

# HARVIA

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# COMPANY REPORT



# The profitability dip is likely to be temporary

Harvia's Q4 revenue grew very strongly and faster than expected, but the result fell short of expectations and the comparison period due to, e.g., campaigns and marketing investments. However, we believe that the margin dip is temporary. We made no significant forecast changes for the coming years, but raised the medium-term growth forecast. We raise our recommendation to Reduce (was Sell) and our target price to EUR 46 (was EUR 40).

## Strong growth, but weak margin in Q4

Harvia's Q4 revenue grew by almost 30% and organically by over 20%, exceeding expectations by nearly 10 pp. Growth was driven, as usual, by regions outside Europe. North America grew by over 60%, of which roughly half was organic and the other half from the ThermaSol acquisition, and the APAC & MEA region nearly doubled its revenue. Growth was also achieved in Europe, with Northern Europe growing by 4% and Continental Europe by 7%. With the exception of Continental Europe, all regions exceeded our expectations. Despite strong revenue growth, Harvia's adj. EBIT was 8.7 MEUR, declining from the comparison period (9.6 MEUR) and also falling short of our expectations (10.3 MEUR). Harvia's EBIT margin fell exceptionally low to around 17% (still a good level, however) and below the company's 20% target.

This was mainly due to campaign sales in North America (e.g. Black Friday). According to the company, the margin impact of the campaigns was more negative than planned, as the cost of wood raw materials increased during H2 and the campaign prices had been locked in well in advance. We believe strengthening the market position through campaigns is a sensible solution for Harvia as such. In addition to the campaigns, Harvia continued to strengthen its organization and invest in future growth in Q4, which was reflected in significantly increased fixed costs. This was in line with expectations, but other operating expenses were clearly higher than our forecast, with personnel expenses at the expected level.

## We expect strong growth for years to come

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. This does not only apply to the current year, but the growth trend in the sauna sector seems strong for a longer time to come. We made no significant changes to our estimates for the next few years, but we raised our medium-term growth forecasts.

## We expect Harvia to achieve its targets

Harvia updated its financial targets in spring 2024 and 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% growth rate of our estimates. We expect almost similar growth to continue in the 2030s. As in recent years, growth will be mainly 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%.

## Highish valuation has been earned through strong growth and value creation

We believe that Harvia's valuation level (e.g. EV/EBIT 2025 21x, P/E 28x) is highish, although we consider the company's return on capital employed and its ability to allocate and generate cash flow 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 cash either to acquisitions and/or larger dividends would 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.

## Recommendation

**Reduce**

(was Sell)

## Target price:

**EUR 46.00**

(was EUR 40.00)

## Share price:

47.10

## Business risk



## Valuation risk



	2024	2025e	2026e	2027e
<b>Revenue</b>	175	203	223	243
<b>growth-%</b>	16%	16%	10%	9%
<b>EBIT adj.</b>	37.1	44.3	52.1	58.5
<b>EBIT-% adj.</b>	21.2 %	21.9 %	23.4 %	24.1 %
<b>Net Income</b>	24.2	31.1	38.0	43.7
<b>EPS (adj.)</b>	1.38	1.69	2.05	2.34
<b>P/E (adj.)</b>	33.4	27.8	22.9	20.1
<b>P/B</b>	7.0	6.3	5.4	4.7
<b>Dividend yield-%</b>	1.6 %	1.8 %	2.1 %	3.0 %
<b>EV/EBIT (adj.)</b>	25.0	20.9	17.4	15.1
<b>EV/EBITDA</b>	21.8	18.0	15.2	13.3
<b>EV/S</b>	5.3	4.6	4.1	3.6

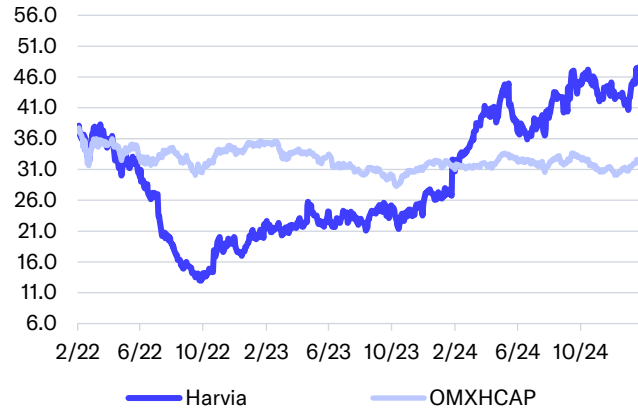
Source: Inderes

## Guidance

(Unchanged)

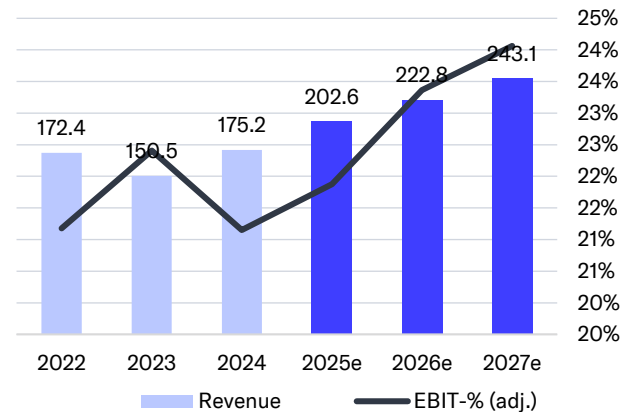
Harvia does not publish a short-term outlook.

