

Gabriel Holding AS

Company report

07.02.2025 08:30 CET



Philip Coombes
447532247526
philip@hcandersencapital.dk



Rasmus Køjborg
4561203078
rasmus@hcandersencapital.dk

✓ HC Andersen Capital Corporate customer

See full disclaimer on the back page



Q1'24-25 steady but carve-out uncertainty remains

Gabriel's Q1'24-25 results reflected relative stability during a moment of heightened uncertainty. A stable revenue of MDKK 228.1 (MDKK 227.7 Q1'23-24) was slightly below our expectations of +1% growth y/y as positive development in continuing operations was offset by a decline in FurnMaster driven by the restructuring of its Mexican subsidiary. Q1 was the first step towards greater stability, however, uncertainty relating to the carve-out process of FurnMaster remains high, and the range of outcomes is broader than normal. Group EBIT of MDKK 0.3 in Q1'24-25 was below our estimate of MDKK 4.6, impacted by elevated costs relating to restructuring, accounts verification, and carve-out advisory fees. The Q1 results support our view of long-term potential in the company, however, also reinforce our view of greater short-term risk due to the FurnMaster carve-out process. We reiterate our Reduce recommendation with a slightly revised price target of DKK 180 per share from DKK 195 previously.

The long-term positive outlook of continuing operations remains on track

The continuing Fabrics and Sample master business units maintained a 6% y/y growth rate in Q1'24-25 with Q1 revenue of MDKK 123.5, following +6% y/y growth FY'23-24. The business unit overcame diverted management focus towards the accounts verification and carve-out situations and ongoing market weakness to maintain its growth, while also realizing +3 p.p growth in gross and EBIT margins, to 53.1% and 3.3%, respectively, driven by efficiency improvements. The Q1 growth was primarily driven by the USA & Mexico, and Asia, while Europe, the driver of growth FY23/24, was more stable. We expect that flat to improving markets in 2025 can support revenue and EBIT landing in the top-end of full-year guidance, which was maintained after Q1'24-25.

Discontinuing operations marked by one-offs and restructuring, but no further write-downs

The carve-out of FurnMaster and restructuring of its subsidiary in Mexico remain a cause of uncertainty. Revenues declined -6% y/y in Q1, as the restructuring process in Mexico led to cancellation of unprofitable contracts, while the European subsidiary realized stable growth and a positive net result. FurnMaster's Q1'24-25 EBIT result was MDKK -3.8 as the lower overall revenue was compounded by additional one-off costs relating to the restructuring, account verification, and carve-out. No further write-downs relating to the Mexican subsidiary materialized, an early sign of greater stability. However, while we expect lower one-off costs during the remaining quarters of FY'24-25, there is greater scope for unforeseen one-offs, potential write-downs, and greater earnings volatility.

Positive cash flow can reduce debt, but from a high level

Cash flow from operations rose in Q1'24-25, supported by a net positive effect from working capital changes, which we expect can continue to positively impact cash flow FY'24-25. Gabriel has repaid some of its current debt in Q1 and previous quarters, and sustained positive cash flow may further support repayments to improve the leverage ratio, which remains high at NIBD/LTM EBITDA of 6.9x. However, we expect a completed carve-out of FurnMaster to be the primary driver of balance sheet strengthening.

Carve-out completion can de-risk the case, but short-term uncertainty remains

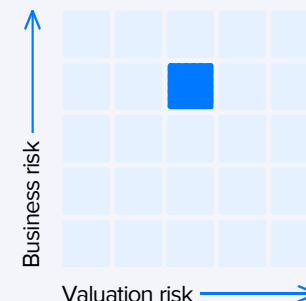
Despite general stability in the Q1'24-25 results, we still see uncertainty about the timing of the sale of its FurnMaster units. Currently, we see this as the most important short-term trigger, which can de-risk the case and strengthen the balance sheet. Based on our DCF model, we still see long-term potential in Gabriel.

Recommendation

Reduce
(prev. Reduce)

180 DKK
(prev. 195 DKK)

Share price:
153



Key indicators

| | 2024 | 2025e | 2026e | 2027e |
|-------------|-------|-------|-------|--------|
| Revenue | 912.0 | 933.0 | 987.9 | 1052.7 |
| growth-% | -2% | 2% | 6% | 7% |
| EBIT adj. | 10.9 | 6.1 | 37.4 | 75.0 |
| EBIT-% adj. | 1.2 % | 0.7 % | 3.8 % | 7.1 % |
| Net Income | -15.7 | -4.8 | 20.1 | 51.4 |
| EPS (adj.) | -8.28 | -2.55 | 10.62 | 27.21 |

| | | | | |
|------------------|-------|-------|-------|-------|
| P/E (adj.) | neg. | neg. | 14.4 | 5.6 |
| P/B | 2.0 | 1.1 | 1.0 | 0.9 |
| Dividend yield-% | 0.0 % | 0.0 % | 0.0 % | 5.3 % |
| EV/EBIT (adj.) | 78.4 | >100 | 17.3 | 8.1 |
| EV/EBITDA | 13.4 | 10.9 | 7.2 | 4.8 |
| EV/S | 0.9 | 0.7 | 0.7 | 0.6 |

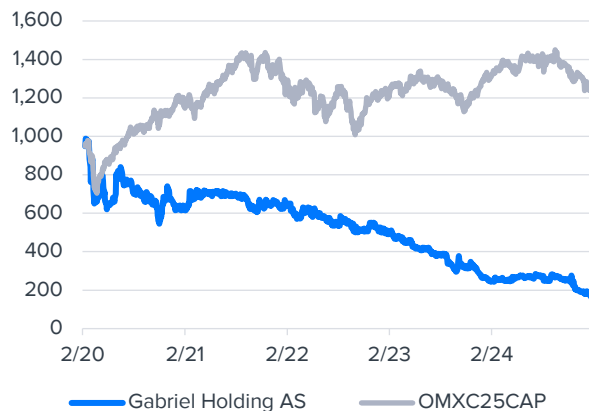
Source: HC Andersen Capital

Guidance

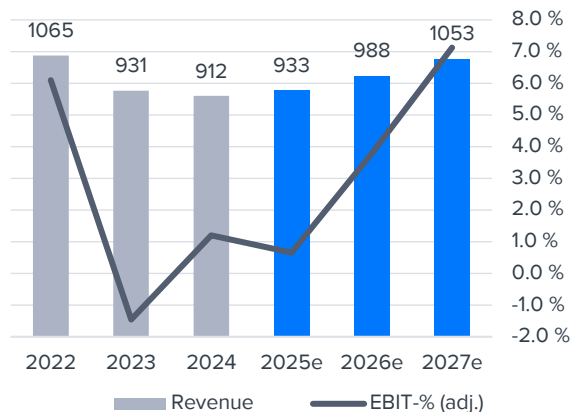
(Unchanged)

Gabriel maintained its FY'24/25 expectations for the ongoing operations, implying a revenue of MDKK 485-530 (0-10% growth) and an EBIT of MDKK 20-30.

