

Alma Media

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Emme tunnista osakkeessa hinnoitteluvirhettä” published on 7/18/2024 at 7:05 pm EEST.

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res.

We do not see a pricing error in the stock

Alma Media's Q2 results, released on Thursday, landed ahead of expectations thanks to slightly better than expected growth and profitability. We have made small positive revisions to our forecasts. However, we do not believe that this has changed the overall valuation picture, and we believe that the stock is correctly priced. Therefore, on the back of estimate revisions, we raise our target price to EUR 11.0 and reiterate our Reduce recommendation.

Growth and profitability above our forecasts

Alma Media's Q2 revenue development was stronger than expected, as overall growth was supported by stronger-than-expected organic growth in addition to inorganic growth. This was particularly evident in Finland, where Marketplaces grew faster than we expected, driven by brisk growth in classified revenues. The slight decline in Career and News Media revenues was also in line with our expectations. EBIT in the second quarter was a hair above the year-ago period, beating our forecast of a decline. In addition to the high-margin revenue beat in Marketplaces, the earnings beat was again driven by the better-than-expected profitability in News Media, which gained efficiencies quicker than lost revenue.

We made moderate increases in forecasts

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. Following the Q2 report, we have made small positive changes to our forecasts for the current and coming years. The driver for the revenue forecast changes, in addition to the Q2 beat, was the increased forecast for classified revenues in the Marketplaces segment. The impact on earnings was partly offset by slightly higher cost forecasts, while our earnings forecasts for the News Media division, which has made impressive efficiency improvements, were raised. In line with this overall picture, we have increased our revenue forecast for the current year to 312 MEUR (prev. 307 MEUR) and our adjusted EBIT forecast to 74.5 MEUR (prev. 72.2 MEUR). Our earnings forecasts for the coming years were raised by 3-4%. Our extensive report on Alma Media, published in June, is freely available [here](#).

We consider valuation neutral; expected return doesn't exceed required return

Based on the LTM results, the adjusted P/E and EV/EBIT multiples for the stock are approximately 16x and 14x, respectively. In our view, these valuation multiples are justified given Alma Media's high return on capital, good cash flow generation capabilities and longer-term growth prospects, but we see no justification for further expansion. Thus, based on neutral valuation multiples, our expectation of medium-term earnings growth and a reasonable dividend yield (+4%), we believe the expected return tends to be clearly positive, but does not exceed our required return. The relatively neutral valuation picture is also supported by our DCF model, which is slightly above the current price at EUR 11.2/share.

Recommendation

Reduce

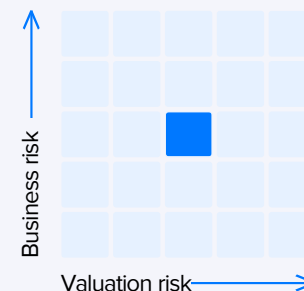
(previous Reduce)

EUR 11.0

(previous EUR 10.50)

Share price:

10.60



Key figures

	2023	2024e	2025e	2026e
Revenue	305	312	319	328
growth-%	-1%	2%	2%	3%
EBIT adj.	73.6	74.5	77.3	82.5
EBIT-% adj.	24.1 %	23.8 %	24.2 %	25.2 %
Net income	56.2	52.6	55.9	61.1
EPS (adj.)	0.66	0.66	0.69	0.75
P/E (adj.)	14.6	16.7	16.0	14.7
P/B	3.6	3.8	3.6	3.3
Dividend yield-%	4.7 %	4.2 %	4.3 %	4.4 %
EV/EBIT (adj.)	12.6	14.0	13.3	12.1
EV/EBITDA	10.2	11.6	10.7	9.9
EV/S	3.0	3.3	3.2	3.1

Source: Inderes

Guidance

(Unchanged)

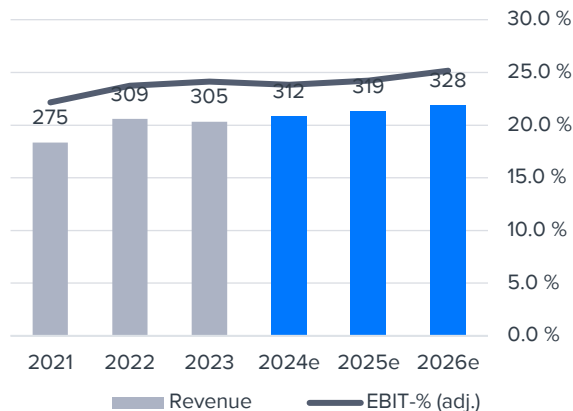
Alma Media expects its full-year revenue and adjusted operating profit of 2024 to remain at the 2023 level. The full-year revenue for 2023 was 304.9 MEUR and the adjusted operating profit was 73.6 MEUR.

