

# ELTEL

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INDERES CORPORATE CUSTOMER

# COMPANY REPORT



# One step further in the right direction

We reiterate our Reduce recommendation and SEK 7.20 target price for Eltel. The company's Q4 report matched our expectations at a Group level, showcasing further profitability improvements as well as continued deleveraging. Given the recent flow of large contracts, we have revised our revenue estimates upwards, which naturally lifted our profitability assumptions in absolute terms. However, we believe that current-year multiples are on the high side and that the expected risk-adjusted return over the next 12 months does not provide sufficient support for the share price.

## Q4 was well in line with our estimates at Group level

In Q4, the Group's revenue decreased by 6% to 226 MEUR, which was well in line with our forecast, reflecting the divestment of High Voltage Poland during Q2. Across Eltel's country units, Sweden posted the strongest growth at 5% year-on-year, which was well above our estimates (est. -7%). Respectively, Finland's growth was broadly in line with our estimates, while Denmark's development was notably below our estimates (act: -8% y/y, est. 0%). Norway continued to struggle, with revenue down -12% year-on-year, matching our estimates. The Group's EBITA more than doubled from the comparison period and amounted to 5.7 MEUR, corresponding to an EBITA margin of 2.5%, both slightly exceeding our estimates (est. 5.4 MEUR & 2.4%). The margin improvement was supported by increased efficiency within the organization, progress in new and adjacent markets, and continued positive development in broadening the customer base. Compared to our estimates, Finland, Sweden, and Denmark showcased stronger-than-expected profitability, while Norway clearly fell short of our estimates. We also noted higher Group function costs than expected, which depressed the otherwise positive margin development across the country units.

Moving down the income statement, net financial costs, taxes, and minority interest were, on aggregate, slightly lower than we expected. Given the overall picture, the reported

EPS landed at 0.02 EUR, above our forecast.

## Clearly raised our estimates for the Finland division

To our understanding, there were no major changes in the outlook, with demand remaining mixed across regions and service areas. Outside Norway, demand appears at least decent. Reflecting on the report, management commentary, and recently signed contracts, we have raised the estimates, primarily for Finland, but also slightly for Sweden. At Group level, our revenue estimates increased by 2-3% for 2025-2026. These increased volumes naturally lifted our EBITA estimates for the next years, increasing by 5-10%. Hence, our estimate revisions further support our expectations for the company's profitability to increase gradually in the coming years through its strategic initiatives. We discussed our estimates for the next years in more detail in our [Initiation of coverage report](#).

## On the look for further improvements before turning positive

Based on our updated estimates, we believe that the overall earnings-based valuation remain somewhat on the high side for the current year (EV/EBITDA 4x, EV/EBIT 10x, P/E 25x). However, we argue that the overall earnings-based valuation looks more reasonable in 2026 (EV/EBITDA 4x, EV/EBIT 8x, P/E 8x) and closer to an attractive territory given our acceptable valuation range (EV/EBITDA 4x-7x, EV/EBIT 7x-11x, P/E 9x-13x). If the profitability continues to improve on the path as we expect, coupled with further deleveraging, we see upside potential in the stock in the medium term. However, due to Eltel's track record of earnings volatility, we believe it is somewhat premature to overly rely on a too distant future at this point. Reflecting this overall picture, we see the expected return on the share to be positive over the next 12 months, but slightly below the cost of equity we use, suggesting a somewhat weak risk/reward at the current share price.

## Recommendation

**Reduce**

(prev. Reduce)

## Target price:

**SEK 7.20**

(prev. SEK 7.20)

## Share price:

SEK 6.5

## Business risk



## Valuation risk



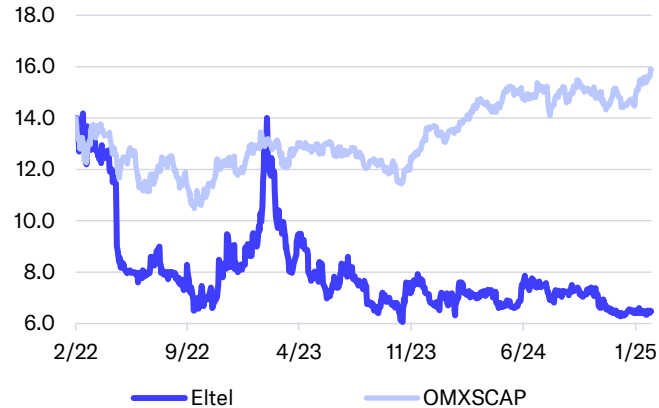
	2024	2025e	2026e	2027e
<b>Revenue</b>	828.7	868.8	892.1	914.6
<b>growth-%</b>	-3%	5%	3%	3%
<b>EBIT adj.</b>	10.5	22.2	26.6	29.9
<b>EBIT-% adj.</b>	1.3 %	2.6 %	3.0 %	3.3 %
<b>Net Income</b>	-29.7	6.9	12.9	15.5
<b>EPS (adj.)</b>	-0.03	0.02	0.07	0.10
<b>P/E (adj.)</b>	neg.	25.0	8.0	5.8
<b>P/B</b>	0.5	0.5	0.5	0.5
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	0.0 %
<b>EV/EBIT (adj.)</b>	22.0	10.1	7.9	6.4
<b>EV/EBITDA</b>	5.3	4.1	3.7	3.2
<b>EV/S</b>	0.3	0.3	0.2	0.2

Source: Inderes

## Guidance

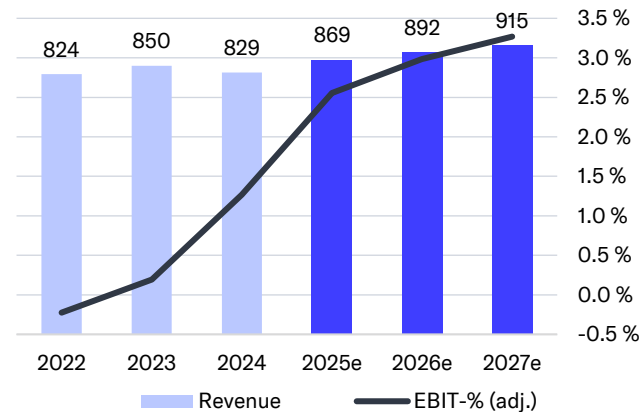
(No guidance)

## Share price



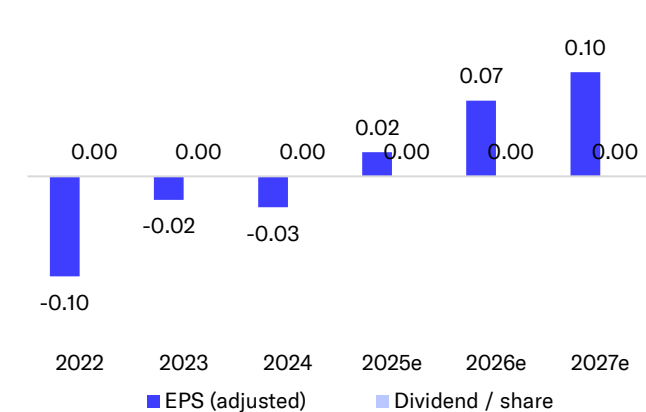
Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes

## Value drivers

- Sustainable profitability improvement, which would also support the cash flow
- Long-term business growth drivers are healthy, especially in Power
- Expanding into new and adjacent markets and leveraging its geographical coverage
- Broadening the customer base

## Risk factors

- Failure of the profitability turnaround
- Pricing and project risks
- Tight competitive situation and low barriers to entry
- Dependency on investments
- Scarce labor market and, thus difficulties to find skilled workforce
- Loss of a major customer / challenges faced by the customer themselves

Valuation	2025e	2026e	2027e
<b>Share price</b>	0.58	0.58	0.58
<b>Number of shares, millions</b>	156.7	156.7	156.7
<b>Market cap</b>	90	90	90
<b>EV</b>	225	210	191
<b>P/E (adj.)</b>	25.0	8.0	5.8
<b>P/E</b>	25.0	8.0	5.8
<b>P/B</b>	0.5	0.5	0.5
<b>P/S</b>	0.1	0.1	0.1
<b>EV/Sales</b>	0.3	0.2	0.2
<b>EV/EBITDA</b>	4.1	3.7	3.2
<b>EV/EBIT (adj.)</b>	10.1	7.9	6.4
<b>Payout ratio (%)</b>	0.0 %	0.0 %	0.0 %
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %

Source: Inderes

# Continued profitability improvements

## Group revenue in line with our estimates

As expected, Eltel showed a year-on-year revenue decline in Q4 at Group level, with revenue amounting to 226 MEUR (-6% y/y), which was in line with our estimates. FX changes didn't have any material impact on the top line (- 0.3 MEUR), as expected. The organic growth<sup>1</sup> was less depressed, amounting to -2%.

