

# Alma Media

## Company report

07/21/2022 08:45



**Petri Gostowski**  
+358 40 821 5982  
petri.gostowski@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “Tiukka työmarkkina vauhdittaa kasvua” published on 7/21/2022 at 8:45 am

inde  
res.

# Tight labor market drives growth

Alma Media's Q2 report published yesterday was largely in line with expectations, even though the operating result fell short of our estimates that we raised in connection with the preliminary result. We made no substantial changes to our estimates and expect the earnings growth rate to slow down toward the end of the year, reflecting the development of the operating landscape. We feel the valuation of the share is neutral, so we continue monitoring the development of the operating landscape with our Reduce recommendation and reiterate our EUR 11.00 target price.

## The recruitment business drove earnings growth

Alma Media's revenue increased by some 11% in Q2, which was close to our estimate. At segment level, Career fell short of our estimates, even though revenue increased by as much as 42% in Q2 (estimate 48%). Career's excellent growth rate is driven by a tight labor market. Talent's 4% revenue drop was slightly higher than we expected (estimate -1%), while Consumer's revenue grew by 2% and we estimated a slight drop (estimate -2%). In Talent, content income continued developing well, while advertising encountered headwind due to the lack of listings and car advertising. In Consumer's housing business, the company was able to accelerate sales of value-added services despite the market cooling down. The cost structure was in line with expectations and the company's adjusted EBIT was 24.2% in Q2 (Q2:21: 23.2%). A slightly softer EBIT % than we expected was explained by increased expenses in Career, which was caused by higher marketing and personnel costs to improve the reach of employees finding work through marketplaces. There were no surprises in the operative results of Consumer and Talent. The undercut in the operating result was offset by higher-than-expected sales gains from Bolt Group and the Baltic telemarketing business. Reflecting this and positive net financing costs the EUR 0.28 EPS exceeded our estimate.

## Estimates practically unchanged

Alma Media reiterated its recently raised guidance for 2022 according to which its revenue (2021: 275 MEUR) and adjusted EBIT (61.1 MEUR) will increase clearly from 2021. We made marginal estimate revisions for H2'22, which in practice counterbalanced the Q2 earnings undercut. Thus, our 2022 earnings estimate which we raised with the preliminary result remains unchanged. We expect Alma Media's revenue to grow by 11% and adjusted EBIT to increase by 24% in 2022. In the next few years, we expect organic earnings growth to be subdued, which reflects a clearly weaker economic environment and development investments that increase the cost structure, as well as inflation. We feel the high dependency of the economies in Eastern European countries on the gas market forms the key short-term risk.

## Valuation at a justified level

P/E ratios for 2021-2023 based on our estimates are 16x and corresponding EV/EBIT ratios are 13x and 14x. We feel the valuation multiples are relatively neutral in absolute terms and do not see any upside in the valuation from the current level. Our sum-of-parts and DCF models (EUR 11.5-12.4 per share) indicate a reasonable upside but due to the uncertainties in the operating landscape, we do not rely on the materialization of these in the next 12 months. With our estimates Alma Media offers a reasonable 3-4% dividend yield but its relative attractiveness is mitigated by a significant increase in interest rates.

## Recommendation

### Reduce

(previous Reduce)

### EUR 11.00

(previous EUR 11.00)

### Share price:

10.30



## Key figures

	2021	2022e	2023e	2024e
<b>Revenue</b>	275	306	303	309
<b>growth-%</b>	20%	11%	-1%	2%
<b>EBIT adj.</b>	61.1	75.4	70.7	72.8
<b>EBIT-% adj.</b>	22.2 %	24.7 %	23.4 %	23.6 %
<b>Net Income</b>	43.6	66.5	53.6	55.2
<b>EPS (adj.)</b>	0.58	0.66	0.66	0.68

<b>P/E (adj.)</b>	18.6	15.5	15.7	15.2
<b>P/B</b>	5.4	4.2	3.8	3.5
<b>Dividend yield-%</b>	3.2 %	3.7 %	3.9 %	4.2 %
<b>EV/EBIT (adj.)</b>	17.3	13.1	13.5	12.8
<b>EV/EBITDA</b>	14.4	10.0	10.9	10.3
<b>EV/S</b>	3.8	3.2	3.2	3.0

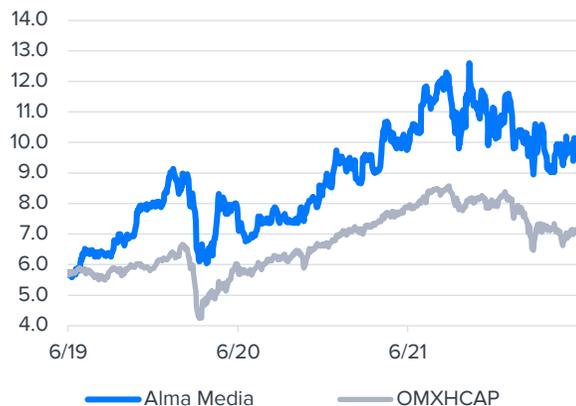
Source: Inderes

## Guidance

(Improved)

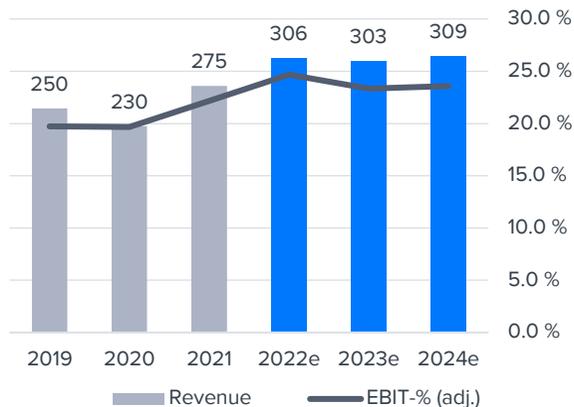
In 2022, Alma Media expects its full-year revenue (2021: 275.4 MEUR) and adjusted operating profit EUR 61.1 million) to grow significantly from 2021.

