Purmo Group

Initiation of coverage

01/05/2022 07:00

Olli Koponen
+358 44 274 9560
olli.koponen@inderes.fi

Inderes corporate customer

This report is a summary translation of the report "Lämpöä maailmalle" published on 01/05/2022 at 7:11 am

Warming our homes

We initiate coverage of Purmo Group with a target price of EUR 16.0 and an Accumulate recommendation. Purmo manufactures and sells radiators and other sustainable indoor climate solutions for its customers globally. With its strategy, the company aims for the leading position in sustainable indoor climate solutions. In recent history, growth and profitability have been very strong, but we are now seeing the rate stabilizing over the next few years. However, we feel the valuation is still moderate relative to the current earnings level, peer group and potential. Based on the upside in valuation and the dividend yield, we feel the share's return expectation is attractive.

Finnish provider of indoor climate solutions

Purmo Group is one of the leading suppliers of heating and cooling systems for indoor climate solutions. The business is divided into radiators (59% of net sales in 2020) and indoor climate solutions (ICS, Indoor Climate System) (41% of net sales in 2020). The company's offering includes hydronic radiators, towel warmers, underfloor heating solutions, convectors, valves, controllers, air source heat pumps and ventilation products. The company has over 20 production facilities where it manufactures its products. The company's customers are primarily wholesalers who sell products to installers and end-users. Purmo's net sales in 2020 was some EUR 671 million and the company has grown strongly in 2021 (Q1-Q3'21: +28% y-o-y) Profitability has also been on the rise and EBITDA margins have been around 10.5% in the past three years, which is a good level for the sector.

Vision to be the leading player in sustainable indoor climate solutions

The focus of Purmo's strategy is to increase sales in growth markets (China, Russia) and scale-up solution selling in its key markets. Purmo's aim is to grow organically faster than the market (market growth 2020-2025: +2.5%) and complement growth with major acquisitions. At the same time, the company aims to increase its EBITDA % to over 15% in the medium and long term. While the net sales target seems realistic considering the focus areas of the strategy, the profitability target seems optimistic to us considering current performance and market risk factors. We estimate average net sales growth of about 8% in 2021-2023, reaching EUR 854 million in 2023. 2021 has been a growth period for the company in the wake of the market and we expect growth to slow down clearly in coming years. We expect the result to fall slightly in 2022 as growth investments, higher raw material prices and the balancing of demand/supply depresses margins. Strategic efficiency measures and net sales growth, however, boost profitability in our estimates again in 2023-2024. The biggest risks in our estimates are a clear weakening of the market, an increase in raw material prices and tighter price competition.

Upside in the valuation

We believe Purmo's valuation is moderate relative to our earnings level estimate (2022e: EV/EBIT: 12x, P/E: 14x). At the medium level of our acceptable valuation range (EV/EBIT: 12-14x, P/E: 14-16x) the share would offer an upside of some 10%. Compared to the peers, the company is priced clearly below the median level (-40%) and also offers significant upside. In addition to the upside, the share's annual 2-3% dividend yield supports the return expectation. Our DCF calculation (EUR 17) and target scenario (EUR 27) are also both higher than the current share price.

Recommendation

Accumulate
(previous -)

EUR 16,0
(previous - EUR)

Share price:
14,80

Key figures

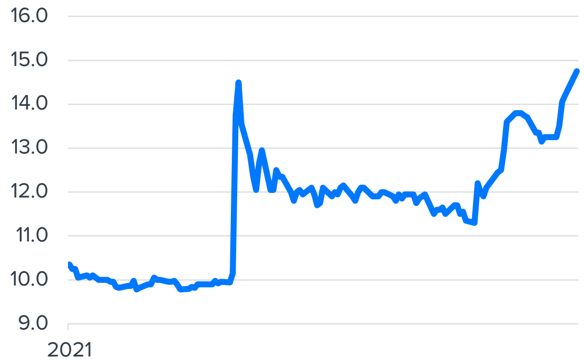
	2020	2021e	2022e	2023e
Revenue	671,2	827,0	851,0	854,0
growth-%	-4 %	23 %	3 %	0 %
EBITDA adj.	85,1	99,5	97,0	102,5
EBITDA-% adj.	12,7 %	12,0 %	11,4 %	12,0 %
Net Income	24,9	31,1	44,1	49,5
EPS (adj.)	0,94	1,05	1,08	1,22
P/E (adj.)	-	14,1	13,7	12,2
P/B	-	1,5	1,4	1,3
Dividend yield-%	-	0,0	0,0	0,0
EV/EBIT (adj.)	-	12,3	12,1	10,5
EV/EBITDA	-	8,2	8,1	7,3
EV/S	-	1,0	0,9	0,9

Source: Inderes

Guidance (Unchanged)

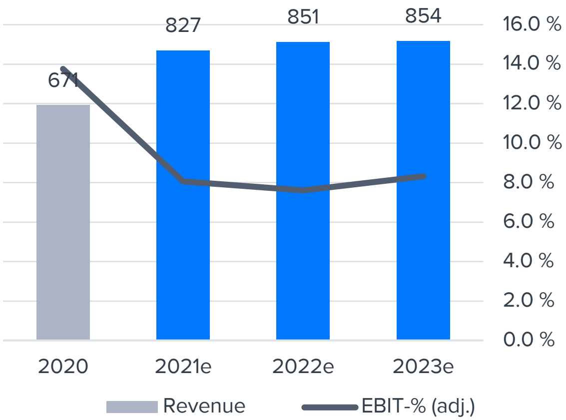
Adjusted EBITDA is over EUR 97 million.

Share price



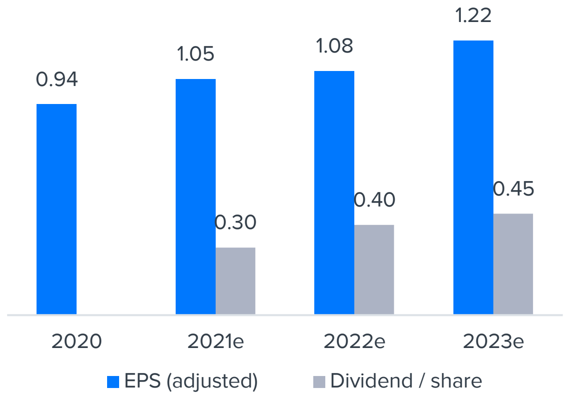
Source: Thomson Reuters

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Strong organic growth faster than market growth
- Sustainable profitability improvement toward higher levels
- Good potential for return on capital
- Growing market with strong megatrends
- One of the largest product portfolios on the market
- Strong global brands
- Leading player on key markets
- Sustainable development, renovation debt, and digitalization support the growth outlook of the market
- Acquisitions to support organic growth

Risk factors

- The industry is dependent on construction cycles, especially in housing construction
- Distribution is dependent on large wholesale customers
- Capacity management and successful growth investment
- Challenges and bottlenecks in global supply chains
- Price competition on the market and possible difficulties in increasing sales prices
- Cost pressures for raw materials and materials

Valuation	2021e	2022e	2023e
Share price	14.8	14.8	14.8
Number of shares, millions	40.7	40.7	40.7
Market cap	602	602	602
EV	819	784	747
P/E (adj.)	14.1	13.7	12.2
P/B	1.5	1.4	1.3
P/S	0.7	0.7	0.7
EV/Sales	1.0	0.9	0.9
EV/EBITDA	8.2	8.1	7.3
EV/EBIT (adj.)	12.3	12.1	10.5
Payout ratio (%)	39.2 %	36.9 %	37.0 %
Dividend yield-%	2.0 %	2.7 %	3.0 %

Source: Inderes

Contents

Purmo Group in brief

Purmo Group is one of the leading suppliers of heating and cooling systems for indoor climate solutions.

1970
The roots begin when Rettig acquired Purmo Tuote Oy

2018
Purmo Group is formed

EUR 621 million **(+28% vs. 2020 Q1-Q3)**
Net sales 2021 Q1-Q3

EUR 81.3 million **(13.1% of net sales)**
Adjusted EBITDA Q1-Q3’21

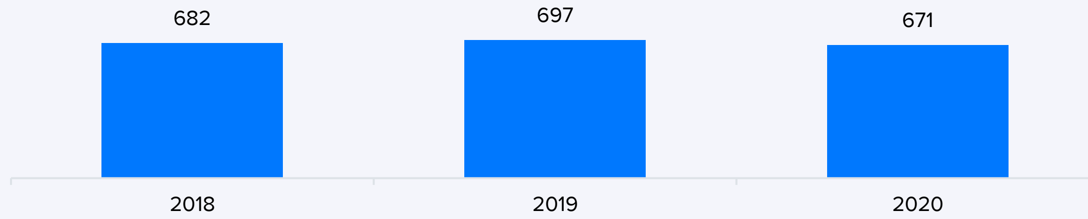
55% **Q3’21 LTM**
Cash conversion: Adjusted operational cash flow/adjusted EBITDA

Around 3500
Employees globally

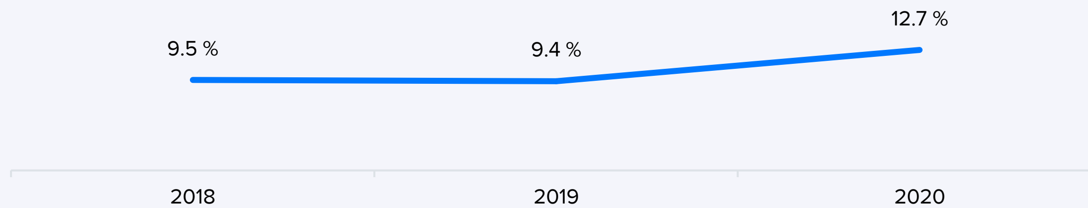
1 / 4
Market position in Europe: Radiators / Radiant heating and cooling

1970-2006	2007-2011	2012-2016	2017-2021
Development of a leading radiator supplier	**Business and portfolio integration**	**A clearer expansion to indoor climate solutions**	**Accelerating value creation and readiness for the next growth stage**
• **Purmo Tuote Oy** acquired by Rettig • **Numerous acquisitions** including Delta, Baxi ja Vogel & Noot	• **Improving production efficiency** certain factories were shut down • Merging the **brand portfolio**	• **Hewing acquisition** to increase the weight of underfloor heating • **Emmeti acquisition** to expand further into indoor climate solutions	• Focusing on **creating value added** with a long-term agenda • **Listing** creates opportunities for the next growth stage

Net sales (MEUR)



Adjusted EBITDA %



Source: Purmo Group / Inderes

Company description and business model 1/3

Company description

Leading radiator supplier

Purmo Group (hereinafter Purmo) is one of the largest providers of indoor climate solutions worldwide. The company's offering is roughly divided into radiators and indoor climate systems (ICS). Purmo focuses in particular on indoor climate heating and cooling solutions, where the company has a strong market position. According to company information, Purmo Group is the market leader in radiators in Europe and one of the leading players in indoor climate solutions.

The company's extensive product selection includes water distribution radiators, towel warmers, underfloor heating solutions, convectors (embedded radiators), valves, controllers, air source heat pumps and ventilation products.

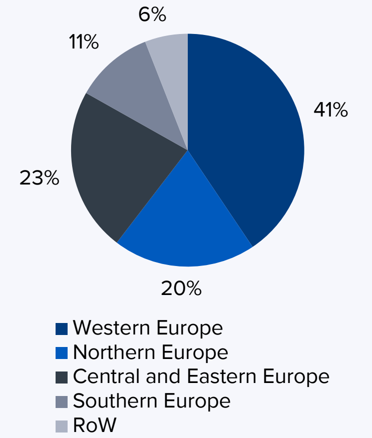
The company has several different brands in its product portfolio. Purmo is the strongest brand and operates in many European countries, as well as China. Myson is a brand operating in the US and UK. Emmeti, in turn, holds a strong position in Italy and Brazil. Thus, the company has a strong foothold with the help of globally known local brands.

Purmo's net sales has remained stable over the last three years and was around EUR 671 million in 2020. COVID caused a slight drop in net sales, but the savings it generated increased EBITDA by 15% from 2019 to around EUR 85 million. The adjusted EBITDA margin rose to 12.7% from the average of 9.4% in 2018-2019. In 2021, net sales has already increased by 28% by Q3 due to strong recovering market demand. Higher volumes and savings measures have also improved profitability. The adjusted EBITDA margin was 13.1% at the end of Q3 (Q3'20: 12.6%). The company's guidance for 2021 is adjusted EBITDA of over EUR 97 million, while at the end of Q3 it already stood at EUR 81.3 million (Pro forma: 81.1 MEUR). The company raised its guidance in connection with Q3 as the year had progressed strongly.

