

ORTHEX

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INDERES CORPORATE CUSTOMER COMPANY REPORT



Export slump turned out to be deeper than expected

Orthex's Q1 figures were disappointing, as credit risk management, fewer campaigns than in the comparison period, and the impact of Finnish strikes pushed revenue into decline and earnings well below the comparison period. In our view, the valuation level of the share is moderate, but with weak growth prospects for the current year, the share price drivers are limited for the time being. We reiterate our Accumulate recommendation but lower our target price to EUR 5.5 (was EUR 6.0)

Weakness in export markets highlighted

Orthex's Q1 revenue declined by 5% to 21.0 MEUR, below our forecast of 22.2 MEUR. In the Nordics, the company suffered from lost sales due to the strikes in Finland, but the company's growth markets were the key sore point. Outside the Nordic countries, turnover fell by 18% as the company limited sales to some distributors due to increased credit risk and retailers shifted their promotions to lower price point products, to the detriment of Orthex, more strongly than in the previous year. Increased credit risks among customers already weighed on Orthex in Q4'24, but now the effects are only fully hitting. For an organization seeking growth, a decrease in revenue has a severe impact on profitability. There were hardly any surprises in Orthex's cost structure compared to our expectations, but the decline in revenue weighed on EBIT, which fell to 1.7 MEUR, clearly below both our forecast of 2.6 MEUR and the comparison period's 2.8 MEUR. A positive note in the report is the 4.7 MEUR cash flow from operating activities, which was supported by the release of working capital and strengthened Orthex's already strong balance sheet position.

This year in danger of being a gap year due to weak export markets

In connection with the report, we have made a significant cut to our earnings estimates for the current year and lowered our EBIT forecasts for the coming years by 6% following the Q1

earnings miss. We see potential for an accelerated recovery in Orthex's revenue if some of the struggling retailers get back on their feet and retail trade shifts to focus more on quality rather than price in its campaigns. Amid the weak economic environment, however, we do not expect a rapid recovery in demand for Orthex's products, and in our forecasts, revenue will not return to growth until Q4, when new sales have compensated for sales lost to credit risks.

In the Nordics, Orthex seems to be holding its own despite the challenging market conditions, but the prerequisites for growth based on its strong local market position are increasingly reliant on areas outside the Nordics. Thus, the company's investment story relies increasingly on achieving sustainable growth outside the Nordics, considering that Q1 brought a crack to the growth story. As the demand environment recovers, we still see Orthex as having the potential to achieve its revenue growth target of over 5%, but the EBITA margin target of over 18% seems distant to us with the current growth investments. In our forecasts, Orthex's normalized EBIT margin is therefore about 12%.

The valuation level is moderate, but achieving high expected returns requires earnings growth behind it

Orthex's earnings-based valuation (2025e: EV/EBIT 12x, P/E: 15x) seems neutral and turns to attractive with our forecasts for next year. Driven by a dividend yield of 5-6% in the coming years and earnings growth, we see the potential for an annual return of around 15% on the stock, provided that the company gets the growth engine of export markets running again. Our 2025-2026 EBIT forecasts put Orthex at a 11-19% discount to peers, which we believe provides a margin of safety against the near-term forecast risk from challenges with partners. Our DCF model indicates a per-share value of EUR 6.3, which supports looking beyond the short-term challenges of the stock.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 5.50

(was EUR 6.00)

Share price:

EUR 4.87

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	89.7	88.7	94.1	98.6
growth-%	4%	-1%	6%	5%
EBIT adj.	9.8	8.6	11.3	12.3
EBIT-% adj.	11.0 %	9.7 %	12.0 %	12.5 %
Net income	6.1	5.7	7.8	8.7
EPS (adj.)	0.34	0.32	0.44	0.49
P/E (adj.)	14.5	15.1	11.1	9.9
P/B	2.5	2.3	2.1	1.9
Dividend yield-%	4.4 %	4.9 %	5.7 %	6.2 %
EV/EBIT (adj.)	11.1	12.1	8.9	8.0
EV/EBITDA	7.7	8.0	6.4	5.9
EV/S	1.2	1.2	1.1	1.0

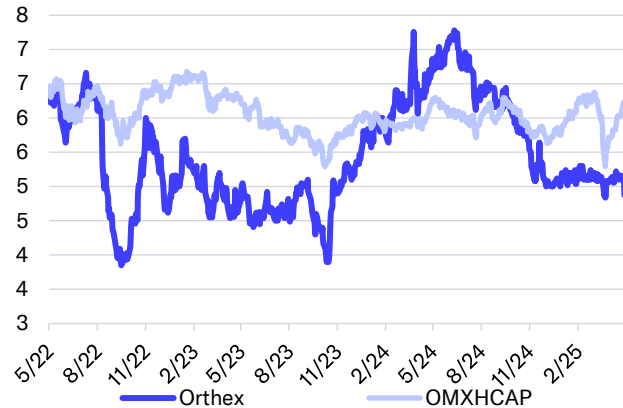
Source: Inderes

Guidance

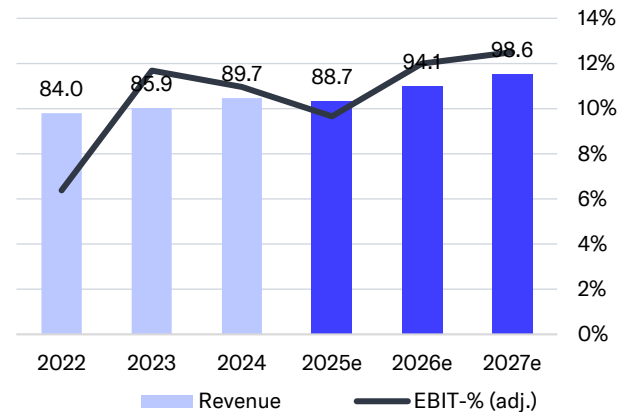
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Orthex does not publish a short-term outlook. In the long term, the company targets average organic growth of over 5% and an adjusted EBITA margin of over 18%.

