

HKFOODS

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INDERES CORPORATE CUSTOMER

COMPANY REPORT



Turnaround continues and financial position stabilizes

The largely unsurprising Q3 results led to moderate positive estimate changes, mainly due to a decrease in financial expenses. We expect the operational earnings turnaround to continue, albeit at a more moderate pace than before, which, together with the gradual normalization of financial expenses, will rapidly decrease valuation multiples. We reiterate our Accumulate recommendation and raise our target price to EUR 1.80 (was EUR 1.70).

Operational earnings slightly better than expected

Q3 was largely in line with expectations. Revenue decreased 2% (we expected 3% growth), which was impacted by the continued and partly deliberate decline in low-margin industrial sales and exports. In addition, exports to China suffered from tariffs on pork, although the company estimates that the situation may recover in the longer term. Retail and foodservice sales grew, which had a favorable impact on the gross margin (+0.7 pp y/y). Adjusted EBIT of 11.8 MEUR grew slightly (+0.2 MEUR y/y) and exceeded our estimate by 4%. High-margin segments supported earnings growth along with efficiency improvements, but rising beef prices impacted margins negatively. Reported EBIT was weighed down by 0.8 MEUR in non-recurring items related to the assessment of the Polish unit's future and other minor write-downs. Adjusted net income was clearly higher than estimates due to lower-than-expected financial expenses and taxes. Cash flow also developed more favorably than we expected.

Earnings are growing, but operationally slower than before

HKFoods reiterated its guidance that expects comparable EBIT to increase from 2024 (27.7 MEUR). Our estimate for 2025 is 33.3 MEUR, assuming stable earnings development in Q4 relative to a strong comparison period. The 2026-27 estimates remained operationally unchanged, but the decrease in net financial expense estimates slightly supported the earnings outlook (EPS rose 7% for 2026e and 2% for 2027e). Retail demand is on an upward trend as consumer purchasing power improves, but on

the other hand, the foodservice market has, at least for now, suffered from weak restaurant sales. The beef sales margin is likely to improve after the summer quarters, as the company has passed on increased costs to prices during the fall pricing period. There is also a possibility for earnings improvement in exports with the support of China's poultry exports, and on the other hand, if the export of pork parts to China recovers again. The oversupply of pork in Europe may create additional competitive pressure, although no clear concrete signs of this have yet been observed in Finland. Investments in ready meal production and ready-to-eat products completed between May and September partly support growth in channels with good margin levels. We therefore expect the company to continue earnings growth in the coming years – albeit at a slower pace than the strong momentum of recent years. The decrease in financial expenses will significantly support net income due to the refinancing of the hybrid loan in Q3 and the estimated refinancing of the bond at the end of 2026.

Favorable earnings development provides sufficient return potential

We see HKFoods as having the potential to be a defensive dividend company, but its value creation is limited due to the industry's moderate growth prospects and capital-intensiveness. HKFoods' earnings-based valuation (adj. EV/EBIT 2025e: 9.6x, P/E: 14x) is not particularly attractive, but as financial expenses decline, P/E-based multiples will decrease rapidly. With a fair P/E ratio of 10x applied to 2027, the stock's expected annual return would be roughly 12%. We see our current estimates as relatively low-risk, and in a positive scenario, earnings growth could continue to be stronger than our forecasts, which would have a significant leverage effect on the share price. Profitability rising to the level of competitors would imply even a 70% upside, although we see this as highly unlikely to materialize, and it would at least require larger industrial investments than at present, which would impact cash flow negatively in the short term.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 1.80

(was EUR 1.70)

Share price:

EUR 1.63

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	1001.8	999.1	1024.1	1044.5
growth-%	-14%	0%	3%	2%
EBIT adj.	27.7	33.3	35.3	36.4
EBIT-% adj.	2.8 %	3.3 %	3.5 %	3.5 %
Net Income	-5.3	11.9	14.6	18.9
EPS (adj.)	-0.05	0.11	0.14	0.19
P/E (adj.)	neg.	15.4	11.4	8.6
P/B	0.4	1.0	0.9	0.9
Dividend yield-%	11.1 %	4.1 %	4.6 %	5.8 %
EV/EBIT (adj.)	8.7	9.7	9.1	8.7
EV/EBITDA	4.3	5.2	4.9	4.7
EV/S	0.2	0.3	0.3	0.3

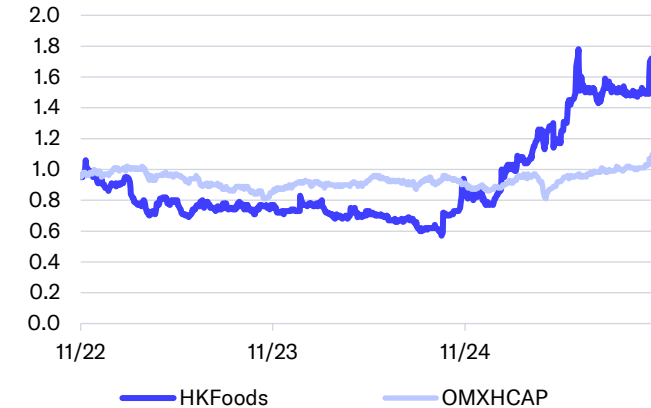
Source: Inderes

Guidance

(Unchanged)

