

# Alma Media

## Company report

04/21/2024 20:47



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✓ Inderes corporate customer

This report is a summary translation of the report “Vakaata vauhtia vastatulessakin” published on 4/21/2024 at 8:54 pm EEST

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# Steady pace even in headwind

The overall picture of Alma Media's Q1 report was quite neutral, as the Q1 figures were well in line with our expectations and the 2024 guidance was also repeated as we expected. Considering this, we made no substantial changes to our forecasts for this or the coming years. In the short term, the company suffers from the slow market, but the company's flexible cost structure allows it to defend its earnings level until growth picks up. We reiterate our EUR 10.5 target price and our Accumulate recommendation for the moderately valued share.

## Q1 figures were expected

Alma Media reported a Q1 revenue performance well in line with our expectations, as its revenue grew by 1% year-on-year, mainly supported by the Netwheels acquisition. Due to the weak organic revenue development reflecting the weak economic situation, adjusted EBIT decreased by 5% from the comparison period, which was fully in line with our forecast. At segment level, Q1 figures included no surprises, and as a whole, Alma Media has succeeded in compensating for the effects of subdued demand and cost inflation with its highly flexible cost structure. Reflecting primarily the operational development in line with our forecasts, Q1's EPS also met our expectation at EUR 0.13.

## Guidance unchanged, no need for substantial forecast changes

As expected, Alma Media reiterated its guidance for 2024 according to which its revenue (2023: 305 MEUR) and adjusted EBIT (2023: 73.6 MEUR) are estimated to be at the 2023 level. We only made very small adjustments to our forecasts for the current and the coming years after the Q1 report. At segment level, raised Marketplaces' forecasts boosted our revenue estimate a bit, while estimate changes in segment-specific cost structures in practice eliminated each other. Considering this, the forecast changes for 2024-2026 amounted to around 1%. Alma Media's earnings growth is now slowed down by rather subdued market growth, driven in particular by the subdued domestic economic development. Elsewhere in Europe, the overall picture is also fairly stable, but the assumed support from falling interest rates to consumer demand is expected to turn the demand picture more positive toward the end of this year and especially in the coming years. Alma Media is well positioned here, as we estimate that growth should strengthen its profitability considering the scalability potential of the businesses.

## Upside in valuation, earnings growth and dividend create an attractive expected return

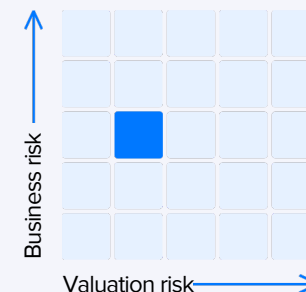
With the result of the previous 12 months, we believe the valuation of Alma Media's stock is quite reasonable, as the adjusted P/E and EV/EBIT ratios are around 14x and 13x. Given Alma Media's high return on capital, good cash flow generation and longer-term growth prospects, we believe these valuation multiples are at the lower end of the justified valuation range. Overall, we believe that the expected return from the modest upside in valuation, our expectation of modest medium-term earnings growth and the dividend yield that climbs to a good level (around 5%) is higher than the required return. This attractive valuation is also supported by our DCF model, which stands at EUR 10.5 per share.

## Recommendation

**Accumulate**  
(previous Accumulate)

**EUR 10.50**  
(previous EUR 10.50)

**Share price:**  
9.40



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	305	307	313	320
<b>growth-%</b>	-1%	1%	2%	2%
<b>EBIT adj.</b>	73.6	72.2	74.7	78.9
<b>EBIT-% adj.</b>	24.1 %	23.5 %	23.9 %	24.7 %
<b>Net Income</b>	56.2	49.9	53.1	57.6
<b>EPS (adj.)</b>	0.66	0.63	0.65	0.71
<b>P/E (adj.)</b>	14.6	15.0	14.4	13.3
<b>P/B</b>	3.6	3.3	3.1	2.9
<b>Dividend yield-%</b>	4.7 %	4.9 %	5.0 %	5.1 %
<b>EV/EBIT (adj.)</b>	12.6	12.8	12.2	11.2
<b>EV/EBITDA</b>	10.2	10.5	9.8	9.2
<b>EV/S</b>	3.0	3.0	2.9	2.8

Source: Inderes

## Guidance (Unchanged)

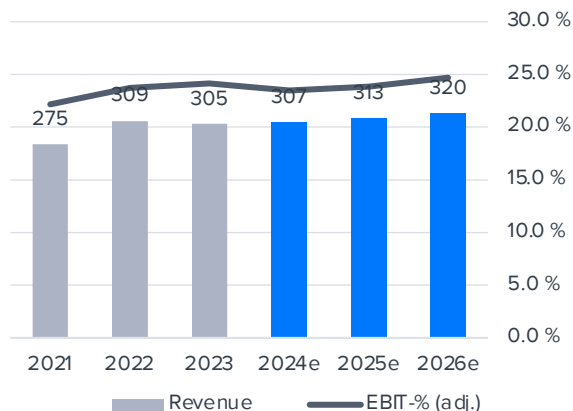
Alma Media expects its full-year revenue and adjusted operating profit of 2024 to remain at the 2023 level. The full-year revenue for 2023 was 304.9 MEUR and the adjusted operating profit was 73.6 MEUR.

## Share price



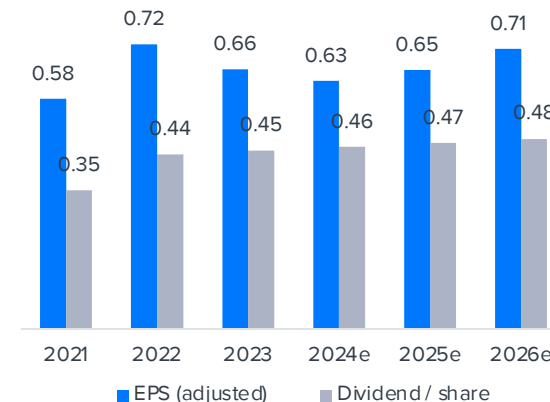
Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



### Value drivers

- Profitable growth in digital businesses
- Positive long-term market trends of marketplace businesses
- Stable profitability development and good cash flow of media businesses
- M&A option that is positive given track record



### Risk factors

- Cyclicalities especially in advertising and recruitment business
- Accelerated revolution in media and decrease in print media
- Competitive risks posed by new technologies
- Possible changes in competitive position and dynamics

Valuation	2024e	2025e	2026e
Share price	9.40	9.40	9.40
Number of shares, million:	82.1	82.1	82.1
Market cap	771	771	771
EV	922	907	887
P/E (adj.)	15.0	14.4	13.3
P/E	15.5	14.5	13.4
P/B	3.3	3.1	2.9
P/S	2.5	2.5	2.4
EV/Sales	3.0	2.9	2.8
EV/EBITDA	10.5	9.8	9.2
EV/EBIT (adj.)	12.8	12.2	11.2
Payout ratio (%)	75.7 %	72.6 %	68.4 %
Dividend yield-%	4.9 %	5.0 %	5.1 %

Source: Inderes

# Q1 figures were expected

## Expected stable development

Alma Media's revenue grew by 1% in Q1, which was slightly more perky than we expected. Career's revenue decreased by 3% from the comparison period, which was well in line with our forecast and reflects in particular the subdued recruitment market in Finland and the Baltic countries, in line with their economic development. Elsewhere in Europe, development was clearly more stable thanks to the tight labor market.

