

# Kempower

## Company report

10/31/2024



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✓ Inderes corporate customer

This report is a summary translation of the report “Kasvukäänteestä ei vielä selkeitä signaaleja” published on 10/31/2024 at 8:20 am EET

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# No clear signals of a growth turnaround yet

The Q3 report did not yet show the desired improvement in order intake. The negative impact of high customer stock levels on demand looks set to continue until early 2025. We still expect growth to turn positive in 2025, but there is considerable uncertainty about the timing of the turnaround. We reiterate our Reduce recommendation and lower our target price to EUR 9.5 (previously EUR 10.0).

## Weak order intake postpones growth turnaround

The key figure in the Q3 report, order intake, was 51.5 MEUR (-15% y/y), 11% below our and consensus forecasts. In addition, Kempower reported that customer stock levels remain high and will continue to negatively impact demand until the first half of 2025. Revenue was 52.3 MEUR (-15% y/y, 15% below our forecast) and operative EBIT was -7.9 MEUR (forecast -5.9 MEUR). The gross profit margin (51.3%) was higher than at the beginning of the year and stronger than forecast, suggesting that no significant price erosion has yet occurred, at least in terms of actual revenue. The operating result was negatively impacted by a 5 MEUR increase in warranty provisions during Q3. Kempower's net cash decreased to 15 MEUR at the end of Q3 (Q2'24: 30 MEUR, 2023: 75 MEUR) due to the loss-making result and the increased working capital. The company's liquidity remains at a good level (101 MEUR), including 53 MEUR of cash equivalents and 48 MEUR of undrawn credit facilities. Revenue guidance for 2024 was lowered to 220-230 MEUR (previously 220-260), and we predict Kempower to reach the lower end of the guidance range, as Q4 revenue is likely to be the highest of the year, among others due to production of the new generation product platform reaching full speed.

## We expect demand to pick up in 2025

We continue to expect Kempower's revenue to turn to growth in 2025, supported by, e.g., new customer wins and, on the other hand, declining stock levels of old customers. In addition, we expect sales of electric vehicles to turn to more significant growth, for example due to stricter EU emission limits, which, together with falling interest rates, should have a positive impact on charging operators' investments. However, we lowered our 2025-26 revenue estimates by 5-7% and our 2026 EBIT estimate by 7%. The trend towards electrification of heavy-duty transportation is progressing, but we do not expect it to have a major impact on growth prospects in the near term.

## Share priced close to fair value relative to our current projections

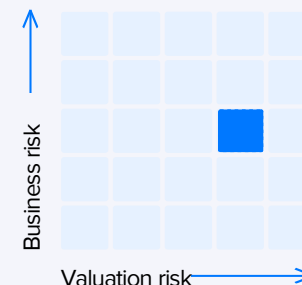
Assessing the long-term investment story is very challenging due to the fast-moving market and competition. Kempower's margins are among the best in the market, which provides a strong starting point if the price-driven competition intensifies. On the other hand, the company is for the time being losing in scale to at least some of its strong competitors, which partially limits cost competitiveness. Our current estimate of an acceptable EV/EBIT valuation level of 15x does not provide upside over the required return on equity, based on our projections of reasonable profitability in 2027 (EBIT: 46 MEUR). We estimate that Kempower's market share growth has stalled in the turbulent market of 2024. If market shares were to turn downward, the company's aspirational position among the industry majors could be threatened, adding uncertainty to our long-term forecasts of good margins and global growth. We see a small risk of a profit warning in 2024, although we consider it unlikely. Strengthening the investment story would primarily require further evidence of market share growth, but signals of market recovery could also reduce uncertainty about the near-term earnings trajectory.

## Recommendation

**Reduce**  
(was Reduce)

**EUR 9.50**  
(was EUR 10.00)

**Share price:**  
9.86



## Key figures

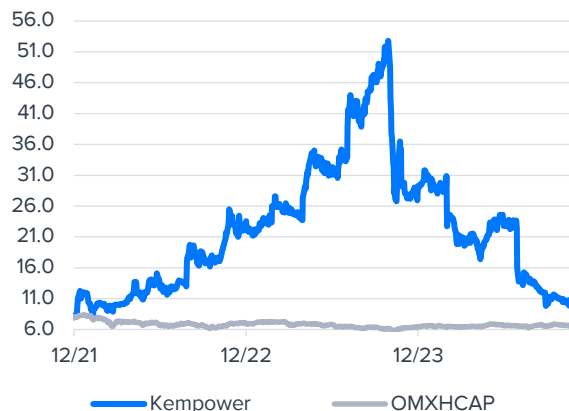
	2023	2024e	2025e	2026e
<b>Revenue</b>	283.6	219.8	274.7	362.7
<b>growth-%</b>	174%	-23%	25%	32%
<b>EBIT adj.</b>	40.7	-26.5	9.0	32.6
<b>EBIT-% adj.</b>	14.4 %	-12.1 %	3.3 %	9.0 %
<b>Net Income</b>	33.8	-24.1	7.5	26.1
<b>EPS (adj.)</b>	0.61	-0.39	0.14	0.47
<b>P/E (adj.)</b>	46.9	neg.	72.9	20.9
<b>P/B</b>	11.9	5.0	4.7	3.8
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	0.0 %
<b>EV/EBIT (adj.)</b>	37.2	neg.	58.8	16.0
<b>EV/EBITDA</b>	32.1	neg.	27.2	11.8
<b>EV/S</b>	5.3	2.4	1.9	1.4

Source: Inderes

## Guidance (Revised downwards)

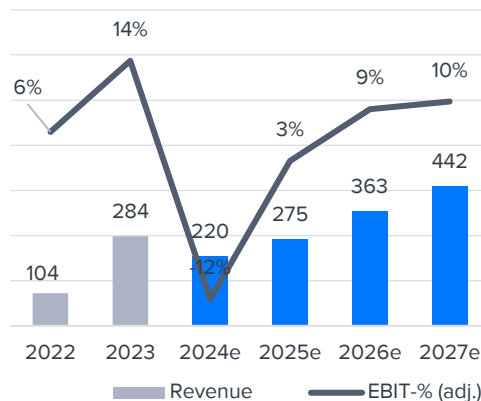
In 2024, revenue will be 220-230 MEUR, assuming no major impact of foreign currency exchange rates. Operative EBIT margin is negative.