## Share price



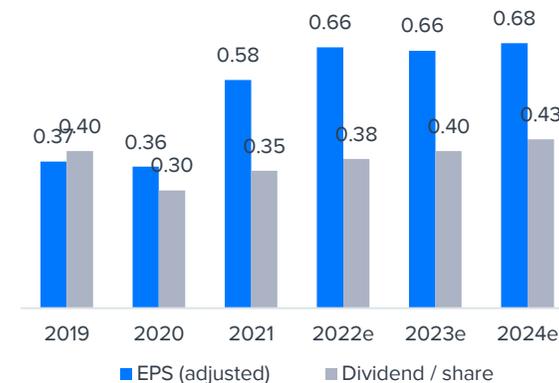
Source: Millstream Market Data AB

## Revenue and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Profitable growth in digital businesses
- Positive long-term market trends of marketplace businesses
- Stable profitability development and good cash flow in media businesses
- M&A transaction option that is positive considering the track record



## Risk factors

- Cyclicity especially in advertising and recruitment
- Accelerated revolution in media and steep decrease in print media
- Competitive risks posed by new technologies
- Changes in competitive position and dynamics
- Vulnerability of Eastern European economies to changes in the energy market

Valuation	2022e	2023e	2024e
Share price	10.3	10.3	10.3
Number of shares, millions	82.4	82.4	82.4
Market cap	849	849	849
EV	987	958	928
P/E (adj.)	15.5	15.7	15.2
P/E	12.8	15.8	15.4
P/FCF	10.3	13.8	13.2
P/B	4.2	3.8	3.5
P/S	2.8	2.8	2.8
EV/Sales	3.2	3.2	3.0
EV/EBITDA	10.0	10.9	10.3
EV/EBIT (adj.)	13.1	13.5	12.8
Payout ratio (%)	47.1%	61.5%	64.2%
Dividend yield-%	3.7%	3.9%	4.2%

Source: Inderes

# The recruitment business drove earnings growth

## Revenue nearly at expected level

Alma Media's revenue grew by some 11% in Q2, which was slightly below our 80.8 estimate. At segment level, Career fell short of our estimates and its revenue increased by 42% in Q2, while our estimate updated before the result was 48% revenue growth. As in previous quarters, Career's growth continued as brisk, reflecting invoicing that has grown rapidly for a longer time. Talent's 4% revenue drop was slightly higher than we expected (estimate -1%), while Consumer's revenue grew by 2% and we estimated a slight revenue drop (estimate -2%).

In Talent's case, the drop in advertising brought some headwind, which on the other hand was offset by good development in content income. Furthermore, the drop in Talent's revenue is explained by the divestment of Baltic direct marketing. In Consumer, housing marketplaces developed well despite the drop in volumes driven by the development of value-

added services, while in the car and mobility business, revenue decreased with weaker trading activity.

## Profitability was softer than we expected

Alma Media's adjusted EBIT improved to 24.2% in Q2 (Q2'21: 23.2%) but was below our and consensus estimates. The weaker-than-expected operating result was explained by Career's increased expenses, which was caused by higher marketing and personnel costs to improve the availability of labor.

The profitability of Talent and Consumer provided no surprises. Consumer's result exceeded our expectations in line with slightly higher revenue levels, while Talent was slightly below our expectations. Marketplace development investments continued, which partly depressed Consumer's profitability.

Alma Media recorded a substantial sales gain in Q2, which was based on the divestment of Bolt Group's (+6.2 MEUR) and the Baltic direct marketing (+ 0.5 MEUR) businesses.

## Operating cash flow at a good level

Alma Media's H1'22 operating cash flow reached EUR 44.3 million mirroring the improved operating result. Considering the low investment need, free cash flow (incl. leasing payments) was thus at a very good EUR 36.2 million level.

Alma Media's net debt at the end of Q2 stood at EUR 164 million. (Q1'22: 157 MEUR). With the acquisitions, the indebtedness of the company's balance sheet remains slightly elevated (net gearing 93.7%). However, with high profitability and strong cash flow, gearing falls rapidly (2022e net debt/EBITDA 1.4), which provides leeway for acquisitions already in the near future.

