

Alma Media

Company report

10/21/2024



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✓ Inderes corporate customer

This report is a summary translation of the report “Ennätyksiä syntyy myös vaisussa markkinassa” published on 10/21/2024 at 8:52 am EEST

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Setting records even in a sluggish market

Alma Media's profitability reached an all-time high in Q3, driven by record digital sales and good cost efficiency. However, we have made only minor upward revisions to our short-term forecasts. As a result, we maintain our target price of EUR 11.0 and reiterate our Reduce recommendation, as we believe the stock is fairly priced.

Growth in line with expectations, profitability significantly strengthened

Alma Media's Q3 revenue trend was in line with our expectations, with inorganic growth in Marketplaces being the main driver of growth. However, the company's revenue structure has continued to improve, with the share of digital revenue rising to a record 84% in Q3. Fueled by this higher-margin revenue and the company's longstanding cost efficiency, the adjusted EBIT margin also rose to a record high of 29.1% in Q3, the best quarter of the year seasonally. In the big picture, all three segments performed in line with our expectations. At the segment level, the progress made by News Media is particularly noteworthy, as the segment managed to improve its profitability even as its revenue declined. The segment's adjusted EBIT margin for Q3 was at a very healthy level of 16.4% (Q1-Q3'24: 13.3%).

Small positive forecast changes

As expected, Alma Media reiterated its guidance for 2024 according to which its revenue (2023: 305 MEUR) and adjusted EBIT (2023: 73.6 MEUR) are estimated to be at the 2023 level. This was in line with our expectations, and we have only made minor upward revisions of 2-3% to our earnings forecasts for the next few years. The upward revisions were driven by positive adjustments to our growth forecasts for Marketplaces, and we also slightly increased our profitability forecasts for News Media. Alma Media has again demonstrated its ability to adjust its costs in a weak market this year. We expect a pick-up in economic growth next year to support the growth outlook for all businesses, which, together with their scalable cost structures, will drive earnings growth. The main risk to the earnings growth we forecast for the coming years (+7%) is, in our view, a continuation of the economic weakness seen in Central Europe and its impact on the recruitment business being more pronounced than expected.

We consider the risk/reward ratio balanced

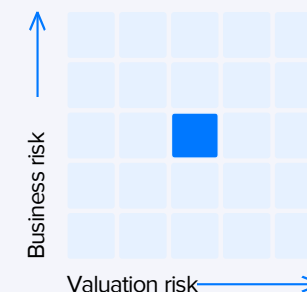
Based on the LTM results, the adjusted P/E and EV/EBIT multiples for the stock are 17x and 14x, respectively. In our view, these valuation multiples are justified given Alma Media's high return on capital, good cash flow generation capabilities and growth prospects, but we see no justification for further expansion. Thus, based on fairly 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 roughly in line with our required return. The relatively neutral valuation picture is also supported by our DCF model, which is slightly above the current price at EUR 11.7 per share. We are therefore holding out for better buying opportunities in Alma Media, which has a good long-term track record of value creation.

Recommendation

Reduce
(was Reduce)

EUR 11.00
(was EUR 11.00)

Share price:
11.20



Key figures

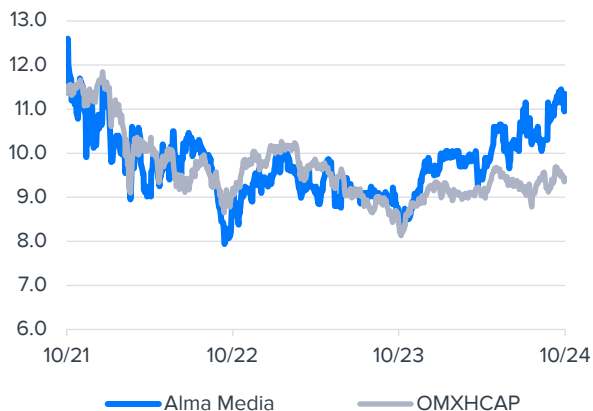
	2023	2024e	2025e	2026e
Revenue	305	313	322	332
growth-%	-1%	3%	3%	3%
EBIT adj.	73.6	76.4	79.6	85.1
EBIT-% adj.	24.1 %	24.4 %	24.7 %	25.7 %
Net Income	56.2	53.6	57.7	63.2
EPS (adj.)	0.66	0.68	0.71	0.78
P/E (adj.)	14.6	16.6	15.8	14.4
P/B	3.6	3.9	3.6	3.3
Dividend yield-%	4.7 %	4.1 %	4.2 %	4.3 %
EV/EBIT (adj.)	12.6	13.8	13.0	11.9
EV/EBITDA	10.2	11.6	10.7	9.8
EV/S	3.0	3.4	3.2	3.1

Source: Inderes

Guidance (Unchanged)

