

ORTHEX

3/13/2025 11:28 am EET

This is a translated version of "Pelättyä parempi" report,
published on 3/13/2025



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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Better than feared

Orthex's Q4 report was stronger than expected, helped by Nordic sales. However, longer-term value creation is heavily dependent on export market growth, which has recently stalled due to challenges with distribution partners. In our view, the stock's valuation picture appears moderate, but an attractive earnings outlook requires a sustainable turnaround in earnings growth. We reiterate our Accumulate recommendation and our EUR 6.0 target price.

Nordics strong, export markets soft

Orthex's Q4 revenue grew by 2% to 23.8 MEUR, which exceeded our 22.8 MEUR estimate. Sales in the Nordic countries remained at the strong level of the comparison period, while export markets grew by 6%. Growth in the export market suffered from increased credit risks for some distributors, which forced the company to restrict its shipments to them. We understand the external drag on growth, but with the longer-term growth story heavily dependent on export markets, accelerating growth in these markets is key. The comparable operating result settled at 2.7 MEUR, which is well above our estimate of 2.2 MEUR. The estimate beat was driven by stronger-than-expected revenue and lower marketing costs. The board's dividend proposal of EUR 0.22 was one cent below our expectations. With its strong balance sheet, Orthex could well afford to pay a more generous dividend, but given the company's growth potential in Europe and the required future investments in production capacity, we believe that strengthening the balance sheet is a justified solution.

Forecast changes remained small, success in European growth markets determines the long game

Our forecasts are largely unchanged since the Q4 report. For Orthex's longer-term sustainable growth and target of

over 5% annual growth, a renewed focus on sales in the European growth markets is essential.

In Q4, revenue growth in export markets was constrained by a reduction in shipments to some customers with increased credit risk at the end of Q4, so the full impact of the reduction in shipments will not be felt until 2025. We expect this to limit growth in the current year, despite the company's own growth efforts. In the Nordic region, Orthex continues to show a surprising ability to grow despite challenging market conditions, but the conditions for growth from a strong local market position are increasingly skewed outside the Nordic region. As the demand environment recovers, we believe Orthex is well positioned to achieve its revenue growth target of over 5%, but the EBITA margin target of over 18% seems to us to be a long way off with the current growth efforts. Thus, the normalized EBIT margin for Orthex in our forecasts is around 12-13%. Therefore, we believe it is possible that Orthex could update its financial targets to be more growth-driven. However, the natural time to update targets may only be after an M&A transaction or a factory investment that allows for new production capacity.

Valuation level is moderate

Orthex's earnings-based valuation (2025e: EV/EBIT 11x, P/E: 14x) is neutral and turns to attractive with our forecasts for next year. Driven by earnings growth, we see potential for the share to generate an annual return of around 15% with a dividend yield of 4-5% in the coming years. Our 2025-2026 EBIT forecasts put Orthex at a 15-18% discount to peers, which we believe provides a margin of safety against the near-term forecast risk from challenges with partners. Our DCF model suggests a value of EUR 6.8 per share, which also indicates an attractive expected return.

Recommendation

Accumulate
(was Accumulate)

Business risk



Target price:

6.00 EUR
(was 6.00 EUR)

Valuation risk



Share price:

5.24

	2024	2025e	2026e	2027e
Revenue	89.7	92.3	98.4	103.2
growth-%	4%	3%	7%	5%
EBIT adj.	9.8	10.4	12.0	13.1
EBIT-% adj.	11.0 %	11.2 %	12.2 %	12.7 %
Net Income	6.1	6.9	8.4	9.4
EPS (adj.)	0.34	0.39	0.47	0.53
P/E (adj.)	14.5	13.6	11.1	9.9
P/B	2.5	2.4	2.2	2.0
Dividend yield-%	4.4 %	4.8 %	5.3 %	5.7 %
EV/EBIT (adj.)	11.1	10.6	8.9	7.9
EV/EBITDA	7.7	7.5	6.4	5.8
EV/S	1.2	1.2	1.1	1.0

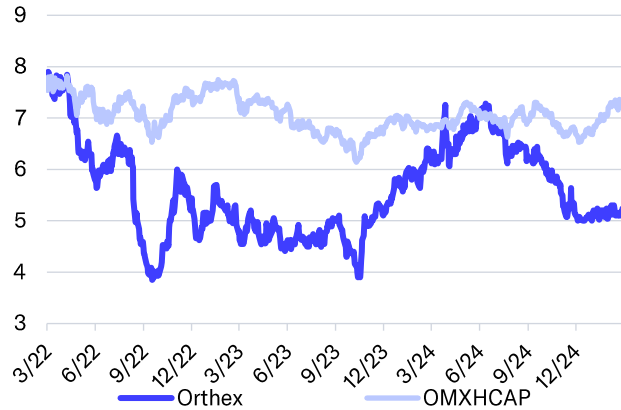
Source: Inderes

Guidance

(Unchanged)

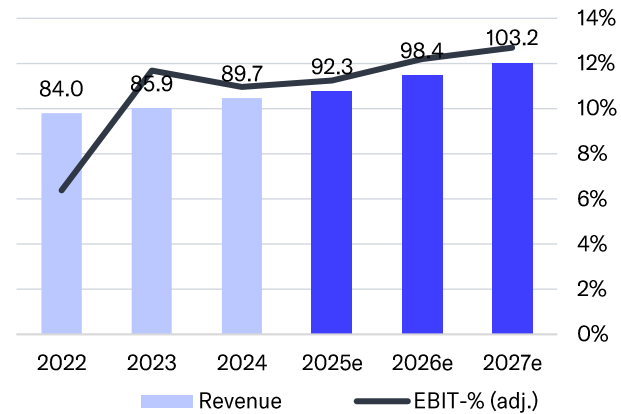
Orthex does not publish a short-term outlook. In the long term, the company targets average organic growth of over 5% and an adjusted EBITA margin of over 18%.