At a country unit level, Sweden reported the strongest year-on-year growth in Q4 with 5%, which was clearly above our estimates (Inderes est. -7%). The growth was primarily driven by increased activities within public infrastructure. Finland grew at a stable pace, (3% y/y), driven by the communication segment and especially fiber-to-the-home business, which was slightly short on our estimates of 4%. Revenue growth in Denmark saw some weakness (-8% y/y) during Q4 following declining volumes within the communication segment, which was weaker than expected (est. 0%). Even though the negative revenue

trend has flattened out somewhat, Norway continues to struggle, with revenue down -12% year-on-year (est. -12%). Other business unit revenue declined by 52% (est. -40%), reflecting the divestment of High Voltage Poland during Q2.

## Strong improvement in EBITA

Eltel's (adj.) EBITA more than doubled year on-year from low levels (Q4'23: 2.7 MEUR), and amounted to 5.7 MEUR, corresponding to a 2.5% margin. This was slightly above our estimates (5.4 MEUR), as a result of improved efficiency across all Nordic countries except Norway, which continues to experience some tail effects from implemented restructuring measures.

At the bottom of the P&L, net financial costs, taxes and minority interest were, in aggregate, slightly lower than we expected. Given the overall picture, reported EPS landed at 0.02 EUR, above our forecast.

## Seasonally high working capital release boosted cash flows

Operating cash flows (OCF) amounted to 39 MEUR, reflecting the typical release of working capital tie-ups during Q1-Q3 (WC delta Q4'24: +27 MEUR). To grasp the big picture of Eltel's quarterly fluctuations in cash flows, we monitor the development on a trailing twelve-month basis. According to our estimates, the company's LTM OCF stood at 28 MEUR (LTM-1: 34 MEUR). After deducting CAPEX and adjust for lease payments, we arrive at a free cash flow LTM of -4.3 MEUR (LTM-1: 7.6 MEUR). Thus, we note that the company needs to be able to increase its cash flow to strengthen its liquidity situation further. At the end of Q4, net debt stood at 114 MEUR (Q4'24: 101 MEUR), resulting in a leverage ratio (net debt / adj. EBITDA) of 2.5x (excluding the hybrid bond). This means that Eltel's leverage reached the upper limit of its target range of 1.5-2.5x, as a result of continued deleveraging and improved profitability.

Estimates MEUR / EUR	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus		Difference (%)	2024
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actual
Revenue	240	226	226				0%	829
EBITA (adj.)	2.8	5.7	5.4				6%	10.5
EBIT	2.9	4.2	5.4				-22%	-18.0
PTP	-0.8	0.9	2.4				-61%	-30.7
EPS (reported)	0.06	0.02	0.01				100%	
Revenue growth-%	7.3 %	-5.9 %	-5.7 %				-0.1 pp	-2.5 %
EBITA-% (adj.)	1.2 %	2.5 %	2.4 %				0.1 pp	1.3 %

Source: Inderes

<sup>1</sup> Adjusted for divested businesses and FX-changes

## Eltel Q4'24: Strong order book



# We raise our estimates

## Estimate revisions

- There were no major changes in the outlook as the demand situation is currently quite mixed between countries and service areas
- However, due to recent signed contracts, in particular the significant solar power plant contract in Finland of 73.5 MEUR (read our comment [here](#)), we have made upwards revisions in our estimates, primarily for the Finnish country-unit in 2025 as the majority of the project value will be materialized then.
- At the Group level, our revenue estimates increased by 2-3% in 2025-2026, primarily driven by Finland but we also raised our estimates for Sweden by a notch given the stronger-than-expected growth in Q4. The upward revenue revisions for Finland and Sweden was partly offset by lowered revenue growth projections for Denmark and “Other”.
- Our EBITA-% estimates remained more or less unchanged at a Group level, but the increase in revenue naturally lifted our profitability estimates. However, on a country unit basis, we lifted our EBITA-% estimated for all Nordic countries slightly except Norway, which we lowered, as we see that the profitability turnaround take a bit longer than previously anticipated.
- We have gone through our estimates for the next few years in more detail in our [Initiation of coverage report](#).

## Operational earnings drivers

- During Q4, Eltel signed new contracts worth of 308 MEUR (Q4'23: 110 MEUR), with its total order book increasing to 1.2 BNEUR. The company signed new contracts worth 308 MEUR in Q4, up from 110 MEUR in the comparison period. On the other hand, its committed order backlog stood at 385 MEUR at the end of Q4 (Q4'23: 532 MEUR). Despite the decline in the committed order backlog, this gives a solid backbone for the short term.
- We expect the easing of the worst inflationary pressures (i.e. as the order book rolls over) to support the company's profitability performance. It should still be noted, however, that it will take some time to roll out these pricing terms across the entire backlog due to the long-term nature of frame agreements.
- Clear room for profitability improvement through efficiency and utilization improvements, price increases and successful expansion into new and adjacent markets
- Increasing the share of New business in terms of total signed contracts (Q4'24: 13%) and Group's total revenue (Q4'24: 4%) due to their better margin profile

