PUUUILO PLC

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Strong performance across the board

Puuilo's Q1 earnings were very strong, which makes the reiterated guidance seem cautious. We continue to see strong conditions for business growth and value creation, but the stretched valuation leaves the stock's short-term return expectation dependent on the dividend. We raise the target price to EUR 13.5 (was EUR 12.0) but reiterate our Reduce recommendation due to the subdued risk/reward ratio.

A quarter of strong growth

In Q1, Puuilo's revenue increased by 18% to 89 MEUR driven by both new and old stores. The number of customers also increased in both new and old stores, which we believe indicates the competitiveness of the concept. The good growth in comparable revenue and the number of customers has likely been affected by the favorable spring conditions in Finland. The decline in the average shopping basket stopped, although customers' price-driven consumption continued. At the same time, private label sales grew strongly, driven by, e.g., new product launches, which in turn was the most significant factor in the gross margin improvement. Also, fixed costs flexed with revenue growth as the headcount remained at the comparison period's level. In our opinion, this demonstrates the quality of the company's exceptionally scalable business model for its industry, even in an international context. As a result, the company's Q1 EBITA increased to 10.8 MEUR, corresponding to a profitability of around 12%.

Guidance seems cautious

The company reiterated its guidance, which indicates that revenue is between 425 and 455 MEUR and adj. EBITA 70-80 MEUR. Reaching and even exceeding the guidance seems likely after a strong Q1, although Q2 is likely to be slightly quieter than the start of the year due to the unfavorable summer weather. In any case, we consider the probability of a positive earnings revision high, following the recent positive development of product margins and cost structure. In connection with the report, we raised our earnings estimates by some 10%, as a result of which we expect EBITA (2025e EBITA 80 MEUR) to settle at the top end of the guidance range.

Earnings grow also in the long term...

We expect the company to continue its strong growth throughout the 2020s, reaching its target of over 70 stores by the end of the decade. After this, without new growth drivers, it is likely that growth depends on comparable stores. In the mature stage, the company's growth investments will decrease proportionally, and the internal profitability of comparable stores should improve with scalable growth. Thus, we see the company clearly exceeding its targeted profitability level (17%), although we expect the competitive environment in the discount retail sector to tighten over the years. Balancing these opposing drivers, we expect Puuilo to achieve an excellent EBITA margin of good 18% in 2030.

... but the high valuation weighs on the stock's risk/reward ratio

We feel the short-term valuation of Puuilo's stock is stretched. With our 2025 estimates, the stock trades at 20x P/E and 16x IFRS 16 adj. EV/EBIT multiples. These levels are above our comfort zone, meaning that the 17% earnings growth we forecast will largely be used to digest multiples. In this case, the dividend yield (~5% p.a.) supports the expected return, but it is not enough to cover our required return (9%) on its own. With these parameters, the expected return of the stock is too narrow in our papers. The challenging risk/reward ratio is also supported by the marginal upside of the current share price to the value of our DCF model (EUR 13.8). Although we see Puuilo as the highest quality company in its sector and the business as value-creating, the safety margin protecting investors from uncertainties is almost non-existent at the current share price.

Recommendation
Reduce
(was Reduce)

Target price:
EUR 13.50
(was EUR 12.00)

Share price:
EUR 13.80

Business risk

●●○○○

Valuation risk

●●●○○

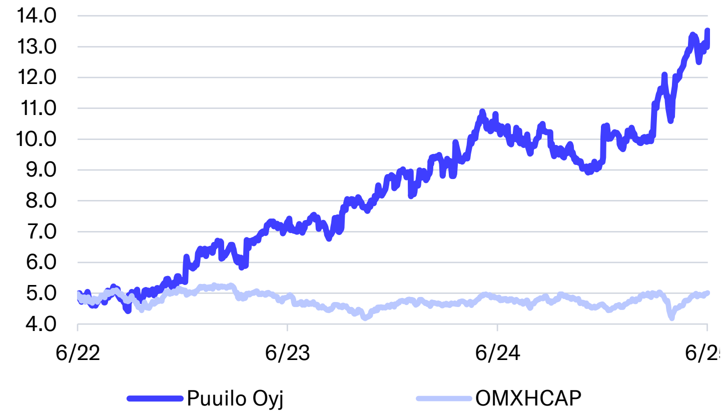
	2024	2025e	2026e	2027e
Revenue	383.4	445.0	501.4	556.3
growth-%	13%	16%	13%	11%
EBIT adj.	65.2	78.1	90.1	100.6
EBIT-% adj.	17.0 %	17.6 %	18.0 %	18.1 %
Net Income	48.1	57.9	67.2	77.3
EPS (adj.)	0.57	0.68	0.79	0.91
P/E (adj.)	18.0	19.8	17.1	14.8
P/B	8.5	11.4	9.5	7.9
Dividend yield-%	6.8 %	4.0 %	4.7 %	5.4 %
EV/EBIT (adj.)	15.1	16.2	14.0	12.5
EV/EBITDA	11.7	12.7	10.6	9.6
EV/S	2.6	2.8	2.5	2.3

Source: Inderes

Guidance (Unchanged)

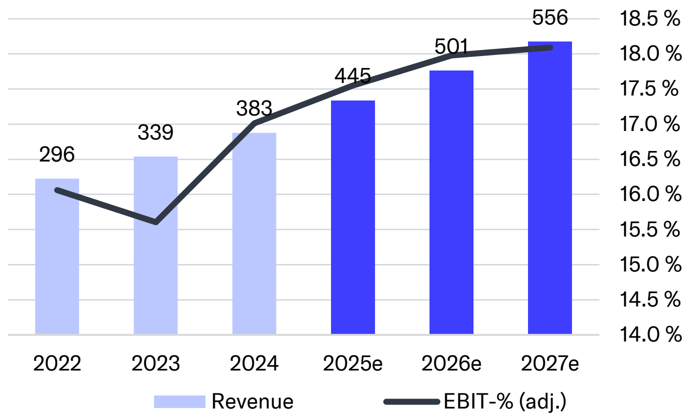
Puuilo predicts that its revenue for 2025 will be 425-455 MEUR (2024: 383 MEUR) and the adjusted EBITA will be in the range of 70-80 MEUR (2024: 67 MEUR).