Marketplaces' revenue grew by some 11% from the comparison period, which was faster than our forecast. Growth was particularly driven by the Netwheels acquisition. Organically, the segment reached 1% growth, which was slightly more perky than we expected, even though its target markets suffered from weak economic development. News Media's revenue also contracted by 3% from the comparison period, reflecting the sluggish decline in advertising and print content income.

## Good cost management supports profitability

Alma Media's adjusted EBIT decreased to 16.1 MEUR, which is exactly in line with our forecast. This corresponds to a good, albeit lower than in the comparison period, adjusted EBIT margin of 21.2%. All in all, this is the result of successful cost management, as comparatively costs increased moderately by 3% from the comparison period. Profitability decreased slightly in Career and Marketplaces due to a decrease in high-margin revenue, but they have remained at quite attractive levels. News Media managed to improve its profitability slightly from the comparison period, presumably due to the development of the sales mix and improved efficiency in print media.

The company recorded a tad higher non-recurring items in Q1 than we expected but this was compensated with financial income. As a result, net financial expenses were lower than we predicted, although the positive item reflects the change in the

fair value of interest rate derivatives and had no effect on cash flow. Thus, the EPS of EUR 0.13 was in line with our expectations.

## Cash flow and balance sheet position are in order

In Q1, Alma's cash flow from operating activities was supported by working capital, and it increased to 24.2 MEUR (Q1'23: 20.6 MEUR). Organic investments were moderate (1.3 MEUR), but acquisitions (14.5 MEUR) consumed a significant share of cash flow. Considering this, the company's financial position has remained relatively unchanged. At the end of Q1'24, net debt was 138 MEUR or 1.5x LTM EBITDA. Thus, in addition to targeted acquisitions, the financial position enables slightly larger M&A transactions if necessary.

Ennustetaulukko MEUR / EUR	Q1'23	Q1'24	Q1'24e	Q1'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	75.3	76.2	74.8	75.2	74.3	- 76.0	2%	307
EBIT (adj.)	17.0	16.1	16.1	16.4	16.1	- 17.0	0%	72.2
EBIT	16.5	15.0	15.2	16.3	15.2	- 17.0	-1%	70.7
EPS (reported)	0.14	0.13	0.13	0.13	0.11	- 0.15	3%	0.61
Revenue growth-%	-1.2 %	1.1 %	-0.7 %	-0.1 %	-1.3 %	- 0.9 %	1.8 pp	0.8 %
EBIT-% (adj.)	22.6 %	21.2 %	21.5 %	21.8 %	21.7 %	- 22.4 %	-0.4 pp	23.5 %

Source: Inderes & Vara Research (consensus, 5 estimates, collected on 2/23.)

# No need for substantial forecast changes

## Estimate revisions 2024e-2026e

- The Q1 report, which was quite well in line with our forecasts, did not give rise to major forecast changes
- We made very small revisions at revenue level, the rise in revenue forecasts for the next few years was marginal and mainly a result of slightly higher forecasts in Marketplaces
- At segment level, we made small adjustments to our cost forecasts
- The fine-tuning of segment-level cost estimates in practice compensates each other, so our operating profit forecasts for the coming years only changed marginally (1%)
- We made no forecast changes below the operational lines, as net financial costs in Q1 were limited by the change in the fair value of derivatives, which we do not predict when looking forward

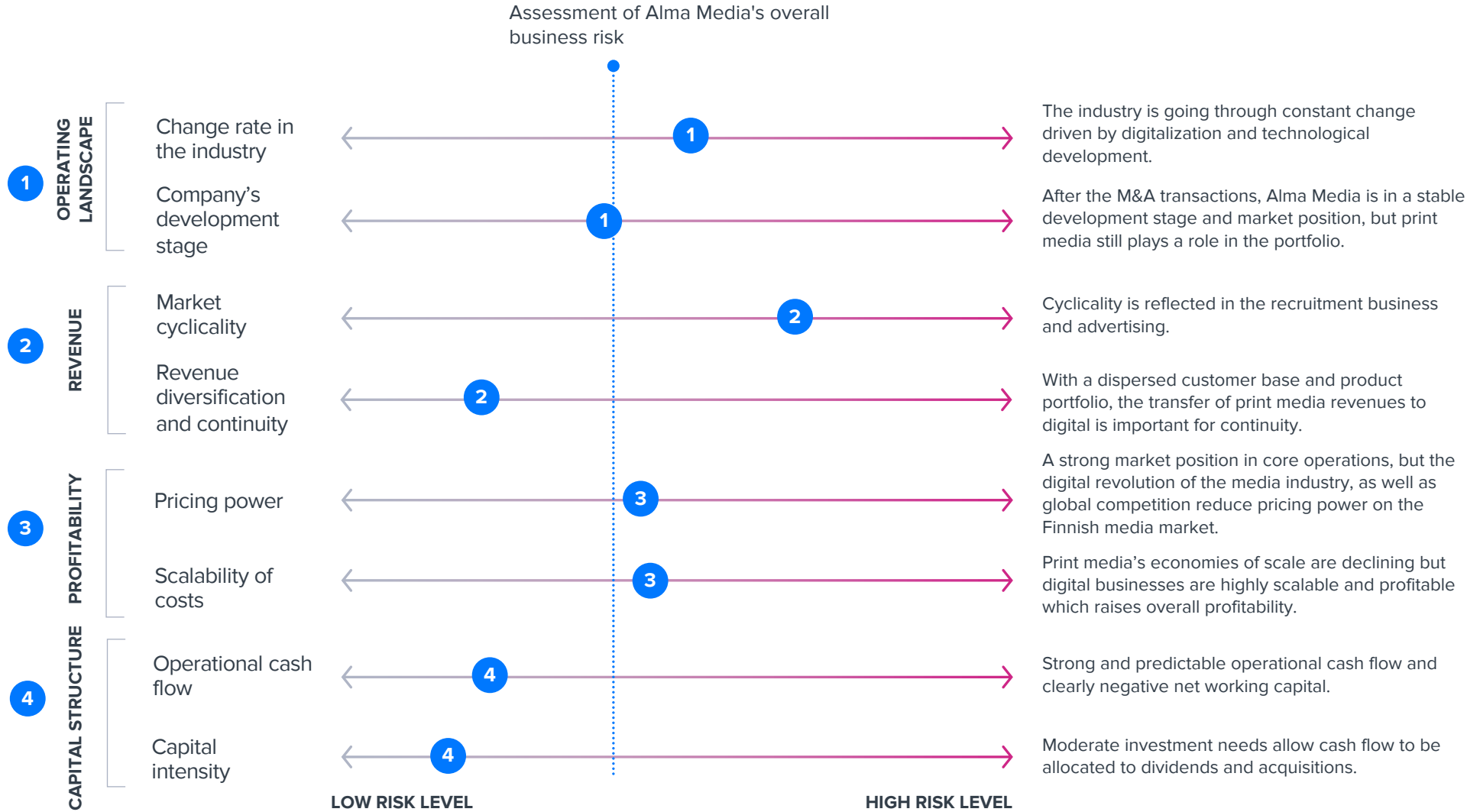
## Operational earnings drivers 2024-2026e:

- Short-term growth drivers are subdued as investments in durable goods and the advertising market shrink in Finland
- Despite the subdued market growth, the revenue trend is slightly boosted by inorganic growth in 2024
- In the coming years, we expect demand in key markets to pick up, as the drop in interest rates will have a positive impact on the domestic housing and automotive market. We also expect the strengthening economic growth picture to turn the recruitment business into growth starting from 2025
- In our forecasts, revenue growth will scale moderately to profitability, which reflects digital income and scalable business models
- The impact of the scaling of News Media's digital revenue growth is dampened by the shrinking print media

Estimate revisions MEUR / EUR	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
	Old	New	%	Old	New	%	Old	New	%
Revenue	306	307	0%	311	313	1%	317	320	1%
EBIT (exc. NRIs)	72.9	72.2	-1%	75.4	74.7	-1%	78.2	78.9	1%
EBIT	71.7	70.7	-1%	74.9	74.2	-1%	77.7	78.4	1%
PTP	63.7	63.4	-1%	68.9	68.2	-1%	73.1	73.8	1%
EPS (excl. NRIs)	0.62	0.63	0%	0.66	0.65	-1%	0.70	0.71	1%
DPS	0.46	0.46	0%	0.47	0.47	0%	0.48	0.48	0%

Source: Inderes

# Risk profile of Alma Media's business model



Source: Inderes

# Investment profile

1.

**Growth in digital businesses and excellent profitability**

2.

**Profitable media activities that generate cash flow**

3.

**Cyclicality raises the risk profile of certain earnings streams**

4.

**Strong cash flow helps lower gearing quickly and brings leeway for acquisitions**

5.

**We expect the company to continue with acquisitions that shape income sources and strengthen growth**

## Potential



- Organic growth potential in high profitability digital businesses
- Excellent cash flow and high ROIC
- M&A option that is positive given track record

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## Risks



- Cyclical sensitivity in certain income streams
- Structural decrease in print media income and arising needs for adjustment
- Changes in the competitive position
- Changes in technology

# Valuation 1/2

## Valuation methods

When valuing the share, we currently place most weight on the share's expected total return based on the forecasts for the next few years (earnings growth + dividends + expected changes in valuation multiples). In addition, we approach the valuation with the cash flow model (DCF). In the valuation, we favor the EV/EBIT ratio that reflects the balance sheet structure and the P/E ratio.

We do not give much weight to the relative valuation, because there are no good peers available for Alma Media's business structure.

## Share's expected total return

We believe the role of dividends is crucial in the expected return of the share. With our estimate, the dividend yield is 5% on average for the next few years.

We forecast organic earnings growth in the coming years to be moderate from 2023 levels. Based on our operational earnings forecast for 2026, earnings growth in the coming years reaches around 7%, which is also well in line with EPS growth (+8%), as the burden of higher interest rates is offset by a reduction in net debt levels in our projections due to good cash flow. Hence, even mild earnings growth is a slightly positive driver of earnings expectations.

Alma Media's adjusted earnings-based valuation multiples for the previous 12 months are approximately 14x adj. P/E and EV/EBIT of close on 13x. In our view, these earnings-based valuation multiples are modest in absolute terms relative to Alma Media's relatively good return on capital, the

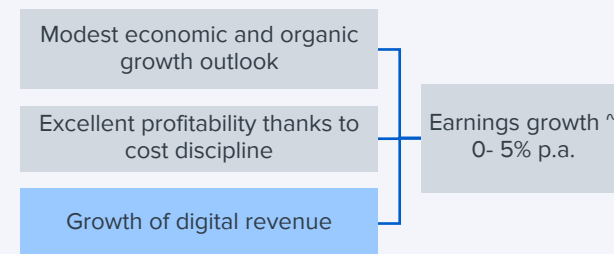
excellent cash conversion of its businesses, its ability to generate free cash flow with moderate capital expenditure needs, and its longer-term growth prospects. Against this backdrop, with long-term growth assumptions and an EV/EBIT ratio of 13-15x, we believe a multiple range of 13-15x is justified.

The valuation multiples can also be compared to Alma Media's historical valuation multiples, which have averaged 14.5x for the EV/EBIT ratio and 19x for the P/E ratio. The valuation multiples for the previous five years were set in the zero interest rate period, after which acceptable valuation levels have decreased due to increased interest rates. Thus, we do not expect investors to price the share in the current interest rate environment with the same multiples as in the previous five years. It should be noted, however, that Alma Media's business has also changed considerably as the relative share of digital business has increased, which has also increased business profitability, return on capital and cash flow. We feel these factors support an increase in the acceptable valuation level. Thus, we believe that the rise in required returns and the change in the business portfolio are clearly driving the acceptable valuation in opposite directions. In our view, the acceptable valuation has risen close to the five-year average levels with the change in the business portfolio.