## Share price



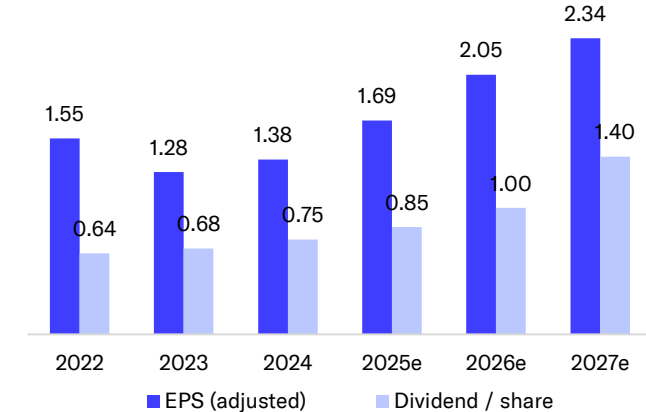
Source: Millstream Market Data AB

## 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

- Dependence 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	2025e	2026e	2027e
<b>Share price</b>	47.1	47.1	47.1
<b>Number of shares, millions</b>	18.7	18.7	18.7
<b>Market cap</b>	879	879	879
<b>EV</b>	928	906	885
<b>P/E (adj.)</b>	27.8	22.9	20.1
<b>P/E</b>	28.3	23.1	20.1
<b>P/B</b>	6.3	5.4	4.7
<b>P/S</b>	4.3	3.9	3.6
<b>EV/Sales</b>	4.6	4.1	3.6
<b>EV/EBITDA</b>	18.0	15.2	13.3
<b>EV/EBIT (adj.)</b>	20.9	17.4	15.1
<b>Payout ratio (%)</b>	51.1 %	49.1 %	60.0 %
<b>Dividend yield-%</b>	1.8 %	2.1 %	3.0 %

Source: Inderes

# Strong growth, but profitability slipped

## Revenue growth stronger than expected

Harvia's Q4 revenue grew by almost 30% and organically by over 20%, which exceeded expectations by close on 10 percentage points. Growth was driven, as usual, by regions outside of Europe. North America grew by over 60%, of which roughly half was organic and the other half from the ThermaSol acquisition, and the APAC & MEA region nearly doubled its revenue.

Growth was also achieved in Europe, with Northern Europe growing by 4% and Continental Europe by 7%. With the exception of Continental Europe, all regions exceeded our expectations.

## Profit declined due to North American campaigns

Despite strong revenue growth, Harvia's adjusted EBIT declined year-on-year and was also below expectations. Harvia's EBIT margin fell exceptionally low to around 17% (still a good level, however) and below the company's 20% target. This was mainly due to campaign sales in North

America (e.g. Black Friday). According to the company, the margin impact of the campaigns was more negative than planned, as the cost of wood raw materials increased during H2 and the campaign prices had been locked in well in advance. Harvia's material margin fell slightly below 60%, compared to 63.5% in the comparison period, and was bit over 64% for the full year 2024, while our expectation was 65%. We believe there will be similar campaigns in the future, but they should not typically have such a strong negative impact on margins. The higher price of wood should also be transferable to sales prices in so-called normal sales. Thus, we do not believe Harvia's margins will be under significant pressure in the near future.

In addition to the campaigns, Harvia continued to strengthen its organization and invest in future growth in Q4, which was reflected in significantly increased fixed costs. This was in line with expectations, but other operating expenses were clearly higher than our forecast,

with personnel expenses at the expected level. The company specifically mentioned that marketing expenses were over one million higher than in previous quarters, and we believe they were at an exceptionally high level.

## Cash flow and balance sheet at a good level as usual

Harvia's operating cash flow was at a good level in Q4 and on par with the comparison period (14 MEUR). For the whole year, some cash flow was committed to inventories. Harvia commented that some of the campaign deliveries will take place in Q1, and, in general, Q4-Q1 is a high-demand period for Harvia, when inventories are also needed to ensure delivery capacity. Full-year cash flow after operating investments was approximately 25 MEUR, half of which was paid out as dividends. 25 MEUR was spent on the ThermaSol acquisition. Harvia's net debt/EBITDA was 1.3x, i.e., a strong level despite the acquisition made last summer. Thus, the balance sheet has ample room for new acquisitions, should suitable targets be found.

Estimates	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus	Difference (%)	2024
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. inderes	Tot.
Revenue	39.4	51.0	47.0	47.0		9%	175
EBITDA	10.9	10.4	11.8	-		-12%	42.4
EBIT (adj.)	9.6	8.7	10.3	-		-16%	37.1
EBIT	9.2	8.4	10.0	11.0		-16%	35.5
EPS (reported)	0.39	0.29	0.37	0.40		-22%	1.30
DPS	0.68	0.75	0.72	0.63		4%	0.75
Revenue growth-%	3.4 %	29.4 %	19.2 %	19.3 %		10.3 pp	16.4 %
EBIT-% (adj.)	24.4 %	17.1 %	21.9 %			-4.9 pp	21.2 %

Source: Inderes & Bloomberg, 4-6 analysts (consensus)

# No major changes in estimates

## The outlook for Europe is still uncertain, but growth continues elsewhere

Harvia does not provide a guidance or a short-term outlook. It is, however, clear that the company will continue its growth this year, driven by markets outside of Europe.

As far as Europe is concerned, the company's CEO said in our interview that a clear turn to growth is not yet visible in Europe. On the other hand, he believed that Europe would at some point also be a clear growth market for the company. Last year, Europe's revenue as a whole was roughly unchanged.

## No major changes in estimates

We believe the weaker Q4 earnings/margin level will remain an exception, and the company will return to its target and typical EBIT margin level of over 20% in the coming quarters. Our forecasts for the coming years remain largely unchanged. We expect the company to be

able to gradually improve its EBIT margin in the coming years as revenue growth continues and fixed cost growth slows down. We raised our medium-term estimates somewhat and now believe that revenue growth of close to 10% will continue until the end of our forecast period, i.e., 2033 (more detailed figures on page 12).

