

KH Group

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Kannattavuus piti pintansa" published on 11/4/2024 at 8:15 am EET

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Profitability held its own

The Q3 profitability of KH Group's largest subsidiaries held their own better than we expected, but NRG's convincing turnaround took a break due to weak earnings development. Overall, forecast changes were minor in connection with the report. We still see clear hidden value in KH Group's balance sheet as our sum of the parts calculation indicates a higher value than the current price level. We revise our target price to EUR 0.68 (was EUR 0.65) and reiterate our Accumulate recommendation.

KH-Koneet's and Indoor Group's profitability held their ground better than feared

Despite the challenging business environment, KH-Koneet achieved growth in Q3 and the company's profitability remained nearly at the level of the comparison period, exceeding our expectations. According to the company, growth focused on machine leasing, but we assume that the company also gained market share in machine trade. Indoor Group's revenue decreased as expected due to the shrinking market and reduced store network. Indoor Group's EBIT of 1.8 MEUR weakened from the strong comparison period but developed positively compared to our expectations and the very weak start of the year. Nordic Rescue Group's quarter was surprisingly weak, as despite the full order backlog and increased organization size, revenue decreased by 26% from the comparison period and the result turned negative. KH Group recorded a 2.6 MEUR item in Q3 related to the sales gain from HTJ. KH Group's journey toward building an whole around KH-Koneet progressed during the quarter after the HTJ divestment was completed. With the HTJ divestment, the parent company's balance sheet position strengthened clearly and at the end of the quarter, the parent's net cash was 11.3 MEUR. We do not expect the company to distribute dividends, but to retain the cash to support its subsidiaries.

The guidance cannot withstand a similar performance from Indoor as seen in early 2024

KH Group reiterated its revised guidance for the current Group structure of 340-360 MEUR in revenue and 4-7 MEUR in adjusted EBIT. In connection with the report, our forecast changes were small for KH-Koneet and Indoor Group, but we lowered NRG's earnings forecasts for the coming years by 10-14% due to weak Q3 figures. Our forecasts for this year based on the current Group structure (note: HTJ included in the official Q1'24 Group level figures) are revenue of 351 MEUR and EBIT of 4.1 MEUR. Our earnings forecast is at the lower limit of the guidance range and we see a risk of a profit warning if the last quarter is a bust for a subsidiary. We expect this year to be the bottom of the cycle and KH Group to achieve significantly stronger earnings in the future. In addition to the strengthening EBIT level, the decrease in interest rates will have a particularly positive impact on KH Group's net result due to the Group's significant leverage.

The market no longer gives value to Indoor

Our sum-of-the-parts calculation indicates a value of EUR 0.84 per share for KH Group. We see undeniable value in KH Group's holdings and believe the value exceeds the current price level even without the agonizing Indoor. Realization of Indoor's balance sheet risk would destroy value and limit the upside in the stock, but the parent is not responsible for Indoor's debts (the parent has net cash from the HTJ divestment). As a result, Indoor only depresses the value of the entity if capital is poorly allocated to the company or if the difficulties in Indoor clearly takes the management's attention away from other subsidiaries. In terms of KH-Koneet's value, proof of improved profitability in Sweden is key to the story, and we have seen proof of this already this year.

Recommendation

Accumulate

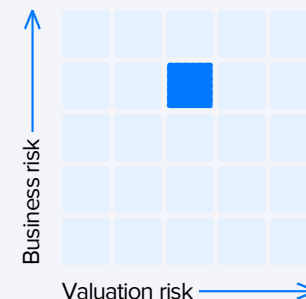
(was Accumulate)

EUR 0.68

(was EUR 0.65)

Share price:

0.60



Key figures

	2023	2024e	2025e	2026e
Revenue	403	357	360	380
growth-%	-6%	-11%	1%	6%
EBIT adj.	10.8	4.2	10.6	12.5
EBIT-% adj.	2.7 %	1.2 %	3.0 %	3.3 %
PTP	-15.4	-6.9	0.7	3.4
Net Income	-7.0	-5.0	0.2	1.7
EPS (adj.)	0.12	-0.02	0.00	0.03
Dividend	0.00	0.00	0.00	0.00

P/E (adj.)	6.5	neg.	>100	20.5
P/B	0.6	0.4	0.4	0.4
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	19.0	40.0	15.4	12.6
EV/EBITDA	6.4	4.4	4.5	4.0
EV/S	0.5	0.5	0.5	0.4

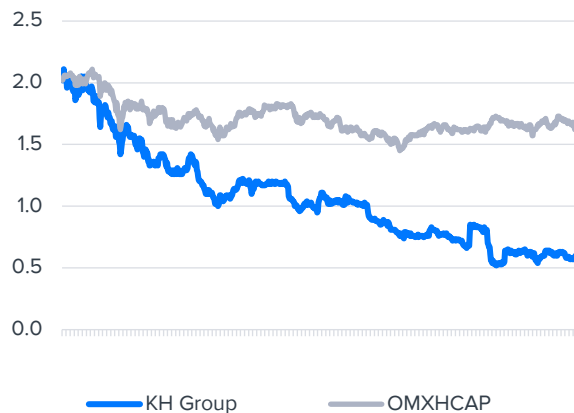
Source: Inderes

Guidance

(Unchanged)

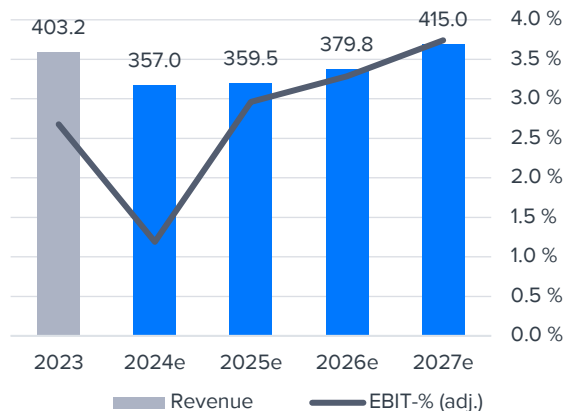
KH Group expects 2024 pro forma revenue of 340-360 MEUR and EBIT of 4-7 MEUR, including the EBIT recorded from the real estate sale deal in Estonia. The guidance does not include HTJ.