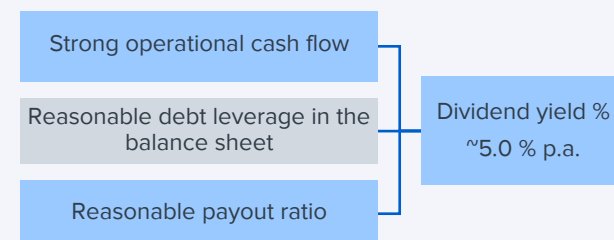
## TSR drivers 2023-2026e

■ Positive ■ Neutral ■ Negative

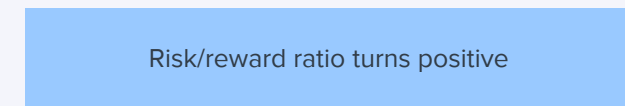
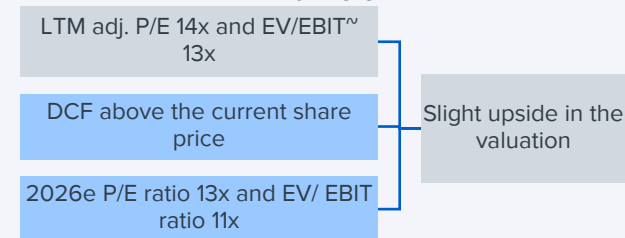
### Profit drivers



### Dividend yield drivers



### Valuation multiple drivers





# Valuation 2/2

Thus, we feel there is upside in the absolute valuation multiples from the current level. Therefore, the expected return consisting of the upside in the valuation and the dividend yield is higher than the required return and turns the risk/reward ratio positive in our opinion.

## DCF

We feel that the applicability of the DCF calculation in Alma Media's valuation is reasonable, and it reflects the company's long-term ability to create value.

Our DCF model indicates a share value of EUR 10.5. In our DCF model, revenue growth in the medium- and long-term is driven by the growth in digital businesses (83% of revenue at the end of Q1'24), but the growth is slightly slowed down by the decreasing print media.

Our revenue growth estimate for 2026-2032 is 2.5% on average. As the digital businesses grow, the company's relative profitability and return on capital remain, however, relatively stable. The EBIT margin in our model is 23.5%-24.5% in the long term. Alma Media has also shown that it is already capable of reaching this level with its current business portfolio, and thus, in our view, the long-term profitability expectations are not unduly demanding in light of Alma Media's track record. They are also slightly below the company's own targeted adjusted EBIT margin of over 25%.

In the model, the weight of the terminal period in the value of cash flows is at a reasonable 56 % level. The weighted average cost of capital (WACC) we use in the cash flow model is 8.0 %, with the cost of equity being higher at 9.2 %.

Valuation	2024e	2025e	2026e
Share price	9.40	9.40	9.40
Number of shares, millions	82.1	82.1	82.1
Market cap	771	771	771
EV	922	907	887
P/E (adj.)	15.0	14.4	13.3
P/E	15.5	14.5	13.4
P/B	3.3	3.1	2.9
P/S	2.5	2.5	2.4
EV/Sales	3.0	2.9	2.8
EV/EBITDA	10.5	9.8	9.2
EV/EBIT (adj.)	12.8	12.2	11.2
Payout ratio (%)	75.7 %	72.6 %	68.4 %
Dividend yield-%	4.9 %	5.0 %	5.1 %

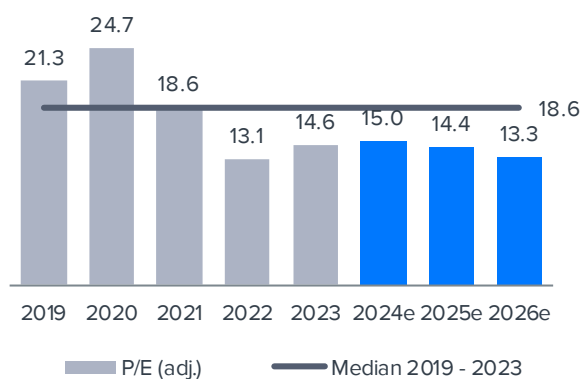
Source: Inderes

# Valuation table

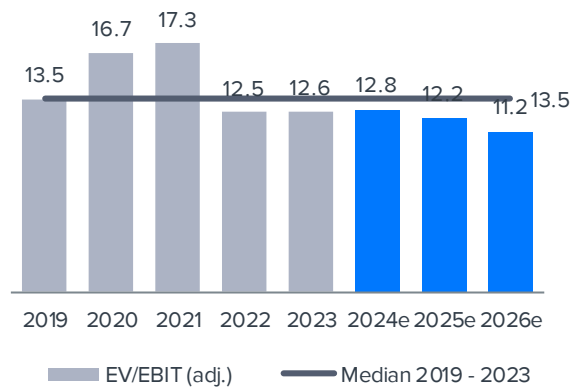
Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	7.96	8.92	10.8	9.40	9.60	9.40	9.40	9.40	9.40
Number of shares, millions	82.3	82.3	82.4	82.2	82.1	82.1	82.1	82.1	82.1
Market cap	655	734	891	773	788	771	771	771	771
EV	666	756	1059	920	925	922	907	887	865
P/E (adj.)	21.3	24.7	18.6	13.1	14.6	15.0	14.4	13.3	12.7
P/E	21.3	26.7	20.4	10.7	14.0	15.5	14.5	13.4	12.8
P/B	3.8	4.0	5.4	3.8	3.6	3.3	3.1	2.9	2.7
P/S	2.6	3.2	3.2	2.5	2.6	2.5	2.5	2.4	2.4
EV/Sales	2.7	3.3	3.8	3.0	3.0	3.0	2.9	2.8	2.7
EV/EBITDA	9.3	12.8	14.4	9.5	10.2	10.5	9.8	9.2	8.7
EV/EBIT (adj.)	13.5	16.7	17.3	12.5	12.6	12.8	12.2	11.2	10.6
Payout ratio (%)	106.8 %	89.9 %	66.1 %	50.0 %	65.7 %	75.7 %	72.6 %	68.4 %	68.0 %
Dividend yield-%	5.0 %	3.4 %	3.2 %	4.7 %	4.7 %	4.9 %	5.0 %	5.1 %	5.3 %

Source: Inderes

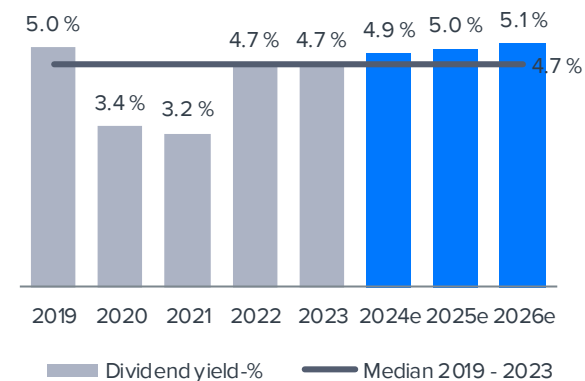
### P/E (adj.)