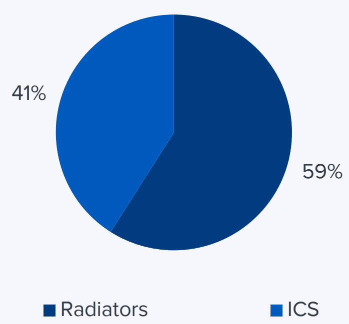
The company employs some 3,500 people worldwide. Purmo has 46 factory, distribution and warehouse facilities in 21 different countries. Radiators generate some 60% (2020) of net sales and the ICS division generates some 40%. Geographically, sales are divided into five large areas. Western Europe generated the largest share of net sales representing some 41%. Central and Eastern European countries generated some 23% of net sales, Northern Europe around 20%, Southern Europe some 11% and the rest of the world around 6%. Europe is clearly the focus of the company, but business is largely diversified across various parts of the continent.

The aim of the merger with VAC and the listing is to support Purmo's strategy to grow organically and through acquisitions, and help the company's vision to become the leading supplier of sustainable indoor climate solutions in the world.

Net sales geographically (2020)



Net sales distribution by division (2020)



Source: Inderes, Purmo

Company description and business model 2/3

Business model

Purmo Group provides complete heating and cooling solutions to residential and non-residential buildings, including radiators, towel warmers, underfloor heating, convectors, valves and controls. Products are mainly sold via sanitary and heating wholesalers to installers and end-consumers.

The majority of Purmo's sales consist of the company selling its products to wholesalers. According to the company, these sales represent about 80% of total sales. Wholesalers sell them to end-users, retailers and builders. Examples include Lucky, Ahlsell, Wolseley and GC Gruppe. The rest of the sales are sold directly to installers, such as construction companies or technical building services companies. The company also sells through its own Emmeti wholesaler and partly also sells its products to competitors.

Thus, the company's business is dependent on both greenfield and renovation construction. Therefore, the company's business operations have cyclical features. The company's products are used very much toward the end of the construction phase, which means the business has post-cyclical characteristics. The company's products are largely related to professional construction. They often require installation by professionals, and installations are often made during greenfield construction and major renovations. Therefore, we believe, the company has not benefited much from the home nesting and renovation trend on the construction product market.

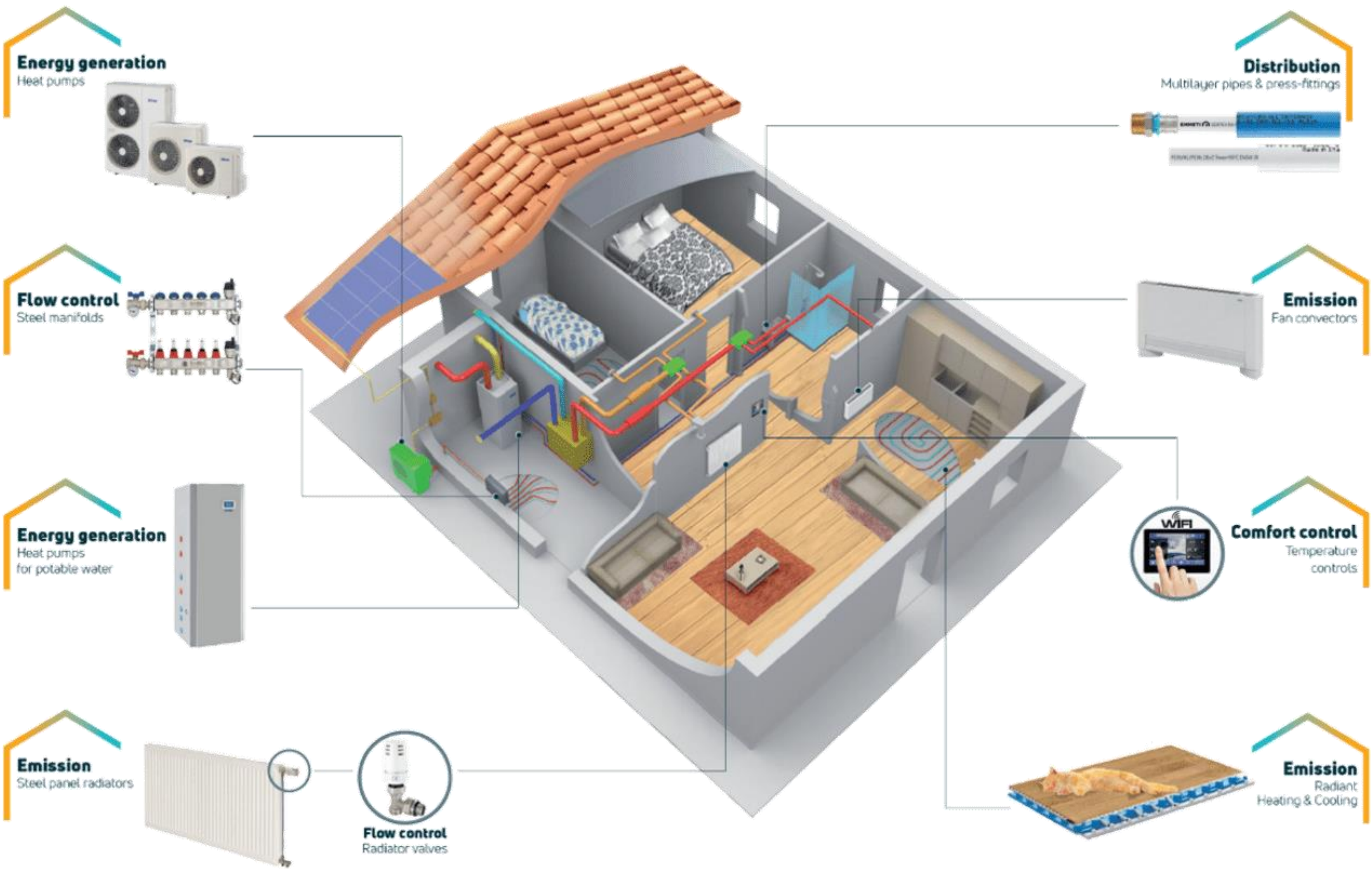
Components and raw materials needed by Purmo to manufacture its products are electronic and electrical components (control panels and control devices), various piping, plastic, heating elements, steel, aluminum and other metallic materials. The company has many alternative suppliers and purchases are centralized. The company has suffered from the recent increase in raw material prices but has also been able to pass them on to prices, indicating the company's pricing power and position. We consider the position to be reasonably good thanks to the strong market position.

The company has two divisions

The company's biggest division is **Radiators**, which represented around 60% of the company's net sales at the end of 2020. The division develops and manufactures water distribution and electric radiators, towel warmers and related accessories. The division's net sales decreased in 2020 due to COVID but have been on a good upward trend in 2021. In the first half of the year, net sales rose by about one-third to EUR 232 million and at the end of Q3, net sales totaled EUR 363 million (Q1-Q3'20: 284 MEUR). Profitability improved significantly in the division during 2020, when savings measures were taken due to COVID. Volumes did not suffer as expected and other alleviations and savings raised the adjusted EBITDA % to 15.8% in 2020 (2019: 11.8%). Good profitability has been maintained during 2021 and has been boosted by increased volumes. At the end of H1, the adjusted EBITDA margin was 14.7% (H1'20: 14.6%). However, more expensive raw materials have started to show in the company's result during H2, and profitability in January-September was clearly below the comparison period at 14.0% (Q3'20: 16.3%). In the division the company has, however, been able to move a large share of the increase in steel prices to customers, which maintains a good level of profitability. However, H2 is not expected to be as good as H1 due to higher material prices.

The company's indoor climate solutions division (ICS) accounted for some 40% of net sales in 2020. The division offers a wide range of indoor climate heating and cooling solutions, valves, control units, heat pumps and air conditioning products. The division's net sales decreased in 2020 due to COVID but has also been on a good upward trend during 2021. In the first half of the year, net sales increased by some 32% to EUR 172 million and at the end of Q3, net sales totaled EUR 258 million (Q1-Q3'20: 201 MEUR). Profitability also improved during 2020, although the improvement was not as strong as in the other division. The adjusted EBITDA margin increased to 9.8% in 2020 (2019: 7.7%). During 2021 profitability has increased further. At the end of H1, the adjusted EBITDA margin was 12.3% (H1'20: 7.0%). The significant improvement is due to increased volumes, the company's savings program and improved sales mix. The result has continued to improve during H2 due to the successful price hikes made by the company. Profitability increased in January-September from the comparison period to 13.3% (Q3'20: 9.1%). However, development during the rest of the year can be expected to be more moderate, e.g., due to increased material costs and stabilizing market demand.

Purmo's products and services



Source: Purmo

Company description and business model 3/3

Efficient production model and well-known brand ensure good pricing power

Purmo’s brands have a strong market position and reputation in their respective areas, especially in radiators. The company’s efficient product development and production process enables competitive pricing for Purmo's products especially in volume products, in addition to which, the extensive product selection makes the company an attractive partner for stakeholders.

The company has its own factories in several countries, ensuring efficient production. The company has a total of 22 manufacturing sites in 13 different countries. The company has factories, e.g., in Eastern Europe, where production costs do not reach the Western European level, but the availability of products does not suffer thanks to good logistics. In addition, the company now has its own factory in Russia thanks to the recent investment (Evrorad acquisition) and a factory is also operating in China for the Asian markets. According to the company, around 75-85% of factory capacity is in use, which gives room for growth when the opportunity arises. In China, only 50% of the company's capacity is in use, but the factory and the market are still relatively young.

Strong operational cash flow and moderate investment need

Purmo’s operational cash flow is typically very strong. The company's EBITDA margin has historically remained at a good level and due to the structure of the production, the annual investment need is relatively moderate. In 2020, the company's gross investments were EUR 11 million, which is about 2% of 2020 net sales. However, the amount of investments per year may vary due to renovation investments or new capacity increases. The normal level should be around 2-4% in the growth phase. The company has modern production facilities and the capacity of the factories can be increased without significant additional investment, which also reduces the need for investment.

Good cash flow is also indicated by the reported cash conversion figures. The figure in general describes how much of the company's operational margin actually converts to cash flow into the company's cash assets. The higher the figure, the better it is. In 2020, the cash conversion rate rose to 111%, having been 84% in 2019. Figures of 100% are excellent and we believe figures above 70% are good considering the company's business profile. However, we do not believe that figures above 100% are sustainable, as in the longer term, more money is committed to working capital and investments.

Business cyclicality

Seasonality in Purmo's business operations partly follow the cyclicality in construction, where in general Q4 is the best quarter and H2 the better half year. However, orders are placed with manufacturers earlier than when the actual construction takes place, so this balances out fluctuations during the year. In Purmo’s case, September-November or Q3-Q4 are the best quarters due to the peak heating season and Q2 is usually the weakest quarter. However, vacation periods especially in July-August and December offset quarterly demand fluctuations.

Costs are mostly variable

Purmo’s operating expenses are mainly variable. Most costs constitute manufactured products, so when their demand increases, costs will also increase at almost the same rate. There may be some small economies of scale in production, but most costs fluctuate with net sales. So, we do not see much scaling potential in costs, even if capacity utilization optimization (factory) rates improve profitability to a degree.

Business model’s risk profile raised by cyclicality, but lowered by strong brands and market position

We feel that Purmo’s business model’s risk profile is moderate overall compared to construction in general. The risk level of the business model is reduced by widely dispersed distribution relationships, widely diversified net sales, extensive customer base, a well-known brand and strong operational cash flow, as well as moderate capital intensity. The risk level of the business model is raised by business cyclicality, dependence on wholesalers and currency fluctuations.

