HKFOODS

8/6/2026 10:45 am EEST

This is a translated version of "Pienikin tuloskasvu ajaisi kurssia ylemmäs" report, published on 8/6/2026

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Even minor earnings growth would drive share price

The realization of the 2026 guidance, which anticipates rising earnings, appears fairly secure based on a stronger-than-expected H1. However, we expect earnings growth to stop in H2 due to, for example, the export effects caused by African swine fever and the potential strengthening of cost inflation. Overall, the company still appears to be finding ways to strengthen its profitability, against which the current valuation seems favorable. We raise our recommendation to Accumulate (was Reduce) and raise our target price to EUR 1.80 (was EUR 1.70).

Broad-based growth, slight earnings beat

Q2 revenue and comparable EBIT were slightly stronger than our expectations. Revenue grew by 5%, driven by typical growth segments as well as the increased price and improved availability of beef. The gross margin strengthened by 0.4 percentage points year-on-year to 8.4%. The improvement in profitability stemmed from the earnings growth of the company's partly owned subsidiaries and efficiency measures in its wholly owned units. Adjusted EBIT improved by 19% year-on-year to 7.7 MEUR, exceeding our forecast by 9%. Cash flow from operating activities weakened frrom the comparison period as inventory levels normalized with improved beef availability. Net debt increased slightly year-on-year, but its ratio to EBITDA decreased to 2.4x.

We anticipate earnings growth to slow in H2 but to resume in 2027

HKFoods reiterated its guidance for 2026 and still expects comparable EBIT to strengthen from the previous year. There are good prerequisites for the guidance, as the adjusted EBIT has already strengthened by 2.4 MEUR during H1. In our view, the Finnish demand picture is relatively positive compared to recent years. However, the increase in fuel and packaging material prices due to the Middle East conflict is likely to intensify in H2, putting pressure on margins. At the same time, the discovery of African swine fever (ASF) in Virolahti may weaken exports, although it does not affect intra-EU sales. HKFoods stated that exports to non-EU countries, with the exception of China and Japan, can likely resume soon. The company expects a negative EBIT impact of approximately 1 MEUR from ASF for 2026. We slightly raised (2%) our adjusted EBIT forecast and now expect it to reach 35.8 MEUR, representing an increase of just under 2 MEUR for the full year. The forecast assumes earnings growth will stop in H2. The automation investment for the cutting plant and the tempering line at the Forssa plant will be completed by the end of the year, driving efficiency-led earnings growth again in 2027.

We consider the valuation attractive

HKFoods has in recent years gradually developed into a defensive dividend company through an earnings turnaround and a gradual strengthening of its balance sheet. However, long-term value creation is limited due to the industry's modest growth prospects and capital intensity. The valuation is quite favorable when measured against our current year estimates (adj. EV/EBIT 2026e: 9x), even though our forecasts assume earnings growth will temporarily slow down in H2. However, we believe the company has good opportunities to continue moderate earnings growth in the coming years (3-4% p.a.), which, combined with the upside potential in valuation (~5%) and a strong dividend yield (>5%), offers an attractive expected return.

We consider our current estimates to be relatively low-risk, and in a positive scenario, earnings growth could continue to be stronger than our forecasts, which would have a significant leverage effect on the share price. Profitability rising to the level of competitors would imply strong upside potential, although we see this as unlikely to materialize. This would at least require larger industrial investments than at present, which would have a negative impact on cash flow in the short term.

Recommendation
Accumulate
(was Reduce)

Target price:
EUR 1.80
(was EUR 1.70)

Share price:
EUR 1.63

Business risk

●●●○○

Valuation risk

●●●○○

	2025	2026e	2027e	2028e
Revenue	996.4	1028.3	1050.9	1071.9
growth-%	-1%	3%	2%	2%
EBIT adj.	34.0	35.8	37.3	38.4
EBIT-% adj.	3.4 %	3.5 %	3.6 %	3.6 %
Net income	10.4	14.5	18.9	20.7
EPS (adj.)	0.09	0.15	0.19	0.22

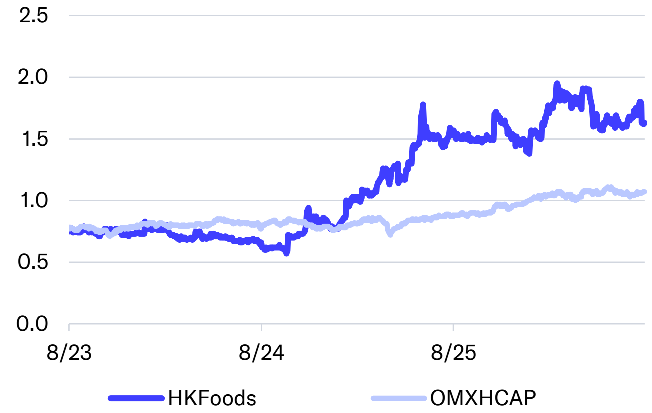
P/E (adj.)	16.6	10.8	8.6	7.6
P/B	0.9	1.0	0.9	0.9
Dividend yield-%	5.4 %	5.5 %	6.7 %	7.4 %
EV/EBIT (adj.)	8.9	9.0	8.5	8.2
EV/EBITDA	4.9	4.9	4.7	4.5
EV/S	0.3	0.3	0.3	0.3

Source: Inderes

Guidance (Unchanged)

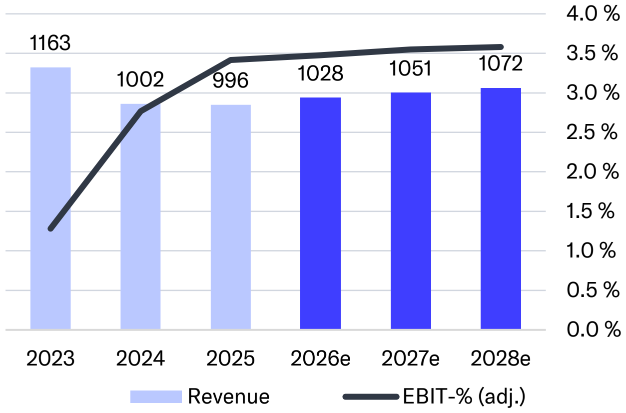
The comparable EBIT for 2026 is estimated to grow from 2025 (34.1 MEUR).

