

# Exel Composites

## Company report

8/16/2024



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✓ Inderes corporate customer

This report is a summary translation of the report “Käänteestä ensimmäisiä merkkejä” published on 8/16/2024 at 8:50 am EEST

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res.**

# First signs of a turnaround

We reiterate our Accumulate recommendation and EUR 0.38 target price for Exel. While the company's Q2 figures fell short of our expectations, the operating result showed a clear turnaround after a prolonged period of weak performance. However, given of the continued uncertain market conditions, we downgraded our short-term growth forecasts, which was also reflected in the earnings lines. Nevertheless, we expect the valuation picture to moderate in the coming year and believe that the company's longer-term potential is significantly higher. Looking at the big picture, we see a good risk/reward ratio for a long-term investor in a company that is just starting to turn the corner.

## Q2 was definitely a step for the better, even if progress fell short of our expectations

The company's revenue increased by 5% to 26.6 MEUR in Q2, which was, however, below our expectations, at least partly due to the timing of deliveries. The positive development of revenue by customer sector was fairly broad-based, with the exception of Energy, where, according to the company, the development was affected by preparations for the ramp-up of certain wind products in India. After a prolonged period of difficulties, the company's adjusted EBIT turned clearly positive, reaching 1.4 MEUR. However, the operating result fell short of our expectations, reflecting the development of revenue against the background of the fixed base nature of some parts of Exel's cost structure. Correspondingly, the company's margin development, adjusted for this, was quite in line with our expectations. As expected, the company's financial position had been significantly strengthened following the share issue in Q2.

## Our growth forecasts further reduced to reflect the continued cautious market environment

With the release of the financial statements, Exel repeated its guidance for the current year and expects its revenue to increase from last year (2023: 97 MEUR) and a significant increase in its adjusted EBIT (2023: -2.4 MEUR). According to the company, the markets developed in line with expectations, with activity in H1 being busier than in H2'23. However, there are still no signs of a broader recovery in demand and the company also commented that sentiment was indecisive and that it had also seen some signs of cooling off in the market during the summer. Consequently, we now estimate that a significant recovery in demand will have to wait until well into next year, and we have lowered our revenue forecasts for this year and the next to reflect this. This was also reflected in our earnings forecasts, although the changes remain relatively modest in absolute terms. We now expect the company's revenue to rise to 104 MEUR this year (previously 109 MEUR) and the adjusted EBIT to amount to 3.1 MEUR (previously 3.3 MEUR). Our longer-term forecasts, however, remain virtually unchanged.

## A stronger financial position allows us to look beyond the current year

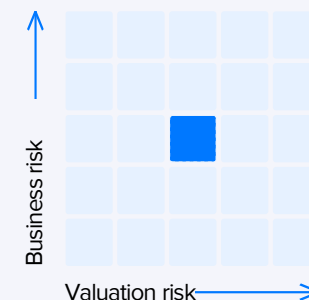
Our forecasts suggest that the overall valuation picture for the stock is challenging for the current year (2024e P/E 26x, EV/EBIT 15x, EV/EBITDA 5x). The valuation will be supported as early as next year, when we believe the valuation picture will become neutral overall and attractive on an EBITDA basis (2025e: P/E 14x, EV/EBIT 9x, EV/EBITDA 4x). Similarly, the overall valuation picture in 2026 is already very attractive. On the other hand, given the as yet unproven turnaround, its timing and the company's volatile performance in recent years, we think it is premature to rely too heavily on this. These factors also limit the willingness to rely more heavily on the longer-term potential of the much higher profitability (including the measures taken to reduce fixed costs) as indicated by our DCF model (\*EUR 0.52/share).

## Recommendation

**Accumulate**  
(was Accumulate)

**EUR 0.38**  
(was EUR 0.38)

**Share price:**  
0.32



## Key figures

|                         | 2023   | 2024e | 2025e | 2026e |
|-------------------------|--------|-------|-------|-------|
| <b>Revenue</b>          | 97     | 104   | 116   | 133   |
| <b>growth-%</b>         | -29%   | 8%    | 11%   | 15%   |
| <b>EBIT adj.</b>        | -2.4   | 3.1   | 5.6   | 7.9   |
| <b>EBIT-% adj.</b>      | -2.5 % | 3.0 % | 4.8 % | 5.9 % |
| <b>Net Income</b>       | -9.1   | 1.1   | 2.5   | 4.2   |
| <b>EPS (adj.)</b>       | -0.56  | 0.01  | 0.02  | 0.04  |
| <b>P/E (adj.)</b>       | neg.   | 26.2  | 13.9  | 8.2   |
| <b>P/B</b>              | 1.7    | 0.9   | 0.8   | 0.8   |
| <b>Dividend yield-%</b> | 0.0 %  | 0.0 % | 0.0 % | 0.0 % |
| <b>EV/EBIT (adj.)</b>   | neg.   | 15.4  | 8.8   | 6.1   |
| <b>EV/EBITDA</b>        | 15.6   | 5.5   | 4.3   | 3.5   |
| <b>EV/S</b>             | 0.7    | 0.5   | 0.4   | 0.4   |