Purmo's customers and distribution channels

Distribution channel	Nature of the distribution channel	% share of revenue	Example customers
Wholesalers	• A majority of the company's sales (about 80%) is made via wholesalers • Wholesalers are construction sector wholesalers • The company's own brand Emmeti also partly acts as a wholesaler • Private label products are also sold directly to competitors	~80%	onninen, SAINT-GOBAIN, ahlsell, CG GRUPPE, WOLSELEY
Installers and other sales	• In the Nordic countries, the company's products are sold to construction companies and installers that install the company's products • Companies often purchase larger batches directly for different types of targets, and many operate within a framework agreement	~20 %	bravida, Bovis Lend Lease, BOUYGUES CONSTRUCTION, PEAB

Purmo Group's brands worldwide

Europe

Rest of the world

Product line brands

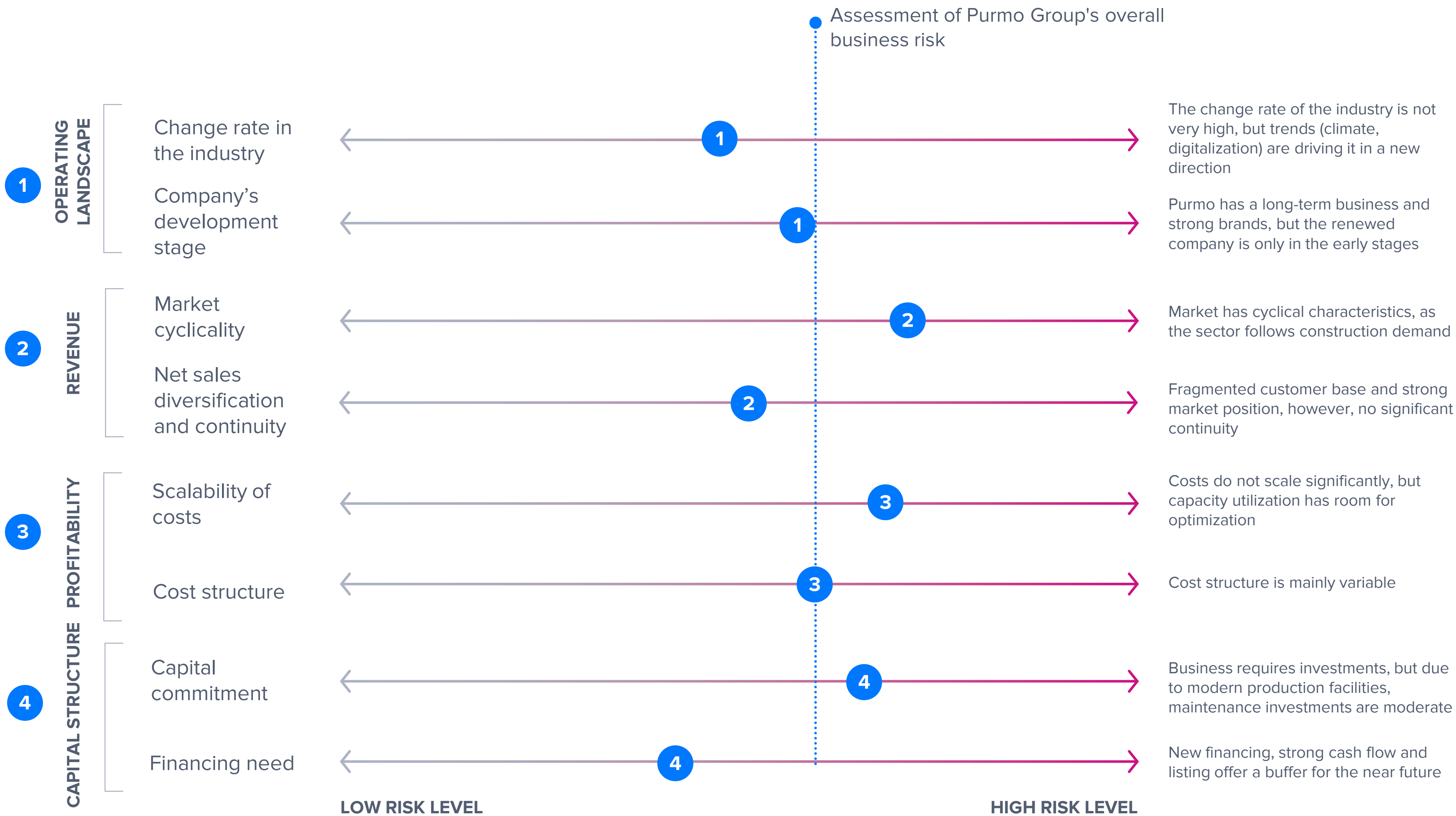
THERMOPANEL LVI MMA FIV

Other

SIGARTH HEWING Merriott

Source: Purmo, Inderes

Risk profile of the business model



Source: Inderes

Investment profile

Investment profile

Growth company with strong brands

Purmo can be considered a growth company based on its investment profile. The merger and listing support Purmo's strategy to grow both organically and through acquisitions. The company's vision is to become the market leader in sustainable indoor climate solutions worldwide, and this requires clear growth in the future.

This growth path also highlights the focus areas of sustainable development that Purmo can benefit from. According to the company, 40% of the EU's CO2 emissions are generated by buildings and 75% of buildings need renovations to meet the EU's climate objectives. Heating and indoor climate solutions play an important role in achieving the objectives, which supports company growth.

The achievement of the objectives and the vision is also supported by well-known, high-quality brands and a wide range of products. The position of the brands can also be seen as a small competitive advantage, which has also resulted in long-term partnerships with various wholesalers and installers.

Purmo's newly reformed management also has international experience in the management of different companies and the composition of the board also appears to be highly qualified. We feel that the Board of Directors and management support the company’s growth strategy well.

Strengths and potential

Good growth outlook. Purmo’s strengthened growth and profitability offer good preconditions for continuing earnings growth in the future.

Growing market. Purmo's key market is growing moderately and there are many inorganic growth opportunities on the market.

A wide range of products and services. Purmo has comprehensive products and services for indoor climate solutions in homes and buildings.

A stable and strong position in its market gives the company good resources to further expand Purmo’s core competence and to move toward market leadership globally.

Strong brands improve business stability and can give the company a small competitive advantage.

Clear megatrends support market growth. Development of indoor climate solutions for residential and commercial buildings is an important step for sustainable development. Smart cities and homes are increasing with digitalization, where indoor climate solutions also play a large role.

A strong balance sheet and good cash flow provide room for growth investments and acquisitions.

Moderate investment needs and capital commitment reduce risks and free capital for dividends or growth investments.

Risks

Changes in industry demand. Purmo's business depends on construction demand, which is very vulnerable to changes in the economy. This is balanced by renovation building.

Capacity management and growth challenges. The company's business operations have grown strongly after COVID as the economy and pent-up demand have recovered. Strong fluctuations expose the company to overcapacity and undercapacity problems after a strong growth phase.

Downward pressure on profitability margins. In recent years, Purmo’s profitability has increased clearly with the savings brought by COVID and the opening-up of the economy. The partial elimination of savings, cost pressures (raw materials, wages) and the leveling off of demand can quickly push margins downward.

Dependence on wholesalers. 80% of the company's sales comes through wholesalers and the company is highly dependent on its relationships with these operators.

Failure in integration of acquisitions. Acquisitions always involve a high risk that the integration will fail. Global expansion increases, e.g., cultural and market-related risks.

Commitment of key personnel. The success of staff incentives, potential challenges of growth and cultural changes can pose risks to the loss of key resources.

Investment profile

1. **Strong growth-orientation organically and through acquisitions**

2. **Strong market position and well-known brands**

3. **Business supports promotion of sustainable development**

4. **Strong growth, potential cost increases and difficulties in capacity management increase risks**

5. **Strong cash flow and good potential for return on capital**

Potential

- Strong and profitable growth in the core business
- A wide product range and well-known, strong brands
- Megatrends of sustainable development and digitalization play a large part in the business
- Economic recovery has strengthened the growth outlook of the sector
- Strong cash flow for investments and dividends
- Good profitability and optimized balance sheet structure enable a good potential for return on capital

Risks

- The industry is dependent on construction growth and has cyclical features
- After a strong growth phase the market may face a quieter period, which increases, e.g., challenges related to capacity management
- In the longer term, maintaining high profitability can be challenging due to the cyclicality of the business
- The risks of acquisitions or expansion
- Dependence on staff and adequate incentives

Source: Inderes

Market 1/2

Long-term trends give support

Purmo's market growth is based on many long-term trends that support the company. The clearest ones are sustainable development and climate change, renovation debt, urbanization and digitalization.

The trend of sustainable development supports the growth of Purmo's market both in Europe and globally, as according to a report by the EU Commission buildings currently generate around 40% of the EU's CO2 emissions. The demand for sustainable products and solutions is also supported by increasing regulation, which is focused on energy efficiency. In addition, the additional EUR 250 billion annual financial package for the EU's Green Deal program can be expected to stimulate and support market demand, especially in sustainable solutions.

Old buildings are often weaker than new ones in terms of energy efficiency and heating solutions. They must renew themselves due to stricter regulation, but also to a changing environment. In Finland, e.g., a large share of the building stock will reach renovation age in the next few years, when heating solutions will also have to be changed for newer and more energy-efficient solutions. This is also the trend in Europe and evenly supports the demand for heating solutions, regardless of the cycles of greenfield construction.

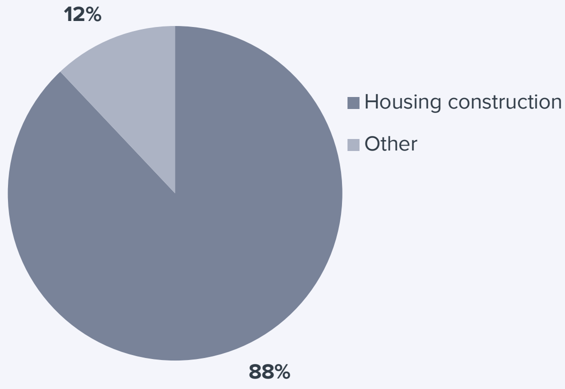
Digitalization will help achieve the objectives of improving energy efficiency and reducing CO2 emissions. The importance of digital and integrated solutions is expected to grow in the future, and these will benefit Purmo as an extensive provider of indoor climate solutions. Digitalization and automation can enable, e.g., improved indoor climate and increased energy efficiency, Smart Home integration and better system management. This will help reduce waste energy and optimize heating and cooling requirements.

Market is dependent on construction

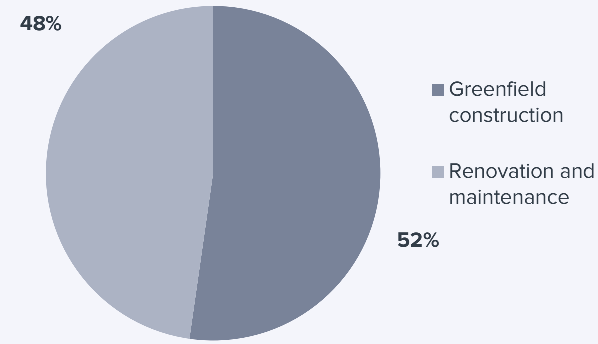
Purmo and its industry is dependent on construction and its economic cycles. Both greenfield construction and renovation are important in both divisions, but the biggest part of indoor climate solutions come from greenfield construction. This is partly explained by technology development, where many renovation objects already have radiators, while indoor climate systems (underfloor heating, etc.) are less present in old buildings. The most important segment within construction is housing construction, which accounts for about 85-90% of the company's net sales. In this respect, the good economic cycle in housing construction has certainly also helped Purmo grow.

Purmo is primarily active in the European hydronic heating and pipe systems market, which is part of the larger EUR 30.5 billion HEPAC market. Purmo estimates that its potential target market is around EUR 10.9 billion, so at the current level, the company has significant room for growth.

Purmo's net sales focuses on housing construction*



Renovation and greenfield construction in balance at Purmo*



Source: Inderes, Purmo
*Inderes calculation based on division data reported by the company

Market 2/2

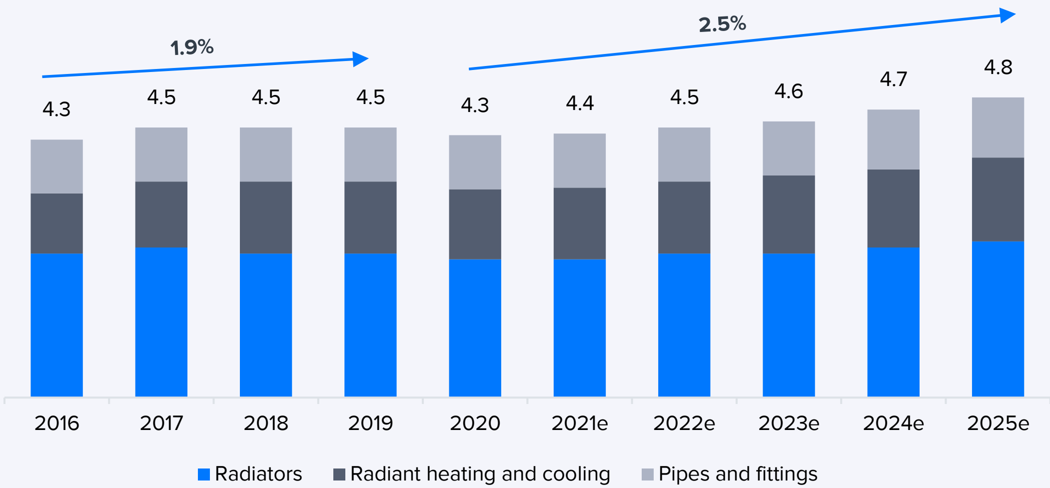
The growth outlook of Purmo's current key markets is reasonably good. Historically, in 2016-2020, the market has remained stable increasing before COVID and decreasing due to COVID. However, until 2019, the market grew at an annual rate of around 2%.