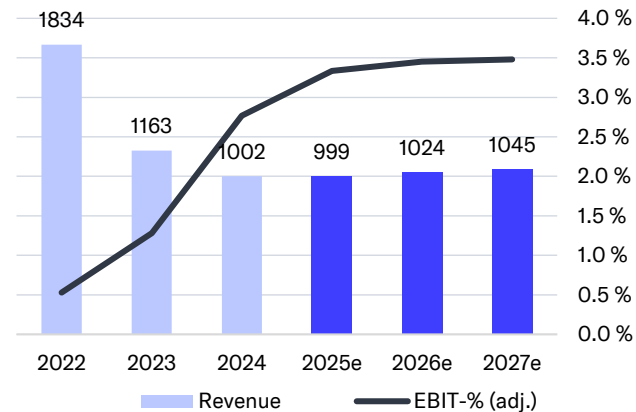
In 2025, HKFoods estimates that the Group's comparable EBIT will grow from 2024 (EUR 27.7 million).

Share price



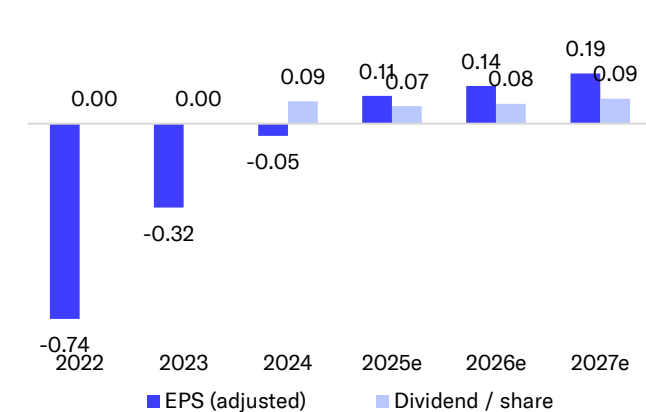
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

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

Risk factors

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

Valuation	2025e	2026e	2027e
Share price	1.63	1.63	1.63
Number of shares, millions	89.9	89.9	89.9
Market cap	147	147	147
EV	323	321	314
P/E (adj.)	15.4	11.4	8.6
P/E	neg.	11.4	8.6
P/B	1.0	0.9	0.9
P/S	0.1	0.1	0.1
EV/Sales	0.3	0.3	0.3
EV/EBITDA	5.2	4.9	4.7
EV/EBIT (adj.)	9.7	9.1	8.7
Payout ratio (%)	-255.1 %	56.1 %	52.5 %
Dividend yield-%	4.1 %	4.6 %	5.8 %

Source: Inderes

Q3: The report was in line with expectations in the big picture

Sales structure improved, total revenue decreased

HKFoods’ revenue decreased by 2% y/y in Q3 and remained 5% below our forecast (we expected 3% growth). However, sales grew in channels with a better margin profile, namely retail and foodservice.

According to the company, industrial sales and export revenues decreased as planned, as the company has sought to direct production to more profitable channels. However, we interpreted that there was also a weakness in exports due to tariffs imposed by China on pork, although the company estimates that exports of pork parts to China will normalize in the future. On the other hand, exports of poultry to China increased.

Retail sales were particularly supported by the growth in sales of meat products, but poultry and pork sales also increased. The company reports that it has succeeded in commercial measures in the foodservice market, where, it

says, the demand picture has generally been challenging due to restaurant bankruptcies and weak volumes in lunch restaurants. The sales decline caused by nutritional recommendations has, on the other hand, eased, and the company saw the strengthening of consumer purchasing power also supporting food demand in retail.

Operational bottom lines mostly at the expected level

Comparable EBIT grew marginally year-on-year (Q3’25: 11.8 MEUR vs. Q3’24: 11.6 MEUR), and exceeded our forecast by 4%. Comparable profitability was supported by, e.g., a better sales mix, as well as savings achieved in the company's efficiency program and increased production efficiency. The gross margin improved clearly. However, the sharp increase in the purchase price of beef due to the scarcity of beef weakened the comparable EBIT.

EBITDA and reported EBIT were slightly below our forecasts. The reported bottom line was burdened by 0.8

MEUR in non-recurring costs related to, e.g. the assessment of the future of the Polish unit and other write-downs. Adjusted net income clearly exceeded our estimate, which was impacted by significantly lower net financial expenses and taxes than estimated. Adjusted EPS improved from the comparison period to EUR 0.07 (Q3’24: EUR 0.05). Cash flow from operating activities (Q3’25: 18.8 MEUR) decreased slightly from the comparison period (Q3’24: 21.9 MEUR), but on a full-year basis, cash flow has been slightly stronger than in the previous year.

Estimates MEUR / EUR	Q3'24 Comparison	Q3'25 Actualized	Q3'25e Inderes	Difference (%) Act. vs. inderes	2025e Inderes
Revenue	252	247	259	-5%	1011
EBITDA	19.2	18.5	18.8	-2%	62.0
EBIT (adj.)	11.6	11.8	11.3	4%	32.8
EBIT	11.6	10.9	11.3	-4%	32.5
EPS (adj.)	0.05	0.07	0.04	99%	0.07
Revenue growth-%	9.0 %	-1.8 %	3.0 %	-4.8 pp	0.9 %
EBIT-% (adj.)	4.6 %	4.8 %	4.4 %	0.4 pp	3.2 %

Lähde: Inderes

Small increases to long-term estimates

We expect earnings growth to continue at a more moderate pace than in recent years

