

KOSKISEN

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INDERES CORPORATE CUSTOMER COMPANY REPORT



Profit growth sufficiently priced in

We raise Koskisen's target price to EUR 9.00 (was EUR 8.25), reflecting a slight decrease in the required return. In our opinion, however, the share price increase (+30% this year) has already eroded the best part of the short-term expected return, so we decrease the company's recommendation to Reduce (was Accumulate). In our opinion, Koskisen's Q2 report was fairly neutral overall. Although we did not make any significant changes to our near-future forecasts, we believe that the strong performance in H1 has slightly reduced the share's risk level.

Operational figures fell between our estimates and the consensus

In Q2, Koskisen's revenue increased by 15% to 90 MEUR and adjusted EBITDA by 10% to 10.3 MEUR. Operational figures exceeded consensus estimates, but our forecasts for the seasonal Q2 quarter were slightly more optimistic than the actual results. The shortfall in relation to our forecasts was mainly due to expenses in both units (incl. wood) and figures for lisveden Metsä, which was included for one month and performed slightly below our estimates (revenue 4 MEUR, EBIT 0.0 MEUR). Considering the market situation, we believe Koskisen's figures were reasonable overall, as the struggling construction sector provided no boost to the market in Q2 either, and the summer season in the Sawn Timber industry was weaker than expected. The mood in the Panel Industry sounded more positive, but construction is slowing it down as well. High log prices continue to challenge profitability, although the worst of the raw material situation seems to have fallen in the summer, at least for now.

We made no major estimate revisions

Koskisen reiterated its guidance for 2025 according to which revenue will grow from last year (2024: 282 MEUR revenue) and the adjusted EBITDA margin will be 7-11%. This comes as no surprise, as the company does not typically elaborate on its guidance with adjectives. Koskisen is also well on track to achieve its targets, even though H2 will be more fragmented for the

company in terms of production than H1, due to production shutdowns in the summer and at Christmas.

We did not make any material changes to our forecasts for Koskisen in H2 or in the coming years. Overall, we believe that the company's development was promising throughout H1 in relation to the market situation, which has reduced the risks associated with the earnings improvements already included in our forecasts. The next shift should also be positive for the construction sector, even though the recovery has been delayed due to factors such as the trade war. We expect Koskisen's revenue and EBITDA to continue to grow, driven by the gradual recovery of the construction cycle, investment efficiency gains and the acquisition of lisveden Metsä (Q2'25 LTM-2027e adj. EBITDA CAGR 20%). Still, persistently high raw material prices will limit the profitability improvement in our estimates, even though revenue is increasing.

Expected return has become neutral

Koskisen's 2025 and 2026 EV/EBITDA ratios that consider the strong balance sheet are around 8x and 6x and the P/B ratio (Q2'25 ACT) is around 1.3x. The multiples are weighted toward the upper end of the ranges we accept for this year and are about halfway through for next year, taking into account the company's estimated return on capital and risk profile. We consider this to be a fairly neutral overall picture, given the somewhat balanced positive and negative risks associated with the forecasts. Following minor changes in estimates and a slight decline in the required return, the DCF value of the share is approximately at the level of our target price and the current share price. Thus, Koskisen's expected return based on earnings growth, falling multiples (Q2'25 LTM P/E 20x) and a dividend yield of around 2% is, in our view, lower than the required return. As the economy and construction sector in Europe recover, the company could see earnings growth continue even further. This would also be a strong medium-term driver for the stock, but for now, we believe the overall picture remains neutral following this year's price increase of over 30%.

Recommendation

Reduce

(was Accumulate)

Target price:

EUR 9.00

(was EUR 8.25)

Share price:

EUR 9.22

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	282.2	367.6	420.4	445.7
growth-%	4%	30%	14%	6%
EBIT adj.	13.1	20.7	29.2	32.6
EBIT-% adj.	4.7 %	5.6 %	6.9 %	7.3 %
Net Income	8.3	14.0	20.5	23.8
EPS (adj.)	0.36	0.59	0.85	0.99

P/E (adj.)	19.1	15.7	10.9	9.3
P/B	1.1	1.3	1.2	1.1
Dividend yield-%	1.7 %	2.2 %	2.7 %	3.3 %
EV/EBIT (adj.)	14.8	12.7	8.7	7.4
EV/EBITDA	8.0	7.5	5.7	5.0
EV/S	0.7	0.7	0.6	0.5

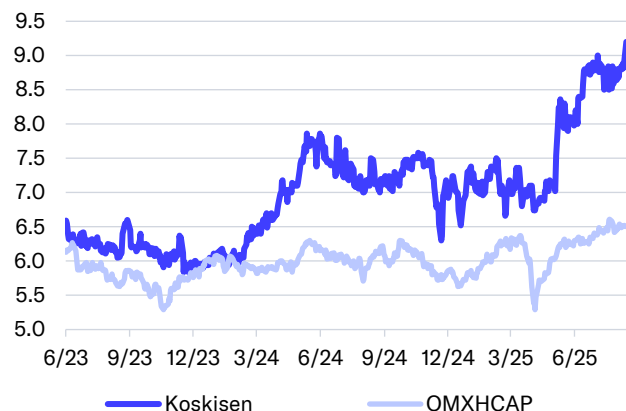
Source: Inderes

Guidance

(Unchanged)

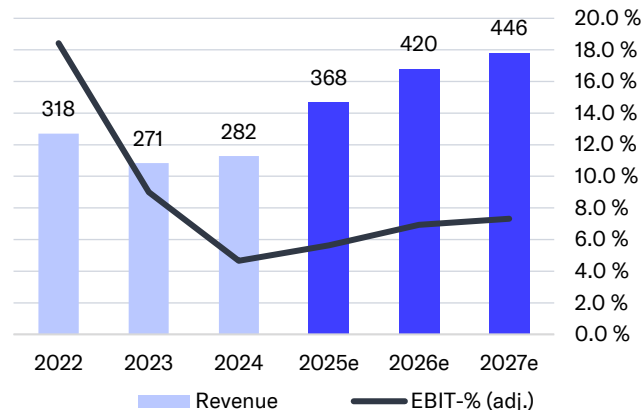
Koskisen Group's revenue for 2025 is expected to grow from the 2024 level. The adjusted EBITDA margin is expected to be 7-11%.