Based on estimates commissioned by Purmo, the market is expected to grow by an annual rate of some 2.5% from the 2020 bottom level caused by COVID . For the radiator market, growth is expected to be around 2.3%, for radiant heating and cooling market 3.6%, and for pipes and fittings 1.9% per year. Thus, the growth outlook of the ICS division is slightly better than conventional radiators.

However, the outlook for the radiator market is supported by renovation debt and the sustainability trend. The ICS market is supported by growth in greenfield construction, increased demand for embedded systems and technology development. The popularity of sustainable and energy efficient solutions supports all product areas.

It should, however, be noted that a majority of Purmo's business is related to highly cyclical greenfield housing construction, where the market situation has been very hot in some places, especially in recent years. Inevitably, there will also be recessions and they will not necessarily stop at one year. This cyclicality is, however, counterbalanced by the constant need for renovation in old buildings. In this sense, the growth estimate seems relatively moderate, considering urbanization and the significant need for housing renovation in the future.

Development and growth estimate for Purmo's key markets



	Average annual growth CAGR-%			
	16-19	**19-20**	**20-25e**	**21e-25e**
Pipes and fittings	3.2 %	-4.1 %	1.9 %	1.8 %
Radiant heating and cooling	4.3 %	-2.2 %	3.6 %	3.7 %
Radiators	0.3 %	-3.9 %	2.3 %	2.4 %

Source: Purmo, Inderes

Competition

Global markets

There are many different types of players on the market, but especially medium-sized/large players with a wide range of products on the indoor climate, heating and cooling markets stand out as Purmo's competitors. There are, however, a number of players on the market who only specialize in a particular segment of the sector. In Europe, Purmo claims it is the market leader in radiators and the fourth biggest player in indoor climate solutions.

It seems that Purmo is able to achieve better profitability on average than competitors, even if growth has been lagging behind its peers. Measured by ROE, Purmo is lagging behind, but here the company has clear improvement potential.

Growth rate has been weaker than among competitors

We examined the company's Nordic and European peer companies. It should be noted that not all players operate exclusively on the Nordic or European markets, which in part weakens the comparability of the peer companies.

Purmo's competitors* have grown at an average rate of about 3% over the last 3 years (2018-2020). Purmo's net sales, in turn, has fallen by about 0.8% annually since 2018 until 2020 (CAGR-%). However, in 2021, growth seems to be strengthening significantly (2021 Q1-Q3 growth: 28%), but this is also the case for several peers due to peak demand caused by the COVID build up. However, in recent years, Purmo has not in our opinion focused on growth, which has been reflected in good profitability figures. According to our estimates, competitors has grown slightly faster than the market, so the biggest players have increased their market shares.

Slightly better profitability than among competitors

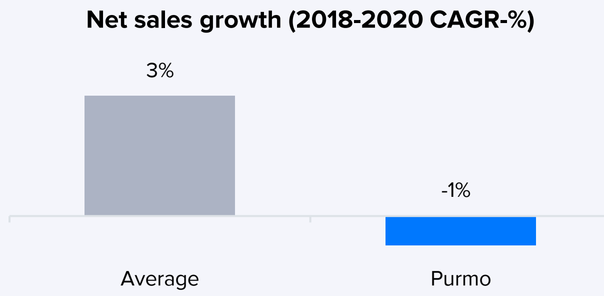
Overall, Purmo's industry has reasonably good profitability. The most profitable players in the sector can generate EBIT margins of over 10%. According to our calculations, Purmo's adjusted EBIT margin was around 6% in 2018 and 2019 but increased to some 9% in 2020. Over the last three years, the average margin has according to our calculations been 6.8%, compared to around 6.4% for competitors. We estimate that the profitability level in 2020 was especially good and an average EBIT margin of 8-9% is already a reasonably good profitability level for the company.

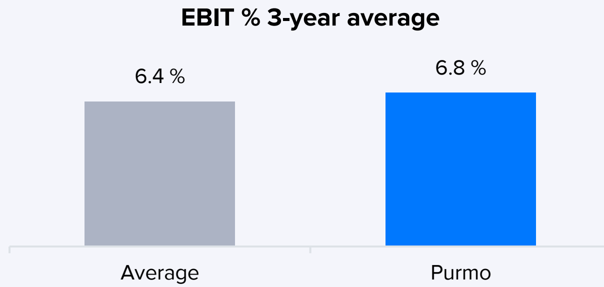
ROE is reasonable in the industry

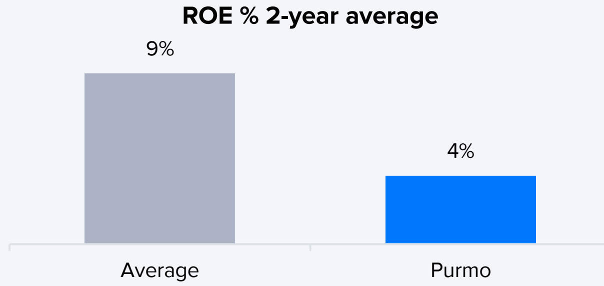
The average ROE for competitors in the industry has been around 9% in the past two years. Purmo's ROE has been clearly weaker than for its competitors and averaged 4% in 2019-2020. Purmo Group was formed during 2018, for which the return % is not available. The industry's ROE% is close to the average of Nasdaq Helsinki and we believe that Purmo has possibilities to reach this. We suspect that Purmo's low ROE is mainly due to a lack of balance sheet optimization and large non-recurring items in reported figures.

*When comparing net sales growth, profitability and ROE, the figures of Purmo's competitors in the Nordic countries and Europe are used. Comparison included: Nibe Industrier AB, Centrotec SE, Zehnder Group AG, Systemair AB, Lindab International AB, Arbonia AG, Volution Group PLC, Aalberts NV, Ecoclime Group AB.

Purmo's performance vs. competitors*







Source: Inderes, company materials

Strategy 1/2

Leading provider of sustainable indoor climate solutions

The merger and listing support Purmo Group's strategy to grow both organically and through acquisitions. The company's mission is to be the leading provider of sustainable indoor climate solutions worldwide.

The cornerstones of the company's strategy are 1) scaling of solution sales to increase market share in underrepresented areas, 2) launching new smart products, 3) investing in growth markets, 4) improving profitability through operational efficiency, and 5) a precisely defined acquisition growth strategy. The listing clearly increased Purmo's flexibility in financing future acquisitions with equity and/or debt and to maintain an optimal capital structure.

Scaling solution sales means selling turnkey solutions and systems instead of individual products. As we demonstrated earlier, Purmo's offering can cover almost the entire energy, heating and cooling needs of the house. Turnkey solutions can help achieve lower operating costs and energy consumption, which together make the solution more sustainable and can improve the indoor climate quality of the user. The aim is to increase sales especially in Italy, Austria, the UK, Poland and Romania, where the solutions are underrepresented. Purmo estimates that success in increasing solution sales could increase customer demand by creating clear solutions for customers' needs. The key to the success of the strategy is that HVAC designers adopt Purmo's solutions, as they usually make decisions on behalf of end-users or make recommendations on solutions. It is also important that Purmo has its own design expertise and strong product ranges to maintain relationships with designers.

The launch of smart products brings sustainability and digitalization perspectives forward. Purmo believes that smart products are intelligent when they can operate optimally both independently and as part of a system. They are also esthetically suitable for their environment and have a sustainable life cycle. Purmo's aim is to launch new products with a higher customer value and to upgrade existing ones to be more durable, intelligent and esthetic, if possible. The aim is to provide the best possible indoor climate in an environmentally friendly way. Digitalization and sustainability are increasingly important when selecting products, and we believe that smart products also serve the scaling of solution sales through interoperability and communication between products.

Investing in growth markets is key in Purmo's strategy. There are rapidly growing markets outside the key markets, whose potential Purmo is seeking a part in. The measures include increasing growth in the core product portfolio (radiators) in markets with weaker steel panel radiator offerings, setting up local distribution chains to ensure price competitiveness and utilizing the company's strong market position in the key markets. Purmo also intends to increase growth in markets where it sees good growth opportunities. At this stage, China and Russia are emerging, where Purmo already has its own manufacturing capacity. In view of growth opportunities, Purmo has a new modern factory in China and it has stated that it is the only western player in the market with its own manufacturing capacity. In Russia, Purmo acquired a majority stake of a radiator factory through which it now has local production on the market.

In addition to organic growth, the company seeks inorganic growth through acquisitions. Purmo's industry is rather fragmented and the company has identified significant opportunities for consolidation and expansion in both divisions. Purmo has several smaller potential candidates in its acquisition pipeline and it also monitors options for a bigger expansion. The aim is to find targets that improve product placement, bring complementary products or technologies, or expand the company's geographical position. In acquisitions, Purmo believes that it can generate synergies through its cost-effectiveness, economies of scale and strong customer relationships.

Pillars and focus areas of the strategy

Strategy

To be the leading player in sustainable indoor climate solutions

Scaling of solution sales

Launch of new smart products

Focus on growth markets

Operational efficiency operatively, commercially and in support functions

People and culture increase commitment, incentives and expertise

Growth-enabling acquisitions

Expansion and industry consolidation in both businesses

Megatrends support strategy and business

Sustainable development

- Sustainable energy sources
- Change to hydronic heating
- Low-temperature systems

Digitalization

- Control systems create efficiency
- Connecting systems to networks and each other
- Growth in alternative sales channels

Urbanization

- Urbanization supports greenfield construction
- Lack of space supports demand for embedded systems (e.g. underfloor heating)
- Need for optimization and technology is growing

Source: Purmo, Inderes

Strategy 2/2

Ambitious financial objectives

The company's financial objectives are ambitious but attainable. Purmo is aiming for growth, but above all it seems that a higher sustainable profitability level is sought.

Purmo aims to grow organically faster than the market, and the company also aims to achieve significant growth through acquisitions. According to market studies commissioned by the company, Purmo's market can grow by some 2-4% in coming years, depending on the division. We see that in growth markets (e.g. Russia, China) growth is faster than this, while growth in the developed markets can remain low or even decline. We believe that the company's investment in growth markets and the sale of turnkey solutions in other markets will support faster growth than the market. This is also visible in 2021, when growth has been almost 30% in the three quarters. However, historically (2018-2020) Purmo's growth has not been at the level of competitors, but we also believe focus has been more on profitability. The strategy has supported growth investments but compared to 2021 growth figures we expect a significant normalization of demand in coming years.

In terms of profitability, the company aims to achieve an adjusted EBITDA of over 15% in the medium (3-5 years) and long term. At the end of 2020, the company's EBITDA % was exceptionally good at 12.7%, which at the time was supported by, e.g., COVID-related savings. Before this, the company's margins were on average 9.5% (2018-2019). In this respect, we feel the company's objectives are quite optimistic. However, confidence in the targets is created by the EBITDA margin of over 13% in the three quarters of 2021, achieved through the company's efficiency program (PGUp), with the aim to make COVID-related savings permanent. The company sought an annual cost impact of around EUR 20 million with the program. Given that the adjusted EBITDA for the first three quarters of 2021 has already improved by about EUR 20 million, the program can at least be said to have progressed in the right direction. In its strategy, the company intends to continue to improve the efficiency in operational and commercial operations, and in business support. We feel that the company has room to improve efficiency further and that the successful implementation of the previous program improves confidence in the objectives. However, it should be noted that as the Competitors section of our report shows, the ambition level of the objectives is relatively high compared to the industry. That is why our estimates are still clearly below the targets.