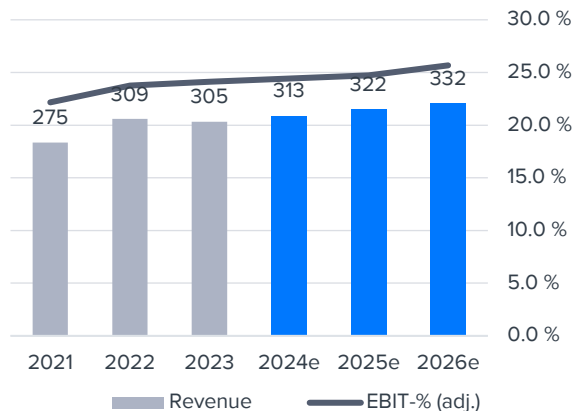
Alma Media expects its full-year revenue and adjusted operating profit of 2024 to remain at the 2023 level. The full-year revenue for 2023 was 304.9 MEUR and the adjusted operating profit was 73.6 MEUR.

Share price



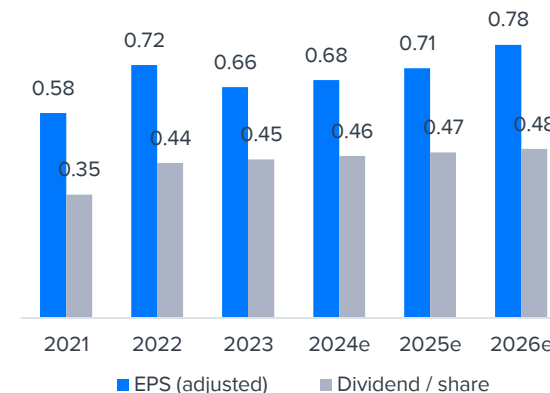
Source: Millstream Market Data AB

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	11.20	11.20	11.20
Number of shares, millions	82.1	82.1	82.1
Market cap	919	919	919
EV	1058	1039	1013
P/E (adj.)	16.6	15.8	14.4
P/E	17.2	15.9	14.6
P/B	3.9	3.6	3.3
P/S	2.9	2.9	2.8
EV/Sales	3.4	3.2	3.1
EV/EBITDA	11.6	10.7	9.8
EV/EBIT (adj.)	13.8	13.0	11.9
Payout ratio (%)	70.5 %	66.8 %	62.4 %
Dividend yield-%	4.1 %	4.2 %	4.3 %

Source: Inderes

Profitability reached record levels

Revenue development in line with our expectations

Alma Media's revenue grew by a good 2% in Q3, which was in line with our estimates. By segment, a slight deviation from forecasts was seen in Career, where revenue fell slightly more than expected (-4%), weighed down by a slightly sharper decline in classified income and a weaker than expected digital advertising. However, the latter was mainly due to timing factors, with the major campaign this year taking place in the spring rather than in the comparison period.

Marketplaces, up 17% thanks to the acquisition of Netwheels, also did slightly better than expected in Real Estate, where demand for office space boosted growth, especially in Sweden. However, Marketplaces continues to suffer from low levels of domestic investment in durable consumer goods. News Media's revenue contracted almost as expected, with both content and advertising income down 2% year-on-year, broadly in line with market trends.

Record profitability, News Media going strong

Alma Media achieved an adjusted EBIT margin of 29.1% in Q3, which is a new record level for the company. The level is also pretty strong in absolute terms, although we note that Q3 is seasonally the most profitable quarter for the company. The decline in profitability came largely from the News Media segment, where the rate of cost reduction was significantly higher than the rate of revenue decline. We would like to point out that the segment's profitability reached a very good level of 16% (adjusted EBIT-%) in the context of the media industry, and the profitability level over the past 9 months of 13.3% is also at very respectable levels. This mirrors the advanced stage of digitalization in the segment (59% of revenue in Q1-Q3'24).

Net financing costs in Q3 were higher than we had predicted. However, it should be noted that this was largely driven by the change in value of the interest

rate derivative, which has no cash flow impact. However, in light of this, Q3 EPS of EUR 0.18 was in line with our forecast despite the operational earnings beat.

Balance sheet offers leeway

By the end of Q3'24, Alma Media had generated a relatively good cash flow from operating activities of 52.6 MEUR, which, after moderate (organic) investments and repayment of rental liabilities, resulted in a free cash flow of 43.9 MEUR. Of this amount, a good 16 MEUR was spent on acquisitions. Nevertheless, the company's financial position is quite good, with net debt of 155 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 also larger M&A transactions if necessary.