Estimates MEUR / EUR	Q2'21	Q2'22	Q2'22e	Q2'22e	Consensus		Difference (%)	2022e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	71.7	79.3	80.8	80.1	77.0	86.5	-2%	306
EBIT (adj.)	16.6	19.2	22.7	24.2	20.0	29.5	-15%	75.4
EBIT	13.0	25.9	22.4	21.5	18.5	24.5	15%	81.7
PTP	12.6	27.5	26.7	20.0	12.5	24.7	3%	82.5
EPS (reported)	0.12	0.28	0.25	0.19	0.11	0.23	12%	0.81
Revenue growth-%	36.5 %	10.7 %	12.7 %	11.7 %	7.4 %	20.7 %	-2.1 pp	11.0 %
EBIT-% (adj.)	23.2 %	24.3 %	28.1 %	30.2 %	26.0 %	34.1 %	-3.8 pp	24.7 %

Source: Inderes & Infront (consensus)

# Estimates practically unchanged

## Estimate changes 2022e-2024e

- Alma Media recently (7/8/2022) raised its 2022 guidance and expects its revenue and adjusted EBIT to grow clearly from the previous year.
- Prior to the earnings revision, we expected some 19% adjusted EBIT growth in 2022, but we made small positive revisions to our estimates in connection with the preliminary result.
- Considering the estimate revisions made in connection with the preliminary result and the Q2 figures, our 2022 estimates remain unchanged (estimate revisions in the table below relative to the previous update).
- The earnings estimate increases relative to reported figures are explained by higher-than-expected sales gains and positive net financing costs in Q2.
- Our 2023-2024 estimates remain practically unchanged

## Operational result drivers 2022-2024e:

- We expect 2022 revenue to grow by 11%. In our estimates, revenue growth is driven by Career's and Consumer's growth, which is mainly due to the Nettix acquisition in Q1.
- We expect adjusted EBIT for 2022 to increase by 24%. The scaling of revenue growth reflects especially Career's very high margin growth.
- In 2023-24e, we expect revenue growth to decline to about 1%, which clearly reflects the slowdown in economic growth and demand for durable goods.
- In our estimates, the slowdown in revenue growth also stops short-term earnings growth. This is also influenced by the increased cost levels due to development investments and inflation.
- We believe that the economic development of Career's main markets involves considerable short-term uncertainty caused by the high dependence of these economies on gas as an energy source.

Estimate revisions MEUR / EUR	2022e			2023e			2024e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	300	306	2%	300	303	1%	306	309	1%
EBIT (exc. NRIs)	72.6	75.4	4%	70.5	70.7	0%	72.6	72.8	0%
EBIT	71.9	81.7	14%	70.0	70.2	0%	72.1	72.3	0%
PTP	76.1	82.5	8%	68.5	68.7	0%	70.6	70.8	0%
EPS (excl. NRIs)	0.66	0.66	0%	0.65	0.66	0%	0.67	0.68	0%
DPS	0.38	0.38	0%	0.40	0.40	0%	0.43	0.43	0%

Source: Inderes

# Valuation at a justified level

## Earnings-based valuation is neutral

Based on our Alma Media estimates, the adjusted P/E multiple for 2022e is around 16x and the corresponding adjusted EV/EBIT multiple is around 13x. In our view, the earnings-based valuation multiples for 2022 are neutral in absolute terms. We expect the earnings development of the next few years to be fairly stable, as a result of which the earnings-based valuation of the next few years will also be neutral.

As digital revenue with high profitability and strong cash flow has grown (in particular marketplace businesses and digital advertising and services), we believe that the increase of Alma Media's acceptable valuation level relative to historical valuation multiples has been justified in recent years. At the same time, however, it should be noted that the significant increase in interest rates above the zero-level seen in recent years is clearly reflected in general stock market valuation levels through higher required returns. Thus, we do not believe that relying on the accepted valuation levels of recent years (2017-2021 average P/E ratio 19x and EV/EBIT ratio 15x) is justified for the time being.

With our estimates, the share offers an average dividend yield of some 4% over the next few years. We feel there is no upside from the current level in absolute valuation multiples, which means that the expected return for the next few years relies in our view on dividend yield. The resulting expected return is below the required return we apply.

## Relative valuation and sum-of-the-parts model

In relative terms, the share's earnings-based valuation multiples are moderate especially when benchmarked against the marketplace peer group (p. 8).

We believe that Alma Media should be valued at a discount to the companies in the peer group of marketplace businesses that have a greater market and growth potential. In addition, the different growth and profitability prospects of the businesses and how these are linked to general economic and cyclical development must be considered. Thus, we use the peer group as a benchmark primarily in our sum-of-the-parts calculation where we, due to the aforementioned factors, apply a discount to Alma Media relative to the valuation multiples of the peers.

The value of our updated sum-of-the-parts calculation is EUR 12.4. Our sum-of-the-parts model is described in more detail [in our extensive report](#). We believe the valuation multiples of the platform companies in the extensive peer group are, on the whole, reasonable.

The share value based on our DCF calculation, which reflects the longer-term potential, is EUR 11.5 per share. However, we do not believe that the sum of the parts model or the DCF calculation turn the overall valuation picture attractive and thus we wait for a better return/risk ratio before recommending additional purchases.