The company's indebtedness target is to be below 3x (net debt/adjusted EBITDA), which we believe is a good level, given the company's growth-driven approach and business model. The company aims to distribute dividend half-yearly and over 40% of its net profit, which we believe is possible thanks to good cash flow. However, in its dividend distribution, Purmo first takes into account the company's earnings development, financial position and growth potential.

Financial objectives

Growth	The objective is to achieve organic net sales growth that exceeds market growth. In addition, the company aims to achieve significant inorganic growth through acquisitions.
Profitability	The target is to have an adjusted EBITDA of over 15% in the medium and long term.
Indebtedness	Net debt/adjusted EBITDA below 3.0 (12 months). This level may be temporarily exceeded in connection with acquisitions or restructuring.
Dividend	The objective is to distribute at least 40% of the annual net profit as dividends or capital returns.

Source: Purmo, Inderes

Financial position 1/2

Good financial position

Purmo's financial position has been strong before the listing and to some extent even overcapitalized. With the listing, the balance sheet structure will change as the amount of debt increases.

The company's business model generates good cash flow and the strong cash flow potential is visible in the company's cash conversion indicators. Over the past two years, cash conversion has been about 98% at Purmo and the adjusted operational cash flow increased from some EUR 55 million in 2019 to around EUR 94 million in 2020. However, 2020 was an exceptionally good year and after the first three quarters of 2021 cash conversion was 55%, clearly below the 100% of the comparison period. The absolute level was also below the comparison period as more capital has been committed to growth than in the comparison period.

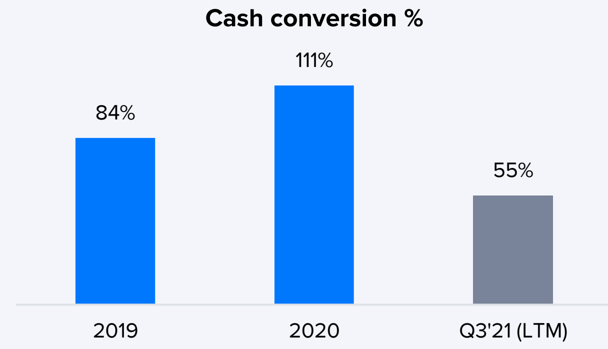
In our opinion, the key figures of the balance sheet have been at a good level compared to the business model. The adjusted EBITDA/net debt ratio was below 1x in 2020 (target below 3x) and the equity ratio was 62%.

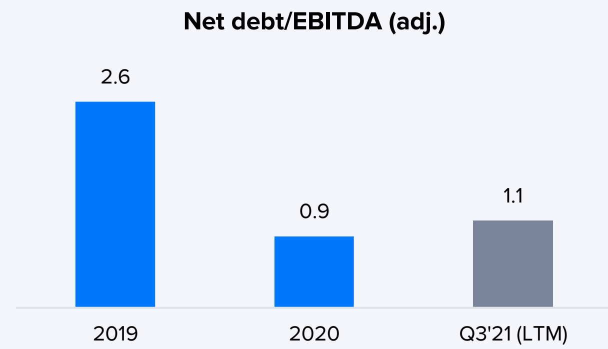
In connection with the listing, Purmo signed and extensive financial package which will affect the key indicators. Prior to the listing, Purmo had mainly lease liabilities and a EUR 98 million shareholder loan, which will be repaid at the time of listing. The loan will be settled with funds on VAC's escrow accounts and, in the end, loans will be withdrawn for some EUR 280 million. The package still includes a EUR 80 million limit and debt financing of EUR 125 million, which is not yet withdrawn. In total, the company's net debt measured in pro forma figures at the end of Q3 was EUR 271 million.

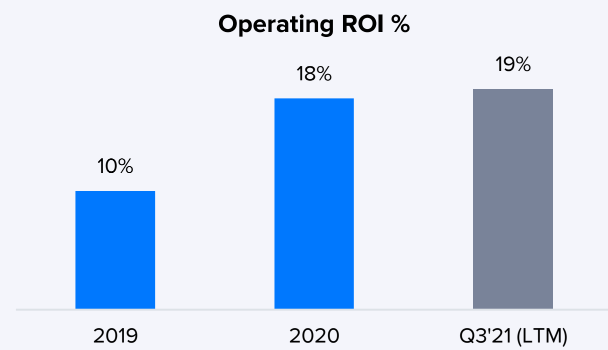
When examining indebtedness, the company's EBITDA guidance of over EUR 97 million can be considered. In this case, the net debt/EBITDA ratio with a EUR 97 million EBITDA is around 2.8x. We believe that this is a relatively reasonable level considering the company's growth stage and the good return on cash flow. The level is also below the company's target (below 3x). As the amount of debt increases, we expect the equity ratio to decline. Based on pro forma figures, the equity ratio fell to 39% at the end of Q3. However, the level is quite good considering the business model.

Thanks to its business model, the company only has to make small maintenance investments as we explained in the Business model section. When maintenance investments are low (under 2% of net sales), more cash flow from operations is left for growth, debt payment and dividends. We do, however, expect the growth phase will increase investment in the near future from this level.

Good profitability and an optimized balance sheet structure also improve the potential for return on capital. Prior to the listing, the company's ROE % has been low (3-5% 2019-2020), but the balance sheet has also been overcapitalized. At the end of Q3'21, the company's reported ROI was 19%, even though ROE was only 7%. We see room for improvement in return on capital figures when the balance sheet structure is optimized.







Source: Purmo, Inderes

Financial position 2/2

Goodwill and fixed assets in the balance sheet

We examine the balance sheet situation at the end of Q3'21, but we stress that the balance sheet position will change with the listing and that the current situation does not necessarily give the best picture. However, except for debts and equity, it opens up the most essential items.

The balance sheet total at the end of Q3'21 was some EUR 948 million. On the asset side, goodwill is highlighted, at the end of Q3 it was EUR 369 million. It accounted for some 39% of the balance sheet total. Goodwill is accumulated in the balance sheet from acquisitions and is not amortized in accordance with IFRS. We estimate that there is no write-down pressure on the company's goodwill in the current situation (after listing). Other intangible assets amounted to some EUR 36 million and these are depreciated with the straight-line method.

The second biggest item on the asset side at the end of Q3 was property, plant and equipment, i.e., fixed assets. This item amounted to some EUR 127 million, in addition to this, the company still had property, plant and equipment (IFRS 16) worth about EUR 31 million. Fixed assets include the company's production facilities and their machinery and equipment, which constitute the largest part of the item. Fixed assets accounted for about 13% of the balance sheet total (excluding IFRS 16 liabilities). Thus, it is noted that in the company's business, some capital is committed to fixed assets, but the share is still moderate.

Thirdly, inventories with a share of EUR 144 million (15%) emerges from the asset side of the balance sheet. Inventories have increased and working capital has been committed as the company has grown by 28% in the past three quarters. Inventories have grown at the same pace as net sales and receivables have also risen to EUR 143 million from EUR 96 million in the comparison period. This has increased net working capital to EUR 96 million at the end of Q3 from EUR 61 million in the comparison period.

Merger changes balance sheet situation

The cash situation was good at the end of Q3 but will change significantly after the listing. In pro forma figures, Q3 cash assets are affected by new financing, extra allocation of funds to former owners, repayment of the old shareholder loan, and the use of the funds in VAC's escrow accounts. Together, these should increase cash assets in the merger by some EUR 17 million. At the end of Q3 pro forma cash would with the changes be about EUR 54 million, whereas it was EUR 32 million for Purmo at the end of Q3.

On the liabilities side, the company had 540 MEUR in equity at the end of Q3 before the merger, so the company was very heavily capitalized. In the merger, shareholders' equity will decrease in pro forma figures to about EUR 378 million. The decline is mainly due to the extra distribution of assets before the merger.

As equity decreases, debt rises to a larger role. Long-term liabilities will increase by some EUR 79 million to EUR 357 million. The change is due to the debt financing of the financial package (EUR 278 million), which, e.g., financed the additional allocation of funds. Short-term liabilities, on the other hand, decrease from EUR 330 million to some EUR 230 million as the shareholder loan (EUR 98 million) is repaid. This will improve the maturity distribution of liabilities.

On the liabilities side, we calculate that interest-bearing debt amounted to about EUR 324 million at the end of Q3 with pro forma figures. In interest-bearing liabilities, EUR 37 million was lease liabilities (IFRS 16) and the rest was loans from financial institutions. According to our calculations, the average interest rate for the new debt package is around 2%, so the company has acquired loans with good terms.

In our opinion, the balance sheet will become optimized for shareholders and the company's value creation in connection with the merger. The balance sheet had been overcapitalized in terms of equity before the listing and by optimizing the balance sheet structure the company can achieve better return figures in the future.

Financial position

Purmo Group's balance sheet situation on Sept. 30, 2021, before and after the merger

Assets

	Purmo Group	Pro forma	Diff.
Goodwill	369	369	0
Other intangible assets	36	36	0
Tangible assets	127	127	0
Property, plant and equipment	32	32	0
Other receivables	28	27	0
inventories	144	144	0
Accounts receivable	143	143	0
Purchase money claim from related partiea	31	27	-4
Other receivables	7	7	0
Cash and cash equivalents	32	54	21
Balance sheet total	948	965	17

Liabilities

	Purmo Group	Pro forma	Diff.
Equity	540	378	-161
Non-current interest-bearing debt	8	285	278
Non-current lease liabilities	35	35	0
Other non-current liabilities	30	30	1
Provisions	7	7	0
Current interest-bearing debt	100	2	-98
Current lease liabilities	2	2	0
Accounts payable and other liabilities	213	211	-2
Other current liabilities	8	8	0
Provisions	6	6	0
Balance sheet total	948	965	17

Source: Inderes, Purmo

Estimates 1/3

Basis for the estimates

We estimate the development of Purmo's net sales for the next few years based on the company's objectives, market development and possible acquisitions. In the longer term, we rely on the market's development expectations. In profitability, we rely on the company's historical performance and the profitability level the company is reaching for. Potential acquisitions are not included in our estimates.

In addition, you should note that our figures for 2021 are pro forma figures, which consider that VAC and Purmo are already merged. The historical figures for 2019-2020 are Purmo Group's figures, so the comparability between these years is not optimal. We use pro forma figures in 2021 to improve comparability with 2022.

Stabilization in outlook for the next few years

We believe that the outlook is reasonably good for the company over the next few years, even though certain risk factors create uncertainty. The market is expected to grow at an average annual rate of about 2.5% over the next few years, but due to cyclicality we expect growth will be stronger in some years and weaker in some. 2021 has been a period of strong growth (Q1-Q3'21: +28%), but order books are starting to normalize in line with Purmo's comments. Therefore, we expect the growth rate to stabilize significantly over the next few years closer to expected market growth.

The company expects the adjusted EBITDA to exceed EUR 97 million in 2021 (2020: 85.1 MEUR). The company raised its guidance in connection with the Q3 report, but also commented that the outlook would deteriorate in the last quarter of the year. The comparison period for 2020 was strong and the company guidance expects that the earnings level will fall from this. The reason is that in Q4'20 and also partly in Q1'21, raw material prices were lower than the current high prices. So far, the company been able to meet the challenges of supply chains and cost increases and transferred the increased costs to its own sales prices, especially in the ICS division. In radiators, price hikes have been delayed, but the effects of the delays have been limited. As product demand normalizes and supply increases, it will not be as easy to increase sales prices, even if higher raw material prices would put pressure on the company. That is why we estimate that margins will remain moderate in coming years.

In addition, the COVID pandemic still generates uncertainties, even though the company has so far coped with the pandemic reasonably well. The trend of the construction sector is also critical for the company, especially in terms of housing construction. Housing construction has been very strong since the slump caused by the pandemic and has also increased demand for the company's products. A future cool down of the housing market or a larger economic downturn would have a negative impact on the demand for the company's products. We estimate that the housing market should still be performing well in 2022 due to started projects, but the outlook for 2023 is more uncertain.

2021 will be a very strong year

In view of the above-mentioned outlook, 2021 will be very strong. By Q3, net sales has risen by 28% to EUR 621 million and adjusted EBITDA was EUR 81.1 million (adjusted EBITDA %: 13.1%). In 2021, we expect net sales to increase by 23% to about EUR 827 million due to the strong start of the year. Adjusted EBITDA is expected to reach EUR 99.5 million (adjusted EBITDA %: 12.0%). We expect Q4 net sales to be EUR 206 million and adjusted EBITDA to be EUR 18.4 million (adjusted EBITDA %: 8.9%). Uncertainty in the figures for the last quarter of the year is created by a strong comparison period and stabilizing product demand, as well as high raw material prices.