## Share price



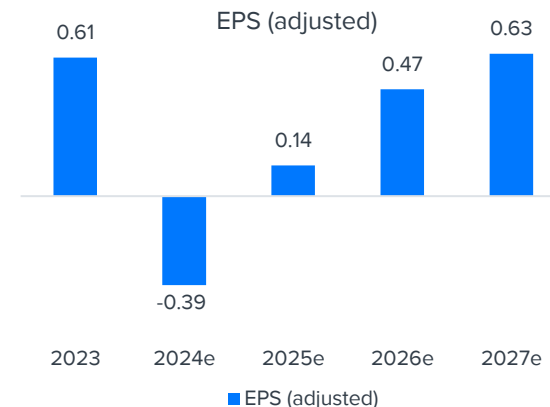
Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



### Value drivers

- Electrification of transport creates a huge need for efficient and versatile charging capacity in the medium term
- Competitive products offer strong margins and have enabled market share growth
- Increasing the customer base and expanding into new markets could allow Kempower to become one of the major global manufacturers
- Investments in product development



### Risk factors

- Restoring profitability requires significant growth or additional savings
- Uncertainty about long-term profitability levels in the industry
- Changes in technological competitiveness could threaten growth and pricing
- Slowdown in demand growth and narrowing technological gaps are likely trends in the long term
- A high valuation based on long-term earnings growth carries significant risk

Valuation	2024e	2025e	2026e
Share price	9.86	9.86	9.86
Number of shares, millions	55.3	55.3	55.3
Market cap	545	545	545
EV	523	527	519
P/E (adj.)	neg.	72.9	20.9
P/E	neg.	72.9	20.9
P/B	5.0	4.7	3.8
P/S	2.5	2.0	1.5
EV/Sales	2.4	1.9	1.4
EV/EBITDA	neg.	27.2	11.8
EV/EBIT (adj.)	neg.	58.8	16.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

# Q3: No expected pick-up in order intake

## Order intake softer than expected

Kempower's Q3 orders were 51.5 MEUR, 11% below our and consensus forecasts. According to Kempower, customer stock levels remain high, with an estimated 80 MEUR (Q2: approx. 100 MEUR) of uninstalled charging equipment supplied by the company in customer stocks. The company estimated that the decline in stock levels will extend until H1 in 2025.

## Revenue missed, gross profit beat estimates

Kempower's Q3 revenue was 52.3 MEUR, which is 15% lower than our estimate. In addition to the lackluster order intake, revenue was impacted by production challenges related to the ramp-up of the next-generation charging solution. However, the production challenges were overcome by the end of Q3, and production has since been efficiently up and

running. The gross profit margin, on the other hand, was a positive surprise, coming in at 51.3%, only 1.6 percentage points below the high year-on-year comparison (52.9%) and well above our (47.6-47.8%) and consensus forecasts. Operative EBIT was -7.9 MEUR, missing our and consensus estimates by 1-2 MEUR. The result was negatively impacted by a 5 MEUR increase in warranty provisions during Q3.

The effects of the savings measures implemented in Q3 did not yet have a full impact on the cost structure in Q3. In Q3, Kempower recorded 1.3 MEUR of items affecting comparability, mainly related to business restructuring, such as personnel reductions.

Kempower's net cash decreased to 15 MEUR at the end of Q3 (Q2'24: 30 MEUR). The company's total liquidity at the end of Q3 amounted to 101 MEUR, of which 53 MEUR was cash and cash equivalents and 48 MEUR was unused credit facilities.

## Lowering of revenue guidance ceiling

The revenue guidance for 2024 is now 220-230 MEUR (previously 220-260 MEUR). Achieving even the revised guidance would require a clear pick-up in the quarterly revenue level, as the company would need to achieve at least 68 MEUR revenue in Q4 to reach the lower limit of the guidance. During Q1-Q3, quarterly revenue has ranged between 45-57 MEUR per quarter. The order intake in Q3 does not suggest a pick-up in demand towards the end of the year. On the other hand, Kempower still has an order book of 100 MEUR and the production challenges of the new generation product platform have been overcome at the end of Q3, so we see a revenue of at least 68 MEUR as fully possible even if not fully certain.

Estimates MEUR / EUR	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	72.6	52.3	61.7	59.6			-15%	227
Order intake	60.9	51.5	51.5	57.8			0%	223
Gross margin-%	52.9 %	51.3 %	51.2 %	47.6 %			0.1 pp	47.6 %
EBIT (adj.)	14.4	-7.9	-5.9	-6.7			-35%	-25.8
EPS (reported)	0.21	-0.13	-0.09	-0.08			-39%	-0.41
Revenue growth-%	122.0 %	-28.0 %	-15.0 %	-17.9 %			-13 pp	-20.0 %
EBIT-% (adj.)	19.8 %	-15.1 %	-9.5 %	-11.2 %			-5.6 pp	-11.4 %

Source: Inderes & Modular Finance (consensus: 8 analysts)