Share price



Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Systematic development of holdings
- M&A transactions
- Dismantling the current ownership structure



Risk factors

- Deteriorating economic situation
- Among the portfolio companies, especially Indoor Group and KH-Koneet Group are cyclical
- Indoor's balance sheet risk
- Tightening competitive situation
- Postponement of sensible exit opportunities due to weak capital markets

Valuation	2024e	2025e	2026e
Share price	0.60	0.60	0.60
Number of shares, millions	58.1	58.1	58.1
Market cap	35	35	35
EV	170	164	157
P/E (adj.)	neg.	>100	20.5
P/E	neg.	>100	20.5
P/B	0.4	0.4	0.4
P/S	0.1	0.1	0.1
EV/Sales	0.5	0.5	0.4
EV/EBITDA	4.4	4.5	4.0
EV/EBIT (adj.)	40.0	15.4	12.6
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

The profitability of the large subsidiaries held their own

KH-Koneet's performance was strong

KH-Koneet's Q3 revenue increased by 4% to 33.6 MEUR, which was in line with our estimate. According to our estimate, the company's target market shrunk during the review period in both Finland and Sweden, which indicates that market shares have been won. The growth was driven by successes in machine leasing, which in a weak cyclical period has held its ground better than machine trade. According to the company, the gross margins of KH-Koneet remained stable in both operating countries. As a result, we believe that the slight decrease in the EBIT to 1.9 MEUR is due to growth investments and a heavier cost structure than in the comparison period. We welcome the controlled growth drive of KH-Koneet in a weak economic cycle, as we believe that the challenges of competitors can open attractive pockets in the market and acquisition opportunities.

Indoor Group's profitability held its ground better than expected

Indoor Group's revenue development was subdued as expected in a very weak furniture market. The revenue decreased by 9% to 46 MEUR, which was

slightly below our estimate. The increase in Finland's VAT rate in September burdened the entire industry during the review period. According to the company, Asko's total sales decreased, but the chain's revenue in e-commerce increased during the review period. Sotka's sales, in turn, declined. Indoor Group's adjusted EBIT of 1.8 MEUR clearly exceeded our 0.9 MEUR estimate in the seasonally important quarter. The company has been able to defend its profitability with cost savings, but it also benefited from the fact that the introduction of the new ERP system did not result in inefficiencies similar to those at the beginning of the year. Indoor's covenant terms for financing were not met at the end of Q3, which raises the company's balance sheet risk.

The quarter showed snags in NRG's turnaround story

Nordic Rescue Group's Q3 was surprisingly subdued and clearly below our expectations in terms of both revenue and earnings. NRG's number of employees increased by 9% from the comparison period, which highlighted the impact of declining revenue on profitability. According to KH Group, NRG's 2024 production capacity has been sold out, and sales

developed as expected during the quarter, but Q3 revenue nevertheless decreased by 26 % from the comparison period. According to the Group, the reason was a low number of customer deliveries, but the service business also fell short of the comparison period. Based on the management interview, based on the figures NRG's quarter seemed weaker than reality due to timing factors.

The parent company has a good net cash position through the HTJ divestment

KH Group generated a net profit of 2.8 MEUR in Q3, of which 2.6 MEUR was generated from the sales gain recorded from the HTJ divestment. With the HTJ divestment, the parent company had net cash of 11.3 MEUR at the end of the review period, with which it can support its subsidiaries if necessary. During the review period, KH Group made an additional investment of 0.5 MEUR in NRG alongside other owners. As Indoor Group sputters, Group-level capital allocation decisions play a particularly central role. We believe that KH-Koneet may generate attractive investment opportunities in a weak cycle, but the need/incentive to finance other subsidiaries may become large.

Revenue MEUR	Q3'23 Comparison	Q3'24 Actualized	Q3'24e Inderes	Growth Estimate	Growth Act.	Difference (%) Act. vs. inderes
Indoor Group	50.6	46.0	47.1	-7%	-9%	-2%
KH-Koneet Group	32.3	33.6	33.9	5%	4%	-1%
Nordic Rescue Group	8.2	6.1	10.3	26%	-26%	-41%
Adj. EBIT (IFRS) MEUR	Q3'23 Comparison	Q3'24 Actualized	Q3'24e Inderes	Growth Estimate	Growth Act.	Difference (%) Act. vs. inderes
Indoor Group (IFRS)	2.6	1.8	0.9	-64%	-31%	91%
KH-Koneet Group	2.0	1.9	1.6	-19%	-5%	17%
Nordic Rescue Group	0.3	0.0	0.7	141%		
Unallocated costs	-0.8	-0.4	-0.5			

Source: Inderes. NB! Comparison period figures are pro forma

Expectations cut for NRG

Changes in NRG's growth expectations drove our forecast revisions

We lowered our growth expectations for NRG by 10%, as the company's Q3 revenue fell clearly below our estimate. Q3's poor performance was somewhat surprising, considering the increased number of personnel and the large order backlog. Based on management's comments, timing factors and the summer vacation season weakened NRG's Q3 performance. If the weak quarter was only caused by timing factors, the past quarter may bode for strong Q4 figures. We expect NRG's earnings level to recover in Q4, but to be below the strong comparison period.

