

Harvia

Company report

11/8/2024



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✓ Inderes corporate customer

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Efficiency at work

Harvia's Q3 result was slightly better than our expectations with a positive margin surprise. The company's growth prospects remain good both in the short and medium term. However, this is also reflected in the somewhat high valuation (e.g., 2025 P/E 26x). We raised our medium-term margin estimates and the target price to EUR 40 (previous EUR 37). We reiterate our Sell recommendation.

Strong material margin drove Q3 result above our estimate

Harvia's Q3 revenue increased by 14% and organically by 8%. As expected, the regions outside Europe continued to show strong growth, while revenue in Northern Europe continued to decline, pushing the group's revenue development slightly (2%) below our forecast. The company improved its adj. EBIT margin by almost 3 percentage points in Q3, reaching the level of H1, with Q3 typically being the seasonally weakest in terms of margin. This was supported by a material margin that rose to almost 70% (vs. Q3'23 61% and H1'24 just under 65%). The company commented that this was supported by both geographical and product group-specific sales distribution. We believe the former is a continuing trend, while the latter may be at least partly quarterly fluctuation. On the other hand, fixed costs were also significantly higher than expected, limiting a greater improvement in the EBIT margin.

Growth outlook remains good and profitability potential looks increasingly promising

Harvia does not provide short-term guidance, but based on management's comments, the outlook remains good, especially in its strongly growing markets outside Europe. The exception may be Northern Europe, where revenue, which has been declining this year, will not turn to growth in Q4, at least according to our forecasts. We did not make any significant changes to this year's forecasts, but we believe that the very strong material margin implied by Harvia supports the company's medium-term margin potential, as we expect fixed cost growth to slow down below revenue growth at some point.

Targets updated in spring aim to accelerate growth; we expect Harvia to meet targets

Harvia updated its financial targets last spring and now aims to achieve annual sales growth of 10% (including acquisitions) and an operating profit margin of over 20%. We believe that Harvia will achieve these targets, as the ThermaSol acquisition will lead to growth of around 15% p.a. in 2024-25, and in 2026-27 the organic growth rate alone will be close to the targeted 10%. As in recent years, growth will be driven by non-European regions, with growth in the US supported by increased expansion in steam and infrared products. We also expect Harvia to maintain profitability well within the target level of 22-24%.

Valuation is high, expected return is weak, even though the company generates good value and cash flow

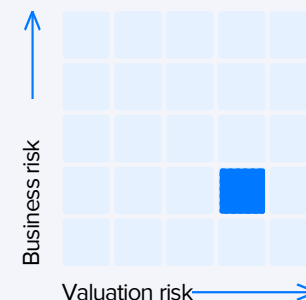
We believe that Harvia's valuation level (e.g. EV/EBIT 2025 20x, P/E 26x) is high, although we believe that the company's return on capital employed and its ability to allocate and generate cash flow are excellent and that multiples will therefore moderate in the coming years. We believe that Harvia's capital allocation will continue to be value-creating, and thus channeling of cash into acquisitions and/or larger dividends will support the investor's expected return. We also see Harvia as a potential acquisition target, but with the current valuation, we find it quite expensive for the buyer. Overall, however, the expected return at this valuation level remains weak, especially on a 12-month horizon.

Recommendation

Sell
(was Sell)

EUR 40.00
(was EUR 37.00)

Share price:
46.10



Key figures

	2023	2024e	2025e	2026e
Revenue	151	171	200	219
growth-%	-13%	14%	17%	9%
EBIT adj.	33.7	38.7	45.5	52.2
EBIT-% adj.	22.4 %	22.6 %	22.8 %	23.9 %
Net Income	23.3	25.7	32.4	38.0
EPS (adj.)	1.28	1.46	1.76	2.05
P/E (adj.)	19.8	31.5	26.2	22.4
P/B	4.4	7.1	6.2	5.3
Dividend yield-%	2.7 %	1.6 %	1.7 %	2.2 %
EV/EBIT (adj.)	15.4	23.8	19.9	16.9
EV/EBITDA	13.2	21.0	17.5	14.9
EV/S	3.4	5.4	4.5	4.0

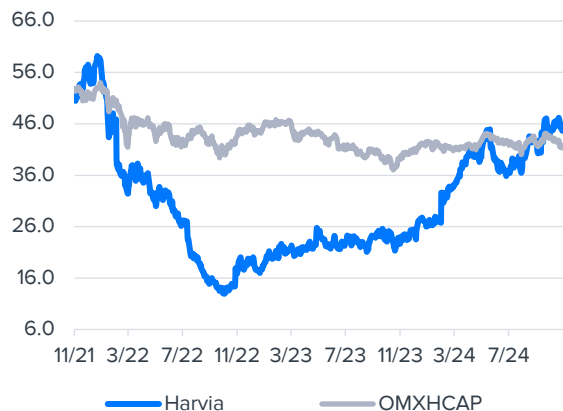
Source: Inderes

Guidance

(Unchanged)

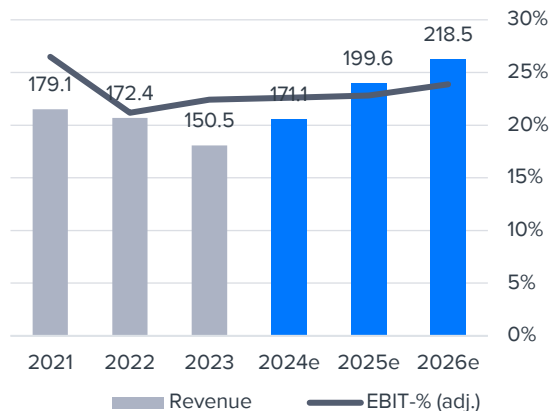
Harvia does not publish a short-term outlook.