Watch the Q3 webcast below



# We expect a growth turnaround next year

## But we slightly reduced our estimates due to the weak order intake in Q3

- For 2024, the revenue guidance is 220-230 MEUR (previously 220-260 MEUR).
- Kempower expects Q4 to be the biggest quarter of the year in terms of revenue, driven by improved production volumes following the completion of the ramp-up of the next-generation charging solutions during Q3.
- We lowered our revenue forecasts for 2025 by 7% and for 2026 by 5%, mainly due to the weak order intake in Q3 and high stock levels at Kempower's customers. At the same time, our EBIT forecasts decreased moderately. We slightly increased our gross margin forecast due to strong margins in Q3, which partially limited the decline in our earnings forecasts.
- Kempower has won several new customers in 2024, which should support revenue growth in 2025. As the customer base renews, the high stock levels of old customers will become less important.
- We expect sales of electric vehicles to accelerate during 2025 thanks to stricter emission limits in the EU.
- However, there is considerable uncertainty around the growth projections for 2025-26, as it is still difficult to assess the timing of the growth turnaround.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	227	220	-3%	295	275	-7%	383	363	-5%
EBITDA	-16.0	-18.4	-15%	23.3	19.4	-17%	47.1	44.2	-6%
EBIT (exc. NRIs)	-25.8	-26.5	-3%	12.1	9.0	-26%	34.9	32.6	-7%
EBIT	-26.9	-28.9	-8%	12.1	9.0	-26%	34.9	32.6	-7%
PTP	-26.4	-28.4	-8%	12.6	9.5	-25%	35.4	33.1	-7%
EPS (excl. NRIs)	-0.39	-0.39	-2%	0.18	0.14	-25%	0.51	0.47	-7%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

# No upside in valuation under current assumptions (1/2)

## Valuation not justified by near-term results

In our view, Kempower's high share price in recent years was based on strong evidence of earnings growth in 2022-2023 and the market's expectation that the company's large opex investments in 2023-2024 would pay off quickly. The equity story has changed due to a sudden drop in demand, with the result that the payback periods for investments made, such as expanding the organization and opening new plants, are no longer clearly defined. The profitability already achieved in 2023 is temporarily buried under a mass of fixed costs and partly lost due to a decrease in revenue. The 2025 adj. EV/EBIT multiple is high at 59x. The valuation of the stock is therefore based on the company's long-term earnings growth prospects, which increases the risk level of the investment, as the dynamics of the industry are difficult to predict.

## Market growth will return to strong in the medium term

The sharp change in Kempower's earnings growth outlook in the coming years is largely due, in our view, to fluctuations in market demand and the negative impact of the exceptional market situation in 2022-2023 due to increased customer inventories. Sales growth of electric cars has slowed, which could be reversed, for example, by the introduction of cheaper electric car models and a further decline in interest rates. Kempower itself has estimated an average annual growth rate of 33% for its target market in 2023-30, and we believe it is possible that market growth will return to this trajectory in the coming years, driven by the above factors. So far, however, there are no signs of a turnaround.

## Progress in competitiveness key issue for long-term value creation

Between 2022 and 2023, Kempower managed to increase its market share very rapidly and its product margins were among the best in the market. The company's satellite-type charging solution stands out from most competitors on the market, although recently the Polish company EkoEnergetyka, among others, has launched a similar system, albeit with only 6 cars charging simultaneously (Kempower has 8).

Many competitors have suffered as much or more than Kempower from the market downturn. For example, Tritium went bankrupt and ABB e-Mobility's orders were down 45% year-on-year in H1'24. Meanwhile, one of the strongest players in the market, Alpitronic, has continued its success as a supplier to major charging operators and expects to continue to grow its revenue by 10-20% year-on-year (the midpoint of Kempower's guidance assumes a 21% decline in revenue). Like its main competitors, Kempower has not been able to win the loyalty of the largest international operators, which we believe is due to factors such as pricing and a high value-added business model. For example, many of Kempower's customers are relatively small operators or retailers who want turnkey solutions rather than designing their own charging solutions or developing the underlying software as some of the larger operators do.

Valuation	2024e	2025e	2026e
Share price	9.86	9.86	9.86
Number of shares, millions	55.3	55.3	55.3
Market cap	545	545	545
EV	523	527	519
P/E (adj.)	neg.	72.9	20.9
P/E	neg.	72.9	20.9
P/B	5.0	4.7	3.8
P/S	2.5	2.0	1.5
EV/Sales	2.4	1.9	1.4
EV/EBITDA	neg.	27.2	11.8
EV/EBIT (adj.)	neg.	58.8	16.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

## No upside in valuation under current assumptions (2/2)

However, determining Kempower's market share in 2024 and comparing its growth to that of its peers is challenging due to limited public data.

### Scenario-based valuation

In the baseline scenario, we forecast Kempower's revenue to reach 442 MEUR and its EBIT margin to reach 9.8% in 2027, which would value the stock at just under EUR 13 at 15x EV/EBIT. Discounted to the present day, this would be equivalent to a value of EUR 9.5 per share.

In our positive scenario, the company would achieve its revenue and longer-term profitability targets, which would increase the share value to EUR 39 (EUR 29 discounted to today's level).

In our negative scenario, revenue would fall to the midpoint of the 2024 guidance, forcing the company to downsize its manufacturing network and possibly even abandon its US growth plans. This would bring the EBIT margin to a positive 5% with extensive additional cost reductions. At 12x EV/EBIT, the stock would have a discounted value of only EUR 2.3 per share, weighed down by, among other things, the 2025-26 losses and the additional cost of cost cutting. In the negative scenario, the company would not become one of the big players in the industry but would remain a niche player serving a specific customer base.

### DCF

Our cash flow-based valuation indicates a fair value of EUR 11.0 per Kempower share (total market cap 611 MEUR). The long-term EBIT margin we use in the calculation is 10% of revenue and the weighted average cost of capital (WACC) is 9.1%.