Share price



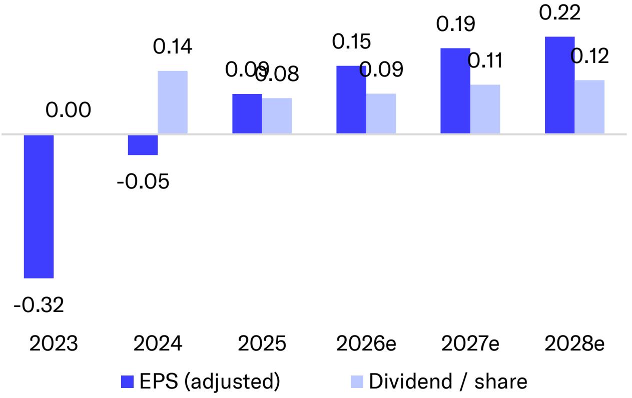
Source: Millistream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Strong commercial position in Finland through scale and well-known brands
- Investments in poultry and other growing segments such as ready meals
- Focus on Finland has allowed concentration of investments and strengthening of industrial efficiency
- As the balance sheet strengthens, there is an opportunity to significantly lower financing costs

Risk factors

- Long-term decline in red meat consumption
- Fierce competition in the food sector and strong bargaining power of retailers limit profitability
- Changes in consumer demand and cost environment may affect profitability
- Animal diseases may impact export licenses
- Indebtedness remains quite high

Valuation	2026e	2027e	2028e
Share price	1.63	1.63	1.63
Number of shares, millions	89.9	89.9	89.9
Market cap	147	147	147
EV	323	318	313
P/E (adj.)	10.8	8.6	7.6
P/E	11.4	8.6	7.6
P/B	1.0	0.9	0.9
P/S	0.1	0.1	0.1
EV/Sales	0.3	0.3	0.3
EV/EBITDA	4.9	4.7	4.5
EV/EBIT (adj.)	9.0	8.5	8.2
Payout ratio (%)	65.3 %	47.2 %	52.1 %
Dividend yield-%	5.5 %	6.7 %	7.4 %

Source: Inderes

Q2 offered good growth in both revenue and earnings

Broad-based growth

Q2 revenue grew by 5% to 259 MEUR, which was slightly stronger than we had anticipated (we forecast 3%). Revenue increased in all sales channels. Growth was supported by the sales of poultry products, meal components, and ready meals. Additionally, beef sales grew due to improved availability compared to the reference period, which, along with the elevated price level of beef, was likely one of the drivers behind the growth. The foodservice channel also developed well. However, the company mentioned that grill sausage sales did not meet targets.

Profitability strengthened, supported by growth and efficiency improvements

Adjusted EBIT was 7.7 MEUR, improving by 19% year-on-year (exceeding our forecast by 9%). Reported EBIT was burdened by a 0.5 MEUR asset write-down, which was recognized as an item affecting comparability.

Adjusted EBIT margin improved to 3.0% and the gross margin to 8.4%, both representing a 0.4 percentage point improvement from the comparison period. The improvement in profitability was driven by growth in favorable margin channels such as retail and foodservice, as well as the company's efficiency program. The strengthening profitability of subsidiaries also contributed to the earnings trend, which was reflected in a higher share of earnings attributable to minority shareholders. The rising oil price began to impact packaging and logistics costs at the end of the quarter. The company expects this cost pressure to be more significant in H2 and is preparing for it with future pricing windows.

Normalization of working capital burdened cash flow

The company's cash flow from operating activities was 12 MEUR in Q2, which was weaker than the comparison period (Q2'25: 21 MEUR). The same applies to H1 as a whole. The weakening of cash flow is influenced by inventory levels rising closer to normal levels, whereas a year ago, inventories were low due to a beef shortage.

Net debt rose to 158 MEUR at the end of June (H1’25: 156 MEUR). In our view, this is influenced by both the distribution of funds to shareholders and the change in the hybrid bond. The 26 MEUR hybrid bond was redeemed in Q3 2025, when a new 20 MEUR bond was issued. However, the net debt to EBITDA ratio has decreased with earnings growth and was 2.4x at the end of June (Q2'25: 2.5x). If the hybrid loan is included in net debt, the net debt to EBITDA ratio would have decreased to 2.7x (Q2'25: 2.9x).

Estimates	Q2'25	Q2'26	Q2'26e	Q2'26e	Difference (%)	2026e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Act. vs. inderes	Inderes
Revenue	246	259	253		2%	1028
EBITDA	13.3	14.8	14.7		1%	65.3
EBIT (adj.)	6.5	7.7	7.1		9%	35.8
EBIT	6.2	7.2	7.1		2%	35.0
EPS (adj.)	0.00	0.02	0.02		18%	0.15
Revenue growth-%	-3.5 %	5.3 %	3.0 %		2.3 pp	3.2 %
EBIT-% (adj.)	2.6 %	3.0 %	2.8 %		0.2 pp	3.5 %

Lähde: Inderes

Only moderate changes in the outlook

Estimate revisions and earnings drivers

- The company's guidance is that the 2026 adjusted EBIT will grow from the previous year. We have an earnings growth of approximately 2 MEUR in our forecasts, which was already achieved during H1.
- We raised our 2026 adjusted EBIT forecast by 2% based on a better-than-expected Q2 result. Our 2027-28 estimates also rose accordingly.
- We expect H2 adjusted EBIT to decline slightly from the comparison period, influenced by more challenging comparison figures, the impact of African swine fever on exports (1 MEUR impact according to the company), and cost inflation.
- The 2027 result will be supported by, among other things, efficiency investments at the Forssa plant, in addition to other efficiency measures and moderate growth. On the other hand, if export challenges persist, they could also weigh on H1 earnings.
- The EU Commission's decision to suspend beef imports from Brazil due to antibiotic use supports demand for valuable beef cuts produced by domestic meat processors. The decision may also have an upward effect on raw material prices.
- We expect the company to refinance its bond during H2, which will likely have a significant reducing effect on financing costs. We estimate that the financing costs of the 90 MEUR loan will decrease by ~3 percentage points, as the company's creditworthiness has strengthened with the turnaround in profitability.