## Slight uncertainty from US tariffs, but Harvia should manage

The US tariffs will also impact Harvia to some extent. It has sauna heater production in Finland and China, from where sauna heaters are exported to the US. Harvia also sources wood raw material from Canada. The US has already raised tariffs on China by 10%, the implementation of Canada's 25% tariffs has been frozen for the time being, and no tariffs have been imposed on Europe, at least not yet. Harvia can flexibly switch sauna stove production between Finland and China, so we do not believe the impact of China's new tariffs is material for Harvia. Canadian tariffs,

on the other hand, would most likely increase raw material prices for both Harvia and its competitors. With good demand in the sector, the higher costs could probably be passed on to sales prices. However, there might be some small risks and delays related to this. In general, Harvia's domestic content in products sold in the US is approximately 70%, which is higher than the industry average, meaning that Harvia is relatively well-positioned regarding tariffs.

Estimate revisions	2024	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	Act.	%	Old	New	%	Old	New	%
Revenue	171	175	2%	199	203	2%	218	223	2%
EBITDA	43.8	42.4	-3%	51.9	51.4	-1%	59.2	59.7	1%
EBIT (excl. NRIs)	38.7	37.1	-4%	45.5	44.3	-3%	52.2	52.1	0%
EBIT	37.1	35.5	-4%	45.0	43.8	-3%	51.9	51.8	0%
EPS (excl. NRIs)	1.47	1.38	-6%	1.76	1.69	-4%	2.08	2.05	-1%
DPS	0.72	0.75	4%	0.80	0.85	6%	1.00	1.00	0%

Source: Inderes

## Harvia Plc, Webcast Q4'24



# Valuation requires continued strong performance

## Valuation summary

We expect Harvia to grow significantly starting from this year, long into 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. The current cash flow level and strong earnings growth offer an expected return of over 10% for years to come. However, the high valuation limits it, especially on a 12-month horizon.

## Growth creates value and pushes multiples down over time

From a valuation perspective, we think our projected P/E of over 25x and EV/EBIT of over 20x for 2025 are relatively high. On the other hand, thanks to its strong return on capital and growth profile, Harvia is clearly capable of value-creating growth. P/E for 2027 is 20x and EV/EBIT is down to 15x. The multiples are also well above the average levels of the peer group, although we do not consider the peer group to be directly comparable with Harvia and feel the valuation premium is deserved.

The sale of Harvia's unlisted competitor Sauna 360 to US Masco in July 2023 offers one approach to the valuation, although it was some time ago. The EV/S ratio of the transaction with 2023 figures was 1.5x and EV/EBIT was around 14x, while Harvia's corresponding ratios for this year are above 4x and 21x. 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 rather high considering a possible bid.

## The expected return looks reasonable through earnings growth and cash flow

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. According to our estimate, free cash flow yield is approximately 4% based on this year's figures. In 2025-30, we estimate that the net profit will grow on average by more than 10%, so also from this perspective, the expected return is around 15%.

## 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. As we mentioned earlier, we expect growth to remain close to 10% until 2033. Our growth assumption in the terminal period is 2.5%. 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.

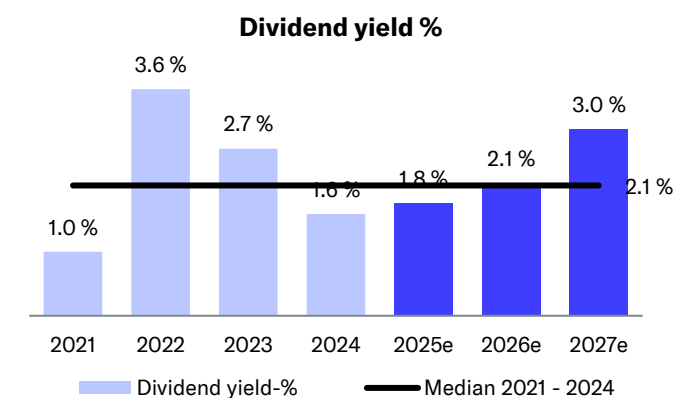
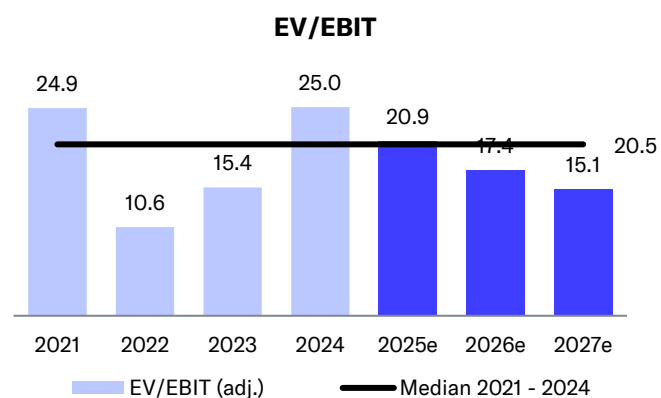
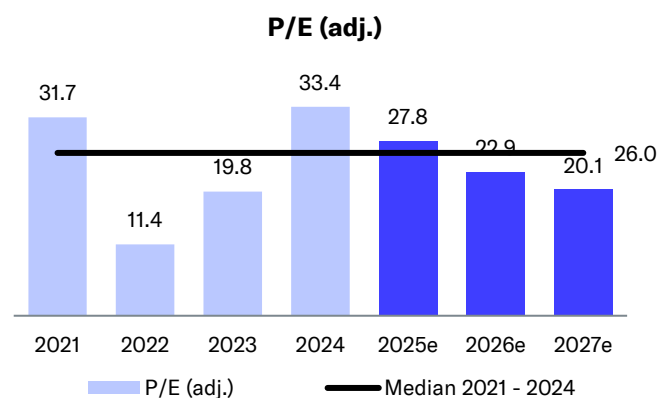
Valuation	2025e	2026e	2027e
Share price	47.1	47.1	47.1
Number of shares, millions	18.7	18.7	18.7
Market cap	879	879	879
EV	928	906	885
P/E (adj.)	27.8	22.9	20.1
P/E	28.3	23.1	20.1
P/B	6.3	5.4	4.7
P/S	4.3	3.9	3.6
EV/Sales	4.6	4.1	3.6
EV/EBITDA	18.0	15.2	13.3
EV/EBIT (adj.)	20.9	17.4	15.1
Payout ratio (%)	51.1 %	49.1 %	60.0 %
Dividend yield-%	1.8 %	2.1 %	3.0 %