Share price



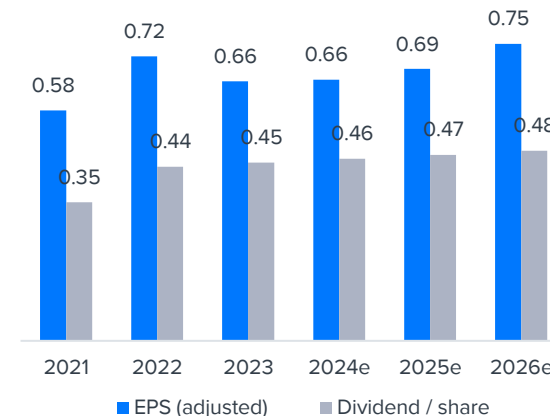
Source: Millstream Market Data AB

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

- Cyclicity 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	11.00	11.00	11.00
Number of shares, millions	82.1	82.1	82.1
Market cap	903	903	903
EV	1043	1026	1001
P/E (adj.)	16.7	16.0	14.7
P/E	17.2	16.2	14.8
P/B	3.8	3.6	3.3
P/S	2.9	2.8	2.8
EV/Sales	3.3	3.2	3.1
EV/EBITDA	11.6	10.7	9.9
EV/EBIT (adj.)	14.0	13.3	12.1
Payout ratio (%)	71.8 %	69.1 %	64.5 %
Dividend yield-%	4.2 %	4.3 %	4.4 %

Source: Inderes

Growth and profitability above our forecasts

Revenue grew against our expectations

Alma Media's revenue grew by just under 3% in Q2, beating our forecast of a slight decline in revenue. This was reflected in the performance of the Marketplaces segment, which grew 16%, exceeding our forecast of 6%. Growth was driven by the acquisition of Netwheels, but organic performance was stronger-than-expected in classified revenues, with Real Estate growing strongly.

Career revenues were also down about 3%, driven by a decline in classified and advertising revenues, which was in line with our expectations. The 2% decline in News Media revenue, impacted by digital and print advertising as well as a decline in print content, was also in line with our expectations. In this environment, it's worth noting the strong growth (14%) in digital content.

Profitability fell only slightly and more moderately than expected

Alma Media achieved an adjusted EBIT margin of 24.2% in Q2, down quite slightly from the very good level of the comparison period. This and the revenue beat pushed the operating result above our forecast. The earnings beat was driven by the Marketplaces segment exceeding expectations with high-margin revenue, but improved operational efficiency (i.e., expenses declining faster than revenues) in the News Media segment also contributed to the better-than-expected performance. News Media has managed to reduce costs through organizational changes and by adjusting the variable costs of printing in line with the decline in revenues.

Net financial expenses in Q2 were slightly below our guidance, but the main driver of EPS outperformance

was the better-than-expected operating income.

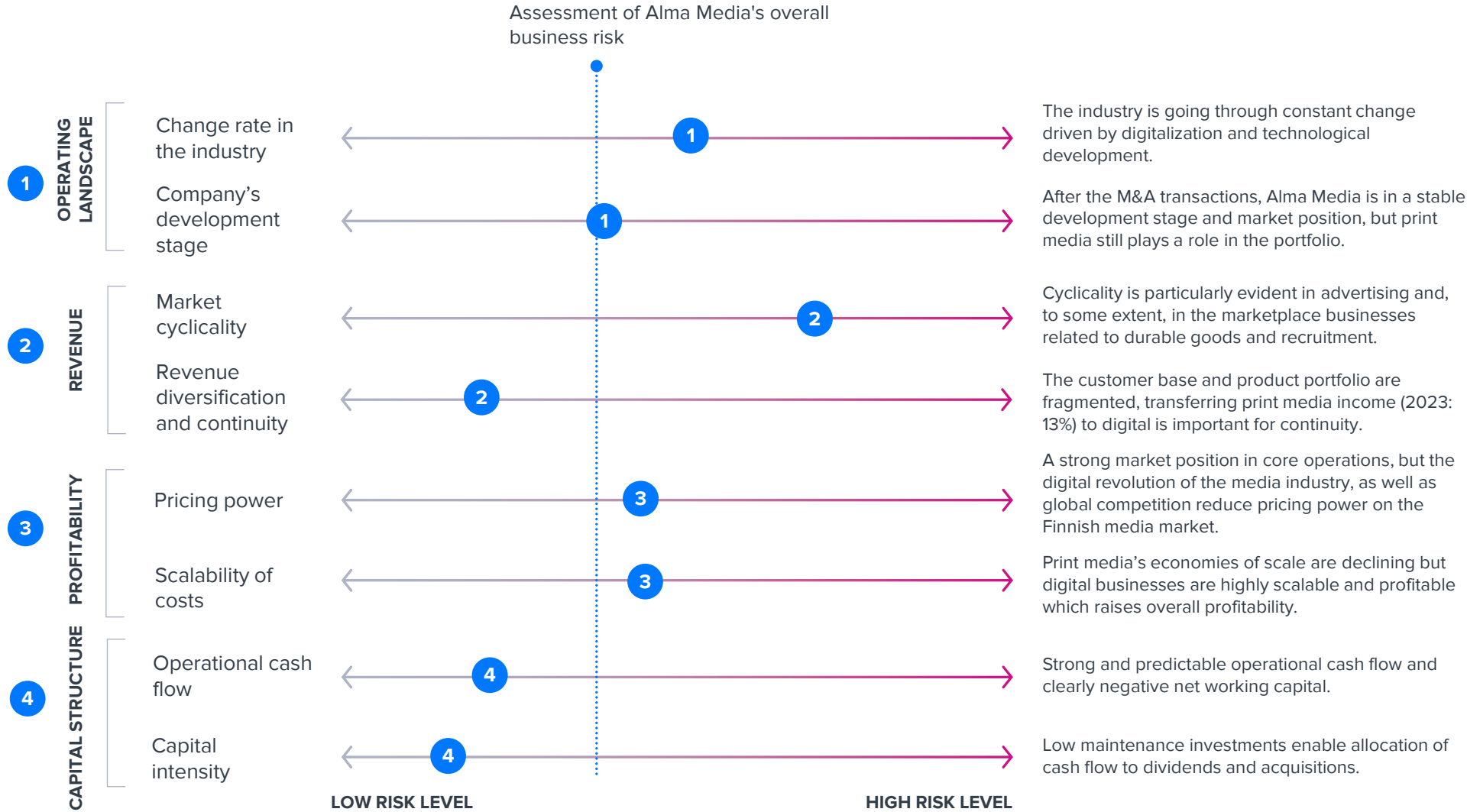
Cash flow and balance sheet position are in order