No major forecast changes in KH-Koneet and Indoor Group

KH-Koneet and Indoor Group both surprised positively in terms of their relative profitability in Q3. However, in our opinion, the report did not create a need for any substantial forecast changes, as the business environment of the companies has not yet shown any significant signs of recovery, which our forecasts, indicating positive developments in the coming years, require.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
Revenue (MEUR)	Old	New	%	Old	New	%	Old	New	%
Indoor Group	168	166	-1 %	170	168	-1 %	174	172	-1 %
KH Koneet	146	145	0 %	154	151	-2 %	170	166	-2 %
NRG	44.3	39.8	-10 %	45.6	41.0	-10 %	46.7	42.0	-10 %
Adj. EBIT (MEUR)									
Indoor Group	-1.1	-0.3		3.7	3.7	-1 %	4.7	4.6	-1 %
KH Koneet	5.4	5.6	5 %	6.9	6.8	-2 %	8.2	8.0	-2 %
NRG	3.1	2.3	-25 %	2.3	2.0	-14 %	1.9	1.7	-10 %
Unallocated costs	-1.8	-1.8		-1.8	-1.8	0 %	-1.8	-1.8	0 %

Source: Inderes

Changes in our sum-of-the-parts calculation

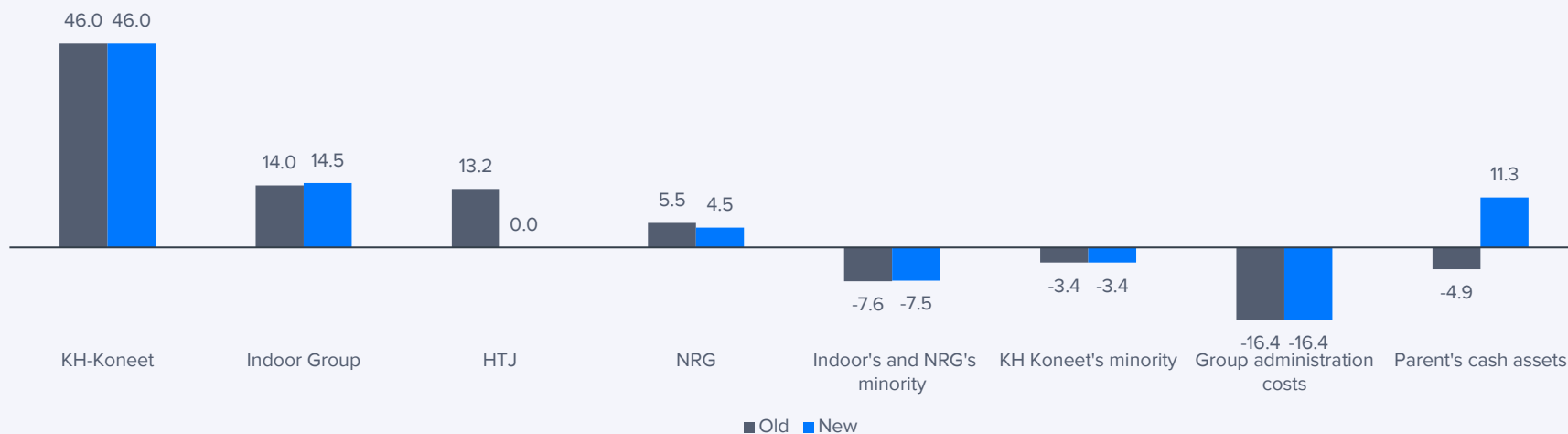
NRG's value down, Indoor's slightly up

We lowered NRG's fair value in our sum of the parts calculation with the weaker-than-expected interim report. The drop in the fair value may seem substantial, but the turnaround company status and the indebted balance sheet make the company's fair value particularly sensitive to changes in underlying assumptions.

We raised our view of Indoor Group's fair value slightly due to the company's reasonable profitability. Our view of the company's fair value is moderate considering Indoor's historical earnings level, but a larger positive change would require strengthening the balance sheet risks and evidence of the ability to achieve positive earnings on an annual level.

We also removed the fair value of HTJ from our calculation after the subsidiary was sold.

Changes to SOTP



Sum of the parts is the most reliable valuation method

SOTP formation

We approach KH Group's valuation through a sum-of-the-parts calculation. In our view, the method is optimal, as the current group structure is to be dismantled, which enables value to be released. At the same time, due to the subsidiaries' differing cash flow and risk profiles, their growth, profitability and acceptable valuation multiples differ considerably. In our SOTP, we have estimated the fair value of each of KH Group's subsidiaries using company-specific DCF models and by comparing the multiple-based fair value valuation to company-specific peers' valuations. In the subsidiary-specific valuation, we utilize company-specific financial statements that comply with FAS accounting (excl. Indoor Group that reports under IFRS), which slightly weakens the comparability of the figures with peers.

We deduct the expenses of minority holdings and Group administration from the company-specific fair

value assessment. With the completed HTJ divestment, our calculation no longer considers the company separately.

Group administration expenses consume the fair value of the whole

We have estimated that normalized group administration costs are 1.8 MEUR, which we have discounted at an 11% cost of capital from now to eternity. Expenditure has been slightly higher in recent years, but we expect it to fall when the strategy is clear and as it progresses. One could argue for a larger drop in group costs when the group only includes KH-Koneet. We believe that this approach is logical, but the challenge we see is new administrative costs that would arise if Indoor Group would be listed on the stock exchange.

Formation of the sum of the parts (MEUR)	Equity value DCF	Fair value	Net debt 2024e	EV 2024e
KH-Koneet	53.7	46.0	21.5	67.5
Indoor Group	16.7	14.5	63.8	78.3
HTJ		0.0		23.0
NRG	5.1	4.5	12.8	17.3
- Minority of Indoor and NRG:		-7.5		
- Minority of KH Koneet		-3.4		
- Group administration costs		-16.4		
+ Parent company's net cash		11.3		
= Sum of the parts		49.1		
Current market cap of the Group		35.0		
Discount to SOTP		-29 %		
Value per share indicated by the SOTP		0.84 €		

Implicit valuation multiples of the subsidiaries

In the adjacent table, we try to illustrate the implicit valuation multiples of KH Group's subsidiaries based on our fair value estimates. The multiples follow FAS accounting except for Indoor Group, as the company's financial statements follow the FAS standard. To improve comparability, we have adjusted goodwill depreciation from our earnings estimates. We have not predicted dividend distribution, which means the cash flow generated by the companies lowers net debt and EV.

