

# Sitowise

## Company report

11/8/2024



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This report is a summary translation of the report “Ensi vuonna pitäisi jo tapahtua” published on 11/8/2024 at 7:30 am EET

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# Change expected in 2025

We reiterate our target price of EUR 2.50 and Reduce recommendation for Sitowise following the company's Q3 results. Sitowise's Q3 result was weaker than our expectations due to challenges in Sweden and the weak housing market in Finland. Measures have been taken to improve profitability, but a significant turnaround will also require traction from the market. The market outlook remains challenging, and a recovery is now more likely in the second half of next year, which in our view also limits the share's upside in the short term. Given the risks to the business and the uncertain turnaround, we do not see the stock's risk/reward ratio as attractive now.

## Q3 result clearly weaker than expected

Sitowise's revenue decreased by 8% to 41.8 MEUR in Q3 (Q3'23: 45.6 MEUR), almost in line with our expectations. Organic revenue was down by 10.5% in the quarter. Sitowise's adjusted EBITA declined to 2.4 MEUR in Q3 (Q3'23: 3.5 MEUR) and the margin decreased to 5.8% (Q3'23: 7.6%). The weak profitability and the earnings miss of almost 50% were driven by the challenges in Sweden and the weak market situation in both the Finnish and Swedish housing markets. The order book was down 8% year-on-year at the end of the quarter at around 154 MEUR, reflecting the still weaker outlook, especially for the housing market in Finland and Sweden.

## Forecasts for the next few years down by around 5%

Due to the prolonged market softness, we lowered our operating profit forecasts for the coming years by around 5%. In 2024, Sitowise expects a decrease in revenue (2023: 211 MEUR) and that its adjusted EBITA margin will be below the level of 2023 (2023: 8.1%). In 2024, we now expect revenue to decrease by 8% to 194 MEUR and adjusted EBITA to decrease to 11.8 MEUR (2023: 17.0 MEUR), corresponding to a margin of 6.1%. In Q4, the result will be supported by staff reductions in Sweden and savings measures, but due to weak demand, the utilization rate is at a low level, reducing the potential for earnings improvement. As the market eventually turns and utilization rates improve, we expect earnings levels to rise towards a better level in 2025-26 thanks to strong operational leverage (adj. EBITA-% 25-26e avg.: 8.2%). We estimate that current profitability is below Sitowise's potential (EBITA-% >10%), but reaching this level is still a long way off and will require successfully tackling the challenges in Sweden and much stronger market traction. In our view, the risks to the business from growth challenges and the integration of acquisitions have partially materialized, adding now to the uncertainty surrounding the company's long-term potential.

## Valuation does not encourage operational risk-taking

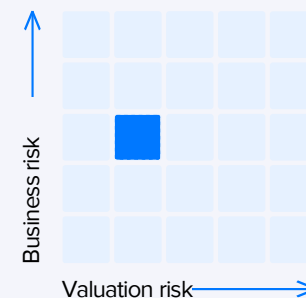
The multiples for Sitowise's stock this year are high due to the weak result. The turnaround in profitability brought about by a market recovery and rising utilization rates will reduce the valuation in the coming years (25-26e avg.: EV/EBITDA: 7x, P/E: 12x). However, we do not believe that valuation is at an attractive level, as uncertainty about the pace of the market recovery keeps forecast risks elevated. Based on the 2025-26 estimates and the valuation range we accept (EV/EBITDA: 7x, P/E: 12x), the stock would have no upside. The dividend yield does not support the expected return in the short term, as we do not expect dividends for 2024. The valuation of the peers (2025e) is, in our opinion, at a demanding level (median P/E: 17), which, in addition to the better performance and lower risks of the peers, reduces the value reflected in the relative valuation. The DCF calculation is higher than the share price (EUR 3.2), indicating long-term potential in the stock.

## Recommendation

**Reduce**  
(was Reduce)

**EUR 2.50**  
(was EUR 2.50)

**Share price:**  
2.40



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	210.9	193.7	199.1	213.6
<b>growth-%</b>	3%	-8%	3%	7%
<b>EBITA adj.</b>	17.0	11.8	15.0	19.0
<b>EBITA-% adj.</b>	8.1 %	6.1 %	7.5 %	8.9 %
<b>Net Income</b>	5.6	-0.5	5.6	9.4
<b>EPS (adj.)</b>	0.21	0.04	0.16	0.26

<b>P/E (adj.)</b>	15.2	64.3	15.4	9.1
<b>P/B</b>	0.9	0.7	0.7	0.7
<b>Dividend yield-%</b>	0.0 %	0.0 %	4.2 %	5.8 %
<b>EV/EBIT (adj.)</b>	14.5	25.6	14.2	9.6
<b>EV/EBITDA</b>	8.2	9.7	7.3	5.9
<b>EV/S</b>	0.9	0.9	0.8	0.7

Source: Inderes

## Guidance (Unchanged)

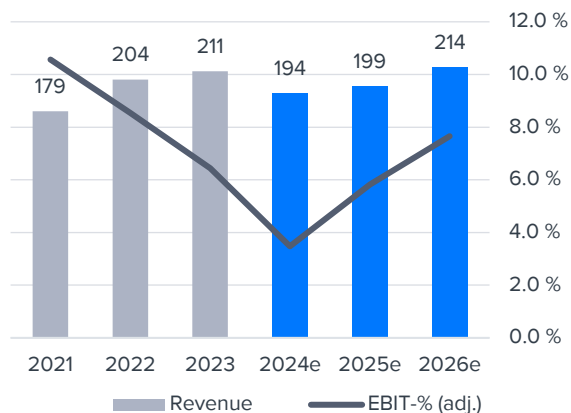
Revenue is expected to fall in 2024 (2023: 211 MEUR). The adjusted EBITA margin (%) is expected to be lower in 2024 than in 2023 (2023: 8.1%).

