain low

The total expected return for Cargotec's stock (growth in earnings and anticipated changes in the valuation multiple for the year, combined with dividend yield) is negative when calculated based on the EV/EBITDA and EV/EBIT multiples for the year 2025. However, due to the high level of uncertainty surrounding the EV component of the calculation, we do not currently base our investment recommendation on this measure.

Peer pricing indicates a clear premium

As peers are almost universally much more indebted than Cargotec is likely to be, EV/EBIT is in principle a more appropriate comparison than P/E. Nevertheless, the EV/EBIT also suggests a valuation premium of around +30% for Cargotec at 2025 multiples. Even when taking into account the uncertainty surrounding the balance sheet structure, Cargotec's share still looks overvalued.

Modest upside in DCF

The DCF model indicates a modest upside of +4%. Even on this basis, the stock cannot be considered attractively priced based on current data, but the overvaluation is not as visible as with other above-described methods.

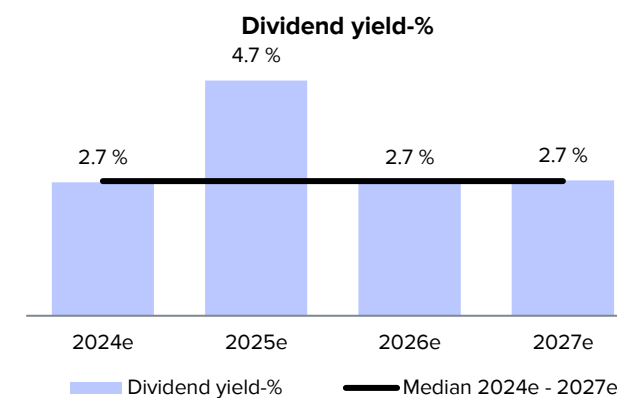
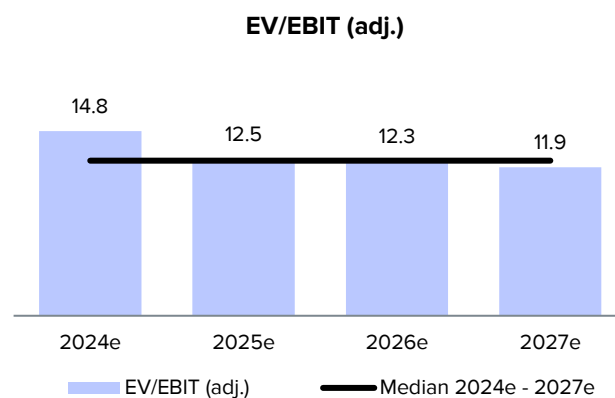
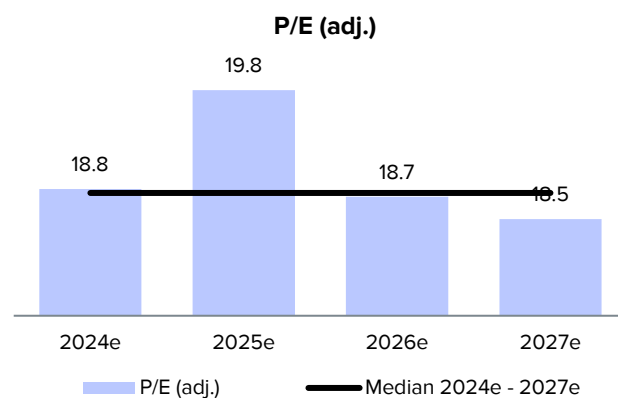
Valuation	2024e	2025e	2026e
Share price	50.0	50.0	50.0
Number of shares, millions	63.9	63.9	63.9
Market cap	3196	3196	3196
EV	3452	2861	2853
P/E (adj.)	18.8	19.8	18.7
P/E	18.8	19.8	18.7
P/B	3.1	2.9	2.9
P/S	2.0	2.0	1.9
EV/Sales	2.1	1.8	1.7
EV/EBITDA	12.5	10.8	10.7
EV/EBIT (adj.)	14.8	12.5	12.3
Payout ratio (%)	49.9 %	92.8 %	49.9 %
Dividend yield-%	2.7 %	4.7 %	2.7 %