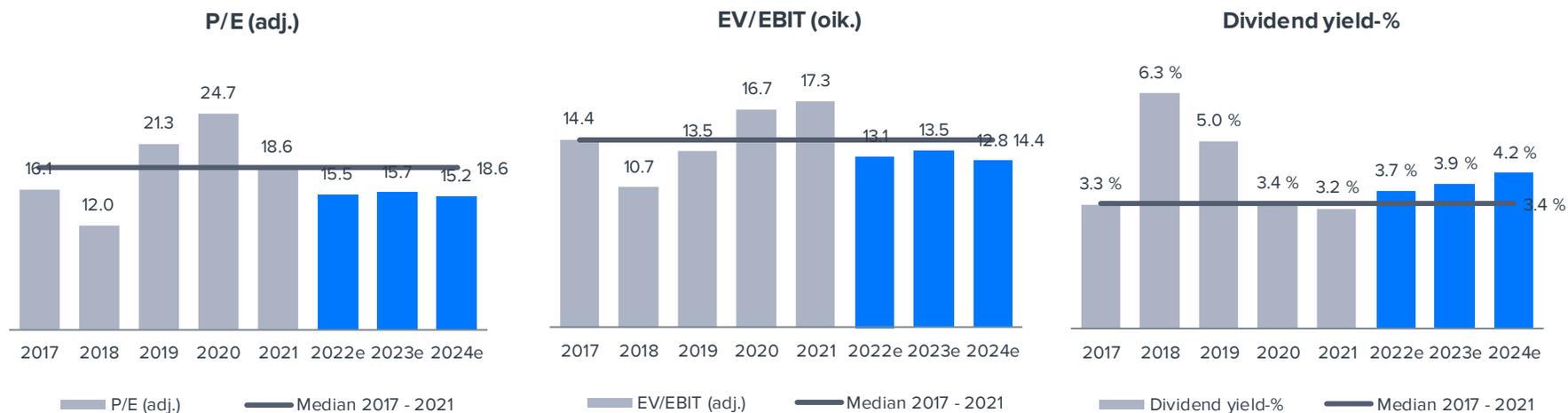
Valuation	2022e	2023e	2024e
Share price	10.3	10.3	10.3
Number of shares, millions	82.4	82.4	82.4
Market cap	849	849	849
EV	987	958	928
P/E (adj.)	15.5	15.7	15.2
P/E	12.8	15.8	15.4
P/FCF	10.3	13.8	13.2
P/B	4.2	3.8	3.5
P/S	2.8	2.8	2.8
EV/Sales	3.2	3.2	3.0
EV/EBITDA	10.0	10.9	10.3
EV/EBIT (adj.)	13.1	13.5	12.8
Payout ratio (%)	47.1 %	61.5 %	64.2 %
Dividend yield-%	3.7 %	3.9 %	4.2 %

Source: Inderes

# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	7.19	5.54	7.96	8.92	10.8	10.3	10.3	10.3	10.3
Number of shares, millions	82.4	82.3	82.3	82.3	82.4	82.4	82.4	82.4	82.4
Market cap	592	456	655	734	891	849	849	849	849
EV	735	616	667	756	1059	987	958	928	900
P/E (adj.)	16.1	12.0	21.3	24.7	18.6	15.5	15.7	15.2	14.6
P/E	18.4	10.9	21.3	26.7	20.4	12.8	15.8	15.4	14.8
P/FCF	19.2	58.2	8.5	6.7	neg.	10.3	13.8	13.2	13.1
P/B	4.3	2.8	3.8	4.0	5.4	4.2	3.8	3.5	3.2
P/S	1.6	1.3	2.6	3.2	3.2	2.8	2.8	2.8	2.7
EV/Sales	2.0	1.7	2.7	3.3	3.8	3.2	3.2	3.0	2.9
EV/EBITDA	11.0	8.0	9.3	12.8	14.4	10.0	10.9	10.3	9.8
EV/EBIT (adj.)	14.4	10.7	13.5	16.7	17.3	13.1	13.5	12.8	11.9
Payout ratio (%)	61.4 %	69.0 %	106.8 %	89.9 %	66.1 %	47.1 %	61.5 %	64.2 %	64.5 %
Dividend yield-%	3.3 %	6.3 %	5.0 %	3.4 %	3.2 %	3.7 %	3.9 %	4.2 %	4.4 %