In H1'24, Alma Media generated a relatively good cash flow from operating activities of 35.1 MEUR, which, after moderate investments and repayment of rental liabilities, resulted in a free cash flow of 29.2 MEUR. Around half of this amount (16.1 MEUR) was spent on acquisitions. Nevertheless, after the dividend payment, the company's financial position is quite good, with net debt of 168.5 MEUR at the end of the period, or 1.9x the EBITDA of the previous 12 months. Thus, in addition to targeted acquisitions, the financial position enables slightly larger M&A transactions if necessary.

Estimates MEUR / EUR	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	78.2	80.1	77.2	78.7	77.2	80.0	4%	312
EBIT (adj.)	19.3	19.4	17.6	18.4	17.6	19.2	11%	74.5
EBIT	19.8	19.2	17.4	18.4	17.4	19.3	10%	72.9
EPS (reported)	0.23	0.18	0.15	0.18	0.15	0.22	22%	0.64
Revenue growth-%	-1.4 %	2.5 %	-1.3 %	0.7 %	-1.2 %	2.4 %	3.8 pp	2.4 %
EBIT-% (adj.)	24.8 %	24.2 %	22.8 %	23.4 %	22.8 %	24.0 %	1.5 pp	23.8 %

Source: Inderes & Vara Research (consensus, 4 forecasts)

Risk profile of Alma Media's business model



Source: Inderes

Moderate increases in forecasts

Estimate revisions 2024e-2026e

- After the Q2 report, we made slight positive forecast changes, mainly in the Marketplaces segment
- In addition to the Q2 performance, our revenue guidance was boosted by slightly higher forecasts for classified and digital services in the Marketplaces segment
- However, the impact of increased Marketplaces revenue forecasts on the revenue lines was offset by slightly higher cost forecasts.
- In addition to the performance in Q2, the earnings forecasts were slightly raised by lower cost forecasts for News Media, which improved its efficiency slightly better than we expected.

Operational earnings drivers 2024-2026e:

- Near-term growth drivers are subdued, with sluggish domestic investment in consumer durables and sluggish advertising investment
- However, we believe that the weakest growth momentum is behind, and our forecasts call for a gradual pick-up in H2
- We expect the company to be able to defend its profitability thanks to excellent cost management 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 gradually to profitability, which reflects digital income and scalable business models

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	307	312	2%	314	319	2%	322	328	2%
EBIT (exc. NRIs)	72.2	74.5	3%	75.3	77.3	3%	80.3	82.5	3%
EBIT	70.7	72.9	3%	74.8	76.8	3%	79.8	82.0	3%
PTP	63.4	66.4	5%	68.8	71.5	4%	75.2	78.1	4%
EPS (excl. NRIs)	0.63	0.66	5%	0.66	0.69	4%	0.72	0.75	4%
DPS	0.46	0.46	0%	0.47	0.47	0%	0.48	0.48	0%

Source: Inderes

Investment profile

1.

Growth in digital businesses and excellent profitability

2.

Stable and profitable media operations that generate cash flow

3.

Cyclicality raises the risk profile of the business

4.

Strong cash flow helps lower gearing 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

Risks



- Cyclicalit
- Structural decrease in print media income and arising needs for adjustment
- Changes in the competitive position
- Changes in technology

Valuation 1/2

Valuation methods

In forming our view, we currently place most weight on the share's expected total return based on the forecasts for the next few years (earnings growth + dividends + changes in valuation multiples) and on the discounted cash flow (DCF) model. For the earnings-based valuation, we favor the EV/EBIT ratio that reflects the balance sheet structure and the net profit-based P/E ratio. We do not give much weight to the relative valuation, because there are no obvious peers available for Alma Media's business structure that would provide a clear valuation benchmark.

The stock's expected total return

We believe that the role of the dividend is crucial for the stock's expected return over the next few years. With our estimates and the current EUR 11.0 share price level the dividend yield is around 4-4.5% in the next few years.

We forecast organic earnings growth in the coming years to be moderate from a relatively good level in 2023. Reflecting these developments and our projections of gradually declining net financial expenses, along with falling interest rates and shrinking debt levels, our forecast for earnings per share growth in the coming years is a solid 4%.

Alma Media's earnings-based valuation multiples for the past 12 months are P/E of around 16x and EV/EBIT of around 14x. We find these earnings-based valuation multiples quite neutral in absolute terms relative to Alma Media's rather good capital performance, the excellent cash conversion of its businesses and the ability to generate free cash flow

as a result of moderate investment needs.