Source: Inderes

Valuation table

Valuation	2024e	2025e	2026e	2027e
Share price	50.0	50.0	50.0	50.0
Number of shares, millions	63.9	63.9	63.9	63.9
Market cap	3196	3196	3196	3196
EV	3452	2861	2853	2775
P/E (adj.)	18.8	19.8	18.7	18.5
P/E	18.8	19.8	18.7	18.5
P/B	3.1	2.9	2.9	2.6
P/S	2.0	2.0	1.9	1.9
EV/Sales	2.1	1.8	1.7	1.6
EV/EBITDA	12.5	10.8	10.7	10.3
EV/EBIT (adj.)	14.8	12.5	12.3	11.9
Payout ratio (%)	49.9 %	92.8 %	49.9 %	49.9 %
Dividend yield-%	2.7 %	4.7 %	2.7 %	2.7 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Konecranes Abp	4947	5197	10.0	9.9	8.3	8.2	1.2	1.3	13.3	13.1	2.5	2.8	2.7
Metso Corp	7255	8371	11.0	10.4	9.2	8.7	1.7	1.6	14.1	12.8	4.1	4.4	2.8
Manitou BF	700	1114	5.8	6.6	4.3	4.5	0.4	0.4	5.4	6.0	7.2	7.6	0.7
Palfinger AG	724	1487	8.4	9.7	5.5	6.1	0.6	0.7	7.4	9.2	4.7	4.2	0.9
Wacker Neuson SE	1020	1503	10.2	9.2	5.8	5.4	0.7	0.7	8.6	9.7	5.2	5.1	0.7
Terex Corp	2867	3136	5.5	5.1	4.9	4.5	0.6	0.6	7.6	8.4	1.6	1.6	1.5
Deere & Co	108256	164798	19.8	25.5	15.4	21.3	3.7	4.3	16.4	20.6	1.4	1.5	5.4
Caterpillar Inc	165338	196815	14.9	14.8	12.8	12.9	3.1	3.1	16.1	15.9	1.6	1.7	8.8
Hyundai Construction Equipment Co Ltd	801	1076	8.0	7.2	6.1	5.5	0.5	0.4	10.4	8.1	1.2	1.4	0.7
Kongsberg	18662	18345	33.3	28.1	26.5	23.1	4.4	3.9	42.5	35.4	1.2	1.3	11.7
Nov Inc.	5504	6483	8.2	7.9	6.1	5.7	0.8	0.7	9.7	9.6	1.9	2.1	0.9
Cargotec (Inderes)	3196	3452	14.8	12.5	12.5	10.8	2.1	1.8	18.8	19.8	2.7	4.7	3.1
Average			12.3	12.2	9.5	9.6	1.6	1.6	13.8	13.5	2.9	3.1	3.3
Median			10.0	9.7	6.1	6.1	0.8	0.7	10.4	9.7	1.9	2.1	1.5
Diff-% to median			48%	29%	107%	78%	181%	137%	80%	104%	40%	119%	112%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	1787	415	433	388	404	1639	1631	1675	1711
MacGregor	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hiab	1787	415	433	388	404	1639	1631	1675	1711
Group	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	260	71.6	73.3	62.8	68.3	276	265	267	270
Depreciation	-40.9	-10.3	-10.5	-10.8	-10.4	-42.0	-35.4	-35.5	-36.6
EBIT (excl. NRI)	219	61.3	62.8	52.0	57.9	234	229	232	234
EBIT	219	61.3	62.8	52.0	57.9	234	229	232	234
MacGregor	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hiab	252	68.7	68.8	59.3	65.2	262	256	260	261
Group	-33.0	-7.4	-6.0	-7.3	-7.3	-28.0	-26.9	-28.5	-27.4
Net financial items	-13.8	-1.2	-0.1	-0.7	-0.7	-2.7	-7.0	-1.6	-0.8
PTP	205	60.1	62.7	51.3	57.2	231	222	230	233
Taxes	-52.0	-18.2	-16.5	-11.5	-15.2	-61.4	-60.0	-58.7	-59.4
Minority interest	1.8	0.1	0.1	0.2	0.0	0.4	-0.5	-0.5	-0.5
Net earnings	155	42.0	46.3	40.0	42.0	170	162	171	173
EPS (adj.)	2.40	0.66	0.72	0.63	0.66	2.66	2.53	2.68	2.71
EPS (rep.)	2.40	0.66	0.72	0.63	0.66	2.66	2.53	2.68	2.71