Share price



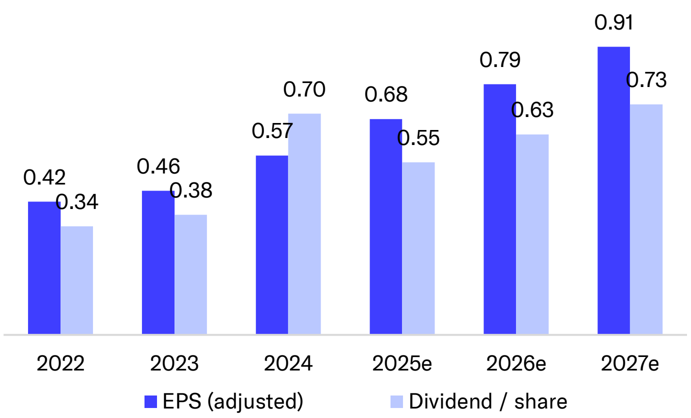
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Increasing the number of stores to over 70
- Significant growth potential remaining in ramping up existing stores
- Growth in private label
- As a result of growth, improved bargaining power with suppliers and scaling of costs
- Further streamlining of operating expenditure levels

Risk factors

- Increased competition as key competitors also expand their brick-and-mortar networks
- Global disruptions in product availability and the rise of protectionism
- Successful category management
- Weakened consumer purchasing power in a cost-inflationary environment
- Professionalization of construction and urbanization

Valuation	2025e	2026e	2027e
Share price	13.5	13.5	13.5
Number of shares, millions	84.8	84.8	84.8
Market cap	1146	1146	1146
EV	1264	1263	1261
P/E (adj.)	19.8	17.1	14.8
P/E	19.8	17.1	14.8
P/B	11.4	9.5	7.9
P/S	2.6	2.3	2.1
EV/Sales	2.8	2.5	2.3
EV/EBITDA	12.7	10.6	9.6
EV/EBIT (adj.)	16.2	14.0	12.5
Payout ratio (%)	80.0 %	80.0 %	80.0 %
Dividend yield-%	4.0 %	4.7 %	5.4 %

Source: Inderes

A successful quarter

Strong growth on all fronts

Puuilo's Q1 revenue grew by 18% to 89 MEUR. Revenue growth was driven by new stores (+8 y/y), but also by like-for-like growth (7%) picking up from the comparison period and recent quarters. The number of customers also increased both for the entire network (18%) and comparable stores (7%). Thus, the average purchase remained roughly at the level of the comparison period, which in part reflects continued cautious consumer behavior. According to the company, sales development was supported by more favorable weather conditions than in the comparison period. Strong growth was also seen in e-commerce and private label. We estimate that the company has continued to gain market share, largely due to a combination of an attractive concept and a low price level.

Sales growth scaled nicely

Q1 EBITA improved from the comparison period to 10.8 MEUR (12.1% of revenue). The earnings improvement was driven by increased revenue and favorable development in relative gross margin and fixed costs. The roughly 0.5 percentage point improvement in the gross margin (37.1%) was supported by strong growth in private label (+38% y/y) and favorable development in the sales mix towards more profitable low price-point products. The ratio of fixed costs relative to revenue decreased, which is an excellent performance considering the company's aggressive store expansion rate. Earnings per share increased to EUR 0.09, with the improved operating result being the key growth driver.

Healthy cash flow and balance sheet

The free cash flow for Q1 increased from the comparison period to 14 MEUR, supported by good earnings development and released working capital (Q1'24: 2.3 MEUR). Net debt excluding the impact of IFRS 16 was 22 MEUR, which corresponds to approximately 1.3x EBITDA (IFRS 16 adj.). We find the company's balance sheet to be in good condition. In our view, a healthy balance sheet and strong cash flow would allow for greater leverage in the event of a larger investment (e.g. an acquisition). The company can finance organic growth with its cash flow.

Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus		Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	75.4	89.3	89.3	84.6			0%	445
EBITA (adj.)	8.3	10.8	10.8	-			0%	79.7
EBIT	7.6	10.4	10.4	9.6			0%	78.1
EPS (reported)	0.06	0.09	0.09	0.08			6%	0.68
Revenue growth-%	16.1 %	18.4 %	18.4 %	12.1 %			0 pp	16.1 %
EBITA-% (adj.)	11.0 %	12.1 %	12.1 %	-			0 pp	17.9 %

Source: Inderes & Bloomberg (consensus, 5 estimates)

We made positive estimate changes

Guidance seems somewhat cautious

The company reiterated its guidance, which indicates that revenue is between 425 and 455 MEUR and adj. EBITA 70-80 MEUR. The midpoint of the guidance implies 15% growth and profitability of 17%. It seems likely that the guidance will be achieved after a strong Q1.

The company reported that favorable spring weather supported the development in Q1. However, in Q2, the weather has been colder than usual, which may have postponed demand in the season. Thus, it is likely that comparable revenue growth in Q2 will not reach the 7% seen in Q1. On the one hand, this supports the reiterated guidance, although we consider the probability of a positive earnings revision to be high due to the recent positive development of product margins and cost structure.

Positive estimate revisions

We raised our short- and long-term forecasts for Puuilo following a stronger-than-expected Q1. We also lowered the tax rate from 20% to 18% from 2027 onwards due to the change in the Finnish corporate tax rate. This was reflected in an increase of approximately 10% in our EPS forecast.

