

Smooth sailing

Talenom's Q1 earnings brought no larger surprises. The acquisition of Sweden-based Wakers Consulting and the upgraded guidance greatly reduced two of the in our view main uncertainties and the outlook continues to look solid. We retain our BUY-rating with a TP of EUR 35 (24.5).

No larger surprises in Q1 results

Talenom's Q1 results did not deviate substantially from our estimates, with revenue at EUR 14.8m (Evli 14.7m) and EBIT at EUR 3.4m (Evli EUR 3.2m). Talenom revised its guidance earlier in Q1 and expects net sales growth in 2019 to increase (prev. remain at a similar pace) compared to 2018 (18.0%) and the operating profit margin to improve (prev. improve slightly) (2018: 17.5%). The hidden gem in our view is the profitability guidance upgrade, as the improvement is expected to stem from development of the accounting production line during H2/19, which we expect to support margin improvement in 2020.

Viewing expansion with caution

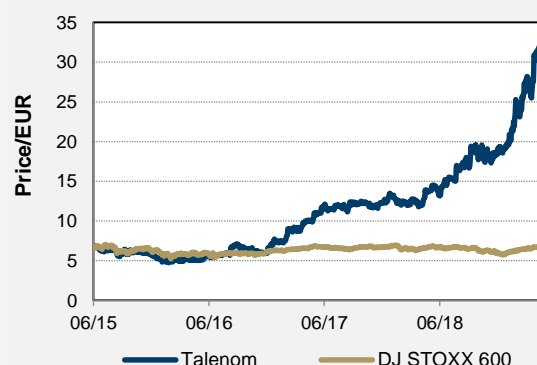
Talenom acquired Wakers Consulting during Q1, opening up its first operations outside Finland. The characteristics of the acquired firm in our view proves to show a continued healthy sense of risk aversity, as by size Wakers Consulting is not far from what we would consider a minimum for soundly being able to implement the intended organically driven growth strategy. Management comments on expansion plans imply limited investment needs and erases the in our view biggest uncertainties related to the expansion.

BUY with a target price of EUR 35 (24.5) per share

We have pre-Q1 been cautious to margin improvement potential, which now looks probable also in 2020 through accounting line development during H2/19. Although share price inclines have stretched valuation, with the lower expansion and margin improvement uncertainty we are prepared to accept higher multiples and value Talenom at 27.5x and 22.1x 2019E and 2020E P/E respectively, for a TP of EUR 35 (24.5), reiterating our BUY-rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 32.00

Target price, EUR 35.0

Latest change in recommendation 05-Feb-19

Latest report on company 05-Feb-19

Research paid by issuer: YES

No. of shares outstanding, '000's 6,872

No. of shares fully diluted, '000's 6,872

Market cap, EURm 220

Free float, % 57.0

Exchange rate 0.000

Reuters code TNOM.HE

Bloomberg code TNOM FH

Average daily volume, EURm 0.07

Next interim report 29-Jul-19

Web site www.talenom.fi

Analyst Jerker Salokivi

E-mail jerker.salokivi@evli.com

Telephone +358 9 4766 9149

BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	41	5	11.7%	4	0.50	23.4	2.5	8.9	21.6	0.32
2018	49	9	17.5%	8	0.93	20.6	3.2	10.8	18.4	0.55
2019E	59	12	19.5%	11	1.27	25.1	4.2	14.3	21.3	0.75
2020E	69	14	20.7%	14	1.58	20.2	3.6	12.0	17.3	0.95
2021E	77	16	21.0%	16	1.82	17.6	3.1	10.6	15.0	1.09
Market cap, EURm	220		BV per share 2019E, EUR		3.6		CAGR EPS 2018-21, %		25.3	
Net debt 2019E, EURm	25		Price/book 2019E		8.8		CAGR sales 2018-21, %		16.6	
Enterprise value, EURm	245		Dividend yield 2019E, %		2.3		ROE 2019E, %		40.1	
Total assets 2019E, EURm	67		Tax rate 2019E, %		20.0		ROCE 2019E, %		21.4	
Goodwill 2019E, EURm	19		Equity ratio 2019E, %		37.5		PEG, P/E 19/CAGR		1.5	