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	-16.7 %	-4.1 %	-10.7 %	-7.6 %	-10.2 %	-8.3 %	-0.5 %	2.7 %	2.1 %
Adjusted EBIT growth-%	25.8 %	16.5 %	-14.7 %	-5.5 %	52.4 %	6.8 %	-2.0 %	1.1 %	0.8 %
EBITDA-%	14.6 %	17.3 %	16.9 %	16.2 %	16.9 %	16.8 %	16.2 %	16.0 %	15.8 %
Adjusted EBIT-%	12.3 %	14.8 %	14.5 %	13.4 %	14.3 %	14.3 %	14.1 %	13.8 %	13.7 %
Net earnings-%	8.7 %	10.1 %	10.7 %	10.3 %	10.4 %	10.4 %	9.9 %	10.2 %	10.1 %

Source: Inderes

Balance sheet

Assets	2023	2024e	2025e	2026e
Non-current assets	908	464	463	467
Goodwill	618	238	238	238
Intangible assets	19.6	18.0	17.9	18.4
Tangible assets	172	150	149	152
Associated companies	27.8	15.0	15.0	15.0
Other investments	0.0	0.0	0.0	0.0
Other non-current assets	3.3	2.5	2.5	2.5
Deferred tax assets	67.8	40.0	40.0	40.0
Current assets	1541	2005	1470	1499
Inventories	573	385	383	394
Other current assets	50.3	1054	140	140
Receivables	605	369	367	377
Cash and equivalents	312	197	580	588
Balance sheet total	2530	2475	1942	1978

Source: Inderes

Liabilities & equity	2023	2024e	2025e	2026e
Equity	936	1025	1102	1123
Share capital	44.3	20.0	20.0	20.0
Retained earnings	815	978	1055	1076
Hybrid bonds	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0
Other equity	74.4	25.2	25.2	25.2
Minorities	1.5	1.6	1.6	1.6
Non-current liabilities	669	410	254	254
Deferred tax liabilities	12.0	9.0	9.0	9.0
Provisions	2.4	2.4	2.4	2.4
Interest bearing debt	594	356	200	200
Convertibles	0.0	0.0	0.0	0.0
Other long term liabilities	60.2	42.6	42.6	42.6
Current liabilities	926	1040	586	601
Interest bearing debt	17.9	91.9	40.0	40.0
Payables	908	948	546	561
Other current liabilities	0.0	0.0	0.0	0.0
Balance sheet total	2530	2475	1942	1978

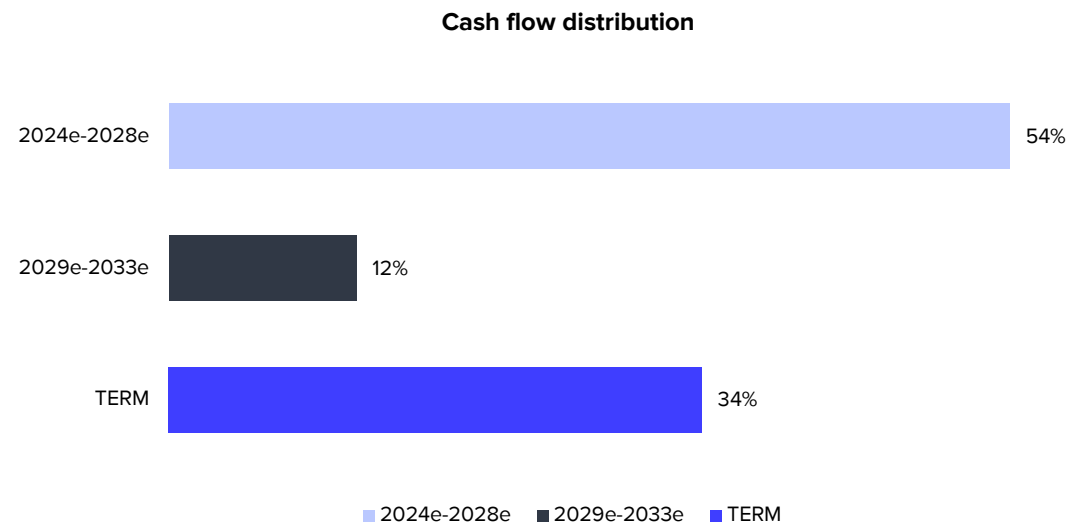
DCF-calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-16.7 %	-8.3 %	-0.5 %	2.7 %	2.1 %	4.0 %	3.7 %	3.4 %	3.1 %	2.8 %	2.5 %	2.5 %
EBIT-%	12.3 %	14.3 %	14.1 %	13.8 %	13.7 %	13.2 %	12.8 %	12.4 %	11.9 %	11.5 %	11.5 %	11.5 %
EBIT (operating profit)	219	234	229	232	234	235	236	236	235	233	238	
+ Depreciation	40.9	42.0	35.4	35.5	36.6	37.5	39.1	40.6	42.0	43.2	44.4	
- Paid taxes	-9.8	-36.6	-60.0	-58.7	-59.4	-60.2	-60.7	-60.9	-60.8	-60.5	-62.0	
- Tax, financial expenses	-6.5	-1.7	-2.9	-2.1	-2.1	-2.2	-2.2	-2.3	-2.4	-2.4	-2.4	
+ Tax, financial income	3.0	1.0	1.0	1.6	1.9	2.3	2.7	3.0	3.3	3.6	3.6	
- Change in working capital	135	-539.9	516	-5.5	-4.4	-8.6	-8.2	-7.8	-7.4	-6.9	-6.2	
Operating cash flow	382	-301	719	203	206	204	207	208	209	210	216	
+ Change in other long-term liabilities	-100.8	-17.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	515	437	-37.5	-42.5	-42.5	-46.4	-47.4	-48.3	-49.1	-49.8	-50.8	
Free operating cash flow	795	118	681	160	164	158	159	160	160	160	165	
+/- Other	195	904	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	991	1022	681	160	164	158	159	160	160	160	165	2715
Discounted FCFF		1025	629	136	128	114	105	97.6	89.9	82.4	78.3	1289
Sum of FCFF present value		3774	2749	2120	1984	1856	1742	1637	1539	1449	1367	1289
Enterprise value DCF		3774										
- Interest bearing debt		-612.1										
+ Cash and cash equivalents		312										
-Minorities		-5.0										
-Dividend/capital return		-139.0										
Equity value DCF		3330										
Equity value DCF per share		52.1										