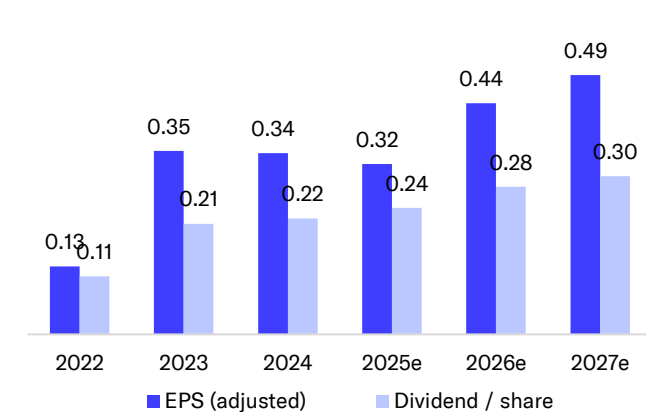
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

- Large and defensive target market
- Favorable megatrends drive product demand growth
- Leading position in the Nordic countries and the possibility of expanding to Europe through key customers
- Fragmented industry offers opportunities for acquisitions
- Known consumer brands
- Strong relations with retail chains
- Efficient and automated production with short delivery times

Risk factors

- Fluctuations in raw material prices and disruptions in availability
- Dependence on the operation of own production facilities
- Production capacity limits growth
- Success on export markets
- M&A risks
- Plastics have a bad reputation as a raw material

Valuation	2025e	2026e	2027e
Share price	4.87	4.87	4.87
Number of shares, millions	17.8	17.8	17.8
Market cap	86	86	86
EV	104	101	99
P/E (adj.)	15.1	11.1	9.9
P/E	15.1	11.1	9.9
P/B	2.3	2.1	1.9
P/S	1.0	0.9	0.9
EV/Sales	1.2	1.1	1.0
EV/EBITDA	8.0	6.4	5.9
EV/EBIT (adj.)	12.1	8.9	8.0
Payout ratio (%)	74.3 %	63.8 %	60.9 %
Dividend yield-%	4.9 %	5.7 %	6.2 %

Source: Inderes

Sales disappointment in the quarter

Weakness in export markets ruined the result

Orthex's Q1 revenue decreased by 5% to 21.0 MEUR, clearly falling short of both our and the consensus estimates. The main reason for the estimate reduction was the company's export markets, where invoiced sales decreased by 18%, which seems to be concentrated on a few customers due to the timing of their campaigns, slower sell-out, and actions taken to minimize credit loss risks. The sales lost, especially to limit credit loss risks, seem to have made a clear level correction for Q4, even though the weakness of the reseller network was already partly visible in the company's figures at that time. Q1 brought an unfortunate setback to Orthex's European growth story, but the factors behind the weakened revenue appear to be temporary in nature. In terms of sales, the business environment during the quarter was far from ideal, as the company had to limit sales to some distributors due to their weak financial situation, and some distributors prioritized

products with a lower price point than Orthex in their campaigns. A recovery in the demand environment could enable a level adjustment in Orthex's sales in the future, if some of the ailing distributors get back on their feet and retail trade directs its campaigns more strongly towards higher price point products. In addition to the growth markets, invoiced sales in the Nordics were slightly softer than we had forecast, and the company mentioned that it had lost a week of effective production in Finland and two weeks of deliveries to its Finnish customers due to strikes.

Lower-than-expected revenue led to a forecast miss

Orthex's Q1 comparable EBIT declined to 1.7 MEUR, clearly below our forecast of 2.6 MEUR. The reason for the forecast miss was weaker-than-expected revenue and, as a result, a weaker-than-expected gross margin, as other expense items were well in line with our expectations.

The balance sheet strengthened again

Despite the weak profitability in Q1, Orthex's cash flow from operating activities was strong at 4.7 MEUR during the reporting period, supported by released capital from accounts receivable. At the end of the period, Orthex's balance sheet position was strong and the company's net debt/adjusted EBITDA ratio was only 1.2x, with the target being below 2.5x. Given Orthex's goal of bringing production closer to its key customers and the high return on invested capital of the business, we believe that strengthening the balance sheet and increasing financial flexibility is justified. A strong balance sheet creates prerequisites for a moderate-sized M&A transaction or a larger organic growth investment to bring production capacity closer to strategically important growth markets.

Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus	Difference (%)	2025e
MEUR / EUR	Compariso n	Actualized	Inderes	Consensus	Low High	Act. vs. inderes	Inderes
Revenue	22.0	21.0	22.2	22.5	22.2 - 23.0	-6%	88.7
Gross profit	6.7	5.8	6.5		-	-10%	24.7
EBIT (adj.)	2.8	1.7	2.6	2.6	2.6 - 2.7	-33%	8.6
EBIT	2.8	1.7	2.6	2.6	2.6 - 2.7	-33%	8.6
EPS (reported)	0.09	0.07	0.09	0.10	0.09 - 0.10	-25%	0.32
Revenue growth-%	7.5 %	-4.7 %	1.0 %	2.2 %	0.9 % - 4.5 %	-5.7 pp	-1.2 %
EBIT-% (adj.)	12.5 %	8.2 %	11.5 %	11.6 %	11.7 % - 11.7 %	-3.3 pp	9.7 %

Source: Inderes & Bloomberg (consensus)

2025 is turning out to be a gap year in terms of earnings growth

2025 is expected to be a gap year in terms of earnings growth

True to form, Orthex did not provide guidance for the current year. Due to the weaker-than-expected Q1 report, we have lowered our forecasts, particularly for the current year, as well as our projected growth for the coming years. Our forecast revisions were focused on Orthex's export markets, where increased credit risks of retailers are increasing forecasting risk in particular. In a good scenario, consumer confidence will improve in Europe, which would help struggling distributors get back on their feet and encourage retailers to shift their campaigns more strongly from price to quality. However, there is no visibility on this development in the short term, and we now expect Orthex's revenue to return to growth only in Q4. Orthex's plastic raw materials have shown cautious positive development during Q2, but in our view, the decreased oil price has transferred to plastic raw material prices to a

limited extent due to limited production in Europe.

Consequently, we do not expect plastic raw materials to provide significant support for Orthex's margins for the current year at this stage.

Struggling European growth drives the broader story

For Orthex's growth story, the difficulties faced by retailers in export markets are a clear setback, as export markets are the company's main long-term growth driver. In our view, Orthex has a stronger presence in discount stores in the Nordic countries than in export markets, which may partly explain the more cyclical nature of export markets. For now, we are not drawing any major conclusions from the export countries' growth struggles. However, in the long run, it's clear that the company's growth potential will be significantly limited if it can't achieve sustainable growth outside the Nordic countries. Looking ahead, investments aimed at increasing production capacity in growth markets will introduce a new dimension to the investment story.

However, they will also increase its risk profile. We feel that these investments will make it even more difficult to achieve the EBITA target of more than 18%, as the new production facility would most likely initially operate at a lower utilization rate than Orthex's existing facilities. Orthex has clearly signaled that it is targeting operators of higher quality for acquisitions, so the transaction is unlikely to have a significant negative impact on the group's relative profitability.

Despite the recent challenges, we believe that Orthex's growth is value-creating given the company's high return on capital, which we believe would justify an increase in growth incentives once the bottleneck in production capacity is removed.

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	22.0	21.0	22.2	22.5	22.2	23.0	-6%	88.7
Bruttokate	6.7	5.8	6.5		-		-10%	24.7
EBIT (adj.)	2.8	1.7	2.6	2.6	2.6	2.7	-33%	8.6
EBIT	2.8	1.7	2.6	2.6	2.6	2.7	-33%	8.6
EPS (reported)	0.09	0.07	0.09	0.10	0.09	0.10	-25%	0.32
Revenue growth-%	7.5 %	-4.7 %	1.0 %	2.2 %	0.9 %	4.5 %	-5.7 pp	-1.2 %
EBIT-% (adj.)	12.5 %	8.2 %	11.5 %	11.6 %	11.7 %	11.7 %	-3.3 pp	9.7 %

Source: Inderes & Bloomberg
(consensus)

Orthex, Webcast, Q1'25



Valuation isn't too demanding

Earnings growth melts valuation multiples

Based on our updated estimates, adjusted P/E ratios for 2025 and 2026 are 15x and 11x, while the corresponding EV/EBIT ratios are 12x and 9x. We find the valuation of the stock neutral with the profit level this year and turns clearly attractive with next year's forecasts. We have assumed that the company's gross margin will normalize roughly around the historical average of 29% in the coming years. Orthex's relative profitability can stretch further if raw material prices continue to decline in the next few years. We do not expect this to be fully reflected in Orthex's profitability, as we believe that competition would cause pressure in the future to either lower prices or rely more on campaign sales to protect the market position (however, storage solutions are not Giffen goods).

We have reservations about the company's ability to maintain price increases in the face of a significant decline in raw material prices, but so far, the track record speaks for pricing power. In our forecasts, Orthex's normalized EBIT margin over the cycle is approximately 12%, which is still clearly below the company's own target level. In our view, relying on Orthex's targeted 18% EBITA margin is unwarranted at this stage of the investment story and with the current track record.

DCF model argues for upside

Our DCF model indicates a value of EUR 6.3 per share for Orthex. Our DCF model assumes

an EBIT margin of around 11-13% and revenue growth of approximately 2-6%. We believe that these assumptions are realistic, but because of the company's short stock

market history, its track record of maintaining these levels is still limited. We suspect that bulking of the storage solution product group is a key risk for maintaining the company's longer-term profitability. However, in our view, the desire (and pressure) of retailers to move their supply chains closer to their customers is one factor limiting the intensification of competition.

The consolidator is also a potential takeover target

In connection with the IPO, Orthex stated that the plastic industry is suitable for consolidation and it intends to actively monitor the acquisition targets. The growing balance sheet provides more leeway in M&A transactions, and we estimate that with debt financing alone, the company has firepower worth around 20 MEUR, which would mean a revenue potential of over 20 MEUR to be purchased with a 1x revenue multiple. However, at current valuation levels, Orthex itself could be an attractive target for an industrial buyer.

Compared to its peers, Orthex is priced at a discount of 6-11% based on earnings in our current year forecasts, but the discount increases to around 20% in our forecasts for next year. In our view, the discount pricing relative to peers provides limited support for the valuation given the risk of prolonged growth challenges.