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	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
Alma Media	853	1012	13.6	13.6	10.9	11.1	3.4	3.3	14.3	14.9	3.8	4.2	4.4
Agora SA	600		1.1	1.3	1.6	2.1							0.7
Future PLC	2541	3073	10.9	9.2	8.9	8.2	3.2	3.0	11.3	10.5	0.2	0.2	2.1
Gannett Co Inc	409	1469	9.3	11.7	4.0	4.5	0.5	0.5	7.5	18.7			0.6
Lagardere SA	2464	6022	19.4	14.8	11.3	8.8	1.0	0.9	16.6	10.2	2.9	4.0	2.6
Arnoldo Mondadori Editore SpA	429	650	8.5	7.5	5.2	4.8	0.8	0.7	8.5	7.5	5.9	6.3	1.7
New York Times Co	4981	4766	21.0	17.5	15.9	14.0	2.1	2.0	29.2	25.4	1.1	1.2	3.3
Rizzoli Corriere della Sera Mediagroup SpA	384	502	6.0	4.6	3.8	3.3	0.6	0.6	8.2	6.1	8.2	8.2	1.0
Sanoma Oyj	2332	3003	18.8	15.7	8.1	7.4	2.3	2.2	19.4	16.1	4.0	4.1	3.4
TX Group AG	1337	1302	11.5	11.3	8.3	8.2	1.5	1.6	32.9	34.1	6.6	6.6	0.4
Promotora de Informaciones SA	316	1108	18.8	11.8	8.5	6.9	1.4	1.3		16.5			
Vocento SA	87	168	8.6	7.3	4.3	3.9	0.5	0.5	7.5	5.8	4.8	3.6	0.4
Carsales.Com Ltd	4446	4862	30.7	21.6	26.3	18.8	14.3	10.4	29.0	24.5	2.8	3.2	6.1
Moneysupermarket.Com Group PLC	1190	1285	12.7	10.2	10.2	8.6	3.0	2.7	14.7	12.2	6.3	6.5	5.0
REA Group Ltd	10532	10730	26.8	23.9	23.3	20.9	13.8	12.5	38.1	33.7	1.3	1.6	12.0
Rightmove PLC	5974	5931	20.7	18.9	20.3	18.6	15.3	14.1	25.6	23.9	1.3	1.4	71.3
Schibsted ASA	3695	4624	31.4	24.0	18.2	16.1	3.1	3.0	37.6	25.5	1.2	1.3	1.1
Scout24 SE	4255	4105	21.0	18.5	17.3	15.4	9.3	8.4	30.6	25.7	1.6	1.8	2.8
Seek Ltd	5133	6054	22.0	20.4	17.5	16.3	8.3	7.8	30.4	27.4	2.2	2.3	4.4
Stroeer SE & Co KgaA	2307	3934	15.3	12.8	6.9	6.2	2.2	2.0	12.7	10.4	5.5	6.2	4.6
Adevinta ASA	7711	9918	28.8	20.9	18.1	14.5	6.0	5.3	33.1	24.4		0.0	0.8
<b>Alma Media (Inderes)</b>	<b>849</b>	<b>987</b>	<b>13.1</b>	<b>13.5</b>	<b>10.0</b>	<b>10.9</b>	<b>3.2</b>	<b>3.2</b>	<b>15.5</b>	<b>15.7</b>	<b>3.7</b>	<b>3.9</b>	<b>4.2</b>
<b>Average</b>		<b>3754</b>	<b>16.9</b>	<b>14.1</b>	<b>11.7</b>	<b>10.3</b>	<b>4.5</b>	<b>4.0</b>	<b>21.3</b>	<b>18.6</b>	<b>3.5</b>	<b>3.5</b>	<b>3.4</b>
<b>Median</b>		<b>3503</b>	<b>18.4</b>	<b>13.6</b>	<b>10.2</b>	<b>8.6</b>	<b>2.6</b>	<b>2.4</b>	<b>19.4</b>	<b>17.6</b>	<b>2.9</b>	<b>3.4</b>	<b>2.7</b>
<b>Diff-% to median</b>			<b>-29%</b>	<b>-1%</b>	<b>-3%</b>	<b>27%</b>	<b>22%</b>	<b>30%</b>	<b>-20%</b>	<b>-11%</b>	<b>26%</b>	<b>14%</b>	<b>59%</b>

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

# Income statement

Income statement	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
<b>Revenue</b>	<b>250</b>	<b>230</b>	<b>58.1</b>	<b>71.7</b>	<b>67.7</b>	<b>78.0</b>	<b>275</b>	<b>76.2</b>	<b>79.3</b>	<b>71.5</b>	<b>78.7</b>	<b>306</b>	<b>303</b>	<b>309</b>	<b>314</b>
Alma Career	100.0	62.7	16.2	20.0	21.9	24.1	82.2	26.7	28.4	26.2	26.3	108	105.2	108	110
Alma Talent	103	95.1	24.5	25.2	22.3	27.6	99.7	25.2	24.1	21.5	26.1	96.9	95.5	96.3	97.2
Alma Consumer	47.2	69.8	17.5	26.6	23.6	26.8	94.5	24.8	27.1	23.8	26.4	102	102	105	107
Non-recurring items	0.0	2.5	-0.1	-0.2	-0.1	-0.5	-0.9	-0.4	-0.4	0.0	0.0	-0.8	0.0	0.0	0.0
<b>EBITDA</b>	<b>71.4</b>	<b>58.9</b>	<b>14.3</b>	<b>17.2</b>	<b>21.8</b>	<b>20.2</b>	<b>73.5</b>	<b>24.1</b>	<b>30.2</b>	<b>22.7</b>	<b>22.2</b>	<b>99.2</b>	<b>88.1</b>	<b>89.9</b>	<b>91.5</b>
Depreciation	-21.9	-15.8	-3.5	-4.2	-4.3	-4.7	-16.7	-4.3	-4.3	-4.5	-4.5	-17.5	-17.8	-17.6	-16.4
<b>EBIT (excl. NRI)</b>	<b>49.4</b>	<b>45.3</b>	<b>11.1</b>	<b>16.6</b>	<b>17.8</b>	<b>15.5</b>	<b>61.1</b>	<b>19.6</b>	<b>19.2</b>	<b>18.5</b>	<b>18.1</b>	<b>75.4</b>	<b>70.7</b>	<b>72.8</b>	<b>75.6</b>
<b>EBIT</b>	<b>49.5</b>	<b>43.1</b>	<b>10.8</b>	<b>13.0</b>	<b>17.5</b>	<b>15.5</b>	<b>56.8</b>	<b>19.8</b>	<b>25.9</b>	<b>18.2</b>	<b>17.8</b>	<b>81.7</b>	<b>70.2</b>	<b>72.3</b>	<b>75.1</b>
Alma Career	37.7	20.6	5.1	7.7	9.0	8.1	30.0	12.3	11.8	10.7	10.3	45.0	40.6	41.1	42.5
Alma Talent	14.8	16.2	5.2	5.1	5.0	5.3	20.6	5.5	4.3	4.5	4.6	18.9	18.1	18.4	18.8
Alma Consumer	6.2	15.0	3.4	7.2	6.6	6.6	23.9	5.0	6.7	6.3	6.2	24.2	23.5	24.8	25.8
Non-allocated and eliminations	0.0	-6.5	-2.7	-3.4	-2.8	-4.5	-13.4	-3.2	-3.5	-3.0	-3.0	-12.7	-11.5	-11.5	-11.5
Non-recurring items	-9.2	-2.3	-0.3	-3.6	-0.4	0.0	-4.3	0.2	6.6	-0.3	-0.3	6.3	-0.5	-0.5	-0.5
Net financial items	-2.1	-1.0	-0.5	-0.4	-0.7	0.1	-1.4	0.4	1.4	-0.5	-0.5	0.8	-1.5	-1.5	-1.4
<b>PTP</b>	<b>47.9</b>	<b>42.2</b>	<b>10.3</b>	<b>12.6</b>	<b>17.5</b>	<b>15.9</b>	<b>56.3</b>	<b>20.0</b>	<b>27.5</b>	<b>17.7</b>	<b>17.3</b>	<b>82.5</b>	<b>68.7</b>	<b>70.8</b>	<b>73.7</b>
Taxes	-10.7	-9.0	-2.2	-2.9	-2.8	-4.1	-12.1	-4.0	-4.2	-3.9	-3.8	-15.9	-14.8	-15.2	-15.8
Minority interest	-6.4	-5.7	-0.5	-0.1	0.0	-0.1	-0.7	0.0	0.0	-0.1	-0.1	-0.2	-0.4	-0.4	-0.4
<b>Net earnings</b>	<b>30.8</b>	<b>27.5</b>	<b>7.6</b>	<b>9.6</b>	<b>14.7</b>	<b>11.7</b>	<b>43.6</b>	<b>16.0</b>	<b>23.4</b>	<b>13.7</b>	<b>13.4</b>	<b>66.5</b>	<b>53.6</b>	<b>55.2</b>	<b>57.5</b>
<b>EPS (adj.)</b>	<b>0.37</b>	<b>0.36</b>	<b>0.10</b>	<b>0.16</b>	<b>0.18</b>	<b>0.14</b>	<b>0.58</b>	<b>0.19</b>	<b>0.14</b>	<b>0.17</b>	<b>0.17</b>	<b>0.66</b>	<b>0.66</b>	<b>0.68</b>	<b>0.70</b>
<b>EPS (rep.)</b>	<b>0.37</b>	<b>0.33</b>	<b>0.09</b>	<b>0.12</b>	<b>0.18</b>	<b>0.14</b>	<b>0.53</b>	<b>0.19</b>	<b>0.28</b>	<b>0.17</b>	<b>0.16</b>	<b>0.81</b>	<b>0.65</b>	<b>0.67</b>	<b>0.70</b>