WACC

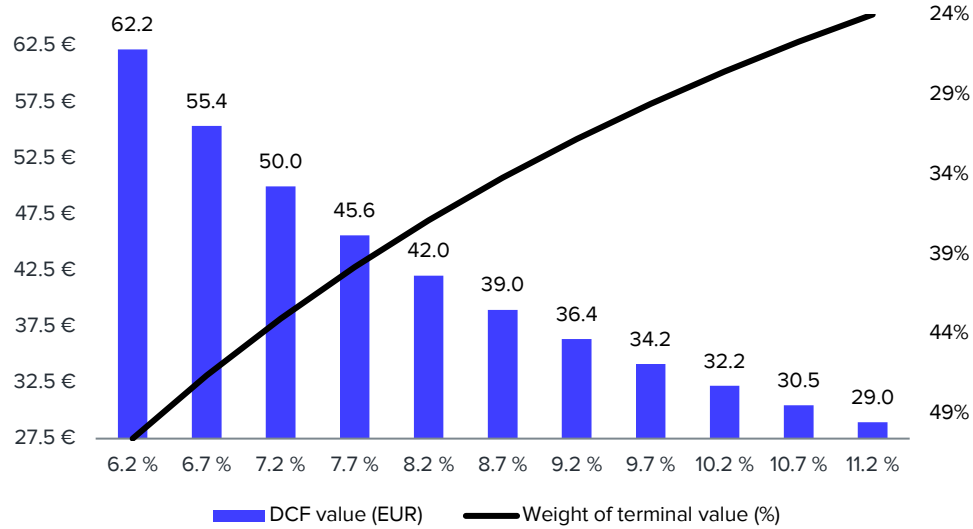
Tax-% (WACC)	25.5 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	3.0 %
Equity Beta	1.45
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.4 %
Weighted average cost of capital (WACC)	8.7 %