Share price



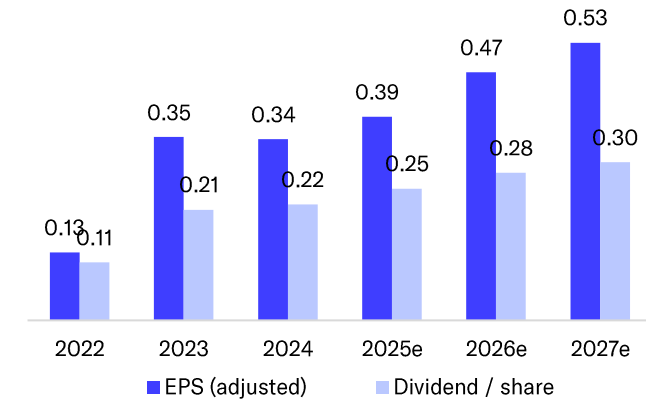
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Large and defensive target market
- Favorable megatrends drive product demand growth
- Leading position in the Nordic countries and the possibility of expanding to Europe through key customers
- Fragmented industry offers opportunities for acquisitions
- Known consumer brands
- Strong relations with retail chains
- Efficient and automated production with short delivery times

Risk factors

- Fluctuations in raw material prices and disruptions in availability
- Dependence on the operation of own production facilities
- Production capacity limits growth
- Success on export markets
- Risks involved in achieving financial targets
- M&A risks
- Plastics have a bad reputation as a raw material

Valuation	2025e	2026e	2027e
Share price	5.24	5.24	5.24
Number of shares, millions	17.8	17.8	17.8
Market cap	93	93	93
EV	110	107	104
P/E (adj.)	13.6	11.1	9.9
P/E	13.6	11.1	9.9
P/B	2.4	2.2	2.0
P/S	1.0	0.9	0.9
EV/Sales	1.2	1.1	1.0
EV/EBITDA	7.5	6.4	5.8
EV/EBIT (adj.)	10.6	8.9	7.9
Payout ratio (%)	64.7 %	59.5 %	56.9 %
Dividend yield-%	4.8 %	5.3 %	5.7 %

Source: Inderes

Nordic sales were a bright spot in the report

Nordic countries delivered higher revenue than we expected

Orthex's Q4 revenue grew by 2% to 23.8 MEUR, which exceeded our 22.8 MEUR estimate. Invoiced sales in the Nordics, which were subject to a weak demand environment, were at the level of the particularly strong comparison period, which we see as a bright spot in the report given the weak revenue figures in the household products business. In the export market, invoiced sales grew by 6%, below the company's target of more than 10%. In the export market, Orthex suffered from increased credit risks from some distributors due to their weak financial situation, which forced the company to restrict its shipments to them. In our earnings preview, we highlighted the weak financial position of the export-market distributors that were making headlines, and the development of the export market was roughly in line with our expectations. According to management, Orthex's relative position

among discount retailing chains in the Nordic countries is stronger than in the rest of Europe, which is depressing sales in the rest of Europe at a time when consumer purchasing power is under pressure. As Orthex's investment story relies on European growth markets over the longer term, a pick-up in export market growth is essential.

Higher-than-expected revenue and lower marketing expenses led to earnings beat

Orthex's comparable operating result settled at 2.7 MEUR, which is well above our estimate of 2.2 MEUR. The estimate beat was driven by stronger-than-expected revenue but also by lower marketing costs than anticipated. According to Orthex, the company recorded around 0.3 MEUR more provisions for uncertain receivables in 2024 than in the comparison period, against which the profitability recorded in Q4 was at a rather good level.

Balance sheet will strengthen further

Orthex's board proposed a dividend of EUR 0.22 per share, higher than last year's EUR 0.21, but below our estimate of EUR 0.23. Orthex's balance sheet position is strong and the company's net debt to adjusted EBITDA ratio was only 1.4x at the end of 2024, compared to a target of less than 2.5x, which would have also allowed for a higher dividend payout. Given Orthex's goal of bringing production closer to its key customers and the high return on invested capital of the business, we believe that strengthening the balance sheet and increasing financial flexibility is justified. A strong balance sheet creates prerequisites for a moderate-sized M&A transaction or a larger organic growth investment to bring production capacity closer to strategically important growth markets.

