

NIBE INDUSTRIER B

04.02.2025 08:05 CET



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COMPANY REPORT



Weak risk/reward keeps us on the sidelines

We have updated our short- and medium-term forecasts for NIBE, in the light of a slower-than-expected European heat pump market. While we still believe the market has largely bottomed out, driven by the normalization of inventories at the distribution level in most European markets, a meaningful recovery is likely to take time to materialize due to a slow recovery in consumer confidence and purchasing power, as well as in the new-build market. In our view, short-term drivers remain weak and the stock is already sufficiently priced in for high earnings growth (2025e P/E: 28x). As a result, we reiterate our Reduce recommendation but lower our target price to SEK 42.0 per share (SEK 52.0), mainly due to reduced estimates.

We expect the market has remained challenging in Q4

NIBE will be publishing its Q4 results on Friday, February 14th, at 8.00 am CEST. With our updated estimates we expect NIBE's Q4 revenue was 10,670 MSEK, roughly in line with consensus, reflecting a negative organic growth of some -9% (y/y). We anticipate a revenue decline across all business areas, with Climate Solutions and Stoves impacted by inventory destocking and low construction activity, and Elements affected by weak demand in consumer goods and reduced deliveries of heat pump components. We estimate NIBE's Q4 EBIT at 1,008 MSEK, slightly lower than consensus, reflecting a 37% drop from the relatively strong comparison figures. This decline is mainly due to reduced sales and underutilized capacity, partially offset by cost-cutting measures.

In the company's upcoming report, we will watch closely for any comments regarding the inventory situation and the pricing landscape, where excess inventory at the manufacturing level could lead to downward pressure on prices.

We have adjusted our estimates, reflecting a slower recovery

The European heat pump market has been sluggish for the past year, and based on recent market development we believe that

a recovery will be slower than earlier anticipated. On the positive side, there are some signs of a gradual market recovery, such as declining interest rates and increasing subsidy applications in Germany (~10-15% of NIBE's total sales). However, declining interest rates are unlikely to significantly boost consumer purchasing power and confidence until earliest H2'25 and the recovery in Germany will also likely be slow due to the lag between applications and orders at the manufacturer level. Furthermore, there is also uncertainty surrounding subsidies in countries like France, and Poland, and delays in the UK's gas boiler ban. Additionally, unfavorable gas-to-electricity price ratios in Europe remain a barrier to heat pump adoption.

Considering these dynamics, we have adjusted our 2024-2026 revenue estimates downward by approximately 1-2%. In terms of profitability, we believe that volume growth and cost-cutting efforts should support margins, while increased pricing risks and inventory destocking is expected to have the opposite effect. Overall, our mid-term absolute EBIT estimates have decreased by approximately 8-9%, and we anticipate the company will return to EBIT margins at the lower end of historical levels, around 12%.

Still no sufficient expected return

2024 marks a lost year, with earnings falling significantly short of their potential due to challenging market conditions. Looking ahead, if the market environment improves and the earnings recovery we forecast materializes, the estimated 2025 valuation multiples (P/E: 28x and EV/EBIT: 22x) fall at the upper end of our acceptable range and exceed the company's historical long-term medians. The DCF is also roughly in line with the current share price, implying a limited upside to the valuation. Overall, we believe the stock is fairly priced for an earnings turnaround and that a larger upside for the stock would require a faster-than-expected adoption of heat pumps, along with easing concerns around pricing.

Recommendation

Reduce

(prev. Reduce)

Target price:

42.0 SEK

(prev. 52.0 SEK)

Share price:

43.5

Business risk



Valuation risk



	2023	2024e	2025e	2026e
Revenue	46,649	40,166	43,135	47,281
growth-%	16%	-14%	7%	10%
EBIT adj.	7,069	3,105	4,763	5,481
EBIT-% adj.	15.2 %	7.7 %	11.0 %	11.6 %
Net Income	4,785	398	3,111	3,741
EPS (adj.)	2.42	0.64	1.54	1.86
P/E (adj.)	29.2	67.8	28.2	23.4
P/B	5.2	3.3	3.0	2.8
Dividend yield-%	0.9 %	0.7 %	1.1 %	1.7 %
EV/EBIT (adj.)	22.7	34.5	22.0	18.7
EV/EBITDA	18.2	26.5	15.3	13.2
EV/S	3.4	2.7	2.4	2.2

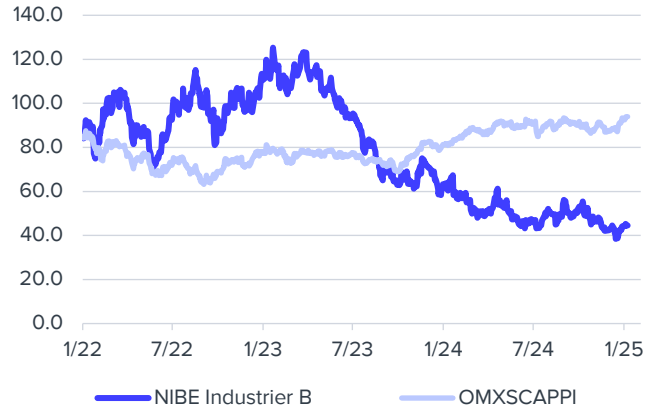
Source: Inderes

Guidance

(Unchanged)

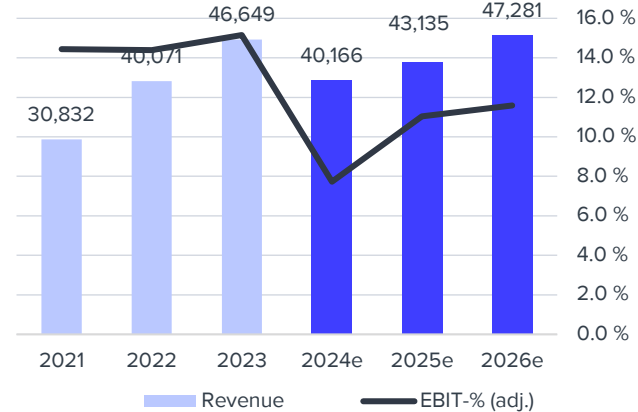
NIBE does not provide guidance

Share price



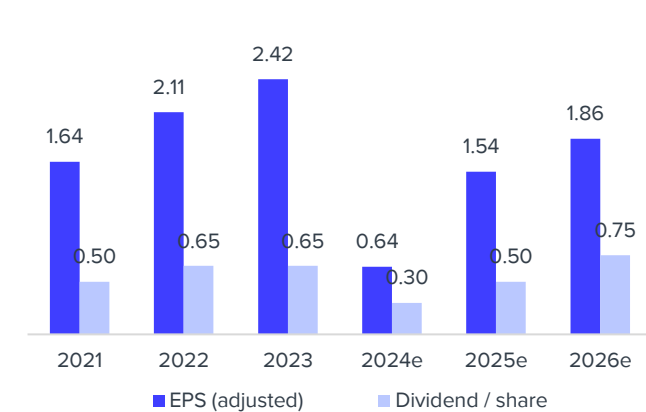
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Strong market position and globally well-known brands
- Good long-term prospects for renewable energy-based systems
- Energy efficiency investments support growth
- Vertical and horizontal synergies create efficiency and reduce costs