- HKFoods reiterated its guidance that expects comparable EBIT to increase from 2024 (27.7 MEUR). Our estimate for 2025 is 33.3 MEUR, which increased by 2% mainly due to better-than-expected Q3 earnings. Our estimate assumes stable earnings development in Q4 relative to a strong comparison period.
- The company has improved its comparable EBIT for 11 consecutive quarters. We estimate earnings growth to slow down in the future, as there are no large and rapid productivity improvements in sight, similar to the investments completed in the summer of 2024.
- The investments completed in May-September in Vantaa's ready-meal production and Eura's ready-to-eat products line mainly supporting growth, will, in our view, moderately support the company's growth outlook and enable continued favorable development of sales mix.
- The company believes that beef prices may continue to rise in the near future. At the same time, however, it estimates that its own pricing will enable it to compensate for rising costs and restore sales margin levels towards a more normal level (margin suffered in Q2 and Q3).
- We slightly decreased our estimated financial expenses, which had a positive impact mainly on the adjusted EPS for 2025-26.
- Our 2025 cash flow estimates improved due to good working capital development and lower-than-expected investments.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	1011	999	-1%	1036	1024	-1%	1051	1045	-1%
EBITDA	62.0	61.9	0%	65.6	66.0	1%	66.9	67.5	1%
EBIT (excl. NRIs)	32.8	33.3	2%	35.4	35.3	0%	36.3	36.4	0%
EBIT	32.5	32.2	-1%	35.4	35.3	0%	36.3	36.4	0%
PTP	18.2	19.2	6%	22.6	23.6	4%	27.8	28.1	1%
EPS (excl. NRIs)	0.07	0.11	42%	0.13	0.14	7%	0.19	0.19	2%
DPS	0.05	0.07	40%	0.08	0.08	0%	0.10	0.10	0%

Source: Inderes

Earnings growth turns multiples attractive

Potential for a defensive dividend company

HKFoods' businesses have long-term potential for defensive and dividend-paying business, albeit with a moderate return on capital. The reduction in red meat consumption is slow, and the consumption of poultry and more ready-to-use foods is increasing, so in the long term, we assume market growth will be close to general GDP growth. The meat and food industries in general are competitive and capital-intensive industries where it is difficult to achieve a sustainable ROCE above the required return. On the other hand, in the short term, we see HKFoods as a turnaround company and the materialization of the earnings potential could support the share price development.

There is significant upside potential in strengthening the profitability level

HKFoods' long-sought earnings turnaround has, in our view, now materialized sustainably. The strengthening of the balance sheet and the concentration of investments in Finland have enabled the development of industrial processes in a way that the company historically lacked the resources for. As profitability rises to the level of domestic competitors, the stock could have an upside potential of up to 70%. However, our view is more cautious, as we believe the most straightforward efficiency measures have already been implemented. In the future, earnings growth will become more capital-intensive, as is typical for the industry. Even a moderate improvement in profitability could still significantly support the share price due to the company's rather high balance sheet leverage.

Balance sheet position improved, but not completely risk-free

The amount of debt on the balance sheet has been reduced through divestments and the strengthening of internal cash flow. The estimated net debt to EBITDA ratio (2.3x) at the end of 2025 is already closer to the industry average, but the balance sheet still includes 20 MEUR of recently issued hybrid bonds. As the earnings turnaround progresses, we estimate that the company can gradually reduce its indebtedness further in the coming years and redeem the hybrid bond in 2028. However, the company's high willingness to pay dividends may partly slow down the reduction of the balance sheet risk level. In addition, sudden changes in the cost environment may temporarily affect the result, in which case the potential refinancing of the bond could become more expensive than forecast.

Valuation is fairly attractive, assuming moderate operational earnings development continues

We find HK Foods' EV/EBIT (2025e: 10x) with this year's estimates to be close to the fair value, and P/E is quite high due to financial expenses (2025e: 14x). However, we believe the moderate earnings growth we expect for the coming years is sufficient for a reasonably good annual return of around 12% (assuming a fair P/E valuation of 10x for 2027, considering dividends and a 2-year discount).

Our DCF model indicates a valuation of EUR 1.81 for the stock, supporting the view that the stock has upside. While the model requires the turnaround to prove sustainable, our long-term profitability assumption is slightly lower than the current adjusted level (terminal EBIT-%: 2.8% vs. 2025e: 3.3%).

Valuation	2025e	2026e	2027e
Share price	1.63	1.63	1.63
Number of shares, millions	89.9	89.9	89.9
Market cap	147	147	147
EV	323	321	314
P/E (adj.)	15.4	11.4	8.6
P/E	neg.	11.4	8.6
P/B	1.0	0.9	0.9
P/S	0.1	0.1	0.1
EV/Sales	0.3	0.3	0.3
EV/EBITDA	5.2	4.9	4.7
EV/EBIT (adj.)	9.7	9.1	8.7
Payout ratio (%)	-255.1 %	56.1 %	52.5 %
Dividend yield-%	4.1 %	4.6 %	5.8 %