Source: Inderes

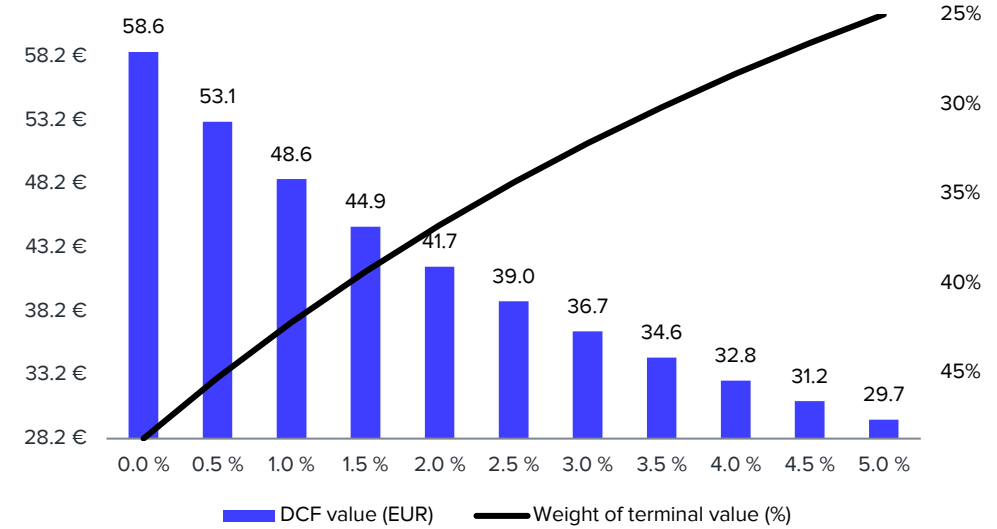


DCF sensitivity calculations and key assumptions in graphs

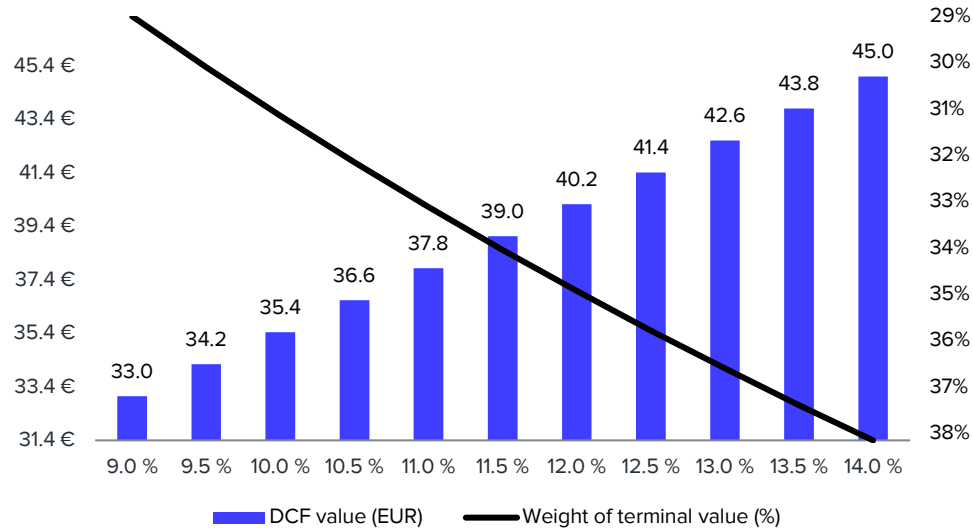
Sensitivity of DCF to changes in the WACC-%



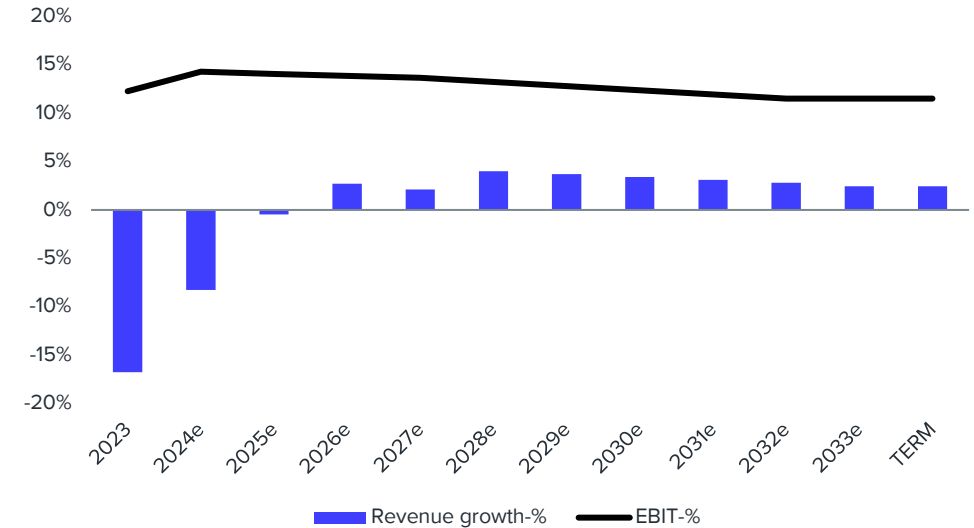
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Lähde: Inderes. Huomaa, että terminaaliarvon paino (%) on esitetty käänteisellä asteikolla selkeyden vuoksi.