Risk factors

- Weak new construction market and uncertainty regarding future heat pump subsidies
- Somewhat cyclical demand
- Persistently unfavorable gas-to-electricity price ratios
- Risks generated by acquisitions and/or expansion investments

Valuation	2024e	2025e	2026e
Share price	43.5	43.5	43.5
Number of shares, millions	2,016	2,016	2,016
Market cap	87,699	87,699	87,699
EV	107,006	104,810	102,414
P/E (adj.)	67.8	28.2	23.4
P/E	>100	28.2	23.4
P/B	3.3	3.0	2.8
P/S	2.2	2.0	1.9
EV/Sales	2.7	2.4	2.2
EV/EBITDA	26.5	15.3	13.2
EV/EBIT (adj.)	34.5	22.0	18.7
Payout ratio (%)	151.9 %	32.4 %	40.4 %
Dividend yield-%	0.7 %	1.1 %	1.7 %

Source: Inderes

NIBE Q4'24 preview: Slow recovery expected

NIBE will publish its Q4 results on Friday, February 14th, at 8.00 am CEST. We anticipate that the recovery of the European heat pump market has been slow in Q4, mainly due to still high inventory levels in some markets. We expect earnings to flex downwards with revenue, although we believe that this will be partially mitigated by cost savings actions. Our attention in the upcoming report will be directed toward the destocking situation, the pricing landscape and forward-looking comments on end-consumer demand.

We expect the recovery to be gradual

The past year has been characterized by a slowing economy and overcapacity, leading distribution chains to reduce inventories and therefore a weak order intake at the manufacturing level. Although inventories at the distribution level are starting to normalize, a meaningful recovery is likely to take time to materialize. As a result, we estimate that NIBE's Q4 revenue was 10,670 MSEK, roughly in line with consensus, reflecting a sequential growth of

around 7%, although this will be influenced by seasonal effects. On a y/y basis, we expect organic revenue to decline by ~9%. We anticipate a revenue decline across all business areas, with Stoves impacted by weak consumer demand and construction activity, and Elements affected by weak demand in consumer goods and reduced deliveries of heat pump components.

Earnings flex downwards with revenue

We expect EBIT to decline across all business areas, with the largest drops in Stoves and Climate Solutions. At the Group level, we estimate NIBE's Q4 EBIT at 1,008 MSEK, slightly below consensus, reflecting a 37% drop from strong comparison figures due to lower sales volumes and capacity underutilization. However, cost savings should partially offset this, reflected in lower SG&A. We forecast a slight increase in financial expenses but a lower relative tax rate, resulting in adj. EPS at SEK 0.30 slightly below consensus. For the FY2024, we expect adj. EPS to decline to SEK 0.64 from SEK 2.37 in 2023, resulting in a significant

dividend cut from SEK 0.65 to SEK 0.30.

In terms of cash flow, we anticipate working capital release in line with seasonality. While lower working capital, due to declining revenue and inventories, will support free cash flow, weak operating income will limit overall cash flow.

We remain alert for any signs of a deteriorating outlook

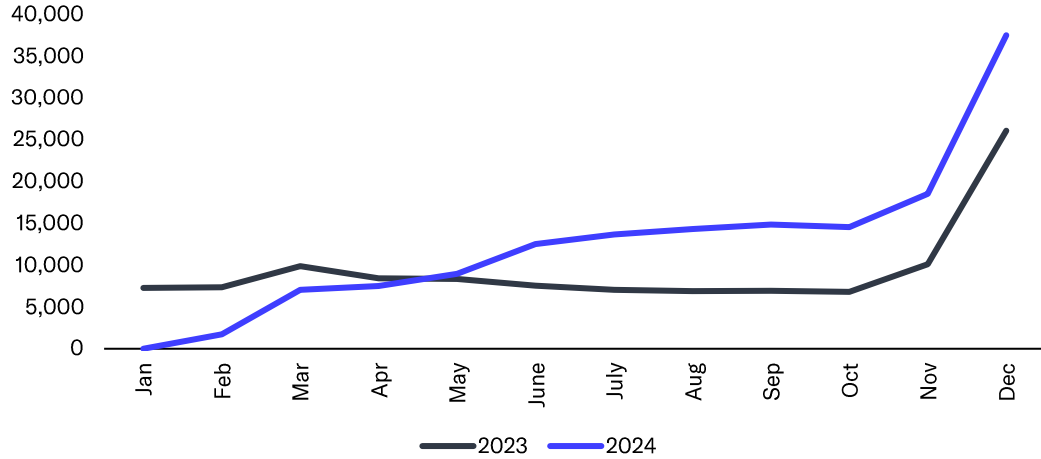
In NIBE's upcoming report, we expect the company to largely reiterate the outlook from Q3, stating that inventory levels in the distribution chains are expected to be at more acceptable levels in most markets and that growth should gradually improve, with margins in all divisions expected to return to historical levels by 2025. We will watch closely for any comments indicating a change in these assumptions, as well as insight into the pricing landscape, where excess inventory at the manufacturing level could lead to downward pressure on prices.

Estimates MSEK / SEK	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus		2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	11,656		10,670	10,728	10,435	- 11,149	40,166
EBIT (adj.)	1,596		1,008	1,068	930	- 1,201	3,105
EBIT	1,592		1,008	1,068	930	- 1,201	2,010
PTP	1,378		788	793	545	- 913	899
EPS (adj.)	0.49		0.30	0.33	0.22	- 0.44	0.64
Revenue growth-%	-0.1 %		-8.5 %	-8.0 %	-10.5 %	- -4.3 %	-13.9 %
EBIT-%	13.7 %		9.4 %	10.0 %	8.9 %	- 10.8 %	7.7 %

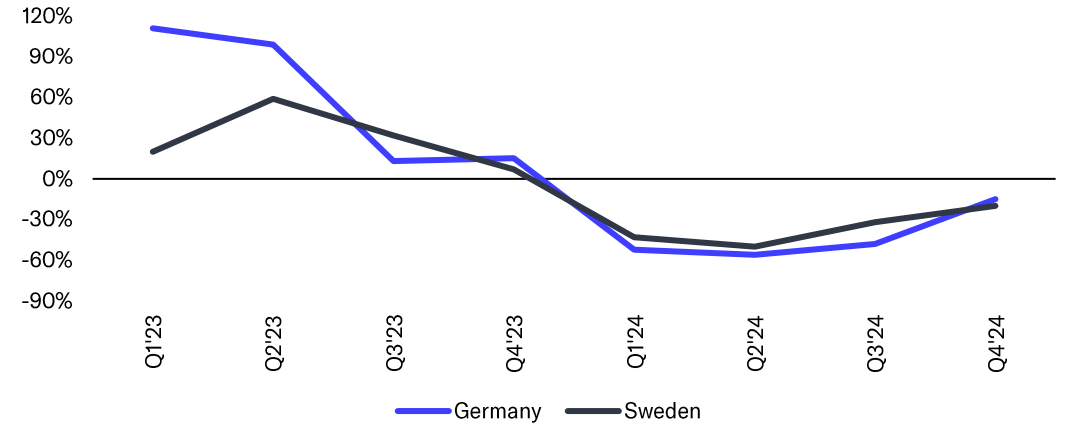
Source: Inderes & Bloomberg
(03.02.25, 13 analysts) (consensus)