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	73.4	75.2	75.6	75.5	74.8	- 76.0	-1%	313
EBIT (adj.)	20.5	21.9	20.6	20.6	20.2	- 20.9	6%	76.4
EBIT	20.8	21.5	20.5	20.5	20.2	- 20.7	5%	74.6
EPS (reported)	0.19	0.18	0.18	0.18	0.18	- 0.19	2%	0.65
Revenue growth-%	-1.4 %	2.4 %	3.0 %	2.9 %	1.9 %	- 3.5 %	-0.6 pp	2.7 %
EBIT-% (adj.)	27.9 %	29.1 %	27.2 %	27.3 %	27.0 %	- 27.5 %	1.9 pp	24.4 %

Source: Inderes & Vara Research (consensus, 5 estimates)

We made minor upward revisions to our forecasts for the next few years

Guidance unchanged

In connection with the Q3 report, Alma Media reiterated its guidance for the current year, which points to a stable development of revenue (2023: 304.9 MEUR) and adjusted EBIT (2023: 73.6 MEUR) from the previous year. The reiteration of the guidance was in line with our expectations, and we have not made any significant changes to our forecasts, which are aligned with the guidance.

Minor forecast revisions for 2024

Following the report, we made relatively small forecast revisions for 2024, driven by slight adjustments at the revenue level to the development of Marketplaces' classified income. In the short term, the development of classified income will be supported by good traction in the business premises market, especially in Sweden, but we also expect

activity in the domestic housing and used car markets to pick up as a result of falling interest rates.

Together with the Q3 outcome, our earnings projections for the current year have been boosted by a slight increase in Marketplaces' revenue forecasts for Q4. We also slightly raised our earnings expectations for the rest of the year for News Media, which achieved a slightly better-than-expected level of profitability. Against this background, we expect Alma Media's revenue to grow by just under 3% to 313 MEUR and adjusted EBIT by almost 4% to 76.4 MEUR in 2024, which is in line with the guidance.

Forecast changes for future years also relatively small

The drivers for the 2025 and 2026 forecasts were the same as for the current year, as we raised our expectations for the growth rate of classified income

in Marketplaces, especially for early 2025. This supported the earnings forecasts for 2025-2026, along with increased profitability forecasts for News Media. We expect a gradually increasing relative share of digital income to strengthen News Media's profitability also in 2025-2026.

In our projections for the coming years, we expect the operational leverage of the business to be more moderate than usual in 2025, as we estimate that some of the savings achieved in the current year are temporary, limiting earnings growth in our forecasts. However, we expect operational leverage to recover in 2026, reflecting in particular digital income growth and a normal cost inflation environment.

Estimate revisions MEUR / EUR	2024e			2025e			2026e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	312	313	0%	319	322	1%	328	332	1%
EBIT (exc. NRIs)	74.5	76.4	3%	77.3	79.6	3%	82.5	85.1	3%
EBIT	72.9	74.6	2%	76.8	79.1	3%	82.0	84.6	3%
PTP	66.4	67.4	1%	71.5	73.8	3%	78.1	80.8	3%
EPS (excl. NRIs)	0.66	0.68	2%	0.69	0.71	3%	0.75	0.78	3%
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.** Cyclicalities 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



- Cyclicalities
- 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 11.2 share price level the dividend yield is a good 4% in the next few years.

In the coming years, we foresee clearly positive operational earnings growth on the back of a gradual increase in revenue and profitability. Reflecting these developments, as well as our projections of earnings pressure from net financial expenses gradually declining, along with falling interest rates and shrinking debt levels, our forecast for earnings per share growth in the coming years averages 7% per year.

Alma Media's earnings-based valuation multiples for the past 12 months are P/E 17x and EV/EBIT 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.

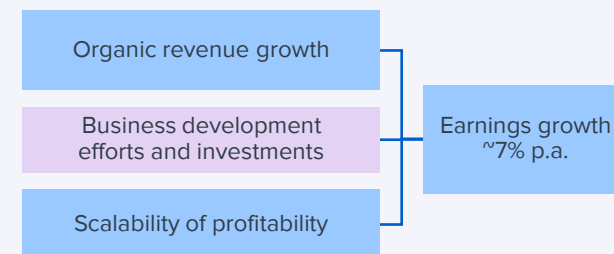
Short-term valuation multiples can also be compared to Alma Media's historical valuation multiples, which have averaged 14x for the EV/EBIT ratio and 18x for the P/E ratio. The valuation multiples for the previous five years were partially set in the zero-interest-rate period, after which acceptable 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 and relatively mature markets 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. The absolute valuation level that can be justified for Alma Media is, in our view, 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.