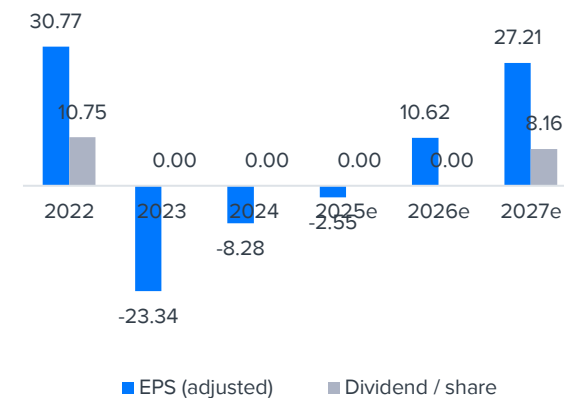
Share price



Revenue and EBIT-% (adj.)



EPS and DPS



Value drivers

- Return to revenue and margin growth supported by improving macro conditions
- Industry turnaround, return to the office, and modernize workspaces
- Solid market position with room to grow with market-leading customers



Risk factors

- Short-term uncertainties surrounding the FurnMaster carve-out, including in the Mexican subsidiary
- Highly cyclical business correlated with housing market conditions and interest rates
- Gabriel's debt is high relative to EBITDA, implying a significant risk if interest rates increase or earnings decline
- Low share liquidity

| Valuation | 2025e | 2026e | 2027e |
|----------------------------|-------|-------|--------|
| Share price | 153.0 | 153.0 | 153.0 |
| Number of shares, millions | 1.89 | 1.89 | 1.89 |
| Market cap | 289 | 289 | 289 |
| EV | 657 | 645 | 606 |
| P/E (adj.) | neg. | 14.4 | 5.6 |
| P/E | neg. | 14.4 | 5.6 |
| P/FCF | neg. | 12.8 | 6.1 |
| P/B | 1.1 | 1.0 | 0.9 |
| P/S | 0.3 | 0.3 | 0.3 |
| EV/Sales | 0.7 | 0.7 | 0.6 |
| EV/EBITDA | 10.9 | 7.2 | 4.8 |
| EV/EBIT (adj.) | >100 | 17.3 | 8.1 |
| Payout ratio (%) | 0.0 % | 0.0 % | 30.0 % |
| Dividend yield-% | 0.0 % | 0.0 % | 5.3 % |

Source: HC Andersen Capital

Note: Gabriel has skewed reporting periods. Fiscal year 2024/2025 is 1 Oct 2024 – 30 Sept 2025. In the above graphs and table to the right, 2025e reflects Gabriel's 2024/25 fiscal period. 2026e reflects fiscal period 2025/26 and 2027e reflects fiscal period 2026/27.

FurnMaster restructuring offset continuing operations growth

Revenue stable y/y Q1'24-25, slightly behind expectations

Gabriel's revenue was flat at 0% y/y on a group level, driven by 6% growth in continuing operations, and a negative -6% in discontinuing operations. Our estimates were for a 1% growth against a backdrop of ongoing market weakness and challenges related to its subsidiary in Mexico. Continuing operations maintained the 6% growth level also realized in the full-year 2023/24, driven primarily by its smaller Americas and Asia markets. This is around the mid-range of guidance for 0-10% growth, and we still see the potential for continuing operations revenues near the top-end of full-year guidance if markets remain stable/improve. This growth was offset by FurnMaster's revenue decline, driven by a broader restructuring of the Mexican subsidiary, which included discontinuing loss-making contracts. However, FurnMaster's European operations

realized stable revenues y/y with a positive result offering a positive signal amidst the ongoing carve-out process.

Operating leverage supports gross margin expansion (continuing)

The continuing operations showed gross margin improvement of 3 percentage points y/y as higher revenue levels and more stable operating costs (staff and other) demonstrate the positive impact of operating leverage under growing sales. We assess there is also operating leverage in the FurnMaster business which can work in both directions despite no specific gross margin reporting.

FurnMaster's Mexican subsidiary and carve-out/restructuring costs drag on EBIT

On a group level, Gabriel realized an EBIT of MDKK 0.3, below our estimates of MDKK 4.6, primarily due to FurnMaster's Mexican activities. Continuing

operations' EBIT of MDKK 4.1 in Q1 was offset by FurnMaster's EBIT of MDKK -3.8. While FurnMaster's European operations delivered a positive net result, the subsidiary in Mexico realized softer revenue, with additional costs relating to restructuring, the process to verify the accounts, and ongoing advisory costs relating to the carve-out.

Positive cash flow supported by working capital

During Q1'24-25 significant reductions to receivables and increased payables, offset slight inventory growth to positively impact cash flow from changes to net working capital. This has been a target for Gabriel during the weaker market period and takes a step towards more normalized levels. Positive operating cash flow has supported reductions in credit facilities, however, gearing remains high, particularly with respect to cyclically low EBITDA earnings levels.

| Estimates | Q1'24 | Q1'25 | Q1'25e | Q1'25e | Consensus | | Difference (%) | 2025e |
|------------------|------------|------------|--------|-----------|-----------|------|----------------|-------|
| MDKK / DKK | Comparison | Actualized | HCA | Consensus | Low | High | Act. vs. HCA | HCA |
| Revenue | 228 | 228 | 231 | | | | -1% | 933 |
| EBITDA | 16.4 | 13.8 | 18.2 | | | | -24% | 60.1 |
| EBIT | 3.2 | 0.3 | 4.6 | | | | -93% | 6.1 |
| PTP | -3.0 | -2.7 | 0.7 | | | | nm | -6.0 |
| EPS (reported) | -2.20 | | 0.32 | | | | | -2.55 |
| Revenue growth-% | -5.7 % | 0.2 % | 1.4 % | | | | -1.3 pp | 2.3 % |
| EBIT-% (adj.) | 1.4 % | 0.1% | 0.1% | | | | 0 pp | 0.7 % |