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

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	32.00 PV of Free Cash Flow	68 Long-term growth, %	2.3 Risk-free interest rate, %
DCF share value	27.65 PV of Horizon value	152 WACC, %	7.4 Market risk premium, %
Share price potential, %	-13.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	31.4 Marketable securities	6 Minimum WACC, %	6.9 Equity beta coefficient
Minimum value	24.5 Debt - dividend	-35 Maximum WACC, %	7.9 Target debt ratio, %
Horizon value, %	69.1 Value of stock	190 Nr of shares, Mn	6.9 Effective tax rate, %

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	49	59	69	77	85	91	97	101	107	112	114	117
<i>Sales growth, %</i>	<i>18.0</i>	<i>20.9</i>	<i>16.0</i>	<i>13.0</i>	<i>10.0</i>	<i>7.0</i>	<i>6.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>2.3</i>	<i>2.3</i>
Operating income (EBIT)	9	12	14	16	18	17	18	18	19	20	21	21
<i>EBIT margin, %</i>	<i>17.5</i>	<i>19.5</i>	<i>20.7</i>	<i>21.0</i>	<i>21.0</i>	<i>19.0</i>	<i>19.0</i>	<i>18.0</i>	<i>18.0</i>	<i>18.0</i>	<i>18.0</i>	<i>18.0</i>
+ Depreciation+amort.	5	7	8	9	9	10	11	12	12	13	13	
- Income taxes	-1	-2	-3	-3	-4	-3	-4	-4	-4	-4	-4	
- Change in NWC	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	0	
<i>NWC / Sales, %</i>	<i>-4.6</i>	<i>-1.9</i>	<i>-0.1</i>	<i>1.2</i>	<i>2.1</i>	<i>2.7</i>	<i>3.2</i>	<i>3.6</i>	<i>3.9</i>	<i>4.3</i>	<i>4.4</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-18	-12	-12	-13	-13	-13	-13	-14	-14	-15	-15	-15
<i>Investments / Sales, %</i>	<i>36.2</i>	<i>20.5</i>	<i>17.7</i>	<i>16.3</i>	<i>14.9</i>	<i>14.1</i>	<i>13.8</i>	<i>13.5</i>	<i>13.5</i>	<i>13.5</i>	<i>12.7</i>	<i>12.7</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	-6	3	6	8	10	11	12	12	13	13	15	302
= Discounted FCF (DFCF)		3	5	7	8	8	8	7	7	7	8	152
= DFCF min WACC		3	6	7	8	8	8	8	8	7	8	176
= DFCF max WACC		3	5	7	8	7	8	7	7	7	7	132

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	13	13	11	12	49	15	14	14	16	59	69	77
EBITDA	4	4	3	3	14	5	5	4	5	19	22	25
<i>EBITDA margin (%)</i>	<i>29.3</i>	<i>30.8</i>	<i>27.4</i>	<i>24.4</i>	<i>28.0</i>	<i>34.8</i>	<i>34.0</i>	<i>29.7</i>	<i>29.2</i>	<i>31.9</i>	<i>32.4</i>	<i>32.3</i>
EBIT	3	3	2	1	9	3	3	2	3	12	14	16
<i>EBIT margin (%)</i>	<i>20.7</i>	<i>20.6</i>	<i>16.6</i>	<i>11.8</i>	<i>17.5</i>	<i>23.3</i>	<i>22.2</i>	<i>17.4</i>	<i>15.5</i>	<i>19.5</i>	<i>20.7</i>	<i>21.0</i>
Net financial items	0	0	0	0	-1	0	0	0	0	-1	-1	-1
Pre-tax profit	2	2	2	1	8	3	3	2	2	11	14	16
Tax	0	-1	0	0	-2	-1	-1	0	0	-2	-3	-3
<i>Tax rate (%)</i>	<i>19.9</i>	<i>20.6</i>	<i>19.3</i>	<i>20.8</i>	<i>20.1</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	2	2	1	1	6	3	2	2	2	9	11	13
EPS	0.29	0.29	0.21	0.15	0.93	0.38	0.36	0.26	0.27	1.27	1.58	1.82
EPS adjusted (diluted no. of shares)	0.29	0.29	0.21	0.15	0.93	0.38	0.36	0.26	0.27	1.27	1.58	1.82
Dividend per share	0.00	0.00	0.00	0.00	0.55	0.00	0.00	0.00	0.00	0.75	0.95	1.09
SALES, EURm												
Talenom	13	13	11	12	49	15	14	14	16	59	69	77
Total	13	13	11	12	49	15	14	14	16	59	69	77
SALES GROWTH, Y/Y %												
Talenom	18.1	17.9	19.8	16.3	18.0	16.1	14.8	23.8	29.3	20.9	16.0	13.0
Total	18.1	17.9	19.8	16.3	18.0	16.1	14.8	23.8	29.3	20.9	16.0	13.0
EBIT, EURm												
Talenom	3	3	2	1	9	3	3	2	3	12	14	16
Total	3	3	2	1	9	3	3	2	3	12	14	16
EBIT margin, %												
Talenom	20.7	20.6	16.6	11.8	17.5	23.3	22.2	17.4	15.5	19.5	20.7	21.0
Total	20.7	20.6	16.6	11.8	17.5	23.3	22.2	17.4	15.5	19.5	20.7	21.0