The growth outlook is also favorable in the long term

We see the company continuing its strong growth (2025-30e ~11% y/y) throughout the 2020s, and by the end of the decade, Puuilo is likely to reach its target of over 70 stores. After this, without new growth drivers (e.g. a new concept or international expansion), it is likely that growth will depend on comparable stores. Historically, the average growth rate of these has been about 5%. In the mature phase, the company's growth investments will decrease relatively, and the internal profitability of comparable stores should improve with scalable growth. Thus, we see the company clearly exceeding its targeted profitability level (17%), although we expect the competitive environment in the discount retail sector to tighten over the years. This is explained by the expanding store networks of international players (e.g. Jula, Biltema and Rusta). Balancing these opposing drivers, we expect the company to achieve a good 18% EBITA margin in 2030. This is an unusually high level for a retailer, which reflects the attractiveness of the company's concept and a business model that scales very well for the industry.

Key forecast risks relate in the short term to consumer sentiment and the development of geopolitical risks (trade and geopolitics), and in the longer term to the development of the competitive situation.

Estimate revisions MEUR / EUR	2025e Old	2025 New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	441	445	1%	494	501	2%	548	556	2%
EBITDA	95.6	99.7	4%	114	119	4%	124	131	5%
EBIT (exc. NRIs)	73.7	78.1	6%	85.6	90.1	5%	94.0	101	7%
EBIT	73.7	78.1	6%	85.6	90.1	5%	94.0	101	7%
PTP	66.9	72.4	8%	78.5	84.0	7%	86.6	94.2	9%
EPS (excl. NRIs)	0.63	0.68	8%	0.74	0.79	7%	0.82	0.91	12%
DPS	0.50	0.55	8%	0.59	0.63	7%	0.65	0.73	12%

Source: Inderes

Elevated valuation limits the expected return

We feel the absolute valuation is elevated

The trailing 12-month P/E (23x) is slightly above our range of acceptable valuation levels (P/E ~16-18x) and we see a downside in it. Thus, the 17% earnings growth we expect will largely be used to digest multiples, as the P/E ratio (17x) will only fall to an acceptable level in 2026 and an attractive level (15x) in 2027. EV-based earnings multiples that consider the healthy balance sheet (2025-26e IFRS 16 adj. EV/EBIT 16-14x) are neutral, and we do not see any upside in them.

The premium is justified, but the upside of the relative valuation is gone

When gauging the relative valuation, we give main weight to the P/E ratio. The comparability of EV-based multiples within the peer group is weakened by differences in the length of IFRS 16 leases affecting net debt between the companies.

Examined with the P/E ratio, the company is priced at a small premium to its retail peer group. We see Puuilo's premium as justified due to its strong earnings growth outlook and better return on capital than its peers. However, we do not see preconditions for the premium to stretch, as the median valuation level of the peer group seems quite high.

The cash flow model reflects high expectations

Our DCF model indicates that the stock's fair value is EUR 13.8 This is close to the share price, offering very limited upside and signaling a correctly priced stock. The share value according to the DCF model and the underlying estimate parameters (74 stores in 2029, revenue growth of 11% p.a., and an average EBIT margin of 18% in 2025-30e) reflect the high expectations loaded into the current share price. We feel these are close to their full potential when examined through a cash flow model, and thus, the model supports our view of the stock's weak risk/reward ratio.

We consider the DCF model a reliable valuation method due to Puuilo's strong and fairly predictable cash flow profile.

In the short term, the stock's expected return relies on dividends

In terms of realized earnings multiples, the company is priced above our comfort zone. Thus, the earnings growth we expect will largely go to digesting the multiple. In this case, the short-term total expected return of the share relies almost entirely on the dividend, and a dividend yield of 4-5% is not enough to cover our required return (9%). So the risk/reward ratio of the share turns challenging in our papers. Although we consider Puuilo's multiples high for the next few years, we note that we expect the company's earnings growth and good cash flow to push multiples down over the years. The current cash flow level and strong earnings growth offer an expected return of over 10% for the long-term investor (investment period >3-5 years). However, the high valuation limits the stock's return potential, especially on a 12-month horizon. There are significant uncertainties related to economic development (domestic unemployment as well as global geo and trade policies), and in our view, the current valuation level cannot withstand any earnings disappointments, leaving almost no safety margin to protect investors.

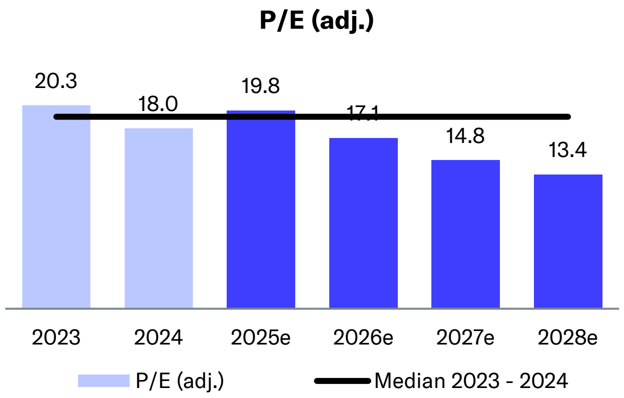
Valuation	2025e	2026e	2027e
Share price	13.5	13.5	13.5
Number of shares, millions	84.8	84.8	84.8
Market cap	1146	1146	1146
EV	1264	1263	1261
P/E (adj.)	19.8	17.1	14.8
P/E	19.8	17.1	14.8
P/B	11.4	9.5	7.9
P/S	2.6	2.3	2.1
EV/Sales	2.8	2.5	2.3
EV/EBITDA	12.7	10.6	9.6
EV/EBIT (adj.)	16.2	14.0	12.5
Payout ratio (%)	80.0 %	80.0 %	80.0 %
Dividend yield-%	4.0 %	4.7 %	5.4 %