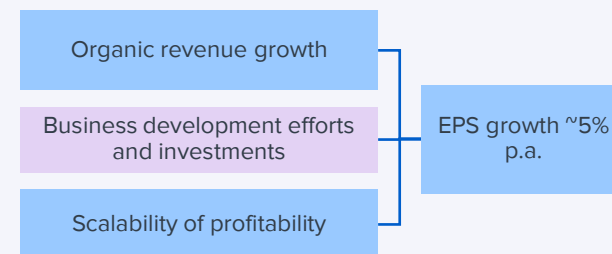
Short-term valuation multiples can also be compared to Alma Media's historical valuation multiples, which have averaged 14x for the EV/EBIT ratio and 18x for the P/E ratio. The valuation multiples for the previous five years were partially set in the zero-interest-rate period, after which acceptable 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. However, we believe that the upside to the multiples is partly constrained by limited organic growth prospects, reflecting the already strong market positions of many of the digital businesses.

We therefore believe that the above factors justify valuation multiples for the company that are higher than the stock market median. Thus, we believe that the rise in required returns relative to the zero-interest-rate period and the change in business portfolio are clearly driving the acceptable valuation in opposite directions. In our opinion, the absolute valuation level that can be justified for Alma Media is therefore around 12-15x for EV/EBIT and 13-16x for P/E, both of which are higher than the Nasdaq Helsinki median. Against this backdrop, we do not believe that valuation multiples are a driver of expected returns.

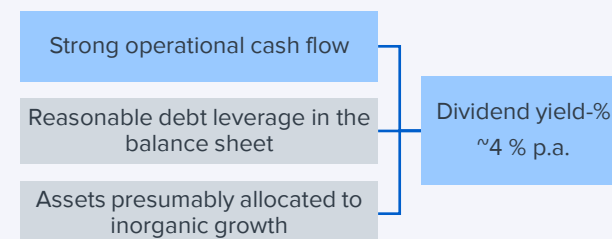
TSR drivers Q2'24 LTM - 2026e

■ Positive ■ Neutral ■ Negative

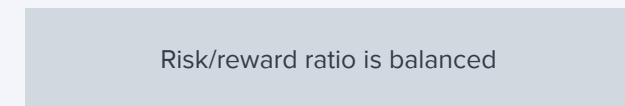
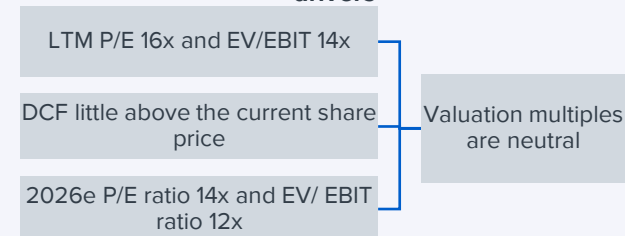
Profit drivers



Dividend yield drivers



Valuation multiple drivers



Valuation 2/2

Thus, the expected return based on earnings growth and dividends is roughly in line with our expected return. We therefore consider the risk/reward ratio of the stock to be balanced.

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. On the other hand, we believe that its applicability is somewhat weakened by the correlation between demand and economic cycles, which are difficult to predict, especially in the medium and long term.

Our DCF model indicates a share value of EUR 11.2, suggesting that the stock is largely correctly priced. In our DCF model, revenue growth is in the medium and long term driven by the growth in digital businesses, but the growth is slightly slowed down by the decreasing print media. Our long-term forecast for revenue growth is 2.5%. However, with the growth of the digital businesses, the company's relative profitability and return on capital in our cash flow model remain relatively stable, but in absolute terms are well above the cost of capital. In the long term, the EBIT margin is 23.5-24.5%, which is in line with the profitability achieved in recent history, but below the company's own long-term financial target level (> 25 %).

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

Valuation	2024e	2025e	2026e
Share price	11.00	11.00	11.00
Number of shares, millions	82.1	82.1	82.1
Market cap	903	903	903
EV	1043	1026	1001
P/E (adj.)	16.7	16.0	14.7
P/E	17.2	16.2	14.8
P/B	3.8	3.6	3.3
P/S	2.9	2.8	2.8
EV/Sales	3.3	3.2	3.1
EV/EBITDA	11.6	10.7	9.9
EV/EBIT (adj.)	14.0	13.3	12.1
Payout ratio (%)	71.8 %	69.1 %	64.5 %
Dividend yield-%	4.2 %	4.3 %	4.4 %