Source: Inderes

# Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	24.5	58.7	17.7	25.5	46.1	47.1	47.1	47.1	47.1
Number of shares, millions	18.6	18.6	18.7	18.7	18.7	18.7	18.7	18.7	18.7
Market cap	457	1091	330	476	860	879	879	879	879
EV	503	1181	388	518	926	928	906	885	867
P/E (adj.)	26.0	31.7	11.4	19.8	33.4	27.8	22.9	20.1	18.1
P/E	29.5	32.4	12.2	20.4	35.6	28.3	23.1	20.1	18.1
P/B	6.9	13.5	3.4	4.4	7.0	6.3	5.4	4.7	4.2
P/S	4.2	6.1	1.9	3.2	4.9	4.3	3.9	3.6	3.3
EV/Sales	4.6	6.6	2.3	3.4	5.3	4.6	4.1	3.6	3.3
EV/EBITDA	18.8	22.5	9.2	13.2	21.8	18.0	15.2	13.3	11.9
EV/EBIT (adj.)	20.5	24.9	10.6	15.4	25.0	20.9	17.4	15.1	13.5
Payout ratio (%)	61%	33%	44%	55%	58%	51%	49%	60%	60%
Dividend yield-%	2.1 %	1.0 %	3.6 %	2.7 %	1.6 %	1.8 %	2.1 %	3.0 %	3.3 %