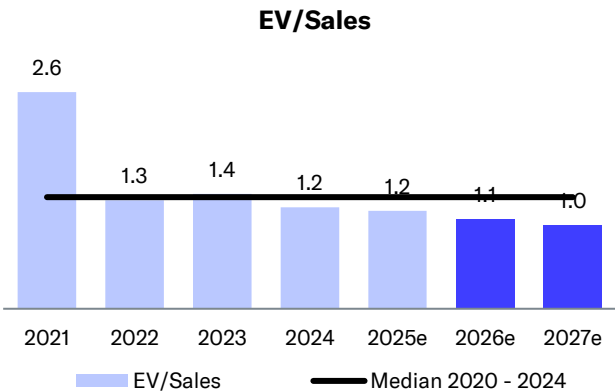
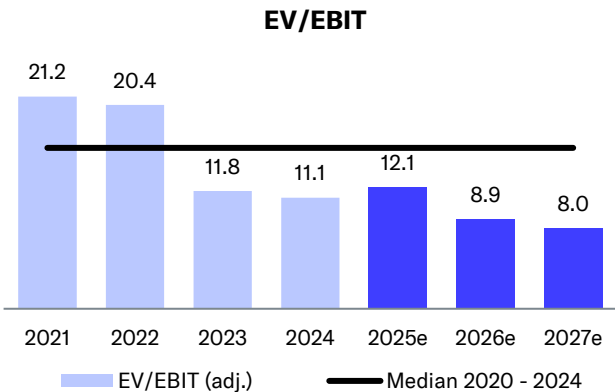
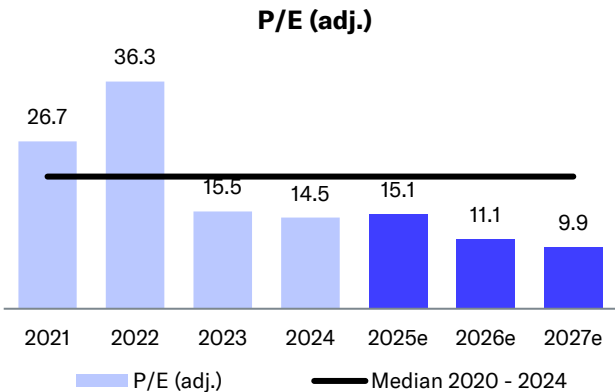
Valuation	2025e	2026e	2027e
Share price	4.87	4.87	4.87
Number of shares, millions	17.8	17.8	17.8
Market cap	86	86	86
EV	104	101	99
P/E (adj.)	15.1	11.1	9.9
P/E	15.1	11.1	9.9
P/B	2.3	2.1	1.9
P/S	1.0	0.9	0.9
EV/Sales	1.2	1.1	1.0
EV/EBITDA	8.0	6.4	5.9
EV/EBIT (adj.)	12.1	8.9	8.0
Payout ratio (%)	74.3 %	63.8 %	60.9 %
Dividend yield-%	4.9 %	5.7 %	6.2 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price		11.5	4.68	5.40	5.00	4.87	4.87	4.87	4.87
Number of shares, millions		17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8
Market cap		204	83	96	89	86	86	86	86
EV		230	109	118	109	104	101	99	97
P/E (adj.)		26.7	36.3	15.5	14.5	15.1	11.1	9.9	9.2
P/E		33.8	39.2	13.9	14.5	15.1	11.1	9.9	9.2
P/B		6.4	2.8	2.8	2.5	2.3	2.1	1.9	1.8
P/S		2.3	1.0	1.1	1.0	1.0	0.9	0.9	0.8
EV/Sales		2.6	1.3	1.4	1.2	1.2	1.1	1.0	0.9
EV/EBITDA		17.4	11.8	7.9	7.7	8.0	6.4	5.9	5.5
EV/EBIT (adj.)		21.2	20.4	11.8	11.1	12.1	8.9	8.0	7.5
Payout ratio (%)		53.0 %	92.2 %	54.1 %	63.9 %	74.3 %	63.8 %	60.9 %	60.0 %
Dividend yield-%		1.6 %	2.4 %	3.9 %	4.4 %	4.9 %	5.7 %	6.2 %	6.5 %