Estimate revisions MEUR / EUR	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %	2028e Old	2028e New	Change %
Revenue	1021	1028	1%	1042	1051	1%	1063	1072	1%
EBITDA	65.4	65.3	0%	67.6	68.2	1%	69.4	70.0	1%
EBIT (exc. NRIs)	35.1	35.8	2%	36.6	37.3	2%	37.6	38.4	2%
EBIT	34.8	35.0	0%	36.6	37.3	2%	37.6	38.4	2%
PTP	22.3	22.9	2%	27.8	28.7	3%	29.8	30.8	3%
EPS (excl. NRIs)	0.13	0.15	17%	0.18	0.19	4%	0.21	0.22	4%
DPS	0.09	0.09	0%	0.11	0.11	0%	0.12	0.12	0%

Source: Inderes

HKFoods Oyj, Webcast, Q2'26

Attractive valuation for an increasingly stable company

Becoming a defensive dividend company

For several years now, HKFoods has been taking significant steps to become a defensive, dividend-paying business. The reduction in red meat consumption is slow, and the consumption of poultry and more processed foods is increasing, so in the long term, we assume market growth will be close to general GDP growth. The meat and food industries in general are competitive and capital-intensive and it's difficult to achieve a sustainable ROCE above the required return. On the other hand, in the short term, we see HKFoods as a turnaround company, and the materialization of its earnings potential and a decrease in financial expenses could support the share price development.

A strengthening profitability level offers potential

HKFoods' long-sought earnings turnaround has, in our view, now materialized sustainably. The strengthening of the balance sheet and the concentration of investments in Finland have enabled the development of industrial processes in a way that the company historically lacked the resources for. Although the lowest-hanging fruit has already been picked, the company still seems to find ways to improve its results, for example, through production-enhancing investments or other means. It is still difficult to estimate what level the improving profitability will reach in the longer term. As profitability rises to the level of domestic competitors (EBIT %: 4.7%) the stock could have a significant upside of up to 80-110% (EV/EBIT 9-10x). However, our view is more cautious, as we believe the most straightforward efficiency measures have already been implemented. In the future, earnings growth will become more capital-intensive, as is typical for the industry. Even a moderate improvement in profitability could still significantly support the share price due to the company's somewhat high balance sheet leverage.

Balance sheet improved, but not completely risk-free

The amount of debt on the balance sheet has been reduced through divestments and the strengthening of internal cash flow. The net debt to EBITDA ratio (2.4x) in June 2026 was already close to the industry average, although the balance sheet still includes 20 MEUR of recently issued hybrid bonds. As the earnings turnaround progresses, we estimate that the company can gradually reduce its indebtedness further in the coming years and redeem the hybrid bond in 2028. However, the Board's high willingness to pay dividends may partly slow down the reduction of the balance sheet risk level. In addition, sudden changes in the cost environment can significantly affect earnings from time to time, which could weaken the valuation and balance sheet risk level, as seen in the 2022 inflation shock.

Valuation is fairly attractive, assuming moderate operational earnings growth continues

We find HK Foods' EV/EBIT (2026e: 9x) based on this year's estimates, quite attractive, and the P/E is also reasonable despite high financing costs (2026e: 11x). The P/E ratio will decrease significantly (9x and 8x) based on 2027-28 estimates due to lower financing costs. We believe the moderate earnings growth we expect for the coming years is sufficient for a reasonably good annual return of around 14%, exceeding our required return (assuming a fair P/E valuation of 10x for 2027, considering dividends and a 1.5-year discount).

Our DCF model indicates a valuation of EUR 1.98 for the stock, supporting the view that the stock has upside. The model necessitates the earnings turnaround proving sustainable. The long-term profitability assumption (EBIT: 3.0%) is clearly above the historical level, but below the current level (adj. EBIT-% 2025-2026e: 3.4-3.5%).

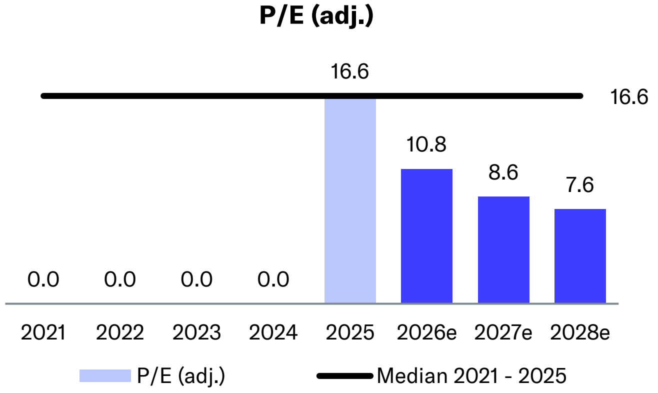
Valuation	2026e	2027e	2028e
Share price	1.63	1.63	1.63
Number of shares, millions	89.9	89.9	89.9
Market cap	147	147	147
EV	323	318	313
P/E (adj.)	10.8	8.6	7.6
P/E	11.4	8.6	7.6
P/B	1.0	0.9	0.9
P/S	0.1	0.1	0.1
EV/Sales	0.3	0.3	0.3
EV/EBITDA	4.9	4.7	4.5
EV/EBIT (adj.)	9.0	8.5	8.2
Payout ratio (%)	65.3 %	47.2 %	52.1 %
Dividend yield-%	5.5 %	6.7 %	7.4 %