Valuation of KH-Koneet predicts an earnings slump in the current year

For KH-Koneet, the earnings-based valuation appears to be neutral/high this year, but at next year's multiples, the valuation already becomes quite attractive in our view. It is good to keep in mind that in our forecasts, we expect the business environment to improve in 2025, but the company's earnings level to still be below normalized levels. Relative to its peers, our valuation prices KH-Koneet at a big-picture discount, which we believe is justified by its smaller size and more limited growth potential than its peers. However, at next year's multiples, the discount already becomes too wide, and if the earnings turnaround materializes as we expect, we will see upward pressure on our estimate of the company's fair value. In our view, KH-Koneet's business and growth are value-creating, and as a result, the balance sheet-based valuation (2024 P/B: 1.1x) provides, in our view, support for the company's valuation at current levels.

Turnaround company status is reflected in Indoor's valuation

Measured by EBITDA, Indoor seems cheap with our 2024 forecasts, although due to the high depreciation/EBITDA ratio, the multiple may be misleading and our net profit forecast is negative. Indoor has historically generated high profitability but due to the company's elevated risk profile and weakened performance, we consider it justified that the company is now priced on a balance sheet basis with a discount to book value. As the performance recovers and the balance sheet strengthens, we see prerequisites for a higher balance sheet-based valuation, but first the company must achieve an earnings turn and prove the vitality of the business. Indoor's peers are also priced mainly at a discount to book value, which may indicate market doubts about the industry's long-term value creation outlook. The biggest risk to Indoor's business and valuation, as we see it, is that the company gets stuck in the current costly spiral of shrinking and streamlining its business in the face of very aggressive competitors.

NRG's earnings-based valuation is low but not without reason

NRG's revenue- and earnings-based valuation multiples are low, which is explained by the high risk profile and turnaround status. Assessing the company's sustainable performance is difficult with the current track record, which we feel should be reflected in acceptable valuation multiples. Due to the company's significant leverage, a successful earnings turnaround would have a significant positive impact on the value of equity. However, the valuation is supported by the company's strong order book (according to management, the company is already scheduling sales for 2025), which will allow it to strengthen its balance sheet and comfortably drive a sustainable earnings turnaround.

KH-Koneet	2024e	2025e	2026e	2027e
EV/S	0.5	0.4	0.3	0.3
EV/EBITDA	9.6	7.2	5.8	4.6
EV/Adj. EBIT	10.3	7.7	6.3	5.2
Adj. P/E	11.9	8.7	7.1	5.8
P/B	1.1	1.0	0.9	0.8

Indoor Group	2024e	2025e	2026e	2027e
EV/S	0.5	0.4	0.4	0.3
EV/EBITDA	5.1	3.6	3.3	2.7
EV/EBIT	-24.1	19.4	14.9	10.5
Adj. P/E	-2.0	461.2	15.7	6.0
P/B	0.5	0.5	0.5	0.5

NRG	2024e	2025e	2026e	2027e
EV/S	0.4	0.4	0.4	0.4
EV/EBITDA	6.5	7.3	8.3	8.0
EV/Adj. EBIT	7.6	8.9	10.4	10.0
Adj. P/E	6.7	9.2	12.9	9.4
P/B	-4.5	-2.1	-1.3	-1.0

Peer group valuation 1/2

KH-Koneet's peer group valuation		Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2024e
UNITED RENTALS	49129	61025	15.9	15.1	9.3	8.9	4.4	4.2	18.7	17.4	6.1	
H&E EQUIPMENT SERVICES	1762	3156	14.5	13.5	5.1	4.9	2.3	2.2	15.7	13.6	3.0	
MCGRATH RENTCORP	2571	3128	15.1	13.8	9.8	9.6	3.7	3.7	21.4	18.9	NA	
SPEEDY HIRE	181	416	13.2	10.7	3.7	3.4	0.8	0.8	12.5	9.0	0.7	
VP	283	505	8.6	8.8	3.8	3.9	1.1	1.2	8.2	8.7	1.3	
WETTERI OYJ	60	202	20.0	14.9	8.9	7.1	0.3	0.3	-58.2	15.4	1.6	
BILIA A	1043	1762	14.3	11.9	8.5	7.1	0.5	0.5	14.5	10.4	2.4	
KH Koneet (Inderes, FAS)	46	67	10.3	7.7	9.6	7.2	0.5	0.4	11.9	8.7	1.1	
Average			12.7	11.1	6.1	5.6	1.6	1.6	4.1	11.7	2.2	
Median			14.4	12.7	6.8	6.0	1.0	1.0	13.5	12.0	1.6	
<i>Diff-% to median</i>			-28 %	-39 %	41 %	20 %	-53 %	-59 %	-12 %	-28 %	-33 %	

Indoor's peer group valuation		Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2024e
SURTECO GROUP (XET)	274	621	14.0	10.5	5.9	5.2	0.7	0.7	14.2	9.2	0.7	
NOBIA	291	659	1529.9	21.5	10.0	6.4	0.7	0.7	-10.4	34.5	0.6	
MAISONS DU MONDE	157	816	61.8	17.9	4.6	4.2	0.8	0.7	-21.0	12.9	0.3	
LEON'S FURNITURE	1209	1385	10.9	10.2	6.9	6.7	0.8	0.8	13.5	12.5	NA	
WILLIAMS-SONOMA	15609	14444	12.5	11.6	10.6	9.9	2.0	2.1	18.5	16.4	8.3	
Indoor Group (Inderes, IFRS)	46	78	-24.1	19.4	5.1	3.6	0.5	0.4	-2.0	461.2	0.5	
Average			325.8	14.3	7.6	6.5	1.0	1.0	2.9	17.1	2.5	
Median			14.0	11.6	6.9	6.4	0.8	0.7	13.5	12.9	0.6	
<i>Diff-% to median</i>				67 %	-27 %	-43 %	-37 %	-41 %		3478 %	-20 %	