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	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Thule Group AB	3652	4004	19.8	18.1	17.3	15.9	3.9	3.6	25.2	22.7	2.9	3.2	4.5
Nobia AB	248	666	22.4	14.2	6.7	5.6	0.7	0.7	42.2	11.9		1.2	0.6
Dometic Group AB	1599	2789	12.2	9.7	8.3	7.0	1.3	1.2	13.0	9.3	2.7	3.8	0.7
Nokian Tyres plc	890	1504	16.8	11.5	6.2	5.2	1.1	1.0	17.0	9.7	6.1	6.4	0.7
Rapala VMC Oyj	72	163	10.2	9.3	5.6	5.4	0.7	0.7	16.8	10.0	1.1	5.1	0.5
Husqvarna AB	2878	3960	11.0	9.4	6.3	5.7	0.9	0.9	12.8	10.4	4.4	5.2	1.2
Inwido AB	1101	1220	13.1	11.6	9.7	8.8	1.5	1.4	17.0	14.9	3.0	3.3	2.1
Nibe Industrier AB	8594	10469	24.6	21.6	17.6	15.7	2.7	2.5	32.3	26.1	1.1	1.2	3.0
Technogym SpA	2313	2219	16.7	14.7	11.6	10.6	2.3	2.1	22.9	20.3	2.8	3.1	5.4
Rockwool A/S	8123	7844	11.7	11.4	8.4	8.1	2.0	1.9	15.7	15.2	2.2	2.2	2.4
Kingspan Group PLC	12528	14274	14.8	13.3	11.6	10.4	1.5	1.4	17.1	15.1	0.9	1.0	2.5
Electrolux AB	2497	4887	11.3	8.8	5.0	4.4	0.4	0.4	10.9	7.9	4.3	5.2	2.3
De' Longhi SpA	5080	4946	10.4	9.6	8.2	7.6	1.3	1.3	14.8	13.8	2.7	2.9	2.4
Tulikivi	28	35	11.7	11.7	7.0	5.8	1.0	1.0	15.5	11.6	4.3	4.3	1.4
<b>Harvia (Inderes)</b>	<b>879</b>	<b>928</b>	<b>20.9</b>	<b>17.4</b>	<b>18.0</b>	<b>15.2</b>	<b>4.6</b>	<b>4.1</b>	<b>27.8</b>	<b>22.9</b>	<b>1.8</b>	<b>2.1</b>	<b>6.3</b>
<b>Average</b>			<b>14.8</b>	<b>12.5</b>	<b>9.2</b>	<b>8.3</b>	<b>1.5</b>	<b>1.4</b>	<b>19.5</b>	<b>14.2</b>	<b>2.9</b>	<b>3.4</b>	<b>2.1</b>
<b>Median</b>			<b>12.6</b>	<b>11.6</b>	<b>8.2</b>	<b>7.3</b>	<b>1.3</b>	<b>1.2</b>	<b>16.9</b>	<b>12.8</b>	<b>2.8</b>	<b>3.2</b>	<b>2.2</b>
<b>Diff-% to median</b>			<b>66%</b>	<b>51%</b>	<b>119%</b>	<b>107%</b>	<b>255%</b>	<b>231%</b>	<b>65%</b>	<b>79%</b>	<b>-35%</b>	<b>-34%</b>	<b>190%</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>151</b>	<b>42.4</b>	<b>43.2</b>	<b>38.7</b>	<b>50.9</b>	<b>175</b>	<b>52.9</b>	<b>49.2</b>	<b>45.0</b>	<b>55.5</b>	<b>203</b>	<b>223</b>	<b>243</b>	<b>266</b>
Northern Europe	0.0	11.7	11.6	9.6	10.9	43.8	12.9	11.4	10.2	11.0	45.4	47.3	48.7	50.1
Continental Europe	0.0	13.6	12.7	11.5	14.9	52.7	15.0	12.7	12.0	15.5	55.1	57.3	59.6	62.0
North America	43.5	13.7	14.7	13.5	20.1	62.0	20.6	20.4	18.0	23.2	82.2	95.4	110	126
APAC & MEA	11.0	3.4	4.2	4.1	5.0	16.7	4.4	4.8	4.9	5.8	19.9	22.8	25.1	27.6
<b>EBITDA</b>	<b>39.3</b>	<b>11.5</b>	<b>10.5</b>	<b>10.1</b>	<b>10.4</b>	<b>42.4</b>	<b>13.6</b>	<b>12.6</b>	<b>10.6</b>	<b>14.6</b>	<b>51.4</b>	<b>59.7</b>	<b>66.6</b>	<b>72.8</b>
Depreciation	-6.3	-1.6	-1.6	-1.8	-2.0	-7.0	-1.9	-1.9	-1.9	-1.9	-7.6	-8.0	-8.1	-8.4
<b>EBIT (excl. NRI)</b>	<b>33.7</b>	<b>10.1</b>	<b>9.4</b>	<b>8.9</b>	<b>8.7</b>	<b>37.1</b>	<b>11.9</b>	<b>11.0</b>	<b>8.7</b>	<b>12.7</b>	<b>44.3</b>	<b>52.1</b>	<b>58.5</b>	<b>64.4</b>
<b>EBIT</b>	<b>33.0</b>	<b>9.9</b>	<b>8.9</b>	<b>8.3</b>	<b>8.4</b>	<b>35.5</b>	<b>11.7</b>	<b>10.7</b>	<b>8.7</b>	<b>12.7</b>	<b>43.8</b>	<b>51.8</b>	<b>58.5</b>	<b>64.4</b>
Net financial items	-3.5	-0.1	-1.0	-1.5	-1.0	-3.6	-1.0	-1.0	-1.0	-1.0	-4.0	-3.0	-2.5	-2.0
<b>PTP</b>	<b>29.5</b>	<b>9.8</b>	<b>7.9</b>	<b>6.8</b>	<b>7.4</b>	<b>31.8</b>	<b>10.7</b>	<b>9.7</b>	<b>7.7</b>	<b>11.7</b>	<b>39.8</b>	<b>48.8</b>	<b>56.0</b>	<b>62.4</b>
Taxes	-6.3	-2.3	-2.0	-1.3	-2.0	-7.6	-2.4	-2.1	-1.7	-2.6	-8.8	-10.7	-12.3	-13.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>23.3</b>	<b>7.5</b>	<b>5.8</b>	<b>5.5</b>	<b>5.4</b>	<b>24.2</b>	<b>8.4</b>	<b>7.6</b>	<b>6.0</b>	<b>9.1</b>	<b>31.1</b>	<b>38.0</b>	<b>43.7</b>	<b>48.7</b>
<b>EPS (adj.)</b>	<b>1.28</b>	<b>0.41</b>	<b>0.34</b>	<b>0.32</b>	<b>0.31</b>	<b>1.38</b>	<b>0.46</b>	<b>0.42</b>	<b>0.32</b>	<b>0.49</b>	<b>1.69</b>	<b>2.05</b>	<b>2.34</b>	<b>2.61</b>
<b>EPS (rep.)</b>	<b>1.25</b>	<b>0.40</b>	<b>0.31</b>	<b>0.29</b>	<b>0.29</b>	<b>1.30</b>	<b>0.45</b>	<b>0.41</b>	<b>0.32</b>	<b>0.49</b>	<b>1.66</b>	<b>2.04</b>	<b>2.34</b>	<b>2.61</b>

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
<b>Revenue growth-%</b>	-12.7 %	2.5 %	20.6 %	14.0 %	29.2 %	16.4 %	24.7 %	14.0 %	16.4 %	9.0 %	15.7 %	9.9 %	9.1 %	9.4 %
<b>Adjusted EBIT growth-%</b>	-7.6 %	8.4 %	18.0 %	29.5 %	-9.4 %	9.9 %	18.3 %	17.0 %	-1.6 %	45.5 %	19.6 %	17.4 %	12.4 %	10.0 %
<b>EBITDA-%</b>	26.1 %	27.1 %	24.2 %	26.0 %	20.4 %	24.2 %	25.8 %	25.6 %	23.6 %	26.2 %	25.4 %	26.8 %	27.4 %	27.4 %
<b>Adjusted EBIT-%</b>	22.4 %	23.8 %	21.8 %	22.9 %	17.1 %	21.2 %	22.6 %	22.3 %	19.4 %	22.8 %	21.9 %	23.4 %	24.1 %	24.2 %
<b>Net earnings-%</b>	15.5 %	17.7 %	13.5 %	14.1 %	10.6 %	13.8 %	15.9 %	15.4 %	13.4 %	16.4 %	15.3 %	17.1 %	18.0 %	18.3 %

Source: Inderes

# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
<b>Non-current assets</b>	<b>115</b>	<b>146</b>	<b>145</b>	<b>144</b>	<b>144</b>
Goodwill	73.4	91.1	91.1	91.1	91.1
Intangible assets	8.7	16.9	17.1	17.3	17.5
Tangible assets	29.4	36.3	34.7	33.9	33.8
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	2.4	1.0	1.0	1.0	1.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	1.0	0.8	0.8	0.8	0.8
<b>Current assets</b>	<b>99.4</b>	<b>119</b>	<b>95.8</b>	<b>103</b>	<b>112</b>
Inventories	35.5	49.2	50.7	53.5	58.3
Other current assets	4.6	0.6	0.6	0.6	0.6
Receivables	18.7	22.3	26.3	29.0	31.6
Cash and equivalents	40.6	46.4	18.2	20.1	21.9
<b>Balance sheet total</b>	<b>214</b>	<b>265</b>	<b>241</b>	<b>247</b>	<b>257</b>