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
Duni AB	430	625	12.3	11.3	8.1	7.6	0.8	0.8	13.3	13.8	5.3	5.3	1.3
Fiskars Oyj Abp	1158	1726	15.4	12.5	9.5	8.0	1.5	1.4	14.6	12.2	6.1	6.3	1.5
Harvia Oyj	903	955	22.2	19.4	18.8	16.7	4.8	4.4	29.0	25.0	1.8	2.0	6.5
Leifheit AG	215	184	11.7	10.1	7.4	6.7	0.7	0.7	19.1	16.4	5.5	5.8	2.1
Marimekko Oyj	524	519	15.1	13.4	11.9	10.7	2.7	2.5	19.4	17.3	3.8	4.7	6.9
Rapala VMC Corp	50	142	15.0	11.0	6.5	5.8	0.6	0.6		28.4	1.6	1.6	0.3
Thule Group AB	2568	2951	17.0	14.8	14.5	12.8	3.0	2.8	20.8	17.7	3.6	4.2	3.4
Nokian Tyres plc	924	1726	32.1	14.0	7.7	6.2	1.2	1.1	18.8	10.4	5.1	5.5	0.7
Assa Abloy AB	31527	38066	17.2	15.5	14.0	12.9	2.7	2.6	22.2	19.2	2.0	2.2	3.0
Newell Brands Inc	2201	6381	10.9	10.3	7.6	7.3	1.0	1.0	8.6	8.0	4.8	4.8	0.9
DOMETIC Group	1154	2370	11.9	9.4	7.9	6.7	1.1	1.1	11.7	8.0	3.4	4.5	0.5
Raisio Oyj	383	300	10.7	9.9	7.9	7.4	1.3	1.2	16.1	15.4	5.6	5.9	1.5
Husqvarna AB	2612	3706	11.6	9.6	6.3	5.6	0.8	0.8	14.1	10.7	3.8	5.0	1.1
Helen of Troy Ltd	615	1416	6.5	8.1	5.4	5.9	0.8	0.8	4.2	5.1			0.4
Orthex (Inderes)	86	104	12.1	8.9	8.0	6.4	1.2	1.1	15.1	11.1	4.9	5.7	2.3
Average			15.0	12.1	9.5	8.6	1.6	1.6	16.3	14.8	4.0	4.4	2.1
Median			13.6	11.1	7.9	7.4	1.2	1.1	16.1	14.6	3.8	4.8	1.4
Diff-% to median			-11%	-19%	2%	-14%	-1%	-2%	-6%	-24%	28%	20%	66%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	84.0	85.9	22.0	21.0	22.8	23.9	89.7	21.0	20.5	22.6	24.5	88.7	94.1	98.6	104
Nordics	68.4	68.7	17.5	17.2	17.9	18.5	71.1	17.3	17.4	18.5	19.2	72.4	74.6	76.5	80.3
Rest of Europe	15.9	18.5	5.3	4.2	5.1	5.7	20.3	4.3	3.6	4.5	5.8	18.2	21.1	23.8	25.0
Rest of World	1.4	0.8	0.1	0.2	0.4	0.2	0.9	0.1	0.1	0.1	0.1	0.3	0.4	0.4	0.4
Discounts and refunds	-1.7	-2.0	-0.9	-0.6	-0.6	-0.5	-2.6	-0.7	-0.5	-0.5	-0.6	-2.3	-1.9	-2.0	-2.1
EBITDA	9.2	14.9	3.8	2.6	3.9	3.9	14.3	2.8	2.4	3.9	3.9	13.0	15.9	16.9	17.5
Depreciation	-4.0	-4.1	-1.1	-1.1	-1.1	-1.2	-4.4	-1.1	-1.1	-1.1	-1.1	-4.4	-4.6	-4.5	-4.5
EBIT (excl. NRI)	5.4	10.0	2.8	1.6	2.8	2.7	9.8	1.7	1.3	2.8	2.8	8.6	11.3	12.3	12.9
EBIT	5.2	10.8	2.8	1.6	2.8	2.7	9.8	1.7	1.3	2.8	2.8	8.6	11.3	12.3	12.9
Share of profits in assoc. compan.	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	0.0
Net financial items	-2.2	-2.2	-0.7	-0.4	-0.5	-0.5	-2.1	-0.1	-0.4	-0.4	-0.4	-1.3	-1.5	-1.3	-1.2
PTP	3.0	8.5	2.1	1.2	2.3	2.2	7.8	1.6	0.9	2.4	2.4	7.2	9.8	11.0	11.8
Taxes	-0.9	-1.6	-0.5	-0.3	-0.5	-0.4	-1.7	-0.3	-0.2	-0.5	-0.5	-1.5	-2.0	-2.3	-2.4
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	0.0
Net earnings	2.1	6.9	1.6	0.9	1.8	1.8	6.1	1.3	0.7	1.9	1.9	5.7	7.8	8.7	9.4
EPS (adj.)	0.13	0.35	0.09	0.05	0.10	0.10	0.34	0.07	0.04	0.11	0.11	0.32	0.44	0.49	0.53
EPS (rep.)	0.12	0.39	0.09	0.05	0.10	0.10	0.34	0.07	0.04	0.11	0.11	0.32	0.44	0.49	0.53

Key figures	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-5.2 %	2.2 %	7.5 %	4.3 %	4.2 %	2.0 %	4.4 %	-4.7 %	-2.4 %	-0.9 %	2.7 %	-1.2 %	6.2 %	4.8 %	5.0 %
Adjusted EBIT growth-%	-50.1 %	87.3 %	16.5 %	20.2 %	-20.1 %	-5.4 %	-2.1 %	-37.8 %	-15.3 %	-1.5 %	1.8 %	-12.9 %	31.9 %	9.2 %	5.0 %
EBITDA-%	11.0 %	17.3 %	17.4 %	12.5 %	17.0 %	16.4 %	15.9 %	13.4 %	11.8 %	17.1 %	15.8 %	14.6 %	16.9 %	17.1 %	16.9 %
Adjusted EBIT-%	6.4 %	11.7 %	12.5 %	7.4 %	12.3 %	11.4 %	11.0 %	8.2 %	6.4 %	12.2 %	11.3 %	9.7 %	12.0 %	12.5 %	12.5 %
Net earnings-%	2.5 %	8.0 %	7.1 %	4.4 %	7.9 %	7.6 %	6.8 %	6.2 %	3.4 %	8.3 %	7.6 %	6.5 %	8.3 %	8.9 %	9.0 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	44.0	44.6	43.5	43.2	43.2
Goodwill	22.3	21.7	21.7	21.7	21.7
Intangible assets	0.0	0.0	0.2	0.2	0.2
Tangible assets	20.9	21.9	21.5	21.2	21.2
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	0.1	0.1	0.1	0.1	0.1
Deferred tax assets	0.7	0.9	0.0	0.0	0.0
Current assets	41.5	40.9	39.9	41.4	43.4
Inventories	12.1	12.5	12.4	13.2	13.8
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	17.9	18.0	16.8	16.9	17.8
Cash and equivalents	11.6	10.5	10.6	11.3	11.8
Balance sheet total	85.6	85.6	83.4	84.6	86.6