### Share price



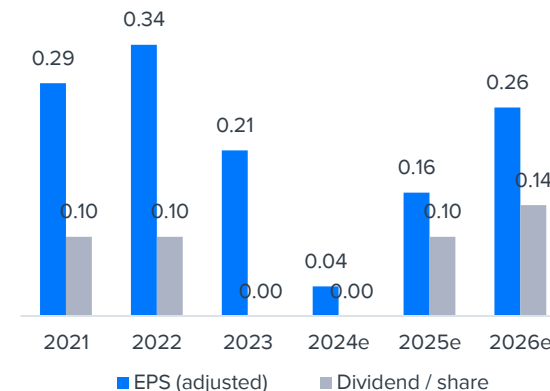
Source: Millstream Market Data AB

### Revenue and EBIT-%



Source: Inderes

### EPS and dividend



Source: Inderes



### Value drivers

- Stronger organic growth than market growth and acquisitions
- Maintaining best-in-class profitability
- Expansion into Nordic countries
- Extending the offering
- Strong cash flow and low investment need
- Efficient and fragmented business model, as well as digitalization expertise create competitive advantage
- Increasing share of consulting and planning in construction value chain supported by megatrends
- Opportunities created by sustainable development regulation



### Risk factors

- Cyclicity of the underlying construction market
- Sustainably maintaining high profitability levels
- A clear and prolonged market downturn after good years
- Challenges created by Nordic expansion and a new market
- Failure in acquisitions
- Dependency on personnel and adequacy of incentives for key personnel
- Leverage and growth financing

Valuation	2024e	2025e	2026e
Share price	2.40	2.40	2.40
Number of shares, millions	35.8	35.8	35.8
Market cap	86	86	86
EV	172	165	157
P/E (adj.)	64.3	15.4	9.1
P/B	0.7	0.7	0.7
EV/Sales	0.9	0.8	0.7
EV/EBITDA	9.7	7.3	5.9
EV/EBIT (adj.)	25.6	14.2	9.6
Payout ratio (%)	0.0 %	64.2 %	53.2 %
Dividend yield-%	0.0 %	4.2 %	5.8 %

Source: Inderes

# Profitability clearly not as expected

## Revenue down as expected

Sitowise's revenue decreased by 8% to 41.8 MEUR in Q3 (Q3'23: 45.6 MEUR), continuing the downward trend that started last year. Revenue missed our estimate by 2%. Acquisitions and one more working day in the quarter had a positive impact on revenue, so organic revenue was down by 10.5% in the quarter.

The decline in revenue was due to insufficient order books in the Buildings business in Sweden and Finland and the weak market conditions. In Sweden, revenue decreased by 12% to 7.7 MEUR, but in the Buildings business by as much as 23% to 12.2 MEUR, well below our forecast. Revenue was down in Digital Solutions (-3%; 6.5 MEUR) as expected due to continued weak demand from the private sector. The product business of Digital Solutions has developed positively, but projects are still under pressure from fierce competition and the weak economy. In Infra,

on the other hand, revenue grew positively by 6%, while we had expected revenue to be at the same level as in the comparison period. During the quarter, Infra also received an order for the design of the western section of the Vantaa light rail (value approximately 8 MEUR), which will be recognized in the order book in Q4. In addition, demand for green transition projects is growing, although we believe that public investment in infrastructure projects will be delayed for next year.

The order book was down 8% year-on-year during the quarter at around 154 MEUR, reflecting the still weaker outlook, especially for the housing market in Finland and Sweden. The market recovery should be reflected quickly in Sitowise's order book (the design and development phases are the first to start), but so far there are no clear signs of a turnaround, even though the comparison periods are also starting to be weak.

## Profitability at a low level

Sitowise's adjusted EBITA decreased to 2.4 MEUR in Q3 and the margin deteriorated to 5.8% (Q3'23: 7.6%). We expected the adjusted EBIT to increase from the very weak comparison period, driven by efficiency measures and an increase in working hours (+11h y/y), but the result missed our estimates by 45% (estimate: 4.3 MEUR). The weak profitability and earnings miss were driven by the challenges in Sweden and the weak market situation in both the Finnish and Swedish housing markets. Both Buildings and the Swedish business reported a loss for the quarter, and in Sweden the loss was quite pronounced. On the positive side, Infra and Digital Solutions are performing above target (+12% EBITA). Due to Sitowise's insufficient workload, the utilization rate in Q3 eventually dropped to 72% (Q3'23: 75%), which is a low level by Sitowise's standards (the historical average for Q3 is around 76%).

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	45.6	41.8	42.4				-2%	193.7
EBITA (adj.)	3.5	2.4	4.3				-44%	11.8
EBITA	3.3	1.3	3.4				-62%	9.6
EBIT	2.3	-0.2	2.5				-108%	4.9
PTP	1.0	-1.8	1.3				-239%	-0.7
EPS (reported)	0.02	-0.04	0.03				-239%	-0.01
Revenue growth-%	-0.6 %	-8.4 %	-6.9 %				-1.4 pp	-8.2 %
EBITA-% (adj.)	7.6 %	5.8 %	10.2 %				-4.5 pp	6.1 %

Source: Inderes

# Market upturn in H2 2025

On the cost side, wage pressures continued and intense price competition made pricing more difficult. In the reported figures, the one-off items of the Swedish restructuring and the goodwill impairment loss from the Latvian subsidiary significantly reduced the operating profit. In the earnings call, the company was not concerned about goodwill in the main countries of operation, but the weak market and loss-making businesses obviously raise concerns about the sustainability of goodwill. After all, goodwill represents around 60% of Sitowise's balance sheet total. On the lower lines, in addition to the weak reported results, high financial expenses ultimately pushed the net result deep into the red and the earnings per share to EUR -0.04 (estimate: EUR 0.03).