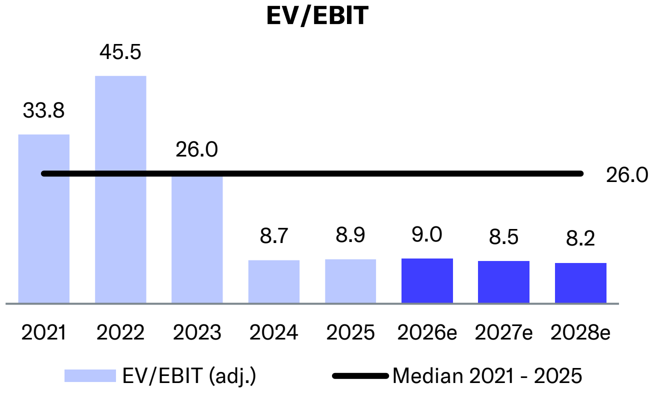
Source: Inderes

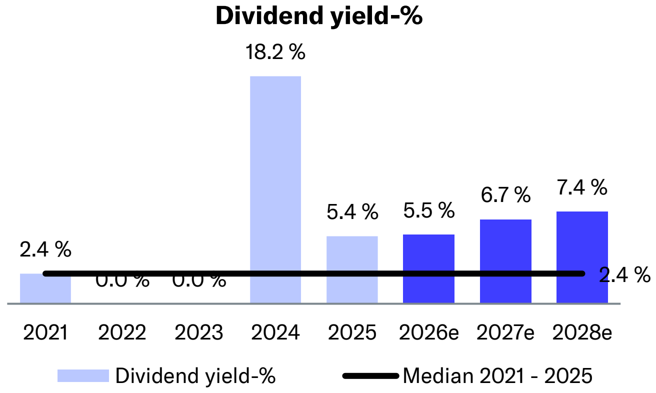
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	1.66	0.87	0.89	0.77	1.48	**1.63**	**1.63**	**1.63**	**1.63**
Number of shares, millions	97.1	97.3	97.4	89.9	89.9	**89.9**	**89.9**	**89.9**	**89.9**
Market cap	161	85	87	69	133	**147**	**147**	**147**	**147**
EV	490	441	387	240	303	**323**	**318**	**313**	**306**
P/E (adj.)	neg.	neg.	neg.	neg.	16.6	**10.8**	**8.6**	**7.6**	**7.2**
P/E	neg.	neg.	neg.	neg.	neg.	**11.4**	**8.6**	**7.6**	**7.2**
P/B	0.6	0.4	0.5	0.4	0.9	**1.0**	**0.9**	**0.9**	**0.8**
P/S	0.1	0.0	0.1	0.1	0.1	**0.1**	**0.1**	**0.1**	**0.1**
EV/Sales	0.3	0.2	0.3	0.2	0.3	**0.3**	**0.3**	**0.3**	**0.3**
EV/EBITDA	6.3	7.9	7.3	4.3	4.9	**4.9**	**4.7**	**4.5**	**4.3**
EV/EBIT (adj.)	33.8	45.5	26.0	8.7	8.9	**9.0**	**8.5**	**8.2**	**7.8**
Payout ratio (%)	neg.	0.0 %	0.0 %	neg.	neg.	**65.3 %**	**47.2 %**	**52.1 %**	**56.8 %**
Dividend yield-%	2.4 %	0.0 %	0.0 %	18.2 %	5.4 %	**5.5 %**	**6.7 %**	**7.4 %**	**8.0 %**

Source: Inderes







The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**
Atria	443	746	10.0	9.9	5.3	5.2	0.4	0.4	8.9	8.7	5.3	5.7	1.0
Apetit	79	95		13.6	10.5	5.9	0.5	0.5		12.2	6.0	6.0	0.7
Raisio	409	328	10.7	10.2	8.2	7.8	1.4	1.4	16.3	15.3	6.0	6.4	1.6
Hilton Foods	639	1023	10.4	9.7	6.0	5.5	0.2	0.2	12.6	11.3	5.8	5.9	1.5
Scandi Standard	859	1089	16.8	14.5	10.2	9.4	0.8	0.8	20.9	17.4	2.8	3.3	3.2
Cranswick	3352	3634	13.5	12.4	9.5	8.7	1.0	1.0	18.0	16.7	2.1	2.3	2.6
Societe LDC	4121	3959	10.5	8.9	6.4	5.4	0.5	0.5	14.1	11.9	1.5	1.8	1.6
Bell Foods	1230	2164	11.6	11.4	5.4	5.2	0.4	0.4	9.2	9.1	3.8	4.0	0.7
Orior	100	263	21.1	20.1	6.6	6.5	0.4	0.4	17.4	15.4			2.1
Prima Meat Packers	641	737			6.1	5.8	0.3	0.3	11.8	13.0	3.5	3.5	0.9
NH Foods	3035	4097			7.5	7.1	0.5	0.5	16.2	14.0	2.7	3.0	1.1
HKFoods (Inderes)	**147**	**323**	**9.0**	**8.5**	**4.9**	**4.7**	**0.3**	**0.3**	**10.8**	**8.6**	**5.5**	**6.7**	**1.0**
Average			**13.1**	**12.3**	**7.4**	**6.6**	**0.6**	**0.6**	**14.5**	**13.2**	**4.0**	**4.2**	**1.5**
Median			**11.1**	**11.4**	**6.6**	**5.9**	**0.5**	**0.5**	**15.2**	**13.0**	**3.7**	**3.7**	**1.5**
Diff-% to median			**-19%**	**-25%**	**-25%**	**-21%**	**-40%**	**-39%**	**-29%**	**-34%**	**51%**	**81%**	**-34%**