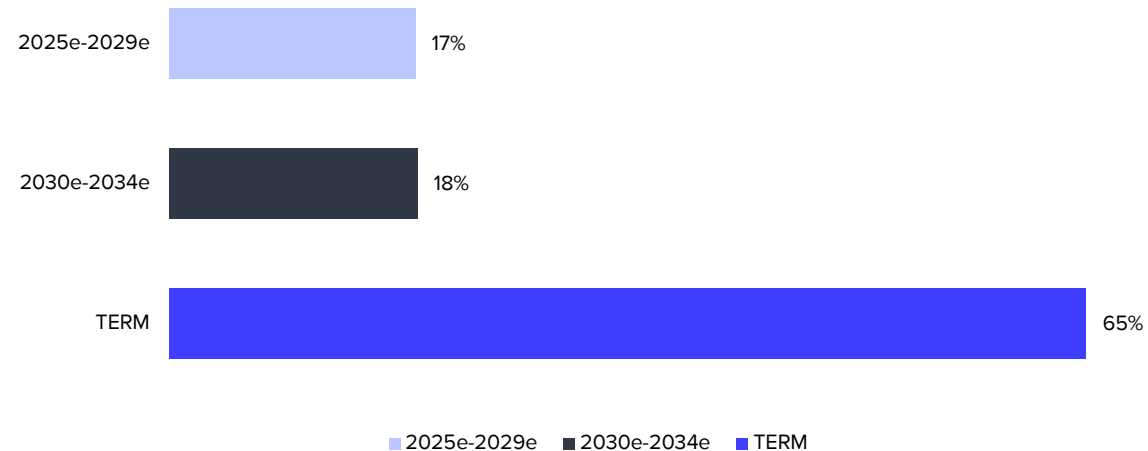
Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
<b>Equity</b>	<b>109</b>	<b>124</b>	<b>141</b>	<b>163</b>	<b>188</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	75.1	86.8	104	126	151
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	32.4	35.9	35.9	35.9	35.9
Minorities	1.1	1.2	1.2	1.2	1.2
<b>Non-current liabilities</b>	<b>80.8</b>	<b>111</b>	<b>65.5</b>	<b>48.3</b>	<b>26.1</b>
Deferred tax liabilities	1.2	2.7	2.7	2.7	2.7
Provisions	2.0	2.8	2.8	2.8	2.8
Interest bearing debt	77.4	103	57.0	39.9	17.6
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.2	3.0	3.0	3.0	3.0
<b>Current liabilities</b>	<b>24.7</b>	<b>29.3</b>	<b>34.0</b>	<b>35.6</b>	<b>42.2</b>
Interest bearing debt	0.8	1.0	2.3	0.8	4.4
Payables	18.0	26.4	30.4	33.4	36.5
Other current liabilities	5.9	1.9	1.4	1.4	1.4
<b>Balance sheet total</b>	<b>214</b>	<b>264</b>	<b>241</b>	<b>247</b>	<b>257</b>

# DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	16.4 %	15.7 %	9.9 %	9.1 %	9.4 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	2.5 %	2.5 %
EBIT-%	20.2 %	21.6 %	23.2 %	24.1 %	24.2 %	24.0 %	24.0 %	24.0 %	24.0 %	24.0 %	24.0 %	24.0 %
<b>EBIT (operating profit)</b>	<b>35.5</b>	<b>43.8</b>	<b>51.8</b>	<b>58.5</b>	<b>64.4</b>	<b>69.6</b>	<b>75.8</b>	<b>82.6</b>	<b>90.1</b>	<b>98.2</b>	<b>101</b>	
+ Depreciation	7.0	7.6	8.0	8.1	8.4	8.5	8.6	8.8	8.4	9.1	9.8	
- Paid taxes	-5.9	-8.8	-10.7	-12.3	-13.7	-15.3	-16.7	-18.2	-19.8	-21.6	-22.2	
- Tax, financial expenses	-0.9	-0.9	-0.7	-0.6	-0.4	0.0	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	-8.9	-2.0	-2.4	-4.5	-5.0	-5.3	-5.7	-6.3	-6.8	-7.4	-2.3	
<b>Operating cash flow</b>	<b>26.7</b>	<b>39.8</b>	<b>45.9</b>	<b>49.3</b>	<b>53.6</b>	<b>57.5</b>	<b>62.0</b>	<b>67.0</b>	<b>71.9</b>	<b>78.2</b>	<b>86.1</b>	
+ Change in other long-term liabilities	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-38.4	-6.2	-7.4	-8.2	-8.9	-8.9	-9.7	-10.5	-11.5	-12.5	-12.5	
<b>Free operating cash flow</b>	<b>-8.1</b>	<b>33.6</b>	<b>38.6</b>	<b>41.1</b>	<b>44.7</b>	<b>48.6</b>	<b>52.3</b>	<b>56.5</b>	<b>60.4</b>	<b>65.8</b>	<b>73.6</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	-8.1	33.6	38.6	41.1	44.7	48.6	52.3	56.5	60.4	65.8	73.6	1324
<b>Discounted FCFF</b>		<b>31.3</b>	<b>33.3</b>	<b>32.8</b>	<b>33.0</b>	<b>33.1</b>	<b>32.9</b>	<b>32.8</b>	<b>32.5</b>	<b>32.7</b>	<b>33.8</b>	<b>608</b>
Sum of FCFF present value		936	905	872	839	806	773	740	707	675	642	608
<b>Enterprise value DCF</b>		<b>936</b>										
- Interest bearing debt		-104										
+ Cash and cash equivalents		46										
-Minorities		-8										
-Dividend/capital return		0										
<b>Equity value DCF</b>		<b>871</b>										
<b>Equity value DCF per share</b>		<b>46.7</b>										