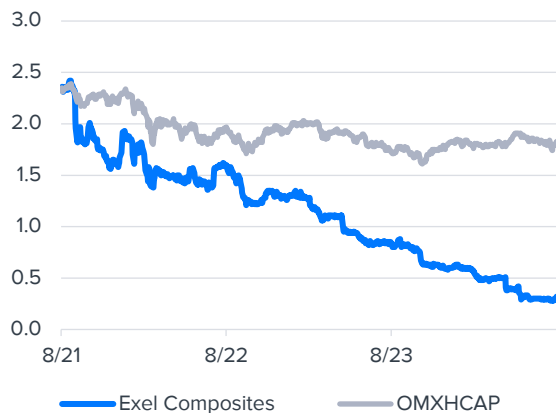
Source: Inderes

## Guidance

(Unchanged)

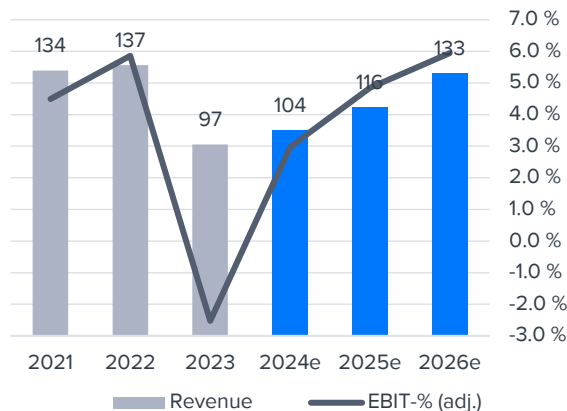
Exel Composites expects that revenue will increase in 2024 (2023: 97 MEUR) and adjusted operating profit will increase significantly compared to 2023 (2023: -2.4 MEUR).

## Share price



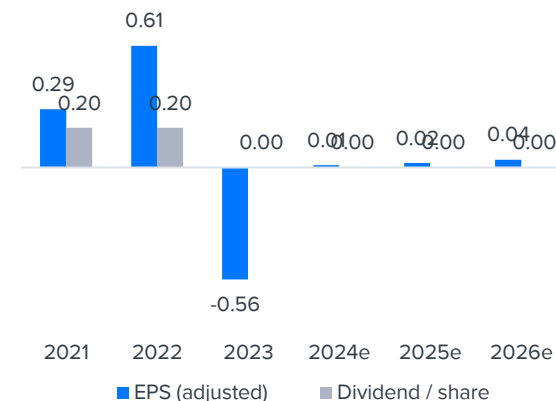
Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



### Value drivers

- Growing composite market creates a good base for organic growth
- Upside in profitability relative to full potential (incl. reduction in fixed costs)
- Materializing the global structure of production and relative economies of scale in a new, more focused strategy



### Risk factors

- Failure in the implementation of the new strategy
- Somewhat cyclical and volatile demand
- With a chronically short absolute order book, business opportunities can weaken relatively quickly
- The somewhat fixed nature of the cost structure creates sensitivity to changes in demand
- Concentrated customer portfolio

| Valuation                  | 2024e | 2025e | 2026e |
|----------------------------|-------|-------|-------|
| Share price                | 0.32  | 0.32  | 0.32  |
| Number of shares, millions | 106.7 | 106.7 | 106.7 |
| Market cap                 | 34    | 34    | 34    |
| EV                         | 48    | 49    | 48    |
| P/E (adj.)                 | 26.2  | 13.9  | 8.2   |
| P/E                        | 31.3  | 13.9  | 8.2   |
| P/B                        | 0.9   | 0.8   | 0.8   |
| P/S                        | 0.3   | 0.3   | 0.3   |
| EV/Sales                   | 0.5   | 0.4   | 0.4   |
| EV/EBITDA                  | 5.5   | 4.3   | 3.5   |
| EV/EBIT (adj.)             | 15.4  | 8.8   | 6.1   |
| Payout ratio (%)           | 0.0 % | 0.0 % | 0.0 % |
| Dividend yield-%           | 0.0 % | 0.0 % | 0.0 % |

Source: Inderes

# Estimates and estimate revisions

| Estimates<br>MEUR / EUR | Q2'23      | Q2'24      | Q2'24e  | Q2'24e    | Consensus |      | Difference (%)   | 2024e   |
|-------------------------|------------|------------|---------|-----------|-----------|------|------------------|---------|
|                         | Comparison | Actualized | Inderes | Consensus | Low       | High | Act. vs. Inderes | Inderes |
| Revenue                 | 25.4       | 26.6       | 29.0    |           |           |      | -8%              | 104     |
| EBIT (adj.)             | 0.1        | 1.4        | 1.8     |           |           |      | -23%             | 3.1     |
| EBIT                    | -0.2       | 1.2        | 1.8     |           |           |      | -35%             | 2.9     |
| Revenue growth-%        | -33.3 %    | 4.7 %      | 14.0 %  |           |           |      | -9.3 pp          | 7.7 %   |
| EBIT-% (adj.)           | 0.3 %      | 5.2 %      | 6.1 %   |           |           |      | -1 pp            | 3.0 %   |