## Financial position is stable

In Q3, Sitowise's operational cash flow was -0.3 MEUR (Q3'23 -2.7 MEUR) due to the weak result

but improved from the comparison period. Despite the improvement, an operational turnaround is also important from a financial point of view, as the cash flow is still declining and the result is now at a poor level. Sitowise's debt leverage (net debt/adjusted EBITDA) was already at 5.0x in Q3 (target below 2.5x). This figure is high, and the net debt/EBITDA ratio is one of the covenant conditions in the company's 100 MEUR financing agreement (maturing in 2026). The company has negotiated a temporary amendment to the covenant levels with its financiers, but the terms cannot be extended indefinitely. So, also from a financial point of view, the company's performance will have to improve over the next few years. However, Sitowise's solvency ratios are at a good level (Q3 equity ratio: 45%, gearing ratio %: 51%) and cash and cash equivalents were at a sufficient level at the end of the quarter at 10.2 MEUR (Q3'23: 9.2 MEUR) to meet short-term needs.

## Guidance unchanged, outlook still challenging

In its guidance, Sitowise expects revenue to decline in 2024 (2023: 211 MEUR) and the adjusted EBITA margin (%) to be lower than in 2023 (2023: 8.1%). Based on Q1-Q3, profitability will be significantly lower (1-9'24: 5.8% vs. 1-9'23: 9.2%).

In terms of market outlook, Q4 can still be expected to be challenging for the Buildings businesses, but in Sweden profitability is expected to improve already from the next quarter with annual savings of around 3.5 MEUR from the Building for Future program. The market outlook in Sweden is also expected to improve faster than in Finland, although according to Sitowise the outlook is still weak. Digital Solutions and Infra are in a more stable market position. Overall, Sitowise considers the timing of the construction market recovery to remain highly uncertain and expects the recovery to become more pronounced only in H2 of 2025.

**Sitowise Q3'24: Infra & Digital stable, Buildings still a concern**



# Slightly lower estimates for the next few years

## Estimate revisions 2024e-2026e

- We lowered our projections for the current year by around 20% following the weak Q3 result
- We expect the earnings level to improve in Q4 as the annual savings of 3.5 MEUR from the Building for Future program will contribute to profitability in Sweden
- On the bottom lines, the forecasts were negatively impacted by higher-than-expected one-off items and financial costs
- The outlook also reduced our operating profit forecasts for the coming years by around 5%
- Continued market weakness in Finland and challenges in Sweden continued to lower our estimates, but the changes were not large in the overall context

## Operational result drivers 2024e–2026e:

- Market recovery from years of slump supports stronger growth in 2025-2026
- Stronger revenue and market support the rise in utilization rates
- Significant earnings leverage from growth and business model improves earnings growth opportunities
- Expectation of a return to near-normal earnings levels over the next few years (2026-2027)
- Diverse acquisition opportunities in fragmented sector and market, once the financial and operational situation has been improved

Estimate revisions MEUR / EUR	2024e			2025e			2026e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	195	194	-1%	204	199	-2%	219	214	-2%
EBITDA	20.5	17.7	-14%	23.8	22.6	-5%	27.3	26.7	-2%
EBITA (adj.)	14.2	11.8	-17%	16.2	15.0	-7%	19.6	19.0	-3%
EBITA	12.3	9.6	-22%	16.2	15.0	-7%	19.6	19.0	-3%
PTP	3.2	-0.7	-123%	8.3	7.1	-14%	12.5	12.0	-4%
EPS (excl. NRIs)	0.09	0.04	-59%	0.18	0.16	-14%	0.27	0.26	-3%
DPS	0.00	0.00		0.10	0.10	0%	0.14	0.14	0%

# Short-term valuation neutral

## Moderately neutral valuation for the coming years

Sitowise's valuation in 2024 rises to a high level due to its weak earnings performance. If the earnings turnaround and market recovery materialize as expected, the multiples for the next few years will fall significantly (2025-26e avg.: EV/EBITDA: 7x, P/E: 12x). Considering the 2025-26 estimates and the lower end of the valuation range we accept (EV/EBITDA: 7x, P/E: 12x), the stock would still have no upside. Even the dividend yield does not support the expected return in the short term, as, similar to 2023, we do not expect a dividend for 2024.

We estimate that the acceptable range of multiples for Sitowise's P/E is around 12-16x and EV/EBITDA 7-9x, based on historical valuation levels of peers. In the longer term, as the earnings level normalizes, we would apply a range roughly between the mid- and low-end, but for now a higher valuation requires the company to show some evidence of better performance.

## Peer group valuation

Compared to the peer group, Sitowise is priced at a discount of around 15%. We feel the 2025 median valuations of the peers (P/E: 17x, EV/EBITDA: 9x) are already at a challenging level. We believe that it would be warranted for Sitowise to be priced at least at peer level based on its combination of historical profitability and future growth potential, but recent performance has clearly underperformed peers. In addition, many peers have proven to be more cyclically resilient and have a better performance history (e.g. Sweco), which makes it acceptable for peers to be priced significantly higher at the moment. Given the financial risks, the challenges in Sweden and the current weak

profitability, the discount for Sitowise is justified and based on the relative valuation, we do not see any upside for the stock.