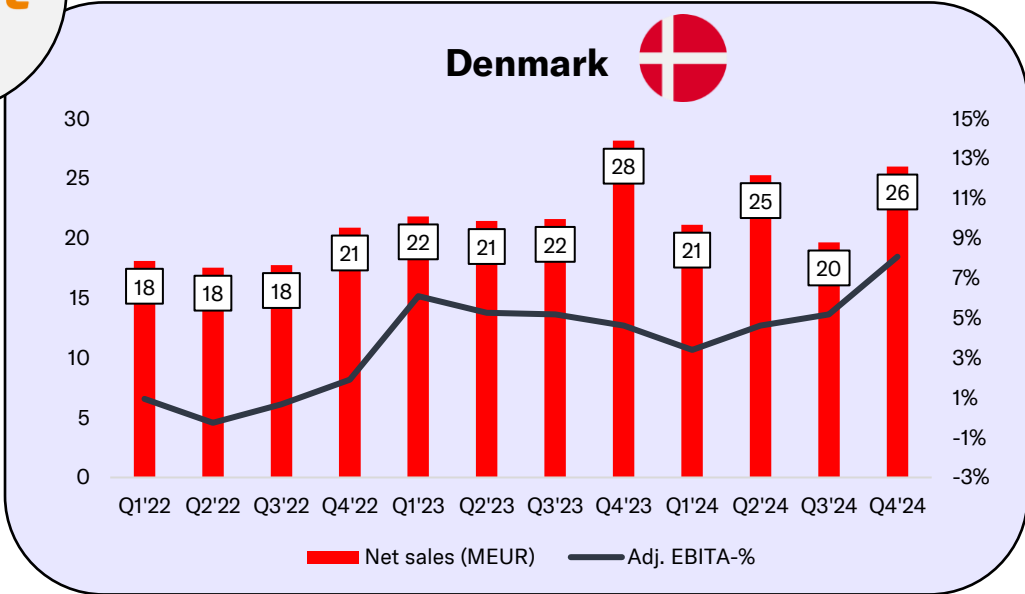
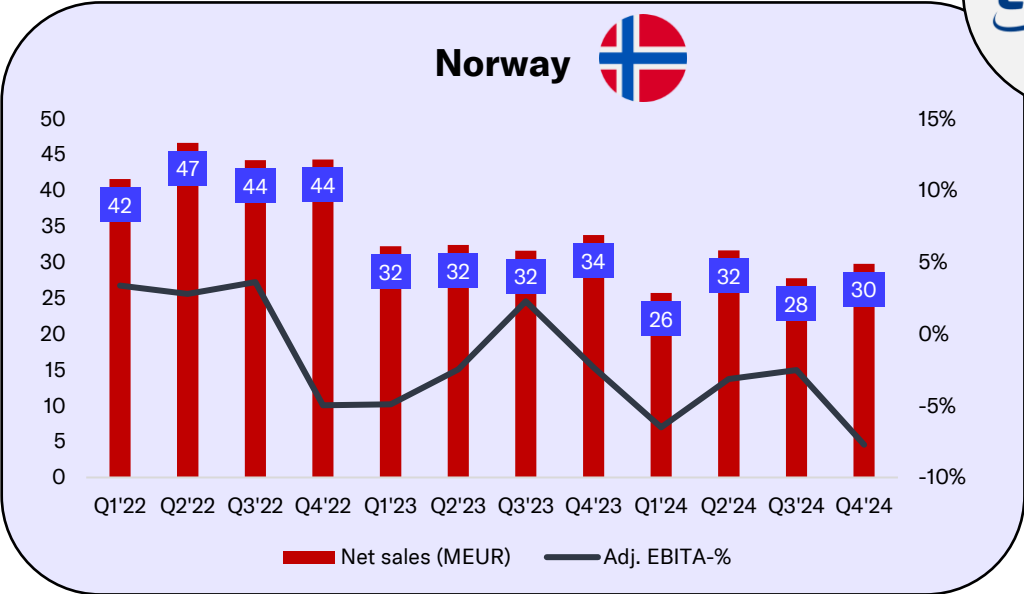
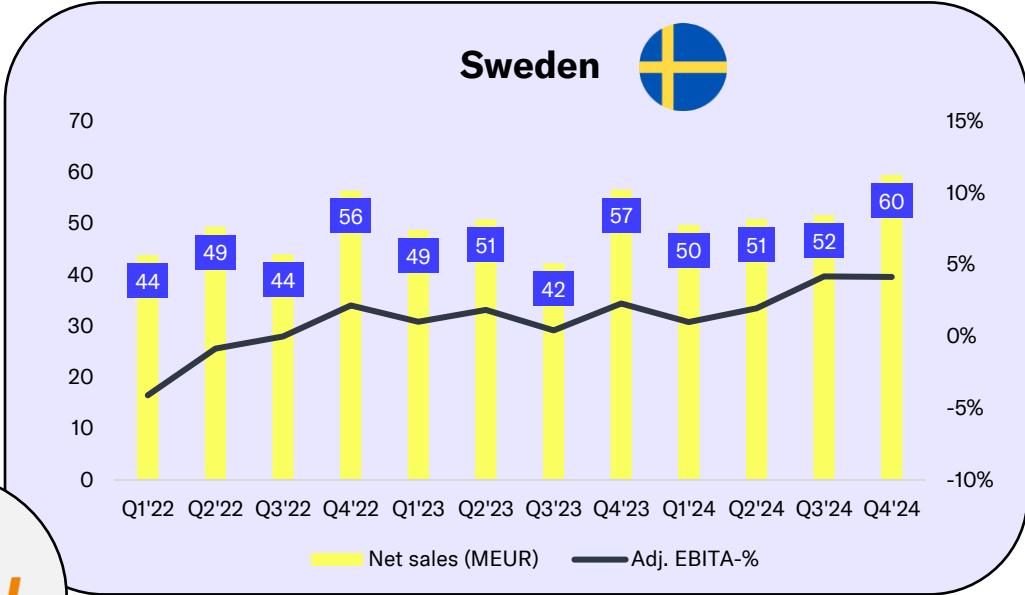
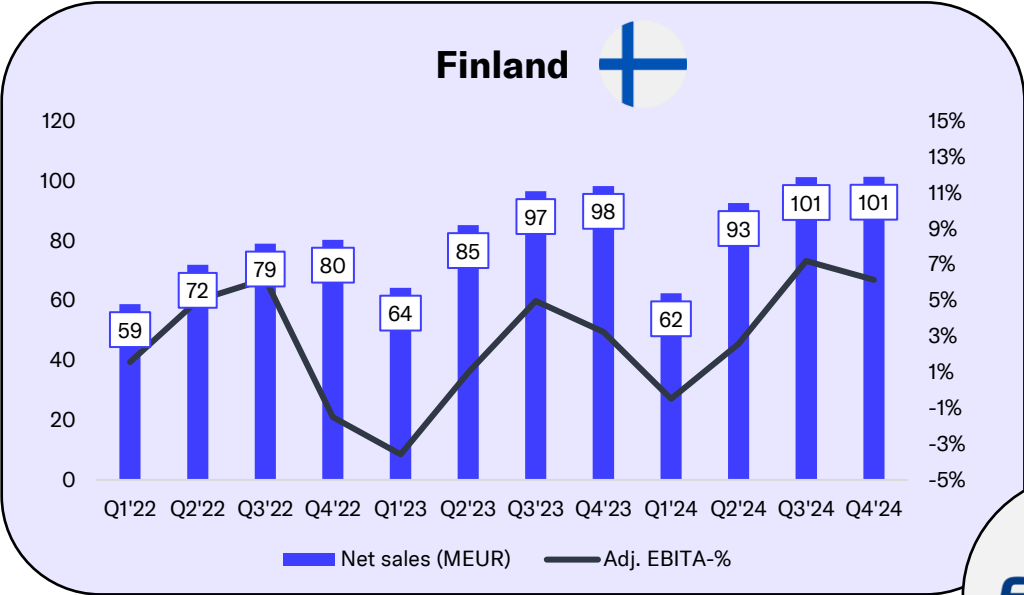
Estimate revisions	2024	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	829	829	0%	844	869	3%	877	892	2%
EBITDA	17.0	16.7	-1%	50.3	54.2	8%	52.9	57.0	8%
EBIT (excl. NRIs)	10.1	10.5	4%	20.3	22.2	10%	25.3	26.6	5%
EBIT	-16.8	-18.0	-7%	20.3	22.2	10%	25.3	26.6	5%
PTP	-29.3	-30.7	-5%	9.3	11.2	21%	15.3	16.6	9%
EPS (excl. NRIs)	-0.05	-0.03	42%	0.01	0.02	71%	0.06	0.07	10%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