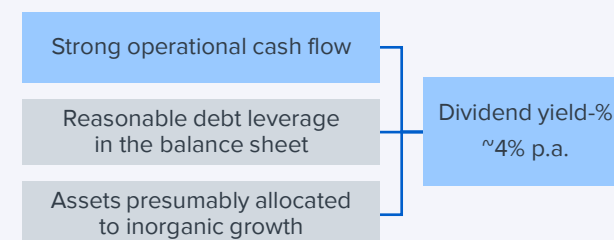
TSR drivers Q3'24 LTM - 2026e

■ Positive ■ Neutral ■ Negative

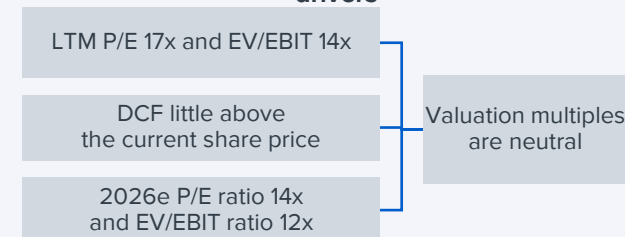
Profit drivers



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 neutral.

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 11.7, suggesting that the stock is 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	11.20	11.20	11.20
Number of shares, millions	82.1	82.1	82.1
Market cap	919	919	919
EV	1058	1039	1013
P/E (adj.)	16.6	15.8	14.4
P/E	17.2	15.9	14.6
P/B	3.9	3.6	3.3
P/S	2.9	2.9	2.8
EV/Sales	3.4	3.2	3.1
EV/EBITDA	11.6	10.7	9.8
EV/EBIT (adj.)	13.8	13.0	11.9
Payout ratio (%)	70.5 %	66.8 %	62.4 %
Dividend yield-%	4.1 %	4.2 %	4.3 %

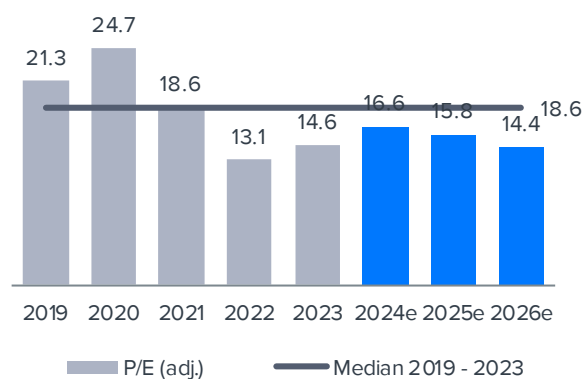
Source: Inderes

Valuation table

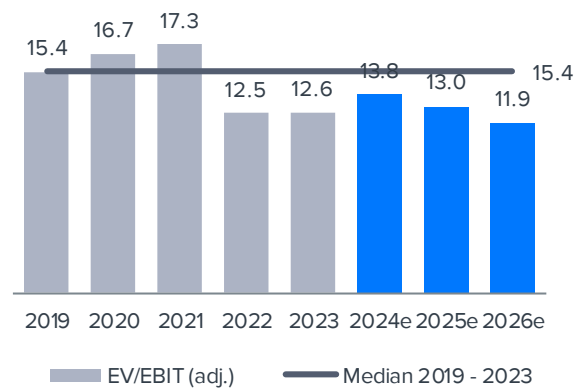
Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	7.96	8.92	10.8	9.40	9.60	11.20	11.20	11.20	11.20
Number of shares, millions	82.3	82.3	82.4	82.2	82.1	82.1	82.1	82.1	82.1
Market cap	655	734	891	773	788	919	919	919	919
EV	762	756	1059	920	925	1058	1039	1013	982
P/E (adj.)	21.3	24.7	18.6	13.1	14.6	16.6	15.8	14.4	13.5
P/E	21.3	26.7	20.4	10.7	14.0	17.2	15.9	14.6	13.6
P/B	3.8	4.0	5.4	3.8	3.6	3.9	3.6	3.3	3.0
P/S	2.6	3.2	3.2	2.5	2.6	2.9	2.9	2.8	2.7
EV/Sales	3.0	3.3	3.8	3.0	3.0	3.4	3.2	3.1	2.9
EV/EBITDA	10.7	12.8	14.4	9.5	10.2	11.6	10.7	9.8	9.0
EV/EBIT (adj.)	15.4	16.7	17.3	12.5	12.6	13.8	13.0	11.9	10.9
Payout ratio (%)	106.8 %	89.9 %	66.1 %	50.0 %	65.7 %	70.5 %	66.8 %	62.4 %	60.5 %
Dividend yield-%	5.0 %	3.4 %	3.2 %	4.7 %	4.7 %	4.1 %	4.2 %	4.3 %	4.5 %

Source: Inderes

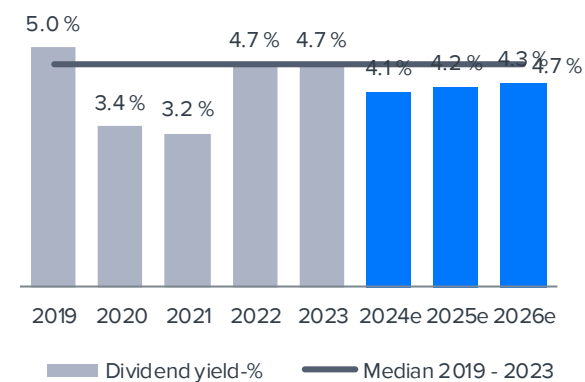
P/E (adj.)