Source: HC Andersen Capital

Slightly downward revisions to 2024-25 estimates

Revenue revised lower following Q1'24-25 to reflect restructuring efforts

The Q1'24-25 results came in slightly below our estimates, both on the top line with a growth rate of 0% vs our estimated 1%, and the EBIT level, with a Q1 EBIT of MDKK 0.3 vs our estimated MDKK 4.6. The deviation mostly related to restructuring efforts in the FurnMaster subsidiary in Mexico, with a -6% revenue effect on the FurnMaster business unit compared to the same period last year. Given that the terminated contracts will also impact future quarters, we adjusted our revenue estimates slightly lower now expecting full-year group revenues of MDKK 933, from MDKK 943 previously. Despite adjusting revenue estimates lower we raise our conviction that Gabriel's market situation can enable growth in other business units FY2024-25.

EBIT adjusted slightly lower to reflect one-off costs

We also adjusted our full-year EBIT estimates slightly lower, however, not reflecting the full negative surprise seen in Q1. We estimate that one-off costs contributed to the lower-than-forecast Q1 EBIT result of MDKK 0.3. We expect one-offs to remain while the carve-out process is ongoing but at a lower level. When considering the negative EBIT surprise against MDKK -10m lower revenues, we assess that once one-off costs fall, the negative EBIT impact of FurnMaster will also decline, and we adjust our full-year EBIT forecast less in absolute terms than revenue.

The long-term outlook unchanged but from a lower base

As previously mentioned we do not see any changes to the long-term outlook for Gabriel following the Q1 results. Instead, the results suggest that market conditions are finding stability after several years of post-Covid-19 market contractions. We echo management's expectations for stable to slightly improving market conditions FY24-25, which can be a foundation for Gabriel to grow and realize its full-year guidance. The medium-long term outlook may be impacted by US tariffs at some point, following President Trump's current plans to introduce 25% tariffs on Mexico. We expect that this would impact the Mexican operations, however, will not adjust forecasts unless tariffs are imposed. We also expect that tariffs would affect many industry players, not just Gabriel, and would be mostly passed on to consumers.

| Estimate revisions | 2025e | 2025e | Change | 2026e | 2026e | Change | 2027e | 2027e | Change |
|--------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| MDKK / DKK | Old | New | % | Old | New | % | Old | New | % |
| Revenue | 943 | 933 | -1% | 998 | 988 | -1% | 1064 | 1053 | -1% |
| EBITDA | 61.6 | 60.1 | -2% | 89.2 | 89.9 | 1% | 128 | 127 | 0% |
| EBIT (exc. NRIs) | 7.6 | 6.1 | -19% | 37.7 | 37.4 | -1% | 75.8 | 75.0 | -1% |
| EBIT | 7.6 | 6.1 | -19% | 37.7 | 37.4 | -1% | 75.8 | 75.0 | -1% |
| PTP | -4.6 | -6.0 | -32% | 25.4 | 25.2 | -1% | 65.2 | 64.6 | -1% |
| EPS (excl. NRIs) | -1.78 | -2.55 | -44% | 10.73 | 10.62 | -1% | 27.48 | 27.21 | -1% |
| DPS | 0.00 | 0.00 | | 0.00 | 0.00 | | 0.00 | 0.00 | |

Source: HC Andersen Capital

Still awaiting trigger to justify valuation repricing

Risks have been more appropriately priced, but no clear trigger for a valuation re-rating after Q1

We feel the recent market adjustment in Gabriel's valuation more appropriately considers the elevated risks relating to the ongoing carve-out process and its negative impact on earnings. While the Q1 showed general signs of stability in the continuing operations we do not see a clear trigger for a valuation repricing at this time based on DCF and other valuation methods. We therefore reiterate our Reduce recommendation with a new price target of **DKK 180**

Near-term multiples remain high but more in line with peers on a FY2025/26 basis

Looking at our peer groups, including international furniture producers and Danish cyclical small/mid-cap companies with similar market drivers we find average/median levels are around the 10-12x EV/EBIT level for (2025e) according to estimates extracted from S&P Capital IQ. Our estimates have Gabriel trading at a very high EV/EBIT level for 2024-25e due to the low EBIT projection; on a 2025-26e basis, an EV/EBIT level around 17x is closer to the level of peers but does not reflect a clear discount. Multiples for the peer group are also generally trading below historical levels due to the market challenges and cyclical downturn which has impacted all peers.

Waiting for the carve-out to unlock value

We expect a completed carve-out of FurnMaster can unlock value. A sale of FurnMaster would remove the business unit's recent negative EBIT and net earnings impact group results immediately repricing valuation from a multiples perspective. A successful carve-out will also strengthen the balance sheet with some proceeds used to repay debt and reduce the

company's gearing ratio, setting a more stable foundation for onward growth. The FurnMaster business unit is currently reported by Gabriel to have a book value on a debt-free basis of around MDKK 200. However, further details regarding a prospective sales price are not presented. In connection with the Q1'24-25 report management restated its ambitions to complete the carve-out within the financial year 2024-25 which runs until 30 September 2025.

DCF suggests long-term outlook remains positive.

Following the model revisions made in response to the Q1 2024-25 results our DCF model suggests a value of DKK 214 per share, reflecting an equity value of MDKK 404. We maintain our required return on capital (WACC) at 9.1%, including a relatively high cost of equity of 11.2%, also due to an added liquidity premium. The DCF value is significantly above the current share price, however, is not the sole foundation for our recommendation. Our DCF model reflects the long-term value of Gabriel based on current assumptions. While these assumptions remain our base case, current uncertainties relating to the restructuring in Mexico and broader carve-out of FurnMaster cloud this outlook. Our DCF thus offers a valuation perspective for a de-risked case with greater clarity on the market outlook and company-specific challenges. The sensitivity analysis on page 11, offers perspectives on how the DCF value varies in response to key assumptions showing significant sensitivity to WACC and the terminal EBIT margin assumptions.