## Eltel, Webcast with teleconference, Q4'24



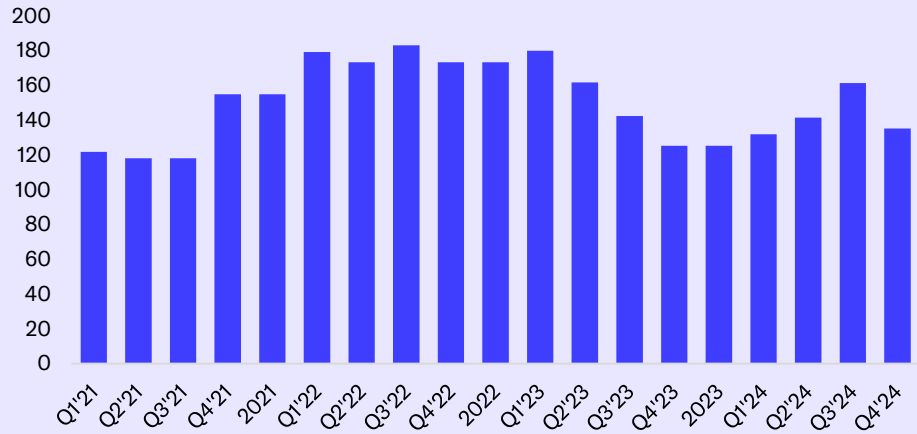
# Country-unit overview



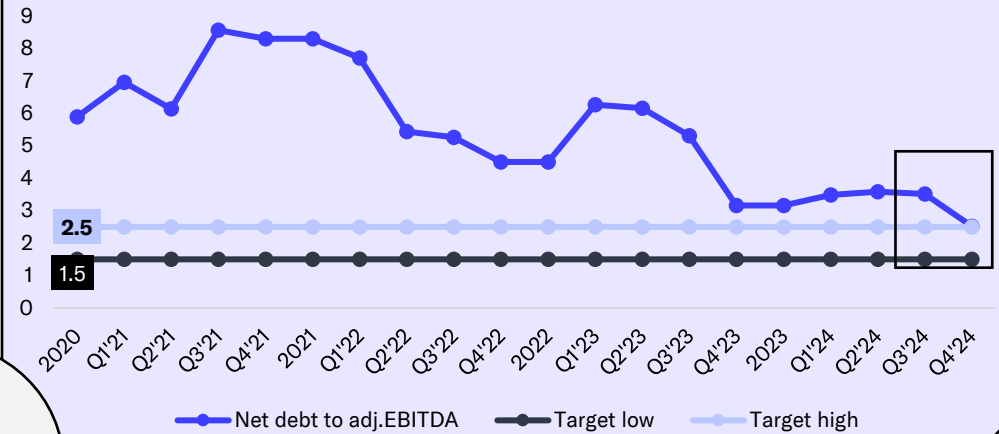
# Performance vs financial targets



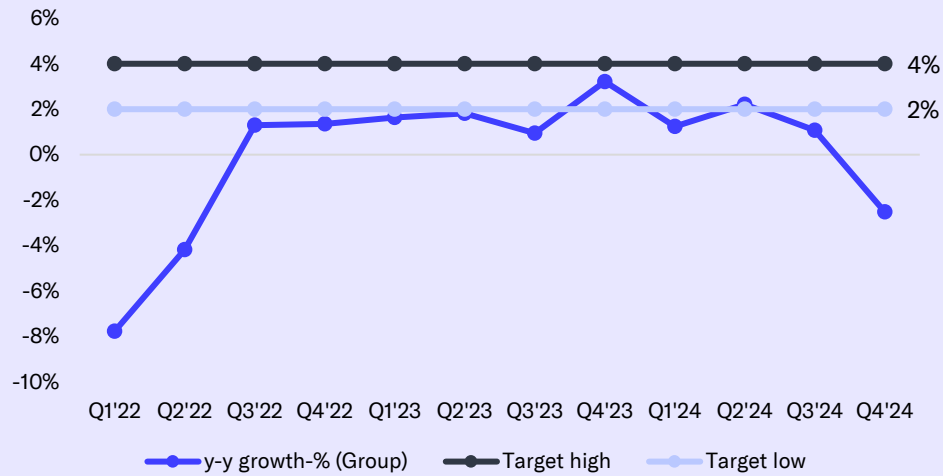
### Interest-bearing debt (MEUR)



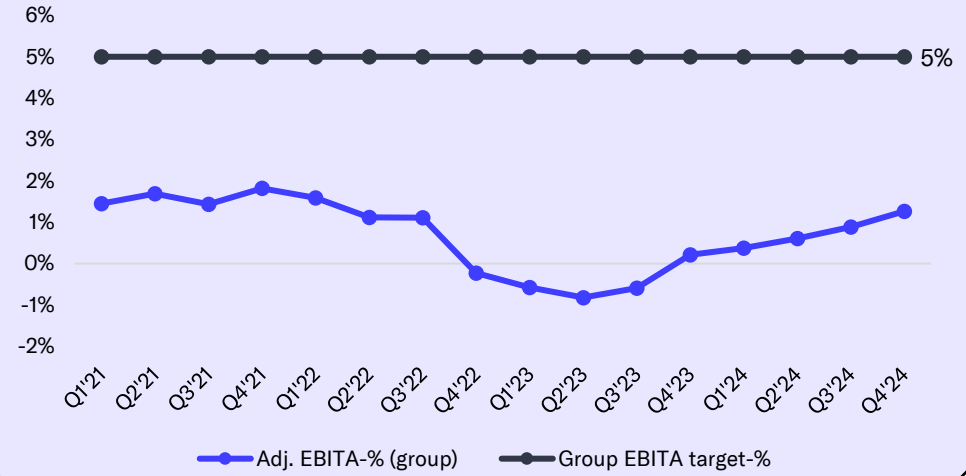
### Net debt/adj.EBITDA vs target



### LTM revenue growth-% vs target



### LTM adj. EBITA-% vs target



# Valuation

## Valuation methods

We approach the valuation of Eltel primarily with absolute valuation multiples. In addition, we use a total expected return calculation for the coming years and a DCF calculation to support the valuation.

Due to the company's improved profitability profile, the valuation can be considered using different earnings-based multiples. We favor the EV-based multiples as they better capture Eltel's balance sheet structure, but we also look at the P/E ratio. We look at multiples in absolute terms and in relative terms compared to a peer group (especially compared to its closest peers Netel, Transtema and Enersense). The focus of our valuation is especially on 2025 and 2026 multiples, as visibility into Eltel's business is quite limited due to the historically volatile performance.

## Absolute valuation

Based on our updated estimates, Eltel's EV/EBITDA multiple is around 4x for 2025 and 2026. At the same time, the corresponding EV/EBIT multiples are 10x and 8x, while the P/E multiple for 2025 is at elevated 25x due to low net income but falls sharply to 8x in 2026. Thus, looking at the current year, we believe that the overall earnings-based valuation is somewhat on the high side relative to the accepted valuation range (EV/EBITDA 4x-7x, EV/EBIT 7x-11x, P/E 9x-13x). However, we argue that the overall earnings-based valuation looks more reasonable in 2026 and closer to an attractive territory.

Thus, if the development continues on the path we expect, we believe there could be some upside in the 2026 multiples if the profitability improvement remains intact. Given Eltel's volatile track record, however, it is hard to rely too much on this, due to the still uncertain profitability improvement trajectory, current struggles in Norway, and a

market that in general remains quite hesitant, e.g., in the renewable sector. Hence, we believe that the current share price already reflects a profitability turnaround. Thus, we see the stock's main drivers in 2025, in terms of shareholder value, to be a faster and stronger profitability turnaround than our current expectations.

## Expected return in the coming years and DCF model

We have also looked at an investor's expected return over the next few years by simplifying the acceptable valuation and our 2027 earnings estimates. In our view, Eltel could be valued at 8x-9x EV/EBIT and around 10x-11x P/E at the end of 2027 based on our current estimates, if the profitability improvement is still intact and there are no major changes in the company's growth outlook.

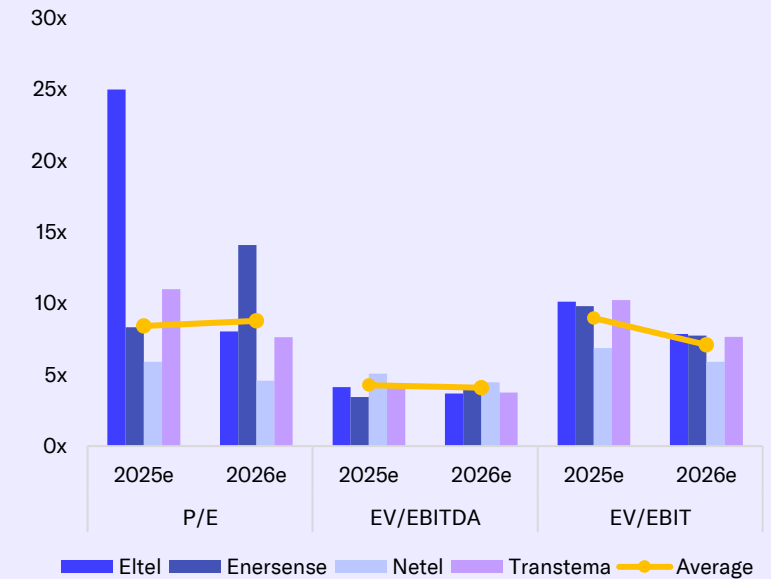
Given this and our current estimates, we believe that Eltel could be valued at roughly SEK 10.6-12.3 per share at the end of 2027 (at current EUR/SEK FX rate). At the current share price of SEK 6.5, we estimate that the expected annual return would be around 14-18% (no dividend is expected in the medium term). Hence, in this scenario, the total annual expected return would, on average, be above the 11% cost of equity that we use. However, given Eltel's track record of earnings volatility, we believe it is still somewhat premature to place significant reliance on this scenario. Furthermore, the expected return is back-loaded and depends on an EV-based valuation, which adds further uncertainty, e.g., regarding the capital structure, which is difficult to forecast over a longer period of time.