Estimates MEUR / EUR	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	23.4	23.9	22.8	24.1	22.8	25.2	5%	89.7
Gross margin	6.8	6.8	6.4		-		7%	25.7
EBIT (adj.)	2.9	2.7	2.2	-	-	-	23%	9.8
EBIT	2.9	2.7	2.2	2.7	2.2	3.2	23%	9.8
EPS (reported)	0.12	0.10	0.08	0.11	0.08	0.14	20%	
DPS	0.21	0.22	0.23	0.24	0.23	0.25	-4%	0.22
Revenue growth-%	15.0 %	2.0 %	-2.8 %	2.9 %	-2.6 %	7.6 %	4.8 pp	4.4 %
EBIT-% (adj.)	12.3 %	11.4 %	9.7 %		-		1.7 pp	11.0 %

Source: Inderes & Bloomberg (consensus)

Estimate changes were minor

Sticky start to the year likely

True to form, Orthex did not provide guidance for the current year. Despite the outperformance in Q4, we have mainly made minor revisions to our estimates in the context of the report. Based on Orthex's comments, shipments to financially troubled partners were only restricted at the end of Q4, so the full impact of the sales restriction will not be fully reflected in Orthex's numbers until 2025. As a result, we expect the beginning of 2025 to be sticky for Orthex, especially in its export markets. However, we expect declining interest rates and strengthening consumer purchasing power to support Orthex's sales, especially in the rate-sensitive Nordic countries. Despite the sluggish sales trend in recent years, we generally view the company's ability to outperform its strong 2021 revenue levels in last year's much weaker demand environment as a compelling achievement.

European growth drives the broader story

For Orthex's growth story, the difficulties faced by retailers in export markets are a clear setback, as export markets are the company's main long-term growth driver. Looking further ahead, investments to increase production capacity in growth markets will also add a new nuance to the investment story. However, we feel that these investments will make it even more difficult to achieve the EBITA target of more than 18%, as the new production facility would most likely initially operate at a lower utilization rate than Orthex's existing facilities. Orthex has clearly signaled that it is targeting operators of higher quality for acquisitions, so the transaction is unlikely to have a significant negative impact on the group's relative profitability. In fact, in the case of a major investment to increase capacity, we would see justification to even raise the growth target from the current level of over 5% annually, while at the same time revising the relative profitability target downwards. In our

view, Orthex's growth is obviously value-creating given the company's high return on capital, which we believe would justify an increase in growth incentives once the bottleneck in production capacity is removed.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	88.6	89.7	1%	92.1	92.3	0%	97.6	98.4	1%
EBITDA	13.6	14.3	5%	15.0	14.8	-2%	16.3	16.6	2%
EBIT (exc. NRIs)	9.3	9.8	5%	10.6	10.4	-2%	11.9	12.0	1%
EBIT	9.3	9.8	5%	10.6	10.4	-2%	11.9	12.0	1%
PTP	7.4	7.8	5%	9.2	8.6	-6%	10.8	10.5	-3%
EPS (excl. NRIs)	0.33	0.34	6%	0.41	0.39	-6%	0.48	0.47	-3%
DPS	0.23	0.22	-4%	0.26	0.25	-4%	0.31	0.28	-10%

Source: Inderes

Orthex, Webcast, Q4'24



Quality at a good price

Earnings growth melts valuation multiples

Based on our updated estimates, adjusted P/E ratios for 2025 and 2026 are 14x and 11x, while the corresponding EV/EBIT ratios are 11x and 9x. We find the valuation of the stock neutral with the profit level this year and turns clearly attractive with next year's forecasts. We have assumed that the company's gross margin will normalize roughly around the historical average of 29% in the coming years. Orthex's relative profitability can stretch further if raw material prices continue to decline in the next few years. We do not expect this to be fully reflected in Orthex's profitability, as we believe that competition would cause pressure in the future to either lower prices or rely more on campaign sales to protect the market position (however, storage solutions are not Giffen goods).

We have reservations about the company's ability to maintain price increases in the face of a significant decline in raw material prices, but so far, the track record speaks for pricing power. In our forecasts, Orthex's normalized EBIT margin over the cycle is approximately 12-13%, which is still clearly below the company's own target level. In our view, relying on Orthex's targeted 18% EBITA margin is still unwarranted at this stage of the investment story and with the current track record.

DCF model argues for upside

Our DCF model indicates a value of EUR 6.8 per share for Orthex. Our DCF model assumes an EBIT margin of around 11-13% and revenue growth of approximately 2-6 %. We believe that these assumptions are realistic, but because of the company's short stock market history, its track record of maintaining these levels is still limited. We suspect that

bulking of the storage solution product group is a key risk for maintaining the company's longer-term profitability. However, in our view, the desire (and pressure) of retailers to move their supply chains closer to their customers is one factor limiting the intensification of competition.

The consolidator is also a potential takeover target

In connection with the IPO, Orthex stated that the plastic industry is suitable for consolidation and it intends to actively monitor the acquisition targets. The growing balance sheet provides more leeway in M&A transactions, and we estimate that with debt financing alone, the company has firepower worth 20 MEUR, which would mean a revenue potential of over 20 MEUR to be purchased with a 1x revenue multiple. However, at current valuation levels, Orthex itself could be an attractive target for an industrial buyer. Newell Brands acquired Sistema, Orthex's competitor, with a 3.2x revenue multiple in 2016. In the current interest rate environment, asking for similar multiples would be challenging, but takeover activity is still visible among consumer product companies. For example, Fiskars bought Georg Jensen, which had a lower normalized performance, in 2023 at significantly higher multiples than Orthex (EV/EBITDA 9.5x), compared to which the valuation of Orthex's valuation seems rather moderate.