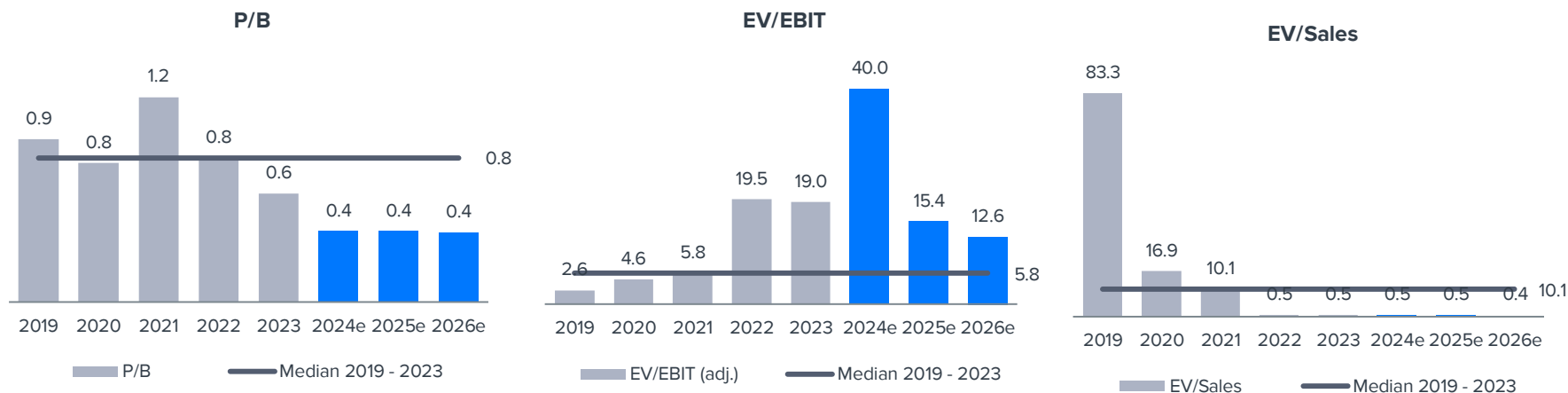
Peer group valuation 2/2

NRG's peer group valuation Company	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
ROSENBAUER INTL.	234	738	12.0	9.9	8.1	7.0	0.6	0.6	12.8	7.7	1.1
OSHKOSH	6127	7395	7.3	7.6	6.2	6.4	0.8	0.8	9.0	9.2	1.6
REV GROUP	1269	1421	22.6	9.1	9.6	7.7	0.7	0.6	16.8	12.6	3.5
NRG (Inderes, FAS)	5	17	7.6	8.9	6.5	7.3	0.4	0.4	6.7	9.2	-4.5
Average			14.0	8.9	8.0	7.0	0.7	0.7	12.9	9.8	2.1
Median			12.0	9.1	8.1	7.0	0.7	0.6	12.8	9.2	1.6
<i>Diff-% to median</i>			-37 %	-3 %	-20 %	5 %	-33 %	-34 %	-48 %	0 %	

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	1.28	1.08	1.92	1.18	0.81	0.60	0.60	0.60	0.60
Number of shares, millions	57.8	58.0	58.1	58.1	58.1	58.1	58.1	58.1	58.1
Market cap	74	63	112	69	47	35	35	35	35
EV	42	54	116	232	205	170	164	157	152
P/E (adj.)	5.8	6.3	6.1	5.0	6.5	neg.	>100	20.5	8.5
P/E	5.8	6.3	6.1	5.0	neg.	neg.	>100	20.5	8.5
P/B	0.9	0.8	1.2	0.8	0.6	0.4	0.4	0.4	0.4
P/S	>100	19.6	9.7	0.2	0.1	0.1	0.1	0.1	0.1
EV/Sales	83.3	16.9	10.1	0.5	0.5	0.5	0.5	0.4	0.4
EV/EBITDA	2.6	4.6	5.8	19.5	6.4	4.4	4.5	4.0	3.6
EV/EBIT (adj.)	2.6	4.6	5.8	19.5	19.0	40.0	15.4	12.6	9.8
Payout ratio (%)	83.5 %	23.4 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%	14.5 %	3.7 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes



Income statement

Income statement	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	100	100	97.6	105	403	84.2	89.3	85.7	97.8	357	360	380	415
KH-Koneet	40.5	40.4	32.3	39.1	152	29.2	41.1	33.6	41.1	145	151	166	196
Indoor Group	43.6	44.0	50.6	48.1	186	37.8	37.1	46.0	45.2	166	168	172	176
HTJ	6.1	7.0	6.5	6.6	26.3	6.1	0.0	0.0	0.0	6.1	0.0	0.0	0.0
Nordic Rescue Group	9.9	8.8	8.2	11.4	38.3	11.1	11.1	6.1	11.5	39.8	41.0	42.0	43.1
EBITDA						8.1	7.1	11.3	12.0	38.5	36.5	38.7	42.4
Depreciation						-8.8	-8.7	-8.7	-8.8	-35.0	-25.9	-26.2	-26.8
EBIT (excl. NRI)	1.1	2.9	5.1	1.7	10.8	-0.7	-1.6	3.3	3.2	4.2	10.6	12.5	15.5
EBIT	1.1	0.9	-6.8	1.7	-3.1	-0.7	-1.6	2.6	3.2	3.5	10.6	12.5	15.5
KH-Koneet	1.8	2.0	2.0	3.2	9.0	-0.4	2.0	1.9	2.1	5.6	6.8	8.0	9.8
Indoor Group	-0.6	-1.5	2.6	0.6	1.1	-0.3	-2.6	1.8	0.8	-0.3	3.7	4.6	5.8
HTJ	0.4	0.6	1.0	0.6	2.6	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Nordic Rescue Group	0.1	0.6	0.3	0.9	1.9	0.7	0.9	0.0	0.7	2.3	2.0	1.7	1.7
Unallocated items	-0.6	-0.8	-12.7	-3.6	-17.7	-0.7	-1.9	-1.1	-0.5	-4.2	-1.8	-1.8	-1.8
Net financial items	-2.6	-3.5	-2.1	-4.1	-12.3	-3.0	-2.3	-2.3	-2.9	-10.4	-9.9	-9.1	-8.0
PTP	-1.5	-2.6	-8.9	-2.4	-15.4	-3.6	-3.9	0.3	0.3	-6.9	0.7	3.4	7.5
Taxes	0.5	0.4	2.2	0.2	3.3	0.3	0.0	-0.1	-0.1	0.2	-0.1	-0.7	-1.5
Minority interest	0.0	1.2	3.2	0.8	5.2	0.5	1.5	0.0	-0.4	1.6	-0.4	-1.0	-1.9
Net earnings	-1.0	-1.0	-3.2	-1.5	-6.7	-2.8	-2.0	2.8	-0.2	-2.1	0.2	1.7	4.1
EPS (adj.)	-0.02	0.02	0.15	-0.03	0.12	-0.05	-0.03	0.06	0.00	-0.02	0.00	0.03	0.07
EPS (rep.)	-0.02	-0.02	-0.06	-0.03	-0.11	-0.05	-0.03	0.05	0.00	-0.04	0.00	0.03	0.07