Source: Inderes

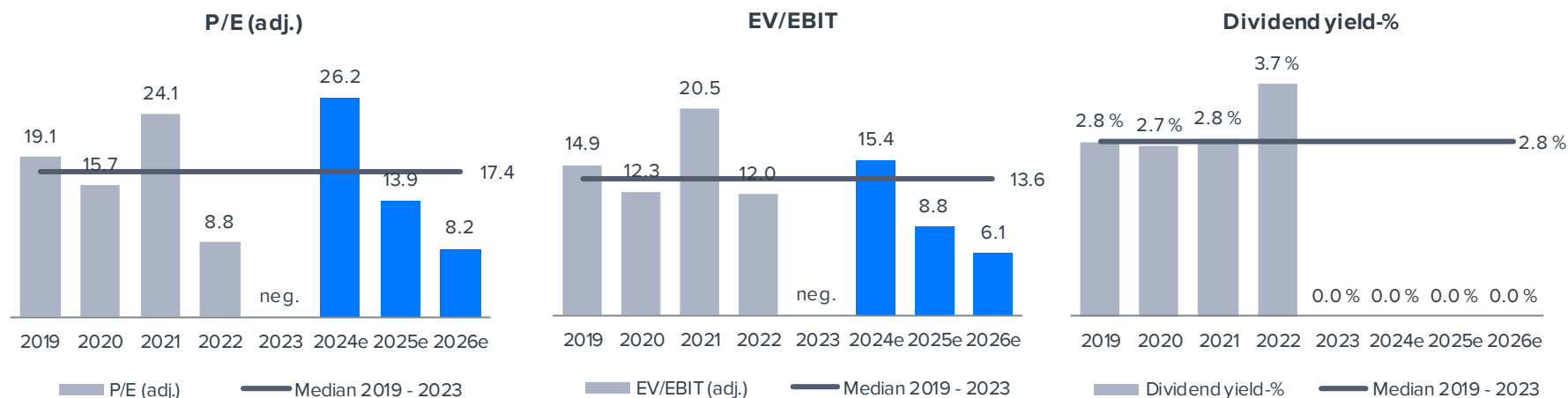
| Estimate revisions<br>MEUR / EUR | 2024e |      | Change | 2025e |      | Change | 2026e |      | Change |
|----------------------------------|-------|------|--------|-------|------|--------|-------|------|--------|
|                                  | Old   | New  | %      | Old   | New  | %      | Old   | New  | %      |
| Revenue                          | 109   | 104  | -5%    | 125   | 116  | -7%    | 137   | 133  | -3%    |
| EBITDA                           | 9.1   | 8.7  | -4%    | 12.3  | 11.5 | -7%    | 14.4  | 13.9 | -3%    |
| EBIT (exc. NRIs)                 | 3.3   | 3.1  | -5%    | 6.3   | 5.6  | -10%   | 8.2   | 7.9  | -3%    |
| EBIT                             | 3.3   | 2.9  | -12%   | 6.3   | 5.6  | -10%   | 8.2   | 7.9  | -3%    |
| PTP                              | 1.3   | 1.5  | 14%    | 4.3   | 3.8  | -11%   | 6.4   | 6.3  | -1%    |
| EPS (excl. NRIs)                 | 0.01  | 0.01 | 43%    | 0.03  | 0.02 | -12%   | 0.04  | 0.04 | -1%    |
| DPS                              | 0.00  | 0.00 |        | 0.00  | 0.00 |        | 0.00  | 0.00 |        |