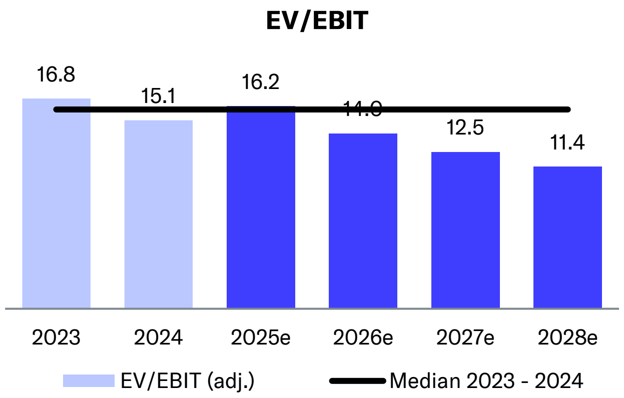
Source: Inderes

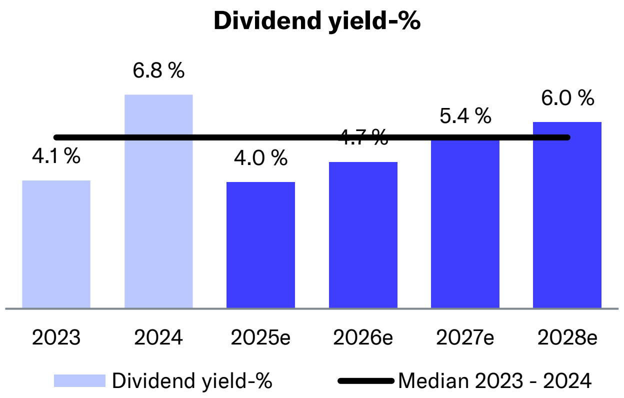
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price				9.26	10.2	13.5	13.5	13.5	13.5
Number of shares, millions				84.8	84.8	84.8	84.8	84.8	84.8
Market cap				785	867	1146	1146	1146	1146
EV				886	982	1264	1263	1261	1257
P/E (adj.)				20.3	18.0	19.8	17.1	14.8	13.4
P/E				20.3	18.0	19.8	17.1	14.8	13.4
P/B				9.2	8.5	11.4	9.5	7.9	6.8
P/S				2.3	2.3	2.6	2.3	2.1	1.9
EV/Sales				2.6	2.6	2.8	2.5	2.3	2.1
EV/EBITDA				13.1	11.7	12.7	10.6	9.6	8.7
EV/EBIT (adj.)				16.8	15.1	16.2	14.0	12.5	11.4
Payout ratio (%)				83.3 %	123.3 %	80.0 %	80.0 %	80.0 %	80.0 %
Dividend yield-%				4.1 %	6.8 %	4.0 %	4.7 %	5.4 %	6.0 %

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**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**
Europris ASA	1171	1538	13.3	11.2	7.6	6.8	1.2	1.2	15.8	12.6	4.5	4.7	3.1
Byggmax Group AB	278	513	19.0	14.5	5.9	5.5	0.9	0.8	17.2	12.2	2.6	4.0	1.2
Clas Ohlson AB	1735	1786	16.9	15.8	10.1	9.6	1.7	1.6	21.2	19.9	2.4	2.5	7.2
Axfood AB	5446	6891	20.4	17.9	9.7	9.0	0.8	0.8	24.1	20.2	3.3	3.5	8.3
Dollar General Corp	21857	26508	15.8	15.8	10.6	10.2	0.8	0.7	19.7	19.7	2.1	2.1	3.3
Kesko Oyj	8242	11668	17.1	15.7	9.1	8.6	0.9	0.9	18.2	16.2	4.5	4.9	3.0
Musti Group Oyj	693	880	16.3	14.2	9.3	8.5	1.8	1.7	17.5	15.4	3.9	4.4	3.4
Verkkokauppa.com Oyj	120	145	15.2	12.0	8.9	7.6	0.3	0.3	20.7	15.1	2.2	3.6	3.5
Tokmanni Oyj	639	999	9.5	8.3	4.2	3.9	0.6	0.6	11.6	9.3	6.3	7.7	2.3
Rusta	1061	1570	19.7	16.4	9.4	8.2	1.5	1.3	22.8	17.6	1.9	2.5	5.2
Tractor Supply	23474	25120	19.1	17.6	14.3	13.3	1.8	1.7	24.3	22.0	1.8	2.0	10.9
Puuilo Oyj (Inderes)	**1146**	**1264**	**16.2**	**14.0**	**12.7**	**10.6**	**2.8**	**2.5**	**19.8**	**17.1**	**4.0**	**4.7**	**11.4**
Average			**16.6**	**14.5**	**9.0**	**8.3**	**1.1**	**1.1**	**19.4**	**16.4**	**3.2**	**3.8**	**4.7**
Median			**16.9**	**15.7**	**9.3**	**8.5**	**0.9**	**0.9**	**19.7**	**16.2**	**2.6**	**3.6**	**3.4**
Diff-% to median			***-4%***	***-11%***	***37%***	***26%***	***202%***	***180%***	***0%***	***5%***	***56%***	***32%***	***236%***