Furthermore, our DCF model indicates a value of EUR 0.67 per share (SEK 7.5), suggesting a more modest risk-adjusted upside at current share price level. We have gone through the assumptions of the DCF model and expected return for the coming years in more detail in our [Initiation of coverage](#).

Valuation	2025e	2026e	2027e
Share price	0.58	0.58	0.58
Number of shares, millions	156.7	156.7	156.7
Market cap	90	90	90
EV	225	210	191
P/E (adj.)	25.0	8.0	5.8
P/E	25.0	8.0	5.8
P/B	0.5	0.5	0.5
P/S	0.1	0.1	0.1
EV/Sales	0.3	0.2	0.2
EV/EBITDA	4.1	3.7	3.2
EV/EBIT (adj.)	10.1	7.9	6.4
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

## Eltel vs closest peers (2025-2026)

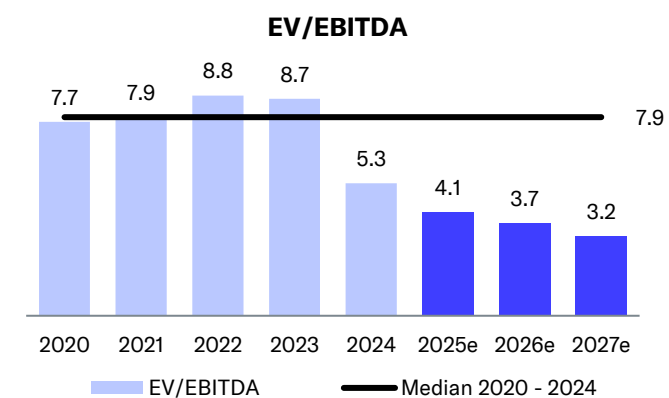
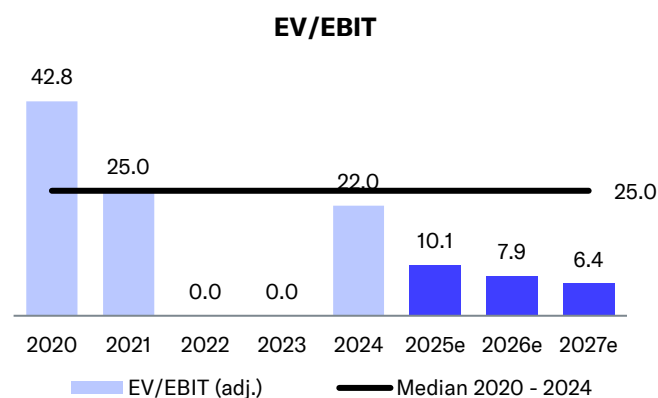
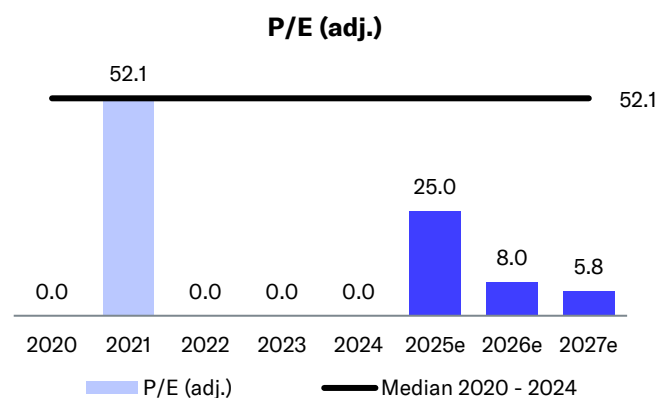




# Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	2.24	1.53	0.74	0.55	0.56	<b>0.58</b>	<b>0.58</b>	<b>0.58</b>	<b>0.58</b>
Number of shares, millions	156.6	156.6	156.7	156.7	156.7	<b>156.7</b>	<b>156.7</b>	<b>156.7</b>	<b>156.7</b>
Market cap	351	239	115	86	88	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>
EV	488	369	245	214	231	<b>225</b>	<b>210</b>	<b>191</b>	<b>173</b>
P/E (adj.)	neg.	52.1	neg.	neg.	neg.	<b>25.0</b>	<b>8.0</b>	<b>5.8</b>	<b>5.5</b>
P/E	74.7	55.7	neg.	neg.	neg.	<b>25.0</b>	<b>8.0</b>	<b>5.8</b>	<b>5.5</b>
P/B	1.7	1.1	0.6	0.4	0.5	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>
P/S	0.4	0.3	0.1	0.1	0.1	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
EV/Sales	0.5	0.5	0.3	0.3	0.3	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
EV/EBITDA	7.7	7.9	8.8	8.7	5.3	<b>4.1</b>	<b>3.7</b>	<b>3.2</b>	<b>2.8</b>
EV/EBIT (adj.)	42.8	25.0	neg.	>100	22.0	<b>10.1</b>	<b>7.9</b>	<b>6.4</b>	<b>5.6</b>
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>