Source: Inderes

# Valuation table

| Valuation                  | 2019   | 2020   | 2021    | 2022    | 2023  | 2024e | 2025e | 2026e | 2027e |
|----------------------------|--------|--------|---------|---------|-------|-------|-------|-------|-------|
| Share price                | 6.48   | 7.38   | 7.10    | 5.42    | 2.54  | 0.32  | 0.32  | 0.32  | 0.32  |
| Number of shares, millions | 11.9   | 11.9   | 11.9    | 11.9    | 11.9  | 106.7 | 106.7 | 106.7 | 106.7 |
| Market cap                 | 77     | 88     | 84      | 64      | 30    | 34    | 34    | 34    | 34    |
| EV                         | 107    | 119    | 124     | 97      | 63    | 48    | 49    | 48    | 45    |
| P/E (adj.)                 | 19.1   | 15.7   | 24.1    | 8.8     | neg.  | 26.2  | 13.9  | 8.2   | 6.1   |
| P/E                        | 32.0   | 16.4   | 50.9    | 28.1    | neg.  | 31.3  | 13.9  | 8.2   | 6.1   |
| P/B                        | 2.9    | 3.0    | 2.8     | 2.2     | 1.7   | 0.9   | 0.8   | 0.8   | 0.7   |
| P/S                        | 0.7    | 0.8    | 0.6     | 0.5     | 0.3   | 0.3   | 0.3   | 0.3   | 0.2   |
| EV/Sales                   | 1.0    | 1.1    | 0.9     | 0.7     | 0.7   | 0.5   | 0.4   | 0.4   | 0.3   |
| EV/EBITDA                  | 10.0   | 7.8    | 10.3    | 6.7     | 15.6  | 5.5   | 4.3   | 3.5   | 2.8   |
| EV/EBIT (adj.)             | 14.9   | 12.3   | 20.5    | 12.0    | neg.  | 15.4  | 8.8   | 6.1   | 4.5   |
| Payout ratio (%)           | 88.8 % | 44.3 % | 143.3 % | 103.8 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Dividend yield-%           | 2.8 %  | 2.7 %  | 2.8 %   | 3.7 %   | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |

Source: Inderes



# Income statement

| Income statement              | 2022        | Q1'23        | Q2'23        | Q3'23        | Q4'23        | 2023         | Q1'24        | Q2'24        | Q3'24e        | Q4'24e        | 2024e        | 2025e        | 2026e        | 2027e        |
|-------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|
| <b>Revenue</b>                | <b>137</b>  | <b>28.8</b>  | <b>25.4</b>  | <b>20.5</b>  | <b>22.1</b>  | <b>96.8</b>  | <b>23.4</b>  | <b>26.6</b>  | <b>24.0</b>   | <b>30.2</b>   | <b>104</b>   | <b>116</b>   | <b>133</b>   | <b>145</b>   |
| Group                         | 137         | 28.8         | 25.4         | 20.5         | 22.1         | 96.8         | 23.4         | 26.6         | 24.0          | 30.2          | 104          | 116          | 133          | 145          |
| <b>EBITDA</b>                 | <b>10.1</b> | <b>1.5</b>   | <b>1.5</b>   | <b>1.1</b>   | <b>-0.2</b>  | <b>3.8</b>   | <b>0.9</b>   | <b>2.6</b>   | <b>2.0</b>    | <b>3.2</b>    | <b>8.7</b>   | <b>11.5</b>  | <b>13.9</b>  | <b>16.1</b>  |
| Depreciation                  | -7.1        | -1.8         | -1.7         | -1.7         | -3.5         | -8.7         | -1.5         | -1.4         | -1.5          | -1.5          | -5.8         | -5.8         | -6.0         | -6.2         |
| <b>EBIT (excl. NRI)</b>       | <b>8.0</b>  | <b>0.0</b>   | <b>0.1</b>   | <b>-1.2</b>  | <b>-1.3</b>  | <b>-2.4</b>  | <b>-0.6</b>  | <b>1.4</b>   | <b>0.5</b>    | <b>1.8</b>    | <b>3.1</b>   | <b>5.6</b>   | <b>7.9</b>   | <b>9.9</b>   |
| <b>EBIT</b>                   | <b>3.0</b>  | <b>-0.3</b>  | <b>-0.2</b>  | <b>-0.7</b>  | <b>-3.7</b>  | <b>-4.9</b>  | <b>-0.6</b>  | <b>1.2</b>   | <b>0.5</b>    | <b>1.8</b>    | <b>2.9</b>   | <b>5.6</b>   | <b>7.9</b>   | <b>9.9</b>   |
| Net financial items           | 0.6         | -1.2         | -0.4         | 0.2          | -2.0         | -3.4         | -0.1         | -0.3         | -0.5          | -0.5          | -1.4         | -1.8         | -1.6         | -1.6         |
| <b>PTP</b>                    | <b>3.6</b>  | <b>-1.5</b>  | <b>-0.7</b>  | <b>-0.4</b>  | <b>-5.7</b>  | <b>-8.3</b>  | <b>-0.6</b>  | <b>0.8</b>   | <b>0.0</b>    | <b>1.3</b>    | <b>1.5</b>   | <b>3.8</b>   | <b>6.3</b>   | <b>8.3</b>   |
| Taxes                         | -1.5        | -0.7         | -0.2         | -0.2         | 0.1          | -1.1         | 0.0          | -0.3         | 0.0           | -0.3          | -0.5         | -1.0         | -1.7         | -2.2         |
| Minority interest             | 0.1         | 0.0          | 0.0          | 0.1          | 0.0          | 0.2          | 0.1          | 0.1          | 0.0           | 0.0           | 0.1          | -0.3         | -0.4         | -0.5         |
| <b>Net earnings</b>           | <b>2.3</b>  | <b>-2.1</b>  | <b>-0.9</b>  | <b>-0.6</b>  | <b>-5.6</b>  | <b>-9.1</b>  | <b>-0.5</b>  | <b>0.7</b>   | <b>0.0</b>    | <b>1.0</b>    | <b>1.1</b>   | <b>2.5</b>   | <b>4.2</b>   | <b>5.7</b>   |
| <b>EPS (adj.)</b>             | <b>0.61</b> | <b>-0.15</b> | <b>-0.05</b> | <b>-0.10</b> | <b>-0.27</b> | <b>-0.56</b> | <b>-0.01</b> | <b>0.01</b>  | <b>0.00</b>   | <b>0.01</b>   | <b>0.01</b>  | <b>0.02</b>  | <b>0.04</b>  | <b>0.05</b>  |
| <b>EPS (rep.)</b>             | <b>0.19</b> | <b>-0.18</b> | <b>-0.07</b> | <b>-0.05</b> | <b>-0.47</b> | <b>-0.77</b> | <b>-0.01</b> | <b>0.01</b>  | <b>0.00</b>   | <b>0.01</b>   | <b>0.01</b>  | <b>0.02</b>  | <b>0.04</b>  | <b>0.05</b>  |
| <b>Key figures</b>            | <b>2022</b> | <b>Q1'23</b> | <b>Q2'23</b> | <b>Q3'23</b> | <b>Q4'23</b> | <b>2023</b>  | <b>Q1'24</b> | <b>Q2'24</b> | <b>Q3'24e</b> | <b>Q4'24e</b> | <b>2024e</b> | <b>2025e</b> | <b>2026e</b> | <b>2027e</b> |
| <b>Revenue growth-%</b>       | 1.9 %       | -15.7 %      | -33.3 %      | -39.2 %      | -28.8 %      | -29.3 %      | -18.9 %      | 4.7 %        | 17.0 %        | 37.0 %        | 7.7 %        | 11.0 %       | 15.0 %       | 9.0 %        |
| <b>Adjusted EBIT growth-%</b> | 33.0 %      | -99.7 %      | -97.9 %      | -166.5 %     | -242.7 %     | -130.5 %     |              | 2013.8 %     | -142.4 %      | -234.8 %      | -226.6 %     | 81.0 %       | 41.1 %       | 25.2 %       |
| <b>EBITDA-%</b>               | 7.4 %       | 5.1 %        | 5.8 %        | 5.2 %        | -0.8 %       | 4.0 %        | 3.9 %        | 9.8 %        | 8.2 %         | 10.7 %        | 8.4 %        | 9.9 %        | 10.5 %       | 11.1 %       |
| <b>Adjusted EBIT-%</b>        | 5.9 %       | 0.0 %        | 0.3 %        | -5.9 %       | -5.9 %       | -2.5 %       | -2.4 %       | 5.2 %        | 2.1 %         | 5.8 %         | 3.0 %        | 4.8 %        | 5.9 %        | 6.8 %        |
| <b>Net earnings-%</b>         | 1.7 %       | -7.3 %       | -3.5 %       | -2.8 %       | -25.2 %      | -9.4 %       | -2.3 %       | 2.5 %        | -0.1 %        | 3.3 %         | 1.1 %        | 2.2 %        | 3.2 %        | 3.9 %        |