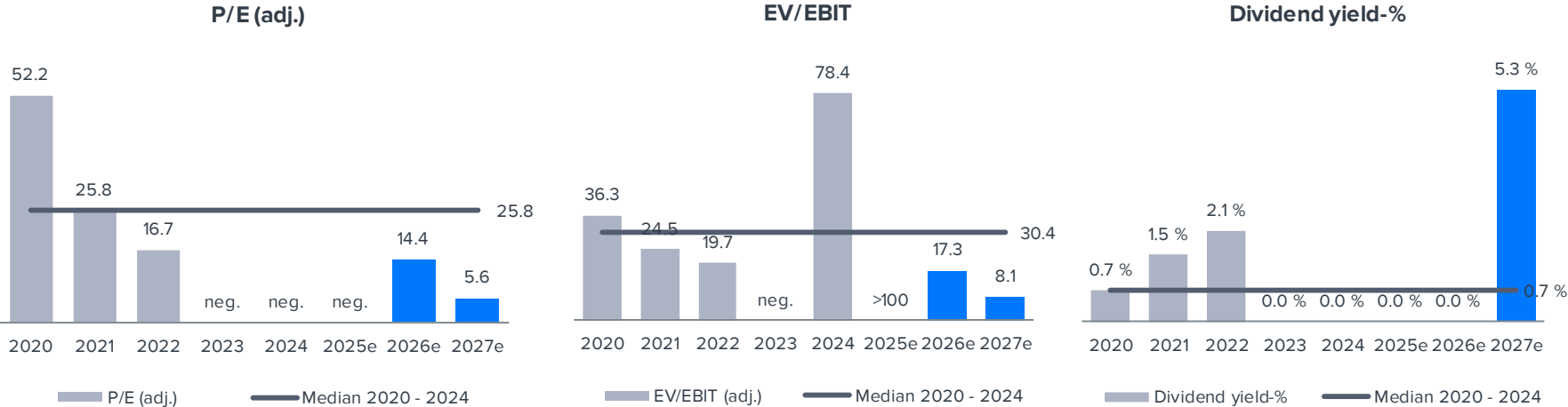
| Valuation | 2025e | 2026e | 2027e |
|----------------------------|-------|-------|--------|
| Share price | 153.0 | 153.0 | 153.0 |
| Number of shares, millions | 1.89 | 1.89 | 1.89 |
| Market cap | 289 | 289 | 289 |
| EV | 657 | 645 | 606 |
| P/E (adj.) | neg. | 14.4 | 5.6 |
| P/E | neg. | 14.4 | 5.6 |
| P/FCF | neg. | 12.8 | 6.1 |
| P/B | 1.1 | 1.0 | 0.9 |
| P/S | 0.3 | 0.3 | 0.3 |
| EV/Sales | 0.7 | 0.7 | 0.6 |
| EV/EBITDA | 10.9 | 7.2 | 4.8 |
| EV/EBIT (adj.) | >100 | 17.3 | 8.1 |
| Payout ratio (%) | 0.0 % | 0.0 % | 30.0 % |
| Dividend yield-% | 0.0 % | 0.0 % | 5.3 % |

Source: HC Andersen Capital

Valuation table

| Valuation | 2020 | 2021 | 2022 | 2023 | 2024 | 2025e | 2026e | 2027e | 2028e |
|----------------------------|--------|--------|--------|-------|-------|-------|-------|--------|--------|
| Share price | 690.0 | 630.0 | 515.0 | 306.0 | 270.0 | 153.0 | 153.0 | 153.0 | 153.0 |
| Number of shares, millions | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 |
| Market cap | 1304 | 1191 | 973 | 578 | 510 | 289 | 289 | 289 | 289 |
| EV | 1522 | 1435 | 1282 | 940 | 855 | 657 | 645 | 606 | 568 |
| P/E (adj.) | 52.2 | 25.8 | 16.7 | neg. | neg. | neg. | 14.4 | 5.6 | 4.3 |
| P/E | 52.2 | 25.8 | 16.7 | neg. | neg. | neg. | 14.4 | 5.6 | 4.3 |
| P/FCF | 35.8 | >100 | neg. | 32.7 | neg. | neg. | 12.8 | 6.1 | 4.9 |
| P/B | 4.6 | 3.7 | 2.8 | 2.1 | 2.0 | 1.1 | 1.0 | 0.9 | 0.8 |
| P/S | 1.8 | 1.5 | 0.9 | 0.6 | 0.6 | 0.3 | 0.3 | 0.3 | 0.3 |
| EV/Sales | 2.1 | 1.8 | 1.2 | 1.0 | 0.9 | 0.7 | 0.7 | 0.6 | 0.5 |
| EV/EBITDA | 18.9 | 14.9 | 11.9 | 26.2 | 13.4 | 10.9 | 7.2 | 4.8 | 3.9 |
| EV/EBIT (adj.) | 36.3 | 24.5 | 19.7 | neg. | 78.4 | >100 | 17.3 | 8.1 | 6.1 |
| Payout ratio (%) | 37.8 % | 39.9 % | 34.9 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 30.0 % | 40.0 % |
| Dividend yield-% | 0.7 % | 1.5 % | 2.1 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 5.3 % | 9.3 % |

Source: HC Andersen Capital



Peer group valuation

| Peer group valuation | Market cap | EV | EV/EBIT | | EV/EBITDA | | EV/S | | P/E | | Dividend yield-% | | P/B |
|--|------------|------------|--------------|-------------|-------------|------------|------------|------------|--------------|-------------|------------------|-------------|------------|
| Company | MDKK | MDKK | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e |
| Culp, Inc. | 477 | 452 | | 10.4 | | | 0.3 | 0.3 | | 17.6 | | | |
| <u>International customers/producers</u> | | | | | | | | | | | | | |
| MillerKnoll, Inc. | 10,764 | 22,937 | 12.6 | 10.8 | 8.0 | 7.4 | 0.9 | 0.8 | 10.4 | 8.9 | 3.4% | 3.4% | |
| Steelcase Inc. | 9,470 | 10,857 | 8.6 | 8.8 | 5.6 | 5.4 | 0.5 | 0.5 | 11.2 | 10.6 | 3.5% | 3.5% | |
| HNI Corporation | 16,803 | 19,976 | 11.5 | 10.4 | 7.9 | 7.4 | 1.1 | 1.0 | 14.1 | 12.3 | | | |
| <u>Danish cyclical small/mid cap</u> | | | | | | | | | | | | | |
| HusCompagniet A/S | 1,186 | 1,422 | 13.7 | 6.8 | 9.4 | 5.5 | 0.5 | 0.4 | 21.0 | 8.2 | 1.3% | 1.3% | |
| TCM Group A/S | 693 | 981 | 9.6 | 7.5 | 7.3 | 5.9 | 0.8 | 0.7 | 10.4 | 7.5 | 4.3% | 4.3% | |
| H+H International A/S | 1,258 | 2,187 | 12.5 | 9.2 | 5.7 | 4.7 | 0.8 | 0.7 | 14.4 | 8.6 | | | |
| Gabriel Holding AS (HCA) | 289 | 657 | 107.4 | 17.3 | 10.9 | 7.2 | 0.7 | 0.7 | -60.0 | 14.4 | 0.0% | 0.0% | 1.1 |
| Average | | | 11.4 | 9.1 | 7.3 | 6.0 | 0.7 | 0.6 | 13.6 | 10.5 | 3.1% | 3.1% | |
| Median | | | 12.0 | 9.2 | 7.6 | 5.7 | 0.8 | 0.7 | 12.6 | 8.9 | 3.4% | 3.4% | |
| Diff.% to median | | | 796% | 87% | 44% | 26% | -8% | -9% | -576% | 62% | N/A | N/A | |