### EV/EBIT (oik.)



### Dividend yield-%



# 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	
Alma Media	774	922	12.5	11.9	10.0	9.7	3.0	2.9	14.1	13.3	5.0	5.4	3.3
Agora SA	230	37					0.3	0.2					0.4
Future PLC	832	1266	5.0	4.8	4.5	4.3	1.4	1.4	5.2	4.8	0.5	0.6	61.5
Gannett Co Inc	363	1247	18.7	9.9	4.9	4.6	0.5	0.5		10.8			
Lagardere SA	2893	7472	14.0	13.3	8.3	9.1	0.9	0.8	11.5	10.2	4.8	4.8	3.9
Arnoldo Mondadori Editore SpA	566	704	7.3	7.0	4.6	4.5	0.8	0.7	8.4	8.0	6.0	6.9	1.7
New York Times Co	6535	6111	18.6	16.3	15.5	13.8	2.6	2.4	25.4	22.8	1.2	1.2	3.6
Rizzoli Corriere della Sera Mediagroup SpA	406	584	5.8		4.0		0.7		7.1		7.7		0.9
TX Group AG	1674	1925	17.3	11.1	8.9	7.6	1.9	2.0	9.9	8.8	3.6	4.6	0.4
Promotora de Informaciones SA	355	1177	10.4	8.6	6.5	5.8	1.2	1.2	15.0	8.0			
Vocento SA	101	135	9.6	7.1	3.5	3.2	0.4	0.4	11.5	11.5	5.3	6.2	0.5
Auto Trader Group PLC	7021	7064	17.6	15.8	16.8	15.2	11.0	10.1	24.1	21.1	1.4	1.6	10.1
Carsales.Com Ltd	7548	8196	28.4	25.0	23.4	20.8	12.4	11.1	37.4	32.4	2.2	2.5	4.1
Moneysupermarket.Com Group PLC	1324	1384	9.9	9.0	8.5	7.8	2.6	2.5	12.4	11.3	6.0	6.3	5.0
REA Group Ltd	13993	14107	35.0	29.6	29.8	25.7	16.5	14.7	51.4	42.9	1.1	1.3	14.5
Rightmove PLC	4719	4682	14.7	13.5	14.4	13.3	10.3	9.4	19.6	17.4	1.9	2.1	67.1
Schibsted ASA	6212	6784	45.9	34.1	28.2	23.7	5.1	4.9	50.0	34.3	0.7	0.8	1.8
Scout24 SE	5006	5135	17.6	15.7	15.3	13.8	9.1	8.3	23.9	20.9	1.9	2.2	3.2
Seek Ltd	5088	5853	26.5	21.7	19.3	16.4	8.3	7.5	40.6	31.7	1.6	2.2	3.2
Stroeer SE & Co KgaA	3241	4872	15.1	12.8	7.7	7.0	2.3	2.2	17.9	14.4	3.7	4.4	6.1
Adevinta ASA	11842	13504	25.4	19.5	17.2	14.6	6.6	5.8	31.8	24.4	0.2	0.5	1.3
<b>Alma Media (Inderes)</b>	<b>771</b>	<b>922</b>	<b>12.8</b>	<b>12.2</b>	<b>10.5</b>	<b>9.8</b>	<b>3.0</b>	<b>2.9</b>	<b>15.0</b>	<b>14.4</b>	<b>4.9</b>	<b>5.0</b>	<b>3.3</b>
<b>Average</b>		<b>4319</b>	<b>16.3</b>	<b>14.0</b>	<b>11.7</b>	<b>10.9</b>	<b>4.6</b>	<b>4.4</b>	<b>20.4</b>	<b>17.5</b>	<b>3.2</b>	<b>3.3</b>	<b>10.6</b>
<b>Median</b>		<b>3304</b>			<b>8.9</b>	<b>9.4</b>	<b>2.4</b>	<b>2.4</b>	<b>16.4</b>	<b>13.8</b>	<b>2.2</b>	<b>2.3</b>	<b>3.5</b>
<b>Diff.% to median</b>			<b>-15%</b>	<b>-7%</b>	<b>19%</b>	<b>5%</b>	<b>23%</b>	<b>20%</b>	<b>-9%</b>	<b>4%</b>	<b>128%</b>	<b>114%</b>	<b>-5%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue</b>	<b>309</b>	<b>75.3</b>	<b>78.2</b>	<b>73.5</b>	<b>77.9</b>	<b>305</b>	<b>76.2</b>	<b>77.2</b>	<b>74.5</b>	<b>79.6</b>	<b>307</b>	<b>313</b>	<b>320</b>	<b>325</b>
Alma Career	0.0	27.7	28.4	27.4	27.0	110.5	26.9	27.2	27.2	27.0	108	110.8	114	117
Alma Marketplaces	0.0	20.7	21.7	21.0	21.9	85.4	22.9	23.1	23.0	24.2	93.2	95.6	98.2	101
Alma News Media	0.0	27.2	27.9	25.0	28.9	109	26.4	27.1	24.5	28.6	107	108	108	108
Unallocated	0.0	-0.3	0.2	0.0	0.0	0.0	-0.1	-0.2	-0.2	-0.2	-0.7	-1.0	-1.0	-1.0
<b>EBITDA</b>	<b>97.2</b>	<b>20.7</b>	<b>24.1</b>	<b>25.3</b>	<b>20.5</b>	<b>90.6</b>	<b>19.1</b>	<b>21.7</b>	<b>25.2</b>	<b>21.7</b>	<b>87.6</b>	<b>92.5</b>	<b>96.9</b>	<b>99.9</b>
Depreciation	-17.2	-4.2	-4.4	-4.4	-4.6	-17.6	-4.1	-4.3	-4.3	-4.2	-16.9	-18.4	-18.5	-18.5
<b>EBIT (excl. NRI)</b>	<b>73.4</b>	<b>17.0</b>	<b>19.3</b>	<b>20.5</b>	<b>16.8</b>	<b>73.6</b>	<b>16.1</b>	<b>17.6</b>	<b>21.0</b>	<b>17.6</b>	<b>72.2</b>	<b>74.7</b>	<b>78.9</b>	<b>81.8</b>
<b>EBIT</b>	<b>80.0</b>	<b>16.5</b>	<b>19.8</b>	<b>20.8</b>	<b>15.9</b>	<b>73.0</b>	<b>15.0</b>	<b>17.4</b>	<b>20.9</b>	<b>17.5</b>	<b>70.7</b>	<b>74.2</b>	<b>78.4</b>	<b>81.3</b>
Alma Career	0.0	11.1	11.9	12.3	9.7	45.0	10.4	11.0	11.7	10.0	43.0	44.3	47.0	48.7
Alma Marketplaces	0.0	6.2	7.4	7.5	5.4	26.4	5.4	6.6	8.8	7.0	27.7	29.6	31.2	32.6
Alma News Media	0.0	2.3	3.8	3.4	4.0	13.5	2.4	3.1	3.2	3.7	12.4	12.9	13.0	12.8
Unallocated	0.0	-3.0	-3.2	-2.4	-3.3	-12.0	-3.1	-3.1	-2.7	-3.1	-12.0	-12.2	-12.3	-12.3
Net financial items	6.3	-1.9	2.9	-1.5	-4.8	-5.3	-1.4	-2.0	-2.0	-2.0	-7.4	-6.0	-4.6	-4.0
<b>PTP</b>	<b>86.9</b>	<b>14.6</b>	<b>22.7</b>	<b>19.6</b>	<b>11.6</b>	<b>68.5</b>	<b>13.6</b>	<b>15.4</b>	<b>18.9</b>	<b>15.5</b>	<b>63.4</b>	<b>68.2</b>	<b>73.8</b>	<b>77.4</b>
Taxes	-14.5	-2.9	-4.1	-4.3	-0.9	-12.1	-2.8	-3.3	-4.1	-3.3	-13.4	-14.7	-15.9	-16.6
Minority interest	0.0	0.0	0.0	-0.1	0.0	-0.1	-0.1	0.0	0.0	0.0	-0.1	-0.4	-0.4	-0.4
<b>Net earnings</b>	<b>72.4</b>	<b>11.7</b>	<b>18.6</b>	<b>15.2</b>	<b>10.7</b>	<b>56.2</b>	<b>10.8</b>	<b>12.1</b>	<b>14.8</b>	<b>12.1</b>	<b>49.9</b>	<b>53.1</b>	<b>57.6</b>	<b>60.3</b>
<b>EPS (adj.)</b>	<b>0.72</b>	<b>0.15</b>	<b>0.18</b>	<b>0.18</b>	<b>0.14</b>	<b>0.66</b>	<b>0.15</b>	<b>0.15</b>	<b>0.18</b>	<b>0.15</b>	<b>0.63</b>	<b>0.65</b>	<b>0.71</b>	<b>0.74</b>
<b>EPS (rep.)</b>	<b>0.88</b>	<b>0.14</b>	<b>0.23</b>	<b>0.19</b>	<b>0.13</b>	<b>0.68</b>	<b>0.13</b>	<b>0.15</b>	<b>0.18</b>	<b>0.15</b>	<b>0.61</b>	<b>0.65</b>	<b>0.70</b>	<b>0.74</b>