Summary

Income statement	2023	2024e	2025e	Per share data	2023	2024e	2025e
Revenue	1787	1639	1631	EPS (reported)	2.40	2.66	2.53
EBITDA	260	276	265	EPS (adj.)	2.40	2.66	2.53
EBIT	219	234	229	OCF / share	5.90	-4.71	11.25
PTP	205	231	222	FCF / share	15.31	15.99	10.66
Net Income	350	1074	162	Book value / share	14.44	16.01	17.21
Extraordinary items	0	0	0	Dividend / share	2.15	1.33	2.35
Balance sheet	2023	2024e	2025e	Growth and profitability	2023	2024e	2025e
Balance sheet total	2530	2475	1942	Revenue growth-%	-17%	-8%	0%
Equity capital	936	1025	1102	EBITDA growth-%	55%	6%	-4%
Goodwill	618	238	238	EBIT (adj.) growth-%	26%	7%	-2%
Net debt	300	251	-340	EPS (adj.) growth-%	-5377%	12%	-5%
Cash flow	2023	2024e	2025e	EBITDA-%	14.6 %	16.8 %	16.2 %
EBITDA	260	276	265	EBIT (adj.)-%	12.3 %	14.3 %	14.1 %
Change in working capital	135	-540	516	EBIT-%	12.3 %	14.3 %	14.1 %
Operating cash flow	382	-301	719	ROE-%	12.6 %	17.4 %	15.2 %
CAPEX	515	437	-38	ROI-%	11.8 %	15.7 %	16.6 %
Free cash flow	991	1022	681	Equity ratio	43.4 %	48.1 %	68.9 %
				Gearing	32.0 %	24.5 %	-30.8 %

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.