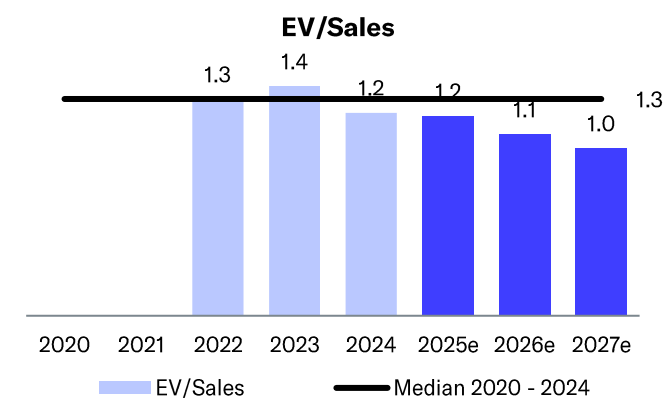
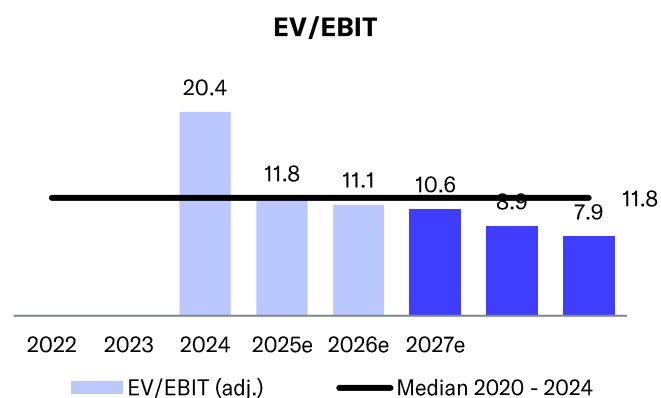
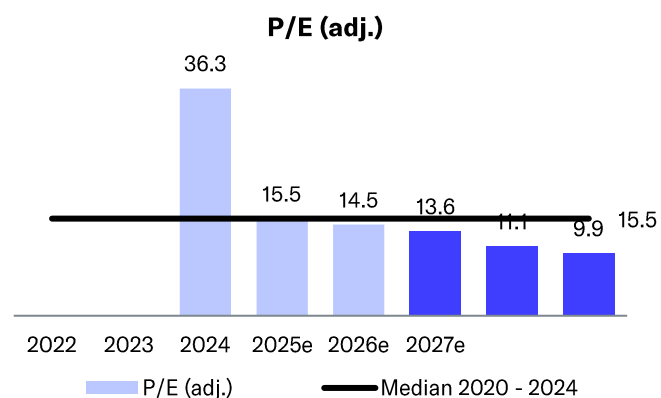
Valuation	2025e	2026e	2027e
Share price	5.24	5.24	5.24
Number of shares, millions	17.8	17.8	17.8
Market cap	93	93	93
EV	110	107	104
P/E (adj.)	13.6	11.1	9.9
P/E	13.6	11.1	9.9
P/B	2.4	2.2	2.0
P/S	1.0	0.9	0.9
EV/Sales	1.2	1.1	1.0
EV/EBITDA	7.5	6.4	5.8
EV/EBIT (adj.)	10.6	8.9	7.9
Payout ratio (%)	64.7 %	59.5 %	56.9 %
Dividend yield-%	4.8 %	5.3 %	5.7 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price			4.68	5.40	5.00	5.24	5.24	5.24	5.24
Number of shares, millions			17.8	17.8	17.8	17.8	17.8	17.8	17.8
Market cap			83	96	89	93	93	93	93
EV			109	118	109	110	107	104	101
P/E (adj.)			36.3	15.5	14.5	13.6	11.1	9.9	9.4
P/E			39.2	13.9	14.5	13.6	11.1	9.9	9.4
P/B			2.8	2.8	2.5	2.4	2.2	2.0	1.8
P/S			1.0	1.1	1.0	1.0	0.9	0.9	0.9
EV/Sales			1.3	1.4	1.2	1.2	1.1	1.0	0.9
EV/EBITDA			11.8	7.9	7.7	7.5	6.4	5.8	5.6
EV/EBIT (adj.)			20.4	11.8	11.1	10.6	8.9	7.9	7.5
Payout ratio (%)			92.2 %	54.1 %	63.9 %	64.7 %	59.5 %	56.9 %	60.0 %
Dividend yield-%			2.4 %	3.9 %	4.4 %	4.8 %	5.3 %	5.7 %	6.4 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2025e
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	
Duni AB	425	557	7.9	8.1	5.8	5.9	0.7	0.7	8.8	9.6	5.5	6.1	1.2
Fiskars Oyj Abp	1324	1822	13.6	12.1	8.6	7.8	1.5	1.5	14.2	12.5	5.4	5.6	1.6
Harvia Oyj	881	939	19.8	17.7	17.0	15.4	4.5	4.1	25.8	22.9	1.9	2.3	5.9
Leifheit AG	174	133	9.2	7.9	5.6	5.1	0.5	0.5	17.2	14.7	6.0	6.3	1.7
Marimekko Oyj	528	518	13.9	13.0	11.4	10.4	2.7	2.5	19.0	17.0	4.2	4.4	6.2
Rapala VMC Corp	61	154	16.2	11.8	7.0	6.3	0.7	0.7		34.9	1.3	1.3	0.4
Thule Group AB	3262	3623	17.5	15.9	15.3	14.0	3.4	3.2	21.9	19.7	3.3	3.7	3.9
Nokian Tyres plc	906	1515	17.7	11.8	6.3	5.2	1.1	1.0	17.3	9.9	5.3	5.8	0.7
Assa Abloy AB	32787	39071	16.1	14.8	13.4	12.4	2.7	2.5	20.5	18.3	2.0	2.2	3.1
Newell Brands Inc	2507	6533	10.7	9.7	7.6	7.0	1.0	1.0	9.0	7.6	4.3	4.3	1.0
DOMETIC Group	1322	2542	11.3	8.9	7.4	6.3	1.1	1.1	10.9	7.7	3.3	4.7	0.6
Raisio Oyj	372	301	10.8	10.0	7.9	7.4	1.3	1.2	15.8	15.1	5.9	6.2	1.4
Husqvarna AB	2825	3933	10.7	9.1	6.1	5.5	0.9	0.8	12.4	10.0	4.2	5.2	1.2
Helen of Troy Ltd	1072	1707	7.5	7.1	6.4	6.0	1.0	0.9	7.1	6.5			0.7
Orthex (Inderes)	93	110	10.6	8.9	7.5	6.4	1.2	1.1	13.6	11.1	4.8	5.3	2.4
Average			13.1	11.3	9.0	8.2	1.6	1.5	15.4	14.7	4.0	4.4	2.1
Median			12.4	10.9	7.5	6.6	1.1	1.0	15.8	13.6	4.2	4.7	1.3
Diff-% to median			-15%	-18%	0%	-3%	10%	7%	-14%	-18%	13%	14%	80%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	84.0	85.9	22.0	21.0	22.8	23.9	89.7	22.2	21.7	23.6	24.7	92.3	98.4	103	108
Nordic countries	68.4	68.7	17.5	17.2	17.9	18.5	71.1	17.7	17.6	18.5	19.1	72.9	75.4	77.3	81.2
Rest of Europe	15.9	18.5	5.3	4.2	5.1	5.7	20.3	5.5	4.5	5.5	6.2	21.7	24.7	27.7	29.0
Rest of world	1.4	0.8	0.1	0.2	0.4	0.2	0.9	0.0	0.1	0.1	0.1	0.3	0.3	0.3	0.3
Discounts and refunds	-1.7	-2.0	-0.9	-0.6	-0.6	-0.5	-2.6	-1.0	-0.5	-0.5	-0.6	-2.6	-2.0	-2.1	-2.2
EBITDA	9.2	14.9	3.8	2.6	3.9	3.9	14.3	3.7	2.9	4.2	4.1	14.8	16.6	17.7	18.2
Depreciation	-4.0	-4.1	-1.1	-1.1	-1.1	-1.2	-4.4	-1.1	-1.1	-1.1	-1.1	-4.4	-4.6	-4.6	-4.6
EBIT (excl. NRI)	5.4	10.0	2.8	1.6	2.8	2.7	9.8	2.6	1.8	3.1	3.0	10.4	12.0	13.1	13.5
EBIT	5.2	10.8	2.8	1.6	2.8	2.7	9.8	2.6	1.8	3.1	3.0	10.4	12.0	13.1	13.5
Share of profits in assoc. compan.	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	0.0
Net financial items	-2.2	-2.2	-0.7	-0.4	-0.5	-0.5	-2.1	-0.5	-0.4	-0.4	-0.4	-1.7	-1.5	-1.3	-1.1
PTP	3.0	8.5	2.1	1.2	2.3	2.2	7.8	2.1	1.3	2.7	2.5	8.6	10.5	11.8	12.5
Taxes	-0.9	-1.6	-0.5	-0.3	-0.5	-0.4	-1.7	-0.4	-0.3	-0.6	-0.5	-1.8	-2.2	-2.4	-2.6
Minority interest	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	0.0
Net earnings	2.1	6.9	1.6	0.9	1.8	1.8	6.1	1.7	1.0	2.1	2.0	6.9	8.4	9.4	9.9
EPS (adj.)	0.13	0.35	0.09	0.05	0.10	0.10	0.34	0.09	0.06	0.12	0.11	0.39	0.47	0.53	0.56
EPS (rep.)	0.12	0.39	0.09	0.05	0.10	0.10	0.34	0.09	0.06	0.12	0.11	0.39	0.47	0.53	0.56