Key figures	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%					10.0 %	-15.9 %	-10.9 %	-12.2 %	-7.1 %	-11.5 %	0.7 %	5.6 %	9.3 %
Adjusted EBIT growth-%					10.0 %	-160.0 %	-155.2 %	-35.4 %	89.0 %	-60.7 %	150.6 %	17.3 %	24.3 %
EBITDA-%					10.0 %	9.7 %	8.0 %	13.2 %	12.3 %	10.8 %	10.2 %	10.2 %	10.2 %
Adjusted EBIT-%	1.1 %	2.9 %	5.2 %	1.6 %	2.7 %	-0.8 %	-1.8 %	3.8 %	3.3 %	1.2 %	3.0 %	3.3 %	3.7 %
Net earnings-%	-1.0 %	-1.0 %	-3.3 %	-1.4 %	-1.7 %	-3.3 %	-2.2 %	3.3 %	-0.2 %	-0.6 %	0.1 %	0.4 %	1.0 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	213	213	211	210	208
Goodwill	37.7	39.9	39.9	39.9	39.9
Intangible assets	65.3	63.8	62.3	60.7	59.1
Tangible assets	104	103	103	105	107
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	0.8	0.7	0.0	0.0	0.0
Deferred tax assets	5.2	5.3	5.3	4.6	1.2
Current assets	164	135	118	117	123
Inventories	112	100.0	87.5	86.3	91.2
Other current assets	7.3	0.0	0.0	0.0	0.0
Receivables	18.8	23.7	12.5	12.6	13.3
Cash and equivalents	26.4	11.1	17.8	18.0	19.0
Balance sheet total	377	348	329	327	331

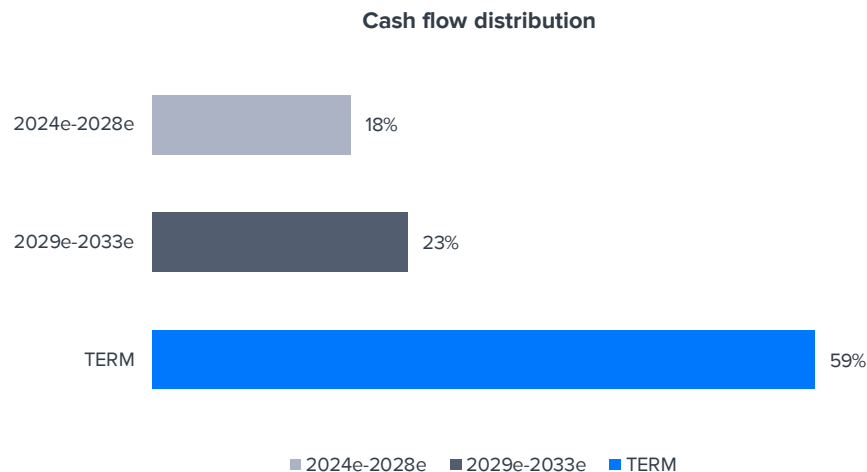
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	87.8	79.3	84.7	84.9	86.6
Share capital	15.2	15.2	15.2	15.2	15.2
Retained earnings	53.4	46.6	44.5	44.7	46.4
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	13.0	12.9	12.9	12.9	12.9
Other equity	0.0	0.0	12.1	12.1	12.1
Minorities	6.2	4.7	0.0	0.0	0.0
Non-current liabilities	128	122	108	104	101
Deferred tax liabilities	15.7	12.7	12.7	12.7	12.7
Provisions	0.0	0.1	0.0	0.0	0.0
Interest bearing debt	110	106	91.7	88.0	84.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	2.5	3.6	3.6	3.6	3.6
Current liabilities	161	147	136	138	144
Interest bearing debt	74.4	60.4	61.1	58.7	56.3
Payables	86.4	86.2	75.0	79.1	87.4
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	377	348	329	327	331

DCF -calculation 1/3, KH-Koneet

DCF model KH-Koneet (FAS)	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	15.2 %	-14.9 %	-12.5 %	4.0 %	10.0 %	18.0 %	14.0 %	12.0 %	6.0 %	2.5 %	2.0 %	1.5 %	1.5 %
EBIT-% (adj.)	5.0 %	3.7 %	3.3 %	4.0 %	5.3 %	5.3 %	5.0 %	5.0 %	5.0 %	5.0 %	4.5 %	4.0 %	4.0 %
EBIT (adj.)	9.7	6.1	4.8	6.0	8.8	10.4	11.2	12.5	13.2	13.6	12.5	11.2	
+ Depreciation	2.6	2.7	2.2	2.3	2.5	2.9	3.3	3.7	4.0	4.1	4.2	4.2	
- Paid taxes	-1.9	-1.6	-1.3	-1.5	-1.8	-2.1	-1.7	-1.7	-1.9	-1.9	-1.7	-1.5	
- Change in working capital	-11.9	-5.2	2.3	1.0	-1.5	-7.0	-5.7	-7.5	-4.2	-1.9	-1.5	-1.2	
Operating cash flow	-2.4	1.4	8.0	7.8	8.0	4.3	7.0	7.0	11.2	13.9	13.4	12.8	
+ 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	0.0	
- Gross CAPEX	-7.4	0.0	-4.7	-0.6	-4.5	-3.6	-5.1	-4.4	-4.7	-3.9	-4.8	-4.0	
Free operating cash flow	-9.8	1.3	3.2	7.1	3.5	0.7	1.9	2.6	6.5	9.9	8.7	8.8	
+/- 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	-9.8	1.3	3.2	7.1	3.5	0.7	1.9	2.6	6.5	9.9	8.7	8.8	110
Discounted FCFF			3.2	6.4	2.9	0.5	1.3	1.6	3.7	5.2	4.1	3.8	47.6
Sum of FCFF present value			80.2	77.0	70.6	67.7	67.2	65.9	64.3	60.6	55.5	51.4	47.6
Enterprise value DCF			80.2										
- Interest bearing debt			-26.5										
+ Cash and cash equivalents			0.0										
-Minorities			0.0										
-Dividend/capital return			0.0										
Equity value DCF			53.7										
WACC													
Tax-% (WACC)			20.0 %										
Target debt ratio (D/(D+E))			30.0 %										
Cost of debt			6.0 %										
Equity Beta			1.40										
Market risk premium			4.75%										
Liquidity premium			2.50%										
Risk free interest rate			2.5 %										
Cost of equity			11.7 %										
Weighted average cost of capital (WACC)			9.6 %										