Source: Inderes

# Balance sheet

| Assets                     | 2022        | 2023        | 2024e       | 2025e       | 2026e       |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Non-current assets</b>  | <b>47.9</b> | <b>39.6</b> | <b>38.9</b> | <b>40.1</b> | <b>41.1</b> |
| Goodwill                   | 13.0        | 12.6        | 12.6        | 12.6        | 12.6        |
| Intangible assets          | 2.2         | 1.7         | 1.7         | 1.8         | 1.8         |
| Tangible assets            | 30.9        | 24.7        | 23.9        | 25.0        | 26.0        |
| 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   | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Deferred tax assets        | 1.8         | 0.6         | 0.6         | 0.6         | 0.6         |
| <b>Current assets</b>      | <b>65.2</b> | <b>45.4</b> | <b>51.1</b> | <b>56.7</b> | <b>61.7</b> |
| Inventories                | 23.4        | 16.9        | 18.2        | 20.2        | 22.6        |
| Other current assets       | 1.1         | 0.5         | 0.5         | 0.5         | 0.5         |
| Receivables                | 23.3        | 17.0        | 19.8        | 22.0        | 25.3        |
| Cash and equivalents       | 17.4        | 11.0        | 12.5        | 13.9        | 13.3        |
| <b>Balance sheet total</b> | <b>113</b>  | <b>85.0</b> | <b>90.0</b> | <b>96.7</b> | <b>103</b>  |