Key figures	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
<b>Revenue growth-%</b>	-29.5 %	-8.0 %	-6.1 %	36.5 %	25.4 %	25.9 %	19.6 %	31.3 %	10.7 %	5.6 %	0.9 %	11.0 %	-1.0 %	1.9 %	1.9 %
<b>Adjusted EBIT growth-%</b>		-8.3 %	-0.7 %	69.4 %	34.9 %	39.6 %	34.8 %	77.1 %	15.9 %	3.8 %	16.3 %	23.6 %	-6.2 %	2.9 %	3.9 %
<b>EBITDA-%</b>	28.5 %	25.6 %	24.6 %	24.0 %	32.2 %	25.9 %	26.7 %	31.6 %	38.0 %	31.7 %	28.2 %	32.4 %	29.1 %	29.1 %	29.1 %
<b>Adjusted EBIT-%</b>	19.7 %	19.7 %	19.1 %	23.2 %	26.4 %	19.9 %	22.2 %	25.7 %	24.3 %	25.9 %	23.0 %	24.7 %	23.4 %	23.6 %	24.0 %
<b>Net earnings-%</b>	12.3 %	11.9 %	13.1 %	13.4 %	21.7 %	15.0 %	15.8 %	21.0 %	29.5 %	19.2 %	17.0 %	21.7 %	17.7 %	17.9 %	18.3 %

Source: Inderes

# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>257</b>	<b>432</b>	<b>424</b>	<b>417</b>	<b>411</b>
Goodwill	151	295	295	295	295
Intangible assets	55	91	90	85	81
Tangible assets	41	35	33	30	29
Associated companies	6.6	7.7	2.7	2.7	2.7
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	3.9	3.6	3.6	3.6	3.6
Deferred tax assets	0.3	0.7	0.7	0.7	0.7
<b>Current assets</b>	<b>76.7</b>	<b>86.1</b>	<b>94.4</b>	<b>102</b>	<b>112</b>
Inventories	0.6	0.7	1.5	1.2	0.9
Other current assets	1.0	2.0	2.0	2.0	2.0
Receivables	27	32	35	35	35
Cash and equivalents	48	52	56	64	74
<b>Balance sheet total</b>	<b>334</b>	<b>518</b>	<b>518</b>	<b>519</b>	<b>523</b>