Share price



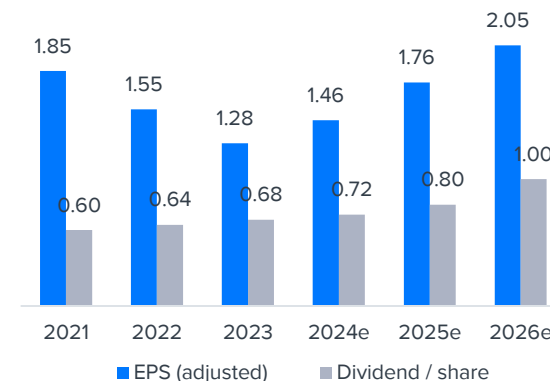
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Stably growing sauna and spa market in the longer term
- Leading market position and best profitability in the sector
- Strong cash flow and low investment need
- Revenue growth through complementing acquisitions and expansion of the reseller network



Risk factors

- Dependency on the Muurame plant
- Changes in the competitive field or position
- Economic fluctuations and fluctuations on the construction market may slow down growth
- Successful integration of acquisitions
- Weakening global demand trend for saunas

Valuation	2024e	2025e	2026e
Share price	46.1	46.1	46.1
Number of shares, millions	18.7	18.7	18.7
Market cap	860	860	860
EV	921	906	885
P/E (adj.)	31.5	26.2	22.4
P/E	33.4	26.6	22.6
P/B	7.1	6.2	5.3
P/S	5.0	4.3	3.9
EV/Sales	5.4	4.5	4.0
EV/EBITDA	21.0	17.5	14.9
EV/EBIT (adj.)	23.8	19.9	16.9
Payout ratio (%)	52.2 %	46.1 %	49.1 %
Dividend yield-%	1.6 %	1.7 %	2.2 %

Source: Inderes

Good growth and very strong margin in Q3

Revenue grew slightly slower than expected

Harvia's revenue grew by 15% in comparable currencies, or 14% as reported, and by 8% organically. Revenue was slightly below our forecast, mainly due to organic growth. North America, the company's largest segment, continued its strong growth at almost 40%, about half of which was organic. APAC & MEA, another growth area in recent years, also grew by almost 25%, despite a strong comparison period. Growth in North America was in line with our expectations and APAC & MEA exceeded them. No market figures are available, but we believe that Harvia's growth in these countries is faster than the market.

Continental Europe grew by a comfortable 8% and by almost 5% between January and September, showing an improving trend. By contrast, Northern Europe, where Finland is the main contributor, was down 7%

both in Q3 and in January-September. The Northern European development was much weaker than we had expected. This was mainly explained by the difficult consumer and construction market in Finland and, among the product groups, the continued downward trend in Scandinavian hot tubs.

EBIT above expectations, material margin exceptionally strong

Q3 is typically Harvia's weakest quarter in terms of revenue, and we believe that this year will be the same. As a result, EBIT is also typically seasonally weakest in Q3. However, this year the company significantly improved its adj. EBIT margin in Q3, reaching the level of H1. This was supported by a material margin that rose to almost 70% (vs. Q3'23 61% and H1'24 just under 65%). The company commented that this was supported by both geographical and product group-specific sales distribution. We believe

the former is a continuing trend, while the latter may be at least partly quarterly fluctuation.

On the other hand, fixed costs were also significantly higher than expected, limiting a greater improvement in the EBIT margin. Harvia is now investing heavily in future growth, also by increasing fixed costs. In the medium term, growth should also provide operational leverage on fixed costs, and thus a very strong and improving gross margin creates the potential for a stronger than previously expected EBIT margin in the longer term.

Indebtedness well under control

Although Harvia's cash flow in Q3 was tepid due to inventory build-up and the ThermaSol transaction was completed in the quarter, the company's balance sheet remained strong. Net debt/ EBITDA was 1.4x, well below the company's target of "below 2.5x".

Estimates MEUR / EUR	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	33.9	38.7	39.3	40.7			-2%	171
EBITDA	8.3	10.1	9.7	10.3			4%	43.8
EBIT (adj.)	6.8	8.9	8.2	-			8%	38.7
EBIT	6.8	8.3	7.9	8.6			4%	37.1
PTP	6.1	6.8	6.9	0.0			-2%	33.4
EPS (reported)	0.24	0.29	0.29	0.31			2%	1.38
Revenue growth-%	-9.3 %	14.0 %	15.7 %	19.9 %			-1.8 pp	13.7 %
EBIT-% (adj.)	20.1 %	22.9 %	20.9 %				2 pp	22.6 %

Source: Inderes & Bloomberg, 4 analysts (consensus)

Margin assumptions for future years increased

Outlook looks strong

Harvia does not provide guidance or a short-term outlook, but management's comments suggest that the outlook is still quite good. The exception may be Northern Europe, where revenue, which has been declining this year, is unlikely to turn to growth, at least in Q4.

However, Harvia's growth is currently coming from markets outside Europe. In this market, its product penetration is still low and, on the other hand, it is to some extent a luxury product, which means that it is not necessarily exposed to general economic trends, at least not as sensitively as in the European market, for example.

Margin assumptions raised, especially in the medium term

As we reported on the previous page, Harvia's material margin in Q3 was very strong, but fixed costs were also higher than we expected. We believe that the investment in fixed costs will still be visible in the short term (over the next year), but as growth continues, fixed costs should provide operational leverage, i.e. they should at some point grow slower than revenue growth.

We raised our margin assumptions for the coming years as well as the margin structure along the lines of the Q3 result. We do not expect the material margin to reach the Q3 level on a permanent basis, but we believe that it will be significantly better than in previous years, and with continued growth outside Europe, Harvia has the opportunity to continue the

upward trend in the material margin as well. While our revenue estimates remain unchanged, the change is reflected in slightly higher forecasts for 2025 and more clearly for 2026, as well as in the medium-term projections of our DCF model.

Estimate revisions MEUR / EUR	2024e			2025e			2026e		
	Old	Tot.	Change %	Old	New	Change %	Old	New	Change %
Revenue	172	171	0%	200	200	0%	219	219	0%
EBITDA	44.0	43.8	0%	51.4	51.9	1%	56.9	59.2	4%
EBIT (exc. NRIs)	38.4	38.7	1%	44.2	45.5	3%	49.2	52.2	6%
EBIT	37.1	37.1	0%	43.7	45.0	3%	48.9	51.9	6%
EPS (excl. NRIs)	1.46	1.47	0%	1.71	1.76	3%	1.93	2.05	6%
DPS	0.72	0.72	0%	0.80	0.80	0%	1.00	1.00	0%

Source: Inderes

Harvia Plc, Q3'24



Valuation stays high

Valuation is quite high

We expect Harvia to grow significantly starting from this year until the 2030s, and the company has proven its quality even during the difficult years of 2022-23. Although we find Harvia's multiples high for the next few years, we note that we expect the company's earnings growth and good cash flow to push multiples down over the years. However, the high valuation keeps the expected return weak in our view.