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	
Bravida Holding	1759	1957	11.8	10.9	8.7	8.3	0.7	0.7	14.4	13.2	4.0	4.2	2.1
Enersense International	43	85	9.8	7.7	3.5	4.1	0.2	0.2	8.3	14.1		1.9	1.0
Instalco	862	1221	16.7	12.9	10.2	8.7	1.0	0.9	16.6	12.3	1.9	2.5	2.6
Netel Holding	57	125	6.9	5.9	5.1	4.5	0.4	0.4	5.9	4.6	5.1	6.5	0.6
Spie SA	5729	8116	12.0	11.1	8.0	7.6	0.8	0.7	12.1	11.2	3.4	3.6	2.4
Transtema	61	86	10.2	7.7	4.3	3.8	0.4	0.4	11.0	7.6			1.1
Vinci Energies	63105	87145	9.3	8.9	6.6	6.3	1.2	1.1	12.5	11.2	4.6	5.0	1.9
<b>Eltel (Inderes)</b>	<b>90</b>	<b>225</b>	<b>10.1</b>	<b>7.9</b>	<b>4.1</b>	<b>3.7</b>	<b>0.3</b>	<b>0.2</b>	<b>25.0</b>	<b>8.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.5</b>
<b>Average</b>			<b>11.0</b>	<b>9.3</b>	<b>6.6</b>	<b>6.2</b>	<b>0.7</b>	<b>0.6</b>	<b>11.6</b>	<b>10.6</b>	<b>3.8</b>	<b>3.9</b>	<b>1.7</b>
<b>Median</b>			<b>10.2</b>	<b>8.9</b>	<b>6.6</b>	<b>6.3</b>	<b>0.7</b>	<b>0.7</b>	<b>12.1</b>	<b>11.2</b>	<b>4.0</b>	<b>3.9</b>	<b>1.9</b>
<b>Diff-% to median</b>			<b>-1%</b>	<b>-11%</b>	<b>-37%</b>	<b>-42%</b>	<b>-65%</b>	<b>-67%</b>	<b>107%</b>	<b>-28%</b>	<b>-100%</b>	<b>-100%</b>	<b>-74%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
<b>Revenue</b>	<b>850</b>	<b>176</b>	<b>216</b>	<b>210</b>	<b>226</b>	<b>829</b>	<b>171</b>	<b>219</b>	<b>229</b>	<b>250</b>	<b>869</b>	<b>892</b>	<b>915</b>	<b>934</b>
Finland	344	62.4	92.6	101	101	358	68.0	102	114	117	401	409	419	428
Sweden	198	49.8	50.9	51.6	59.5	212	47.3	53.4	54.2	62.5	217	222	226	231
Norway	130	25.7	31.6	27.8	29.8	115	24.4	30.0	28.9	31.9	115	123	128	131
Denmark	93.1	21.1	25.3	19.6	26.0	92.0	21.4	23.8	21.0	28.1	94.2	96.1	98.0	100.0
Other business	93.7	18.7	18.1	12.2	12.9	61.9	11.2	12.7	12.8	13.5	50.2	51.2	52.3	53.3
Eliminations	-9.7	-1.5	-2.5	-2.3	-3.4	-9.7	-1.5	-2.5	-2.3	-3.0	-9.3	-9.3	-9.3	-9.3
<b>EBITDA</b>	<b>24.8</b>	<b>-19.6</b>	<b>8.5</b>	<b>15.2</b>	<b>12.6</b>	<b>16.7</b>	<b>5.4</b>	<b>11.7</b>	<b>19.3</b>	<b>17.8</b>	<b>54.2</b>	<b>57.0</b>	<b>60.0</b>	<b>61.5</b>
Depreciation	-30.1	-7.6	-8.0	-10.7	-8.4	-34.7	-8.0	-8.0	-8.0	-8.0	-32.0	-30.3	-30.1	-30.6
<b>EBIT (excl. NRI)</b>	<b>1.7</b>	<b>-4.0</b>	<b>0.5</b>	<b>8.2</b>	<b>5.8</b>	<b>10.5</b>	<b>-2.6</b>	<b>3.7</b>	<b>11.3</b>	<b>9.8</b>	<b>22.2</b>	<b>26.6</b>	<b>29.9</b>	<b>30.9</b>
<b>EBIT</b>	<b>-5.3</b>	<b>-27.2</b>	<b>0.5</b>	<b>4.5</b>	<b>4.2</b>	<b>-18.0</b>	<b>-2.6</b>	<b>3.7</b>	<b>11.3</b>	<b>9.8</b>	<b>22.2</b>	<b>26.6</b>	<b>29.9</b>	<b>30.9</b>
Finland	6.5	-0.3	2.4	7.3	6.4	15.7	-0.1	4.3	8.8	6.6	19.6	19.6	20.1	20.5
Sweden	2.9	0.5	1.0	2.2	2.4	6.1	0.5	1.2	2.6	2.7	6.9	7.3	7.7	8.1
Norway	-2.5	-1.7	-1.0	-0.7	-2.3	-5.7	-1.6	-0.9	0.3	0.6	-1.6	1.8	3.8	3.9
Denmark	4.9	0.7	1.2	1.0	2.1	5.0	0.8	1.1	1.1	1.8	4.9	5.0	5.1	5.2
Other business	-1.0	-0.5	-0.4	0.5	1.1	0.7	0.4	0.6	0.6	1.0	2.7	2.8	3.1	3.2
Group functions	-9.1	-2.8	-2.6	-2.0	-3.9	-11.3	-2.6	-2.6	-2.2	-3.0	-10.4	-10.0	-10.0	-10.0
Items affecting comparability	-7.0	-23.2	0.0	-3.7	-1.6	-28.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition-related amortization	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	-12.7	-3.0	-2.8	-3.7	-3.3	-12.7	-2.9	-2.8	-2.7	-2.6	-11.0	-10.0	-10.0	-10.0
<b>PTP</b>	<b>-18.0</b>	<b>-30.2</b>	<b>-2.3</b>	<b>0.8</b>	<b>1.0</b>	<b>-30.7</b>	<b>-5.5</b>	<b>0.9</b>	<b>8.6</b>	<b>7.2</b>	<b>11.2</b>	<b>16.6</b>	<b>19.9</b>	<b>20.9</b>
Taxes	10.3	-0.3	-0.4	-0.7	2.9	1.6	-0.3	-0.4	-1.7	-1.4	-3.9	-3.3	-4.0	-4.2
Minority interest	-0.3	0.0	0.0	-0.5	-0.1	-0.6	0.0	0.0	-0.3	-0.1	-0.4	-0.4	-0.4	-0.4
<b>Net earnings</b>	<b>-8.0</b>	<b>-30.5</b>	<b>-2.6</b>	<b>-0.4</b>	<b>3.8</b>	<b>-29.7</b>	<b>-5.8</b>	<b>0.5</b>	<b>6.6</b>	<b>5.7</b>	<b>6.9</b>	<b>12.9</b>	<b>15.5</b>	<b>16.4</b>
<b>EPS (adj.)</b>	<b>-0.02</b>	<b>-0.05</b>	<b>-0.02</b>	<b>0.02</b>	<b>0.03</b>	<b>-0.03</b>	<b>-0.04</b>	<b>0.00</b>	<b>0.04</b>	<b>0.03</b>	<b>0.02</b>	<b>0.07</b>	<b>0.10</b>	<b>0.10</b>
<b>EPS (rep.)</b>	<b>-0.07</b>	<b>-0.20</b>	<b>-0.02</b>	<b>-0.01</b>	<b>0.02</b>	<b>-0.21</b>	<b>-0.04</b>	<b>0.00</b>	<b>0.04</b>	<b>0.03</b>	<b>0.02</b>	<b>0.07</b>	<b>0.10</b>	<b>0.10</b>
<b>Key figures</b>	<b>2023</b>	<b>Q1'24</b>	<b>Q2'24</b>	<b>Q3'24</b>	<b>Q4'24</b>	<b>2024</b>	<b>Q1'25e</b>	<b>Q2'25e</b>	<b>Q3'25e</b>	<b>Q4'25e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>	<b>2028e</b>
<b>Revenue growth-%</b>	3.2 %	-6.4 %	3.8 %	-1.5 %	-5.9 %	-2.5 %	-3.1 %	1.5 %	9.0 %	10.3 %	4.8 %	2.7 %	2.5 %	2.1 %
<b>Adjusted EBIT growth-%</b>	-189.2 %	-27.1 %	-133.6 %	38.6 %	108.6 %	536.4 %	-34.7 %	630.7 %	37.9 %	68.0 %	111.3 %	20.0 %	12.3 %	3.5 %
<b>EBITDA-%</b>	2.9 %	-11.1 %	3.9 %	7.2 %	5.6 %	2.0 %	3.1 %	5.3 %	8.4 %	7.1 %	6.2 %	6.4 %	6.6 %	6.6 %
<b>Adjusted EBIT-%</b>	0.2 %	-2.3 %	0.2 %	3.9 %	2.6 %	1.3 %	-1.5 %	1.7 %	4.9 %	3.9 %	2.6 %	3.0 %	3.3 %	3.3 %
<b>Net earnings-%</b>	-0.9 %	-17.3 %	-1.2 %	-0.2 %	1.7 %	-3.6 %	-3.4 %	0.2 %	2.9 %	2.3 %	0.8 %	1.4 %	1.7 %	1.8 %

Source: Inderes

# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
<b>Non-current assets</b>	<b>387</b>	<b>380</b>	<b>379</b>	<b>379</b>	<b>380</b>
Goodwill	254	249	249	249	249
Intangible assets	32.9	30.3	30.4	30.5	30.6
Tangible assets	62.4	59.4	58.4	59.0	59.9
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	9.8	13.4	13.4	13.4	13.4
Deferred tax assets	27.9	27.2	27.2	27.2	27.2
<b>Current assets</b>	<b>238</b>	<b>206</b>	<b>234</b>	<b>240</b>	<b>246</b>
Inventories	17.3	19.3	19.1	19.6	20.1
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	196	165	184	189	194
Cash and equivalents	24.7	21.3	30.4	31.2	32.0
<b>Balance sheet total</b>	<b>624</b>	<b>585</b>	<b>612</b>	<b>619</b>	<b>626</b>