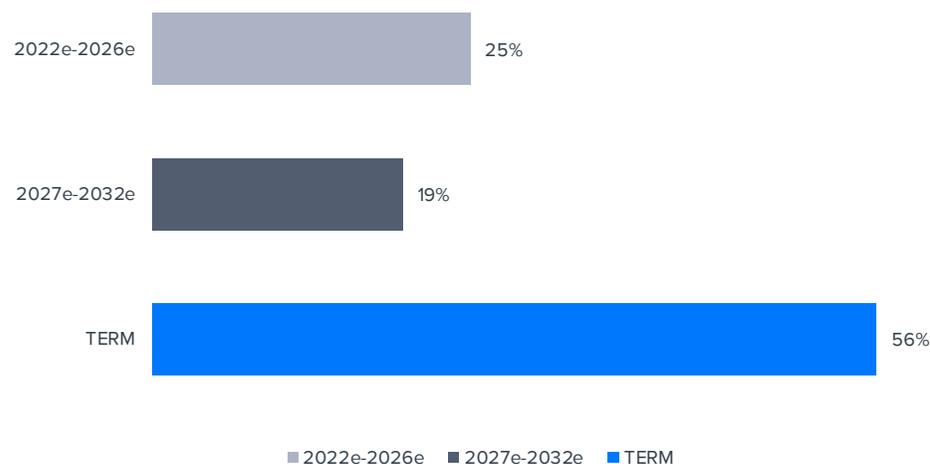
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>205</b>	<b>167</b>	<b>204</b>	<b>226</b>	<b>249</b>
Share capital	45	45	45	45	45
Retained earnings	111	91.2	129	151	173
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	7.7	7.7	7.7	7.7	7.7
Other equity	19	19	19	19	19
Minorities	21	3	3	3	3
<b>Non-current liabilities</b>	<b>58</b>	<b>263</b>	<b>216</b>	<b>196</b>	<b>176</b>
Deferred tax liabilities	12	19	19	19	19
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	32	227	180	160	140
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	14.3	17.1	17.1	17.1	17.1
<b>Current liabilities</b>	<b>72</b>	<b>89</b>	<b>98</b>	<b>97</b>	<b>99</b>
Short term debt	10	8	10	10	10
Payables	58	76	83	82	83
Other current liabilities	3.4	5	5.3	5.3	5.3
<b>Balance sheet total</b>	<b>334</b>	<b>518</b>	<b>518</b>	<b>519</b>	<b>523</b>

# DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
<b>EBIT (operating profit)</b>	<b>56.8</b>	<b>81.7</b>	<b>70.2</b>	<b>72.3</b>	<b>75.1</b>	<b>77.4</b>	<b>79.3</b>	<b>81.3</b>	<b>81.6</b>	<b>83.6</b>	<b>85.7</b>	<b>87.8</b>	
+ Depreciation	16.7	17.5	17.8	17.6	16.4	14.8	12.8	11.8	11.6	11.1	11.1	11.2	
- Paid taxes	-5.1	-15.9	-14.8	-15.2	-15.8	-16.4	-16.8	-17.2	-17.3	-17.7	-18.1	-18.6	
- Tax, financial expenses	-0.3	0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
+ 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	0.0	
- Change in working capital	14.0	2.1	-0.1	1.2	0.9	1.2	1.2	1.3	1.3	1.3	1.4	1.4	
<b>Operating cash flow</b>	<b>82.1</b>	<b>85.5</b>	<b>72.8</b>	<b>75.5</b>	<b>76.3</b>	<b>76.7</b>	<b>76.2</b>	<b>76.9</b>	<b>77.0</b>	<b>78.1</b>	<b>79.7</b>	<b>81.6</b>	
+ Change in other long-term liabilities	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-190	-14	-11.3	-11.3	-11.3	-11.3	-11.3	-11.3	-11.3	-11.3	-11.3	-11.2	
<b>Free operating cash flow</b>	<b>-105</b>	<b>72</b>	<b>61.5</b>	<b>64.2</b>	<b>65.0</b>	<b>65.4</b>	<b>64.9</b>	<b>65.6</b>	<b>65.7</b>	<b>66.8</b>	<b>68.4</b>	<b>70.4</b>	
+/- Other	0.0	10.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-105	82	61.5	64.2	65.0	65.4	64.9	65.6	65.7	66.8	68.4	70.4	1407
<b>Discounted FCFF</b>		<b>80</b>	<b>55.3</b>	<b>53.7</b>	<b>50.4</b>	<b>47.2</b>	<b>43.5</b>	<b>40.8</b>	<b>38.0</b>	<b>35.9</b>	<b>34.2</b>	<b>32.7</b>	<b>653</b>
Sum of FCFF present value		1164	1084	1029	975	925	878	834	793	755	719	685	653
<b>Enterprise value DCF</b>		<b>1164</b>											
- Interesting bearing debt		-235											
+ Cash and cash equivalents		52											
-Minorities		-4											
-Dividend/capital return		-28.8											
<b>Equity value DCF</b>		<b>948</b>											
<b>Equity value DCF per share</b>		<b>11.5</b>											

Cash flow distribution



Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	4.0 %
Equity Beta	1.4
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.0 %
<b>Cost of equity</b>	<b>8.4 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>7.6 %</b>