Source: Inderes

Detailed estimates

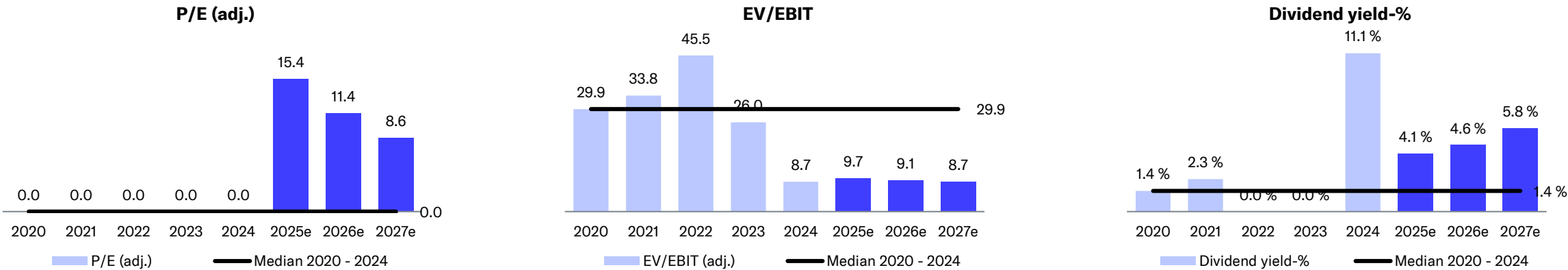
MEUR	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	1715	1744	1781	1815	1834	1163	1002	999	1024	1045	1065
-growth	-5.1 %	1.7 %	2.1 %	1.9 %	1.0 %	-36.6 %	-13.9 %	-0.3 %	2.5 %	2.0 %	2.0 %
HKScan Finland	722	771	772	772	868	933	1002	999	1024	1045	1065
-growth	-2.7 %	6.7 %	0.2 %	0.0 %	12.4 %	7.5 %	7.4 %	-0.3 %	2.5 %	2.0 %	2.0 %
-of which organic growth					12.4 %	6.5 %	3.2 %	-1.0 %	2.5 %	2.0 %	2.0 %
-of which growth related to the revision of Polish reporting						0.9 %	4.2 %	0.7 %	0.0 %	0.0 %	0.0 %
Gross margin	55	74	117	110	97	79	77	85	90	93	95
-% of revenue	3.2 %	4.2 %	6.6 %	6.1 %	5.3 %	6.8 %	7.7 %	8.6 %	8.8 %	8.9 %	8.9 %
Fixed costs (excl. depreciation)	-37	-17	-39	-32	-42	-26	-21	-24	-24	-25	-26
EBITDA	18	57	78	78	56	53	56	62	66	68	69
-% of revenue	1.0 %	3.3 %	4.4 %	4.3 %	3.0 %	4.5 %	5.6 %	6.2 %	6.4 %	6.5 %	6.5 %
Depreciation	-67	-80	-57	-60	-46	-35	-34	-30	-31	-31	-32
EBIT	-49	-23	21	18	10	17	22	32	35	36	37
-% of revenue	-2.9 %	-1.3 %	1.2 %	1.0 %	0.6 %	1.5 %	2.2 %	3.2 %	3.5 %	3.5 %	3.5 %
Adjusted EBIT	-48	-2	17	15	10	15	28	33	35	36	37
-% of revenue	-2.8 %	-0.1 %	1.0 %	0.8 %	0.5 %	1.3 %	2.8 %	3.3 %	3.5 %	3.5 %	3.5 %
HKScan Finland	-37	-2	6	9	4	21	38				
-% of revenue	-5.1 %	-0.2 %	0.8 %	1.1 %	0.5 %	2.2 %	3.8 %				
Group administration	-14	-12	-13	-12	-12	-9	-10				
Net financial expenses	-10	-12	-11	-15	-16	-28	-20	-15	-13	-10	-9
PTP	-59	-35	12	7	-1	-9	4	19	24	28	30
Taxes	7	-3	-8	-8	-4	-7	-6	-4	-5	-6	-6
Earnings for the financial period (continuing operations)	-51	-38	5	-1	-5	-16	-2	15	18	23	24
Minority interest	-2	-2	-4	-3	-4	-4	-3	-4	-4	-4	-4
Hybrid loan interests	-1	-2	-2	-2	-2	-2	-4	-4	-2	-2	-1
Shareholders' share of profit from continuing operations	-54	-42	-1	-7	-11	-22	-9	8	13	17	19
Total dividend paid for the year	0	0	3	4	0	0	8	6	7	9	10
Net debt	289	276	300	315	347	278	150	148	146	141	154
Net debt / EBITDA			3.8x	4.0x	6.2x	5.0x	2.7x	2.3x	2.2x	2.0x	2.2x

Group-level figures for 2018-2023 include operations that have subsequently been classified as discontinued.
Source: Inderes' estimate

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	1.96	1.66	0.87	0.89	0.77	1.63	1.63	1.63	1.63
Number of shares, millions	97.0	97.1	97.3	97.4	89.9	89.9	89.9	89.9	89.9
Market cap	190	161	85	87	69	147	147	147	147
EV	508	490	441	387	240	323	321	314	308
P/E (adj.)	neg.	neg.	neg.	neg.	neg.	15.4	11.4	8.6	7.7
P/E	neg.	neg.	neg.	neg.	neg.	neg.	11.4	8.6	7.7
P/B	0.7	0.6	0.4	0.5	0.4	1.0	0.9	0.9	0.8
P/S	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1
EV/Sales	0.3	0.3	0.2	0.3	0.2	0.3	0.3	0.3	0.3
EV/EBITDA	6.5	6.3	7.9	7.3	4.3	5.2	4.9	4.7	4.5
EV/EBIT (adj.)	29.9	33.8	45.5	26.0	8.7	9.7	9.1	8.7	8.3
Payout ratio (%)	249.7 %	neg.	0.0 %	0.0 %	neg.	-255.1 %	56.1 %	52.5 %	56.4 %
Dividend yield-%	1.4 %	2.3 %	0.0 %	0.0 %	11.1 %	4.1 %	4.6 %	5.8 %	7.0 %