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**339**	**75.4**	**120**	**102**	**85.8**	**383**	**89.3**	**138**	**115**	**103**	**445**	**501**	**556**	**610**
EBITDA	**67.8**	**12.4**	**29.0**	**23.9**	**18.7**	**84.0**	**15.8**	**34.5**	**27.1**	**22.3**	**99.7**	**119**	**131**	**144**
Depreciation	-15.0	-4.8	-4.5	-4.6	-4.8	-18.7	-5.4	-5.4	-5.2	-5.7	-21.6	-28.5	-30.2	-33.4
EBIT (excl. NRI)	**52.8**	**7.6**	**24.4**	**19.3**	**13.9**	**65.2**	**10.4**	**29.2**	**21.9**	**16.6**	**78.1**	**90.1**	**101**	**111**
EBIT	**52.8**	**7.6**	**24.4**	**19.3**	**13.9**	**65.2**	**10.4**	**29.2**	**21.9**	**16.6**	**78.1**	**90.1**	**101**	**111**
Net financial items	-4.5	-1.3	-1.3	-1.2	-1.3	-5.1	-1.4	-1.4	-1.4	-1.4	-5.7	-6.1	-6.4	-6.5
PTP	**48.4**	**6.3**	**23.1**	**18.1**	**12.6**	**60.1**	**9.0**	**27.7**	**20.5**	**15.2**	**72.4**	**84.0**	**94.2**	**104**
Taxes	-9.7	-1.3	-4.6	-3.6	-2.5	-12.0	-1.8	-5.5	-4.1	-3.0	-14.5	-16.8	-17.0	-18.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**38.7**	**5.0**	**18.5**	**14.5**	**10.1**	**48.1**	**7.2**	**22.2**	**16.4**	**12.1**	**57.9**	**67.2**	**77.3**	**85.4**
EPS (adj.)	**0.46**	**0.06**	**0.22**	**0.17**	**0.12**	**0.57**	**0.09**	**0.26**	**0.19**	**0.14**	**0.68**	**0.79**	**0.91**	**1.01**
EPS (rep.)	**0.46**	**0.06**	**0.22**	**0.17**	**0.12**	**0.57**	**0.09**	**0.26**	**0.19**	**0.14**	**0.68**	**0.79**	**0.91**	**1.01**

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	14.2 %	16.1 %	14.9 %	10.7 %	11.8 %	13.3 %	18.4 %	15.1 %	12.2 %	19.9 %	16.1 %	12.7 %	11.0 %	9.7 %
Adjusted EBIT growth-%	11.0 %	8.1 %	18.8 %	28.8 %	35.8 %	23.5 %	37.6 %	19.3 %	13.4 %	19.5 %	19.7 %	15.4 %	11.7 %	10.0 %
EBITDA-%	20.0 %	16.4 %	24.2 %	23.4 %	21.8 %	21.9 %	17.7 %	25.0 %	23.6 %	21.7 %	22.4 %	23.7 %	23.5 %	23.6 %
Adjusted EBIT-%	15.6 %	10.0 %	20.4 %	18.9 %	16.2 %	17.0 %	11.7 %	21.1 %	19.1 %	16.2 %	17.6 %	18.0 %	18.1 %	18.1 %
Net earnings-%	11.4 %	6.7 %	15.4 %	14.2 %	11.8 %	12.6 %	8.1 %	16.1 %	14.3 %	11.8 %	13.0 %	13.4 %	13.9 %	14.0 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**127**	**139**	**151**	**162**	**175**
Goodwill	33.5	33.5	33.5	33.5	33.5
Intangible assets	16.4	16.0	16.3	16.6	16.9
Tangible assets	75.9	88.0	101	112	124
Associated companies	0.0	0.0	0.0	0.0	0.0
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	1.0	1.3	0.0	0.0	0.0
Current assets	**122**	**142**	**168**	**195**	**221**
Inventories	93.1	116	111	125	139
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	7.2	8.2	8.9	11.0	12.2
Cash and equivalents	21.5	18.3	47.6	58.6	69.3
Balance sheet total	**249**	**281**	**319**	**357**	**395**

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**85.0**	**102**	**100**	**121**	**145**
Share capital	29.1	29.1	29.1	29.1	29.1
Retained earnings	55.9	72.7	71.3	92.2	116
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**112**	**122**	**165**	**175**	**184**
Deferred tax liabilities	2.7	2.5	0.0	0.0	0.0
Provisions	0.9	1.0	0.0	0.0	0.0
Interest bearing debt	108	118	165	175	184
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	**51.7**	**57.4**	**53.4**	**60.2**	**66.8**
Interest bearing debt	14.6	15.0	0.0	0.0	0.0
Payables	37.1	42.4	53.4	60.2	66.8
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**249**	**281**	**319**	**357**	**395**