Source: Inderes

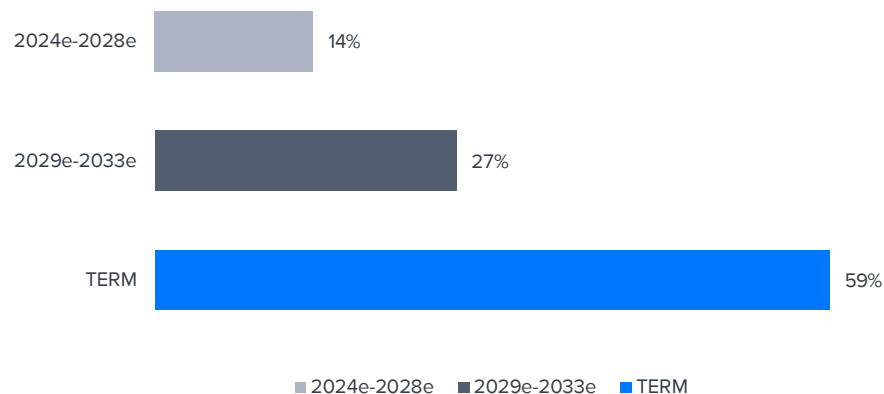


DCF -calculation 2/3, Indoor Group

DCF model Indoor Group (IFRS)	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-6.2 %	-3.1 %	-10.8 %	1.0 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %	1.5 %	0.5 %	0.5 %
EBIT-%	0.5 %	0.6 %	-0.2 %	2.2 %	2.7 %	3.3 %	4.3 %	4.3 %	4.2 %	4.2 %	4.2 %	4.0 %	4.0 %
EBIT (operating profit)	1.0	1.1	-0.3	3.7	4.6	5.8	7.8	7.9	7.9	8.1	8.2	7.8	
+ Depreciation	19.3	20.9	15.8	15.9	16.3	16.7	17.2	17.5	17.9	18.2	18.5	18.6	
- Paid taxes	-0.2	-0.2	0.1	-0.7	-0.9	-1.2	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	
- Change in working capital	-1.6	8.6	-4.2	-1.6	-5.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	13.7	26.2	11.3	17.3	14.7	21.4	23.4	23.8	24.2	24.6	25.0	24.8	
+ 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	0.0	
- Gross CAPEX	-20.9	-20.5	-10.9	-14.2	-15.6	-16.1	-16.6	-16.7	-17.2	-14.3	-19.3	-18.9	
Free operating cash flow	-7.2	5.7	0.4	3.1	-0.9	5.3	6.8	7.1	7.0	10.4	5.7	6.0	
+/- 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	-7.2	5.7	0.4	3.1	-0.9	5.3	6.8	7.1	7.0	10.4	5.7	6.0	93.4
Discounted FCFF			0.4	2.9	-0.8	4.3	5.1	5.0	4.6	6.4	3.3	3.2	50.6
Sum of FCFF present value			85.1	84.6	81.8	82.6	78.3	73.2	68.1	63.5	57.1	53.8	50.6
Enterprise value DCF			85.1										
- Interest bearing debt			-76.9										
+ Cash and cash equivalents			8.6										
-Minorities			0.0										
-Dividend/capital return			0.0										
Equity value DCF			16.7										
WACC													
Tax-% (WACC)			20.0 %										
Target debt ratio (D/(D+E))			75.0 %										
Cost of debt			6.5 %										
Equity Beta			1.5										
Market risk premium			4.75%										
Liquidity premium			2.5 %										
Risk free interest rate			2.5 %										
Cost of equity			12.1 %										
Weighted average cost of capital (WACC)			6.9 %										