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	30	33	37	41	49	59	69	77
<i>Sales growth (%)</i>	<i>14.0</i>	<i>11.6</i>	<i>12.0</i>	<i>12.1</i>	<i>18.0</i>	<i>20.9</i>	<i>16.0</i>	<i>13.0</i>
Costs	-23	-30	-30	-32	-35	-40	-46	-52
Reported EBITDA	6	3	7	10	14	19	22	25
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>21.3</i>	<i>9.6</i>	<i>18.5</i>	<i>23.0</i>	<i>28.0</i>	<i>31.9</i>	<i>32.4</i>	<i>32.3</i>
Depreciation	-3	-2	-3	-5	-5	-7	-8	-9
EBITA	3	1	4	5	9	12	14	16
Goodwill amortization / writedown	-2	0	0	0	0	0	0	0
Reported EBIT	2	1	4	5	9	12	14	16
<i>EBIT margin (%)</i>	<i>5.2</i>	<i>3.7</i>	<i>11.3</i>	<i>11.7</i>	<i>17.5</i>	<i>19.5</i>	<i>20.7</i>	<i>21.0</i>
Net financials	-1	-1	-1	-1	-1	-1	-1	-1
Pre-tax profit	0	0	4	4	8	11	14	16
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	0	0	-1	-1	-2	-2	-3	-3
Minority shares	0	0	0	0	0	0	0	0
Net profit	0	0	3	3	6	9	11	13
BALANCE SHEET, EURm								
Assets								
Fixed assets	10	11	14	17	30	34	38	42
<i>% of sales</i>	<i>33</i>	<i>34</i>	<i>38</i>	<i>41</i>	<i>60</i>	<i>58</i>	<i>56</i>	<i>54</i>
Goodwill	19	18	18	18	18	19	19	19
<i>% of sales</i>	<i>63</i>	<i>56</i>	<i>50</i>	<i>44</i>	<i>38</i>	<i>32</i>	<i>27</i>	<i>24</i>
Inventory	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Receivables	4	4	5	5	5	7	8	9
<i>% of sales</i>	<i>15</i>	<i>13</i>	<i>13</i>	<i>13</i>	<i>11</i>	<i>11</i>	<i>11</i>	<i>11</i>
Liquid funds	2	5	4	5	6	7	8	9
<i>% of sales</i>	<i>5</i>	<i>16</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>
Total assets	34	40	42	46	59	67	73	79
Liabilities								
Equity	1	9	12	14	19	25	31	37
<i>% of sales</i>	<i>2</i>	<i>28</i>	<i>32</i>	<i>34</i>	<i>38</i>	<i>42</i>	<i>45</i>	<i>47</i>
Deferred taxes	0	0	0	1	1	1	1	1
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>1</i>	<i>1</i>
Interest bearing debt	26	24	23	23	32	33	33	33
<i>% of sales</i>	<i>86</i>	<i>71</i>	<i>61</i>	<i>54</i>	<i>65</i>	<i>55</i>	<i>48</i>	<i>43</i>
Non-interest bearing current liabilities	1	0	0	0	0	0	0	0
<i>% of sales</i>	<i>5</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Other interest free debt	7	7	8	9	8	8	8	8
<i>% of sales</i>	<i>23</i>	<i>21</i>	<i>21</i>	<i>21</i>	<i>17</i>	<i>14</i>	<i>12</i>	<i>10</i>
Total liabilities	34	40	42	46	59	67	73	79
CASH FLOW, EURm								
+ EBITDA	6	3	7	10	14	19	22	25
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	0	-1	0	0	-1	-2	-3	-3
- Increase in Net Working Capital	0	0	0	1	-1	-1	-1	-1
+/- Other	2	1	1	1	1	0	0	0
= Cash flow from operations	7	3	7	10	12	15	18	20
- Capex	-7	-3	-6	-7	-18	-12	-12	-13
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	-2	-1	0	1	-7	3	6	8
+/- Change in interest-bearing debt	2	-2	-1	0	9	1	1	0
+/- New issues/buybacks	0	9	0	0	1	1	0	0
- Paid dividend	0	0	0	-1	-2	-4	-5	-7
+/- Change in loan receivables	0	-1	0	0	0	0	0	0
Change in cash	1	5	-2	0	1	1	1	1