Cash flow distribution



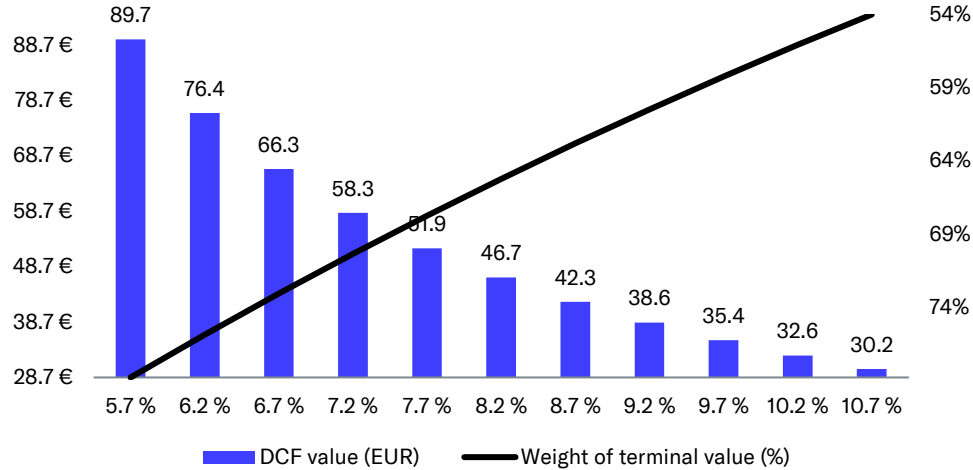
## WACC

Tax-% (WACC)	22.0 %
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 %
<b>Cost of equity</b>	<b>8.7 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.2 %</b>

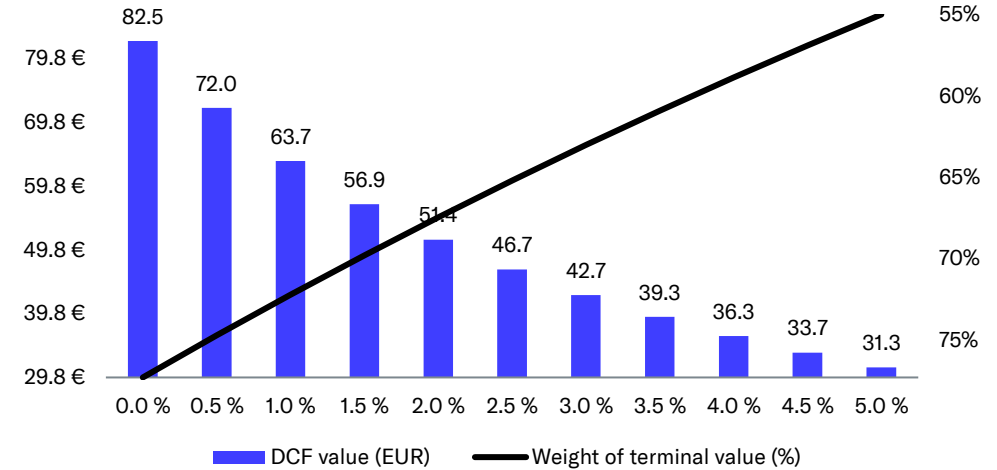
Source: Inderes

# DCF sensitivity calculations and key assumptions in graphs

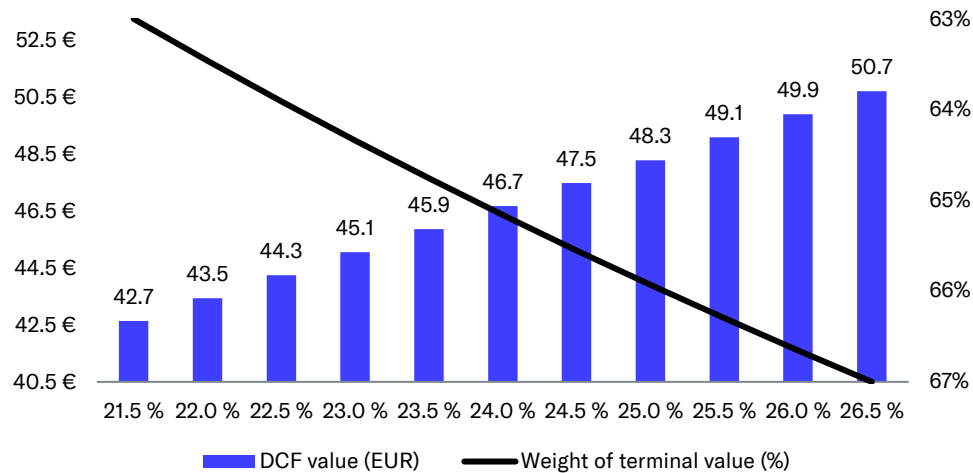
Sensitivity of DCF to changes in the WACC-%