Source: Inderes

# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	250	230	275	<b>306</b>	<b>303</b>	EPS (reported)	0.37	0.33	0.53	<b>0.81</b>	<b>0.65</b>
EBITDA	71.4	58.9	73.5	<b>99.2</b>	<b>88.1</b>	EPS (adj.)	0.37	0.36	0.58	<b>0.66</b>	<b>0.66</b>
EBIT	49.5	43.1	56.8	<b>81.7</b>	<b>70.2</b>	OCF / share	0.38	0.71	1.00	<b>1.04</b>	<b>0.88</b>
PTP	47.9	42.2	56.3	<b>82.5</b>	<b>68.7</b>	FCF / share	0.94	1.32	-1.28	<b>1.00</b>	<b>0.75</b>
Net Income	30.8	95.5	43.6	<b>66.5</b>	<b>53.6</b>	Book value / share	2.09	2.23	1.99	<b>2.44</b>	<b>2.71</b>
Extraordinary items	0.1	-2.2	-4.3	<b>6.2</b>	<b>-0.5</b>	Dividend / share	0.40	0.30	0.35	<b>0.38</b>	<b>0.40</b>
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	400.9	333.9	518.4	<b>518.0</b>	<b>519.4</b>	Revenue growth-%	-29%	-8%	20%	<b>11%</b>	<b>-1%</b>
Equity capital	202.5	204.5	166.5	<b>204.1</b>	<b>226.4</b>	EBITDA growth-%	-7%	-18%	25%	<b>35%</b>	<b>-11%</b>
Goodwill	130.3	150.7	294.5	<b>294.5</b>	<b>294.5</b>	EBIT (adj.) growth-%	-14%	-8%	35%	<b>24%</b>	<b>-6%</b>
Net debt	-0.5	-6.3	182.7	<b>134.3</b>	<b>105.7</b>	EPS (adj.) growth-%	-19%	-3%	61%	<b>14%</b>	<b>-1%</b>
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	28.5 %	25.6 %	26.7 %	<b>32.4 %</b>	<b>29.1 %</b>
EBITDA	71.4	58.9	73.5	<b>99.2</b>	<b>88.1</b>	EBIT (adj.)-%	19.7 %	19.7 %	22.2 %	<b>24.7 %</b>	<b>23.4 %</b>
Change in working capital	-29.1	8.5	14.0	<b>2.1</b>	<b>-0.1</b>	EBIT-%	19.8 %	18.7 %	20.6 %	<b>26.7 %</b>	<b>23.2 %</b>
Operating cash flow	31.1	58.7	82.1	<b>85.5</b>	<b>72.8</b>	ROE-%	18.5 %	15.4 %	25.1 %	<b>36.4 %</b>	<b>25.2 %</b>
CAPEX	46.5	-30.8	-190.3	<b>-13.8</b>	<b>-11.3</b>	ROI-%	18.5 %	17.4 %	17.8 %	<b>20.6 %</b>	<b>17.8 %</b>
Free cash flow	77.3	109.0	-105.4	<b>82.2</b>	<b>61.5</b>	Equity ratio	52.1 %	63.7 %	32.9 %	<b>40.4 %</b>	<b>44.7 %</b>
Valuation multiples	2019	2020	2021	2022e	2023e	Gearing	-0.3 %	-3.1 %	109.7 %	<b>65.8 %</b>	<b>46.7 %</b>
EV/S	2.7	3.3	3.8	<b>3.2</b>	<b>3.2</b>						
EV/EBITDA (adj.)	9.3	12.8	14.4	<b>10.0</b>	<b>10.9</b>						
EV/EBIT (adj.)	13.5	16.7	17.3	<b>13.1</b>	<b>13.5</b>						
P/E (adj.)	21.3	24.7	18.6	<b>15.5</b>	<b>15.7</b>						
P/B	3.8	4.0	5.4	<b>4.2</b>	<b>3.8</b>						
Dividend-%	5.0 %	3.4 %	3.2 %	<b>3.7 %</b>	<b>3.9 %</b>						

Source: Inderes

# Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at [www.inderes.fi/research-disclaimer](http://www.inderes.fi/research-disclaimer).

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

## Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
16-02-20	Reduce	8.80 €	8.70 €
12-03-20	Reduce	6.80 €	6.54 €
26-03-20	Reduce	6.50 €	6.50 €
12-06-20	Accumulate	8.00 €	7.10 €
20-07-20	Accumulate	8.00 €	7.06 €
23-10-20	Accumulate	8.50 €	7.84 €
13-01-21	Reduce	9.50 €	9.54 €
18-02-21	Reduce	9.00 €	9.14 €
08-03-21	Accumulate	10.00 €	9.50 €
13-04-21	Accumulate	10.00 €	9.22 €
22-04-21	Accumulate	11.00 €	10.46 €
28-05-21	Accumulate	10.50 €	9.80 €
19-07-21	Accumulate	12.50 €	11.80 €
22-07-21	Reduce	12.00 €	11.60 €
17-09-21	Reduce	11.50 €	10.90 €
22-10-21	Reduce	12.00 €	12.48 €
17-02-22	Accumulate	11.00 €	10.00 €
14-03-22	Reduce	11.00 €	10.60 €
25-04-22	Accumulate	11.00 €	9.58 €
13-06-22	Reduce	11.00 €	10.50 €
21-07-22	Reduce	11.00 €	10.30 €



Inderes' mission is to connect listed companies and investors. We produce high-quality research and content for the needs of our extensive investor community.

At Inderes we believe that open data is every investor's fundamental right. We guarantee investors' access to award-winning research, insightful video content and an active investor community.

For listed companies we ensure that there is always high-quality information available on the company for investors and shareholders for decision making, and that data collected from investors can be utilized by the companies.

Over 100 Finnish listed companies want to serve their shareholders and investors through us by utilizing our company research services, data driven IR services, content creation and consulting.

### Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at [inderes.fi](https://www.inderes.fi)



Juha Kinnunen  
2012, 2016, 2017, 2018, 2019, 2020



Mikael Rautanen  
2014, 2016, 2017, 2019



Sauli Vilén  
2012, 2016, 2018, 2019, 2020



Antti Viljakainen  
2014, 2015, 2016, 2018, 2019, 2020



Olli Koponen  
2020



Joni Grönqvist  
2019, 2020



Erkki Vesola  
2018, 2020



Petri Gostowski  
2020



Atte Riikola  
2020

**Research belongs  
to everyone.**