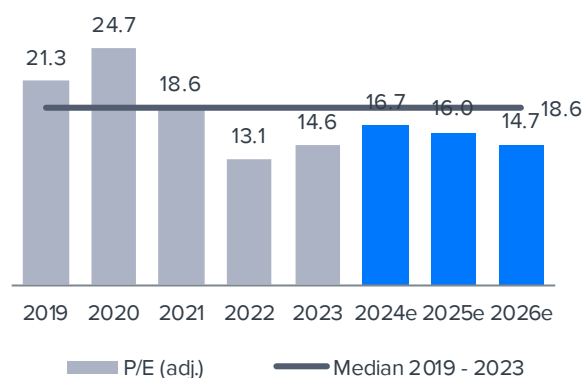
Source: Inderes

Valuation table

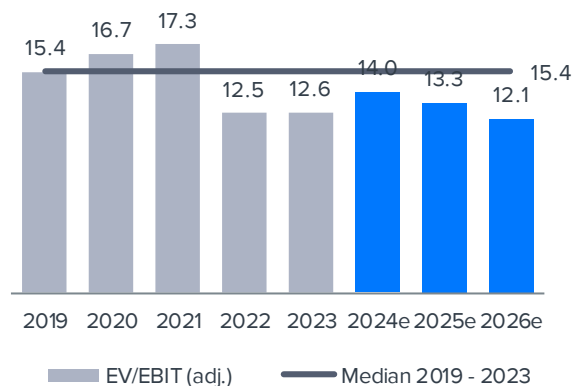
Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	7.96	8.92	10.8	9.40	9.60	11.00	11.00	11.00	11.00
Number of shares, millions	82.3	82.3	82.4	82.2	82.1	82.1	82.1	82.1	82.1
Market cap	655	734	891	773	788	903	903	903	903
EV	762	756	1059	920	925	1043	1026	1001	974
P/E (adj.)	21.3	24.7	18.6	13.1	14.6	16.7	16.0	14.7	13.7
P/E	21.3	26.7	20.4	10.7	14.0	17.2	16.2	14.8	13.8
P/B	3.8	4.0	5.4	3.8	3.6	3.8	3.6	3.3	3.0
P/S	2.6	3.2	3.2	2.5	2.6	2.9	2.8	2.8	2.7
EV/Sales	3.0	3.3	3.8	3.0	3.0	3.3	3.2	3.1	2.9
EV/EBITDA	10.7	12.8	14.4	9.5	10.2	11.6	10.7	9.9	9.2
EV/EBIT (adj.)	15.4	16.7	17.3	12.5	12.6	14.0	13.3	12.1	11.2
Payout ratio (%)	106.8 %	89.9 %	66.1 %	50.0 %	65.7 %	71.8 %	69.1 %	64.5 %	62.9 %
Dividend yield-%	5.0 %	3.4 %	3.2 %	4.7 %	4.7 %	4.2 %	4.3 %	4.4 %	4.5 %

Source: Inderes

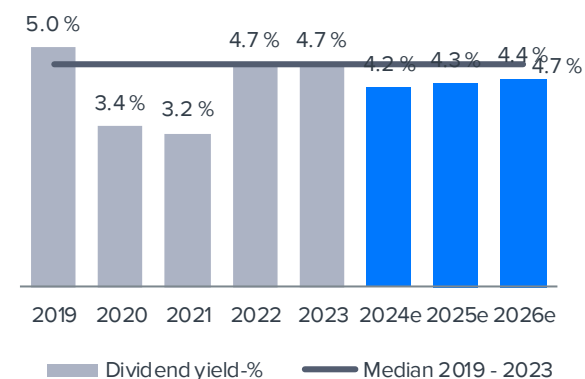
P/E (adj.)



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	
Agora SA	210		3.6	4.9	4.3	6.2							0.4
Future PLC	1458	1859	7.3	7.0	6.5	6.2	2.0	1.9	8.8	8.0	0.3	0.3	1.1
Gannett Co Inc	657	1517	34.2	13.6	5.9	5.6	0.6	0.6		52.4			
Lagardere SA	3190	7769	14.3	13.4	8.6	8.8	0.9	0.9	12.8	11.6	3.0	3.0	4.4
Arnoldo Mondadori Editore SpA	668	883	9.0	8.6	5.8	5.6	1.0	0.9	9.9	9.4	5.2	5.8	2.1
New York Times Co	7972	7625	22.7	19.8	18.8	16.8	3.3	3.1	29.3	26.9	1.0	0.9	4.6
Rizzoli Corriere della Sera Mediagroup SpA	399	553	5.5		3.8		0.6		7.0		7.9		0.9
TX Group AG	1772	2024	18.2	11.7	9.3	8.0	2.0	2.1	9.8	8.8	3.6	4.6	0.4
Promotora de Informaciones SA	391	1115	9.6	8.0	6.1	5.4	1.2	1.1	15.7	8.4			
Vocento SA	104	144	11.7	8.2	3.9	3.4	0.4	0.4	14.6	13.8	5.9	6.0	0.5
Auto Trader Group PLC	8670	8689	21.1	18.5	20.2	18.0	13.3	12.0	29.7	24.9	1.1	1.3	12.3
Carsales.Com Ltd	8290	8918	29.9	26.5	24.8	22.2	13.2	11.9	40.2	35.2	2.0	2.3	4.4
Moneysupermarket.Com Group PLC	1510	1571	10.7	9.8	9.4	8.6	2.9	2.7	13.7	12.4	5.3	5.6	5.6
REA Group Ltd	16705	16791	39.8	33.7	34.0	29.3	19.0	16.8	58.6	48.9	0.9	1.1	16.8
Rightmove PLC	5460	5422	16.7	15.3	16.4	15.0	11.7	10.6	22.3	19.8	1.7	1.9	70.3
Schibsted ASA	6292	6914	63.4	40.1	35.7	27.8	6.7	6.6	71.2	44.6	0.6	0.7	2.4
Scout24 SE	5393	5509	19.1	16.8	16.4	14.7	9.8	8.9	25.9	22.6	1.7	2.0	3.5
Seek Ltd	4710	5492	24.8	21.6	18.0	16.1	7.7	7.4	39.1	32.2	1.8	2.3	2.9
Stroeer SE & Co KgaA	3546	5220	16.4	13.6	8.2	7.4	2.5	2.3	20.3	15.9	3.3	3.9	7.0
Alma Media (Inderes)	903	1043	14.0	13.3	11.6	10.7	3.3	3.2	16.7	16.0	4.2	4.3	3.8
Average		4561	17.3	14.7	12.2	11.5	5.3	5.1	22.0	21.5	3.1	3.1	8.3
Median		3622	16.4	13.5	9.3	8.7	2.7	2.7	16.0	15.9	2.5	2.3	3.7
Diff-% to median			-14%	-2%	25%	23%	24%	17%	4%	1%	69%	87%	4%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	309	75.3	78.2	73.5	77.9	305	76.3	80.0	75.6	80.5	312	319	328	336
Alma Career	0.0	27.7	28.4	27.4	27.0	110.5	27.0	27.8	27.2	27.0	109	111.4	116	119
Alma Marketplaces	0.0	20.7	21.7	21.0	21.9	85.4	22.9	25.1	24.3	24.8	97.1	101	105	109
Alma News Media	0.0	27.2	27.9	25.0	28.9	109	26.4	27.1	24.3	28.9	107	108	109	109
Non-allocated	0.0	-0.3	0.2	0.0	0.0	0.0	-0.1	0.1	-0.2	-0.2	-0.4	-1.0	-1.0	-1.0
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	97.2	20.7	24.1	25.3	20.5	90.6	19.1	23.3	24.8	22.5	89.6	95.9	101	106
Depreciation	-17.2	-4.2	-4.4	-4.4	-4.6	-17.6	-4.1	-4.1	-4.3	-4.2	-16.7	-19.0	-19.1	-19.2
EBIT (excl. NRI)	73.4	17.0	19.3	20.5	16.8	73.6	16.1	19.4	20.6	18.4	74.5	77.3	82.5	87.2
EBIT	80.0	16.5	19.8	20.8	15.9	73.0	15.0	19.2	20.5	18.3	72.9	76.8	82.0	86.7
Alma Career	0.0	11.1	11.9	12.3	9.7	45.0	10.4	11.1	11.7	10.0	43.1	44.4	47.4	49.8
Alma Marketplaces	0.0	6.2	7.4	7.5	5.4	26.4	5.4	7.1	8.3	7.1	27.8	30.6	32.7	35.2
Alma News Media	0.0	2.3	3.8	3.4	4.0	13.5	2.4	3.8	3.3	4.4	13.9	14.6	14.7	14.5
Non-allocated	0.0	-3.0	-3.2	-2.4	-3.3	-12.0	-3.1	-2.8	-2.7	-3.1	-11.7	-12.2	-12.3	-12.3
Non-recurring items	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.3	-0.5	-0.5	-0.5
Net financial items	6.3	-1.9	2.9	-1.5	-4.8	-5.3	-1.4	-1.7	-2.0	-2.0	-7.1	-6.0	-4.5	-3.9
PTP	86.9	14.6	22.7	19.6	11.6	68.5	13.6	18.1	18.5	16.3	66.4	71.5	78.1	83.5
Taxes	-14.5	-2.9	-4.1	-4.3	-0.9	-12.1	-2.8	-3.6	-4.0	-3.5	-13.8	-15.2	-16.7	-17.8
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
Net earnings	72.4	11.7	18.6	15.2	10.7	56.2	10.8	14.5	14.5	12.8	52.6	55.9	61.1	65.3
EPS (adj.)	0.72	0.15	0.18	0.18	0.14	0.66	0.15	0.18	0.18	0.16	0.66	0.69	0.75	0.80
EPS (rep.)	0.88	0.14	0.23	0.19	0.13	0.68	0.13	0.18	0.18	0.16	0.64	0.68	0.74	0.80