Source: Refinitiv / Inderes

Income statement

Income statement	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**1163**	**1002**	**234**	**246**	**247**	**270**	**996**	**243**	**259**	**252**	**275**	**1028**	**1051**	**1072**	**1093**
Finland	933	1002	234	246	247	270	996	243	259	252	275	1028	1051	1072	1093
EBITDA	**52.8**	**56.3**	**12.1**	**13.3**	**18.5**	**18.5**	**62.4**	**12.7**	**14.8**	**19.3**	**18.5**	**65.3**	**68.2**	**70.0**	**71.4**
Depreciation	-35.3	-33.9	-7.4	-7.1	-7.6	-7.4	-29.5	-7.3	-7.6	-7.7	-7.7	-30.3	-30.9	-31.6	-32.2
EBIT (excl. NRI)	**14.9**	**27.7**	**4.6**	**6.5**	**11.8**	**11.2**	**34.0**	**5.7**	**7.7**	**11.6**	**10.7**	**35.8**	**37.3**	**38.4**	**39.1**
EBIT	**17.5**	**22.4**	**4.6**	**6.2**	**10.9**	**11.2**	**32.9**	**5.4**	**7.2**	**11.6**	**10.7**	**35.0**	**37.3**	**38.4**	**39.1**
Share of profits in assoc. compan.	1.3	1.2	0.5	0.3	0.6	-0.7	0.7	0.8	0.3	0.3	0.3	1.7	1.4	1.4	1.4
Net financial items	-27.7	-19.5	-3.9	-3.7	-3.5	-3.7	-14.9	-3.1	-3.7	-3.5	-3.5	-13.8	-10.0	-9.0	-10.5
PTP	**-8.9**	**4.1**	**1.2**	**2.7**	**8.1**	**6.8**	**18.7**	**3.1**	**3.7**	**8.4**	**7.6**	**22.9**	**28.7**	**30.8**	**30.1**
Taxes	-6.6	-6.0	-0.3	-0.7	-0.7	-2.8	-4.5	-0.3	-0.6	-1.8	-1.5	-4.2	-5.7	-5.9	-5.7
Minority interest	-4.0	-3.4	-0.2	-1.0	-0.8	-1.7	-3.8	-0.2	-1.8	-1.0	-1.1	-4.1	-4.1	-4.2	-4.0
Lopetetut toiminnot	-61.1	-6.9	-21.7	1.3	-0.5	-3.1	-24.0	0.0	0.0	0.0	0.0	-10.8	0.0	0.0	0.0
Net earnings	**-26.4**	**-29.3**	**0.3**	**-2.6**	**-0.4**	**2.2**	**-0.4**	**2.6**	**1.4**	**5.6**	**4.9**	**14.5**	**18.9**	**20.7**	**20.3**
Hybridilainan korot	-2.1	-2.1	-1.0	-1.0	-1.0	-1.0	-4.2	-1.0	-1.0	-1.0	-0.4	-3.5	-1.7	-1.8	-1.3
EPS (rep.)	**-0.29**	**-0.32**	**0.00**	**-0.03**	**0.00**	**0.02**	**-0.05**	**0.02**	**0.00**	**0.05**	**0.05**	**0.12**	**0.19**	**0.21**	**0.21**

Key figures	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-36.6 %	-13.9 %	2.2 %	-3.5 %	-1.8 %	1.1 %	-0.5 %	3.8 %	5.3 %	2.0 %	1.9 %	3.2 %	2.2 %	2.0 %	2.0 %
Adjusted EBIT growth-%		86.0 %	230.7 %	46.7 %	1.0 %	8.8 %	22.8 %	23.1 %	18.5 %	-1.1 %	-3.8 %	5.1 %	4.3 %	2.9 %	2.0 %
EBITDA-%	4.5 %	5.6 %	5.2 %	5.4 %	7.5 %	6.9 %	6.3 %	5.2 %	5.7 %	7.7 %	6.7 %	6.4 %	6.5 %	6.5 %	6.5 %
Adjusted EBIT-%	1.3 %	2.8 %	2.0 %	2.6 %	4.8 %	4.1 %	3.4 %	2.4 %	3.0 %	4.6 %	3.9 %	3.5 %	3.6 %	3.6 %	3.6 %

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	**351**	**340**	**345**	**349**	**352**
Goodwill	27.8	27.8	27.8	27.8	27.8
Intangible assets	16.2	15.6	15.6	15.6	15.6
Tangible assets	252	252	256	260	263
Associated companies	21.8	22.3	22.3	22.3	22.3
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	12.4	3.9	3.9	3.9	3.9
Deferred tax assets	21.2	18.9	18.9	18.9	18.9
Current assets	**177**	**172**	**185**	**190**	**194**
Inventories	59.6	63.1	66.1	68.7	70.6
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	80.3	58.1	65.8	67.3	68.6
Cash and equivalents	36.7	51.1	52.7	53.9	55.0
Balance sheet total	**528**	**513**	**529**	**539**	**546**

Source: Inderes

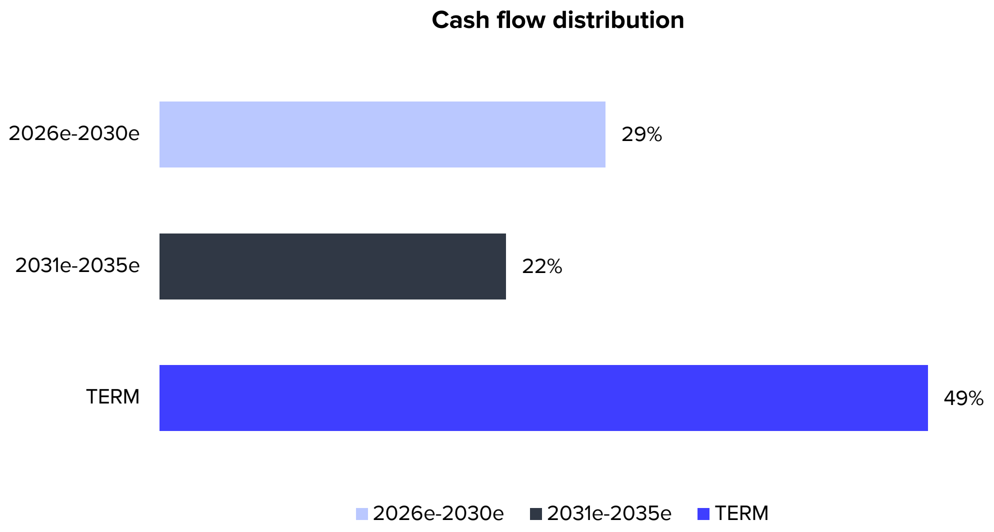
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**215**	**194**	**199**	**208**	**198**
Share capital	0.0	0.0	0.0	0.0	0.0
Retained earnings	-30.4	-46.9	-41.3	-32.2	-22.7
Hybrid bonds	25.9	20.0	20.0	20.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	193	194	194	194	194
Minorities	26.9	26.9	26.9	26.9	26.9
Non-current liabilities	**178**	**173**	**184**	**182**	**196**
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	172	168	179	177	191
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities	5.4	5.0	5.0	5.0	5.0
Current liabilities	**134**	**146**	**145**	**148**	**152**
Interest bearing debt	14.0	25.5	19.9	19.7	21.2
Payables	120	120	125	128	131
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**528**	**513**	**529**	**539**	**546**