### Scenario-based valuation

MEUR 2027e	Negative scenario	Baseline scenario	Positive scenario
Revenue	240	442	750
EBIT-%	5.0%	9.8%	15.0%
EBIT	12	43	113
EV/EBIT multiple (x)	12x	15x	18x
EV	144	652	2025
Cumulative cash flow 24-27e	-52	-32	38
Cash assets 2023	75	75	75
Market cap 2027e (MEUR)	166	695	2137
Share price 2027e (EUR)	3.0	12.6	38.7
<b>Discounted present value (EUR)</b>	<b>2.3</b>	<b>9.5</b>	<b>29.2</b>
<b>Difference to current price</b>	<b>-77%</b>	<b>-4%</b>	<b>196%</b>

# Detailed estimates

MEUR	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	Terminal period
<b>Order intake</b>			<b>7</b>	<b>37</b>	<b>209</b>	<b>275</b>	<b>215</b>	<b>292</b>						
- growth %				427%	459%	32%	-22%	36%						
<b>Order book</b>			<b>4</b>	<b>14</b>	<b>119</b>	<b>111</b>	<b>97</b>	<b>114</b>						
				261%	768%	-7%	-13%	18%						
<b>Revenue</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>27</b>	<b>104</b>	<b>284</b>	<b>220</b>	<b>275</b>	<b>363</b>	<b>442</b>	<b>531</b>	<b>584</b>	<b>642</b>	
- growth %		68%	909%	730%	278%	174%	-23%	25%	32%	22%	20%	10%	10%	3%
Revenue by geography														
Nordics	0	0	2	23	58	114	95	92	100	108				
- growth %					150%	97%	-17%	-3%	8%	9%				
Rest of Europe	0	0	1	4	41	144	92	124	167	201				
- growth %					893%	254%	-36%	34%	35%	21%				
North America	0	0	0	0	2	11	20	40	69	99				
- growth %							77%	98%	74%	43%				
Rest of World	0	0	0	0	4	14	13	20	27	34				
- growth %							-7%	50%	40%	25%				
Gross margin %			54.5%	47.1%	46.5%	52.1%	48.9%	47.5%	46.5%	45.7%	44.9%	44.3%	43.7%	
Fixed costs				-13	-39	-101	-126	-111	-124	-146	-169	-179	-194	
<b>EBITDA</b>	<b>-0.6</b>	<b>-2.2</b>	<b>-2.1</b>	<b>0.5</b>	<b>9.5</b>	<b>47.1</b>	<b>-18.4</b>	<b>19.4</b>	<b>44.2</b>	<b>55.9</b>	<b>69.0</b>	<b>79.3</b>	<b>87.1</b>	
- % of revenue				1.8%	9.2%	16.6%	-8.3%	7.1%	12.2%	12.6%	13.0%	13.6%	13.6%	
Depreciation and amortization	0.0	0.0	-0.1	-1.1	-3.4	-6.5	-10.5	-10.4	-11.6	-12.4	-12.7	-13.4	-14.1	
<b>EBIT</b>	<b>-0.6</b>	<b>-2.2</b>	<b>-2.2</b>	<b>-0.7</b>	<b>6.1</b>	<b>40.6</b>	<b>-28.9</b>	<b>9.0</b>	<b>32.6</b>	<b>43.5</b>	<b>56.2</b>	<b>65.8</b>	<b>73.0</b>	
- % of revenue				-2.6%	5.9%	14.3%	-13.1%	3.3%	9.0%	9.8%	10.6%	11.3%	11.4%	10.0%
Financing expenses				-0.2	-1.3	2.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Taxes				1.1	-1.2	-9.3	4.3	-2.0	-6.9	-9.2	-11.9	-13.9	-15.4	
- Tax rate %				122%	25%	22%	15%	21%	21%	21%	21%	21%	21%	21%
Net profit				0.3	3.6	33.7	-24.1	7.5	26.1	34.7	44.8	52.4	58.0	
<b>EPS (EUR)</b>				<b>0.01</b>	<b>0.07</b>	<b>0.61</b>	<b>-0.39</b>	<b>0.14</b>	<b>0.47</b>	<b>0.63</b>	<b>0.81</b>	<b>0.95</b>	<b>1.05</b>	
Investments (incl. capitalization of leasing contracts)			0	4	23	23	21	17	18	19	20	21	21	
Net working capital			3	4	21	18	36	41	53	62	72	79	87	
Net cash assets			1	89	58	75	22	18	26	44	72	109	152	
Headcount (at the end of year)	5	17	38	136	375	737	842							