Heat pump market figures in key markets

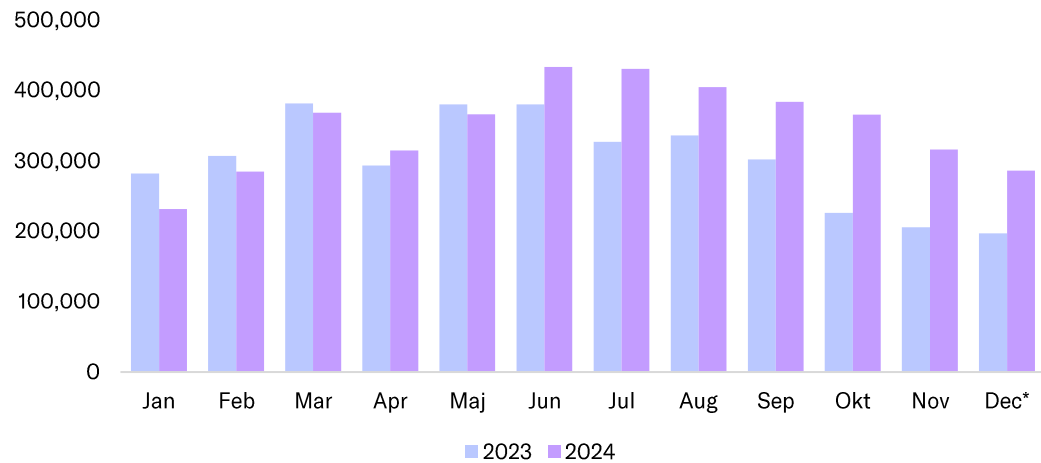
Applications for heat pump subsidies in Germany ¹



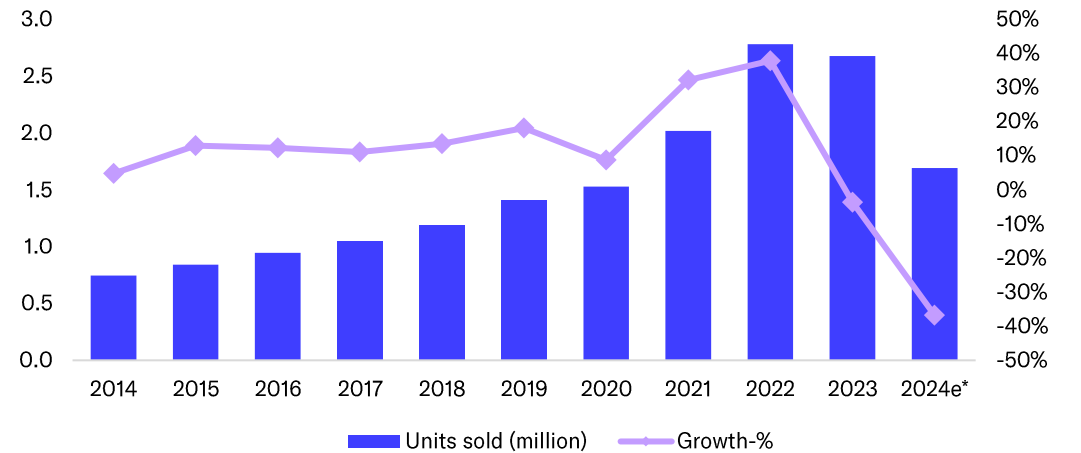
Heat pump sales growth development in the German and Swedish market (y/y-%) ²



U.S. shipments of Air-Source heat pumps ³



European heat pump market development ⁴



1 Source: BMWK, Inderes
 2 Source: BDH, SKVP, Inderes
 3 source: AHRI, Inderes
 4 source: EHPA, Inderes
 * Inderes estimate

We expect a slow recovery

Still uncertain market development

The European heat pump market experienced sluggish growth last year, and we anticipate a 35-40% decline in heat pump sales in 2024, although from the very high levels of 2023. On a positive note, German heat pump subsidy applications increased significantly in November and December 2024, by 27% and 102%, respectively. However, this increase is likely partially due to seasonal factors and uncertainty surrounding future subsidies given the upcoming German election. While this positive trend could help reduce high distributor inventory levels, the lag between applications and manufacturer orders means the German market's recovery will likely be slow.

We have also observed uncertainty around future subsidies in other European countries, such as France and Poland, and delays in the UK's gas boiler ban. Furthermore, electricity prices in many European countries are over 2.5 times higher than gas, a significant barrier to heat pump

adoption that needs to be addressed.

We believe the maturer Nordic market should recover somewhat faster than the rest of Europe due to its lower reliance on new construction projects. The North American market is expected to remain relatively stable, benefiting from fewer inventory challenges than Europe and favorable US subsidy programs. However, Trump's presidency has potentially increased the risk related to future subsidy programs.

We revise our revenue estimates downwards

While we still believe the market has largely bottomed out, driven by the normalization of inventories at the distribution level in most European markets, we expect a meaningful recovery to materialize no earlier than H2'25. In our view, short-term drivers remain weak, including sluggish economic conditions in Europe, a slow new-build market, and uncertainties surrounding future subsidies.

Considering these dynamics, we have adjusted our 2024-2026 revenue estimates downward by approximately 1-2%.