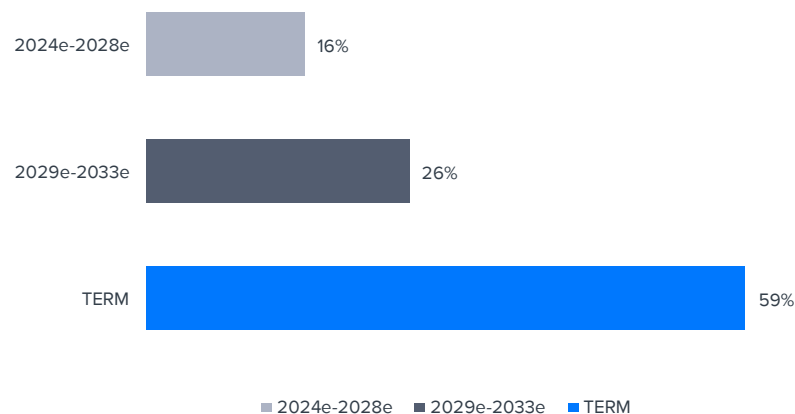
Source: Inderes

| Liabilities & equity           | 2022        | 2023        | 2024e       | 2025e       | 2026e       |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Equity</b>                  | <b>30.4</b> | <b>17.7</b> | <b>38.9</b> | <b>41.4</b> | <b>45.6</b> |
| Share capital                  | 2.1         | 2.1         | 2.1         | 2.1         | 2.1         |
| Retained earnings              | 21.0        | 9.5         | 10.6        | 13.1        | 17.3        |
| 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                   | 6.8         | 5.8         | 25.9        | 25.9        | 25.9        |
| Minorities                     | 0.4         | 0.2         | 0.2         | 0.2         | 0.2         |
| <b>Non-current liabilities</b> | <b>15.4</b> | <b>6.0</b>  | <b>11.8</b> | <b>13.8</b> | <b>14.4</b> |
| Deferred tax liabilities       | 0.6         | 0.3         | 0.3         | 0.3         | 0.3         |
| Provisions                     | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Interest bearing debt          | 13.5        | 4.4         | 10.1        | 12.2        | 12.8        |
| Convertibles                   | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Other long term liabilities    | 1.2         | 1.3         | 1.3         | 1.3         | 1.3         |
| <b>Current liabilities</b>     | <b>67.3</b> | <b>61.3</b> | <b>39.3</b> | <b>41.6</b> | <b>42.8</b> |
| Interest bearing debt          | 35.0        | 39.4        | 15.3        | 16.1        | 14.2        |
| Payables                       | 26.2        | 21.9        | 24.0        | 25.5        | 28.6        |
| Other current liabilities      | 6.1         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Balance sheet total</b>     | <b>113</b>  | <b>85.0</b> | <b>90.0</b> | <b>96.7</b> | <b>103</b>  |