We expect reported EBITDA to be EUR 88 million (2020: 71.9 MEUR) and operating profit to increase to approximately EUR 55 million (2020: 42 MEUR). The reported figures are depressed by adjustments related to the IPO and reorganizations. We expect that financial expenses will be slightly elevated in 2021 due to listing arrangements. We estimate reported EPS will rise to EUR 0.77 from EUR 0.61 in the comparison period. We use the outstanding shares as the number of shares (40.7 million). With our estimates, EPS would grow strongly by 26% in 2021 thanks to a good start of the year. We expect the company to distribute EUR 0.30 per share as dividend, which is about 40% of net profit.

Estimates 2/3

In 2022, we expect growth to stabilize

For 2022, we expect a clear leveling off of market growth from the high levels. Based on the company's short history and outlook, it is still difficult to estimate the level of demand stabilization in question. As Purmo does not publish its order book, guidelines are only sought from the expected development of the market and the wording of the outlook.

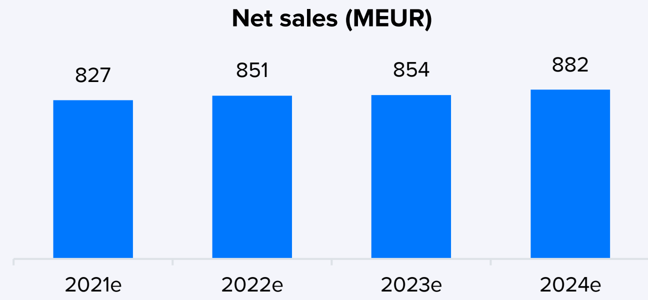
We do, however, expect growth to continue after 2021, but as we said, there are still clear uncertainties about its level. We expect that the beginning of the year will suffer slightly from a strong comparison period, but this should level off towards the end of the year. In the first half of the year, and in particular in the first quarter of 2021, the prices of sold products were normal, but the costs were even lower than they are at present. At the same time, we estimate that the demand/supply picture will become balanced as the end market cools down from the high levels. This could lead to price increases becoming more difficult or even lower prices, which would have an impact on net sales and profitability.

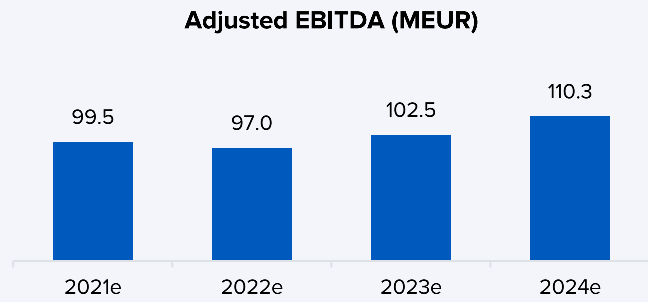
In 2022, considering the above factors, we expect net sales growth of around 3% to EUR 851 million. Although the market situation will calm down a bit, we believe that the company's growth investments in solution sales and growth countries (China and Russia) will generate results. We expect the earnings level to be almost on level with the previous year at EUR 97.0 million (2021e: 99.5 MEUR). However, margins are expected to decrease in 2022 through the company's growth efforts, raw material price increases and the balancing of the demand/supply picture to about 11.4% (2021e: 12.0%).

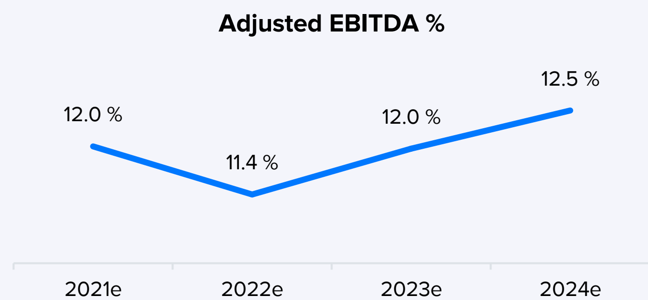
After 2023, the market will pick up again

In 2023, we expect the company's growth to slow down further and net sales to be at the 2022 level. We expect the market situation to calm down after two or three good years, which also limits Purmo's growth. The housing market, where Purmo's products are mainly used, has been performing really well over the past few years and 2022 also looks reasonably good at the moment. However, we expect that the market will cool down more clearly in 2023, which will also hit Purmo's market. We believe,however, that with its investments, Purmo is able to keep its net sales level unchanged and that net sales will be some EUR 854 million in 2023. In 2024, we expect the market situation to pick up again and net sales start to grow by about 3% and amount to EUR 882 million.

We expect the profitability margins to start improving again in 2023 and further in 2024. We believe that the front-loaded costs from growth investments will no longer affect profitability, the efficiency program in line with the strategy progresses, and the price pressure on the market lightens, which will help Purmo improve its margins. We estimate that the adjusted EBITDA margin will increase to around 12.0% in 2023 and further to some 12.5% in 2024 supported by volume growth.







Source: Inderes

Estimates 3/3

Still far from target levels

Purmo aims for organic growth exceeding market growth during the strategy period. The market is expected to grow by about 2.5% over the next few years, while we expect Purmo to grow at an annual rate of nearly 3% in 2022-2025. In relation to this, we estimate that the company will be able to reach its targets in terms of net sales growth. In addition there are, of course, acquisitions, which we do not estimate but find them likely in the next few years.

We are more moderate when it comes to profitability targets. The company's objective is an adjusted EBITDA margin of over 15% in the medium and long term. The medium term is likely to refer to 3-5 years, which means the company expects to achieve it by 2026. We are still clearly below the company's target in the coming years and also in the longer term. The 12.7% margin in 2020 was a very good performance, whereas prior to it the company had on average reached around 9.5% EBITDA margins. Competitors have not performed as well as Purmo, so it is difficult to find support for the objective from better profitability among peers.

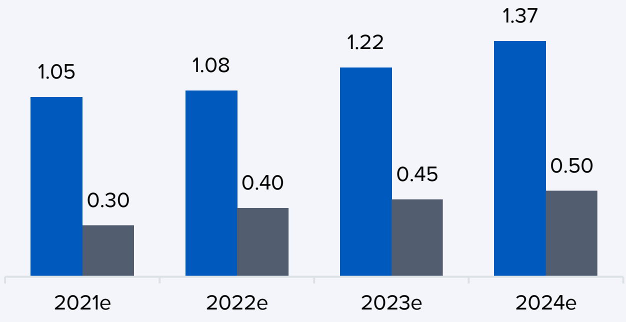
We expect that with its actions the company can gradually increase its EBITDA margin in 2024 to 12.5%, but we believe that taking the next step will require more evidence from the company. If the company appears to be able to exceed our expectations with is actions, there is upside in our estimates in the medium and long term. At the moment, however, we keep our expectations conservative compared to the objectives, albeit at a very optimistic level in relation to history.

Long term estimates

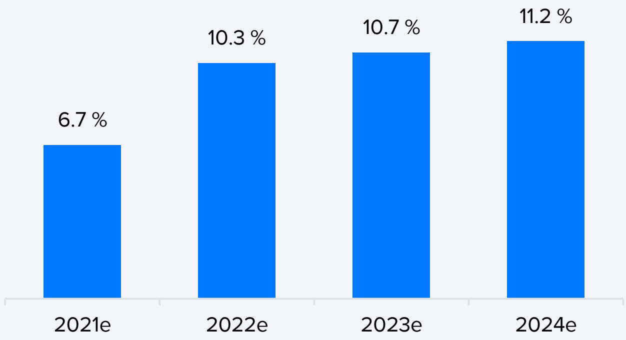
After 2024, we expect the company's growth to start slowing down for the longer term, but still be at a good level. Based on our estimates the company's organic growth rate is about 3% during 2025-2029 and will slow down to about 2% in the long term. We also believe the company's market growth is at a good level in the long term, thanks to favorable megatrends.

We expect Purmo's profitability to remain at a stable good level and it may also have upside potential in the long term if the target levels prove realistic. We do, however, keep our profitability expectations moderate in the long term. Our terminal EBITDA margin estimate is 11% and EBIT margin 8%. The level is high compared to history, but low relative to the objectives. We expect more sustainable displays from the company on the level of profitability.

EPS (adj.) and dividend/share



ROE-%



Source: Inderes

Income statement

Income statement	2019	2020	Q1-Q3'21	Q4'21e	2021e	2022e	2023e	2024e
Revenue	**697**	**671**	**621**	**206**	**827**	**851**	**854**	**882**
EBITDA	**54.2**	**71.9**	**69.6**	**18.4**	**88.0**	**97.0**	**102.5**	**110.3**
EBITDA (adj.)	**65.4**	**85.1**	**81.1**	**18.4**	**99.5**	**97.0**	**102.5**	**110.3**
Depreciation	-26.3	-29.9	-23.4	-9.4	-32.8	-32.3	-31.4	-31.5
EBIT	**27.9**	**42.0**	**46.2**	**9.0**	**55.2**	**64.7**	**71.1**	**78.8**
Net financial items	-12.0	-10.1	-9.0	-2.0	-11.0	-9.6	-9.2	-9.0
PTP	**15.9**	**31.9**	**37.2**	**7.0**	**44.2**	**55.1**	**61.9**	**69.8**
Taxes	-2.0	-6.6	-11.7	-1.4	-13.1	-11.0	-12.4	-14.0
Minority interests	-0.1	-0.4	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**13.7**	**24.9**	**25.5**	**5.6**	**31.1**	**44.1**	**49.5**	**55.8**
EPS (adj.)	**0.61**	**0.94**	**0.91**	**0.14**	**1.05**	**1.08**	**1.22**	**1.37**
EPS (rep.)	**0.34**	**0.61**	**0.63**	**0.14**	**0.77**	**1.08**	**1.22**	**1.37**

Key figures	2019	2020	Q1-Q3'21	Q4'21e	2021e	2022e	2023e	2024e
Revenue growth %	2.2 %	-3.7 %	-	-	23.2 %	2.9 %	0.4 %	3.3 %
Adj. EBITDA growth %	0.6 %	30.2 %	-	-	16.9 %	-2.5 %	5.6 %	7.6 %
EBITDA %	7.8 %	10.7 %	11.2 %	8.9 %	10.6 %	11.4 %	12.0 %	12.5 %
Adjusted EBITDA %	9.4 %	12.7 %	13.1 %	8.9 %	12.0 %	11.4 %	12.0 %	12.5 %
Net earnings %	2.0 %	3.7 %	4.1 %	2.7 %	3.8 %	5.2 %	5.8 %	6.3 %

Source: Inderes 2021 Pro forma, 2019-2020 Purmo Group

Balance sheet

Assets	2019	2020	2021e	2022e	2023e
Non-current assets	**612**	**596**	**579**	**576**	**573**
Goodwill	365	365	369	369	369
Intangible assets	39.6	38.0	36.1	34.1	32.3
Tangible assets	184	164	146	147	148
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	3.2	3.1	7.0	6.0	5.0
Deferred tax assets	19.5	25.5	20.0	20.0	18.0
Current assets	**277**	**240**	**417**	**449**	**477**
Inventories	114	105	139	140	139
Other current assets	82.8	26.7	32.0	30.0	28.0
Receivables	67.3	53.1	138	136	135
Cash and equivalents	12.6	55.0	108	143	175
Balance sheet total	**889**	**836**	**995**	**1026**	**1050**

Source: Inderes

2021 Pro forma, 2019-2020 Purmo Group

Liabilities & equity	2019	2020	2021e	2022e	2023e
Equity	**518**	**517**	**412**	**444**	**478**
Share capital	0.0	0.0	3.1	3.1	3.1
Retained earnings	3.4	25.1	56.2	88.1	121
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	513	490	353	353	353
Minorities	1.3	1.8	0.0	0.0	0.0
Non-current liabilities	**99.8**	**70.7**	**357**	**357**	**317**
Deferred tax liabilities	4.0	3.9	6.0	6.0	6.0
Provisions	4.6	7.3	7.0	7.0	7.0
Long term debt	63.7	29.7	320	320	280
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	27.5	29.8	24.0	24.0	24.0
Current liabilities	**271**	**248**	**226**	**224**	**256**
Short term debt	116	100	5.0	5.0	40.0
Payables	148	142	206	204	201
Other current liabilities	6.6	6.1	15.0	15.0	15.0
Balance sheet total	**889**	**836**	**995**	**1026**	**1050**

Valuation 1/4

Basis for valuation

We price Purmo primarily through performance-based valuation multiples. We prefer the EV/EBIT multiple and the P/E multiple. We also believe that a volume-based valuation (EV/S) provides good support as a profit-neutral valuation level. In addition, we compare the valuation to an extensive global peer group. We have prepared a DCF calculation and tried to assess the company's value in different scenarios.