Continued headwinds to margins

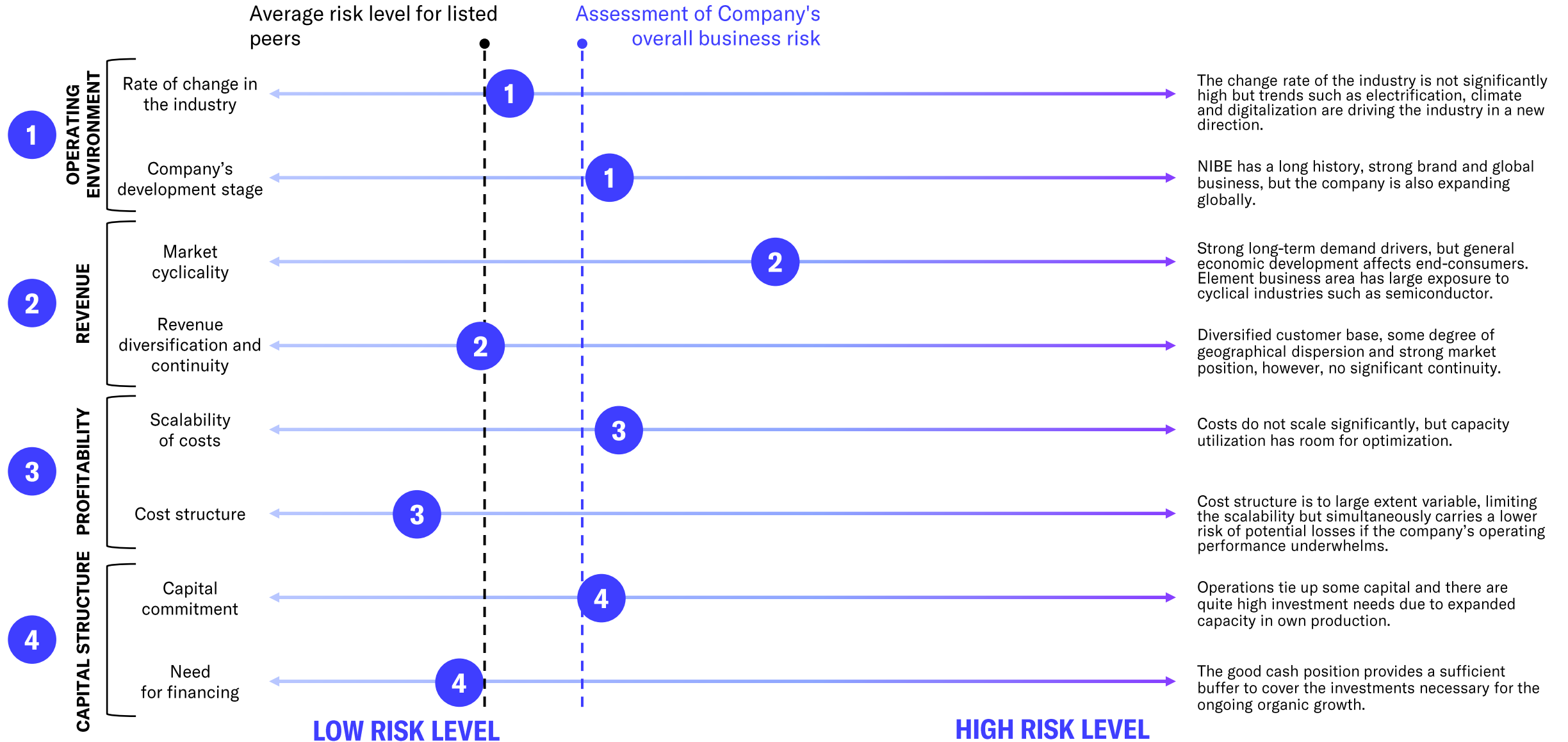
While volume growth and cost-cutting efforts are expected to support margins, we see increasing risks that price cuts and inventory destocking could put pressure on margins. Notably, NIBE's 2024e inventory is estimated at 10.8 BNSEK, or 27% of revenue, compared to around 17% pre-COVID. In light of the potential need for NIBE to lower prices to achieve volume growth and reduce inventories, we have slightly adjusted our margin expectations.

Overall, our mid-term absolute EBIT estimates have decreased by approximately 8-9%, and we anticipate the company will return to EBIT margins at the lower end of historical levels, around 12%

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	40,581	40,166	-1%	43,918	43,135	-2%	48,369	47,281	-2%
EBITDA	4,086	4,040	-1%	7,281	6,833	-6%	8,140	7,779	-4%
EBIT (excl. NRIs)	3,151	3,105	-1%	5,211	4,763	-9%	5,949	5,481	-8%
EBIT	2,056	2,010	-2%	5,211	4,763	-9%	5,949	5,481	-8%
PTP	945	899	-5%	4,542	4,094	-10%	5,370	4,902	-9%
EPS (excl. NRIs)	0.65	0.64	-1%	1.74	1.54	-12%	2.07	1.86	-10%
DPS	0.35	0.30	-14%	0.55	0.50	-9%	0.80	0.75	-6%

Source: Inderes

Risk profile of the business



We stay on the sidelines, waiting for better risk/reward

Multiples are still in the higher range in the short-term

2024 marks a lost year, with earnings falling significantly short of their potential due to challenging market conditions. Looking ahead, if the market environment improves and the earnings recovery we forecast materializes, the estimated 2025 valuation multiples (P/E: 28x and EV/EBIT: 22x) fall at the upper end of our acceptable range and exceed the company's historical long-term medians. In our view, the stock already reflects a return to normal growth and margins. However, there are several risks associated with the anticipated recovery, including pricing risks, a weak European economy and uncertainty around future subsidies, implying limited support for the valuation. As a result, we consider the 2025 valuation to be on the high side.

From our perspective, more attractive valuation levels can be found when looking at 2026 multiples (2026e: P/E: 23x and EV/EBIT: 19x), even though these estimates rely on substantial and still uncertain improvements in earnings.

Peer valuation and DCF model are not in the green either

On a relative basis, NIBE is trading at a premium compared to peers at around 15% based on earnings multiples for 2025. We believe that this premium is roughly in the right ballpark given the company's good track record of profitable growth and high returns on capital. However, compared to its heat pump peers (such as Carrier, Trane, Lennox, and Beijer Ref), NIBE is trading relatively in line with its peers based on 2025 earnings multiples. We believe this valuation is justified given the similar growth expectations and margin potential.

We also believe that the DCF model is a relevant valuation method for NIBE, given the availability of sufficient historical financial information, the stability of the industry, consistent growth, and a relatively predictable business. Overall, the model expects NIBE to grow at a high single-digit rate in the medium term and at a mid-single-digit rate in the long term. From a DCF-based valuation perspective, therefore, one year of challenging figures does not affect the valuation too much. However, the value of our DCF model (SEK 42.5 per share) is roughly in line with the current share price. Therefore, even in a DCF context, the current valuation does not provide a sufficient expected return.