## DCF valuation

We also use DCF in the valuation. The value of the DCF model (EUR 3.2) is above the current share price and our target price, also indicating a longer-term potential for the company. In our model, the company's revenue growth stabilizes at 1% in the terminal period after stronger medium-term growth, and the EBIT margin is 9.0% of revenue based on the company's historical performance (18-23 avg.: 10%). We also do not rule out a further reduction in terminal profitability if the trend remains similar and profitability challenges persist. The average cost of capital (WACC) used is 9.0% and the cost of equity is 10.1%. In our view, there is no downside to the level of the required return until the company can demonstrate that its business is turning for the better.

Valuation	2024e	2025e	2026e
Share price	2.40	2.40	2.40
Number of shares, millions	35.8	35.8	35.8
Market cap	86	86	86
EV	172	165	157
P/E (adj.)	64.3	15.4	9.1
P/B	0.7	0.7	0.7
EV/Sales	0.9	0.8	0.7
EV/EBITDA	9.7	7.3	5.9
EV/EBIT (adj.)	25.6	14.2	9.6
Payout ratio (%)	0.0 %	64.2 %	53.2 %
Dividend yield-%	0.0 %	4.2 %	5.8 %

Source: Inderes

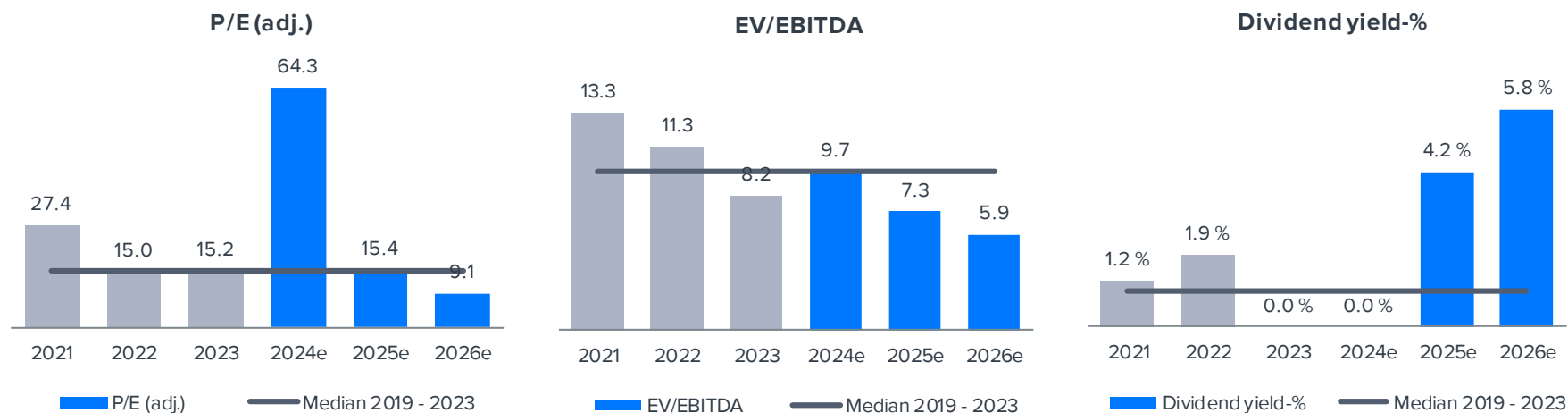
## Target price breakdown



# Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price			8.05	5.14	3.18	<b>2.40</b>	<b>2.40</b>	<b>2.40</b>	<b>2.40</b>
Number of shares, millions			35.4	35.5	35.6	<b>35.8</b>	<b>35.8</b>	<b>35.8</b>	<b>35.8</b>
Market cap			285	182	113	<b>86</b>	<b>86</b>	<b>86</b>	<b>86</b>
EV			345	268	197	<b>172</b>	<b>165</b>	<b>157</b>	<b>149</b>
P/E (adj.)			27.4	15.0	15.2	<b>64.3</b>	<b>15.4</b>	<b>9.1</b>	<b>7.6</b>
P/B			2.5	1.6	0.9	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>
EV/Sales			1.9	1.3	0.9	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>
EV/EBITDA			13.3	11.3	8.2	<b>9.7</b>	<b>7.3</b>	<b>5.9</b>	<b>5.3</b>
EV/EBIT (adj.)			18.2	15.4	14.5	<b>25.6</b>	<b>14.2</b>	<b>9.6</b>	<b>8.1</b>
Payout ratio (%)			45.2 %	45.2 %	0.0 %	<b>0.0 %</b>	<b>64.2 %</b>	<b>53.2 %</b>	<b>60.4 %</b>
Dividend yield-%			1.2 %	1.9 %	0.0 %	<b>0.0 %</b>	<b>4.2 %</b>	<b>5.8 %</b>	<b>7.9 %</b>