Source: Inderes



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

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Atria	389	661	9.6	9.2	5.0	4.9	0.4	0.4	8.9	8.3	5.4	5.8	0.9
Apetit	90	89	11.1	12.7	5.9	5.6	0.5	0.5	4.8	14.4	4.9	5.2	0.7
Raisio	396	330	11.5	10.7	8.6	8.0	1.5	1.4	15.5	15.5	5.4	5.8	1.5
Hilton Foods	655	1114	9.6	9.4	6.1	6.0	0.2	0.2	10.8	10.3	6.0	6.3	1.5
Scandi Standard	579	778	14.7	12.5	8.4	7.6	0.6	0.6	18.1	14.7	3.2	3.9	2.4
Cranswick	3038	3234	14.2	12.8	10.0	8.9	1.1	1.0	18.6	17.2	2.0	2.1	2.6
Societe LDC	3206	2936	8.9	8.1	5.5	5.0	0.5	0.4	12.7	11.5	1.8	1.8	1.4
Bell Foods	1534	2531	14.3	14.9	6.5	6.4	0.5	0.5	11.0	12.4	3.1	3.1	0.9
Orior	89	274	28.4	18.2	7.4	6.4	0.4	0.4	28.0	13.0			2.4
Prima Meat Packers	705	834			7.0	6.6	0.3	0.3	19.2	16.3	3.3	3.3	1.0
NH Foods	3200	4082			9.3	7.7	0.5	0.5	21.8	16.9	2.4	2.8	1.1
HKFoods (Inderes)	147	323	9.7	9.1	5.2	4.9	0.3	0.3	15.4	11.4	4.1	4.6	1.0
Average			13.6	12.1	7.3	6.6	0.6	0.6	15.4	13.7	3.7	4.0	1.5
Median			11.5	12.5	7.0	6.4	0.5	0.5	15.5	14.4	3.2	3.6	1.4
Diff-% to median			-15%	-27%	-25%	-24%	-34%	-35%	-1%	-21%	27%	31%	-30%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue	1834	1163	229	255	252	267	1002	234	246	247	273	999	1024	1045	1065
Finland	868	933	229	255	252	267	1002	234	246	247	273	999	1024	1045	1065
EBITDA	55.9	52.8	8.9	11.4	19.2	16.8	56.3	12.1	13.3	18.5	18.0	61.9	66.0	67.5	69.0
Depreciation	-45.8	-35.3	-7.7	-8.3	-7.5	-10.4	-33.9	-7.4	-7.1	-7.6	-7.6	-29.7	-30.7	-31.2	-31.9
EBIT (excl. NRI)	9.7	14.9	1.4	4.4	11.6	10.3	27.7	4.6	6.5	11.8	10.4	33.3	35.3	36.4	37.1
EBIT	10.1	17.5	1.2	3.1	11.6	6.5	22.4	4.6	6.2	10.9	10.4	32.2	35.3	36.4	37.1
Share of profits in assoc. compan.	5.4	1.3	0.1	0.3	0.4	0.4	1.2	0.5	0.3	0.6	0.3	1.7	1.7	1.7	1.7
Net financial items	-16.3	-27.7	-4.9	-4.9	-5.0	-4.7	-19.5	-3.9	-3.7	-3.5	-3.5	-14.7	-13.4	-10.0	-9.0
PTP	-0.8	-8.9	-3.7	-1.4	7.0	2.2	4.1	1.2	2.7	8.1	7.2	19.2	23.6	28.1	29.8
Taxes	-4.0	-6.6	-0.1	-0.2	-0.6	-5.1	-6.0	-0.3	-0.7	-0.7	-2.1	-3.8	-5.5	-5.5	-5.6
Minority interest	-3.7	-4.0	-0.1	-0.5	-0.9	-1.9	-3.4	-0.2	-1.0	-0.8	-1.4	-3.5	-3.6	-3.6	-3.7
Discontinued operations	-61.1	-6.9	-21.7	1.3	-0.5	-3.1	-24.0	-0.3	-3.6	-6.9	0.0	-10.8	0.0	0.0	0.0
Net earnings	-69.6	-26.4	-25.6	-0.9	5.0	-7.9	-29.3	0.3	-2.6	-0.4	3.7	1.1	14.6	18.9	20.4
Interest of the hybrid loan	-2.1	-2.1	-1.0	-1.0	-1.0	-1.0	-4.2	-1.0	-1.0	-1.0	-0.4	-3.5	-1.8	-1.8	-1.3
EPS (rep.)	-0.74	-0.29	-0.28	-0.01	0.06	-0.09	-0.37	-0.01	-0.04	-0.02	0.04	-0.03	0.14	0.19	0.21