Source: Inderes

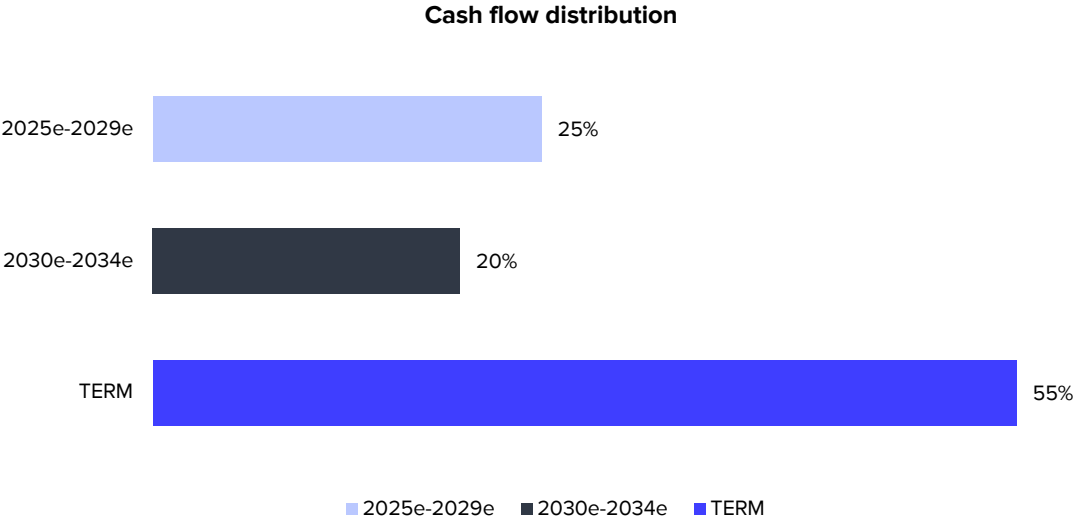
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	34.4	35.8	37.7	41.2	45.0
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	26.9	29.3	31.1	34.6	38.4
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-0.4	-1.4	-1.4	-1.4	-1.4
Other equity	7.9	7.9	7.9	7.9	7.9
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	30.4	27.1	26.1	24.1	22.6
Deferred tax liabilities	0.8	0.8	0.8	0.8	0.8
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	29.6	26.3	25.4	23.3	21.9
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	20.7	22.6	19.6	19.4	19.0
Interest bearing debt	4.3	4.5	2.8	2.6	2.4
Payables	15.7	17.4	16.0	16.0	15.8
Other current liabilities	0.7	0.8	0.8	0.8	0.8
Balance sheet total	85.5	85.6	83.4	84.6	86.6