# DCF calculation

| DCF model                               | 2023        | 2024e       | 2025e      | 2026e      | 2027e       | 2028e       | 2029e       | 2030e       | 2031e       | 2032e       | 2033e       | TERM        |
|---|-------------|-------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue growth-%                        | -29.3 %     | 7.7 %       | 11.0 %     | 15.0 %     | 9.0 %       | 5.0 %       | 4.0 %       | 3.5 %       | 3.0 %       | 2.5 %       | 2.0 %       | 2.0 %       |
| EBIT-%                                  | -5.0 %      | 2.8 %       | 4.8 %      | 5.9 %      | 6.8 %       | 6.2 %       | 6.0 %       | 6.0 %       | 6.0 %       | 6.0 %       | 6.0 %       | 6.0 %       |
| <b>EBIT (operating profit)</b>          | <b>-4.9</b> | <b>2.9</b>  | <b>5.6</b> | <b>7.9</b> | <b>9.9</b>  | <b>9.4</b>  | <b>9.5</b>  | <b>9.8</b>  | <b>10.1</b> | <b>10.4</b> | <b>10.6</b> |             |
| + Depreciation                          | 8.7         | 5.8         | 5.8        | 6.0        | 6.2         | 6.4         | 6.6         | 6.7         | 6.8         | 6.8         | 6.8         |             |
| - Paid taxes                            | -0.2        | -0.5        | -1.0       | -1.7       | -2.2        | -2.2        | -2.2        | -2.3        | -2.4        | -2.5        | -2.6        |             |
| - Tax, financial expenses               | 0.4         | -0.5        | -0.5       | -0.4       | -0.4        | -0.3        | -0.3        | -0.2        | -0.2        | -0.2        | -0.1        |             |
| + 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             | 2.9         | -2.1        | -2.7       | -2.5       | -1.0        | -0.3        | 0.0         | 0.1         | -0.6        | -0.5        | -0.4        |             |
| <b>Operating cash flow</b>              | <b>7.0</b>  | <b>5.6</b>  | <b>7.2</b> | <b>9.3</b> | <b>12.6</b> | <b>13.2</b> | <b>13.6</b> | <b>14.0</b> | <b>13.7</b> | <b>13.9</b> | <b>14.2</b> |             |
| + Change in other long-term liabilities | 0.1         | 0.0         | 0.0        | 0.0        | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |             |
| - Gross CAPEX                           | -1.6        | -5.1        | -7.1       | -7.1       | -7.1        | -7.1        | -7.1        | -7.2        | -6.8        | -6.9        | -7.1        |             |
| <b>Free operating cash flow</b>         | <b>5.5</b>  | <b>0.6</b>  | <b>0.2</b> | <b>2.2</b> | <b>5.5</b>  | <b>6.1</b>  | <b>6.5</b>  | <b>6.9</b>  | <b>6.8</b>  | <b>7.1</b>  | <b>7.0</b>  |             |
| +/- Other                               | 0.0         | 0.0         | 0.0        | 0.0        | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |             |
| FCFF                                    | 5.5         | 0.6         | 0.2        | 2.2        | 5.5         | 6.1         | 6.5         | 6.9         | 6.8         | 7.1         | 7.0         | 94.7        |
| <b>Discounted FCFF</b>                  |             | <b>0.5</b>  | <b>0.2</b> | <b>1.8</b> | <b>4.0</b>  | <b>4.1</b>  | <b>4.0</b>  | <b>3.8</b>  | <b>3.5</b>  | <b>3.3</b>  | <b>3.0</b>  | <b>40.1</b> |
| Sum of FCFF present value               |             | 68.3        | 67.8       | 67.6       | 65.9        | 61.8        | 57.7        | 53.7        | 49.9        | 46.4        | 43.1        | 40.1        |
| <b>Enterprise value DCF</b>             |             | <b>68.3</b> |            |            |             |             |             |             |             |             |             |             |
| - Interest bearing debt                 |             | -43.8       |            |            |             |             |             |             |             |             |             |             |
| + Cash and cash equivalents             |             | 31.1        |            |            |             |             |             |             |             |             |             |             |
| - Minorities                            |             | -0.2        |            |            |             |             |             |             |             |             |             |             |
| - Dividend/capital return               |             | 0.0         |            |            |             |             |             |             |             |             |             |             |
| <b>Equity value DCF</b>                 |             | <b>55.4</b> |            |            |             |             |             |             |             |             |             |             |
| <b>Equity value DCF per share</b>       |             | <b>0.52</b> |            |            |             |             |             |             |             |             |             |             |

Cash flow distribution



## WACC

|  |               |
|--|---------------|
| Tax-% (WACC)                                   | 25.0 %        |
| Target debt ratio (D/(D+E))                    | 25.0 %        |
| Cost of debt                                   | 7.0 %         |
| Equity Beta                                    | 1.50          |
| Market risk premium                            | 4.75%         |
| Liquidity premium                              | 1.40%         |
| Risk free interest rate                        | 2.5 %         |
| <b>Cost of equity</b>                          | <b>11.0 %</b> |
| <b>Weighted average cost of capital (WACC)</b> | <b>9.6 %</b>  |