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue growth-%</b>	12.1%	-1.2%	-1.4%	-1.4%	-1.0%	-1.3%	1.2%	-1.3%	1.4%	2.2%	0.8%	1.8%	2.1%	1.8%
<b>Adjusted EBIT growth-%</b>	20.1%	-13.3%	0.2%	6.5%	10.0%	0.3%	-5.2%	-8.9%	2.3%	4.9%	-1.8%	3.4%	5.7%	3.7%
<b>EBITDA-%</b>	31.5%	27.5%	30.9%	34.4%	26.3%	29.7%	25.0%	28.2%	33.8%	27.2%	28.5%	29.6%	30.3%	30.7%
<b>Adjusted EBIT-%</b>	23.8%	22.6%	24.6%	27.9%	21.5%	24.1%	21.1%	22.8%	28.2%	22.1%	23.5%	23.9%	24.7%	25.2%
<b>Net earnings-%</b>	23.4%	15.5%	23.8%	20.7%	13.7%	18.4%	14.2%	15.7%	19.9%	15.2%	16.2%	17.0%	18.0%	18.5%

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>429</b>	<b>437</b>	<b>446</b>	<b>446</b>	<b>446</b>
Goodwill	294	298	308	308	308
Intangible assets	87	88	88	88	88
Tangible assets	34	41	40	40	39
Associated companies	4.2	4.4	4.4	4.4	4.4
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	8.8	5.9	5.9	5.9	5.9
Deferred tax assets	0.6	0.2	0.2	0.2	0.2
<b>Current assets</b>	<b>66.2</b>	<b>90.3</b>	<b>71.9</b>	<b>70.3</b>	<b>71.7</b>
Inventories	0.7	0.6	0.6	0.6	0.6
Other current assets	0.1	3.9	3.9	3.9	3.9
Receivables	35	33	34	34	35
Cash and equivalents	30	52	34	31	32
<b>Balance sheet total</b>	<b>495</b>	<b>528</b>	<b>525</b>	<b>524</b>	<b>525</b>