Multiples will fall over time

From a valuation perspective, we think our projected P/E of over 30x and EV/EBIT of 24x for 2024 are high. P/E will remain well above 20x in 2025-26, while EV/EBIT will fall to 17x in 2026. The multiples are also well above the average of the peer group, although we do not consider the peer group to be directly comparable with Harvia.

The sale of Harvia's unlisted competitor Sauna 360 to US Masco in July 2023 offers one approach to the valuation. The EV/S ratio of the transaction was 1.5x and EV/EBIT was around 14x with last year's figures, while Harvia's corresponding ratios for this year are above 5x and 24x. Harvia's clearly higher EV/S ratio is due to better profitability. Compared to the valuation level (EV/EBIT) of the transaction, Harvia's valuation is higher, but the companies are different in many respects. At the turn of 23/24, there was also another transaction in the industry when Kohler, a US-based company, acquired Harvia's rival Klafs. However, the figures for this transaction have not been published. We also believe that Harvia is a potential acquisition target for large players such as Masco and Kohler, but the current valuation already sets the price very high considering a possible bid.

Outlined in terms of earnings growth and dividend (i.e. assuming the current valuation is maintained), we arrive at an expected return of 10-15%. It is also worth noting that our projections keep Harvia's net debt/EBITDA low (below 1.5x), while the target is below 2.5x. This will allow the company to either distribute more profits or make acquisitions, which we believe will support expected returns. Harvia will likely seek to make acquisitions in the future.

DCF model

With a stable industry, steady profitability and a fairly predictable business, we believe that the DCF model is a relevant valuation method for Harvia. After the more detailed forecast years described above, we forecast a gradual slowdown in the company's revenue growth from 9% to 2.5% from 2027 to 2032, which is our terminal growth assumption. In the medium term, we expect profitability to rise to 24% in terms of the EBIT margin, which is also our terminal assumption.

We expect the level of investment to remain moderate, as Harvia has made significant investments in 2021 that will allow the company to grow. However, growth investments will be needed in the near future, especially in the US. The company's capital requirement is generally low and the return on capital is high, which enables strong cash flow and growth. Our medium-term assumption for the company's capex/revenue ratio is around 3%, which also allows for growth, with maintenance capex closer to 2% in our view.

Valuation	2024e	2025e	2026e
Share price	46.1	46.1	46.1
Number of shares, millions	18.7	18.7	18.7
Market cap	860	860	860
EV	921	906	885
P/E (adj.)	31.5	26.2	22.4
P/E	33.4	26.6	22.6
P/B	7.1	6.2	5.3
P/S	5.0	4.3	3.9
EV/Sales	5.4	4.5	4.0
EV/EBITDA	21.0	17.5	14.9
EV/EBIT (adj.)	23.8	19.9	16.9
Payout ratio (%)	52.2 %	46.1 %	49.1 %
Dividend yield-%	1.6 %	1.7 %	2.2 %

Source: Inderes

Strategy 1/2

Harvia's strategic focus areas (announced in May 2024)



Delivering the full sauna experience

- Increasing sales of end-to-end systems and solutions
- Being a leader in all sauna types by increasing the share of steam and infrared saunas
- Bringing new innovations to market, including design, user experience, and digital solutions

Winning in strategically important markets

- Market-specific targets:
- In North America, continued growth across all price points, product groups and channels;
 - Strengthening its position in Europe and growth in the short term as the market recovers;
 - APAC & MEA market development in 'high potential countries'
 - Harvia also wants to be an active consolidator

Leading in key channels

- "the right product in the right channel"
- For resellers (B2B), the best long-term partner
- Strengthening the direct consumer channel
- Supporting end-users over the product life cycle

Best-in-class operations and great people

- Automation of operations and strong capacity growth in fast-growing markets
- Enhancing group integration to support productivity and growth
- Developing employees' abilities and supporting their well-being
- Continuous improvement of sustainability in operations and supply chains

Strategy 2/2

Inderes' comments on the strategy

We see Harvia's strategic priorities as a very logical development from the past and as reasonable and realistic for the company's situation and potential. They also clearly support the achievement of the company's financial objectives. We'll go through each area below.

Expansion beyond traditional products will continue

Delivering the full sauna experience has somewhat replaced the previous objective of increasing the average purchase, which remains as an element, i.e., increasing sales of complete solutions - this is still a logical goal, and Harvia has shown that it can also achieve a good margin on complete saunas, for example. The idea behind both objectives is to further expand Harvia's product portfolio in the sauna & spa market.

In order to increase the share of steam saunas, Harvia has already made an acquisition, which we see as a very good strategic move. Adding more steam and infrared to the company's portfolio will significantly increase its growth potential and is, in our view, a very sensible direction to take. Bringing innovations to market is a normal part of any company's business. In Harvia's market, products change rather slowly, so we do not see the introduction of major innovations as critical for Harvia.

Geographical focus on expanding into key markets

Winning in strategically important markets replaced the previous "geographic expansion" objective, and the company has clearly said that geographic coverage is already sufficient and that the focus

should now be on those markets where the potential is significant.

In recent years, Harvia's growth has come from outside Europe, and there is clearly more potential for growth in this market, which the company's targets refer to and build on. We believe that the company's strong brand and good products also support expansion opportunities in newer sauna markets. We believe that the development of cross-selling through acquisitions can support sales growth, e.g., in steam and professional products.

Harvia has already been active in acquisitions this year. However, there are a limited number of good targets, so even if we continue to see takeovers, they may be few and far between.

Direct consumer sales are particularly important in the US

Leadership in key channels is a new objective for the company and highlights the slightly changed distribution channel structure. To our understanding, the strengthening of the direct-to-consumer channel is at this stage mainly related to the US market, where it already represents a significant part (about one third) of the company's sales. Also in APAC & MEA, we believe there is potential to take more control of the channel, while in Europe the structure has historically been reseller-led and is unlikely to change significantly in the short to medium term.

In some product groups, such as traditional sauna heaters, Harvia has a very broad product range, while in others there are clear gaps in the market. Clarifying the product range and targeting the right markets and channels sounds like a good way to

develop the range without having to increase it significantly.

Operational efficiency is already at a good level

The three previously mentioned objectives are "based on" the *best-in-class operations and great people*, which in the previous objectives was called "productivity improvement". The efficiency of Harvia's production and other operations is already at an excellent level, but we see further room for improvement in this area, for example by better integrating the production and operations of previously acquired companies.