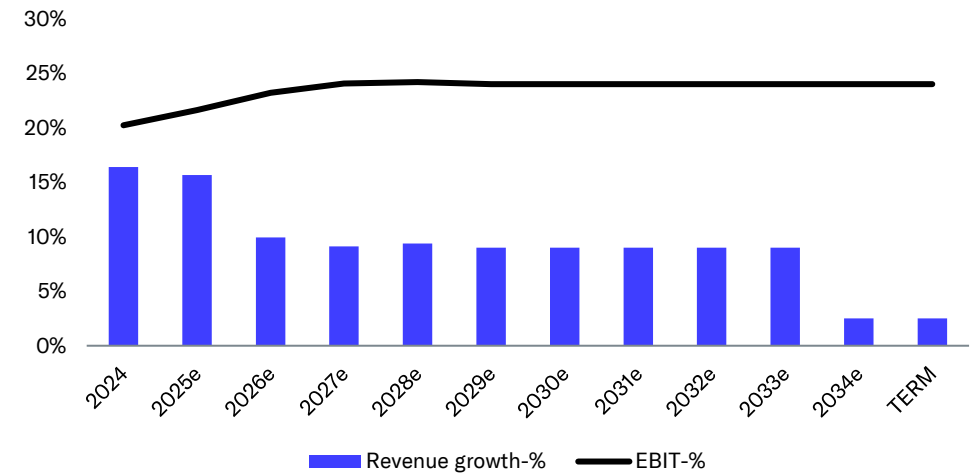
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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

# Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	172.4	150.5	175.2	<b>202.6</b>	<b>222.8</b>	EPS (reported)	1.45	1.25	1.30	<b>1.66</b>	<b>2.04</b>
EBITDA	42.2	39.3	42.4	<b>51.4</b>	<b>59.7</b>	EPS (adj.)	1.55	1.28	1.38	<b>1.69</b>	<b>2.05</b>
EBIT	34.7	33.0	35.5	<b>43.8</b>	<b>51.8</b>	OCF / share	1.39	2.09	1.43	<b>2.13</b>	<b>2.46</b>
PTP	36.8	29.5	31.8	<b>39.8</b>	<b>48.8</b>	FCF / share	-0.32	1.74	-0.44	<b>1.80</b>	<b>2.07</b>
Net Income	27.1	23.3	24.2	<b>31.1</b>	<b>38.0</b>	Book value / share	5.21	5.76	6.58	<b>7.49</b>	<b>8.68</b>
Extraordinary items	-1.8	-0.7	-1.6	<b>-0.5</b>	<b>-0.3</b>	Dividend / share	0.64	0.68	0.75	<b>0.85</b>	<b>1.00</b>
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	208.7	214.3	264.6	<b>240.5</b>	<b>247.2</b>	Revenue growth-%	-4%	-13%	16%	<b>16%</b>	<b>10%</b>
Equity capital	98.4	108.7	124.0	<b>141.0</b>	<b>163.2</b>	EBITDA growth-%	-20%	-7%	8%	<b>21%</b>	<b>16%</b>
Goodwill	73.4	73.4	91.1	<b>91.1</b>	<b>91.1</b>	EBIT (adj.) growth-%	-23%	-8%	10%	<b>20%</b>	<b>17%</b>
Net debt	54.6	37.6	57.3	<b>41.1</b>	<b>20.7</b>	EPS (adj.) growth-%	-16%	-17%	8%	<b>22%</b>	<b>21%</b>
						EBITDA-%	24.5 %	26.1 %	24.2 %	<b>25.4 %</b>	<b>26.8 %</b>
Cash flow	2022	2023	2024	2025e	2026e	EBIT (adj.)-%	21.2 %	22.4 %	21.2 %	<b>21.9 %</b>	<b>23.4 %</b>
EBITDA	42.2	39.3	42.4	<b>51.4</b>	<b>59.7</b>	EBIT-%	20.1 %	21.9 %	20.2 %	<b>21.6 %</b>	<b>23.2 %</b>
Change in working capital	-7.5	6.9	-8.9	<b>-2.0</b>	<b>-2.4</b>	ROE-%	30.5 %	22.7 %	21.0 %	<b>23.7 %</b>	<b>25.2 %</b>
Operating cash flow	26.0	39.1	26.7	<b>39.8</b>	<b>45.9</b>	ROI-%	21.8 %	18.1 %	17.1 %	<b>20.5 %</b>	<b>25.6 %</b>
CAPEX	-7.4	-3.2	-38.4	<b>-6.2</b>	<b>-7.4</b>	Equity ratio	47.1 %	50.7 %	46.9 %	<b>58.6 %</b>	<b>66.0 %</b>
Free cash flow	-6.0	32.5	-8.1	<b>33.6</b>	<b>38.6</b>	Gearing	55.5 %	34.6 %	46.2 %	<b>29.1 %</b>	<b>12.7 %</b>
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	2.3	3.4	5.3	<b>4.6</b>	<b>4.1</b>						
EV/EBITDA	9.2	13.2	21.8	<b>18.0</b>	<b>15.2</b>						
EV/EBIT (adj.)	10.6	15.4	25.0	<b>20.9</b>	<b>17.4</b>						
P/E (adj.)	11.4	19.8	33.4	<b>27.8</b>	<b>22.9</b>						
P/B	3.4	4.4	7.0	<b>6.3</b>	<b>5.4</b>						
Dividend-%	3.6 %	2.7 %	1.6 %	<b>1.8 %</b>	<b>2.1 %</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
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 €
2/14/2025	Reduce	46.00 €	47.10 €



# CONNECTING INVESTORS AND COMPANIES.

Inderes connects investors and listed companies.

We serve over 400 Nordic listed companies that want to better serve investors. The Inderes community is home to over 70,000 active investors.

We provide listed companies with solutions that enable seamless and effective investor relations. The Inderes service is built on four cornerstones for high-quality investor relations: Equity Research, Events, IR Software, and Annual General Meetings (AGM).

Inderes operates in Finland, Sweden, Norway, and Denmark and is listed on the Nasdaq First North Growth Market.

Inderes was created by investors, for investors.

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