DCF calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-0.5 %	3.2 %	2.2 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	3.3 %	3.4 %	3.6 %	3.6 %	3.6 %	3.6 %	3.6 %	3.6 %	3.6 %	3.0 %	3.0 %	3.0 %
EBIT (operating profit)	**32.9**	**35.0**	**37.3**	**38.4**	**39.1**	**39.9**	**40.7**	**41.5**	**42.4**	**36.2**	**36.9**	
+ Depreciation	29.5	30.3	30.9	31.6	32.2	32.8	33.4	33.9	34.4	35.0	35.2	
- Paid taxes	-2.2	-4.2	-5.7	-5.9	-5.7	-5.9	-6.6	-6.8	-7.0	-5.8	-6.0	
- Tax, financial expenses	-3.7	-2.8	-2.1	-1.8	-2.1	-2.0	-1.6	-1.5	-1.5	-1.4	-1.4	
+ 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	18.4	-5.4	-1.2	-0.7	-0.7	-0.7	-0.2	-0.2	-0.2	-0.2	-0.2	
Operating cash flow	**74.9**	**52.9**	**59.2**	**61.7**	**62.8**	**64.0**	**65.7**	**66.9**	**68.1**	**63.7**	**64.5**	
+ Change in other long-term liabilities	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-20.5	-34.7	-35.2	-34.6	-35.0	-35.4	-35.8	-36.2	-36.6	-37.0	-39.7	
Free operating cash flow	**54.0**	**18.2**	**24.0**	**27.0**	**27.8**	**28.6**	**30.0**	**30.8**	**31.6**	**26.8**	**24.8**	
+/- Other	-10.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	43.2	18.2	24.0	27.0	27.8	28.6	30.0	30.8	31.6	26.8	24.8	382
Discounted FCFF		**17.6**	**21.3**	**22.2**	**21.0**	**19.9**	**19.2**	**18.1**	**17.1**	**13.4**	**11.4**	**176**
Sum of FCFF present value		357	339	318	296	275	255	236	218	201	187	176
Enterprise value DCF		**357**										
- Interest bearing debt		-213.6										
+ Cash and cash equivalents		51.1										
+ Associated companies		13.4										
-Minorities		-22.9										
-Dividend/capital return		-7.2										
Equity value DCF		**177.8**										
Equity value DCF per share		**1.98**										

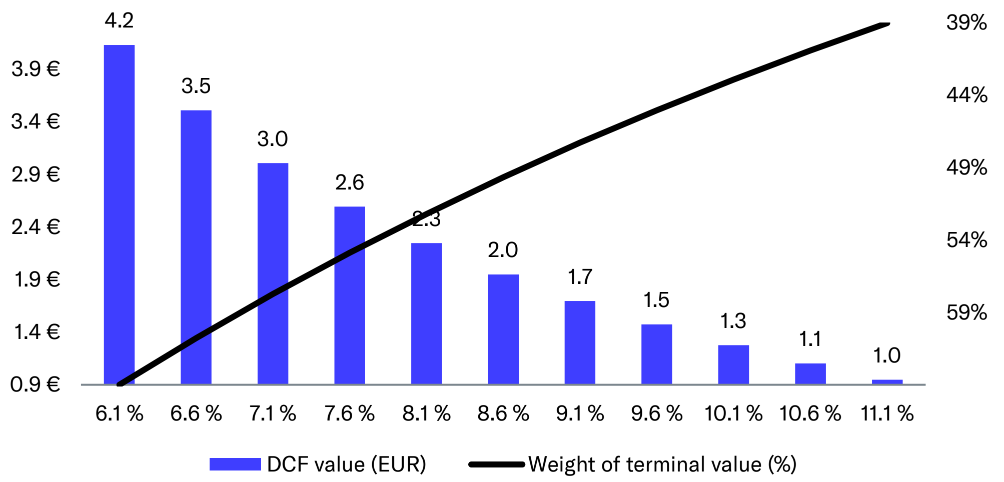
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	15.0 %
Cost of debt	6.0 %
Equity Beta	1.43
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**9.3 %**
Weighted average cost of capital (WACC)	**8.6 %**