Thin expected returns at current valuations

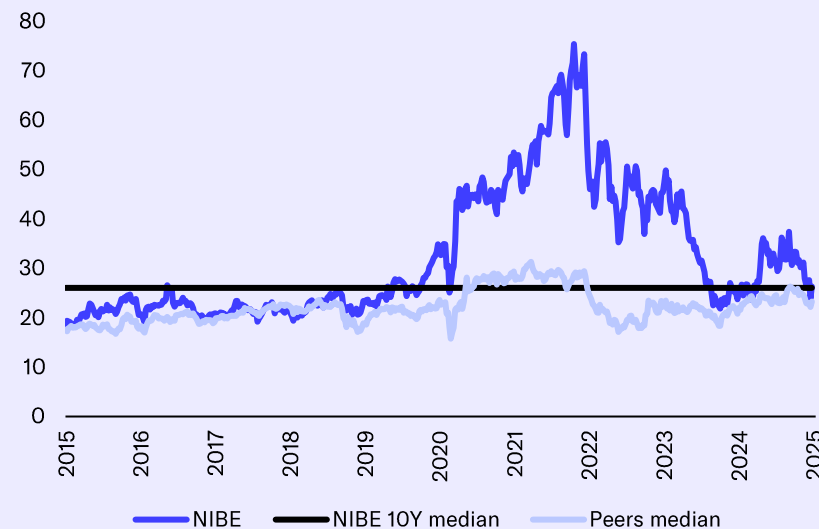
We expect investors to receive an annual dividend yield of 1-1.5% over the next few years at the current share price, which leaves a thin dividend yield base. The earnings growth driver is turning in the right direction in Q1'25, but the starting level is low, and the growth rate is uncertain. Earnings valuation on actual results is way above acceptable levels and represents a negative driver for total shareholder return (TSR) going forward. As a result, the annual TSR is lower than our cost of equity until 2026.

In conclusion, we reiterate our Reduce recommendation but with a lower target price of SEK 42.0 (prev. SEK 52.0). Overall, we believe the stock is fairly priced for an earnings turnaround and that a larger upside for the stock would require faster-than-expected adoption of heat pumps, along with easing concerns around pricing.

Valuation	2024e	2025e	2026e
Share price	43.5	43.5	43.5
Number of shares, millions	2,016	2,016	2,016
Market cap	87,699	87,699	87,699
EV	107,006	104,810	102,414
P/E (adj.)	67.8	28.2	23.4
P/E	>100	28.2	23.4
P/B	3.3	3.0	2.8
P/S	2.2	2.0	1.9
EV/Sales	2.7	2.4	2.2
EV/EBITDA	26.5	15.3	13.2
EV/EBIT (adj.)	34.5	22.0	18.7
Payout ratio (%)	151.9 %	32.4 %	40.4 %
Dividend yield-%	0.7 %	1.1 %	1.7 %

Source: Inderes

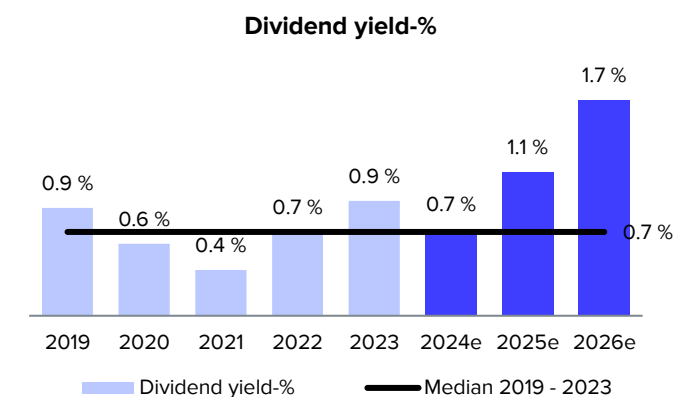
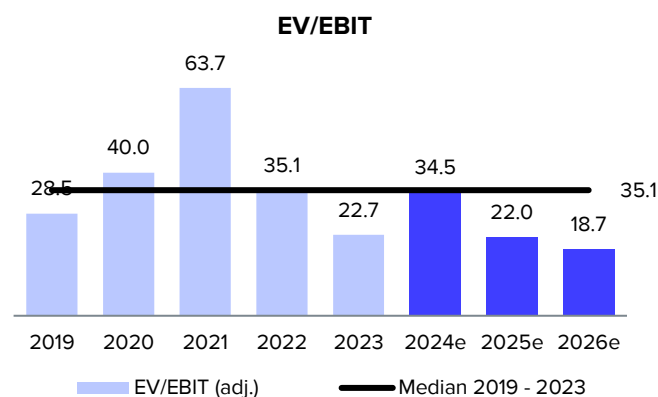
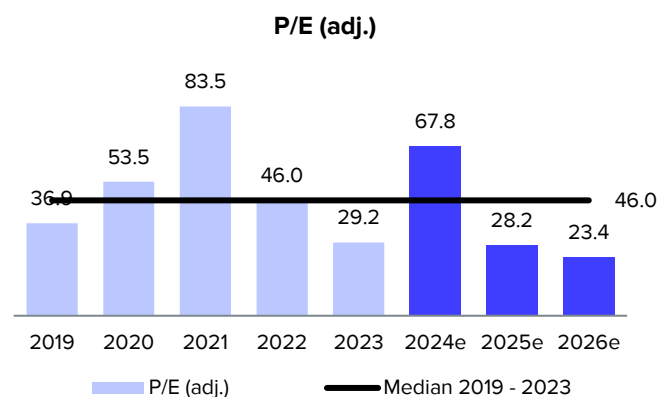
Historical trading multiples, P/E (NTM)



Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	40.6	67.4	136.8	97.1	70.8	43.5	43.5	43.5	43.5
Number of shares, millions	2,016	2,016	2,016	2,016	2,016	2,016	2,016	2,016	2,016
Market cap	81,852	135,933	275,697	195,760	142,738	87,699	87,699	87,699	87,699
EV	88,114	142,293	283,549	202,352	160,174	107,006	104,810	102,414	99,881
P/E (adj.)	36.9	53.5	83.5	46.0	29.2	67.8	28.2	23.4	21.4
P/E	37.7	47.4	83.0	45.0	29.8	>100	28.2	23.4	21.4
P/B	4.7	7.7	12.9	7.0	5.2	3.3	3.0	2.8	2.6
P/S	3.2	5.0	8.9	4.9	3.1	2.2	2.0	1.9	1.7
EV/Sales	3.5	5.2	9.2	5.0	3.4	2.7	2.4	2.2	2.0
EV/EBITDA	21.6	27.8	49.2	27.1	18.2	26.5	15.3	13.2	12.2
EV/EBIT (adj.)	28.5	40.0	63.7	35.1	22.7	34.5	22.0	18.7	17.0
Payout ratio (%)	32.5 %	27.3 %	30.4 %	30.1 %	27.4 %	151.9 %	32.4 %	40.4 %	30.0 %
Dividend yield-%	0.9 %	0.6 %	0.4 %	0.7 %	0.9 %	0.7 %	1.1 %	1.7 %	1.4 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2024e
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	
Kone	26,470	25,811	20.0	18.3	16.4	15.1	2.3	2.2	25.9	23.7	3.7	3.8	9.2
Assa Abloy	32,962	38,738	18.3	16.7	15.2	14.0	3.0	2.8	24.1	21.6	1.7	1.9	3.7
Hexagon	30,499	33,956	22.6	20.7	16.8	15.7	6.3	5.9	27.0	24.2	1.2	1.3	2.9
Beijer Ref	7,344	8,221	26.1	22.8	20.8	18.4	2.7	2.4	36.8	30.3	0.9	1.0	3.7
Tomra Systems	4,225	4,609	30.2	23.6	19.3	15.7	3.5	3.1	46.3	32.9	1.2	1.5	6.8
Thule Group	3,302	3,378	24.6	17.1	21.4	15.0	4.1	3.4	33.1	24.7	2.4	3.2	5.2
Munters Group	2,851	3,254	17.6	16.4	13.7	12.5	2.5	2.2	25.3	22.8	1.0	1.3	5.4
Trane Technologies	78,524	81,525	24.5	21.9	22.2	19.9	4.3	4.0	32.5	28.4	0.9	1.0	10.7
Carrier	56,431	66,236	20.1	18.3	16.3	15.0	3.0	3.0	25.7	21.9	1.1	1.2	4.4
Lennox International Inc	20,286	20,984	22.0	20.5	20.2	18.8	4.2	4.0	28.0	25.7	0.8	0.8	24.5
NIBE Industrier B (Inderes)	7,626	9,305	34.5	22.0	26.5	15.3	2.7	2.4	67.8	28.2	0.7	1.1	3.3
Average			22.6	19.6	18.2	16.0	3.6	3.3	30.5	25.6	1.5	1.7	7.6
Median			22.3	19.4	18.1	15.4	3.2	3.1	27.5	24.5	1.1	1.3	5.3
Diff-% to median			55%	13%	47%	-1%	-18%	-21%	146%	15%	-40%	-10%	-37%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	40,071	11,646	11,833	11,514	11,656	46,649	9,494	10,035	9,967	10,670	40,166	43,135	47,281	50,222
Climate Solutions	26,076	7,736	8,122	7,839	7,676	31,373	5,834	6,516	6,502	7,024	25,876	28,376	31,355	33,236
Element	10,925	3,013	2,957	2,945	2,983	11,898	2,711	2,819	2,711	2,759	11,000	11,591	12,519	13,332
Stoves	4,011	1,250	1,086	1,096	1,326	4,758	1,052	802	847	1,048	3,749	4,030	4,353	4,658
Eliminations	-941	-353	-332	-366	-329	-1,380	-103	-102	-93	-160	-458	-863	-946	-1,004
EBITDA	7,460	2,153	2,243	2,309	2,092	8,797	-76	1,210	1,383	1,523	4,040	6,833	7,779	8,156
Depreciation	-1,597	-398	-396	-530	-500	-1,824	-503	-541	-471	-515	-2,030	-2,070	-2,298	-2,270
EBIT (excl. NRI)	5,764	1,785	1,827	1,861	1,596	7,069	516	669	912	1,008	3,105	4,763	5,481	5,886
EBIT	5,863	1,755	1,847	1,779	1,592	6,973	-579	669	912	1,008	2,010	4,763	5,481	5,886
Climate Solutions	4,338	1,353	1,538	1,484	1,221	5,596	-462	506	726	822	1,592	3,530	4,013	4,321
Element	1,123	280	243	235	184	942	-126	142	160	166	342	975	1,127	1,200
Stoves	551	165	101	99	168	533	27	-3	24	42	90	345	435	466
Eliminations	-149	-43	-35	-39	19	-98	-18	24	2	-21	-13	-86	-95	-100
Share of profits in assoc. compan.	21	0	0	0	0	0	0	0	0	20	20	21	21	22
Net financial items	-209	-101	-146	-181	-214	-642	-332	-273	-286	-240	-1,131	-690	-600	-600
PTP	5,675	1,654	1,701	1,598	1,378	6,331	-911	396	626	788	899	4,094	4,902	5,308
Taxes	-1,280	-380	-378	-378	-399	-1,535	50	-180	-193	-180	-503	-945	-1,123	-1,163
Minority interest	-44	-4	-4	-4	1	-11	4	3	0	-5	2	-38	-38	-38
Net earnings	4,351	1,270	1,319	1,216	980	4,785	-857	219	433	603	398	3,111	3,741	4,107
EPS (adj.)	2.11	0.64	0.64	0.64	0.49	2.42	0.02	0.11	0.21	0.30	0.64	1.54	1.86	2.04
EPS (rep.)	2.16	0.63	0.65	0.60	0.49	2.37	-0.43	0.11	0.21	0.30	0.20	1.54	1.86	2.04
											-74%	141%	20%	10%
Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	30.0 %	33.1 %	22.5 %	15.2 %	-0.1 %	16.4 %	-18.5 %	-15.2 %	-13.4 %	-8.5 %	-13.9 %	7.4 %	9.6 %	6.2 %
Adjusted EBIT growth-%	29.5 %	68.7 %	36.2 %	26.7 %	-15.8 %	22.6 %	-71.1 %	-63.4 %	-51.0 %	-36.9 %	-56.1 %	53.4 %	15.1 %	7.4 %
EBITDA-%	18.6 %	18.5 %	19.0 %	20.1 %	17.9 %	18.9 %	-0.8 %	12.1 %	13.9 %	14.3 %	10.1 %	15.8 %	16.5 %	16.2 %
Adjusted EBIT-%	14.4 %	15.3 %	15.4 %	16.2 %	13.7 %	15.2 %	5.4 %	6.7 %	9.2 %	9.4 %	7.7 %	11.0 %	11.6 %	11.7 %
Net earnings-%	10.9 %	10.9 %	11.1 %	10.6 %	8.4 %	10.3 %	-9.0 %	2.2 %	4.3 %	5.7 %	1.0 %	7.2 %	7.9 %	8.2 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	31,842	43,906	44,631	44,671	44,538
Goodwill	17,630	26,076	26,076	26,076	26,076
Intangible assets	4,938	4,938	4,713	4,573	4,695
Tangible assets	8,273	11,568	12,518	12,698	12,443
Associated companies	430	753	753	753	753
Other investments	31	31	31	31	31
Other non-current assets	192	192	192	192	192
Deferred tax assets	348	348	348	348	348
Current assets	22,152	24,198	22,091	23,293	25,532
Inventories	10,191	13,227	10,845	10,352	10,402
Other current assets	0	0	0	0	0
Receivables	7,144	6,688	6,828	7,333	8,038
Cash and equivalents	4,817	4,283	4,418	5,608	7,092
Balance sheet total	53,994	68,104	66,722	67,964	70,069

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	27,973	27,420	26,508	29,014	31,748
Share capital	79	79	79	79	79
Retained earnings	19,286	22,760	21,848	24,354	27,088
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	8,570	4,543	4,543	4,543	4,543
Minorities	38	38	38	38	38
Non-current liabilities	12,268	25,119	26,242	23,431	22,891
Deferred tax liabilities	0	0	0	0	0
Provisions	2,787	2,787	2,787	2,787	2,787
Interest bearing debt	6,185	16,922	18,045	15,234	14,694
Convertibles	0	0	0	0	0
Other long term liabilities	3,296	5,410	5,410	5,410	5,410
Current liabilities	13,753	15,565	13,973	15,518	15,431
Interest bearing debt	4,958	4,599	5,940	7,754	7,393
Payables	8,795	10,966	8,033	7,764	8,038
Other current liabilities	0	0	0	0	0
Balance sheet total	53,994	68,104	66,722	67,964	70,069