Source: Inderes



# Summary

| Income statement          | 2021  | 2022  | 2023  | 2024e | 2025e | Per share data           | 2021    | 2022    | 2023    | 2024e  | 2025e  |
|---------------------------|-------|-------|-------|-------|-------|--------------------------|---------|---------|---------|--------|--------|
| Revenue                   | 134.4 | 137.0 | 96.8  | 104.2 | 115.7 | EPS (reported)           | 0.14    | 0.19    | -0.77   | 0.01   | 0.02   |
| EBITDA                    | 11.9  | 10.1  | 3.8   | 8.7   | 11.5  | EPS (adj.)               | 0.29    | 0.61    | -0.56   | 0.01   | 0.02   |
| EBIT                      | 3.7   | 3.0   | -4.9  | 2.9   | 5.6   | OCF / share              | 0.41    | 0.99    | 0.59    | 0.05   | 0.07   |
| PTP                       | 4.2   | 3.6   | -8.3  | 1.5   | 3.8   | FCF / share              | -0.61   | 0.74    | 0.46    | 0.01   | 0.00   |
| Net Income                | 1.7   | 2.3   | -9.1  | 1.1   | 2.5   | Book value / share       | 2.57    | 2.52    | 1.47    | 0.36   | 0.39   |
| Extraordinary items       | -2.3  | -5.0  | -2.4  | -0.2  | 0.0   | Dividend / share         | 0.20    | 0.20    | 0.00    | 0.00   | 0.00   |
| Balance sheet             | 2021  | 2022  | 2023  | 2024e | 2025e | Growth and profitability | 2021    | 2022    | 2023    | 2024e  | 2025e  |
| Balance sheet total       | 117.7 | 113.1 | 85.0  | 90.0  | 96.7  | Revenue growth-%         | 24%     | 2%      | -29%    | 8%     | 11%    |
| Equity capital            | 31.2  | 30.4  | 17.7  | 38.9  | 41.4  | EBITDA growth-%          | -22%    | -15%    | -62%    | 127%   | 32%    |
| Goodwill                  | 12.8  | 13.0  | 12.6  | 12.6  | 12.6  | EBIT (adj.) growth-%     | -38%    | 33%     | -130%   | -227%  | 81%    |
| Net debt                  | 37.4  | 31.1  | 32.8  | 13.0  | 14.4  | EPS (adj.) growth-%      | -38%    | 109%    | -192%   | -102%  | 89%    |
| Cash flow                 | 2021  | 2022  | 2023  | 2024e | 2025e | EBITDA-%                 | 8.9 %   | 7.4 %   | 4.0 %   | 8.4 %  | 9.9 %  |
| EBITDA                    | 11.9  | 10.1  | 3.8   | 8.7   | 11.5  | EBIT (adj.)-%            | 4.5 %   | 5.9 %   | -2.5 %  | 3.0 %  | 4.8 %  |
| Change in working capital | -4.8  | 2.8   | 2.9   | -2.1  | -2.7  | EBIT-%                   | 2.8 %   | 2.2 %   | -5.0 %  | 2.8 %  | 4.8 %  |
| Operating cash flow       | 4.8   | 11.8  | 7.0   | 5.6   | 7.2   | ROE-%                    | 5.6 %   | 7.6 %   | -38.5 % | 3.9 %  | 6.2 %  |
| CAPEX                     | -12.2 | -3.2  | -1.6  | -5.1  | -7.1  | ROI-%                    | 4.8 %   | 3.7 %   | -6.9 %  | 4.6 %  | 8.4 %  |
| Free cash flow            | -7.2  | 8.8   | 5.5   | 0.6   | 0.2   | Equity ratio             | 26.5 %  | 26.9 %  | 20.9 %  | 43.2 % | 42.8 % |
| Valuation multiples       | 2021  | 2022  | 2023  | 2024e | 2025e | Gearing                  | 119.9 % | 102.4 % | 185.7 % | 33.4 % | 34.8 % |
| EV/S                      | 0.9   | 0.7   | 0.7   | 0.5   | 0.4   |                          |         |         |         |        |        |
| EV/EBITDA                 | 10.3  | 6.7   | 15.6  | 5.5   | 4.3   |                          |         |         |         |        |        |
| EV/EBIT (adj.)            | 20.5  | 12.0  | neg.  | 15.4  | 8.8   |                          |         |         |         |        |        |
| P/E (adj.)                | 24.1  | 8.8   | neg.  | 26.2  | 13.9  |                          |         |         |         |        |        |
| P/B                       | 2.8   | 2.2   | 1.7   | 0.9   | 0.8   |                          |         |         |         |        |        |
| Dividend-%                | 2.8 % | 3.7 % | 0.0 % | 0.0 % | 0.0 % |                          |         |         |         |        |        |

Source: Inderes

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|            |  |
|------------|--|
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| 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       |

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## Recommendation history (>12 mo)

| Date                   | Recommendation | Target  | Share price |
|------------------------|----------------|---------|-------------|
| 2/19/2021              | Accumulate     | 9.20 €  | 8.76 €      |
| 5/2/2021               | Accumulate     | 11.50 € | 10.88 €     |
| 7/21/2021              | Accumulate     | 11.50 € | 10.32 €     |
| 9/2/2021               | Accumulate     | 11.50 € | 9.95 €      |
| 9/17/2021              | Accumulate     | 9.50 €  | 8.59 €      |
| 11/5/2021              | Accumulate     | 8.40 €  | 7.52 €      |
| 2/16/2022              | Reduce         | 7.50 €  | 7.15 €      |
| 5/2/2022               | Accumulate     | 7.00 €  | 6.30 €      |
| <i>Analyst changed</i> |                |         |             |
| 7/21/2022              | Accumulate     | 7.00 €  | 6.58 €      |
| 9/28/2022              | Accumulate     | 6.00 €  | 5.30 €      |
| 11/4/2022              | Accumulate     | 6.00 €  | 5.20 €      |
| 2/15/2023              | Accumulate     | 6.00 €  | 5.32 €      |
| 2/20/2023              | Accumulate     | 6.00 €  | 5.10 €      |
| 5/3/2023               | Accumulate     | 4.50 €  | 4.05 €      |
| 8/21/2023              | Reduce         | 3.50 €  | 3.38 €      |
| 10/19/2023             | Sell           | 2.50 €  | 3.04 €      |
| 11/6/2023              | Reduce         | 2.50 €  | 2.67 €      |
| 2/19/2024              | Reduce         | 2.20 €  | 2.29 €      |
| 4/26/2024              | Reduce         | 1.60 €  | 1.74 €      |
| 5/20/2024              | Reduce         | 0.38 €  | 1.62 €      |
| 6/12/2024              | Accumulate     | 0.38 €  | 0.33 €      |
| 8/16/2024              | Accumulate     | 0.38 €  | 0.32 €      |



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