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	
Alma Media	923	1092	15.0	13.9	12.2	11.4	3.5	3.4	17.0	15.8	4.2	4.6	3.9
Agora SA	238		2.1	4.2	2.4	5.5							0.5
Future PLC	1060	1464	5.6	5.5	5.1	5.1	1.6	1.6	6.6	6.2	0.4	0.5	1.6
Gannett Co Inc	741	1584	52.6	15.6	6.1	5.7	0.7	0.7					
Lagardere SA	3050	7977	14.2	13.2	8.9	9.2	0.9	0.9	11.9	10.6	3.1	3.2	4.1
Arnoldo Mondadori Editore SpA	642	896	9.0	8.7	5.9	5.7	1.0	0.9	9.4	9.0	5.3	6.0	2.0
New York Times Co	8344	7966	24.4	19.5	18.6	16.7	3.4	3.2	29.4	27.0	0.9	0.9	4.7
Rizzoli Corriere della Sera Mediagroup SpA	409	594	5.9		4.1		0.7		7.1		7.7		0.9
Promotora de Informaciones SA	373	1078	9.3	7.9	5.7	5.1	1.1	1.1		11.4			
Vocento SA	86	193	1284.9	20.0	8.0	5.5	0.5	0.5	11.4	68.6	7.1	7.3	0.4
Auto Trader Group PLC	9513	9532	23.0	20.1	22.0	19.5	14.4	13.0	32.3	27.1	1.0	1.2	13.4
Carsales.Com Ltd	8650	9317	31.1	27.9	25.8	23.3	13.7	12.4	41.8	38.0	1.9	2.2	4.5
Moneysupermarket.Com Group PLC	1287	1323	9.2	8.4	7.9	7.4	2.5	2.4	11.7	10.8	6.3	6.6	4.5
REA Group Ltd	18264	18334	43.2	37.0	37.0	31.6	20.6	18.1	63.8	53.0	0.9	1.0	18.3
Rightmove PLC	6048	6023	18.5	17.0	18.1	16.6	12.9	11.8	24.6	21.9	1.5	1.7	72.7
Schibsted ASA	6558	6152	62.1	37.3	36.3	26.6	7.1	6.7	88.5	50.6	0.6	0.6	3.0
Scout24 SE	5978	6171	21.7	18.7	18.6	16.5	10.9	10.0	29.3	25.0	1.6	1.8	4.0
Seek Ltd	5501	6213	28.0	32.9	20.3	22.2	8.7	9.4	45.6	59.7	1.5	1.3	3.3
Stroeer SE & Co KgaA	3167	4873	15.4	12.9	7.7	6.9	2.3	2.2	18.5	14.6	3.6	4.3	6.4
Hemnet Group	2925	2964	47.6	34.1	43.7	32.1	23.7	18.6	64.4	44.6	0.5	0.7	26.5
Alma Media (Inderes)	919	1058	13.8	13.0	11.6	10.7	3.4	3.2	16.6	15.8	4.1	4.2	3.9
Average		4866	87.4	17.6	14.6	13.7	6.8	6.5	26.5	27.7	3.0	2.9	10.1
Median		3918	18.5	16.3	8.9	10.3	2.9	3.2	21.5	23.5	1.7	1.8	4.1
Diff-% to median			-25%	-20%	30%	5%	16%	2%	-23%	-33%	136%	132%	-5%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	309	75.3	78.2	73.5	77.9	305	76.3	80.0	75.1	81.8	313	322	332	340
Alma Career	0.0	27.7	28.4	27.4	27.0	110.5	27.0	27.8	26.2	27.0	108	111.0	115	119
Alma Marketplaces	0.0	20.7	21.7	21.0	21.9	85.4	22.9	25.1	24.4	25.9	98.3	103	107	111
Alma News Media	0.0	27.2	27.9	25.0	28.9	109	26.4	27.1	24.5	28.9	107	108	109	110
Non-allocated	0.0	-0.3	0.2	0.0	0.0	0.0	-0.1	0.1	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	26.0	23.1	91.4	96.7	104	109
Depreciation	-17.2	-4.2	-4.4	-4.4	-4.6	-17.6	-4.1	-4.1	-4.5	-4.1	-16.8	-17.6	-19.2	-19.2
EBIT (excl. NRI)	73.4	17.0	19.3	20.5	16.8	73.6	16.1	19.4	21.9	19.1	76.4	79.6	85.1	90.4
EBIT	80.0	16.5	19.8	20.8	15.9	73.0	15.0	19.2	21.5	19.0	74.6	79.1	84.6	89.9
Alma Career	0.0	11.1	11.9	12.3	9.7	45.0	10.4	11.1	11.1	10.0	42.5	44.4	47.3	49.7
Alma Marketplaces	0.0	6.2	7.4	7.5	5.4	26.4	5.4	7.1	8.7	7.6	28.7	32.2	34.4	37.0
Alma News Media	0.0	2.3	3.8	3.4	4.0	13.5	2.4	3.8	3.9	4.6	14.7	15.0	15.7	16.2
Non-allocated	0.0	-3.0	-3.2	-2.4	-3.3	-12.0	-3.1	-2.8	-2.1	-3.1	-11.1	-11.9	-12.4	-12.5
Net financial items	6.3	-1.9	2.9	-1.5	-4.8	-5.3	-1.4	-1.7	-2.8	-2.0	-7.9	-6.0	-4.5	-3.9
PTP	86.9	14.6	22.7	19.6	11.6	68.5	13.6	18.1	18.8	17.0	67.4	73.8	80.8	86.7
Taxes	-14.5	-2.9	-4.1	-4.3	-0.9	-12.1	-2.8	-3.6	-3.7	-3.6	-13.6	-15.7	-17.2	-18.5
Minority interest	0.0	0.0	0.0	-0.1	0.0	-0.1	-0.1	0.0	-0.1	0.0	-0.2	-0.4	-0.4	-0.4
Net earnings	72.4	11.7	18.6	15.2	10.7	56.2	10.8	14.5	15.0	13.3	53.6	57.7	63.2	67.8
EPS (adj.)	0.72	0.15	0.18	0.18	0.14	0.66	0.15	0.18	0.19	0.16	0.68	0.71	0.78	0.83
EPS (rep.)	0.88	0.14	0.23	0.19	0.13	0.68	0.13	0.18	0.18	0.16	0.65	0.70	0.77	0.83