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	32	49	87	131	220	220	220
Net debt	18	18	18	26	25	25	24
Enterprise value	50	67	105	157	245	245	244
Sales	33	37	41	49	59	69	77
EBITDA	3	7	10	14	19	22	25
EBIT	1	4	5	9	12	14	16
Pre-tax	0	4	4	8	11	14	16
Earnings	0	3	3	6	9	11	13
Book value	9	12	14	19	25	31	37
Valuation multiples							
EV/sales	1.5	1.8	2.5	3.2	4.2	3.6	3.1
EV/EBITDA	15.8	9.9	11.0	11.5	13.0	11.0	9.7
EV/EBITA	41.1	16.1	21.6	18.4	21.3	17.3	15.0
EV/EBIT	41.1	16.1	21.6	18.4	21.3	17.3	15.0
EV/operating cash flow	17.7	9.8	10.7	12.9	15.9	13.4	11.7
EV/cash earnings	41.1	10.8	12.2	13.1	15.3	12.9	11.4
P/E	400.0	16.9	23.4	20.6	25.1	20.2	17.6
P/E excl. goodwill	400.0	16.9	23.4	20.6	25.1	20.2	17.6
P/B	3.4	4.2	6.2	7.0	8.8	7.2	6.0
P/sales	1.0	1.3	2.1	2.7	3.7	3.2	2.8
P/CF	11.3	7.2	8.9	10.8	14.3	12.0	10.6
Target EV/EBIT	0.0	0.0	0.0	0.0	23.0	18.7	16.2
Target P/E	0.0	0.0	0.0	0.0	27.5	22.1	19.2
Target P/B	0.0	0.0	0.0	0.0	9.6	7.8	6.6
Per share measures							
Number of shares	6,084	6,807	6,812	6,872	6,872	6,872	6,872
Number of shares (diluted)	6,084	6,807	6,812	6,872	6,872	6,872	6,872
EPS	0.01	0.43	0.50	0.93	1.27	1.58	1.82
EPS excl. goodwill	0.01	0.43	0.55	0.93	1.27	1.58	1.82
Cash EPS	0.20	0.91	1.27	1.74	2.34	2.75	3.10
Operating cash flow per share	0.46	1.00	1.44	1.77	2.24	2.67	3.03
Capital employed per share	4.52	4.39	4.63	6.47	7.34	8.09	8.80
Book value per share	1.54	1.72	2.05	2.72	3.64	4.47	5.34
Book value excl. goodwill	-1.49	-0.99	-0.66	0.04	0.92	1.75	2.62
Dividend per share	0.07	0.20	0.32	0.55	0.75	0.95	1.09
Dividend payout ratio, %	532.3	46.9	63.9	59.4	58.9	60.0	60.0
Dividend yield, %	1.3	2.8	2.5	2.9	2.3	3.0	3.4
Efficiency measures							
ROE	1.6	27.5	26.6	39.0	40.1	39.0	37.1
ROCE	4.1	12.5	13.7	19.7	21.4	23.4	24.3
Financial ratios							
Capex/sales, %	9.4	15.5	17.9	36.2	20.5	17.7	16.3
Capex/depreciation excl. goodwill,%	163.2	217.0	159.1	345.1	162.0	151.0	144.0
Net debt/EBITDA, book-weighted	5.7	2.7	1.9	1.9	1.3	1.1	0.9
Debt/equity, market-weighted	0.7	0.5	0.3	0.2	0.1	0.2	0.2
Equity ratio, book-weighted	23.5	27.7	30.4	31.5	37.5	42.1	46.6
Gearing	1.93	1.55	1.26	1.38	1.02	0.81	0.65
Number of employees, average	588	542	613	673	805	925	1,035
Sales per employee, EUR	56,116	68,186	67,571	72,617	73,350	74,091	74,839
EBIT per employee, EUR	2,075	7,707	7,896	12,697	14,329	15,337	15,716