Source: HC Andersen Capital, S&P Capital IQ

Income statement

| Income statement | 2023 | 2024 | Q1'25 | Q2'25e | Q3'25e | Q4'25e | 2025e | 2026e | 2027e | 2028e |
|------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 931 | 912 | 228 | 236 | 240 | 228 | 933 | 988 | 1053 | 1123 |
| Fabrics | 928 | 909 | 227 | 236 | 239 | 227 | 930 | 984 | 1049 | 1119 |
| Letting offices | 3.2 | 3.3 | 0.8 | 0.8 | 0.8 | 0.8 | 3.3 | 3.5 | 3.7 | 3.9 |
| EBITDA | 35.8 | 63.9 | 13.8 | 14.7 | 15.9 | 15.7 | 60.1 | 89.9 | 127 | 146 |
| Depreciation | -49.4 | -53.0 | -13.5 | -13.5 | -13.5 | -13.5 | -54.0 | -52.5 | -52.4 | -53.3 |
| EBIT (excl. NRI) | -13.6 | 10.9 | 0.3 | 1.2 | 2.4 | 2.2 | 6.1 | 37.4 | 75.0 | 92.6 |
| EBIT | -13.6 | 10.9 | 0.3 | 1.2 | 2.4 | 2.2 | 6.1 | 37.4 | 75.0 | 92.6 |
| Fabrics | -15.8 | 9.2 | 0.0 | 0.7 | 2.0 | 1.8 | 4.5 | 37.2 | 74.7 | 92.3 |
| Letting offices | 2.2 | 1.8 | 0.3 | 0.5 | 0.5 | 0.5 | 1.7 | 0.1 | 0.3 | 0.3 |
| Share of profits in assoc. compan. | 0.4 | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 | 3.3 | 1.0 | 2.0 | 3.2 |
| Net financial items | -15.6 | -19.7 | -3.9 | -3.9 | -3.9 | -3.9 | -15.4 | -13.1 | -12.4 | -11.4 |
| PTP | -28.8 | -7.9 | -2.7 | -1.9 | -0.6 | -0.8 | -6.0 | 25.2 | 64.6 | 84.5 |
| Taxes | -15.4 | -7.8 | 0.5 | 0.4 | 0.1 | 0.2 | 1.2 | -5.1 | -13.1 | -17.1 |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net earnings | -44.1 | -15.7 | -2.2 | -1.5 | -0.5 | -0.6 | -4.8 | 20.1 | 51.4 | 67.4 |
| EPS (adj.) | -23.34 | -8.28 | -1.17 | -0.78 | -0.27 | -0.34 | -2.55 | 10.62 | 27.21 | 35.66 |
| EPS (rep.) | -23.34 | -8.28 | -1.17 | -0.78 | -0.27 | -0.34 | -2.55 | 10.62 | 27.21 | 35.66 |

| Key figures | 2023 | 2024 | Q1'25 | Q2'25e | Q3'25e | Q4'25e | 2025e | 2026e | 2027e | 2028e |
|-------------------------------|----------|----------|---------|---------|---------|----------|---------|---------|---------|--------|
| Revenue growth-% | -12.6 % | -2.1 % | 0.2 % | -2.0 % | 4.0 % | 7.6 % | 2.3 % | 5.9 % | 6.6 % | 6.7 % |
| Adjusted EBIT growth-% | -120.9 % | -180.3 % | -90.7 % | -83.7 % | -72.0 % | -127.4 % | -43.9 % | 510.5 % | 100.8 % | 23.5 % |
| EBITDA-% | 3.8 % | 7.0 % | 6.0 % | 6.2 % | 6.6 % | 6.9 % | 6.4 % | 9.1 % | 12.1 % | 13.0 % |
| Adjusted EBIT-% | -1.5 % | 1.2 % | 0.1 % | 0.5 % | 1.0 % | 1.0 % | 0.7 % | 3.8 % | 7.1 % | 8.3 % |
| Net earnings-% | -4.7 % | -1.7 % | -1.0 % | -0.6 % | -0.2 % | -0.3 % | -0.5 % | 2.0 % | 4.9 % | 6.0 % |

Source: HC Andersen Capital

Balance sheet

| Assets | 2023 | 2024 | 2025e | 2026e | 2027e |
|------------------------------|------------|------------|------------|------------|------------|
| Non-current assets | 385 | 382 | 399 | 404 | 410 |
| Goodwill | 51.2 | 52.1 | 52.1 | 52.1 | 52.1 |
| Tangible & intangible assets | 286 | 284 | 290 | 295 | 300 |
| Associated companies | 32.3 | 32.9 | 33.3 | 33.8 | 34.3 |
| Other investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other non-current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred tax assets | 14.7 | 14.0 | 23.2 | 23.2 | 23.2 |
| Current assets | 389 | 395 | 395 | 405 | 422 |
| Inventories | 198 | 203 | 201 | 205 | 216 |
| Other current assets | 22.8 | 15.9 | 20.1 | 20.1 | 21.4 |
| Receivables | 130 | 137 | 137 | 140 | 143 |
| Cash and equivalents | 38.5 | 38.5 | 37.3 | 39.5 | 42.1 |
| Balance sheet total | 774 | 777 | 793 | 809 | 832 |