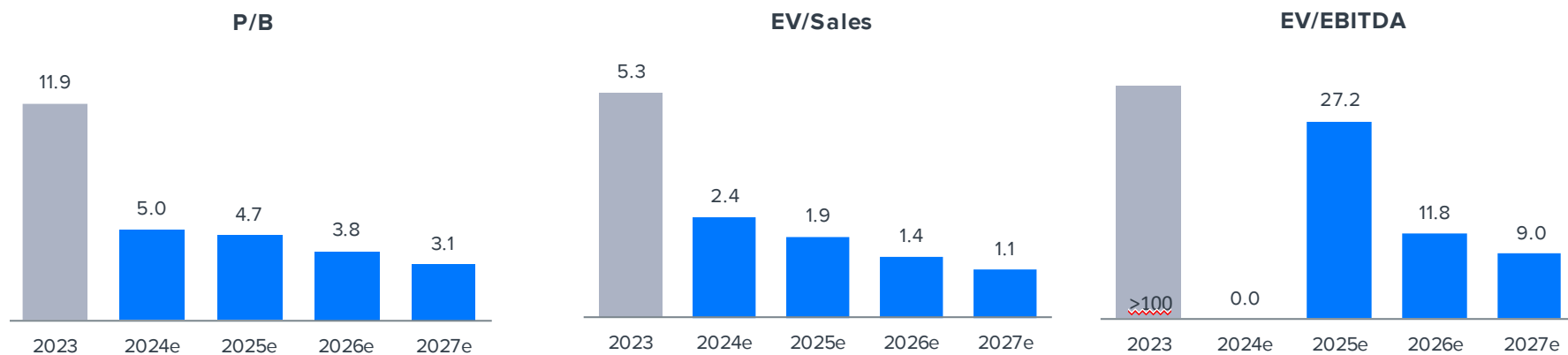
Source: Inderes



# Valuation table

Valuation	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e
Share price	28.7	9.86	9.86	9.86	9.86	9.86	9.86	9.86	9.86
Number of shares, millions	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3
Market cap	1588	545	545	545	545	545	545	545	545
EV	1513	523	527	519	501	474	436	394	347
P/E (adj.)	46.9	neg.	72.9	20.9	15.7	12.2	10.4	9.4	8.5
P/E	47.0	neg.	72.9	20.9	15.7	12.2	10.4	9.4	8.5
P/B	11.9	5.0	4.7	3.8	3.1	2.5	2.0	1.6	1.4
P/S	5.6	2.5	2.0	1.5	1.2	1.0	0.9	0.8	0.8
EV/Sales	5.3	2.4	1.9	1.4	1.1	0.9	0.7	0.6	0.5
EV/EBITDA	32.1	neg.	27.2	11.8	9.0	6.9	5.5	4.5	3.7
EV/EBIT (adj.)	37.2	neg.	58.8	16.0	11.5	8.4	6.6	5.4	4.3
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Tesla	761030	737579	77.2	98.0	50.8	51.5	8.2	8.0	81.8	104.2			15.6
Wallbox	218	404					2.6	2.0					2.7
Beam	69	61					1.0	1.0					
Zaptec	82	90	11.1	24.4	8.7	13.8	0.7	0.7	13.4	35.7			1.3
Alfen	278	354	8.6		6.7	19.0	0.7	0.7	9.7				1.5
<b>Kempower (Inderes)</b>	<b>545</b>	<b>523</b>	<b>-19.7</b>	<b>58.8</b>	<b>-28.5</b>	<b>27.2</b>	<b>2.4</b>	<b>1.9</b>	<b>-25.1</b>	<b>72.9</b>	<b>0.0</b>	<b>0.0</b>	<b>5.0</b>
<b>Average</b>			<b>32.3</b>	<b>61.2</b>	<b>22.0</b>	<b>28.1</b>	<b>2.7</b>	<b>2.5</b>	<b>34.9</b>	<b>70.0</b>			<b>5.3</b>
<b>Median</b>			<b>11.1</b>	<b>61.2</b>	<b>8.7</b>	<b>19.0</b>	<b>1.0</b>	<b>1.0</b>	<b>13.4</b>	<b>70.0</b>			<b>2.1</b>
<b>Diff-% to median</b>			<b>-277%</b>	<b>-4%</b>	<b>-428%</b>	<b>43%</b>	<b>136%</b>	<b>85%</b>	<b>-288%</b>	<b>4%</b>			<b>140%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	27.4	104	55.8	72.5	72.6	82.8	284	42.6	57.1	52.3	67.8	220	275	363	442
EBITDA	0.5	9.5	7.9	15.4	16.0	7.8	47.1	-8.6	-6.9	-6.4	3.6	-18.4	19.4	44.2	55.9
Depreciation	-1.1	-3.4	-1.1	-1.5	-1.7	-2.3	-6.5	-2.3	-2.5	-2.8	-2.9	-10.5	-10.4	-11.6	-12.4
EBIT (excl. NRI)	-0.6	6.7	6.9	13.9	14.4	5.5	40.7	-10.8	-8.5	-7.9	0.7	-26.5	9.0	32.6	43.5
EBIT	-0.6	6.1	6.8	13.9	14.4	5.5	40.6	-10.9	-9.5	-9.2	0.7	-28.9	9.0	32.6	43.5
Net financial items	-0.2	-1.3	0.2	0.3	0.2	1.8	2.5	0.3	-0.1	0.3	0.0	0.5	0.5	0.5	0.5
PTP	-0.8	4.8	7.0	14.2	14.6	7.3	43.1	-10.6	-9.5	-8.9	0.6	-28.4	9.5	33.1	44.0
Taxes	1.1	-1.4	-1.3	-3.2	-2.9	-1.9	-9.3	1.9	1.7	1.6	-1.0	4.3	-2.0	-6.9	-9.2
Net earnings	0.3	3.4	5.7	11.0	11.7	5.4	33.8	-8.8	-7.8	-7.2	-0.3	-24.1	7.5	26.1	34.7
EPS (adj.)	0.01	0.07	0.10	0.20	0.21	0.10	0.61	-0.16	-0.12	-0.11	-0.01	-0.39	0.14	0.47	0.63
EPS (rep.)	0.01	0.06	0.10	0.20	0.21	0.10	0.61	-0.16	-0.14	-0.13	-0.01	-0.44	0.14	0.47	0.63
<b>Key figures</b>	<b>2021</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>Q3'24</b>	<b>Q4'24e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
Revenue growth-%	730.3 %	278.1 %	384.9 %	235.5 %	122.0 %	119.0 %	173.7 %	-23.6 %	-21.2 %	-28.0 %	-18.1 %	-22.5 %	25.0 %	32.0 %	22.0 %
Adjusted EBIT growth-%			-788.8 %	671.5 %	504.7 %		507.5 %	-256.5 %	-161.1 %	-154.9 %	-88.1 %	-165.1 %	-133.8 %	263.0 %	33.6 %
EBITDA-%			14.1 %	21.2 %	22.1 %	9.4 %	16.6 %	-20.1 %	-12.2 %	-12.2 %	5.3 %	-8.3 %	7.1 %	12.2 %	12.6 %
Adjusted EBIT-%			12.4 %	19.2 %	19.8 %	6.7 %	14.4 %	-25.3 %	-14.9 %	-15.1 %	1.0 %	-12.1 %	3.3 %	9.0 %	9.8 %
Net earnings-%			10.2 %	15.2 %	16.1 %	6.5 %	11.9 %	-20.6 %	-13.7 %	-13.8 %	-0.5 %	-11.0 %	2.7 %	7.2 %	7.9 %