Continuously improving efficiency and taking care of employees is part of the normal business of any company. We believe that the company will continue to expand its capacity, especially in the fast-growing North American market, while the Muurame factory (traditional heaters and saunas), for example, will be able to produce significantly higher volumes with the current equipment, i.e., only by increasing the number of shifts.

Financial targets



Financial targets (updated in May 2024, previously issued at the time of the IPO in 2018)

Annual organic revenue growth on average 10%

- Increased from previous target of "above 5%", but now includes impact of acquisitions
- However, Harvia expects the market to grow by more than 5% in the coming years and the company will continue to gain market share, which should bring organic growth close to 10%.
- Supported by the ThermaSol acquisition, we expect Harvia to exceed the target with an average growth rate of 12% (CAGR) in 2023-27.

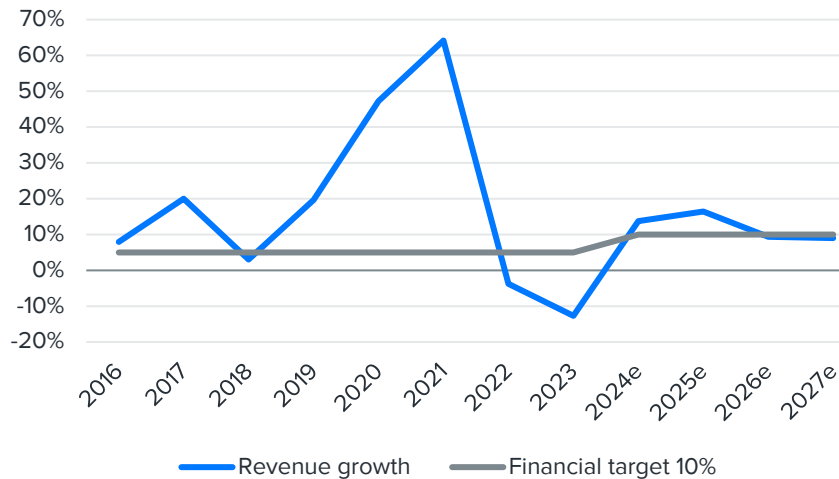
Adjusted EBIT margin over 20%

- The target remained unchanged
- Harvia's profitability has historically been on both sides of the target, and in recent years above the target. We believe that Harvia will continue to be able to achieve the targeted margin level
- Growth supports profitability through operational leverage, but on the other hand, the investments required for growth (increase in fixed costs) and the potential negative impact of acquisitions limit the margin increase

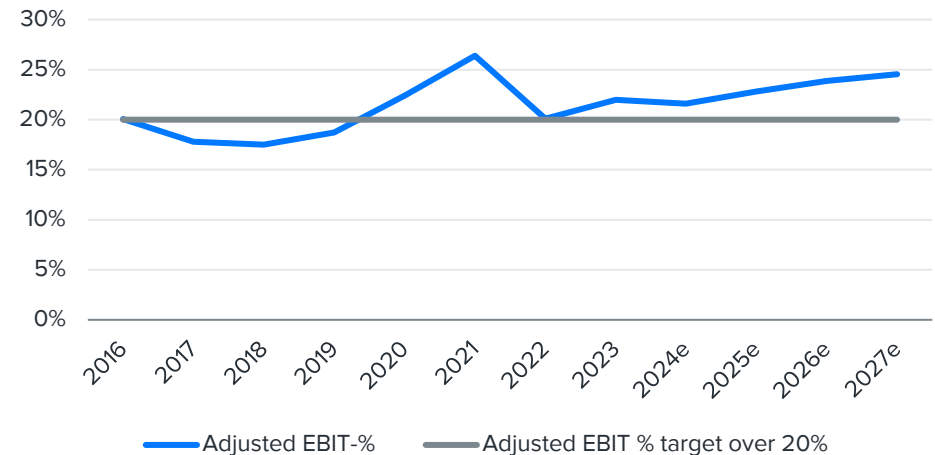
Net debt/adjusted EBITDA <2.5x

- The previous lower limit of 1.5x, which was practically irrelevant, was removed from the target.
- Harvia's cash flow is strong and its investment needs are low, which means that the company can easily repay its debt under normal circumstances, and the ratio will increase mainly due to potential acquisitions.
- Including the ThermaSol acquisition, the level was 1.4x at the end of Q3'24, and we expect Harvia to remain on target in the future.

Revenue growth target



EBIT % target



Climate target and taxonomic analysis

Harvia's business is largely outside the taxonomy

Harvia's business is the manufacture and sale of consumer products (mainly sauna heaters and saunas), which at this stage does not in principle fall within the scope of the taxonomy. We believe that this is because taxonomy initially identified sectors that have the most significant impact on climate change, which does not include consumer products.

However, Harvia has small parts of its operations that the company considers to be taxonomically aligned or eligible. The taxonomic activities included in revenue are related to the manufacture of energy efficiency equipment and, more specifically, to the automation of sauna control. In addition, the sale of spare parts is estimated to be taxonomy eligible for the circular economy objective. The company's capital expenditures (capex) also include some taxonomy-like/eligible activities related to energy efficiency improvements, such as the purchase of electric forklifts. In principle, the company's products consume energy when used (sauna heating), so from this perspective the products have a rather negative impact on the environment.

We feel taxonomy has no impact on the business

As Harvia's operations are currently not significantly covered by the taxonomy, we do not believe that the current taxonomy will have any impact on Harvia's business and thus, for example, on its financial situation or financial expenses.

Climate target related to emissions from own activities

One of Harvia's four sustainability targets is to minimize its environmental footprint, or more specifically, to make its operations carbon neutral by

2030. This will be achieved, among other things, by switching to zero-emission electricity. The share of zero-emission electricity was 68% in 2020 and 75% in 2023.

Harvia's emissions (Scope 1 & 2) increased significantly in 2020-21 as strong demand increased production volumes and the company also expanded through acquisitions. However, Harvia's historical reported figures are not comparable due to changes in the calculation method. Compared to 2021, emissions decreased significantly in 2022 and by more than 10% in 2023. However, this was affected by a significant reduction in production, so the figures do not give a picture of the evolution of emission efficiency, nor do they reflect emissions/revenue very well, as the company made significant price increases in 2021-22. Harvia has also not been very specific about how it will achieve carbon neutrality, nor have the targets or means been validated by an external party. However, we believe that the target is realistic. Last year, Scope 1 emissions were slightly higher than Scope 2 emissions. Scope 3 emissions have not been reported by Harvia.