Key figures	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	1.0 %	-36.6 %	-18.1 %	-13.2 %	-12.9 %	-11.6 %	-13.9 %	2.2 %	-3.5 %	-1.8 %	2.1 %	-0.3 %	2.5 %	2.0 %	2.0 %
Adjusted EBIT growth-%		53.6 %	-275.0 %	-14.8 %	51.2 %	266.1 %	86.0 %	230.7 %	46.7 %	1.0 %	1.7 %	20.2 %	6.1 %	2.9 %	2.0 %
EBITDA-%	3.0 %	4.5 %	3.9 %	4.5 %	7.6 %	6.3 %	5.6 %	5.2 %	5.4 %	7.5 %	6.6 %	6.2 %	6.4 %	6.5 %	6.5 %
Adjusted EBIT-%	0.5 %	1.3 %	0.6 %	1.7 %	4.6 %	3.8 %	2.8 %	2.0 %	2.6 %	4.8 %	3.8 %	3.3 %	3.5 %	3.5 %	3.5 %

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

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	651	351	346	350	354
Goodwill	27.8	27.8	27.8	27.8	27.8
Intangible assets	16.2	16.2	16.2	16.2	16.2
Tangible assets	285	252	252	256	260
Associated companies	24.3	21.8	23.0	23.0	23.0
Other investments	246	0.0	0.0	0.0	0.0
Other non-current assets	26.2	12.4	5.0	5.0	5.0
Deferred tax assets	25.1	21.2	21.2	21.2	21.2
Current assets	201	177	167	172	177
Inventories	75.2	59.6	56.9	59.4	61.6
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	97.3	80.3	69.9	71.7	73.1
Cash and equivalents	28.7	36.7	40.0	41.0	41.8
Balance sheet total	852	528	512	522	530

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	238	215	199	206	217
Share capital	0.0	0.0	0.0	0.0	0.0
Retained earnings	0.0	-30.4	-40.5	-33.6	-23.3
Hybrid bonds	25.9	25.9	20.0	20.0	20.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	185	193	193	193	193
Minorities	26.9	26.9	26.9	26.9	26.9
Non-current liabilities	434	178	174	174	170
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	289	172	169	168	164
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	145	5.4	5.4	5.4	5.4
Current liabilities	179	134	139	142	144
Interest bearing debt	17.9	14.0	18.8	18.7	18.3
Payables	162	120	120	123	126
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	852	528	512	522	530

DCF-calculation

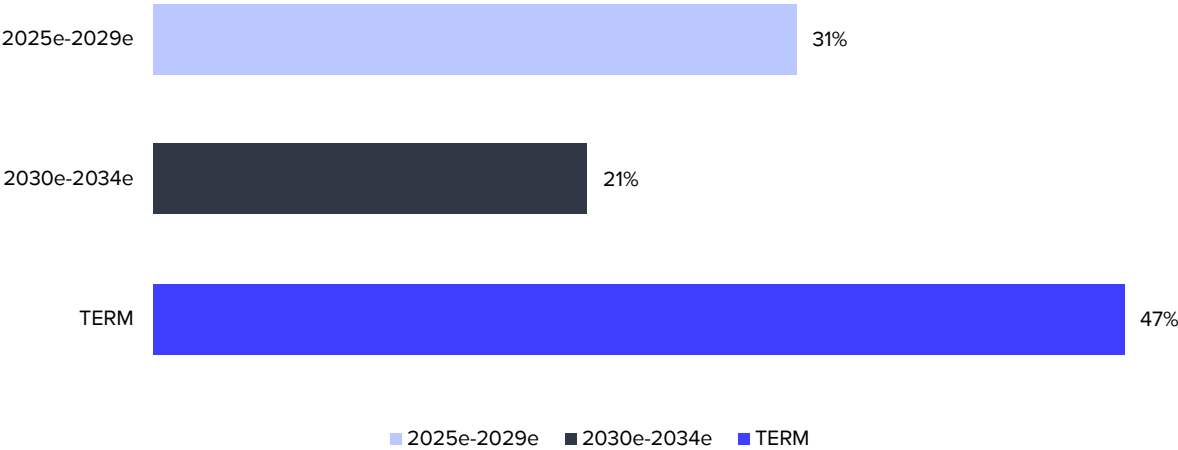
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-13.9 %	-0.3 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	2.2 %	3.2 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	2.8 %	2.8 %	2.8 %
EBIT (operating profit)	22.4	32.2	35.3	36.4	37.1	37.8	38.6	39.3	40.1	32.9	33.6	
+ Depreciation	33.9	29.7	30.7	31.2	31.9	32.5	33.0	33.5	34.1	34.6	34.8	
- Paid taxes	-2.1	-3.8	-5.5	-5.5	-5.6	-5.6	-5.8	-6.4	-6.7	-5.3	-5.4	
- Tax, financial expenses	-3.9	-3.2	-3.4	-2.1	-1.8	-1.9	-1.9	-1.4	-1.4	-1.3	-1.3	
+ 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	
- Change in working capital	-8.5	12.7	-1.2	-1.2	-0.7	-0.7	-0.8	-0.2	-0.2	-0.2	-0.2	
Operating cash flow	41.8	67.6	56.0	58.7	60.8	62.0	63.1	64.8	65.9	60.7	61.4	
+ Change in other long-term liabilities	-139.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	259	-23.1	-34.7	-35.2	-34.6	-35.0	-35.4	-35.8	-36.2	-36.6	-38.2	
Free operating cash flow	161	44.5	21.3	23.5	26.2	27.0	27.7	29.0	29.8	24.1	23.3	
+/- Other	-30.0	-10.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	131	33.6	21.3	23.5	26.2	27.0	27.7	29.0	29.8	24.1	23.3	359
Discounted FCFF		33.2	19.3	19.6	20.2	19.1	18.1	17.5	16.5	12.3	10.9	168
Sum of FCFF present value		355	322	303	283	263	244	226	208	192	179	168
Enterprise value DCF		355										
- Interest bearing debt		-212.3										
+ Cash and cash equivalents		36.7										
-Minorities		-22.9										
-Dividend/capital return		-7.7										
Equity value DCF		162.9										
Equity value DCF per share		1.81										