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	12.1 %	-1.2 %	-1.4 %	-1.4 %	-1.0 %	-1.3 %	1.3 %	2.3 %	2.2 %	5.0 %	2.7 %	2.9 %	2.9 %	2.5 %
Adjusted EBIT growth-%	20.1 %	-13.3 %	0.2 %	6.5 %	10.0 %	0.3 %	-5.2 %	0.4 %	6.7 %	13.8 %	3.9 %	4.2 %	6.9 %	6.2 %
EBITDA-%	31.5 %	27.5 %	30.9 %	34.4 %	26.3 %	29.7 %	25.0 %	29.1 %	34.6 %	28.2 %	29.2 %	30.0 %	31.3 %	32.1 %
Adjusted EBIT-%	23.8 %	22.6 %	24.6 %	27.9 %	21.5 %	24.1 %	21.1 %	24.2 %	29.1 %	23.3 %	24.4 %	24.7 %	25.7 %	26.6 %
Net earnings-%	23.4 %	15.5 %	23.8 %	20.7 %	13.7 %	18.4 %	14.2 %	18.1 %	19.9 %	16.3 %	17.1 %	17.9 %	19.0 %	19.9 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	429	437	449	450	450
Goodwill	294	298	308	308	308
Intangible assets	87	88	88	90	90
Tangible assets	34	41	43	42	41
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	74.5	74.0	81.7
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	36	34	41
Balance sheet total	495	528	530	531	538

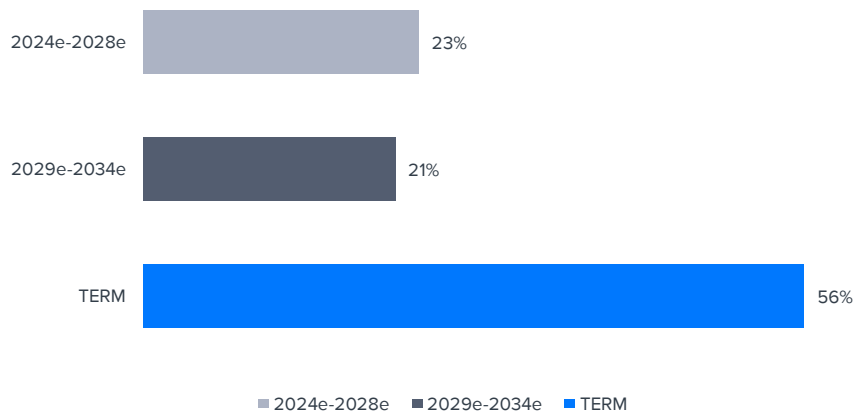
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	206	223	239	259	284
Share capital	45	45	45	45	45
Retained earnings	132	148	164	184	209
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	98	100
Interest bearing debt	10	7	10	10	10
Payables	81	80	85	85	88
Other current liabilities	7.0	3	2.5	2.5	2.5
Balance sheet total	495	528	530	531	538