Source: Inderes

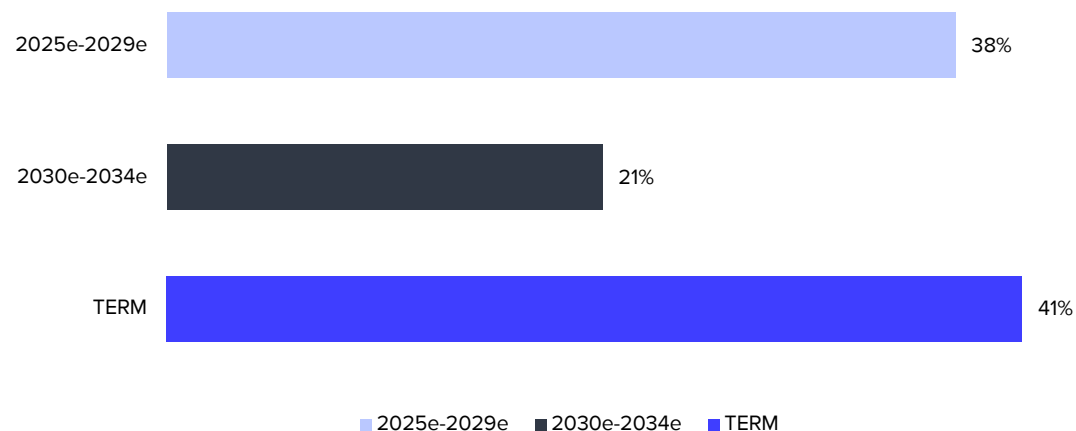
Liabilities & equity	2023	2024	2025e	2026e	2027e
<b>Equity</b>	<b>224</b>	<b>189</b>	<b>193</b>	<b>179</b>	<b>195</b>
Share capital	162	162	162	162	162
Retained earnings	-390.8	-423.7	-420.1	-408.8	-393.3
Hybrid bonds	25.0	25.0	25.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	420	418	418	418	418
Minorities	7.6	8.0	8.0	8.0	8.0
<b>Non-current liabilities</b>	<b>75.5</b>	<b>106</b>	<b>107</b>	<b>115</b>	<b>107</b>
Deferred tax liabilities	11.3	10.7	10.7	10.7	10.7
Provisions	3.4	5.2	5.2	5.2	5.2
Interest bearing debt	54.6	51.8	53.7	61.3	53.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	6.2	37.9	37.9	37.9	37.9
<b>Current liabilities</b>	<b>325</b>	<b>290</b>	<b>312</b>	<b>325</b>	<b>324</b>
Interest bearing debt	70.3	83.2	82.2	84.8	75.5
Payables	251	203	226	236	245
Other current liabilities	3.7	3.8	3.8	3.8	3.8
<b>Balance sheet total</b>	<b>624</b>	<b>585</b>	<b>612</b>	<b>619</b>	<b>626</b>

# DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-2.5 %	4.8 %	2.7 %	2.5 %	2.1 %	2.3 %	2.2 %	2.2 %	2.1 %	2.0 %	2.0 %	2.0 %
EBIT-%	-2.2 %	2.6 %	3.0 %	3.3 %	3.3 %	3.1 %	2.9 %	2.7 %	2.5 %	2.5 %	2.5 %	2.5 %
<b>EBIT (operating profit)</b>	<b>-18.0</b>	<b>22.2</b>	<b>26.6</b>	<b>29.9</b>	<b>30.9</b>	<b>29.6</b>	<b>28.3</b>	<b>26.9</b>	<b>25.5</b>	<b>26.0</b>	<b>26.5</b>	
+ Depreciation	34.7	32.0	30.3	30.1	30.6	30.2	30.6	30.8	31.1	31.5	32.0	
- Paid taxes	1.7	-3.9	-3.3	-4.0	-4.2	-3.9	-3.7	-3.4	-3.1	-3.2	-4.3	
- Tax, financial expenses	-0.7	-2.2	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-1.0	
+ 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	-19.3	3.7	5.1	3.4	2.5	1.7	1.8	1.8	1.8	0.8	0.8	
<b>Operating cash flow</b>	<b>-1.5</b>	<b>51.9</b>	<b>56.7</b>	<b>57.5</b>	<b>57.8</b>	<b>55.6</b>	<b>55.0</b>	<b>54.2</b>	<b>53.4</b>	<b>53.1</b>	<b>54.0</b>	
+ Change in other long-term liabilities	33.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-28.4	-31.1	-31.1	-31.1	-31.1	-31.1	-31.1	-31.6	-31.9	-32.6	-32.6	
<b>Free operating cash flow</b>	<b>3.6</b>	<b>20.8</b>	<b>25.6</b>	<b>26.4</b>	<b>26.7</b>	<b>24.5</b>	<b>23.9</b>	<b>22.6</b>	<b>21.5</b>	<b>20.5</b>	<b>21.4</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	3.6	20.8	25.6	26.4	26.7	24.5	23.9	22.6	21.5	20.5	21.4	266
<b>Discounted FCFF</b>		<b>19.1</b>	<b>21.3</b>	<b>19.9</b>	<b>18.3</b>	<b>15.3</b>	<b>13.5</b>	<b>11.6</b>	<b>10.0</b>	<b>8.6</b>	<b>8.2</b>	<b>102</b>
Sum of FCFF present value		248	229	207	187	169	154	140	129	119	110	102
<b>Enterprise value DCF</b>		<b>248</b>										
- Interest bearing debt		-160.0										
+ Cash and cash equivalents		21.3										
-Minorities		-3.9										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>105</b>										
<b>Equity value DCF per share</b>		<b>0.67</b>										
<b>Equity value DCF per share (SEK)</b>		<b>7.5</b>										

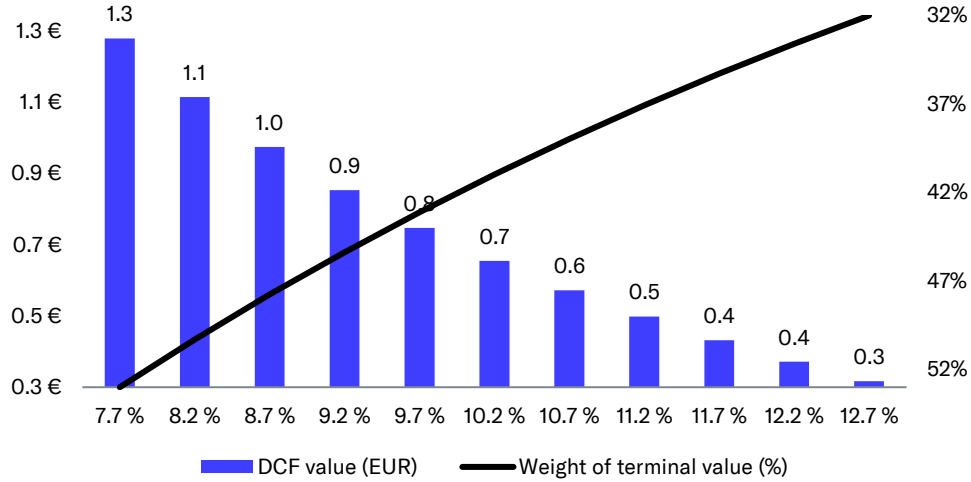
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	25.0 %
Cost of debt	10.0 %
Equity Beta	1.40
Market risk premium	4.75%
Liquidity premium	1.80%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>11.0 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>10.2 %</b>