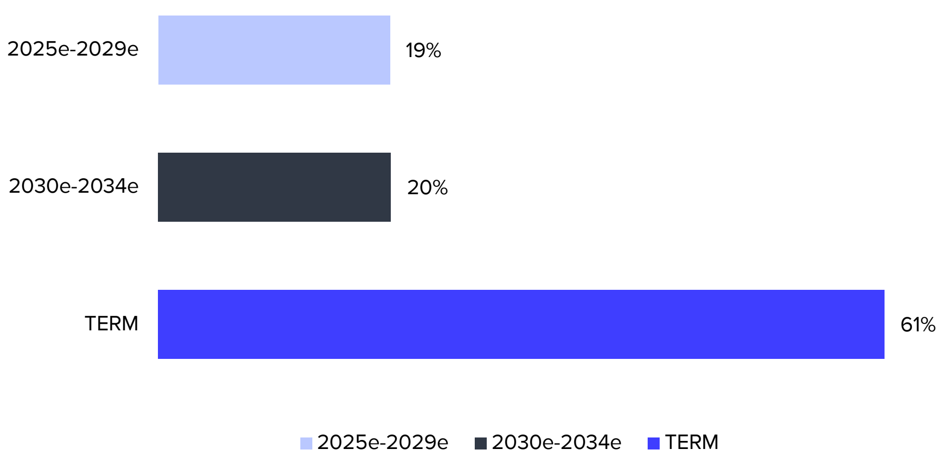
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	13.3 %	16.1 %	12.7 %	11.0 %	9.7 %	7.6 %	7.0 %	6.0 %	5.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	17.0 %	17.6 %	18.0 %	18.1 %	18.1 %	18.0 %	18.0 %	18.0 %	17.0 %	16.5 %	16.5 %	16.5 %
EBIT (operating profit)	**65.2**	**78.1**	**90.1**	**101**	**111**	**118**	**126**	**134**	**133**	**133**	**136**	
+ Depreciation	18.7	21.6	28.5	30.2	33.4	33.3	36.3	38.8	40.9	42.8	44.5	
- Paid taxes	-12.5	-15.7	-16.8	-17.0	-18.8	-19.9	-21.3	-22.6	-22.3	-22.2	-23.7	
- Tax, financial expenses	-1.0	-1.1	-1.2	-1.2	-1.2	-1.4	-1.5	-1.5	-1.6	-1.7	-1.7	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	
- Change in working capital	-18.2	14.6	-9.4	-8.3	-8.2	-7.0	-7.0	-6.4	-5.7	-3.6	-2.4	
Operating cash flow	**52.3**	**97.5**	**91.2**	**104**	**116**	**123**	**133**	**142**	**144**	**148**	**153**	
+ Change in other long-term liabilities	0.1	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-30.5	-35.1	-39.1	-43.1	-45.1	-46.6	-47.6	-48.6	-49.6	-50.6	-47.7	
Free operating cash flow	**21.9**	**61.3**	**52.1**	**61.2**	**70.9**	**76.6**	**85.4**	**93.7**	**94.7**	**97.6**	**105**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	21.9	61.3	52.1	61.2	70.9	76.6	85.4	93.7	94.7	97.6	105	1741
Discounted FCFF		**58.7**	**46.1**	**50.1**	**53.6**	**53.5**	**55.1**	**55.9**	**52.2**	**49.8**	**49.7**	**821**
Sum of FCFF present value		1346	1287	1241	1191	1137	1084	1029	973	921	871	821
Enterprise value DCF		**1346**										
- Interest bearing debt		-133.1										
+ Cash and cash equivalents		18.3										
-Minorities		0.0										
-Dividend/capital return		-59.3										
Equity value DCF		**1172**										
Equity value DCF per share		**13.8**										

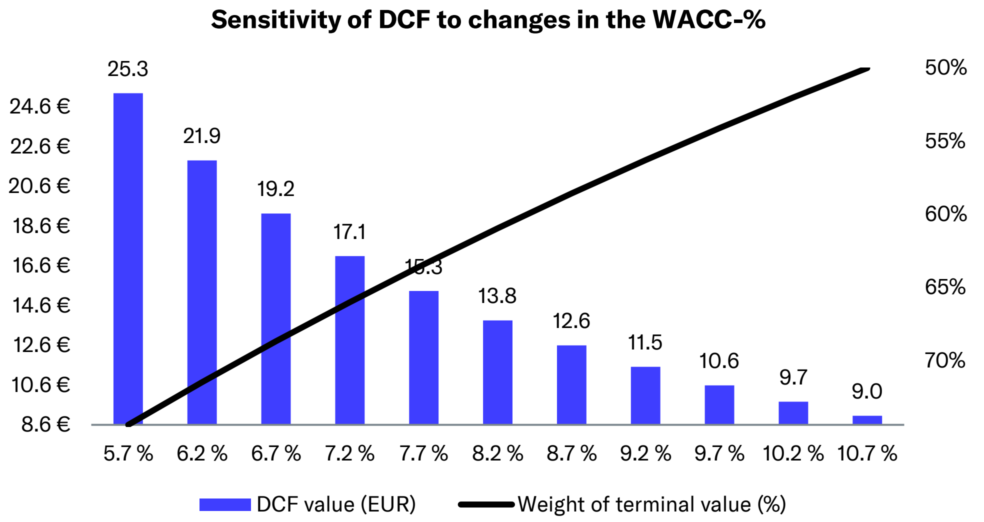
WACC	
Tax-% (WACC)	18.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	5.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	**9.2 %**
Weighted average cost of capital (WACC)	**8.2 %**