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>24.3</b>	<b>44.2</b>	<b>54.7</b>	<b>61.2</b>	<b>68.0</b>
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	2.6	1.8	1.8	1.8	1.8
Tangible assets	21.1	38.2	48.7	55.2	62.0
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	1.4	1.4	1.4	1.4
Deferred tax assets	0.6	2.8	2.8	2.8	2.8
<b>Current assets</b>	<b>130</b>	<b>194</b>	<b>225</b>	<b>321</b>	<b>444</b>
Inventories	27.1	51.6	57.1	71.4	92.5
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	28.7	42.1	58.2	70.1	88.9
Cash and equivalents	74.0	99.8	110	180	263
<b>Balance sheet total</b>	<b>154</b>	<b>238</b>	<b>280</b>	<b>383</b>	<b>512</b>

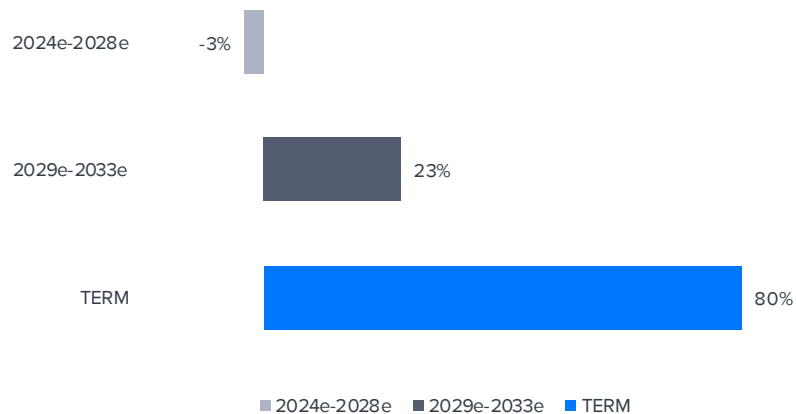
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>101</b>	<b>133</b>	<b>109</b>	<b>116</b>	<b>142</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	6.4	42.4	18.3	25.7	51.8
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	94.2	90.4	90.4	90.4	90.4
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>16.0</b>	<b>24.4</b>	<b>75.7</b>	<b>136</b>	<b>197</b>
Deferred tax liabilities	0.4	0.0	0.0	0.0	0.0
Provisions	2.4	3.8	3.8	3.8	3.8
Interest bearing debt	13.3	20.5	71.8	132	193
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.1	0.1	0.1	0.1
<b>Current liabilities</b>	<b>37.5</b>	<b>80.4</b>	<b>95.6</b>	<b>131</b>	<b>173</b>
Interest bearing debt	2.4	4.7	16.5	30.3	44.3
Payables	35.1	75.7	79.1	100	129
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>154</b>	<b>238</b>	<b>280</b>	<b>383</b>	<b>512</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	173.7 %	-22.5 %	25.0 %	32.0 %	22.0 %	20.0 %	10.0 %	10.0 %	10.0 %	10.0 %	3.0 %	3.0 %
EBIT-%	14.3 %	-13.1 %	3.3 %	9.0 %	9.8 %	10.6 %	11.3 %	11.4 %	11.4 %	10.0 %	10.0 %	10.0 %
<b>EBIT (operating profit)</b>	<b>40.6</b>	<b>-28.9</b>	<b>9.0</b>	<b>32.6</b>	<b>43.5</b>	<b>56.2</b>	<b>65.8</b>	<b>73.0</b>	<b>80.2</b>	<b>77.7</b>	<b>80.1</b>	
+ Depreciation	6.5	10.5	10.4	11.6	12.4	12.7	13.4	14.1	14.3	15.5	16.5	
- Paid taxes	-11.9	4.3	-2.0	-6.9	-9.2	-11.9	-13.9	-15.4	-17.0	-16.4	-16.9	
- Tax, financial expenses	0.5	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	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	2.8	-18.3	-4.9	-11.4	-9.4	-9.7	-7.2	-7.9	-8.7	-5.7	-3.0	
<b>Operating cash flow</b>	<b>38.5</b>	<b>-32.3</b>	<b>12.6</b>	<b>25.9</b>	<b>37.4</b>	<b>47.4</b>	<b>58.3</b>	<b>63.9</b>	<b>69.0</b>	<b>71.3</b>	<b>76.7</b>	
+ Change in other long-term liabilities		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX		-21.0	-17.0	-18.4	-19.4	-20.3	-20.8	-21.4	-21.9	-21.9	-20.0	
<b>Free operating cash flow</b>		<b>-53.3</b>	<b>-4.4</b>	<b>7.6</b>	<b>18.0</b>	<b>27.1</b>	<b>37.4</b>	<b>42.5</b>	<b>47.1</b>	<b>49.3</b>	<b>56.7</b>	
+/- Other		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF		-53.3	-4.4	7.6	18.0	27.1	37.4	42.5	47.1	49.3	56.7	956
<b>Discounted FCFF</b>		<b>-52.5</b>	<b>-4.0</b>	<b>6.3</b>	<b>13.7</b>	<b>18.8</b>	<b>23.8</b>	<b>24.8</b>	<b>25.2</b>	<b>24.2</b>	<b>25.5</b>	<b>430</b>
Sum of FCFF present value		536	588	592	586	572	554	530	505	480	456	430
<b>Enterprise value DCF</b>		<b>536</b>										
- Interest bearing debt		-25.2										
+ Cash and cash equivalents		99.8										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>611</b>										
<b>Equity value DCF per share</b>		<b>11.0</b>										