Source: HC Andersen Capital

| Liabilities & equity | 2023 | 2024 | 2025e | 2026e | 2027e |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Equity | 276 | 262 | 257 | 277 | 328 |
| Share capital | 37.8 | 37.8 | 37.8 | 37.8 | 37.8 |
| Retained earnings | 250 | 235 | 230 | 250 | 301 |
| Hybrid bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Revaluation reserve | -12.4 | -10.7 | -10.7 | -10.7 | -10.7 |
| Other equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-current liabilities | 84.1 | 72.8 | 72.8 | 72.8 | 72.8 |
| Deferred tax liabilities | 12.0 | 11.6 | 11.6 | 11.6 | 11.6 |
| Provisions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest bearing debt | 72.0 | 61.1 | 61.1 | 61.1 | 61.1 |
| Convertibles | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long term liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current liabilities | 414 | 443 | 464 | 460 | 431 |
| Interest bearing debt | 328 | 353 | 378 | 367 | 331 |
| Payables | 47.8 | 53.3 | 56.0 | 61.7 | 68.4 |
| Other current liabilities | 38.2 | 36.7 | 30.1 | 30.7 | 31.4 |

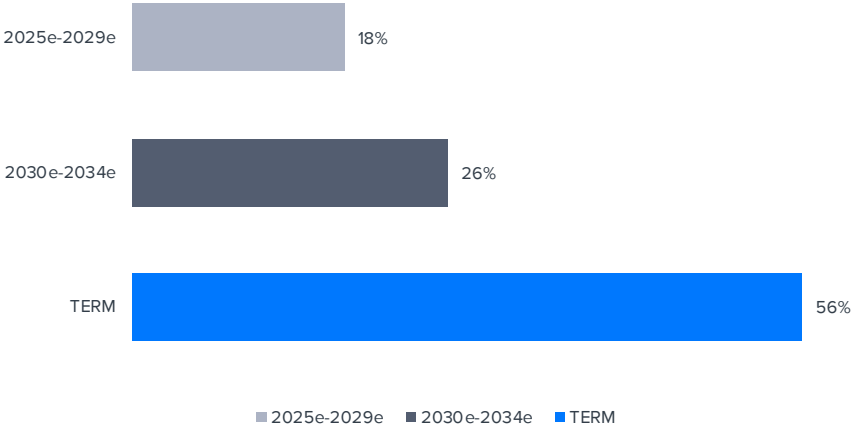
DCF calculation

| DCF model | 2024 | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | 2034e | TERM |
|---|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Revenue growth-% | -2.1% | 2.3 % | 5.9 % | 6.6 % | 6.7 % | 5.6 % | 4.5 % | 3.3 % | 2.6 % | 2.0 % | 2.0 % | 2.0 % |
| EBIT-% | 1.2 % | 0.7 % | 3.8 % | 7.1% | 8.3 % | 9.3 % | 9.6 % | 8.5 % | 8.0 % | 7.0 % | 7.0 % | 7.0 % |
| EBIT (operating profit) | 10.9 | 6.1 | 37.4 | 75.0 | 92.6 | 111 | 119 | 109 | 105 | 93.8 | 95.6 | |
| + Depreciation | 53.0 | 54.0 | 52.5 | 52.4 | 53.3 | 54.0 | 57.1 | 55.0 | 55.1 | 56.6 | 56.3 | |
| - Paid taxes | -7.4 | -8.1 | -5.1 | -13.1 | -17.1 | -21.1 | -23.1 | -21.2 | -21.7 | -19.4 | -19.9 | |
| - Tax, financial expenses | -4.3 | -2.0 | -2.8 | -2.6 | -2.4 | -2.2 | -1.9 | -1.7 | -1.5 | -1.2 | -1.2 | |
| + Tax, financial income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | |
| - Change in working capital | -1.6 | -5.0 | -1.9 | -7.0 | -9.3 | -8.4 | -6.9 | -2.7 | -1.9 | 2.4 | -5.6 | |
| Operating cash flow | 50.5 | 45.1 | 80.2 | 105 | 117 | 133 | 144 | 138 | 135 | 132 | 125 | |
| + Change in other long-term liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| - Gross CAPEX | -51.1 | -60.4 | -57.5 | -57.4 | -58.2 | -59.0 | -62.1 | -60.0 | -55.1 | -55.3 | -56.3 | |
| Free operating cash flow | -0.6 | -15.4 | 22.6 | 47.3 | 59.0 | 74.2 | 82.1 | 78.2 | 80.1 | 76.7 | 69.0 | |
| +/- Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| FCFF | -0.6 | -15.4 | 22.6 | 47.3 | 59.0 | 74.2 | 82.1 | 78.2 | 80.1 | 76.7 | 69.0 | 990 |
| Discounted FCFF | | -14.2 | 19.2 | 36.7 | 42.0 | 48.4 | 49.1 | 42.9 | 40.2 | 35.3 | 29.1 | 418 |
| Sum of FCFF present value | | 746 | 761 | 742 | 705 | 663 | 614 | 565 | 522 | 482 | 447 | 418 |
| Enterprise value DCF | | 746 | | | | | | | | | | |
| - Interest bearing debt | | -144.0 | | | | | | | | | | |
| + Cash and cash equivalents | | 38.5 | | | | | | | | | | |
| -Minorities | | 0.0 | | | | | | | | | | |
| -Dividend/capital return | | 0.0 | | | | | | | | | | |
| Equity value DCF | | 404 | | | | | | | | | | |
| Equity value DCF per share | | 213.9 | | | | | | | | | | |