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	12.1%	-1.2%	-1.4%	-1.4%	-1.0%	-1.3%	1.3%	2.3%	2.9%	3.4%	2.4%	2.2%	2.7%	2.3%
Adjusted EBIT growth-%	20.1%	-13.3%	0.2%	6.5%	10.0%	0.3%	-5.2%	0.4%	0.4%	9.7%	1.2%	3.9%	6.7%	5.7%
EBITDA-%	31.5%	27.5%	30.9%	34.4%	26.3%	29.7%	25.0%	29.1%	32.8%	27.9%	28.7%	30.0%	30.8%	31.6%
Adjusted EBIT-%	23.8%	22.6%	24.6%	27.9%	21.5%	24.1%	21.1%	24.2%	27.2%	22.9%	23.8%	24.2%	25.2%	26.0%
Net earnings-%	23.4%	15.5%	23.8%	20.7%	13.7%	18.4%	14.2%	18.1%	19.2%	15.9%	16.8%	17.5%	18.6%	19.4%

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	429	437	449	449	448
Goodwill	294	298	308	308	308
Intangible assets	87	88	88	88	88
Tangible assets	34	41	43	42	42
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
Current assets	66.2	90.3	73.2	71.6	77.0
Inventories	0.7	0.6	0.6	0.6	0.7
Other current assets	0.1	3.9	3.9	3.9	3.9
Receivables	35	33	34	35	36
Cash and equivalents	30	52	34	32	36
Balance sheet total	495	528	529	528	532

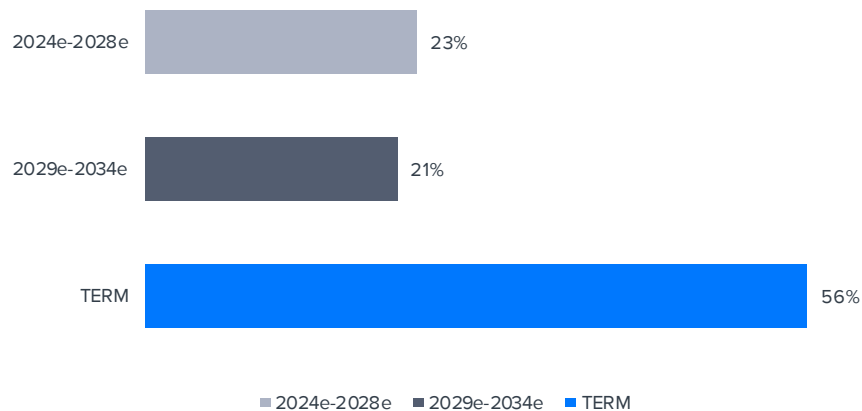
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	206	223	238	257	279
Share capital	45	45	45	45	45
Retained earnings	132	148	163	181	204
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
Non-current liabilities	191	216	194	174	154
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	150	130
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
Current liabilities	98	89	97	97	99
Interest bearing debt	10	7	10	10	10
Payables	81	80	84	85	87
Other current liabilities	7.0	3	2.5	2.5	2.5
Balance sheet total	495	528	529	528	532