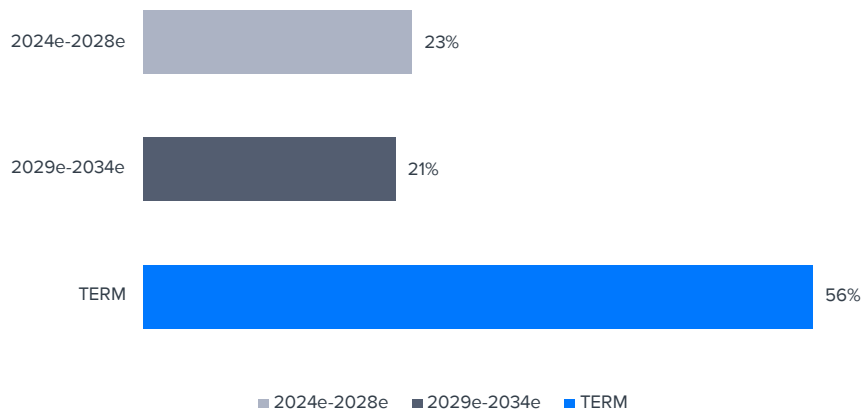
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>206</b>	<b>223</b>	<b>236</b>	<b>251</b>	<b>270</b>
Share capital	45	45	45	45	45
Retained earnings	132	148	161	176	195
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	7.7	7.7	7.7	7.7	7.7
Other equity	20	20	20	20	20
Minorities	2	3	3	3	3
<b>Non-current liabilities</b>	<b>191</b>	<b>216</b>	<b>194</b>	<b>176</b>	<b>156</b>
Deferred tax liabilities	17	17	17	17	17
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	164	192	170	152	132
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	10.2	7.0	7.0	7.0	7.0
<b>Current liabilities</b>	<b>98</b>	<b>89</b>	<b>96</b>	<b>97</b>	<b>99</b>
Interest bearing debt	10	7	10	12	12
Payables	81	80	83	83	85
Other current liabilities	7.0	3	2.5	2.5	2.5
<b>Balance sheet total</b>	<b>495</b>	<b>528</b>	<b>525</b>	<b>524</b>	<b>525</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-1.3 %	0.8 %	1.8 %	2.1 %	1.8 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %
EBIT-%	23.9 %	23.0 %	23.7 %	24.5 %	25.0 %	24.5 %	24.5 %	24.0 %	24.0 %	24.0 %	23.5 %	23.5 %	23.5 %
<b>EBIT (operating profit)</b>	<b>73.0</b>	<b>70.7</b>	<b>74.2</b>	<b>78.4</b>	<b>81.3</b>	<b>81.7</b>	<b>83.8</b>	<b>84.1</b>	<b>86.2</b>	<b>88.4</b>	<b>88.7</b>	<b>90.9</b>	
+ Depreciation	17.6	16.9	18.4	18.5	18.5	18.7	18.8	18.9	18.9	19.5	19.5	19.5	
- Paid taxes	-11.9	-13.4	-14.7	-15.9	-16.6	-16.8	-17.3	-17.4	-17.8	-18.3	-18.4	-18.8	
- Tax, financial expenses	-1.0	-1.6	-1.3	-1.0	-0.9	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	
+ 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	0.0	
- Change in working capital	-7.9	3.0	-0.7	1.0	0.9	1.2	1.3	1.3	1.3	1.4	1.4	1.4	
<b>Operating cash flow</b>	<b>69.8</b>	<b>75.6</b>	<b>75.9</b>	<b>81.1</b>	<b>83.3</b>	<b>84.1</b>	<b>85.9</b>	<b>86.2</b>	<b>88.0</b>	<b>90.2</b>	<b>90.5</b>	<b>92.3</b>	
+ Change in other long-term liabilities	-3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-26	-33	-18.5	-18.0	-18.5	-18.5	-19.0	-19.5	-19.5	-19.5	-19.6	-19.6	
<b>Free operating cash flow</b>	<b>40</b>	<b>43</b>	<b>57.4</b>	<b>63.1</b>	<b>64.8</b>	<b>65.6</b>	<b>66.9</b>	<b>66.7</b>	<b>68.5</b>	<b>70.7</b>	<b>70.9</b>	<b>72.7</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	40	43	57.4	63.1	64.8	65.6	66.9	66.7	68.5	70.7	70.9	72.7	1346
<b>Discounted FCFF</b>		<b>41</b>	<b>50.3</b>	<b>51.2</b>	<b>48.7</b>	<b>45.6</b>	<b>43.0</b>	<b>39.7</b>	<b>37.7</b>	<b>36.1</b>	<b>33.5</b>	<b>31.8</b>	<b>588</b>
Sum of FCFF present value		1047	1006	956	904	856	810	767	727	690	654	620	588
<b>Enterprise value DCF</b>		<b>1047</b>											
- Interest bearing debt		-199											
+ Cash and cash equivalents		52											
-Minorities		-4											
-Dividend/capital return		-37											
<b>Equity value DCF</b>		<b>860</b>											
<b>Equity value DCF per share</b>		<b>10.5</b>											

## Cash flow distribution



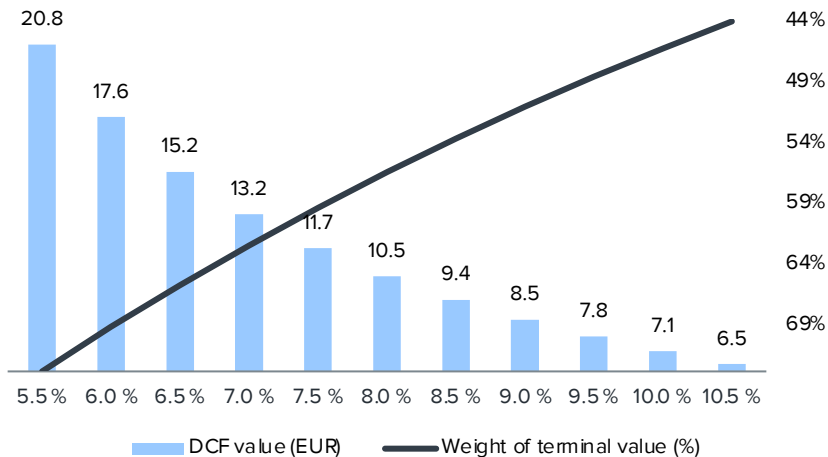
## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.4
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>9.2 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.0 %</b>

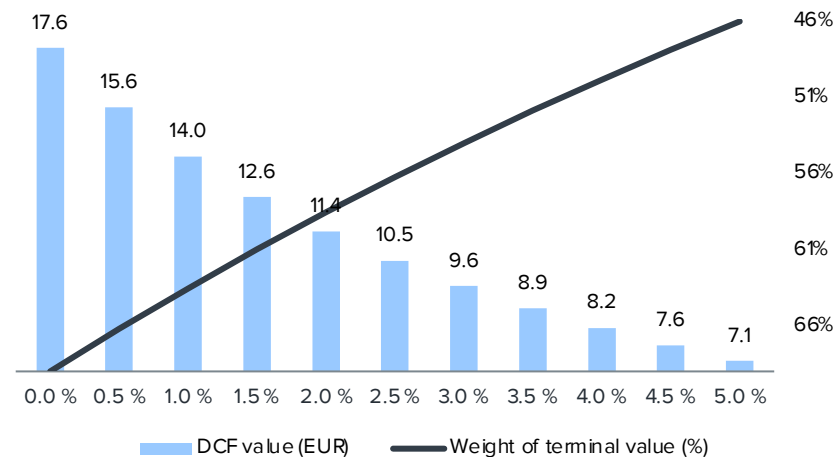
Source: Inderes

# DCF sensitivity calculations and key assumptions in graphs

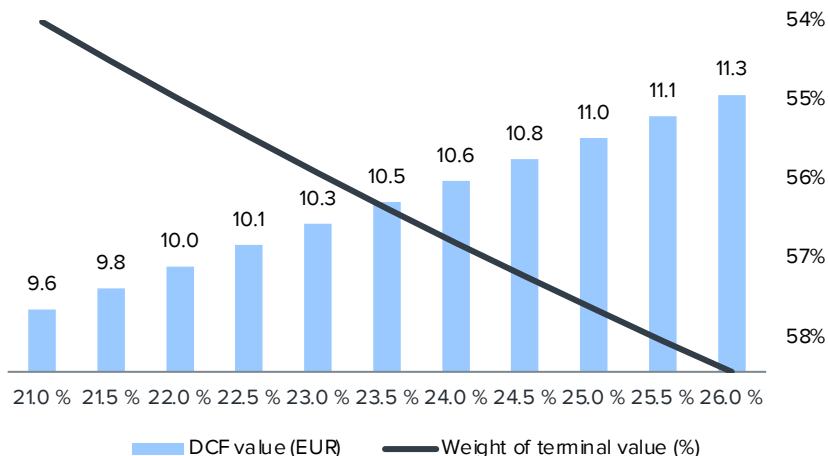
Sensitivity of DCF to changes in the WACC-%