DCF-calculation

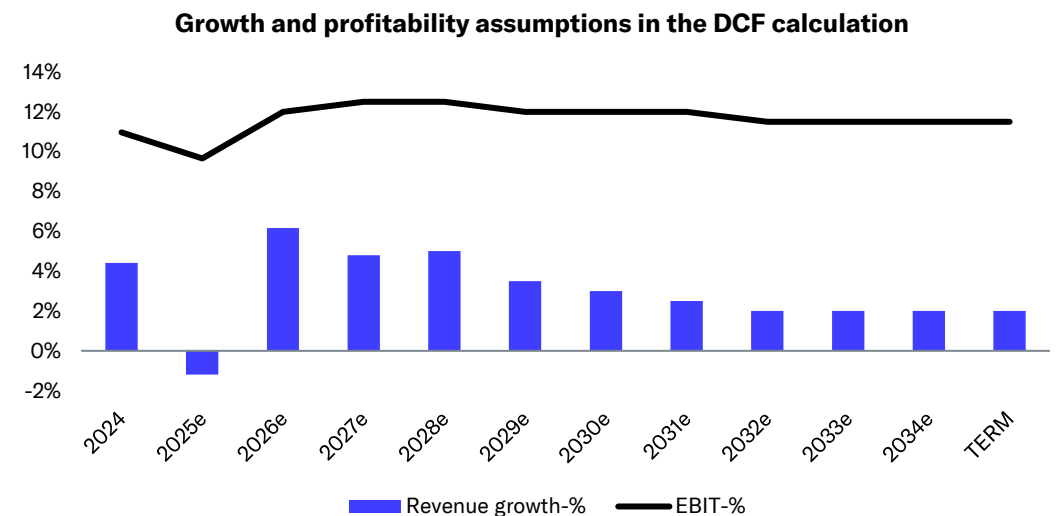
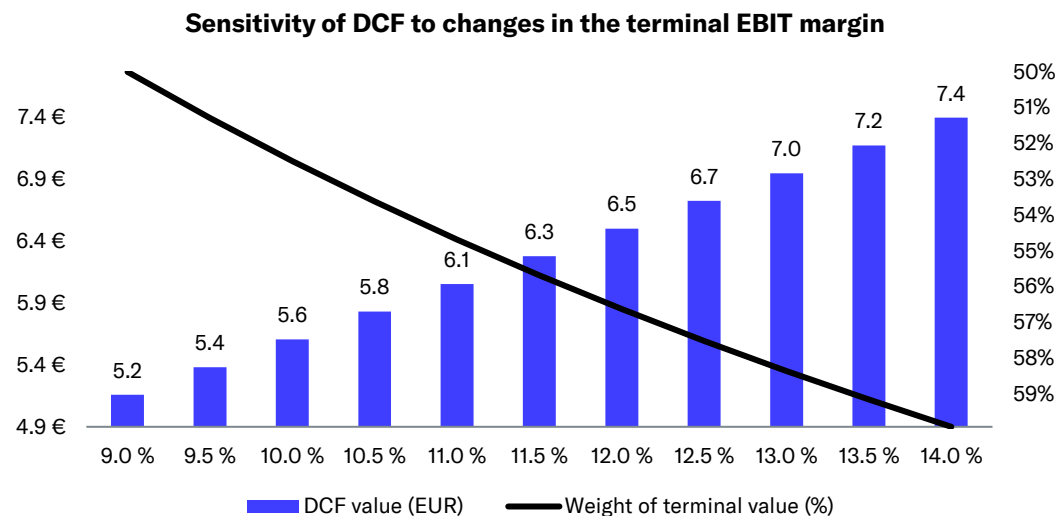
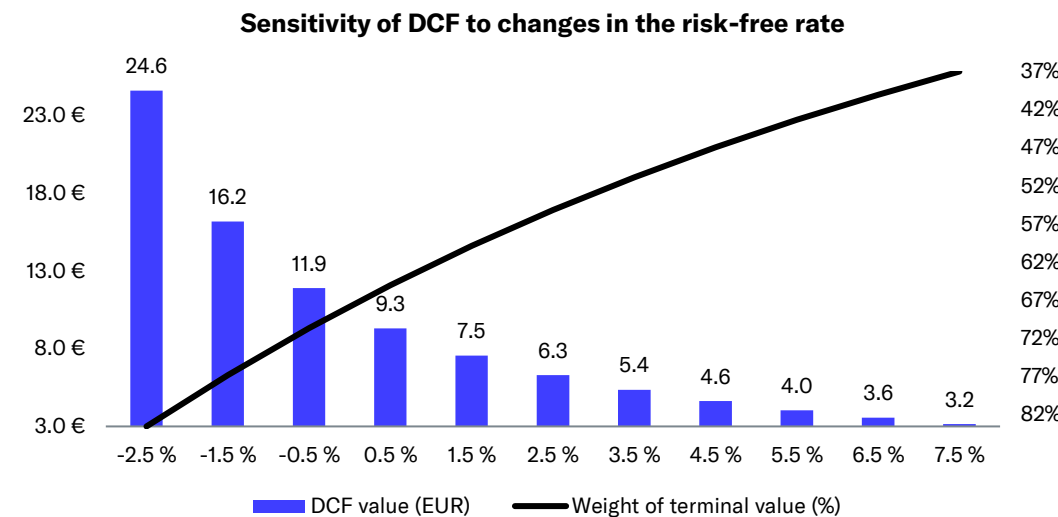
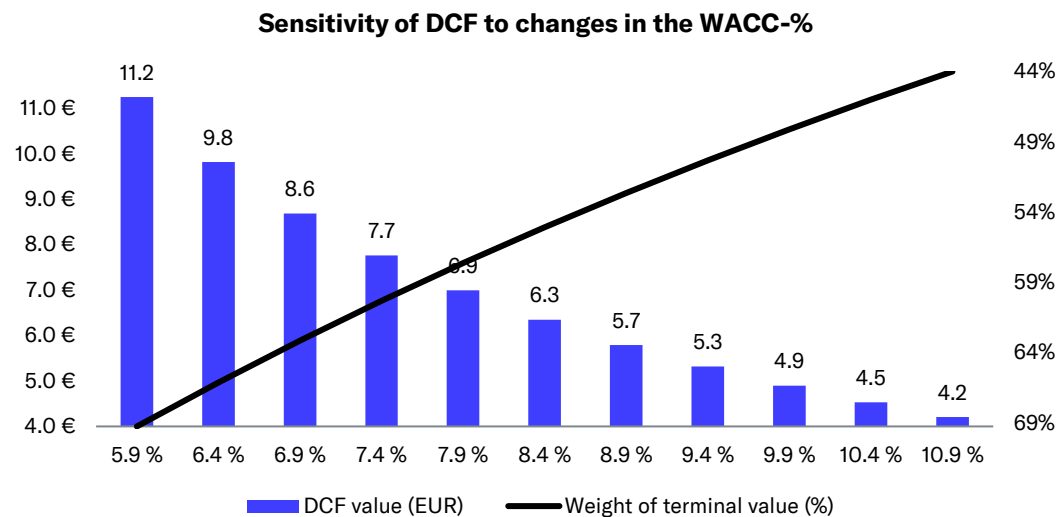
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	4.4 %	-1.2 %	6.2 %	4.8 %	5.0 %	3.5 %	3.0 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	11.0 %	9.7 %	12.0 %	12.5 %	12.5 %	12.0 %	12.0 %	12.0 %	11.5 %	11.5 %	11.5 %	11.5 %
EBIT (operating profit)	9.8	8.6	11.3	12.3	12.9	12.9	13.3	13.6	13.3	13.5	13.8	
+ Depreciation	4.4	4.4	4.6	4.5	4.5	4.6	4.7	4.7	4.8	4.9	5.0	
- Paid taxes	-1.9	-0.6	-2.0	-2.3	-2.4	-2.4	-2.5	-2.6	-2.6	-2.7	-2.7	
- Tax, financial expenses	-0.4	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	
+ 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	1.2	-0.2	-0.8	-1.7	-1.8	-0.6	-0.5	-0.5	-0.4	-0.4	-0.4	
Operating cash flow	13.2	11.9	12.7	12.7	13.0	14.2	14.6	15.1	15.0	15.3	15.6	
+ 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	-4.8	-4.1	-4.3	-4.5	-4.8	-4.9	-5.1	-5.2	-5.3	-5.4	-5.4	
Free operating cash flow	8.4	7.8	8.4	8.1	8.2	9.3	9.6	9.9	9.7	9.9	10.2	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	8.4	7.8	8.4	8.1	8.2	9.3	9.6	9.9	9.7	9.9	10.2	163
Discounted FCFF		7.4	7.4	6.6	6.2	6.4	6.1	5.8	5.3	5.0	4.7	75.4
Sum of FCFF present value		136	129	121	115	109	102	96.1	90.3	85.0	80.1	75.4
Enterprise value DCF		136										
- Interest bearing debt		-30.8										
+ Cash and cash equivalents		10.5										
-Minorities		0.0										
-Dividend/capital return		-3.9										
Equity value DCF		112										
Equity value DCF per share		6.3										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	6.5 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	8.7 %
Weighted average cost of capital (WACC)	8.4 %