Key figures	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-5.2 %	2.2 %	7.5 %	4.3 %	4.2 %	2.0 %	4.4 %	1.0 %	3.3 %	3.5 %	3.4 %	2.8 %	6.7 %	4.8 %	5.0 %
Adjusted EBIT growth-%	-50.1 %	87.3 %	16.5 %	20.2 %	-20.1 %	-5.4 %	-2.1 %	-7.4 %	13.5 %	10.5 %	8.8 %	5.5 %	15.8 %	9.1 %	3.3 %
EBITDA-%	11.0 %	17.3 %	17.4 %	12.5 %	17.0 %	16.4 %	15.9 %	16.4 %	13.2 %	17.8 %	16.5 %	16.0 %	16.9 %	17.2 %	16.8 %
Adjusted EBIT-%	6.4 %	11.7 %	12.5 %	7.4 %	12.3 %	11.4 %	11.0 %	11.5 %	8.1 %	13.1 %	12.0 %	11.2 %	12.2 %	12.7 %	12.5 %
Net earnings-%	2.5 %	8.0 %	7.1 %	4.4 %	7.9 %	7.6 %	6.8 %	7.4 %	4.8 %	9.1 %	8.2 %	7.4 %	8.5 %	9.1 %	9.1 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	44.0	44.6	43.6	43.5	43.7
Goodwill	22.3	21.7	21.7	21.7	21.7
Intangible assets	0.0	0.0	0.2	0.2	0.2
Tangible assets	20.9	21.9	21.6	21.5	21.6
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.1	0.1	0.1	0.1	0.1
Deferred tax assets	0.7	0.9	0.0	0.0	0.0
Current assets	41.5	40.9	41.5	43.3	44.4
Inventories	12.1	12.5	12.9	13.8	14.4
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	17.9	18.0	17.5	17.7	17.5
Cash and equivalents	11.6	10.5	11.1	11.8	12.4
Balance sheet total	85.6	85.6	85.2	86.8	88.0