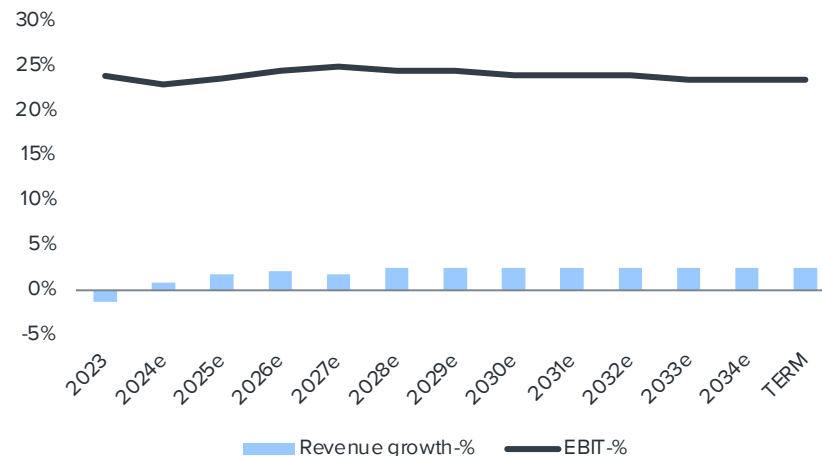
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

# Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	275	309	305	<b>307</b>	<b>313</b>	EPS (reported)	0.53	0.88	0.68	<b>0.61</b>	<b>0.65</b>
EBITDA	73.5	97.2	90.6	<b>87.6</b>	<b>92.5</b>	EPS (adj.)	0.58	0.72	0.66	<b>0.63</b>	<b>0.65</b>
EBIT	56.8	80.0	73.0	<b>70.7</b>	<b>74.2</b>	OCF / share	1.00	1.06	0.85	<b>0.92</b>	<b>0.92</b>
PTP	56.3	86.9	68.5	<b>63.4</b>	<b>68.2</b>	FCF / share	-1.28	0.89	0.49	<b>0.52</b>	<b>0.70</b>
Net Income	43.6	72.4	56.2	<b>49.9</b>	<b>53.1</b>	Book value / share	1.99	2.49	2.68	<b>2.84</b>	<b>3.03</b>
Extraordinary items	-4.3	6.6	-0.6	<b>-1.5</b>	<b>-0.5</b>	Dividend / share	0.35	0.44	0.45	<b>0.46</b>	<b>0.47</b>
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	518.4	495.2	527.7	<b>525.2</b>	<b>523.7</b>	Revenue growth-%	20%	12%	-1%	<b>1%</b>	<b>2%</b>
Equity capital	166.5	205.9	222.8	<b>235.7</b>	<b>251.1</b>	EBITDA growth-%	25%	32%	-7%	<b>-3%</b>	<b>6%</b>
Goodwill	294.5	294.4	298.0	<b>308.0</b>	<b>308.0</b>	EBIT (adj.) growth-%	35%	20%	0%	<b>-2%</b>	<b>3%</b>
Net debt	182.7	143.7	146.5	<b>146.5</b>	<b>132.0</b>	EPS (adj.) growth-%	61%	24%	-9%	<b>-5%</b>	<b>4%</b>
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	26.7 %	31.5 %	29.7 %	<b>28.5 %</b>	<b>29.6 %</b>
EBITDA	73.5	97.2	90.6	<b>87.6</b>	<b>92.5</b>	EBIT (adj.)-%	22.2 %	23.8 %	24.1 %	<b>23.5 %</b>	<b>23.9 %</b>
Change in working capital	14.0	5.0	-7.9	<b>3.0</b>	<b>-0.7</b>	EBIT-%	20.6 %	25.9 %	23.9 %	<b>23.0 %</b>	<b>23.7 %</b>
Operating cash flow	82.1	87.0	69.8	<b>75.6</b>	<b>75.9</b>	ROE-%	25.1 %	39.3 %	26.5 %	<b>22.0 %</b>	<b>22.0 %</b>
CAPEX	-190.3	-17.5	-26.2	<b>-32.8</b>	<b>-18.5</b>	ROI-%	17.8 %	20.6 %	18.4 %	<b>16.9 %</b>	<b>17.9 %</b>
Free cash flow	-105.4	73.1	40.4	<b>42.8</b>	<b>57.4</b>	Equity ratio	34.7 %	45.8 %	46.3 %	<b>49.3 %</b>	<b>52.8 %</b>
						Gearing	109.7 %	69.8 %	65.8 %	<b>62.1 %</b>	<b>52.6 %</b>
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	3.8	3.0	3.0	<b>3.0</b>	<b>2.9</b>						
EV/EBITDA (adj.)	14.4	9.5	10.2	<b>10.5</b>	<b>9.8</b>						
EV/EBIT (adj.)	17.3	12.5	12.6	<b>12.8</b>	<b>12.2</b>						
P/E (adj.)	18.6	13.1	14.6	<b>15.0</b>	<b>14.4</b>						
P/B	5.4	3.8	3.6	<b>3.3</b>	<b>3.1</b>						
Dividend-%	3.2 %	4.7 %	4.7 %	<b>4.9 %</b>	<b>5.0 %</b>						

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
4/25/2022	Accumulate	11.00 €	9.58 €
6/13/2022	Reduce	11.00 €	10.50 €
7/21/2022	Reduce	11.00 €	10.30 €
10/21/2022	Accumulate	10.50 €	9.10 €
2/17/2023	Accumulate	10.50 €	9.63 €
4/24/2023	Accumulate	10.50 €	9.04 €
6/10/2023	Accumulate	10.00 €	8.92 €
7/20/2023	Accumulate	10.00 €	9.14 €
10/19/2023	Accumulate	10.00 €	8.62 €
2/19/2024	Accumulate	10.50 €	9.92 €
4/11/2024	Accumulate	10.50 €	9.44 €
4/22/2024	Accumulate	10.50 €	9.40 €



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