## Cash flow distribution

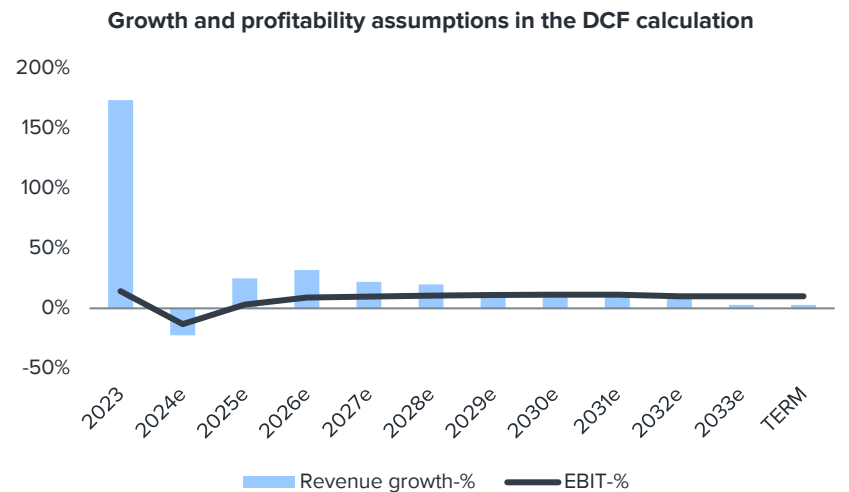
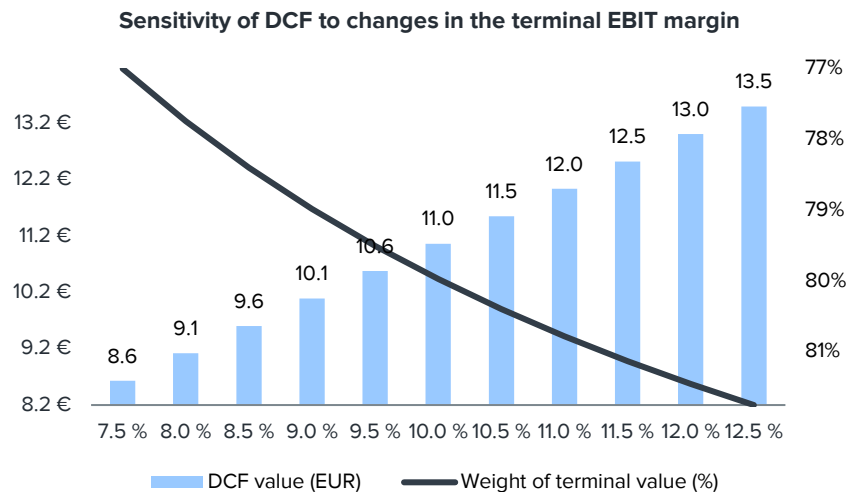
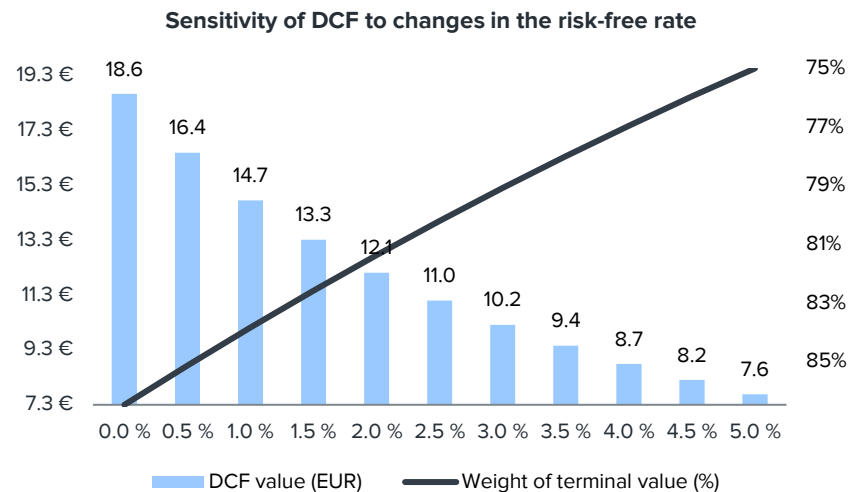
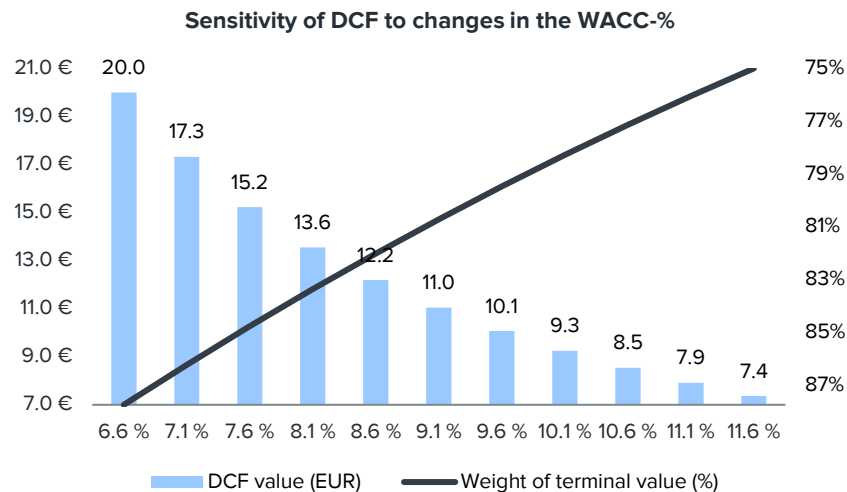


## WACC

Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	3.0 %
Equity Beta	1.55
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>9.9 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>9.1 %</b>