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	34.4	35.8	38.8	42.7	47.1
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	26.9	29.3	32.2	36.2	40.5
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-0.4	-1.4	-1.4	-1.4	-1.4
Other equity	7.9	7.9	7.9	7.9	7.9
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	30.4	27.1	26.2	24.0	21.4
Deferred tax liabilities	0.8	0.8	0.8	0.8	0.8
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	29.6	26.3	25.4	23.3	20.6
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
Current liabilities	20.7	22.6	20.2	20.1	19.6
Interest bearing debt	4.3	4.5	2.8	2.6	2.3
Payables	15.7	17.4	16.6	16.7	16.5
Other current liabilities	0.7	0.8	0.8	0.8	0.8
Balance sheet total	85.5	85.6	85.2	86.8	88.0

DCF-calculation

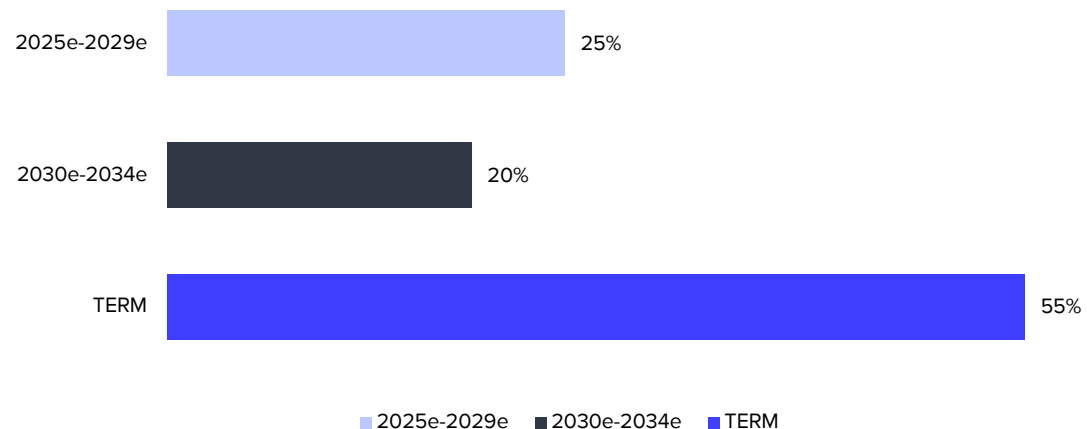
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	4.4 %	2.8 %	6.7 %	4.8 %	5.0 %	3.5 %	3.0 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	11.0 %	11.2 %	12.2 %	12.7 %	12.5 %	12.0 %	12.0 %	12.0 %	11.5 %	11.5 %	11.5 %	11.5 %
EBIT (operating profit)	9.8	10.4	12.0	13.1	13.5	13.5	13.9	14.2	13.9	14.2	14.4	
+ Depreciation	4.4	4.4	4.6	4.6	4.6	4.7	4.8	4.9	5.0	5.1	5.2	
- Paid taxes	-1.9	-0.9	-2.2	-2.4	-2.6	-2.6	-2.7	-2.8	-2.7	-2.8	-2.9	
- Tax, financial expenses	-0.4	-0.4	-0.3	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	1.2	-0.7	-0.9	-0.7	-1.9	-0.6	-0.5	-0.5	-0.4	-0.4	-0.4	
Operating cash flow	13.2	12.8	13.2	14.3	13.5	14.8	15.3	15.7	15.7	16.0	16.3	
+ 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	-4.8	-4.3	-4.5	-4.7	-5.0	-5.1	-5.3	-5.4	-5.5	-5.6	-5.7	
Free operating cash flow	8.4	8.5	8.7	9.6	8.6	9.7	10.0	10.3	10.1	10.4	10.7	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	8.4	8.5	8.7	9.6	8.6	9.7	10.0	10.3	10.1	10.4	10.7	171
Discounted FCFF		8.0	7.5	7.6	6.3	6.6	6.3	6.0	5.4	5.1	4.9	77.7
Sum of FCFF present value		141	133	126	118	112	105	99.1	93.1	87.7	82.6	77.7
Enterprise value DCF		141										
- Interest bearing debt		-30.8										
+ Cash and cash equivalents		10.5										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		121										
Equity value DCF per share		6.8										

WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	6.5 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	8.7 %
Weighted average cost of capital (WACC)	8.4 %