DCF-calculation

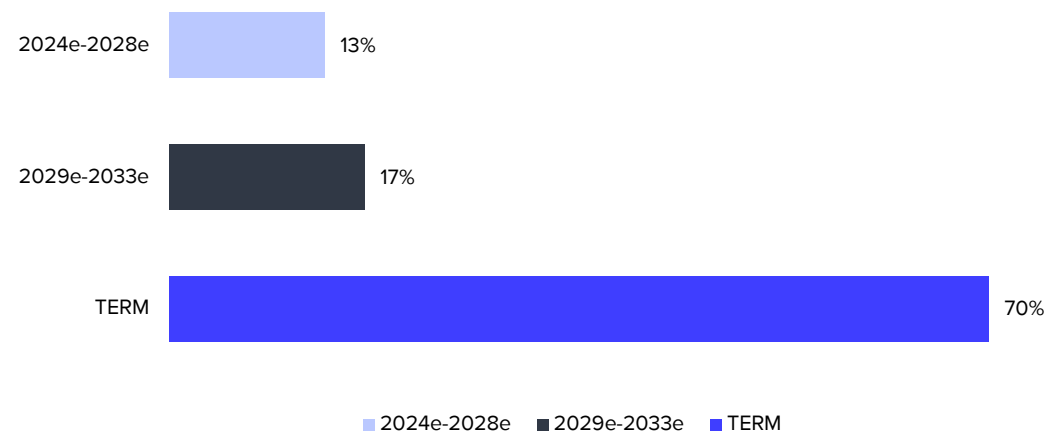
DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	16.4 %	-13.9 %	7.4 %	9.6 %	6.2 %	6.2 %	6.0 %	6.0 %	5.8 %	5.5 %	2.5 %	2.5 %
EBIT-%	14.9 %	5.0 %	11.0 %	11.6 %	11.7 %	12.4 %	12.8 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %
EBIT (operating profit)	6,973	2,010	4,763	5,481	5,886	6,614	7,237	7,791	8,242	8,696	8,917	
+ Depreciation	1,824	2,030	2,070	2,298	2,270	2,246	2,225	2,233	2,217	2,206	2,077	
- Paid taxes	-1,535	-503	-945	-1,123	-1,163	-1,345	-1,504	-1,648	-1,769	-1,869	-1,940	
- Tax, financial expenses	-156	-249	-160	-138	-132	-110	-88	-66	-44	-44	-22	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-409	-691	-281	-481	-145	-121	-640	-678	-695	-697	-340	
Operating cash flow	6,697	2,597	5,447	6,038	6,716	7,284	7,230	7,632	7,951	8,291	8,693	
+ Change in other long-term liabilities	2,114	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-13,565	-2,755	-2,110	-2,165	-2,195	-2,215	-2,240	-2,260	-2,280	-2,280	-2,045	
Free operating cash flow	-4,754	-158	3,337	3,873	4,521	5,069	4,990	5,372	5,671	6,011	6,648	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-4,754	-158	3,337	3,873	4,521	5,069	4,990	5,372	5,671	6,011	6,648	138,144
Discounted FCFF		-159	3,127	3,376	3,667	3,826	3,504	3,510	3,448	3,400	3,499	72,713
Sum of FCFF present value		103,912	104,071	100,944	97,568	93,901	90,075	86,571	83,061	79,613	76,212	72,713
Enterprise value DCF		103,912										
- Interest bearing debt		-21,521										
+ Cash and cash equivalents		4,283										
-Minorities		-126										
-Dividend/capital return		-1,310										
Equity value DCF		85,623										
Equity value DCF per share		42.5										