Taxonomy eligibility	2022*	2023
Revenue	1%	4%
OPEX	0%	1%
CAPEX	2%	6%

Taxonomy alignment	2022	2023
Revenue	2%	4%
OPEX	0%	0%
CAPEX	50%	1%

Climate

Climate target	Yes	Yes
Target according to the Paris Agreement (1.5 °C warming scenario)	No	No

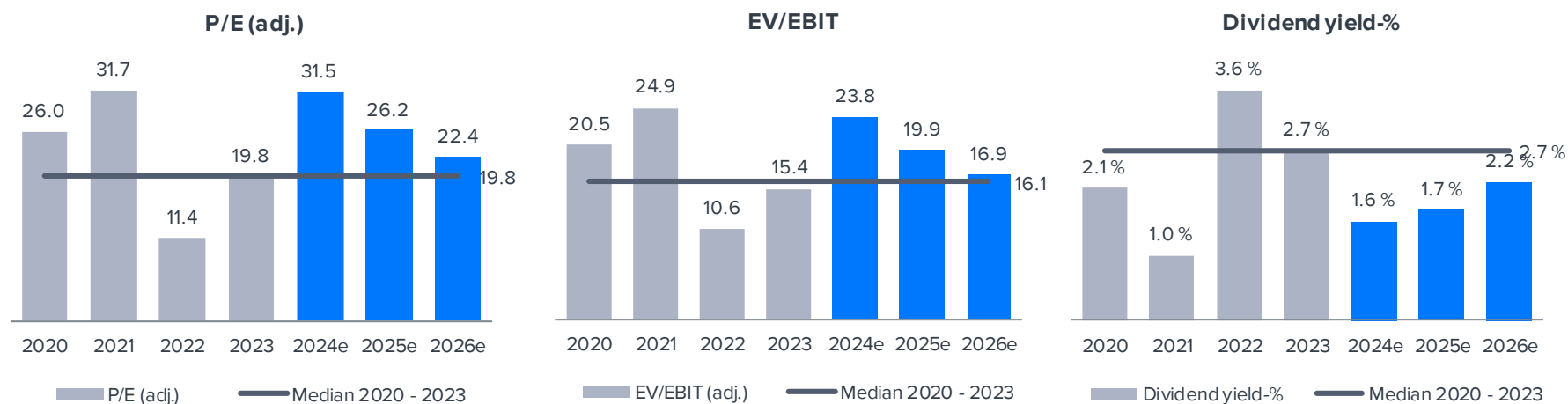
We will begin to increase the visibility of sustainability metrics by looking at the company's climate target and taxonomy impacts, as we believe these are currently the clearest contributors on average to the company's value creation. We aim to gradually increase the visibility of other factors. The analyst will consider the impact of all sustainability issues on the company's growth and profitability potential and risk (i.e. required return) as part of forming an investment view.

Note: Taxonomy eligibility-% is shown in the table without taxonomy-aligned activities

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	10.6	24.5	58.7	17.7	25.5	46.1	46.1	46.1	46.1
Number of shares, millions	18.7	18.6	18.6	18.7	18.7	18.7	18.7	18.7	18.7
Market cap	198	457	1091	330	476	860	860	860	860
EV	224	503	1181	388	518	921	906	885	863
P/E (adj.)	19.5	26.0	31.7	11.4	19.8	31.5	26.2	22.4	19.6
P/E	20.6	29.5	32.4	12.2	20.4	33.4	26.6	22.6	19.6
P/B	2.9	6.9	13.5	3.4	4.4	7.1	6.2	5.3	4.6
P/S	2.7	4.2	6.1	1.9	3.2	5.0	4.3	3.9	3.6
EV/Sales	3.0	4.6	6.6	2.3	3.4	5.4	4.5	4.0	3.6
EV/EBITDA	13.6	18.8	22.5	9.2	13.2	21.0	17.5	14.9	13.1
EV/EBIT (adj.)	16.1	20.5	24.9	10.6	15.4	23.8	19.9	16.9	14.7
Payout ratio (%)	74%	61%	33%	44%	55%	52%	46%	49%	60%
Dividend yield-%	3.6 %	2.1 %	1.0 %	3.6 %	2.7 %	1.6 %	1.7 %	2.2 %	3.1 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Thule Group AB	3027	3102	22.0	16.7	18.9	16.1	3.8	3.5	29.1	24.0	2.9	3.2	5.0
Nobia AB	236	650		20.4	10.7	6.5	0.7	0.7		27.2			0.5
Dometic Group AB	1588	2718	18.1	12.3	9.2	8.4	1.3	1.3	17.8	13.4	2.6	3.1	0.8
Nokian Tyres plc	1043	1844	33.6	16.1	10.2	7.0	1.4	1.2	71.5	13.0	7.3	7.2	0.8
Rapala VMC Oyj	87	177	13.6	10.1	7.1	5.7	0.8	0.7	444.0	15.3	1.6	1.4	0.5
Husqvarna AB	3303	4151	14.2	10.8	7.6	6.6	1.0	1.0	19.0	13.2	4.3	4.7	1.6
Inwido AB	949	1093	14.9	12.4	10.6	9.2	1.5	1.4	19.6	15.5	3.2	3.5	2.3
Nibe Industrier AB	8796	10640	44.9	24.0	25.2	17.4	3.0	2.8	110.5	30.1	0.8	1.1	3.4
Technogym SpA	2006	1921	16.6	14.4	11.3	10.2	2.2	2.0	23.0	20.1	2.9	3.3	5.2
Rockwool A/S	8741	8502	12.8	12.8	9.2	9.0	2.2	2.1	17.2	17.0	1.7	1.9	2.9
Kingspan Group PLC	13787	15632	18.4	16.0	14.2	12.6	1.9	1.7	21.1	18.6	0.7	0.8	3.1
Electrolux AB	2175	4618	33.4	10.3	6.8	4.7	0.4	0.4		8.8		5.5	2.3
De' Longhi SpA	3997	3705	9.2	8.3	7.1	6.5	1.1	1.0	13.6	12.5	2.9	3.2	2.0
Tulikivi	26	34	16.9	11.3	6.8	6.8	1.0	1.0	22.1	14.7	2.3	4.5	1.4
Harvia (Inderes)	860	921	23.8	19.9	21.0	17.5	5.4	4.5	31.5	26.2	1.6	1.7	7.1
Average			20.7	14.0	11.0	9.0	1.6	1.5	67.4	17.4	2.8	3.3	2.3
Median			16.9	12.6	9.7	7.7	1.4	1.3	21.6	15.4	2.8	3.2	2.1
Diff-% to median			41%	58%	116%	128%	296%	263%	46%	70%	-43%	-46%	234%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	172	41.4	35.8	33.9	39.4	151	42.4	43.2	38.7	46.9	171	200	219	238
EBITDA	42.2	10.8	9.3	8.3	10.9	39.3	11.5	10.5	10.1	11.8	43.8	51.9	59.2	66.1
Depreciation	-7.5	-1.6	-1.5	-1.5	-1.7	-6.3	-1.6	-1.6	-1.8	-1.8	-6.8	-6.9	-7.3	-7.6
EBIT (excl. NRI)	36.5	9.3	8.0	6.8	9.6	33.7	10.1	9.4	8.9	10.3	38.7	45.5	52.2	58.5
EBIT	34.7	9.2	7.8	6.8	9.2	33.0	9.9	8.9	8.3	10.0	37.1	45.0	51.9	58.5
Net financial items	2.1	-0.9	-0.9	-0.7	-1.0	-3.5	-0.1	-1.1	-1.5	-1.0	-3.7	-3.0	-2.5	-1.4
PTP	36.8	8.3	6.9	6.1	8.2	29.5	9.8	7.8	6.8	9.0	33.4	42.1	49.4	57.1
Taxes	-8.7	-2.0	-1.7	-1.6	-1.0	-6.3	-2.3	-1.9	-1.3	-2.1	-7.6	-9.7	-11.4	-13.1
Minority interest	-1.0	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	27.1	6.3	5.3	4.5	7.2	23.3	7.5	5.9	5.5	6.9	25.8	32.4	38.0	44.0
EPS (adj.)	1.55	0.34	0.29	0.24	0.41	1.28	0.41	0.34	0.32	0.39	1.47	1.76	2.05	2.36
EPS (rep.)	1.45	0.34	0.28	0.24	0.39	1.25	0.40	0.32	0.29	0.37	1.38	1.74	2.04	2.36