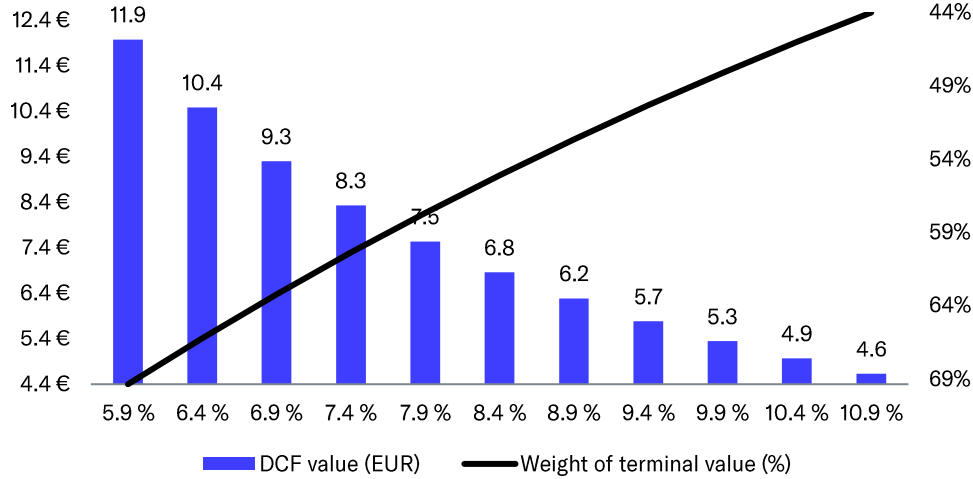
Source: Inderes

Cash flow distribution

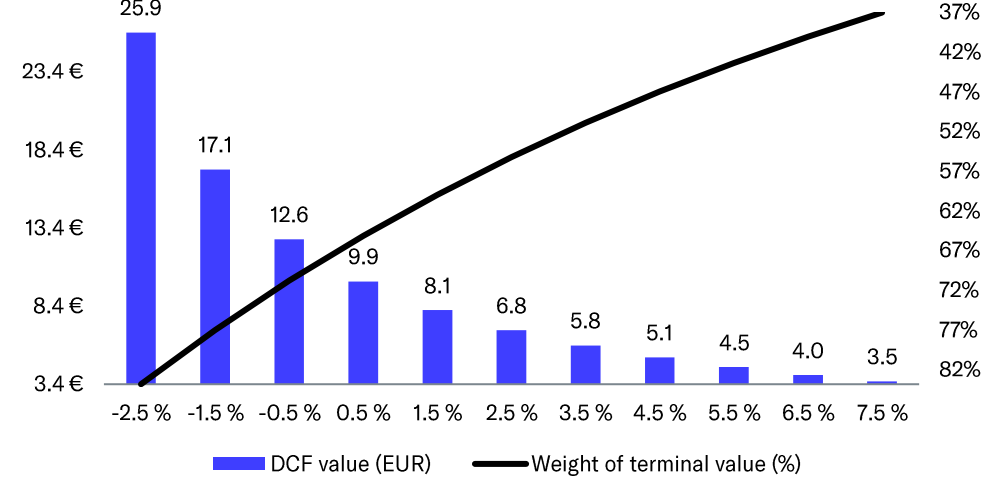


DCF sensitivity calculations and key assumptions in graphs

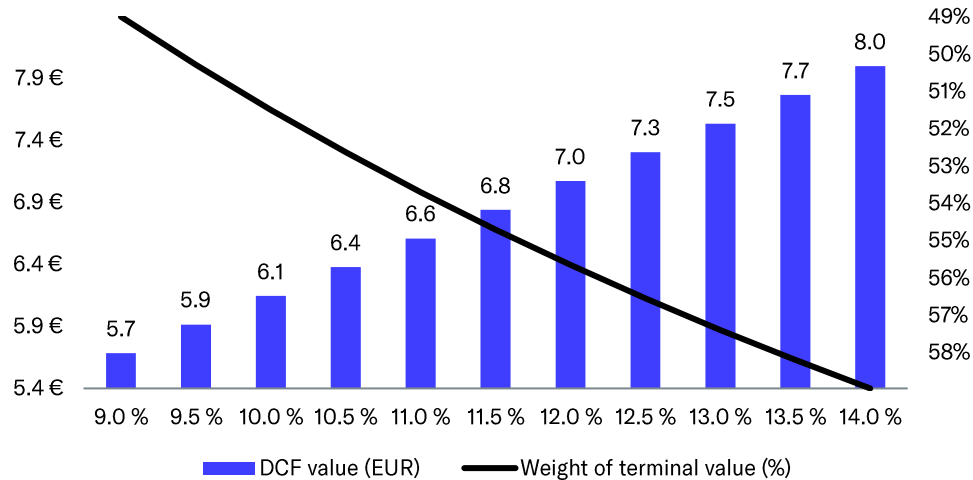
Sensitivity of DCF to changes in the WACC-%