Source: Inderes

# DCF sensitivity calculations and key assumptions in graphs



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	27.4	103.6	283.6	219.8	274.7	EPS (reported)	0.01	0.06	0.61	-0.44	0.14
EBITDA	0.5	9.5	47.1	-18.4	19.4	EPS (adj.)	0.01	0.07	0.61	-0.39	0.14
EBIT	-0.6	6.1	40.6	-28.9	9.0	OCF / share	0.00	-0.16	0.70	-0.58	0.23
PTP	-0.8	4.8	43.1	-28.4	9.5	FCF / share	-0.14	-0.53	0.29	-0.96	-0.08
Net Income	0.3	3.4	33.8	-24.1	7.5	Book value / share	1.76	1.81	2.40	1.97	2.10
Extraordinary items	0.0	-0.6	-0.1	-2.4	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	108.5	154.2	237.7	280.0	382.7	Revenue growth-%	730%	278%	174%	-23%	25%
Equity capital	97.5	100.7	132.9	108.7	116.2	EBITDA growth-%	-124%	1800%	396%	-139%	-206%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-73%	-1217%	507%	-165%	-134%
Net debt	-89.3	-58.3	-74.6	-21.7	-17.7	EPS (adj.) growth-%		1287%	718%	-164%	-134%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	1.8 %	9.2 %	16.6 %	-8.3 %	7.1 %
EBITDA	0.5	9.5	47.1	-18.4	19.4	EBIT (adj.)-%	-2.2 %	6.5 %	14.4 %	-12.1 %	3.3 %
Change in working capital	-0.6	-17.2	2.8	-18.3	-4.9	EBIT-%	-2.2 %	5.9 %	14.3 %	-13.1 %	3.3 %
Operating cash flow	-0.1	-8.6	38.5	-32.3	12.6	ROE-%	0.6 %	3.5 %	28.9 %	-20.0 %	6.6 %
CAPEX	-4.4	-23.2	-24.2	-21.0	-17.0	ROI-%	-1.2 %	5.7 %	29.6 %	-16.3 %	3.8 %
Free cash flow	-7.7	-29.7	15.8	-53.3	-4.4	Equity ratio	89.9 %	65.3 %	55.9 %	38.8 %	30.4 %
						Gearing	-91.5 %	-57.9 %	-56.1 %	-20.0 %	-15.2 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	20.2	10.0	5.3	2.4	1.9						
EV/EBITDA	>100	>100	32.1	neg.	27.2						
EV/EBIT (adj.)	neg.	>100	37.2	neg.	58.8						
P/E (adj.)	>100	>100	46.9	neg.	72.9						
P/B	6.6	10.8	11.9	5.0	4.7						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

# Climate target and taxonomy

## The manufacture of chargers is a business activity within the EU taxonomy

In 2023, Kempower's revenue, investments and operating costs were fully aligned with the EU taxonomy regulation. The activity is classified in the taxonomy as the production of infrastructure to support low-carbon road transport and public transport. In addition, Kempower's activities do not cause significant harm to other environmental objectives and the social safeguards in place are in line with the taxonomy.

Generally, therefore, Kempower is favorably positioned in terms of the EU taxonomy. In the big picture, a fully taxonomy-aligned business is a rarity on the stock exchange. As the taxonomy legislation is expected to change and evolve, we remain to see the potential impact on Kempower. We do not expect a significant direct taxonomy-related economic impact on Kempower in the short term, but in principle a favorable positioning could support access to debt financing or have a downward impact on interest costs should debt financing become necessary.

## The vast majority of own emissions come from heating buildings

The total greenhouse gas emissions (Scope 1 and Scope 2) of Kempower's own operations in 2023 amounted to 85.2 tons. Emissions relative to revenue were 0.30 grams of CO2 equivalent per euro, a significant decrease from the previous year (0.66 g CO2 eq/EUR). Emissions come from the energy used for heating. Relative emissions have decreased as the company has increased its purchases of renewable energy and as revenue has grown. The company's premises are mainly heated by local district heating,

which is mainly produced from biomass. Natural gas has also been used in cases of severe frost, although efforts are being made to reduce its use.

Kempower reports Scope 3 emissions for 2023 in two categories: waste management (0.24g CO2 eq/EUR) and business travel (3.09g CO2 eq/EUR). However, emissions from business travel were compensated.

## Aiming to reduce own emissions to zero

Kempower aims to achieve carbon neutrality in its own operations by 2035. This will be achieved by increasing the use of renewable electricity and heat in all of the company's factories and offices. Scope 3 emissions will also be reduced or compensated. To reduce Scope 3 emissions, Kempower is focusing on, e.g., waste sorting and reducing business travel. Kempower has also participated in certified emission reduction projects.

We believe that Kempower's carbon neutrality target for Scope 1 and 2 emissions is realistic. Achieving this goal may require the company to make investments, but we do not believe the cost of these investments will be material to the company's profitability.

## Taxonomy eligibility 2023

Revenue	100 %
OPEX	100 %
CAPEX	100 %

## Taxonomy alignment 2023

Revenue	100 %
OPEX	100 %
CAPEX	100 %

## Climate

Climate target	Yes
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Target according to the Paris Agreement (1.5 °C warming scenario)	No
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Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
8/15/2022	Accumulate	20.00 €	18.35 €
10/30/2022	Accumulate	22.00 €	19.64 €
2/15/2023	Reduce	27.00 €	27.56 €
4/14/2023	Accumulate	30.00 €	27.30 €
4/20/2023	Accumulate	32.00 €	28.80 €
7/19/2023	Accumulate	43.00 €	41.68 €
7/25/2023	Reduce	43.00 €	42.84 €
9/18/2023	Accumulate	52.00 €	46.10 €
10/19/2023	Accumulate	44.00 €	37.88 €
10/31/2023	Buy	44.00 €	29.59 €
2/9/2024	Buy	41.00 €	28.72 €
2/15/2024	Buy	32.00 €	22.72 €
3/25/2024	Buy	32.00 €	19.55 €
4/25/2024	Buy	28.00 €	17.37 €
7/12/2024	Reduce	19.00 €	22.40 €
7/24/2024	Accumulate	16.00 €	13.17 €
9/2/2024	Reduce	10.00 €	12.00 €
10/3/2024	Reduce	10.00 €	11.60 €
10/31/2024	Reduce	10.00 €	9.86 €



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2012, 2016, 2017, 2018, 2019, 2020



Mikael Rautanen  
2014, 2016, 2017, 2019



Sauli Vilén  
2012, 2016, 2018, 2019, 2020



Antti Viljakainen  
2014, 2015, 2016, 2018, 2019, 2020



Olli Koponen  
2020



Joni Grönqvist  
2019, 2020



Erkki Vesola  
2018, 2020



Petri Gostowski  
2020



Atte Riikola  
2020

**Analyysi kuuluu  
kaikille.**