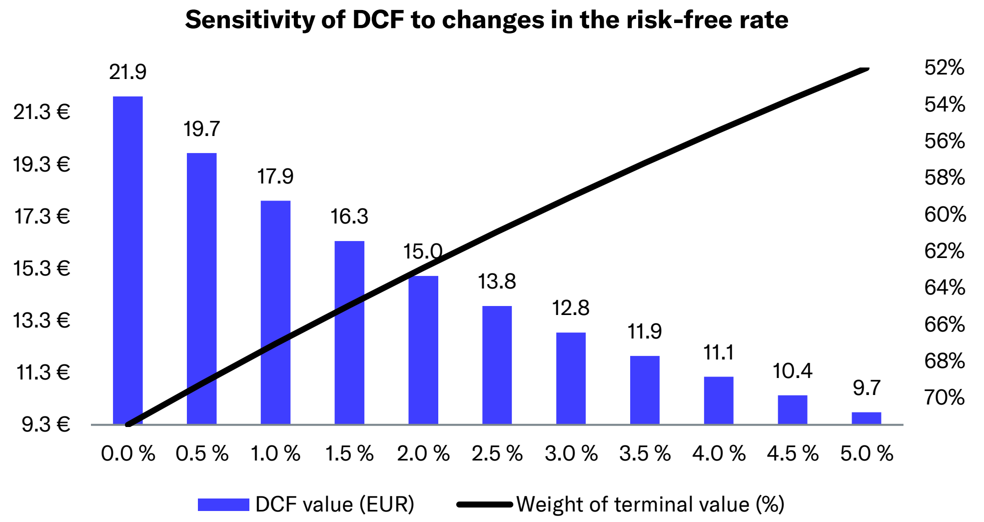
Source: Inderes

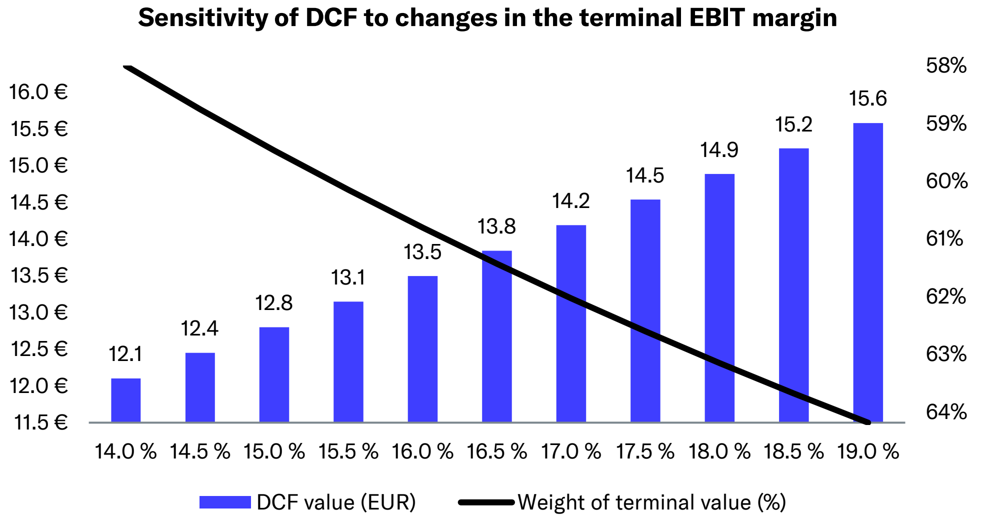
Cash flow distribution

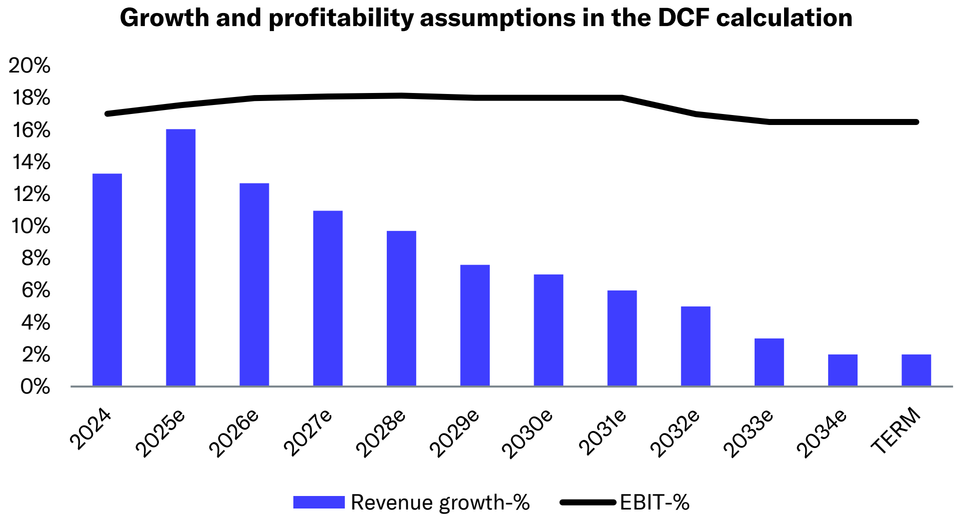


DCF sensitivity calculations and key assumptions in graphs









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

Summary

Income statement	2023	2024	2025e	2026e
Revenue	338.5	383.4	**445.0**	**501.4**
EBITDA	67.8	84.0	**99.7**	**118.7**
EBIT	52.8	65.2	**78.1**	**90.1**
PTP	48.4	60.1	**72.4**	**84.0**
Net Income	38.7	48.1	**57.9**	**67.2**
Extraordinary items	0.0	0.0	**0.0**	**0.0**

Per share data	2023	2024	2025e	2026e
EPS (reported)	0.46	0.57	**0.68**	**0.79**
EPS (adj.)	0.46	0.57	**0.68**	**0.79**
OCF / share	0.71	0.62	**1.15**	**1.08**
FCF / share	0.31	0.26	**0.72**	**0.61**
Book value / share	1.00	1.20	**1.18**	**1.43**
Dividend / share	0.38	0.70	**0.55**	**0.63**

Balance sheet	2023	2024	2025e	2026e
Balance sheet total	248.5	280.8	**318.7**	**356.6**
Equity capital	85.0	101.8	**100.4**	**121.3**
Goodwill	33.5	33.5	**33.5**	**33.5**
Net debt	101.3	114.8	**117.4**	**116.5**

Growth and profitability	2023	2024	2025e	2026e
Revenue growth-%	14%	13%	**16%**	**13%**
EBITDA growth-%	12%	24%	**19%**	**19%**
EBIT (adj.) growth-%	11%	24%	**20%**	**15%**
EPS (adj.) growth-%	8%	24%	**20%**	**16%**
EBITDA-%	20.0 %	21.9 %	**22.4 %**	**23.7 %**
EBIT (adj.)-%	15.6 %	17.0 %	**17.6 %**	**18.0 %**
EBIT-%	15.6 %	17.0 %	**17.6 %**	**18.0 %**
ROE-%	48.0 %	51.5 %	**57.3 %**	**60.7 %**
ROI-%	25.9 %	29.5 %	**31.2 %**	**32.1 %**
Equity ratio	34.2 %	36.3 %	**31.5 %**	**34.0 %**
Gearing	119.2 %	112.8 %	**117.0 %**	**96.1 %**

Cash flow	2023	2024	2025e	2026e
EBITDA	67.8	84.0	**99.7**	**118.7**
Change in working capital	0.4	-18.2	**14.6**	**-9.4**
Operating cash flow	60.0	52.3	**97.5**	**91.2**
CAPEX	-34.2	-30.5	**-35.1**	**-39.1**
Free cash flow	26.7	21.9	**61.3**	**52.1**