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-1.3 %	2.7 %	2.9 %	2.9 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %
EBIT-%	23.9 %	23.8 %	24.6 %	25.5 %	26.5 %	24.5 %	24.5 %	24.0 %	24.0 %	24.0 %	23.5 %	23.5 %	23.5 %
EBIT (operating profit)	73.0	74.6	79.1	84.6	89.9	85.4	87.5	87.8	90.0	92.3	92.6	94.9	
+ Depreciation	17.6	16.8	17.6	19.2	19.2	19.2	19.3	19.2	19.2	19.7	19.6	19.6	
- Paid taxes	-11.9	-13.6	-15.7	-17.2	-18.5	-17.6	-18.1	-18.2	-18.7	-19.1	-19.2	-19.7	
- Tax, financial expenses	-1.0	-1.6	-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	3.9	-0.2	1.4	1.3	1.3	1.3	1.4	1.4	1.4	1.5	1.5	
Operating cash flow	69.8	80.1	79.6	87.0	91.1	87.6	89.3	89.5	91.3	93.5	93.8	95.7	
+ 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	-20.5	
Free operating cash flow	40	45	60.6	68.5	72.6	69.1	70.3	70.0	71.8	74.0	74.2	75.1	
+/- 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	45	60.6	68.5	72.6	69.1	70.3	70.0	71.8	74.0	74.2	75.3	1394
Discounted FCFF		44	55.2	57.8	56.7	49.9	47.0	43.4	41.1	39.3	36.4	34.2	633
Sum of FCFF present value		1139	1095	1039	981	925	875	828	784	743	704	668	633
Enterprise value DCF		1139											
- Interest bearing debt		-199											
+ Cash and cash equivalents		52											
- Minorities		-4											
- Dividend/capital return		-37											
Equity value DCF		961											
Equity value DCF per share		11.7											

Cash flow distribution



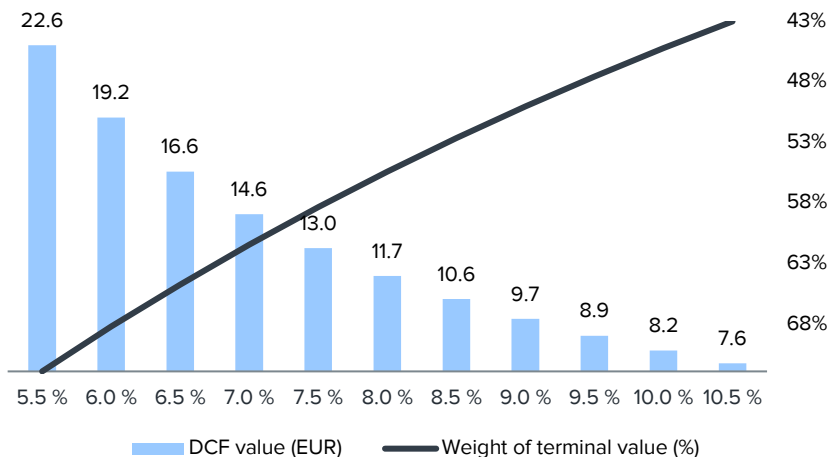
WACC

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 %

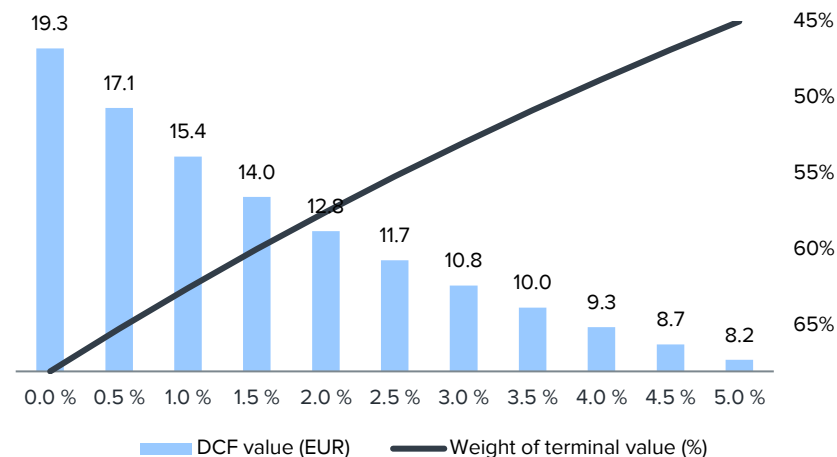
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