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	-3.8 %	-18.6 %	-22.2 %	-9.3 %	3.4 %	-12.7 %	2.4 %	20.7 %	14.0 %	19.0 %	13.7 %	16.6 %	9.5 %	9.1 %
Adjusted EBIT growth-%	-23.1 %	-22.9 %	-7.5 %	-12.0 %	19.5 %	-7.6 %	8.4 %	18.0 %	29.5 %	7.4 %	14.6 %	17.8 %	14.6 %	12.1 %
EBITDA-%	24.5 %	26.0 %	26.0 %	24.5 %	27.5 %	26.1 %	27.2 %	24.2 %	26.0 %	25.2 %	25.6 %	26.0 %	27.1 %	27.7 %
Adjusted EBIT-%	21.2 %	22.5 %	22.2 %	20.1 %	24.4 %	22.4 %	23.8 %	21.7 %	22.9 %	22.0 %	22.6 %	22.8 %	23.9 %	24.5 %
Net earnings-%	15.7 %	15.3 %	14.7 %	13.2 %	18.3 %	15.5 %	17.7 %	13.6 %	14.1 %	14.8 %	15.1 %	16.2 %	17.4 %	18.4 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	118	115	136	136	136
Goodwill	73.4	73.4	91.4	91.4	91.4
Intangible assets	10.5	8.7	8.9	9.1	9.3
Tangible assets	29.2	29.4	32.7	31.8	31.6
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	3.9	2.4	2.4	2.4	2.4
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	1.4	1.0	1.0	1.0	1.0
Current assets	90.3	99.4	111	96.4	103
Inventories	45.3	35.5	41.9	47.9	50.3
Other current assets	1.0	4.6	4.6	4.6	4.6
Receivables	18.7	18.7	22.2	25.9	28.4
Cash and equivalents	25.3	40.6	42.3	18.0	19.7
Balance sheet total	209	214	249	234	241

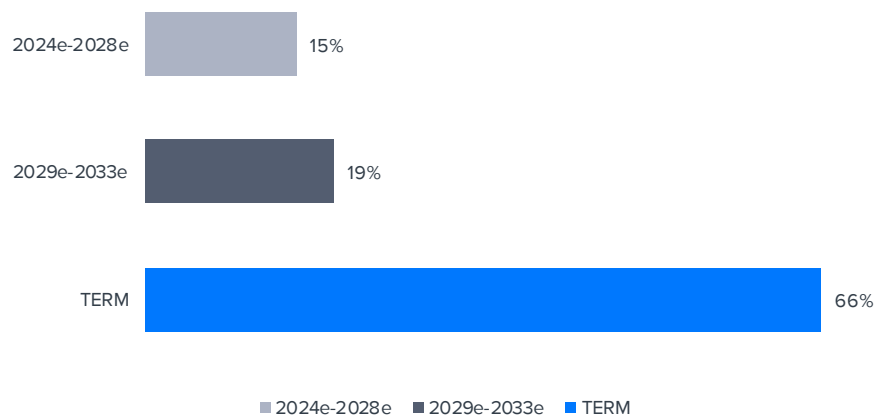
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	98.4	109	122	141	164
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	63.8	75.1	88.1	107	130
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	33.4	32.4	32.4	32.4	32.4
Minorities	1.1	1.1	1.1	1.1	1.1
Non-current liabilities	84.6	80.8	98.4	58.6	41.1
Deferred tax liabilities	1.7	1.2	1.2	1.2	1.2
Provisions	2.0	2.0	2.0	2.0	2.0
Interest bearing debt	77.3	77.4	95.0	55.2	37.7
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	3.6	0.2	0.2	0.2	0.2
Current liabilities	25.8	24.7	29.3	34.9	35.8
Interest bearing debt	2.6	0.8	0.0	2.1	0.3
Payables	18.7	18.0	24.0	27.9	30.6
Other current liabilities	4.5	5.9	5.4	4.9	4.9
Balance sheet total	209	214	249	234	241