Valuation multiples	2023	2024	2025e	2026e
EV/S	2.6	2.6	**2.8**	**2.5**
EV/EBITDA	13.1	11.7	**12.7**	**10.6**
EV/EBIT (adj.)	16.8	15.1	**16.2**	**14.0**
P/E (adj.)	20.3	18.0	**19.8**	**17.1**
P/B	9.2	8.5	**11.4**	**9.5**
Dividend-%	4.1 %	6.8 %	**4.0 %**	**4.7 %**

Source: Inderes

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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

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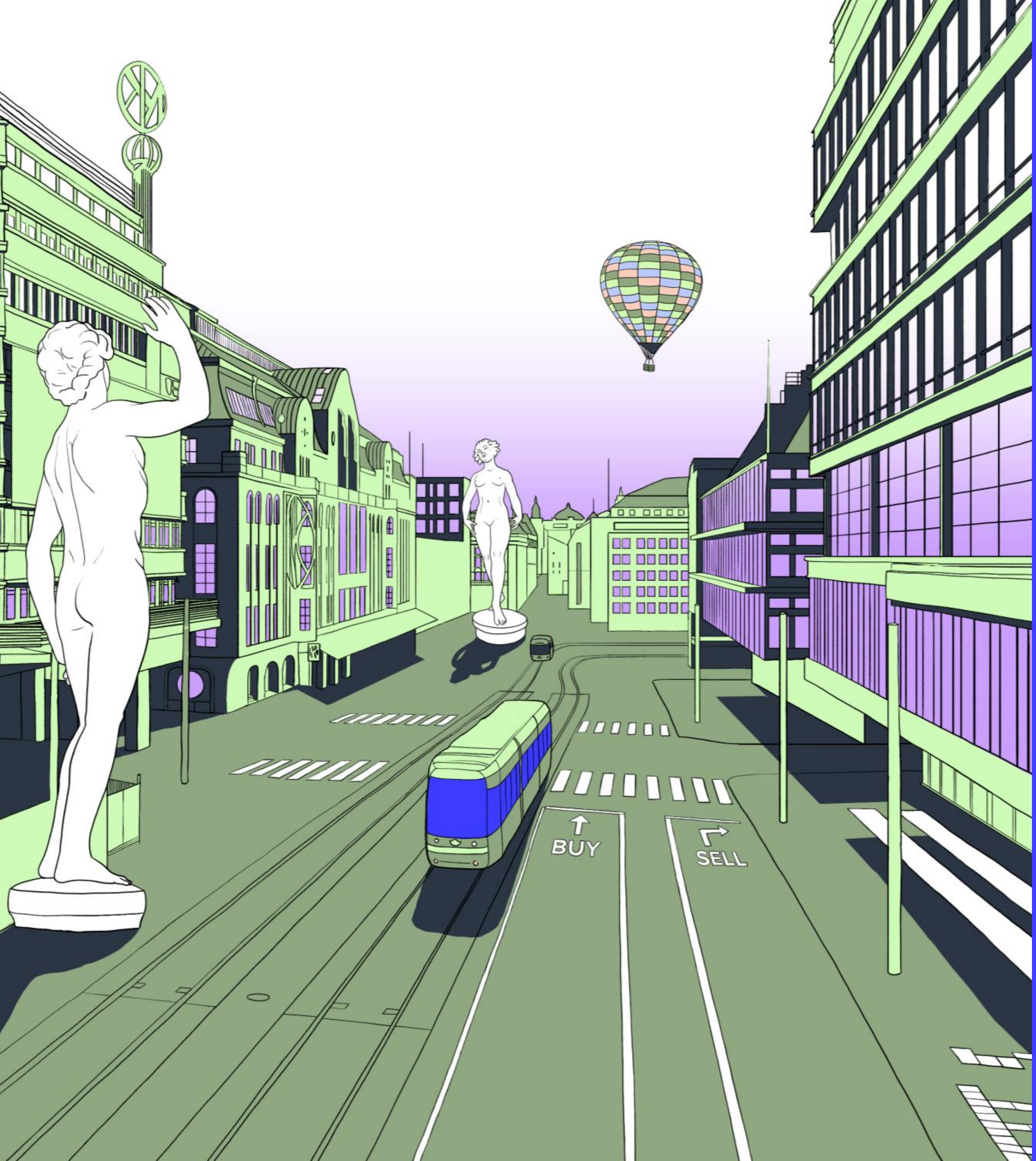
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
10/12/2021	Accumulate	8.50 €	7.77 €
12/17/2021	Accumulate	10.00 €	8.88 €
4/1/2022	Buy	8.50 €	6.72 €
5/27/2022	Buy	6.00 €	5.16 €
6/15/2022	Buy	6.00 €	4.79 €
9/8/2022	Buy	6.00 €	4.94 €
9/16/2022	Buy	6.00 €	4.92 €
12/16/2022	Buy	6.70 €	5.92 €
3/31/2023	Buy	7.00 €	6.11 €
5/16/2023	Accumulate	8.00 €	7.34 €
6/15/2023	Accumulate	8.00 €	7.18 €
Analyst changed			
9/13/2023	Accumulate	8.50 €	7.63 €
9/25/2023	Accumulate	9.00 €	7.93 €
12/14/2023	Accumulate	9.00 €	8.41 €
3/21/2024	Reduce	9.00 €	9.26 €
3/28/2024	Accumulate	10.00 €	9.18 €
4/24/2024	Accumulate	11.00 €	9.99 €
6/13/2024	Accumulate	11.50 €	10.31 €
9/13/2024	Accumulate	11.00 €	9.84 €
12/12/2024	Accumulate	11.50 €	10.07 €
12/30/2024	Accumulate	11.50 €	10.14 €
3/10/2025	Accumulate	12.00 €	11.16 €
3/28/2025	Reduce	12.00 €	12.09 €
6/11/2025	Reduce	13.50 €	13.52 €



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