WACC

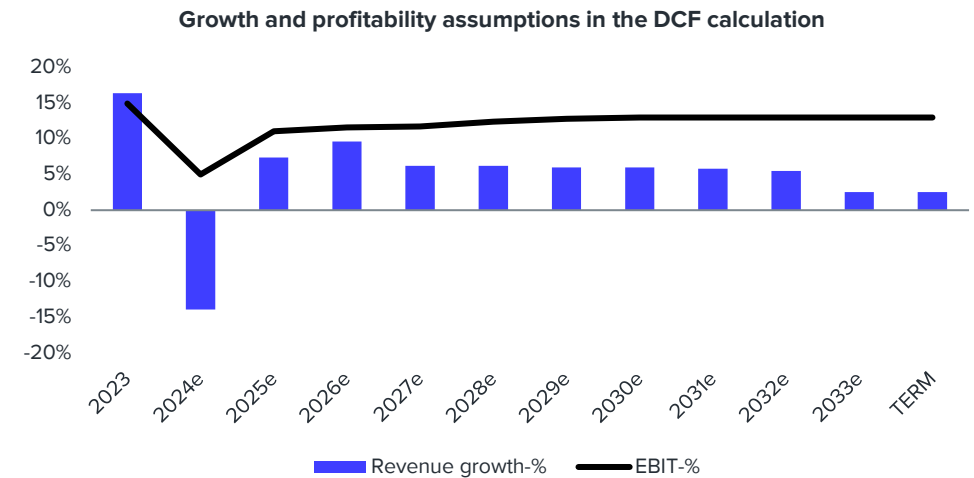
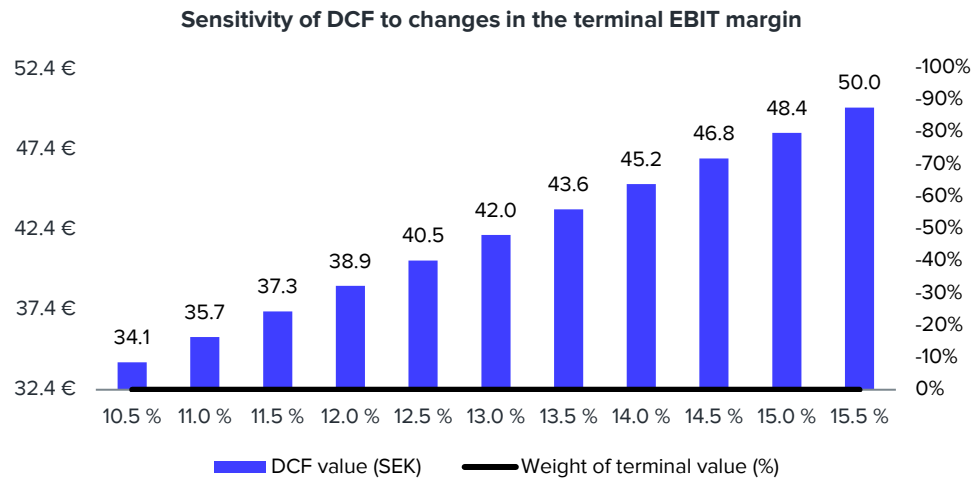
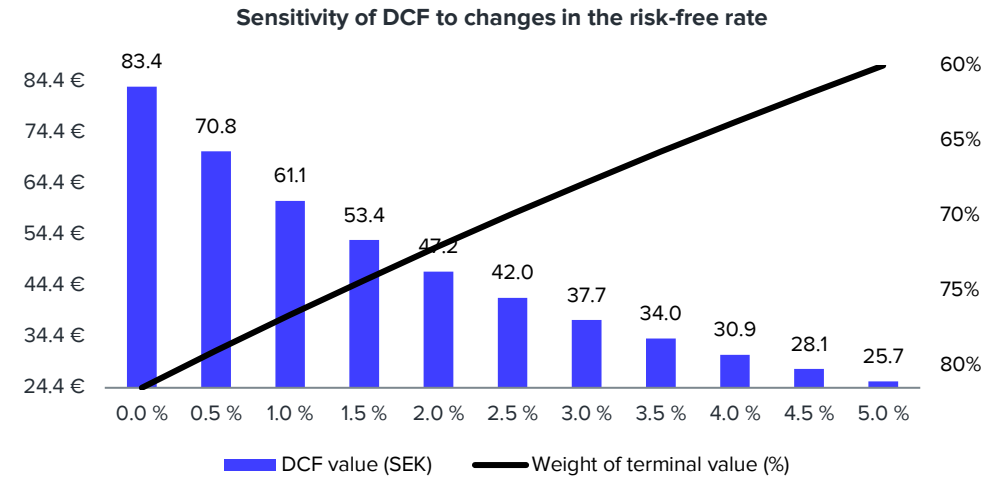
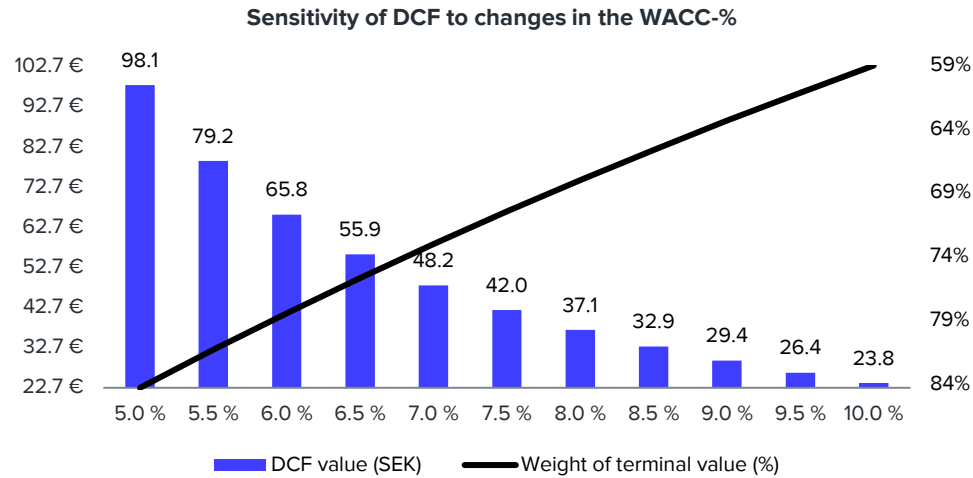
Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	5.0 %
Equity Beta	1.18
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.1 %
Weighted average cost of capital (WACC)	7.5 %

Source: Inderes

Cash flow distribution



DCF sensitivity calculations and key assumptions in graphs



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

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	30,832	40,071	46,649	40,166	43,135	EPS (reported)	1.65	2.16	2.37	0.20	1.54
EBITDA	5,765	7,460	8,797	4,040	6,833	EPS (adj.)	1.64	2.11	2.42	0.64	1.54
EBIT	4,468	5,863	6,973	2,010	4,763	OCF / share	1.48	1.48	3.32	1.29	2.70
PTP	4,318	5,675	6,331	899	4,094	FCF / share	-0.13	-1.34	-2.36	-0.08	1.66
Net Income	3,320	4,351	4,785	398	3,111	Book value / share	10.63	13.86	13.58	13.13	14.37
Extraordinary items	17	99	-96	-1,095	0	Dividend / share	0.50	0.65	0.65	0.30	0.50
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	43,394	53,994	68,104	66,722	67,964	Revenue growth-%	14%	30%	16%	-14%	7%
Equity capital	21,657	27,973	27,420	26,508	29,014	EBITDA growth-%	13%	29%	18%	-54%	69%
Goodwill	15,453	17,630	26,076	26,076	26,076	EBIT (adj.) growth-%	25%	29%	23%	-56%	53%
Net debt	5,036	6,326	17,238	19,566	17,381	EPS (adj.) growth-%	30%	29%	15%	-74%	141%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	18.7 %	18.6 %	18.9 %	10.1 %	15.8 %
EBITDA	5,765	7,460	8,797	4,040	6,833	EBIT (adj.)-%	14.4 %	14.4 %	15.2 %	7.7 %	11.0 %
Change in working capital	-1,862	-3,180	-409	-691	-281	EBIT-%	14.5 %	14.6 %	14.9 %	5.0 %	11.0 %
Operating cash flow	2,984	2,994	6,697	2,597	5,447	ROE-%	17.0 %	17.6 %	17.3 %	1.5 %	11.2 %
CAPEX	-3,515	-5,983	-13,565	-2,755	-2,110	ROI-%	15.1 %	16.7 %	15.8 %	4.1 %	9.3 %
Free cash flow	-257	-2,696	-4,754	-158	3,337	Equity ratio	49.9 %	51.8 %	40.3 %	39.7 %	42.7 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	23.3 %	22.6 %	62.9 %	73.8 %	59.9 %
EV/S	9.2	5.0	3.4	2.7	2.4						
EV/EBITDA	49.2	27.1	18.2	26.5	15.3						
EV/EBIT (adj.)	63.7	35.1	22.7	34.5	22.0						
P/E (adj.)	83.5	46.0	29.2	67.8	28.2						
P/B	12.9	7.0	5.2	3.3	3.0						
Dividend-%	0.4 %	0.7 %	0.9 %	0.7 %	1.1 %						

Source: Inderes

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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

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2023-09-20	Reduce	74.1 kr	70.5 kr
2023-11-16	Reduce	62.0 kr	67.5 kr
2023-02-13	Reduce	59.0 kr	66.5 kr
2023-02-19	Reduce	56.0 kr	59.0 kr
2024-05-17	Reduce	55.0 kr	61.3 kr
2024-08-19	Accumulate	53.0 kr	47.8 kr
2024-11-18	Reduce	52.0 kr	50.1 kr
2025-02-04	Reduce	42.0 kr	43.5 kr



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