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-12.7 %	13.7 %	16.6 %	9.5 %	9.1 %	9.0 %	8.5 %	8.0 %	7.5 %	7.0 %	2.5 %	2.5 %
EBIT-%	21.9 %	21.7 %	22.6 %	23.7 %	24.5 %	24.0 %	24.0 %	24.0 %	24.0 %	24.0 %	24.0 %	24.0 %
EBIT (operating profit)	33.0	37.1	45.0	51.9	58.5	62.4	67.7	73.1	78.6	84.1	86.2	
+ Depreciation	6.3	6.8	6.9	7.3	7.6	7.8	7.8	8.0	8.3	8.0	8.7	
- Paid taxes	-6.4	-7.7	-9.7	-11.4	-13.1	-14.2	-15.5	-16.8	-18.1	-19.4	-19.8	
- Tax, financial expenses	-0.7	-0.8	-0.7	-0.6	-0.3	-0.1	0.0	0.0	0.0	0.0	0.0	
+ 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	6.9	-4.6	-6.2	-2.2	-4.4	-4.7	-4.9	-5.0	-5.0	-5.0	-1.9	
Operating cash flow	39.1	30.7	35.3	45.1	48.2	51.1	55.1	59.3	63.7	67.7	73.1	
+ Change in other long-term liabilities	-3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-3.2	-30.2	-6.2	-7.3	-7.4	-8.0	-8.7	-9.3	-10.0	-11.2	-11.2	
Free operating cash flow	32.5	0.5	29.1	37.8	40.9	43.1	46.4	49.9	53.7	56.5	61.9	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	32.5	0.5	29.1	37.8	40.9	43.1	46.4	49.9	53.7	56.5	61.9	1111
Discounted FCFF		0.5	26.6	31.9	31.9	31.1	30.9	30.8	30.6	29.7	30.1	540
Sum of FCFF present value		814	814	787	755	723	692	661	631	600	570	540
Enterprise value DCF		814										
- Interest bearing debt		-78										
+ Cash and cash equivalents		41										
-Minorities		-8										
-Dividend/capital return		-13										
Equity value DCF		756										
Equity value DCF per share		40.5										

Cash flow distribution

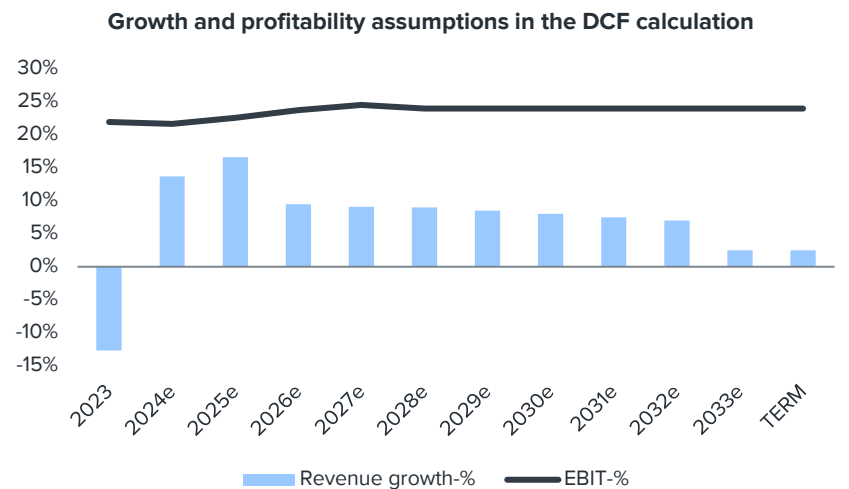
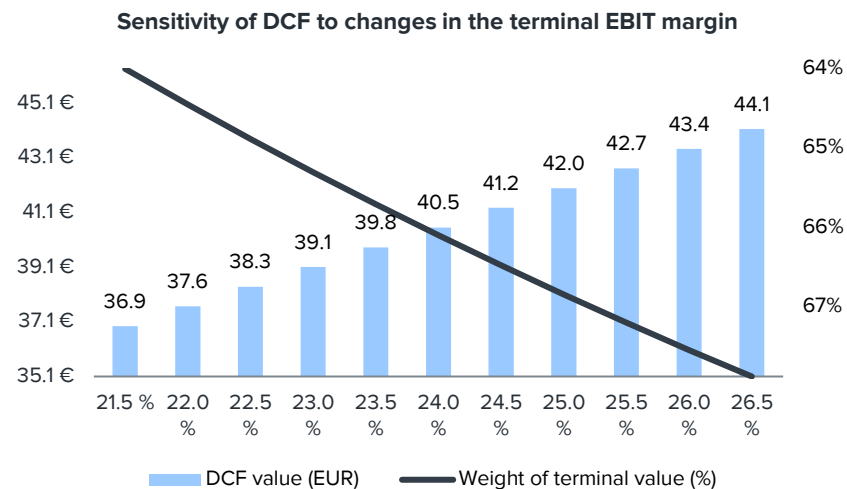
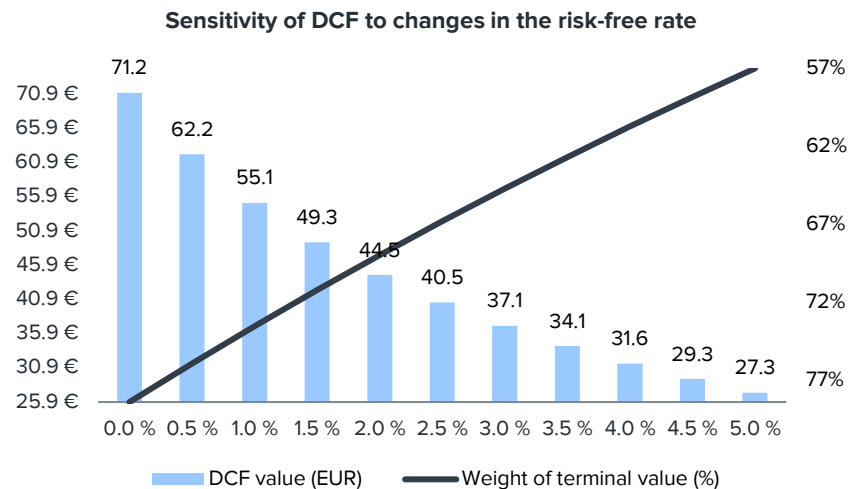
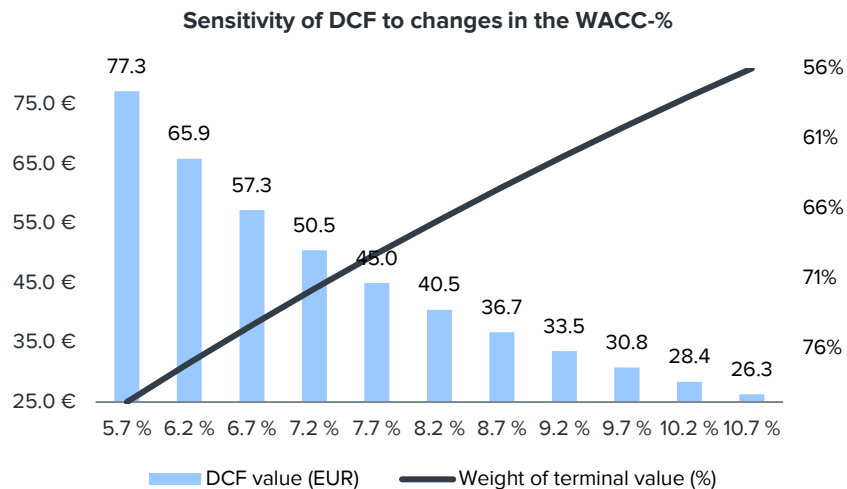


WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.0 %
Equity Beta	1.3
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.7 %
Weighted average cost of capital (WACC)	8.2 %

Source: Inderes

DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	179.1	172.4	150.5	171.1	199.6	EPS (reported)	1.81	1.45	1.25	1.38	1.74
EBITDA	52.5	42.2	39.3	43.8	51.9	EPS (adj.)	1.85	1.55	1.28	1.46	1.76
EBIT	46.6	34.7	33.0	37.1	45.0	OCF / share	1.14	1.39	2.09	1.65	1.89
PTP	45.2	36.8	29.5	33.4	42.1	FCF / share	0.51	-0.32	1.74	0.03	1.56
Net Income	33.7	27.1	23.3	25.7	32.4	Book value / share	4.33	5.21	5.76	6.46	7.48
Extraordinary items	-0.8	-1.8	-0.7	-1.6	-0.5	Dividend / share	0.60	0.64	0.68	0.72	0.80
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	201.5	208.7	214.3	249.4	234.1	Revenue growth-%	64%	-4%	-13%	14%	17%
Equity capital	84.1	98.4	108.7	121.7	140.7	EBITDA growth-%	97%	-20%	-7%	12%	18%
Goodwill	73.7	73.4	73.4	91.4	91.4	EBIT (adj.) growth-%	94%	-23%	-8%	15%	18%
Net debt	40.9	54.6	37.6	52.7	39.3	EPS (adj.) growth-%	97%	-16%	-17%	14%	20%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	29.3 %	24.5 %	26.1 %	25.6 %	26.0 %
EBITDA	52.5	42.2	39.3	43.8	51.9	EBIT (adj.)-%	26.5 %	21.2 %	22.4 %	22.6 %	22.8 %
Change in working capital	-21.3	-7.5	6.9	-4.6	-6.2	EBIT-%	26.0 %	20.1 %	21.9 %	21.7 %	22.6 %
Operating cash flow	21.1	26.0	39.1	30.7	35.3	ROE-%	45.8 %	30.5 %	22.7 %	22.6 %	24.9 %
CAPEX	-21.9	-7.4	-3.2	-30.2	-6.2	ROI-%	35.2 %	21.8 %	18.1 %	18.4 %	21.7 %
Free cash flow	9.4	-6.0	32.5	0.5	29.1	Equity ratio	41.8 %	47.1 %	50.7 %	48.8 %	60.1 %
						Gearing	48.7 %	55.5 %	34.6 %	43.3 %	27.9 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	6.6	2.3	3.4	5.4	4.5						
EV/EBITDA	22.5	9.2	13.2	21.0	17.5						
EV/EBIT (adj.)	24.9	10.6	15.4	23.8	19.9						
P/E (adj.)	31.7	11.4	19.8	31.5	26.2						
P/B	13.5	3.4	4.4	7.1	6.2						
Dividend-%	1.0 %	3.6 %	2.7 %	1.6 %	1.7 %						

Source: Inderes

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Date	Recommendation	Target	Share price
11/26/2020	Buy	22.00 €	19.10 €
2/12/2021	Accumulate	33.00 €	30.00 €
4/18/2021	Buy	45.00 €	33.65 €
5/6/2021	Accumulate	47.00 €	42.25 €
5/31/2021	Accumulate	52.00 €	46.05 €
7/17/2021	Accumulate	62.00 €	58.20 €
8/12/2021	Accumulate	64.00 €	59.00 €
9/2/2021	Buy	64.00 €	53.30 €
11/5/2021	Accumulate	65.00 €	60.00 €
<i>Analyst changed</i>			
1/27/2022	Buy	57.00 €	44.20 €
2/10/2022	Buy	51.00 €	39.20 €
3/11/2022	Buy	42.00 €	34.15 €
5/5/2022	Buy	42.00 €	32.22 €
7/20/2022	Accumulate	27.00 €	24.00 €
<i>Analyst changed</i>			
8/12/2022	Accumulate	22.00 €	19.93 €
9/9/2022	Buy	20.00 €	15.23 €
11/4/2022	Buy	20.00 €	15.46 €
12/19/2022	Accumulate	21.00 €	18.33 €
2/10/2023	Reduce	22.00 €	22.10 €
5/5/2023	Reduce	24.00 €	25.06 €
5/29/2023	Accumulate	24.00 €	22.14 €
8/11/2023	Accumulate	24.00 €	22.00 €
9/13/2023	Accumulate	25.50 €	24.00 €
11/3/2023	Accumulate	25.00 €	23.50 €
12/11/2023	Reduce	25.00 €	25.48 €
2/9/2024	Sell	28.00 €	32.60 €
5/6/2024	Sell	30.00 €	38.60 €
8/6/2024	Sell	32.00 €	36.50 €
8/9/2024	Sell	35.00 €	40.40 €
9/24/2024	Sell	37.00 €	42.45 €
11/8/2024	Sell	40.00 €	46.10 €



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