WACC

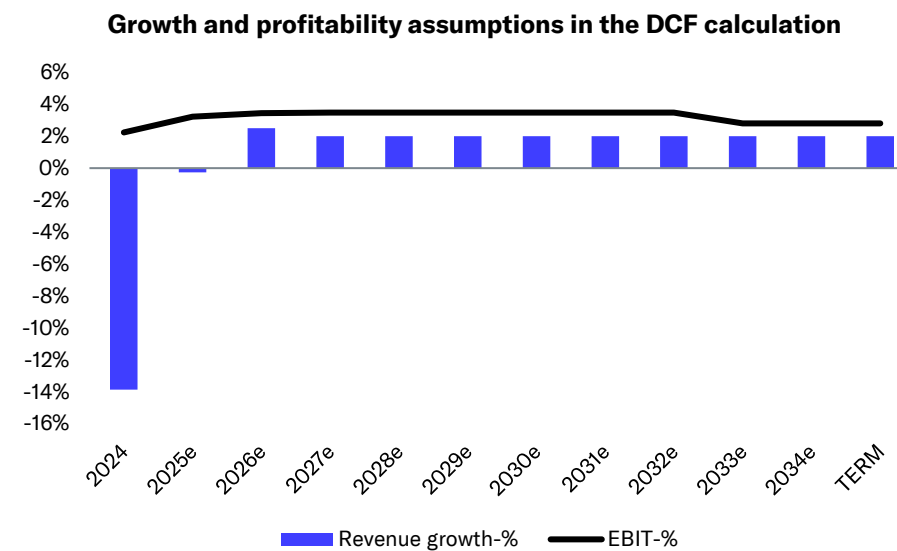
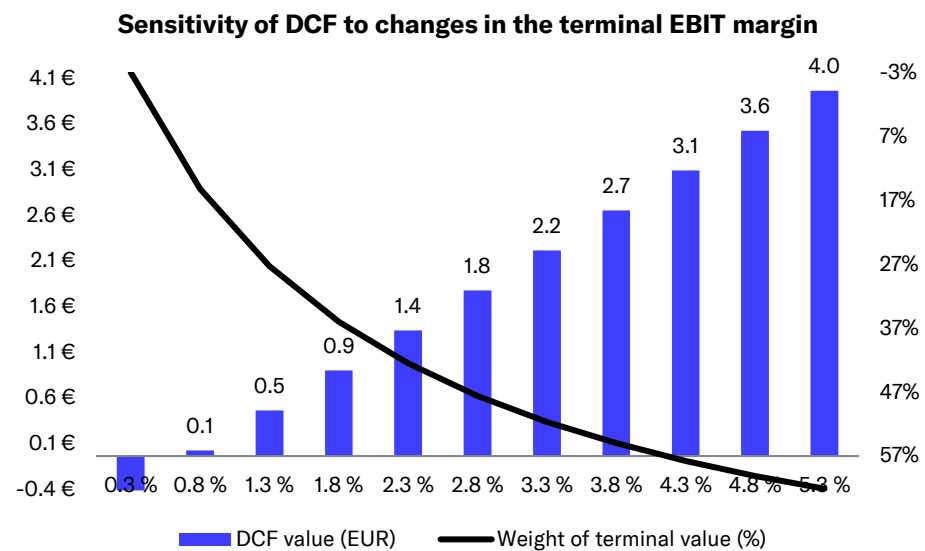
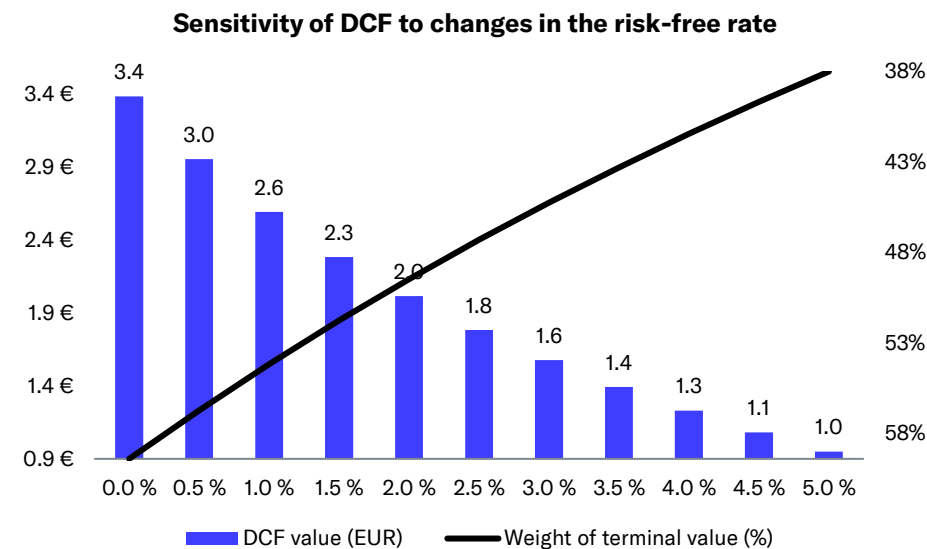
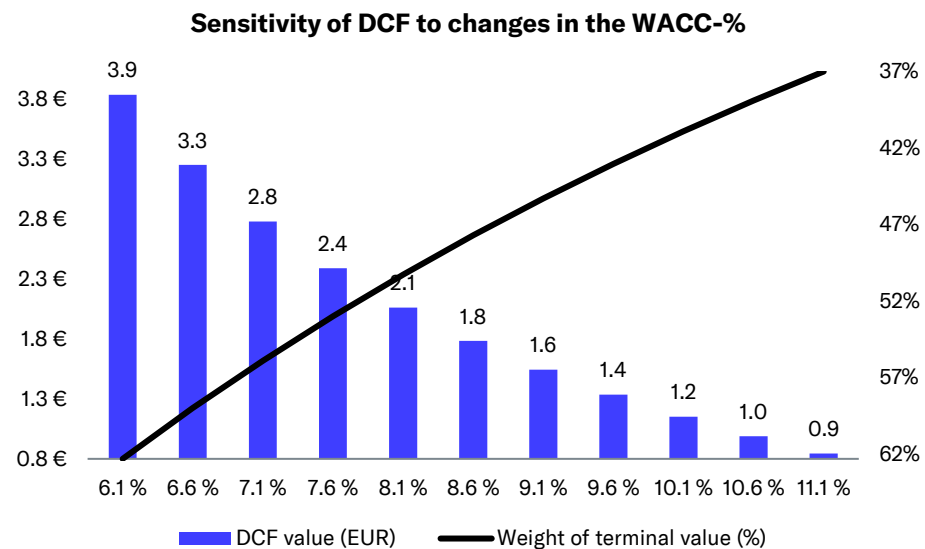
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	6.0 %
Equity Beta	1.43
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.3 %
Weighted average cost of capital (WACC)	8.6 %