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
Sweco AB	5366	5945	27.1	23.2	19.8	17.5	2.4	2.2	33.5	28.7	1.6	1.9	5.8
Afry AB	1540	2152	14.6	12.7	9.2	8.7	0.9	0.9	14.9	14.1	3.7	3.9	1.4
Rejlers AB	282	345	15.0	13.4	9.0	7.9	1.0	0.9	16.9	14.2	2.9	3.3	1.8
Solwers Oyj	48	65	13.4	12.9	8.2	7.1	1.0	0.7	15.1	15.3	1.3	2.2	0.8
Etteplan Oyj	275	355	13.5	16.4	7.8	8.8	1.0	1.0	14.3	20.5	3.1	1.9	2.4
Norconsult ASA	1030	1076	17.1	16.7	10.7	10.4	1.4	1.4	20.2	18.4	2.4	3.4	6.2
<b>Sitowise (Inderes)</b>	<b>86</b>	<b>172</b>	<b>25.6</b>	<b>14.2</b>	<b>9.7</b>	<b>7.3</b>	<b>0.9</b>	<b>0.8</b>	<b>64.3</b>	<b>15.4</b>	<b>0.0</b>	<b>4.2</b>	<b>0.7</b>
<b>Average</b>			<b>16.8</b>	<b>15.9</b>	<b>10.8</b>	<b>10.1</b>	<b>1.3</b>	<b>1.2</b>	<b>19.2</b>	<b>18.5</b>	<b>2.5</b>	<b>2.8</b>	<b>3.1</b>
<b>Median</b>			<b>14.8</b>	<b>14.9</b>	<b>9.1</b>	<b>8.7</b>	<b>1.0</b>	<b>1.0</b>	<b>16.0</b>	<b>16.9</b>	<b>2.6</b>	<b>2.8</b>	<b>2.1</b>
<i>Diff-% to median</i>			<b>73%</b>	<b>-5%</b>	<b>7%</b>	<b>-17%</b>	<b>-10%</b>	<b>-13%</b>	<b>301%</b>	<b>-9%</b>	<b>-100%</b>	<b>50%</b>	<b>-66%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue</b>	<b>204.4</b>	<b>56.0</b>	<b>56.5</b>	<b>45.6</b>	<b>52.8</b>	<b>210.9</b>	<b>51.5</b>	<b>50.9</b>	<b>41.8</b>	<b>49.5</b>	<b>193.7</b>	<b>199.1</b>	<b>213.6</b>	<b>223.3</b>
Infra	60.0	15.8	17.8	14.5	17.5	65.6	17.0	18.0	15.5	18.4	68.9	71.7	73.8	76.1
Buildings	79.4	19.9	19.1	15.8	16.1	70.8	16.1	15.5	12.2	12.9	56.7	57.9	64.3	68.1
Digital Solutions	22.1	8.0	7.7	6.7	7.6	29.9	7.0	7.0	6.5	7.7	28.1	30.4	33.4	35.1
Sweden	42.9	12.4	11.9	8.6	11.6	44.5	11.4	10.4	7.7	10.6	40.0	39.1	42.1	44.0
<b>EBITDA</b>	<b>23.8</b>	<b>8.5</b>	<b>6.4</b>	<b>5.2</b>	<b>3.2</b>	<b>23.2</b>	<b>5.1</b>	<b>4.3</b>	<b>3.3</b>	<b>5.1</b>	<b>17.7</b>	<b>22.6</b>	<b>26.7</b>	<b>28.1</b>
Depreciation	-10.6	-3.0	-2.8	-2.9	-2.8	-11.5	-3.1	-3.2	-3.5	-3.0	-12.8	-11.0	-10.3	-9.6
<b>EBITA (adj.)</b>	<b>20.4</b>	<b>6.6</b>	<b>4.5</b>	<b>3.5</b>	<b>2.4</b>	<b>17.0</b>	<b>3.4</b>	<b>2.6</b>	<b>2.4</b>	<b>3.5</b>	<b>11.8</b>	<b>15.0</b>	<b>19.0</b>	<b>20.3</b>
<b>EBITA</b>	<b>16.1</b>	<b>6.2</b>	<b>4.4</b>	<b>3.3</b>	<b>1.3</b>	<b>15.1</b>	<b>3.1</b>	<b>2.2</b>	<b>1.3</b>	<b>3.1</b>	<b>9.6</b>	<b>15.0</b>	<b>19.0</b>	<b>20.3</b>
<b>EBIT</b>	<b>13.2</b>	<b>5.5</b>	<b>3.6</b>	<b>2.3</b>	<b>0.3</b>	<b>11.7</b>	<b>2.0</b>	<b>1.1</b>	<b>-0.2</b>	<b>2.1</b>	<b>4.9</b>	<b>11.6</b>	<b>16.3</b>	<b>18.4</b>
Net financial items	-2.9	-1.1	-0.9	-1.2	-1.3	-4.6	-1.2	-1.3	-1.6	-1.5	-5.6	-4.5	-4.4	-4.1
<b>PTP</b>	<b>10.3</b>	<b>4.4</b>	<b>2.7</b>	<b>1.0</b>	<b>-1.0</b>	<b>7.1</b>	<b>0.7</b>	<b>-0.2</b>	<b>-1.8</b>	<b>0.6</b>	<b>-0.7</b>	<b>7.1</b>	<b>12.0</b>	<b>14.3</b>
Taxes	-2.4	-0.9	-0.6	-0.3	0.1	-1.6	-0.2	0.0	0.4	-0.1	0.1	-1.5	-2.5	-3.0
Minority interest	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
<b>Net earnings</b>	<b>7.8</b>	<b>3.5</b>	<b>2.2</b>	<b>0.8</b>	<b>-0.9</b>	<b>5.6</b>	<b>0.6</b>	<b>-0.1</b>	<b>-1.4</b>	<b>0.4</b>	<b>-0.5</b>	<b>5.6</b>	<b>9.4</b>	<b>11.3</b>
<b>EPS (adj.)</b>	<b>0.34</b>	<b>0.11</b>	<b>0.06</b>	<b>0.03</b>	<b>0.01</b>	<b>0.21</b>	<b>0.03</b>	<b>0.01</b>	<b>-0.01</b>	<b>0.01</b>	<b>0.04</b>	<b>0.16</b>	<b>0.26</b>	<b>0.31</b>
<b>EPS (rep.)</b>	<b>0.22</b>	<b>0.10</b>	<b>0.06</b>	<b>0.02</b>	<b>-0.02</b>	<b>0.16</b>	<b>0.02</b>	<b>0.00</b>	<b>-0.04</b>	<b>0.01</b>	<b>-0.01</b>	<b>0.16</b>	<b>0.26</b>	<b>0.31</b>