Source: Inderes

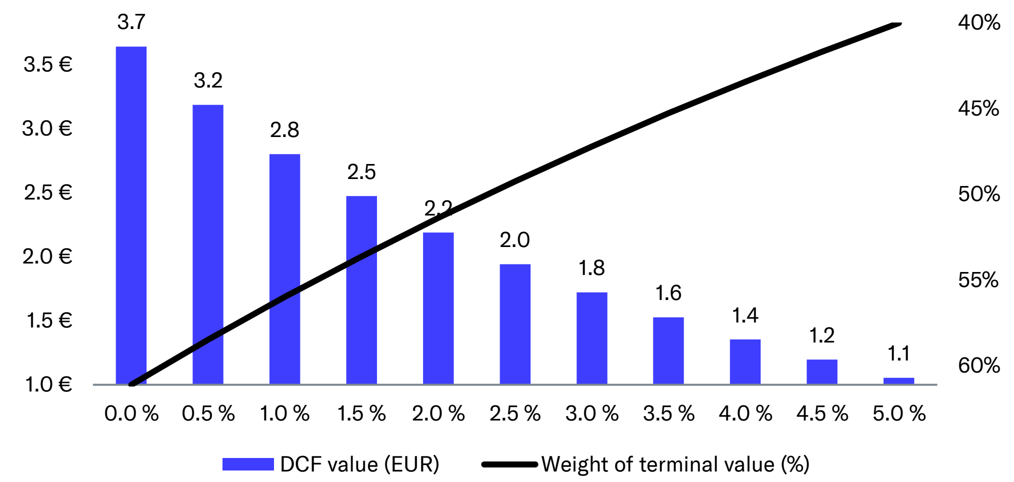


DCF sensitivity calculations and key assumptions in graphs

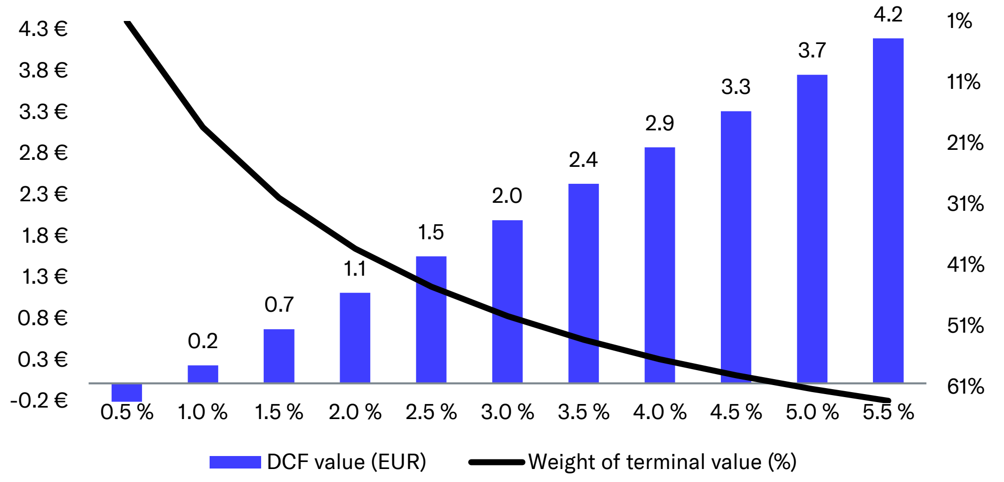
Sensitivity of DCF to changes in the WACC-%



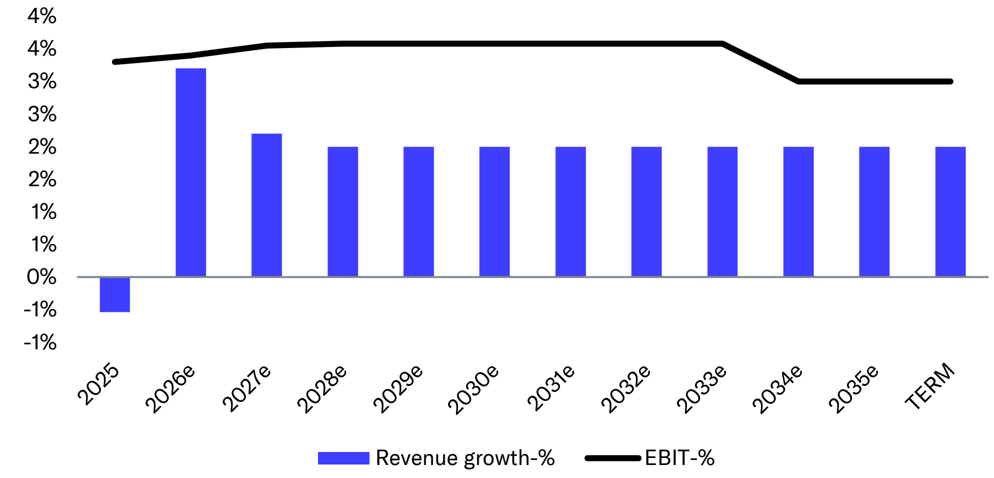
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	1163.2	1001.8	996.4	**1028.3**	**1050.9**
EBITDA	52.8	56.3	62.4	**65.3**	**68.2**
EBIT	17.5	22.4	32.9	**35.0**	**37.3**
PTP	-8.9	4.1	18.7	**22.9**	**28.7**
Net Income	-26.4	-29.3	-0.4	**14.5**	**18.9**
Extraordinary items	2.6	-5.3	-1.1	**-0.8**	**0.0**

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	851.7	527.6	512.5	**529.3**	**538.7**
Equity capital	238.0	215.4	193.8	**199.4**	**208.5**
Goodwill	27.8	27.8	27.8	**27.8**	**27.8**
Net debt	278.2	149.7	142.5	**146.7**	**143.1**

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	52.8	56.3	62.4	**65.3**	**68.2**
Change in working capital	25.1	-8.5	18.4	**-5.4**	**-1.2**
Operating cash flow	72.5	41.8	74.9	**52.9**	**59.2**
CAPEX	-29.9	259.2	-20.5	**-34.7**	**-35.2**
Free cash flow	98.3	131.1	43.2	**18.2**	**24.0**

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	0.3	0.2	0.3	**0.3**	**0.3**
EV/EBITDA	7.3	4.3	4.9	**4.9**	**4.7**
EV/EBIT (adj.)	26.0	8.7	8.9	**9.0**	**8.5**
P/E (adj.)	neg.	neg.	16.6	**10.8**	**8.6**
P/B	0.5	0.4	0.9	**1.0**	**0.9**
Dividend-%	0.0 %	18.2 %	5.4 %	**5.5 %**	**6.7 %**

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	-0.29	-0.37	-0.04	**0.14**	**0.19**
EPS (adj.)	-0.32	-0.05	0.09	**0.15**	**0.19**
OCF / share	0.74	0.46	0.83	**0.59**	**0.66**
OFCF / share	1.01	1.46	0.48	**0.20**	**0.27**
Book value / share	2.17	2.10	1.86	**1.92**	**2.02**
Dividend / share	0.00	0.14	0.08	**0.09**	**0.11**