Source: Inderes

Cash flow distribution



DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. NBI The terminal value weight (%) is presented on a reverse scale for clarity.

Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	1833.8	1163.2	1001.8	999.1	1024.1	EPS (reported)	-0.74	-0.29	-0.37	-0.03	0.14
EBITDA	55.9	52.8	56.3	61.9	66.0	EPS (adj.)	-0.74	-0.32	-0.05	0.11	0.14
EBIT	10.1	17.5	22.4	32.2	35.3	OCF / share	0.41	0.74	0.46	0.75	0.62
PTP	-0.8	-8.9	4.1	19.2	23.6	FCF / share	-0.45	1.01	1.46	0.37	0.24
Net Income	-69.6	-26.4	-29.3	1.1	14.6	Book value / share	2.68	2.17	2.10	1.92	1.99
Extraordinary items	0.4	2.6	-5.3	-1.1	0.0	Dividend / share	0.00	0.00	0.09	0.07	0.08
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	976.0	851.7	527.6	512.4	521.7	Revenue growth-%	1%	-37%	-14%	0%	3%
Equity capital	285.5	238.0	215.4	199.4	206.2	EBITDA growth-%	-28%	-6%	7%	10%	7%
Goodwill	46.8	27.8	27.8	27.8	27.8	EBIT (adj.) growth-%	-33%	54%	86%	20%	6%
Net debt	347.3	278.2	149.7	147.6	146.0	EPS (adj.) growth-%	627%	-57%	-86%	-329%	35%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	3.0 %	4.5 %	5.6 %	6.2 %	6.4 %
EBITDA	55.9	52.8	56.3	61.9	66.0	EBIT (adj.)-%	0.5 %	1.3 %	2.8 %	3.3 %	3.5 %
Change in working capital	-13.5	25.1	-8.5	12.7	-1.2	EBIT-%	0.6 %	1.5 %	2.2 %	3.2 %	3.5 %
Operating cash flow	39.6	72.5	41.8	67.6	56.0	ROE-%	-24.5 %	-11.2 %	-14.7 %	0.6 %	8.3 %
CAPEX	-41.1	-29.9	259.2	-23.1	-34.7	ROI-%	2.3 %	3.2 %	5.0 %	8.6 %	9.5 %
Free cash flow	-43.4	98.3	131.1	33.6	21.3	Equity ratio	29.3 %	27.9 %	40.8 %	38.9 %	39.5 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	121.6 %	116.9 %	69.5 %	74.1 %	70.8 %
EV/S	0.2	0.3	0.2	0.3	0.3						
EV/EBITDA	7.9	7.3	4.3	5.2	4.9						
EV/EBIT (adj.)	45.5	26.0	8.7	9.7	9.1						
P/E (adj.)	neg.	neg.	neg.	15.4	11.4						
P/B	0.4	0.5	0.4	1.0	0.9						
Dividend-%	0.0 %	0.0 %	11.1 %	4.1 %	4.6 %						

Source: Inderes

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

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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
6/1/2024	Reduce	0.65 €	0.70 €
8/8/2024	Reduce	0.55 €	0.63 €
9/26/2024	Reduce	0.70 €	0.72 €
11/6/2024	Reduce	0.85 €	0.88 €
1/15/2025	Reduce	1.00 €	1.00 €
2/17/2025	Reduce	1.00 €	1.09 €
5/8/2025	Accumulate	1.30 €	1.17 €
6/10/2025	Reduce	1.50 €	1.78 €
8/7/2025	Accumulate	1.70 €	1.53 €
9/4/2025	Accumulate	1.70 €	1.52 €
11/5/2025	Accumulate	1.80 €	1.63 €



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