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue growth-%</b>	14.0 %	13.9 %	9.2 %	-0.6 %	-8.3 %	3.2 %	-8.0 %	-9.9 %	-8.4 %	-6.2 %	-8.2 %	2.8 %	7.3 %	4.5 %
<b>Adjusted EBITA growth-%</b>		40.7 %	-24.0 %	-29.6 %	-57.0 %	-16.6 %	-49.0 %	-43.4 %	-29.6 %	43.4 %	-30.5 %	26.9 %	26.6 %	6.9 %
<b>EBITDA-%</b>	11.6 %	15.1 %	11.3 %	11.4 %	6.0 %	11.0 %	9.9 %	8.4 %	7.9 %	10.2 %	9.1 %	11.3 %	12.5 %	12.6 %
<b>Adjusted EBITA-%</b>	10.0 %	11.8 %	8.0 %	7.6 %	4.6 %	8.1 %	6.6 %	5.0 %	5.8 %	7.0 %	6.1 %	7.5 %	8.9 %	9.1 %
<b>Net earnings-%</b>	3.8 %	6.2 %	3.8 %	1.7 %	-1.6 %	2.6 %	1.1 %	-0.2 %	-3.4 %	0.9 %	-0.3 %	2.8 %	4.4 %	5.0 %

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>202</b>	<b>202</b>	<b>202</b>	<b>200</b>	<b>197</b>
Goodwill	158	158	159	159	159
Intangible assets	10.2	11.9	11.2	8.8	6.1
Tangible assets	31.8	29.3	29.2	29.6	29.9
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	1.9	1.9	1.9	1.9	1.9
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.9	0.7	0.7	0.7	0.7
<b>Current assets</b>	<b>78.3</b>	<b>76.6</b>	<b>66.8</b>	<b>68.6</b>	<b>76.2</b>
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	1.3	1.8	1.8	1.8	1.8
Receivables	61.6	59.2	54.3	55.8	59.9
Cash and equivalents	15.4	15.6	10.7	10.9	14.5
<b>Balance sheet total</b>	<b>281</b>	<b>278</b>	<b>268</b>	<b>268</b>	<b>273</b>

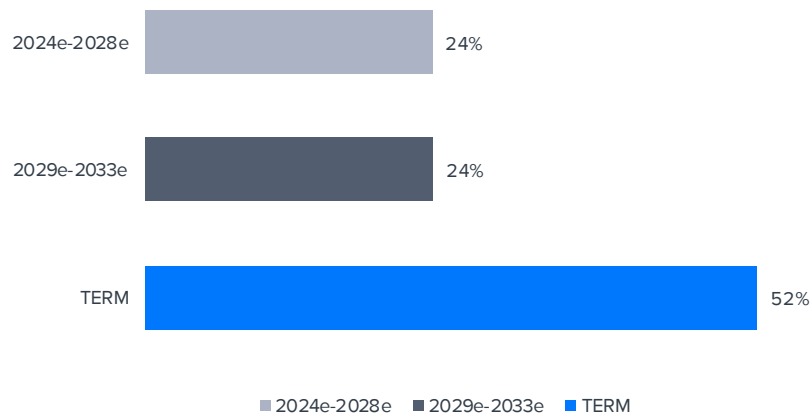
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>117</b>	<b>120</b>	<b>120</b>	<b>125</b>	<b>131</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	23.4	25.8	25.2	30.8	36.7
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.3	0.3	0.3	0.3	0.3
Other equity	92.8	93.2	93.2	93.2	93.2
Minorities	0.3	0.3	0.8	0.8	0.8
<b>Non-current liabilities</b>	<b>94.6</b>	<b>92.0</b>	<b>86.5</b>	<b>81.5</b>	<b>81.5</b>
Deferred tax liabilities	1.6	1.5	1.5	1.5	1.5
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	93.0	90.5	85.0	80.0	80.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>69.2</b>	<b>66.9</b>	<b>62.2</b>	<b>61.4</b>	<b>60.9</b>
Interest bearing debt	7.9	8.2	11.5	9.3	5.0
Payables	59.6	58.3	50.4	51.8	55.5
Other current liabilities	1.6	0.4	0.4	0.4	0.4
<b>Balance sheet total</b>	<b>281</b>	<b>278</b>	<b>268</b>	<b>268</b>	<b>273</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	3.2 %	-8.2 %	2.8 %	7.3 %	4.5 %	3.0 %	2.5 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %
EBIT-%	5.5 %	2.5 %	5.8 %	7.6 %	8.3 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %
<b>EBIT (operating profit)</b>	<b>11.7</b>	<b>4.9</b>	<b>11.6</b>	<b>16.3</b>	<b>18.4</b>	<b>20.7</b>	<b>21.2</b>	<b>21.6</b>	<b>21.9</b>	<b>22.1</b>	<b>22.3</b>	
+ Depreciation	11.5	12.8	11.0	10.3	9.6	9.1	8.8	8.5	8.4	8.3	8.2	
- Paid taxes	-1.5	0.1	-1.5	-2.5	-3.0	-3.5	-3.6	-3.7	-3.7	-3.8	-3.8	
- Tax, financial expenses	-1.0	-0.7	-1.0	-0.9	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	
+ 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	-0.7	-3.1	-0.1	-0.3	-0.2	-0.1	-0.1	-0.1	0.0	0.0	-0.1	
<b>Operating cash flow</b>	<b>20.1</b>	<b>14.0</b>	<b>20.0</b>	<b>22.9</b>	<b>24.0</b>	<b>25.3</b>	<b>25.4</b>	<b>25.5</b>	<b>25.6</b>	<b>25.6</b>	<b>25.7</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	0.0	
- Gross CAPEX	-11.1	-12.5	-9.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.2	
<b>Free operating cash flow</b>	<b>9.0</b>	<b>1.5</b>	<b>11.0</b>	<b>14.9</b>	<b>16.0</b>	<b>17.3</b>	<b>17.4</b>	<b>17.5</b>	<b>17.6</b>	<b>17.6</b>	<b>17.6</b>	
+/- Other	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	9.0	1.0	11.0	14.9	16.0	17.3	17.4	17.5	17.6	17.6	17.6	223
<b>Discounted FCFF</b>		<b>1.0</b>	<b>10.0</b>	<b>12.4</b>	<b>12.2</b>	<b>12.1</b>	<b>11.2</b>	<b>10.3</b>	<b>9.5</b>	<b>8.8</b>	<b>8.0</b>	<b>101</b>
Sum of FCFF present value		197	196	186	174	161	149	138	128	118	109	101
<b>Enterprise value DCF</b>		<b>197</b>										
- Interest bearing debt		-98.7										
+ Cash and cash equivalents		15.6										
-Minorities		-0.5										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>113</b>										
<b>Equity value DCF per share</b>		<b>3.2</b>										