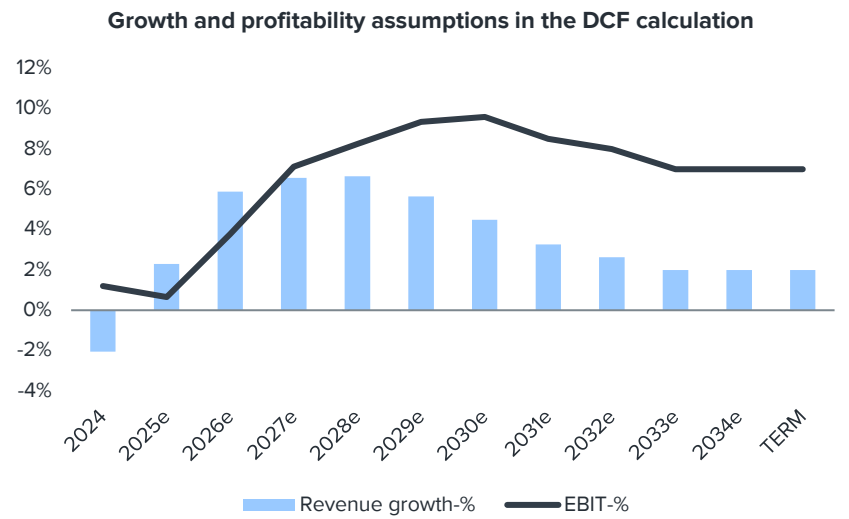
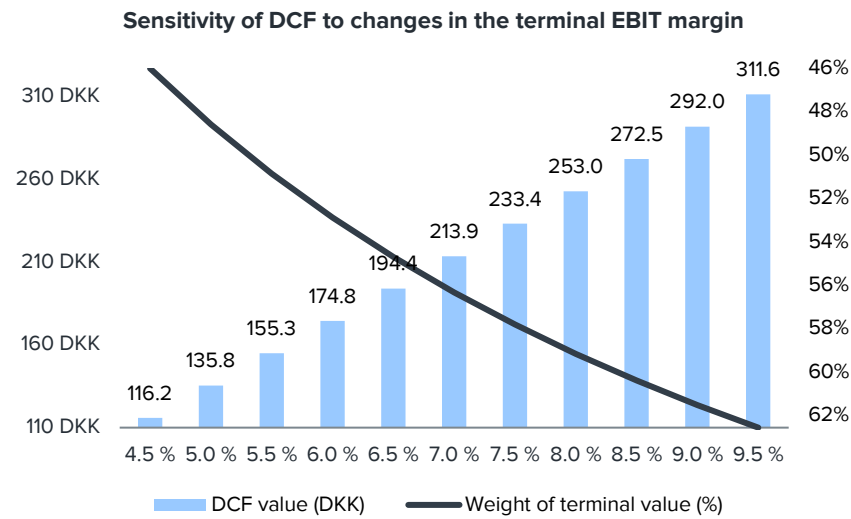
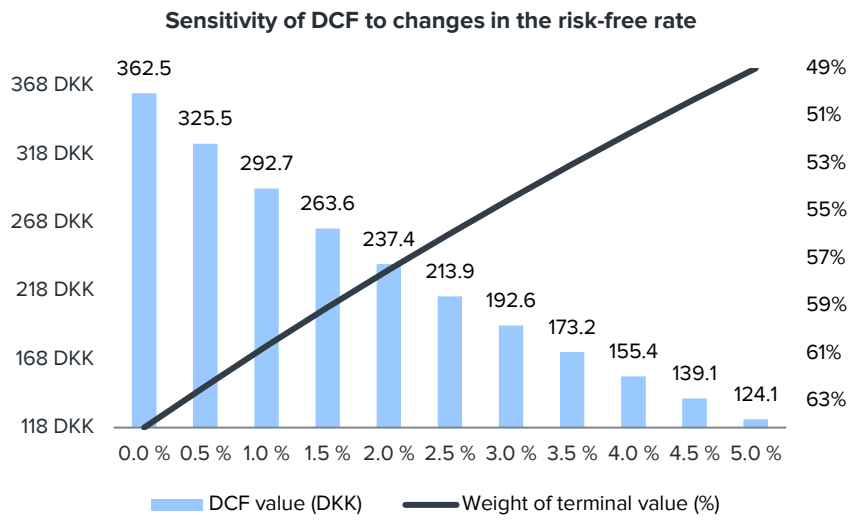
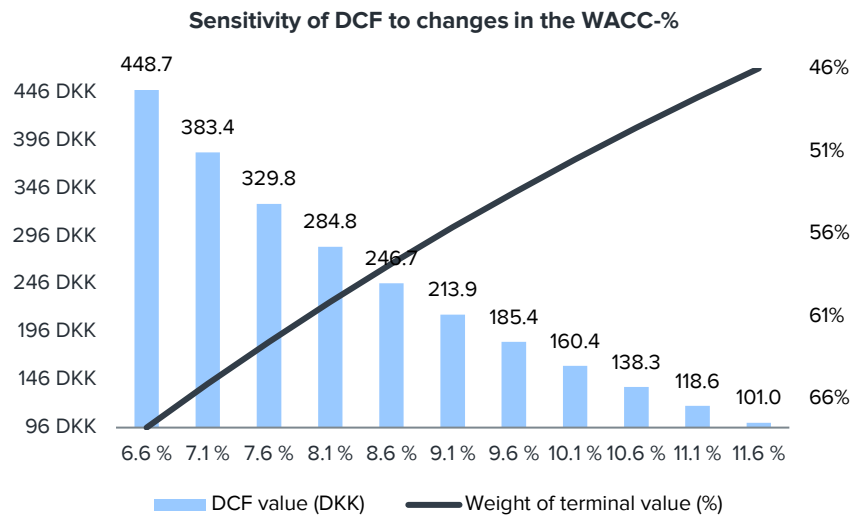
| | |
|--|---------------|
| WACC | |
| Tax-% (WACC) | 22.0 % |
| Target debt ratio (D/(D+E)) | 30.0 % |
| Cost of debt | 5.50 % |
| Equity Beta | 1.30 |
| Market risk premium | 4.75% |
| Liquidity premium | 2.50% |
| Risk free interest rate | 2.50 % |
| Cost of equity | 11.2 % |
| Weighted average cost of capital (WACC) | 9.1 % |