Cyclicality is reflected in sector valuations

Purmo operates in the construction products sector and has a noteworthy peer on Nasdaq Helsinki, Uponor. Uponor's business is primarily related to piping and in the construction sector its focus lies more on infrastructure than in Purmo. However, Uponor operates globally like Purmo and is priced on Nasdaq Helsinki like Purmo. In addition, Uponor is a major competitor for Purmo in the ICS division. Therefore, we feel that Uponor's valuation can be applied as a basis for Purmo's acceptable level. The business profiles in terms of profitability and growth have been highly similar in recent years.

Purmo produces good cash flow, has good growth prospectscan reach a good return on capital and is already profitable compared to the sector, and it has clear improvement potential in its performance relative to its objectives, which should increase the company's acceptable valuation. Uponor's market cap and net sales are slightly larger than Purmo's, and it already has clear historical evidence of its performance as a more established player on the stock exchange. Because of Purmo's development stage and smaller size, we feel that the acceptable multiples should not, at least yet, significantly exceed Uponor's.

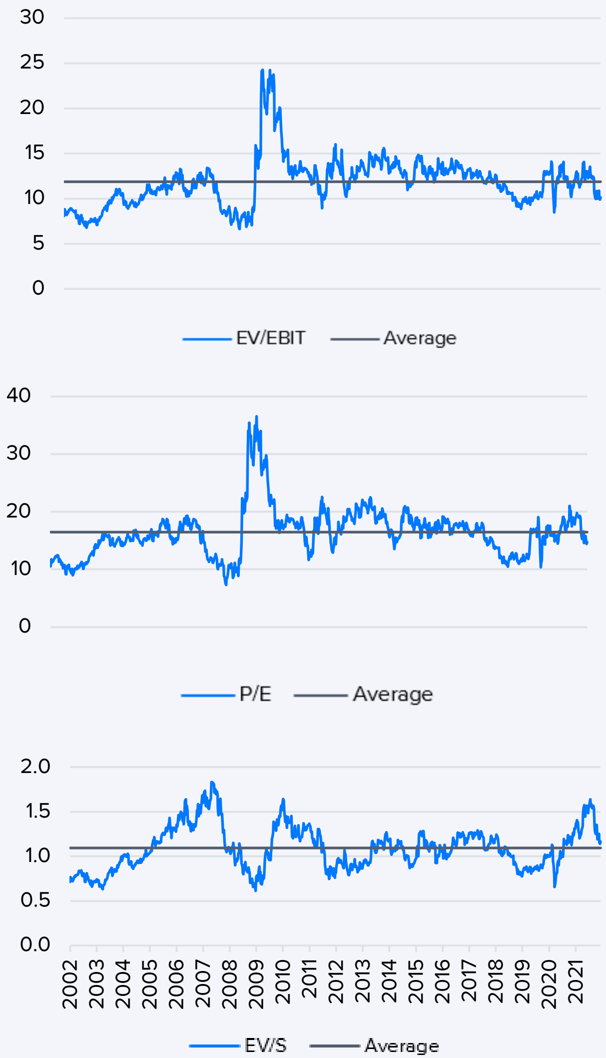
On the right, we show Uponor's long-term valuation graphs that we use as the basis for determining acceptable valuation levels. As the graphs indicate, multiples have fluctuated considerably with economic cycles, which underlines the cyclicality in the valuation of construction product companies.

Since 2002 the forward-looking EV/EBIT ratio has been about 12x and the P/E ratio about 16x. The EV/S ratio has been approximately 1.1x. Since 2010, the multiples have remained reasonably close to the long-term average, which supports using the average.

We believe that multiples at least similar to Uponor's should be accepted for Purmo due to its heavy growth-seeking and clear earnings growth potential. Considering this, our acceptable valuation range for Purmo is: EV/EBIT: 12-14X and P/E 14-16x. At 1.0x we believe that the result neutral EV/S supports the company if everything progresses as planned.

There is upside in the multiples if the company continues to grow and improves it profitability towards the objectives. However, multiples can also decline quickly if the earnings level falls below expectations.

Uponor's historic valuation (Forward) provides good basis for Purmo's ratios



Source: Refinitiv (consensus), Inderes

Valuation 2/4

Absolute multiples

We are already looking more closely at Purmo's 2022 valuation level, although we also believe that the 2021 earnings level provides a reasonably good benchmark. However, the 2021 earnings level is already reasonably well known and the market follows the next few years.

In 2021, the valuation is already moderate (2021e: adj. EV/EBIT 12x, adj. P/E: 14) and offers an upside to our acceptable levels. In 2022, the valuation drops slightly (2022e: adj. EV/EBIT 12x, adj. P/E: 14) to a more attractive level. Considering 2022 estimates and the medium level of the valuation range we accept (EV/EBIT: 13x, P/E: 15x), the share would offer an upside of around 10%. We are now relying on the average level of our acceptable levels, but the company's development stage, short visibility and uncertainty concerning cost pressures and demand stabilization can if developing in the wrong direction lower the acceptable valuation. As the growth outlook improves and the uncertainty in the market disperses, we can rely more firmly on the upper end of our valuation range.

Volume-based EV/Sales is around 1.0x in 2021 and will fall to around 0.9x in 2022. There is also upside in this ratio when we look into next year. However, we use the EV/Sales ratio mainly as support for other valuation.

We expect a growing dividend from the company over the next few years. We do not feel the dividend is a key driver for the share yet, but it supports the return expectation slightly. For the next few years, the dividend yield is moderate at about 2-3%. We expect that the payout ratio will be around 40% for the next few years.

Peer group

Purmo has a reasonably good peer group available from European listed companies in the industry. The peer group includes players in the radiator market and in the ICS market. Most peers are larger global players and the best peers have also had stronger historic growth and profitability than Purmo.

The median 2022e EV/EBIT ratio for the peer group is around 17x while the corresponding P/E ratio is some 24x. This is about 40% above Purmo's 2022 valuation level. Thus, looking into 2022, the valuation level of the peers is very high compared to Purmo. However, the differences between the larger and smaller players are significant. Players on the largest capital markets are valued clearly higher than, e.g., in Finland. On the other hand, these also have clear evidence of historical value creation.

If Purmo is successful in its strategy and objectives, we believe there is upside in the multiples closer to the international peers. Due to the company's development stage and smaller size, we are still applying a discount of around 20% to the peer group median. Even with a 20% discount, the upside to in the peer group valuation is clear.

Valuation	2021e	2022e	2023e
Share price	14.8	14.8	14.8
Number of shares, millions	40.7	40.7	40.7
Market cap	602	602	602
EV	819	784	747
P/E (adj.)	14.1	13.7	12.2
P/B	1.5	1.4	1.3
P/S	0.7	0.7	0.7
EV/Sales	1.0	0.9	0.9
EV/EBITDA	8.2	8.1	7.3
EV/EBIT (adj.)	12.3	12.1	10.5
Payout ratio (%)	39.2 %	36.9 %	37.0 %
Dividend yield-%	2.0 %	2.7 %	3.0 %

Source: Inderes

Peer company valuation 2022e	EV/EBIT	EV/EBITDA	P/E
Nibe Industrier AB	53.5	41.2	72.6
Aalberts NV	14.0	10.3	20.9
Lindab International AB	17.3	13.3	24.1
Systemair AB	24.7	17.2	33.6
Genuit Group PLC	16.1	12.7	17.9
Uponor Oyj	10.3	7.7	14.9
Arbonia AG	18.4	9.0	26.7
Volution Group PLC	18.7	14.6	24.6
Zehnder Group AG	13.3		21.3
Median	**17.3**	**13.0**	**24.1**
Purmo (Inderes)	**12.1**	**8.1**	**13.7**
Discount/premium	**-30.1 %**	**-37.8 %**	**-43.2 %**
Average	**-37.0 %**		

Source:Inderes

Valuation 3/4

DCF valuation

We also use the DCF model in the valuation. However, the cash flow model is sensitive to the variables of the terminal period, so its weight is still low. The value of the share in our DCF model is EUR 17.2 with moderate expectations relative to the company's objectives.

In our model, the company's net sales growth will stabilize at 2% in the terminal period after stronger medium-term growth, and the EBIT margin will be 8% of net sales. This corresponds with an EBITDA margin of some 11% using our estimates. Profitability is still well below the company's target level of over 15% EBITDA margin, but we are waiting for more evidence on sustainable profitability.

In a scenario approach, the value of our DCF model would increase to approximately EUR 23 if profitability was at the company's target level. With the historical EBITDA % level of around 9%, the value of our DCF model would be around EUR 14. Therefore, the expected value of our scenarios is clearly positive with the current share price.

The average cost of capital (WACC) used is 9.0% and the cost of equity is 12.6%. We do not believe that the return requirement level has much downside in the short term. We believe, an increase in the DCF value should come through improving cash flows in the company.

Scenario in line with objectives

We have examined the value of the company in a scenario where Purmo meets its profitability targets. In the scenario, the company would reach the 15% EBITDA margin it seeks in 2025.

In our scenario, the company would generate EUR 917 million in net sales and EUR 138 million EBITDA in 2025, as estimated. This corresponds to a 15% EBITDA margin. Operating profit in our scenario would be some EUR 110 million, which corresponds to 12% EBIT margin. We have used the middle of our range (13x) as the acceptable valuation, which would mean an EV of some EUR 1,431 million in 2025. We do, however, believe that there could be upside in the valuation to above our range closer to the previously presented peer levels if the company would reach its objectives.

In terms of net debt, we have estimated that it would be at a level of 2.5x compared to EBITDA, i.e., below the company's target level (net debt/EBITDA<3x). Thus the market cap would be around EUR 1,087 million in 2025. With the current number of shares the value of the share would be some EUR 27 at the end of 2025.

At the current share price, the upside of the share compared to the current value is around 80%. This would result in an annual return of 16% until 2025. In addition, annual dividends of some 2-3% should be included. This is clearly above our return requirement. If this scenario materializes, the upside in Purmo's share is significant.

Clear upside in the share if objectives are met

Earnings level 2025e (MEUR)	
Revenue	**917**
EBITDA	**138**
EBIT	**110**
Accepted valuation level	
EV/EBIT	**13**
Value of entire stock (MEUR)	
EV 2025e	**1431**
Net debt 2025e (2.5 x EBITDA)	**344**
Market cap 2025e	**1087**
Value of the share 2025e (EUR)	**26.7**
Annual return expectation	**16%**

Source: Inderes

Valuation 4/4

Target price and recommendation

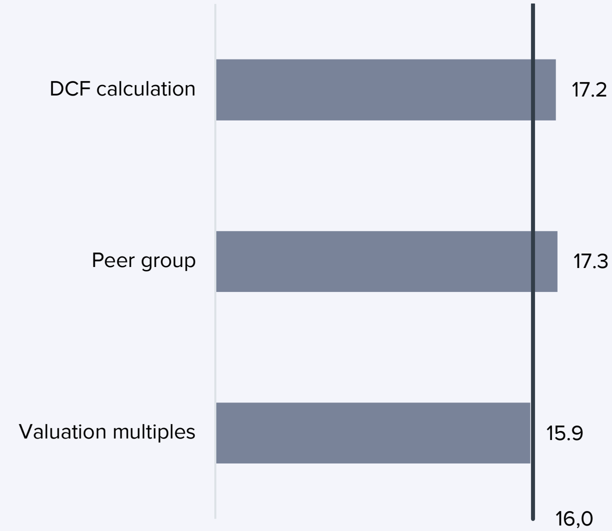
We initiate coverage of Purmo with an Accumulate recommendation and a target price of EUR 16.0. In our valuation, we primarily utilize accepted valuation multiples, the peer group and the DCF calculation with a lower weight.

With our estimates Purmo's valuation is clearly below the peers, even though performance compared to the peers has been good in its short history. In absolute terms, we also believe that the valuation has not fully considered the company's earnings level. In addition to the upside in the valuation the share's return expectation is supported by the 2-3% dividend yield that raises the annual return expectation to around 10-15%.