Source: Inderes



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	84.0	85.9	89.7	88.7	94.1	EPS (reported)	0.12	0.39	0.34	0.32	0.44
EBITDA	9.2	14.9	14.3	13.0	15.9	EPS (adj.)	0.13	0.35	0.34	0.32	0.44
EBIT	5.2	10.8	9.8	8.6	11.3	OCF / share	0.42	0.68	0.74	0.67	0.72
PTP	3.0	8.5	7.8	7.2	9.8	OFCF / share	0.31	0.43	0.47	0.44	0.47
Net Income	2.1	6.9	6.1	5.7	7.8	Book value / share	1.67	1.94	2.02	2.12	2.32
Extraordinary items	-0.2	0.7	0.0	0.0	0.0	Dividend / share	0.11	0.21	0.22	0.24	0.28
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	81.8	85.6	85.6	83.4	84.6	Revenue growth-%	-5%	2%	4%	-1%	6%
Equity capital	29.7	34.4	35.8	37.7	41.2	EBITDA growth-%	-30%	61%	-4%	-9%	23%
Goodwill	22.3	22.3	21.7	21.7	21.7	EBIT (adj.) growth-%	-51%	87%	-2%	-13%	32%
Net debt	26.0	22.3	20.3	17.5	14.6	EPS (adj.) growth-%	-70%	170%	-1%	-6%	36%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	11.0 %	17.3 %	15.9 %	14.6 %	16.9 %
EBITDA	9.2	14.9	14.3	13.0	15.9	EBIT (adj.)-%	6.4 %	11.7 %	11.0 %	9.7 %	12.0 %
Change in working capital	-0.6	-0.8	1.2	-0.2	-0.8	EBIT-%	6.2 %	12.5 %	11.0 %	9.7 %	12.0 %
Operating cash flow	7.5	12.1	13.2	11.9	12.7	ROE-%	6.9 %	21.5 %	17.4 %	15.6 %	19.8 %
CAPEX	-1.9	-4.4	-4.8	-4.1	-4.3	ROI-%	7.5 %	16.0 %	14.6 %	12.9 %	17.0 %
Free cash flow	5.6	7.7	8.4	7.8	8.4	Equity ratio	36.3 %	40.3 %	41.9 %	45.2 %	48.7 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	87.6 %	64.8 %	56.8 %	46.6 %	35.4 %
EV/S	1.3	1.4	1.2	1.2	1.1						
EV/EBITDA	11.8	7.9	7.7	8.0	6.4						
EV/EBIT (adj.)	20.4	11.8	11.1	12.1	8.9						
P/E (adj.)	36.3	15.5	14.5	15.1	11.1						
P/B	2.8	2.8	2.5	2.3	2.1						
Dividend-%	2.4 %	3.9 %	4.4 %	4.9 %	5.7 %						

Source: Inderes

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

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

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
3/26/2021	Accumulate	8.50 €	7.42 €
5/12/2021	Accumulate	11.00 €	10.15 €
8/26/2021	Accumulate	13.00 €	11.48 €
9/20/2021	Buy	13.00 €	10.50 €
11/11/2021	Accumulate	12.50 €	11.63 €
<i>Analyst changed</i>			
1/13/2022	Accumulate	11.50 €	10.44 €
3/10/2022	Accumulate	8.00 €	7.14 €
5/11/2022	Reduce	7.00 €	6.68 €
8/26/2022	Reduce	5.00 €	5.42 €
10/11/2022	Accumulate	4.40 €	3.93 €
11/14/2022	Accumulate	5.80 €	5.27 €
3/9/2023	Accumulate	5.60 €	5.05 €
5/18/2023	Accumulate	5.60 €	4.99 €
8/25/2023	Accumulate	5.40 €	4.64 €
11/8/2023	Buy	6.00 €	4.95 €
3/6/2024	Accumulate	7.00 €	6.39 €
3/22/2024	Accumulate	7.00 €	6.26 €
5/16/2024	Accumulate	7.20 €	6.74 €
8/23/2024	Accumulate	7.00 €	6.34 €
11/17/2024	Buy	6.50 €	5.54 €
2/26/2025	Accumulate	6.00 €	5.22 €
3/13/2025	Accumulate	6.00 €	5.24 €
5/16/2025	Accumulate	5.50 €	4.87 €



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