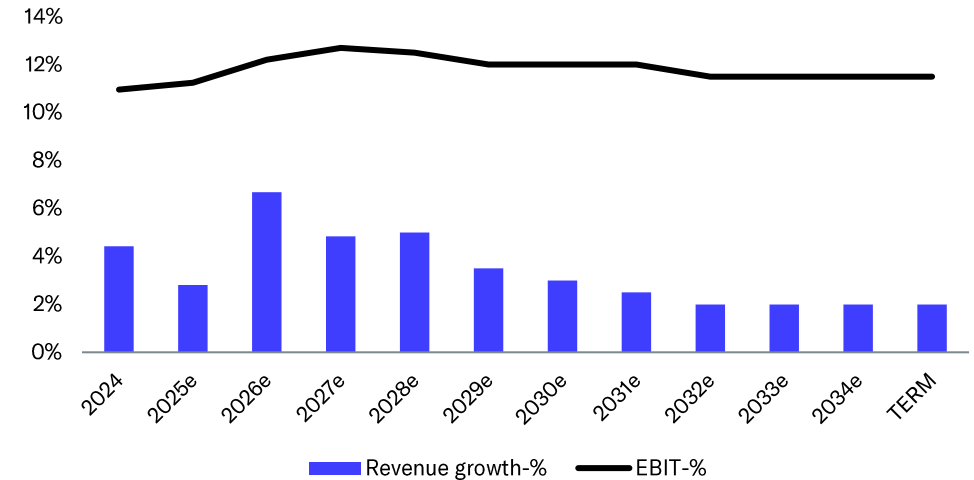
Sensitivity of DCF to changes in the risk-free rate



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	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	84.0	85.9	89.7	92.3	98.4	EPS (reported)	0.12	0.39	0.34	0.39	0.47
EBITDA	9.2	14.9	14.3	14.8	16.6	EPS (adj.)	0.13	0.35	0.34	0.39	0.47
EBIT	5.2	10.8	9.8	10.4	12.0	OCF / share	0.42	0.68	0.74	0.72	0.75
PTP	3.0	8.5	7.8	8.6	10.5	FCF / share	0.31	0.43	0.47	0.48	0.49
Net Income	2.1	6.9	6.1	6.9	8.4	Book value / share	1.67	1.94	2.02	2.18	2.40
Extraordinary items	-0.2	0.7	0.0	0.0	0.0	Dividend / share	0.11	0.21	0.22	0.25	0.28
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	81.8	85.6	85.6	85.2	86.8	Revenue growth-%	-5%	2%	4%	3%	7%
Equity capital	29.7	34.4	35.8	38.8	42.7	EBITDA growth-%	-30%	61%	-4%	4%	13%
Goodwill	22.3	22.3	21.7	21.7	21.7	EBIT (adj.) growth-%	-51%	87%	-2%	5%	16%
Net debt	26.0	22.3	20.3	17.1	14.0	EPS (adj.) growth-%	-70%	170%	-1%	12%	22%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	11.0 %	17.3 %	15.9 %	16.0 %	16.9 %
EBITDA	9.2	14.9	14.3	14.8	16.6	EBIT (adj.)-%	6.4 %	11.7 %	11.0 %	11.2 %	12.2 %
Change in working capital	-0.6	-0.8	1.2	-0.7	-0.9	EBIT-%	6.2 %	12.5 %	11.0 %	11.2 %	12.2 %
Operating cash flow	7.5	12.1	13.2	12.8	13.2	ROE-%	6.9 %	21.5 %	17.4 %	18.4 %	20.5 %
CAPEX	-1.9	-4.4	-4.8	-4.3	-4.5	ROI-%	7.5 %	16.0 %	14.6 %	15.5 %	17.7 %
Free cash flow	5.6	7.7	8.4	8.5	8.7	Equity ratio	36.3 %	40.3 %	41.9 %	45.5 %	49.2 %
						Gearing	87.6 %	64.8 %	56.8 %	44.2 %	32.8 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	1.3	1.4	1.2	1.2	1.1						
EV/EBITDA	11.8	7.9	7.7	7.5	6.4						
EV/EBIT (adj.)	20.4	11.8	11.1	10.6	8.9						
P/E (adj.)	36.3	15.5	14.5	13.6	11.1						
P/B	2.8	2.8	2.5	2.4	2.2						
Dividend-%	2.4 %	3.9 %	4.4 %	4.8 %	5.3 %						

Source: Inderes

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

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
3/26/2021	Accumulate	8.50 €	7.42 €
5/12/2021	Accumulate	11.00 €	10.15 €
8/26/2021	Accumulate	13.00 €	11.48 €
9/20/2021	Buy	13.00 €	10.50 €
11/11/2021	Accumulate	12.50 €	11.63 €
<i>Analyst changed</i>			
1/13/2022	Accumulate	11.50 €	10.44 €
3/10/2022	Accumulate	8.00 €	7.14 €
5/11/2022	Reduce	7.00 €	6.68 €
8/26/2022	Reduce	5.00 €	5.42 €
10/11/2022	Accumulate	4.40 €	3.93 €
11/14/2022	Accumulate	5.80 €	5.27 €
3/9/2023	Accumulate	5.60 €	5.05 €
5/18/2023	Accumulate	5.60 €	4.99 €
8/25/2023	Accumulate	5.40 €	4.64 €
11/8/2023	Buy	6.00 €	4.95 €
3/6/2024	Accumulate	7.00 €	6.39 €
3/22/2024	Accumulate	7.00 €	6.26 €
5/16/2024	Accumulate	7.20 €	6.74 €
8/23/2024	Accumulate	7.00 €	6.34 €
11/17/2024	Buy	6.50 €	5.54 €
2/26/2025	Accumulate	6.00 €	5.22 €
3/13/2025	Accumulate	6.00 €	5.24 €



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