## Cash flow distribution

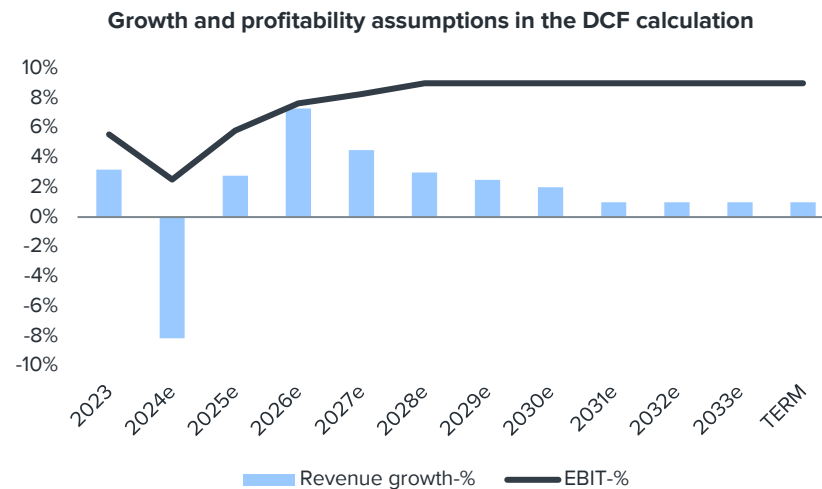
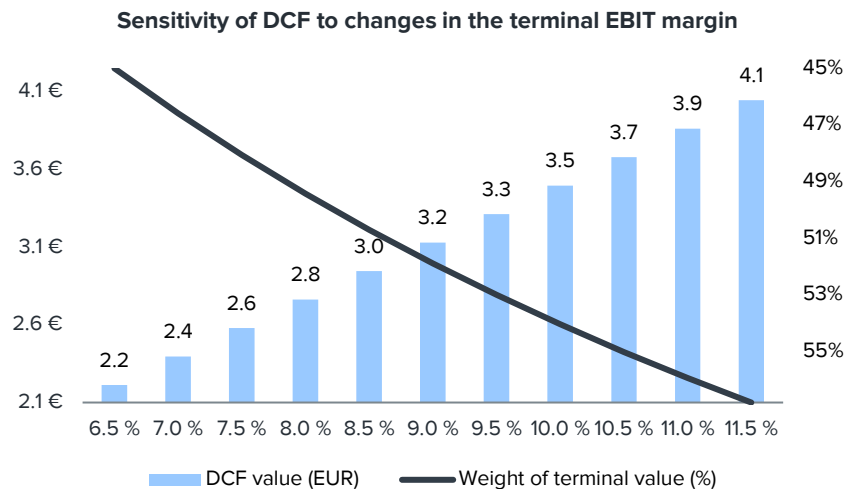
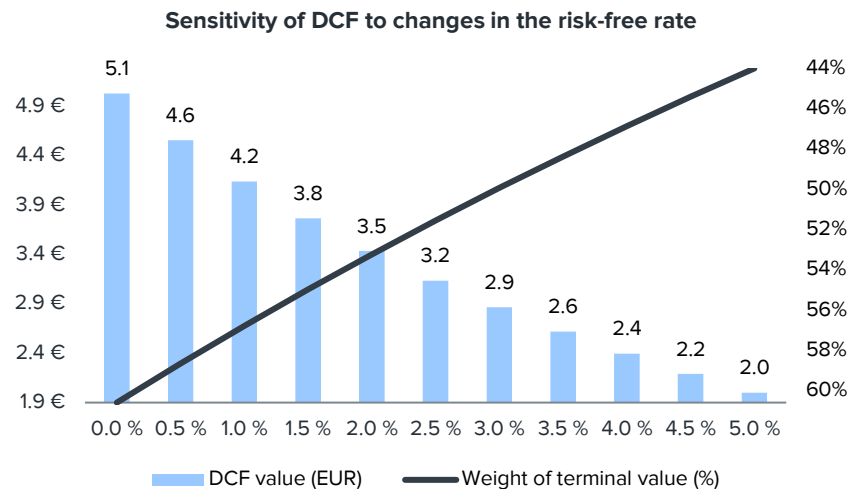
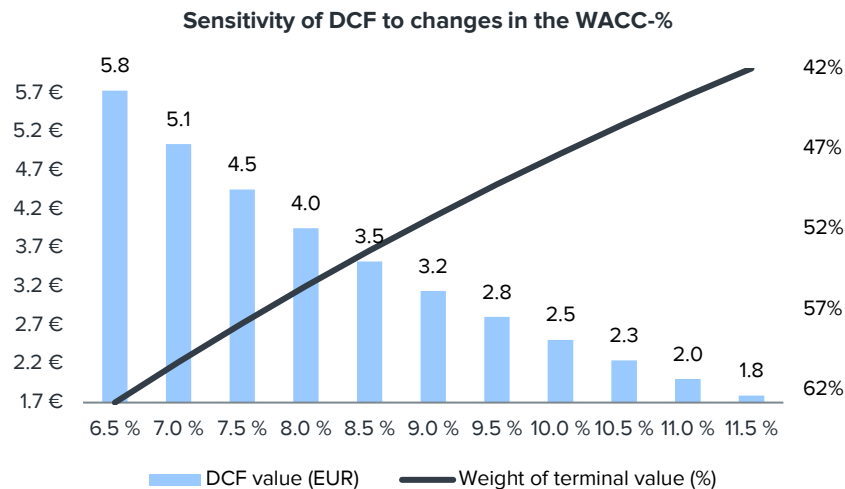


## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	5.5 %
Equity Beta	1.35
Market risk premium	4.75%
Liquidity premium	1.20%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>10.1 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>9.0 %</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	179.3	204.4	210.9	193.7	199.1	EPS (reported)	0.22	0.22	0.16	-0.01	0.16
EBITDA	25.8	23.8	23.2	17.7	22.6	EPS (adj.)	0.29	0.34	0.21	0.04	0.16
EBIT	16.4	13.2	11.7	4.9	11.6	OCF / share	0.50	0.50	0.56	0.39	0.56
PTP	10.3	10.3	7.1	-0.7	7.1	FCF / share	-0.23	-0.51	0.25	0.03	0.31
Net Income	7.8	7.8	5.6	-0.5	5.6	Book value / share	3.24	3.29	3.35	3.31	3.47
Extraordinary items	-2.6	-4.3	-1.9	-1.9	0.0	Dividend / share	0.10	0.10	0.00	0.00	0.10
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	249.8	280.7	278.4	268.3	268.1	Revenue growth-%	12%	14%	3%	-8%	3%
Equity capital	114.9	116.9	119.6	119.5	125.1	EBITDA growth-%	-2%	-8%	-2%	-24%	28%
Goodwill	135.2	157.6	158.0	158.5	158.5	EBIT (adj.) growth-%	10%	-8%	-22%	-50%	72%
Net debt	59.3	85.6	83.1	85.8	78.3	EPS (adj.) growth-%	-10%	16%	-39%	-82%	317%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	14.4 %	11.6 %	11.0 %	9.1 %	11.3 %
EBITDA	25.8	23.8	23.2	17.7	22.6	EBIT (adj.)-%	10.6 %	8.5 %	6.4 %	3.5 %	5.8 %
Change in working capital	-3.2	-3.0	-0.7	-3.1	-0.1	EBIT-%	9.1 %	6.4 %	5.5 %	2.5 %	5.8 %
Operating cash flow	17.7	17.9	20.1	14.0	20.0	ROE-%	8.6 %	6.8 %	4.7 %	-0.4 %	4.6 %
CAPEX	-25.8	-36.1	-11.1	-12.5	-9.0	ROI-%	9.0 %	6.4 %	5.4 %	2.2 %	5.4 %
Free cash flow	-8.2	-18.2	9.0	1.0	11.0	Equity ratio	46.0 %	41.6 %	42.9 %	44.6 %	46.7 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	51.6 %	73.2 %	69.5 %	71.8 %	62.6 %
EV/S	1.9	1.3	0.9	0.9	0.8						
EV/EBITDA	13.3	11.3	8.2	9.7	7.3						
EV/EBIT (adj.)	18.2	15.4	14.5	25.6	14.2						
P/E (adj.)	27.4	15.0	15.2	64.3	15.4						
P/B	2.5	1.6	0.9	0.7	0.7						
Dividend-%	1.2 %	1.9 %	0.0 %	0.0 %	4.2 %						

Source: Inderes

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Date	Recommendation	Target	Share price
3/29/2021	Reduce	8.60 €	8.50 €
5/20/2021	Accumulate	9.30 €	8.78 €
8/26/2021	Accumulate	9.30 €	8.27 €
11/11/2021	Accumulate	9.30 €	8.33 €
3/3/2022	Accumulate	7.60 €	6.50 €
5/4/2022	Accumulate	7.20 €	6.05 €
5/19/2022	Buy	7.20 €	5.74 €
8/18/2022	Accumulate	6.50 €	5.50 €
10/27/2022	Buy	5.50 €	3.90 €
11/2/2022	Buy	5.50 €	4.15 €
11/29/2022	Accumulate	5.50 €	4.75 €
3/1/2023	Accumulate	5.40 €	4.89 €
5/10/2023	Accumulate	5.10 €	4.40 €
8/17/2023	Buy	5.00 €	4.00 €
9/5/2023	Buy	5.00 €	3.99 €
10/20/2023	Accumulate	4.00 €	3.38 €
11/3/2023	Accumulate	3.30 €	2.88 €
2/28/2024	Accumulate	3.00 €	2.65 €
5/10/2024	Accumulate	3.20 €	2.88 €
7/15/2024	Reduce	2.90 €	2.80 €
8/1/2024	Reduce	2.70 €	2.89 €
8/14/2024	Reduce	2.50 €	2.42 €
11/8/2024	Reduce	2.50 €	2.40 €



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