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-1.3 %	2.4 %	2.2 %	2.7 %	2.3 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %
EBIT-%	23.9 %	23.3 %	24.1 %	25.0 %	25.8 %	24.5 %	24.5 %	24.0 %	24.0 %	24.0 %	23.5 %	23.5 %	23.5 %
EBIT (operating profit)	73.0	72.9	76.8	82.0	86.7	84.3	86.4	86.7	88.9	91.1	91.4	93.7	
+ Depreciation	17.6	16.7	19.0	19.1	19.2	19.2	19.2	19.1	19.1	19.6	19.6	19.6	
- Paid taxes	-11.9	-13.8	-15.2	-16.7	-17.8	-17.4	-17.9	-17.9	-18.4	-18.9	-19.0	-19.4	
- Tax, financial expenses	-1.0	-1.5	-1.3	-1.0	-0.8	-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	3.8	-0.5	1.3	1.2	1.3	1.3	1.3	1.4	1.4	1.5	1.5	
Operating cash flow	69.8	78.1	78.8	84.8	88.4	86.6	88.3	88.5	90.3	92.5	92.8	94.6	
+ 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	-35	-19.0	-18.5	-18.5	-18.5	-19.0	-19.5	-19.5	-19.5	-19.6	-20.6	
Free operating cash flow	40	43	59.8	66.3	69.9	68.1	69.3	69.0	70.8	73.0	73.2	74.1	
+/- 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	59.8	66.3	69.9	68.1	69.3	69.0	70.8	73.0	73.2	74.1	1370
Discounted FCFF		41	53.5	54.9	53.5	48.3	45.5	41.9	39.8	38.0	35.2	33.0	611
Sum of FCFF present value		1096	1054	1001	946	892	844	799	757	717	679	644	611
Enterprise value DCF		1096											
- Interest bearing debt		-199											
+ Cash and cash equivalents		52											
-Minorities		-4											
-Dividend/capital return		-37											
Equity value DCF		917											
Equity value DCF per share		11.2											

Cash flow distribution



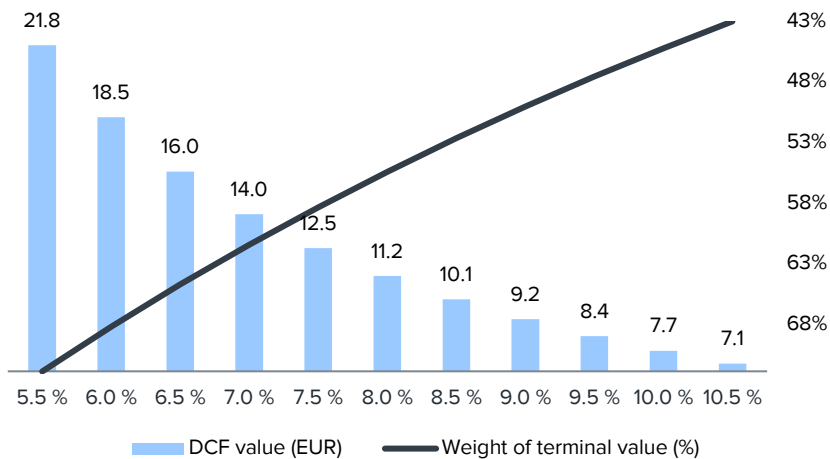
WACC

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 %
Cost of equity	9.2 %
Weighted average cost of capital (WACC)	8.0 %

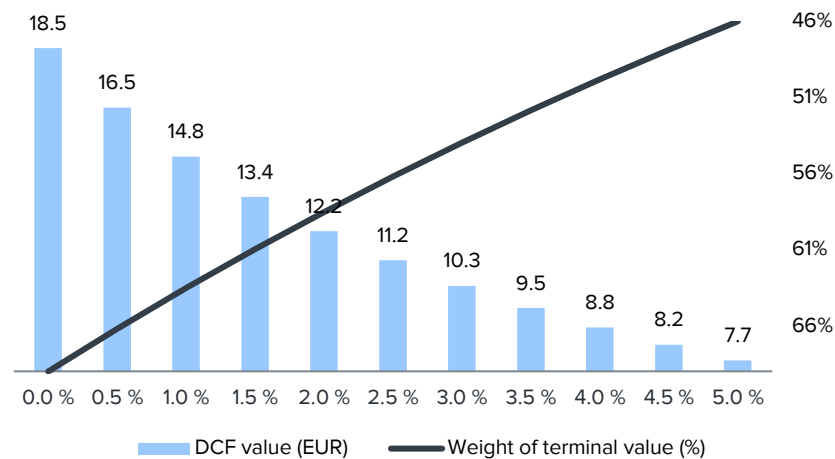
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