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

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Tahkola Harri	1,564,315	50.058	22.8%
Ilmarinen Mutual Pension Insurance Company	1,076,088	34.435	15.7%
Tahkola Markus	939,304	30.058	13.7%
Evli Finnish Small Cap fund	400,000	12.800	5.8%
Skandinaviska Enskilda Banken (nominee reg.)	268,975	8.607	3.9%
Danske Invest Finnish Institutional Equity fund	231,252	7.400	3.4%
Nordea Bank (nominee reg.)	181,603	5.811	2.6%
EQ Nordic Small Cap fund	159,634	5.108	2.3%
Siuruainen Mikko	130,086	4.163	1.9%
Danske Invest Finnish Small Cap fund	130,000	4.160	1.9%
Ten largest	5,081,257	162.600	74%
Residual	1,790,606	57.299	26%
Total	6,871,863	219.900	100%

EARNINGS CALENDAR

July 29, 2019	Q2 report
October 21, 2019	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Jussi Paaso	Töölönlahdenkatu 3B, 00100 Helsinki
CFO: Antti Aho	Tel:
IR: Miikka Hätäjä	

DEFINITIONS

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

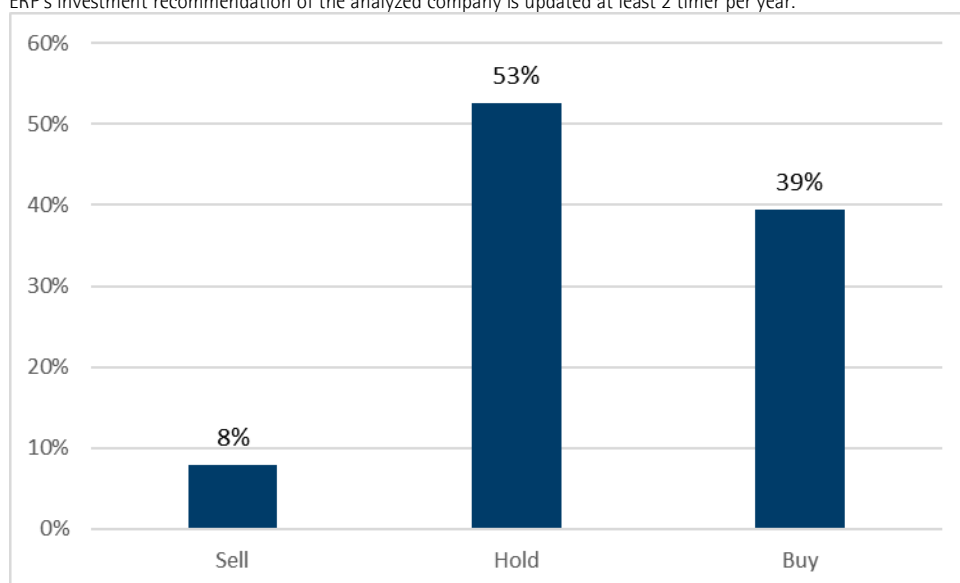
Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at <https://research.evli.com/JasperAllModels.action?authParam=key;461&authParam=x;G3rNagWrtf7K&authType=3>

Investment recommendations are defined as follows:

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

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



The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Bank Plc. Production of the investment recommendation has been concluded on 24.4.2019, 8:30. This report has been published on 24.4.2019, 8:45.

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

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

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

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

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

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

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

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Bank Plc or any company within Evli Group.

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

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

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

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

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

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

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

Contact information**SALES, TRADING AND RESEARCH****Equity Sales**

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

Trading

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

ETFs and Derivatives

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

Structured Investments

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

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919

Evli Investment Solutions

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



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

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