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	-37%	-14%	-1%	**3%**	**2%**
EBITDA growth-%	-6%	7%	11%	**5%**	**4%**
EBIT (adj.) growth-%	54%	86%	23%	**5%**	**4%**
EPS (adj.) growth-%	57%	86%	294%	**70%**	**26%**
EBITDA-%	4.5 %	5.6 %	6.3 %	**6.4 %**	**6.5 %**
EBIT (adj.)-%	1.3 %	2.8 %	3.4 %	**3.5 %**	**3.6 %**
EBIT-%	1.5 %	2.2 %	3.3 %	**3.4 %**	**3.6 %**
ROE-%	-11.2 %	-14.7 %	-0.2 %	**8.6 %**	**10.7 %**
ROI-%	3.2 %	5.0 %	8.5 %	**9.3 %**	**9.6 %**
Equity ratio	27.9 %	40.8 %	37.8 %	**37.7 %**	**38.7 %**
Gearing	116.9 %	69.5 %	73.5 %	**73.5 %**	**68.7 %**
Net debt/EBITDA	5.3	2.7	2.3	**2.2**	**2.1**
EBITDA/net financials	1.9	2.9	4.2	**4.7**	**6.8**

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

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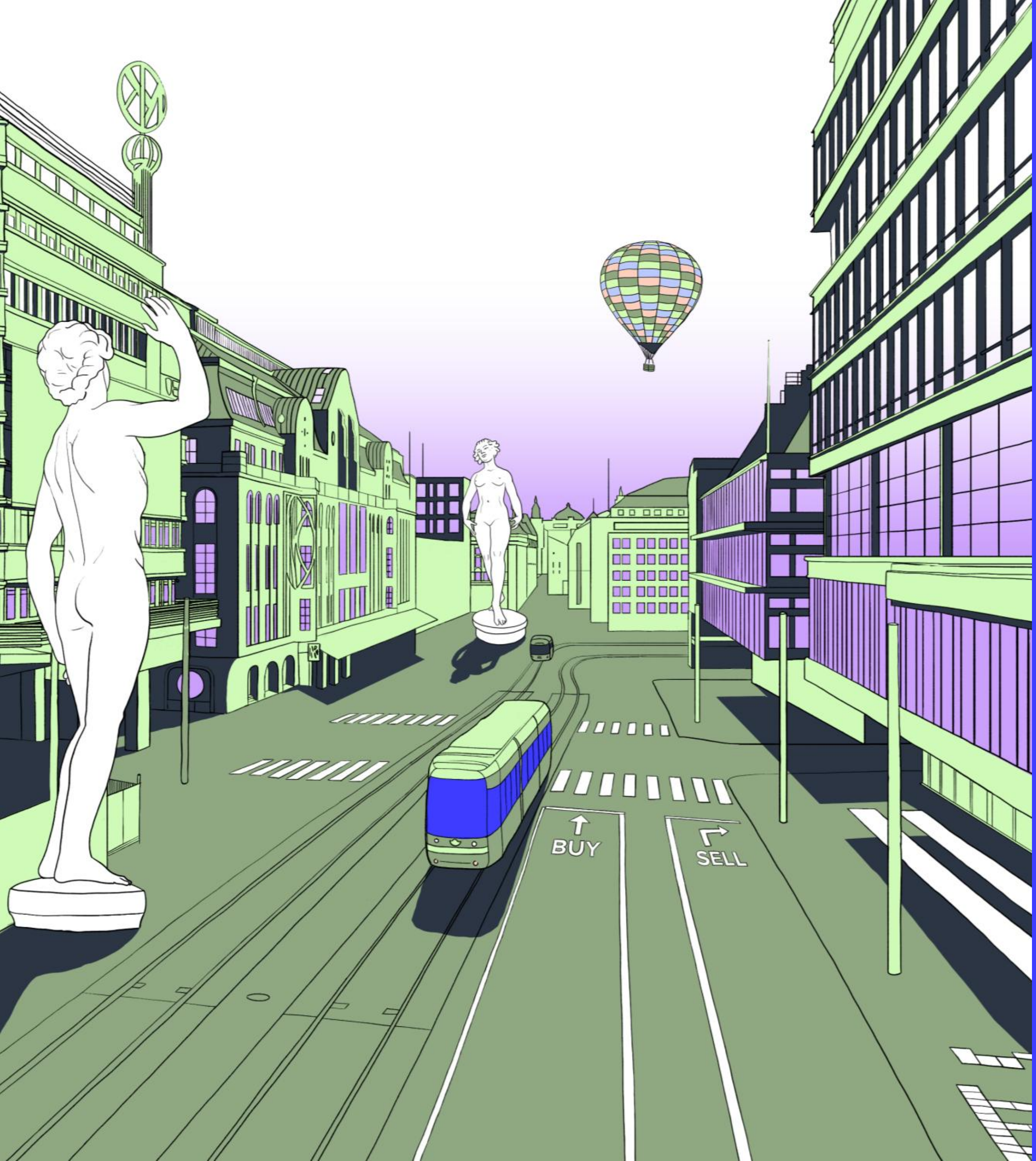
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
6/1/2024	Reduce	0.65 €	0.70 €
8/8/2024	Reduce	0.55 €	0.63 €
9/26/2024	Reduce	0.70 €	0.72 €
11/6/2024	Reduce	0.85 €	0.88 €
1/15/2025	Reduce	1.00 €	1.00 €
2/17/2025	Reduce	1.00 €	1.09 €
5/8/2025	Accumulate	1.30 €	1.17 €
6/10/2025	Reduce	1.50 €	1.78 €
8/7/2025	Accumulate	1.70 €	1.53 €
9/4/2025	Accumulate	1.70 €	1.52 €
11/5/2025	Accumulate	1.80 €	1.63 €
12/30/2025	Buy	1.80 €	1.38 €
2/16/2026	Accumulate	2.00 €	1.78 €
4/28/2026	Reduce	1.70 €	1.71 €
5/6/2026	Reduce	1.70 €	1.70 €
5/6/2026	Reduce	1.70 €	1.70 €



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