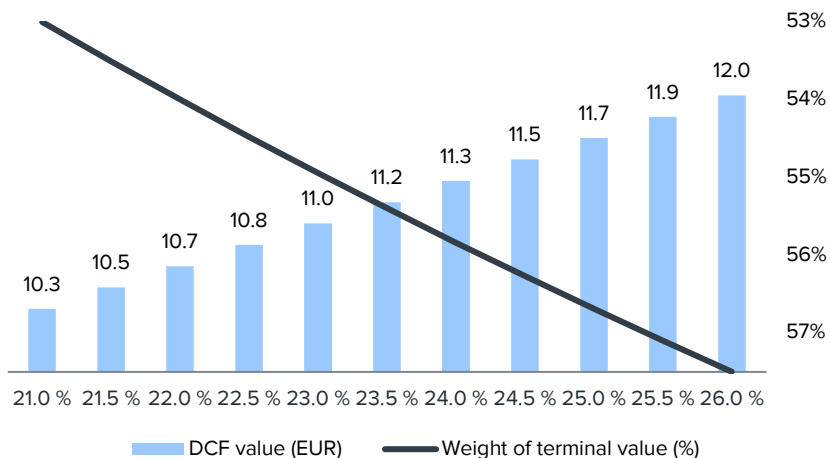
Sensitivity of DCF to changes in the WACC-%



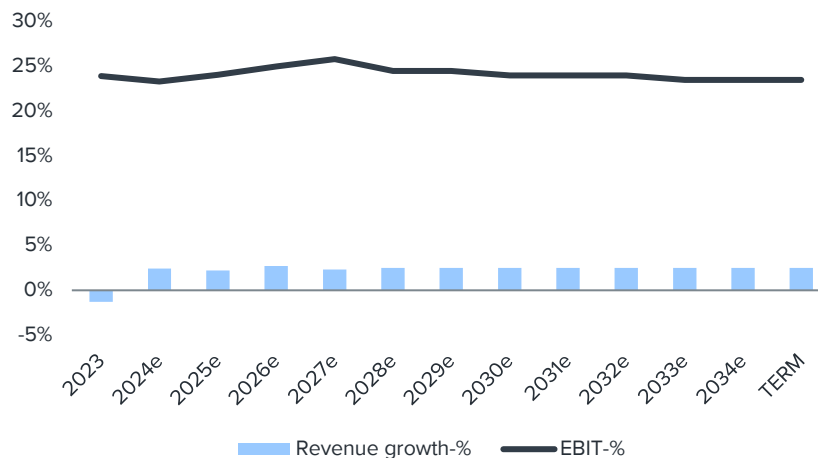
Sensitivity of DCF to changes in the risk-free rate



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	312	319	EPS (reported)	0.53	0.88	0.68	0.64	0.68
EBITDA	73.5	97.2	90.6	89.6	95.9	EPS (adj.)	0.58	0.72	0.66	0.66	0.69
EBIT	56.8	80.0	73.0	72.9	76.8	OCF / share	1.00	1.06	0.85	0.95	0.96
PTP	56.3	86.9	68.5	66.4	71.5	FCF / share	-1.28	0.89	0.49	0.52	0.73
Net Income	43.6	72.4	56.2	52.6	55.9	Book value / share	1.99	2.49	2.68	2.87	3.10
Extraordinary items	-4.3	6.6	-0.6	-1.6	-0.5	Dividend / share	0.35	0.44	0.45	0.46	0.47
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	518.4	495.2	527.7	529.2	527.6	Revenue growth-%	20%	12%	-1%	2%	2%
Equity capital	166.5	205.9	222.8	238.4	256.6	EBITDA growth-%	25%	32%	-7%	-1%	7%
Goodwill	294.5	294.4	298.0	308.0	308.0	EBIT (adj.) growth-%	35%	20%	0%	1%	4%
Net debt	182.7	143.7	146.5	145.7	128.1	EPS (adj.) growth-%	61%	24%	-9%	1%	4%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	26.7 %	31.5 %	29.7 %	28.7 %	30.0 %
EBITDA	73.5	97.2	90.6	89.6	95.9	EBIT (adj.)-%	22.2 %	23.8 %	24.1 %	23.8 %	24.2 %
Change in working capital	14.0	5.0	-7.9	3.8	-0.5	EBIT-%	20.6 %	25.9 %	23.9 %	23.3 %	24.1 %
Operating cash flow	82.1	87.0	69.8	78.1	78.8	ROE-%	25.1 %	39.3 %	26.5 %	23.0 %	22.8 %
CAPEX	-190.3	-17.5	-26.2	-35.3	-19.0	ROI-%	17.8 %	20.6 %	18.4 %	17.5 %	18.6 %
Free cash flow	-105.4	73.1	40.4	42.8	59.8	Equity ratio	34.7 %	45.8 %	46.3 %	49.5 %	53.5 %
						Gearing	109.7 %	69.8 %	65.8 %	61.1 %	49.9 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	3.8	3.0	3.0	3.3	3.2						
EV/EBITDA	14.4	9.5	10.2	11.6	10.7						
EV/EBIT (adj.)	17.3	12.5	12.6	14.0	13.3						
P/E (adj.)	18.6	13.1	14.6	16.7	16.0						
P/B	5.4	3.8	3.6	3.8	3.6						
Dividend-%	3.2 %	4.7 %	4.7 %	4.2 %	4.3 %						

Source: Inderes

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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 €
6/10/2024	Reduce	10.50 €	10.05 €
7/19/2024	Reduce	11.00 €	11.00 €



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