The risks are a clearer cooling of the market, or even a decline, which would also expose Purmo's growth outlook to change. In terms of profitability, uncertainty is caused by cost pressures and keeping up the results of efficiency measures. However, we have tried to include the risk factors in our estimates and our acceptable valuation. In a cyclically sensitive business area risks cannot be emphasized too much in our opinion.

If the company manages to exceed our estimates and the market situation continues in line with current assumptions, there may be upside in the valuation towards the top end of our range. We believe, however, that this requires more visibility into the growth outlook and proof of maintaining good profitability.

Target price formation

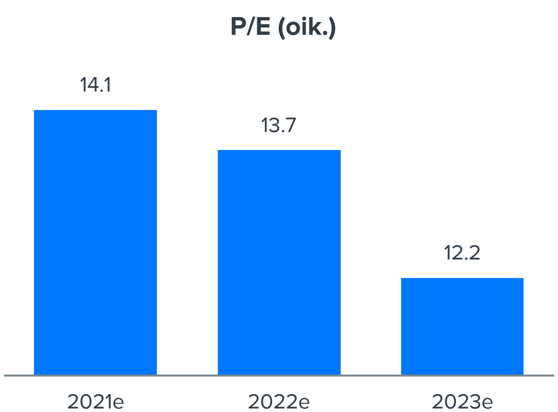


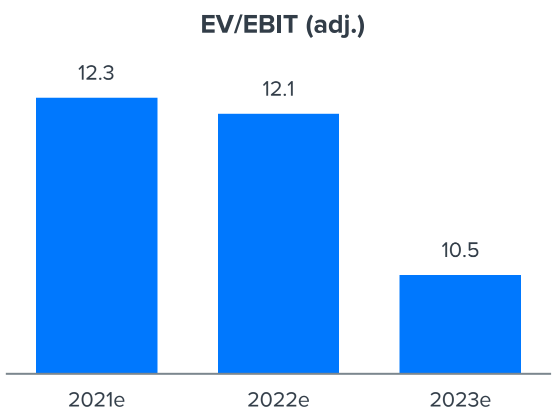
Source: Inderes

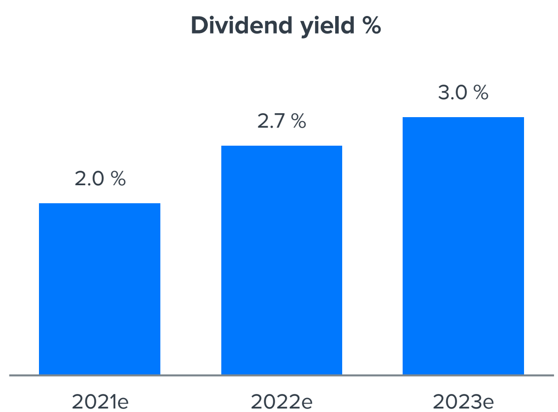
Valuation

Valuation	2021e	2022e	2023e	2024e
Share price	14.8	14.8	14.8	14.8
Number of shares, million	40.7	40.7	40.7	40.7
Market cap	602	602	602	602
EV	819	784	747	706
P/E (adj.)	14.1	13.7	12.2	10.8
P/B	1.5	1.4	1.3	1.2
P/S	0.7	0.7	0.7	0.7
EV/Sales	1.0	0.9	0.9	0.8
EV/EBITDA (adj.)	8.2	8.1	7.3	6.4
EV/EBIT (adj.)	12.3	12.1	10.5	9.0
Payout ratio (%)	39.2 %	36.9 %	37.0 %	36.4 %
Dividend yield %	2.0 %	2.7 %	3.0 %	3.4 %

Source: Inderes







Peer group valuation

Peer group valuation	Share price	Market cap	EV	EV/EBIT		EV/EBITDA		EV/Sales		P/E		Dividend yield-%		P/B
Company		**MEUR**	**MEUR**	**2021e**	**2022e**	**2021e**	**2022e**	**2021e**	**2022e**	**2021e**	**2022e**	**2021e**	**2022e**	**2021e**
Nibe Industrier AB	131.50	22966	23379	58.8	53.5	45.5	41.2	8.7	7.8	77.7	72.6	0.4	0.4	12.9
Aalberts NV	56.96	6340	6990	15.6	14.0	11.4	10.3	2.2	2.1	24.6	20.9	1.5	1.7	3.2
Lindab International AB	317.60	2453	2603	19.0	17.3	15.6	13.3	2.5	2.3	32.4	24.1	1.1	2.0	4.3
Systemair AB	103.50	2109	2259	35.1	24.7	22.5	17.2	2.7	2.2	53.3	33.6	0.8	0.9	6.0
Genuit Group PLC	586.00	1742	1963	17.2	16.1	13.1	12.7	2.6	2.6	21.0	17.9	1.9	2.2	
Uponor Oyj	20.82	1534	1565	10.4	10.3	7.9	7.7	1.3	1.2	15.8	14.9	3.7	4.0	3.7
Arbonia AG	20.45	1379	1533	16.1	18.4	10.0	9.0	1.2	1.1	25.0	26.7	1.5	1.7	1.4
Volution Group PLC	553.00	1312	1412	20.7	18.7	15.8	14.6	3.8	3.5	26.8	24.6	1.1	1.2	
Zehnder Group AG	91.90	870	772		13.3					19.7	21.3	1.9	2.2	3.1
Purmo (Inderes)	**14.80**	**602**	**819**	**12.3**	**12.1**	**8.2**	**8.1**	**1.0**	**0.9**	**14.1**	**13.7**	**2.0**	**2.7**	**1.5**
Average				**24.1**	**20.7**	**17.7**	**15.7**	**3.1**	**2.9**	**32.9**	**28.5**	**1.6**	**1.8**	**5.0**
Median				**18.1**	**17.3**	**14.4**	**13.0**	**2.6**	**2.3**	**25.0**	**24.1**	**1.5**	**1.7**	**3.7**
Diff-% to median				***-32%***	***-30%***	***-43%***	***-38%***	***-61%***	***-60%***	***-43%***	***-43%***	***38%***	***61%***	***-61%***

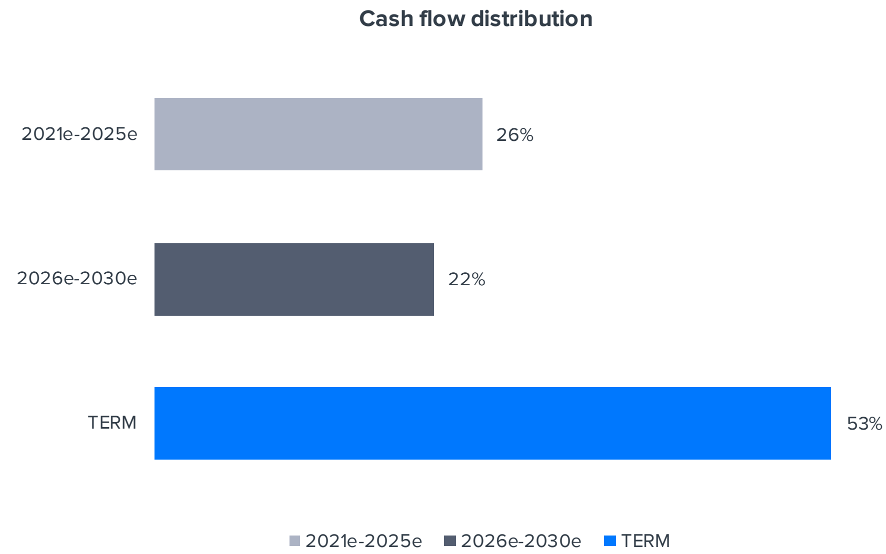
Source: Thomson Reuters / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

DCF calculation

DCF model	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	TERM
EBIT (operating profit)	**42.0**	**55.2**	**64.7**	**71.1**	**78.8**	**78.0**	**76.0**	**78.2**	**80.2**	**81.8**	**83.4**	
+ Depreciation	29.9	32.8	32.3	31.4	31.5	31.6	31.6	31.7	31.7	31.7	31.7	
- Paid taxes	0.0	-5.5	-11.0	-10.4	-12.0	-13.9	-13.5	-14.1	-14.5	-14.8	-15.1	
- Tax, financial expenses	-2.1	-3.2	-1.9	-1.8	-1.8	-1.7	-1.7	-1.6	-1.6	-1.6	-1.6	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	72.5	-50.9	0.8	0.9	0.5	-1.6	-2.9	-2.6	-2.2	-1.8	-1.8	
Operating cash flow	**142**	**28.5**	**84.9**	**91.1**	**97.0**	**92.4**	**89.5**	**91.7**	**93.6**	**95.3**	**96.6**	
+ Change in other long-term liabilities	5.0	-6.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-8.4	-20.7	-30.0	-30.0	-31.0	-31.0	-31.0	-31.0	-31.0	-31.0	-35.2	
Free operating cash flow	**139**	**1.7**	**54.9**	**61.1**	**66.0**	**61.4**	**58.5**	**60.7**	**62.6**	**64.3**	**61.4**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	139	1.7	54.9	61.1	66.0	61.4	58.5	60.7	62.6	64.3	61.4	890
Discounted FCFF		**1.7**	**50.4**	**51.5**	**51.0**	**43.5**	**38.0**	**36.2**	**34.2**	**32.2**	**28.2**	**409**
Sum of FCFF present value		776	775	724	673	622	578	540	504	470	438	409
Enterprise value DCF		**776**										
- Interesting bearing debt		-130.2										
+ Cash and cash equivalents		55.0										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		**701**										
Equity value DCF per share		**17.2**										

Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	35.0 %
Cost of debt	3.0 %
Equity Beta	1.60
Market risk premium	4.75%
Liquidity premium	3.00%
Risk free interest rate	2.0 %
Cost of equity	**12.6 %**
Weighted average cost of capital (WACC)	**9.0 %**

Source: Inderes



Summary

Income statement	2021e	2022e
Revenue	827.0	851.0
EBITDA	88.0	97.0
EBIT	55.2	64.7
PTP	44.2	55.1
Net Income	31.1	44.1
Extraordinary items	-11.4	0.0

Balance sheet	2021e	2022e
Balance sheet total	995.3	1025.5
Equity capital	412.4	444.3
Goodwill	369.2	369.2
Net debt	217.2	182.2

Cash flow	2021e	2022e
EBITDA	88.0	97.0
Change in working capital	-50.9	0.8
Operating cash flow	28.5	84.9
CAPEX	-20.7	-30.0
Free cash flow	1.7	54.9

Valuation multiples	2021e	2022e
EV/S	1.0	0.9
EV/EBITDA (adj.)	8.2	8.1
EV/EBIT (adj.)	12.3	12.1
P/E (adj.)	14.1	13.7
P/B	1.5	1.4
Dividend-%	2.0 %	2.7 %

Source: Inderes

Per share data	2021e	2022e
EPS (reported)	0.77	1.08
EPS (adj.)	1.05	1.08
OCF / share	0.70	2.09
FCF / share	0.04	1.35
Book value / share	10.14	10.92
Dividend / share	0.30	0.40

Growth and profitability	2021e	2022e
Revenue growth-%	23%	3%
EBITDA growth-%	22%	10%
EBIT (adj.) growth-%	-28%	-3%
EPS (adj.) growth-%	-43%	3%
EBITDA-%	10.6 %	11.4 %
EBIT (adj.)-%	8.1 %	7.6 %
EBIT-%	6.7 %	7.6 %
ROE-%	6.7 %	10.3 %
ROI-%	8.0 %	8.6 %
Equity ratio	41.4 %	43.3 %
Gearing	52.7 %	41.0 %

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 price	Share price
05-01-22	Accumulate	16.00 €	14.80 €

Inderes' mission is to connect listed companies and investors. We produce high-quality research and content for the needs of our extensive investor community.

At Inderes we believe that open data is every investor's fundamental right. We guarantee investors' access to award-winning research, insightful video content and an active investor community.

For listed companies we ensure that there is always high-quality information available on the company for investors and shareholders for decision making, and that data collected from investors can be utilized by the companies.

Over 100 Finnish listed companies want to serve their shareholders and investors through us by utilizing our company research services, data driven IR services, content creation and consulting.

Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at **inderes.fi**

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

Petri Kajaani
2017, 2019, 2020

Joni Grönqvist
2019, 2020

Erkki Vesola
2018, 2020

Petri Gostowski
2020

Atte Riikola
2020

Olli Koponen
2020

Research belongs
to everyone.