Source: HC Andersen Capital

Cash flow distribution



DCF sensitivity calculations and key assumptions in graphs



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

Summary

| Income statement | 2022 | 2023 | 2024 | 2025e | 2026e | Per share data | 2022 | 2023 | 2024 | 2025e | 2026e |
|---------------------------|--------|-------|-------|-------|-------|--------------------------|--------|---------|---------|---------|---------|
| Revenue | 1065.0 | 931.2 | 912.0 | 933.0 | 987.9 | EPS (reported) | 30.77 | -23.34 | -8.28 | -2.55 | 10.62 |
| EBITDA | 107.5 | 35.8 | 63.9 | 60.1 | 89.9 | EPS (adj.) | 30.77 | -23.34 | -8.28 | -2.55 | 10.62 |
| EBIT | 64.9 | -13.6 | 10.9 | 6.1 | 37.4 | OCF / share | -1.12 | 27.74 | 26.72 | 23.84 | 42.43 |
| PTP | 80.6 | -28.8 | -7.9 | -6.0 | 25.2 | FCF / share | -22.86 | 9.34 | -0.30 | -8.14 | 11.98 |
| Net Income | 58.2 | -44.1 | -15.7 | -4.8 | 20.1 | Book value / share | 183.66 | 145.86 | 138.43 | 135.88 | 146.50 |
| Extraordinary items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Dividend / share | 10.75 | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance sheet | 2022 | 2023 | 2024 | 2025e | 2026e | Growth and profitability | 2022 | 2023 | 2024 | 2025e | 2026e |
| Balance sheet total | 861.0 | 773.7 | 777.2 | 793.3 | 809.2 | Revenue growth-% | 32% | -13% | -2% | 2% | 6% |
| Equity capital | 347.1 | 275.7 | 261.6 | 256.8 | 276.9 | EBITDA growth-% | 11% | -67% | 78% | -6% | 50% |
| Goodwill | 50.7 | 51.2 | 52.1 | 52.1 | 52.1 | EBIT (adj.) growth-% | 11% | -121% | -180% | -44% | 511% |
| Net debt | 308.9 | 361.5 | 344.2 | 368.1 | 355.4 | EPS (adj.) growth-% | 26% | -176% | -65% | -69% | -516% |
| Cash flow | 2022 | 2023 | 2024 | 2025e | 2026e | EBITDA-% | 10.1 % | 3.8 % | 7.0 % | 6.4 % | 9.1 % |
| EBITDA | 107.5 | 35.8 | 63.9 | 60.1 | 89.9 | EBIT (adj.)-% | 6.1 % | -1.5 % | 1.2 % | 0.7 % | 3.8 % |
| Change in working capital | -77.0 | 5.1 | -1.6 | -5.0 | -1.9 | EBIT-% | 6.1 % | -1.5 % | 1.2 % | 0.7 % | 3.8 % |
| Operating cash flow | -2.1 | 52.4 | 50.5 | 45.1 | 80.2 | ROE-% | 17.4 % | -14.2 % | -5.8 % | -1.9 % | 7.5 % |
| CAPEX | -43.0 | -39.6 | -51.1 | -60.4 | -57.5 | ROI-% | 12.8 % | -1.8 % | 1.7 % | 1.4 % | 5.5 % |
| Free cash flow | -43.2 | 17.7 | -0.6 | -15.4 | 22.6 | Equity ratio | 40.3 % | 35.6 % | 33.7 % | 32.4 % | 34.2 % |
| | | | | | | Gearing | 89.0 % | 131.1 % | 143.5 % | 156.3 % | 140.4 % |
| Valuation multiples | 2022 | 2023 | 2024 | 2025e | 2026e | | | | | | |
| EV/S | 1.2 | 1.0 | 0.9 | 0.7 | 0.7 | | | | | | |
| EV/EBITDA | 11.9 | 26.2 | 13.4 | 10.9 | 7.2 | | | | | | |
| EV/EBIT (adj.) | 19.7 | neg. | 78.4 | >100 | 17.3 | | | | | | |
| P/E (adj.) | 16.7 | neg. | neg. | neg. | 14.4 | | | | | | |
| P/B | 2.8 | 2.1 | 2.0 | 1.1 | 1.0 | | | | | | |
| Dividend-% | 2.1 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | | | | | | |

Source: HC Andersen Capital

Disclaimer and recommendation history

The information presented in HC Andersen Capital reports is obtained from several different public sources that HC Andersen Capital considers to be reliable. HC Andersen Capital aims to use reliable and comprehensive information, but HC Andersen Capital does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. HC Andersen Capital is not responsible for the content or accuracy of the presented information. HC Andersen Capital 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. HC Andersen Capital makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by HC Andersen Capital 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 HC Andersen Capital may not be edited, copied or made available to others in their entirety, or in part, without HC Andersen Capital's 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.

HC Andersen Capital issues target prices for the shares it has an extensive commissioned research agreement with. The recommendation methodology used by HC Andersen Capital is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account HC Andersen Capital's view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, HC Andersen Capital's 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. HC Andersen Capital 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.

HC Andersen Capital's 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 HC Andersen Capital's 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 HC Andersen Capital considers the risks to be moderate.

The analysts who produce HC Andersen Capital's research cannot have shareholdings in the companies they cover. The remuneration of the analysts who produce the analysis is not directly or indirectly linked to the issued recommendation or views.

HC Andersen Capital or its partners whose customer relationships may have a financial impact on HC Andersen Capital may, in their business operations, seek assignments with various issuers with respect to services provided by HC Andersen Capital or its partners. Thus, HC Andersen Capital may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. HC Andersen Capital and its partners may provide different services to issuers.

More information about research disclaimers can be found at inderes.dk/research-disclaimer

HCA 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 | Share price |
|------------|----------------|-----------|-------------|
| 09/01/2025 | Reduce | 195.0 DKK | 182.0 DKK |
| 18/11/2024 | Reduce | 225.0 DKK | 230.0 DKK |
| 30/08/2024 | Accumulate | 300.0 DKK | 272.0 DKK |
| 30/06/2024 | Accumulate | 295.0 DKK | 260.0 DKK |

HC Andersen Capital

HC Andersen Capital digitalizes and democratizes the relationship between investors and listed companies.

Through digital investor events, commissioned research, advisory services, and related IR services, we engage investors with information and access to the companies' management. We want equal access to information for all investors, private as well as institutional.

We believe that all information should be equally accessible for all investors, and that improving the symmetry of information between companies and all investors strengthens company-investor relationships and trust in the financial markets.

Our team of analysts has many years of experience in the financial markets, previously with leading Nordic institutions.

HC Andersen Capital is based in Copenhagen, Denmark, and operates in the Nordics. HC Andersen Capital works closely in partnership with the leading Finnish-based equity research company, Inderes Oyj.

HC Andersen Capital

Bredgade 23B 2. sal
1260 København K, Denmark
CVR: 41474793

All research available at inderes.dk

Equity research team



Kasper Lihn
Head of Research, MD



Michael Friis
Head of Equities



Rasmus Kjølborg
Head of Research, Stables



Philip Coombes
Equity Analyst



Victor Skriver
Equity Analyst Assistant



**Connecting investors
and listed companies.**