Cash flow distribution

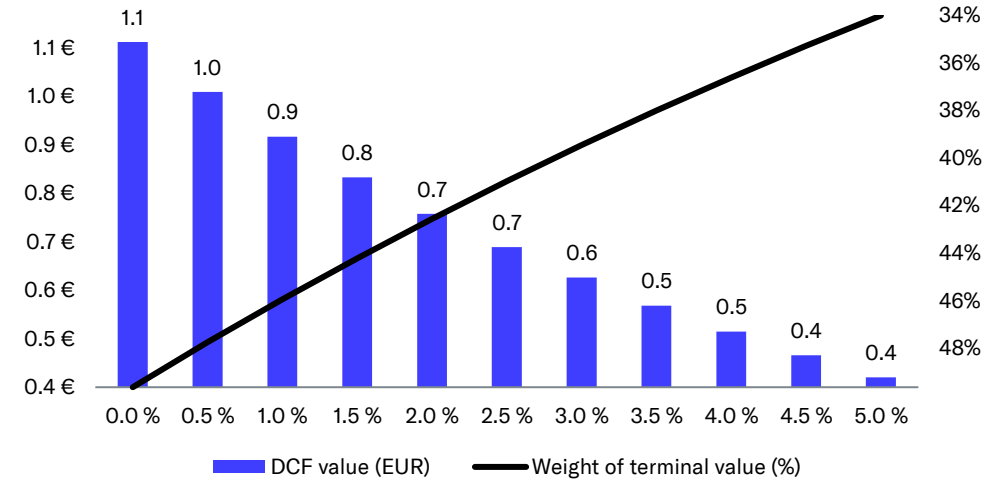


# DCF sensitivity calculations and key assumptions in graphs

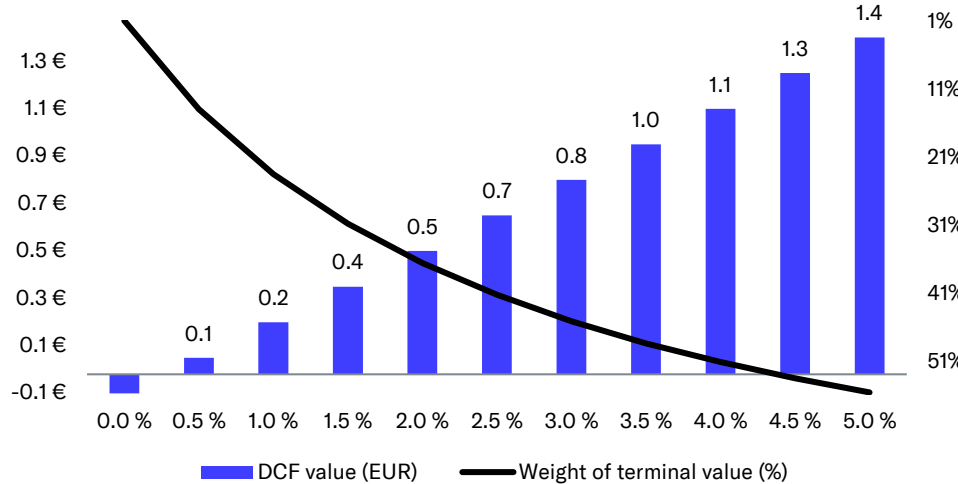
Sensitivity of DCF to changes in the WACC-%



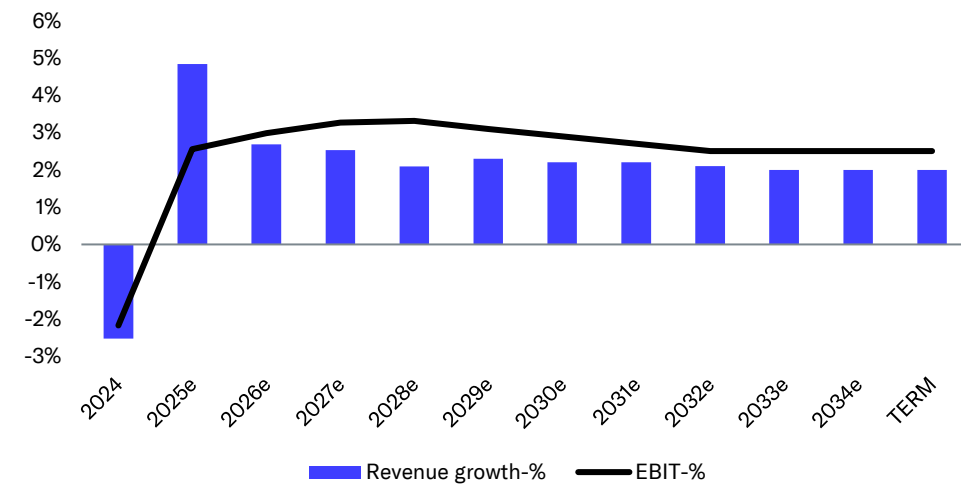
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Lähde: Inderes. Huomaa, että terminaaliarvon paino (%) on esitetty käänteisellä asteikolla selkeyden vuoksi.

# Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	823.6	850.1	828.7	<b>868.8</b>	<b>892.1</b>	EPS (reported)	-0.10	-0.07	-0.21	<b>0.02</b>	<b>0.07</b>
EBITDA	27.8	24.8	16.7	<b>54.2</b>	<b>57.0</b>	EPS (adj.)	-0.10	-0.02	-0.03	<b>0.02</b>	<b>0.07</b>
EBIT	-2.0	-5.3	-18.0	<b>22.2</b>	<b>26.6</b>	OCF / share	0.19	0.30	-0.01	<b>0.33</b>	<b>0.36</b>
PTP	-11.4	-18.0	-30.7	<b>11.2</b>	<b>16.6</b>	FCF / share	0.04	0.10	0.02	<b>0.13</b>	<b>0.16</b>
Net Income	-15.0	-8.0	-29.7	<b>6.9</b>	<b>12.9</b>	Book value / share	1.30	1.38	1.16	<b>1.18</b>	<b>1.09</b>
Extraordinary items	-0.1	-7.0	-28.5	<b>0.0</b>	<b>0.0</b>	Dividend / share	0.00	0.00	0.00	<b>0.00</b>	<b>0.00</b>
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	621.7	624.2	585.4	<b>612.4</b>	<b>619.4</b>	Revenue growth-%	1%	3%	-3%	<b>5%</b>	<b>3%</b>
Equity capital	211.3	223.6	189.4	<b>193.0</b>	<b>179.3</b>	EBITDA growth-%	-40%	-11%	-33%	<b>224%</b>	<b>5%</b>
Goodwill	256.0	253.6	249.3	<b>249.3</b>	<b>249.3</b>	EBIT (adj.) growth-%	-113%	-189%	536%	<b>111%</b>	<b>20%</b>
Net debt	125.0	100.2	113.7	<b>105.4</b>	<b>114.9</b>	EPS (adj.) growth-%	-424%	-77%	32%	<b>-179%</b>	<b>211%</b>
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	3.4 %	2.9 %	2.0 %	<b>6.2 %</b>	<b>6.4 %</b>
EBITDA	27.8	24.8	16.7	<b>54.2</b>	<b>57.0</b>	EBIT (adj.)-%	-0.2 %	0.2 %	1.3 %	<b>2.6 %</b>	<b>3.0 %</b>
Change in working capital	5.2	25.8	-19.3	<b>3.7</b>	<b>5.1</b>	EBIT-%	-0.2 %	-0.6 %	-2.2 %	<b>2.6 %</b>	<b>3.0 %</b>
Operating cash flow	29.3	47.7	-1.5	<b>51.9</b>	<b>56.7</b>	ROE-%	-7.1 %	-3.8 %	-14.9 %	<b>3.8 %</b>	<b>7.2 %</b>
CAPEX	-14.7	-33.2	-28.4	<b>-31.1</b>	<b>-31.1</b>	ROI-%	-0.5 %	-1.4 %	-5.3 %	<b>6.8 %</b>	<b>8.1 %</b>
Free cash flow	6.1	15.0	3.6	<b>20.8</b>	<b>25.6</b>	Equity ratio	37.0 %	39.6 %	35.5 %	<b>34.4 %</b>	<b>31.6 %</b>
						Gearing	59.2 %	44.8 %	60.0 %	<b>54.6 %</b>	<b>64.1 %</b>
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	0.3	0.3	0.3	<b>0.3</b>	<b>0.2</b>						
EV/EBITDA	8.8	8.7	5.3	<b>4.1</b>	<b>3.7</b>						
EV/EBIT (adj.)	neg.	>100	22.0	<b>10.1</b>	<b>7.9</b>						
P/E (adj.)	neg.	neg.	neg.	<b>25.0</b>	<b>8.0</b>						
P/B	0.6	0.4	0.5	<b>0.5</b>	<b>0.5</b>						
Dividend-%	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>						

Source: Inderes

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
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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
5/30/2024	Reduce	SEK 7.20	SEK 6.60
7/26/2024	Reduce	SEK 7.20	SEK 7.50
11/1/2024	Reduce	SEK 7.20	SEK 7.38
2/17/2025	Reduce	SEK 7.20	SEK 6.48





# CONNECTING INVESTORS AND COMPANIES.

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Inderes was created by investors, for investors.

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