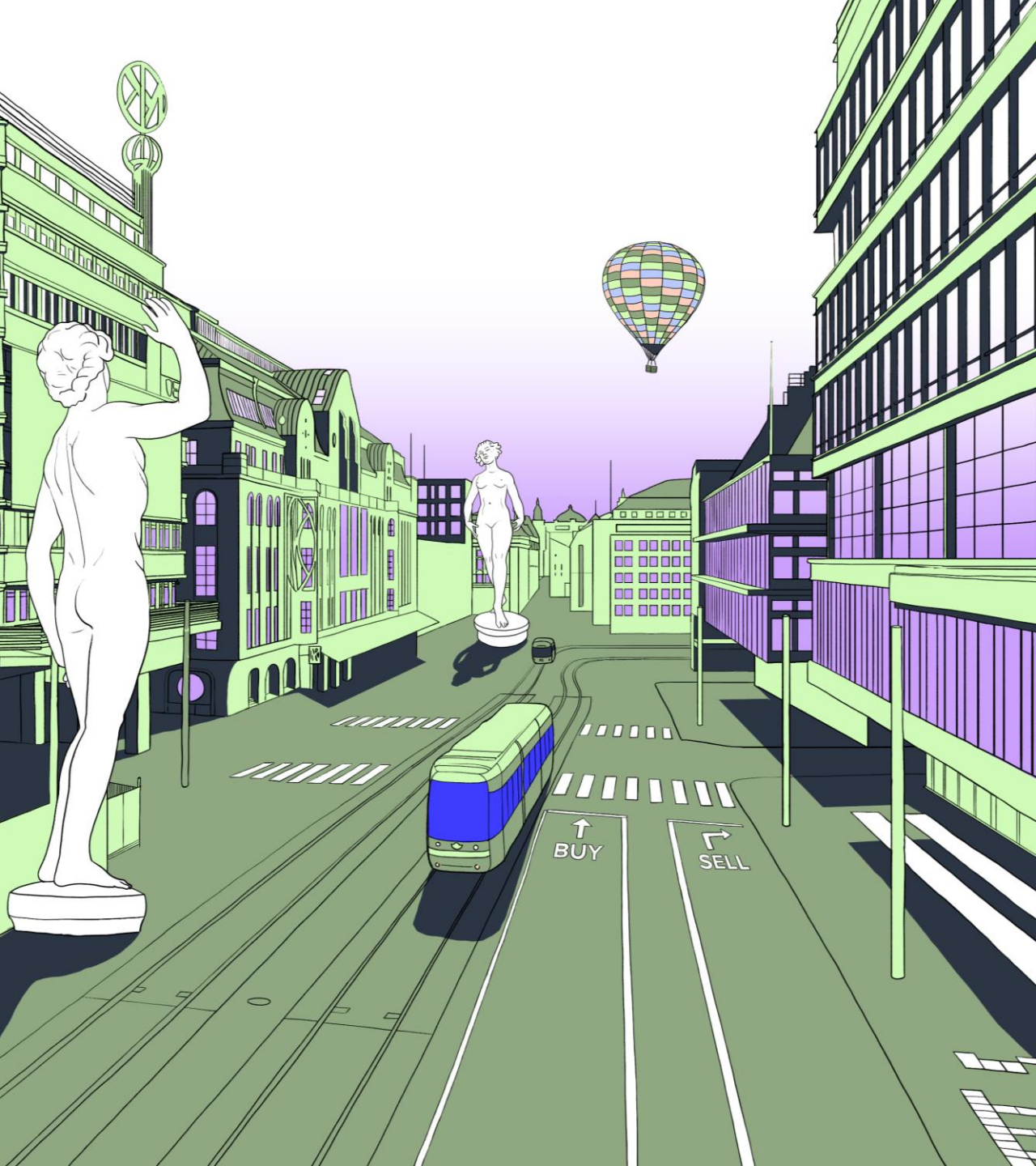
The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows 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.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
4/18/2019	Sell	31.50 €	36.72 €
4/26/2019	Sell	33.00 €	38.46 €
5/14/2019	Reduce	33.00 €	32.12 €
7/19/2019	Reduce	30.00 €	28.28 €
10/23/2019	Reduce	31.00 €	29.60 €
2/10/2020	Accumulate	35.00 €	32.54 €
3/19/2020	Accumulate	19.00 €	16.78 €
4/24/2020	Accumulate	18.00 €	17.09 €
6/3/2020	Accumulate	23.00 €	20.74 €
7/20/2020	Accumulate	27.50 €	25.52 €
9/16/2020	Accumulate	31.00 €	27.94 €
10/2/2020	Reduce	36.00 €	35.74 €
10/23/2020	Reduce	33.00 €	31.78 €
2/5/2021	Reduce	39.00 €	41.90 €
3/29/2021	Reduce	41.00 €	44.80 €
4/26/2021	Accumulate	53.00 €	48.54 €
4/29/2021	Accumulate	55.00 €	50.20 €
7/29/2021	Accumulate	55.00 €	45.10 €
11/1/2021	Buy	55.00 €	44.84 €
1/11/2022	Buy	54.00 €	44.70 €
2/4/2022	Accumulate	44.00 €	40.36 €
4/5/2022	Accumulate	38.00 €	34.06 €
5/1/2022	Accumulate	38.00 €	33.18 €
7/21/2022	Accumulate	38.00 €	30.30 €
10/27/2022	Reduce	41.00 €	40.14 €
2/3/2023	Accumulate	50.00 €	44.96 €
4/28/2023	Accumulate	58.00 €	51.85 €
7/21/2023	Accumulate	54.00 €	45.50 €
10/27/2023	Buy	49.00 €	35.56 €
12/19/2023	Accumulate	57.00 €	51.10 €
2/1/2024	Accumulate	62.00 €	55.55 €
5/2/2024	Reduce	72.00 €	74.00 €
7/1/2024	Sell	39.00 €	47.16 €
8/11/2024	Sell	44.00 €	45.40 €
10/24/2024	Sell	51.00 €	54.00 €
1/14/2025	Reduce	51.00 €	50.00 €



CONNECTING INVESTORS AND COMPANIES.

Inderes connects investors and listed companies.

We serve over 400 Nordic listed companies that want to better serve investors. The Inderes community is home to over 70,000 active investors.

We provide listed companies with solutions that enable seamless and effective investor relations. The Inderes service is built on four cornerstones for high-quality investor relations: Equity Research, Events, IR Software, and Annual General Meetings (AGM).

Inderes operates in Finland, Sweden, Norway, and Denmark and is listed on the Nasdaq First North Growth Market.

Inderes was created by investors, for investors.

Inderes Ab

Brunnsgatan

Stockholm

+358 10 219 4690

inderes.se

**inde
res.**