Source: Inderes

Cash flow distribution

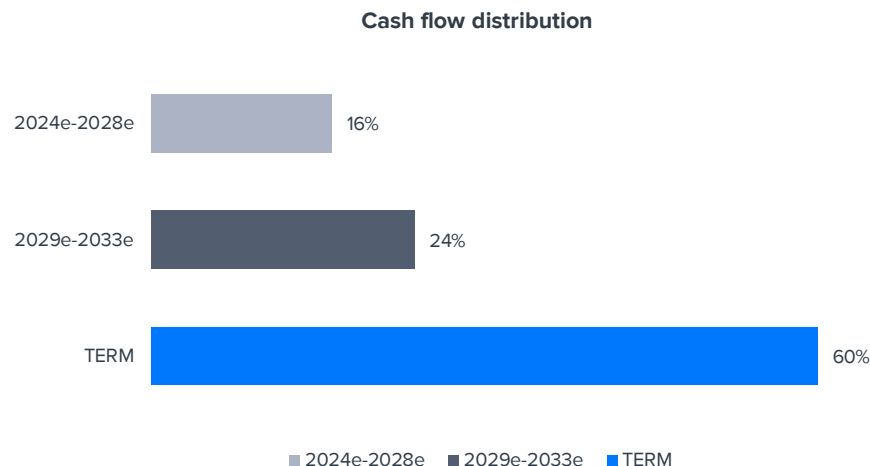


DCF -calculation 3/3, NRG

DCF model NRG (FAS)	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	11.0 %	-8.4 %	4.1 %	3.0 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBITDA-%	-4.7 %	5.2 %	6.7 %	5.7 %	4.9 %	4.9 %	4.4 %	4.4 %	4.4 %	4.4 %	4.4 %	4.0 %	4.0 %
EBIT (operating profit)	-8.7	0.9	0.7	0.3	0.0	0.1	0.7	1.5	1.6	1.6	1.6	1.5	
+ Depreciation	6.7	1.1	2.0	2.0	2.0	2.0	1.2	0.5	0.5	0.5	0.5	0.5	
- Paid taxes	0.0	-1.5	-0.5	-0.4	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
- Change in working capital	-0.4	7.2	-3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	-1.3	0.0	-1.6	1.9	1.7	1.8	1.6	1.7	1.7	1.7	1.8	1.6	
+ 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	0.0	
- Gross CAPEX	-0.1	-0.2	-0.4	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	
Free operating cash flow	-1.5	-0.2	-2.0	1.5	1.3	1.3	1.2	1.2	1.2	1.2	1.3	1.1	
+/- 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	-1.5	-0.2	-2.0	1.5	1.3	1.3	1.2	1.2	1.2	1.2	1.3	1.1	18.2
Discounted FCFF			-1.9	1.4	1.1	1.0	0.8	0.8	0.7	0.7	0.7	0.5	8.7
Sum of FCFF present value			14.5	16.4	15.1	14.0	13.0	12.1	11.4	10.6	9.9	9.3	8.7
Enterprise value DCF			14.5										
- Interest bearing debt			-9.8										
+ Cash and cash equivalents			0.3										
-Minorities			0.0										
-Dividend/capital return			0.0										
Equity value DCF			5.1										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	65.0 %
Cost of debt	7.0 %
Equity Beta	1.80
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.5 %
Cost of equity	13.6 %
Weighted average cost of capital (WACC)	8.4 %

Source: Inderes



Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	11.5	428.9	403.2	357.0	359.5	EPS (reported)	0.32	0.24	-0.11	-0.04	0.00
EBITDA	20.2	11.9	31.9	38.5	36.5	EPS (adj.)	0.32	0.24	0.12	-0.02	0.00
EBIT	20.2	11.9	-3.1	3.5	10.6	OCF / share	0.43	-0.64	0.75	0.88	0.69
PTP	20.2	11.7	-15.4	-6.9	0.7	FCF / share	0.43	-4.17	0.17	0.36	0.25
Net Income	18.4	13.8	-6.7	-2.1	0.2	Book value / share	1.61	1.40	1.29	1.46	1.46
Extraordinary items	0.0	0.0	-13.9	-0.7	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	113.3	377.0	347.7	328.7	326.9	Revenue growth-%	259%	3630%	-6%	-11%	1%
Equity capital	93.5	87.8	79.3	84.7	84.9	EBITDA growth-%	73%	-41%	168%	21%	-5%
Goodwill	0.0	37.7	39.9	39.9	39.9	EBIT (adj.) growth-%	73%	-41%	-9%	-61%	151%
Net debt	4.7	158.2	154.9	135.0	128.7	EPS (adj.) growth-%	86%	-25%	-48%	-119%	-114%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	175.7 %	2.8 %	7.9 %	10.8 %	10.2 %
EBITDA	20.2	11.9	31.9	38.5	36.5	EBIT (adj.)-%	175.7 %	2.8 %	2.7 %	1.2 %	3.0 %
Change in working capital	4.8	-55.7	14.0	12.5	5.2	EBIT-%	175.7 %	2.8 %	-0.8 %	1.0 %	3.0 %
Operating cash flow	24.9	-37.3	43.4	51.0	40.3	ROE-%	21.5 %	15.8 %	-8.5 %	-2.6 %	0.2 %
CAPEX	-0.2	-207.3	-35.1	-33.0	-25.8	ROI-%	22.8 %	6.4 %	-1.2 %	1.5 %	4.5 %
Free cash flow	24.7	-242.1	9.8	20.8	14.6	Equity ratio	82.5 %	23.3 %	22.8 %	25.8 %	26.0 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	5.0 %	180.2 %	195.2 %	159.4 %	151.7 %
EV/S	10.1	0.5	0.5	0.5	0.5						
EV/EBITDA	5.8	19.5	6.4	4.4	4.5						
EV/EBIT (adj.)	5.8	19.5	19.0	40.0	15.4						
P/E (adj.)	6.1	5.0	6.5	neg.	>100						
P/B	1.2	0.8	0.6	0.4	0.4						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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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
12/15/2021	Accumulate	2.00 €	1.94 €
3/4/2022	Buy	1.80 €	1.52 €
3/17/2022	Accumulate	1.80 €	1.64 €
5/6/2022	Buy	1.80 €	1.36 €
8/18/2022	Accumulate	1.50 €	1.29 €
11/4/2022	Buy	1.40 €	1.14 €
12/16/2022	Buy	1.40 €	1.17 €
2/21/2023	Accumulate	1.35 €	1.20 €
3/1/2023	Accumulate	1.20 €	1.08 €
5/5/2023	Buy	1.20 €	1.03 €
8/18/2023	Accumulate	1.05 €	0.95 €
<i>Analyst changed</i>			
10/30/2023	Accumulate	0.90 €	0.77 €
11/2/2023	Accumulate	0.90 €	0.79 €
3/11/2024	Accumulate	0.80 €	0.68 €
3/22/2024	Accumulate	0.95 €	0.85 €
5/2/2024	Accumulate	0.80 €	0.70 €
5/7/2024	Reduce	0.65 €	0.61 €
6/10/2024	Accumulate	0.72 €	0.64 €
8/12/2024	Reduce	0.60 €	0.58 €
8/19/2024	Accumulate	0.65 €	0.57 €
11/4/2024	Accumulate	0.68 €	0.60 €



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2014, 2015, 2016, 2018, 2019, 2020



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