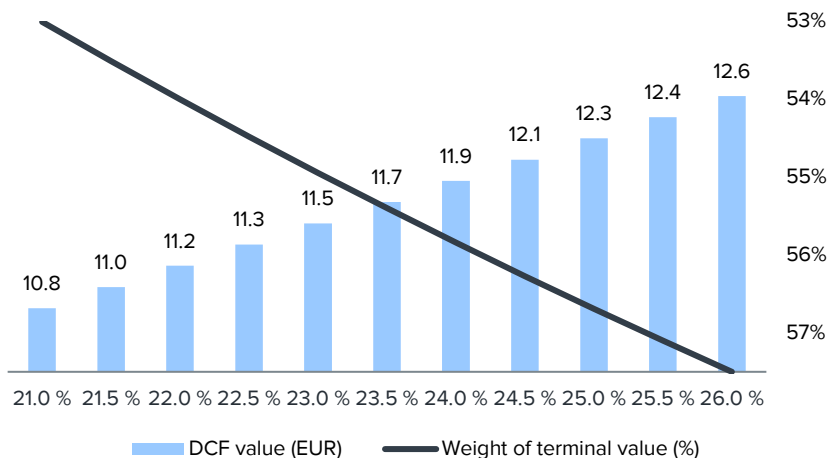
Sensitivity of DCF to changes in the WACC-%



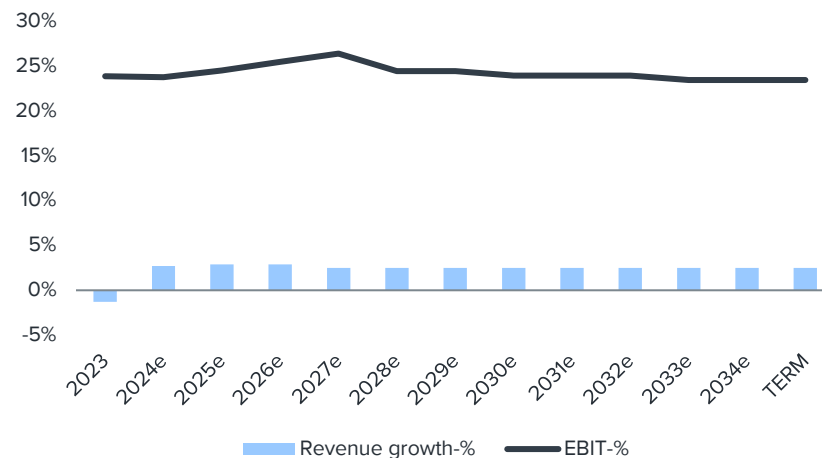
Sensitivity of DCF to changes in the risk-free rate



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	313	322	EPS (reported)	0.53	0.88	0.68	0.65	0.70
EBITDA	73.5	97.2	90.6	91.4	96.7	EPS (adj.)	0.58	0.72	0.66	0.68	0.71
EBIT	56.8	80.0	73.0	74.6	79.1	OCF / share	1.00	1.06	0.85	0.98	0.97
PTP	56.3	86.9	68.5	67.4	73.8	FCF / share	-1.28	0.89	0.49	0.55	0.74
Net Income	43.6	72.4	56.2	53.6	57.7	Book value / share	1.99	2.49	2.68	2.89	3.13
Extraordinary items	-4.3	6.6	-0.6	-1.8	-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	530.4	531.2	Revenue growth-%	20%	12%	-1%	3%	3%
Equity capital	166.5	205.9	222.8	239.5	259.4	EBITDA growth-%	25%	32%	-7%	1%	6%
Goodwill	294.5	294.4	298.0	308.0	308.0	EBIT (adj.) growth-%	35%	20%	0%	4%	4%
Net debt	182.7	143.7	146.5	144.4	126.1	EPS (adj.) growth-%	61%	24%	-9%	3%	5%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	26.7 %	31.5 %	29.7 %	29.2 %	30.0 %
EBITDA	73.5	97.2	90.6	91.4	96.7	EBIT (adj.)-%	22.2 %	23.8 %	24.1 %	24.4 %	24.7 %
Change in working capital	14.0	5.0	-7.9	3.9	-0.2	EBIT-%	20.6 %	25.9 %	23.9 %	23.8 %	24.6 %
Operating cash flow	82.1	87.0	69.8	80.1	79.6	ROE-%	25.1 %	39.3 %	26.5 %	23.4 %	23.4 %
CAPEX	-190.3	-17.5	-26.2	-35.3	-19.0	ROI-%	17.8 %	20.6 %	18.4 %	17.9 %	19.0 %
Free cash flow	-105.4	73.1	40.4	44.8	60.6	Equity ratio	34.7 %	45.8 %	46.3 %	49.6 %	53.7 %
						Gearing	109.7 %	69.8 %	65.8 %	60.3 %	48.6 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	3.8	3.0	3.0	3.4	3.2						
EV/EBITDA	14.4	9.5	10.2	11.6	10.7						
EV/EBIT (adj.)	17.3	12.5	12.6	13.8	13.0						
P/E (adj.)	18.6	13.1	14.6	16.6	15.8						
P/B	5.4	3.8	3.6	3.9	3.6						
Dividend-%	3.2 %	4.7 %	4.7 %	4.1 %	4.2 %						

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 €
10/21/2024	Reduce	11.00 €	11.20 €



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