Share price



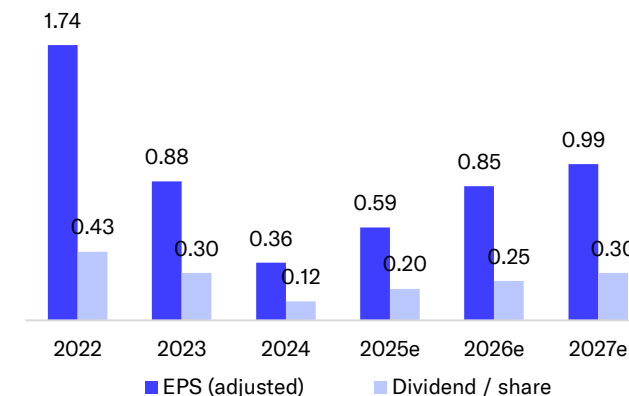
Source: Millstream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Healthy long-term demand trends
- Increasing exports and finding customers who appreciate customization
- Potential for improvement in the level of profitability
- Business generates value (ROIC>WACC) in a favorable cycle
- War-related supply disruptions help Panel Industry for the foreseeable future

Risk factors

- Cyclical demand
- Tight competition situation in for Sawn Timber Industry
- Removal of the supply disruptions in Panel Industry
- Tight timber market in Finland

Valuation	2025e	2026e	2027e
Share price	9.22	9.22	9.22
Number of shares, millions	23.7	24.1	24.1
Market cap	222	222	222
EV	263	255	242
P/E (adj.)	15.7	10.9	9.3
P/E	15.6	10.9	9.3
P/B	1.3	1.2	1.1
P/S	0.6	0.5	0.5
EV/Sales	0.7	0.6	0.5
EV/EBITDA	7.5	5.7	5.0
EV/EBIT (adj.)	12.7	8.7	7.4
Payout ratio (%)	34.3 %	29.4 %	30.4 %
Dividend yield-%	2.2 %	2.7 %	3.3 %

Source: Inderes

Earnings improved at a slightly slower pace than we expected

Rapid growth, though revenue fell short of our estimate

Koskisen's revenue grew by 15% to 90 MEUR in Q2 from a reasonable comparison figure (cf., in Q2'24, deliveries in the Sawn Timber Industry were supported by strike-related delays), landing between our and the consensus forecasts. While growth was mainly driven by increased volumes and prices in the Sawn Timber Industry, the unit's deliveries fell slightly short of our forecasts and Q1 results. Iisveden Metsä was included in the Sawn Timber Industry figures for June, during which the unit generated revenue of 4 MEUR (i.e., around 5 percentage points of the growth was inorganic). We had expected a slightly higher figure from Iisveden Metsä in the sawmill business, given that it was a seasonally and fundamentally good month. In the Panel Industry, both price and volume trends appear to have been fairly stable in Q2, and the unit's revenue was quite well in line with our estimates. Based on the comments, the Kore business progressed well, with steady development in birch plywood.

However, the slump in Finnish construction dragged down the figures in the chipboard segment.

Result improved, but only at EBITDA level

Koskisen's adjusted EBITDA increased by 10% to 10.3 MEUR in the second quarter. The operating result was above consensus but below our forecast. The main reasons for the shortfall were that expenses in both units exceeded our expectations. High log prices continued to drive up costs and challenge profitability. We had also expected a slight positive contribution from Iisveden Metsä, but the unit generated zero EBIT and likely only slightly positive EBITDA. The slight loss in the Other segment was broadly in line with our expectations.

On the lower lines, the net burden of depreciation, finance costs and tax rate was quite in line with our expectations, but due to higher depreciation and finance costs, the bottom lines of the income statement remained flat year-on-year despite the improvement in EBITDA. EPS was EUR 0.21 per

share, the same as in the comparison period, falling short of our estimate alongside operational earnings. In terms of cash flow, the report was reasonable after a lackluster Q1, even though cash flow from operating activities fell 35% to 9.1 MEUR from a strong comparison level. However, due to the structure of the Iisveden Metsä acquisition, cash flows were somewhat atypical for all major cash flow items in Q2.

Balance sheet in good shape even after acquisition

Koskisen's net gearing at the end of Q2 was a moderate 24% (Q2'24: net gearing 8%). As such, we believe the company's balance sheet is in good condition, despite significant capital allocation in recent years for the implementation of the growth strategy, due to the acquisition of Iisveden Metsä and investments in the Sawn Timber Industry. Investments will also continue, particularly in the Panel Industry and in the drying capacity of Järvelä's new sawmill, but according to our estimates, investment levels will remain mostly below those of recent years and the balance sheet will withstand them.

Estimates	Q2'24	Q2'25	Q2'25e	Q2'25e	Consensus		Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	77.8	89.7	91.2	85.6	80.0	90.0	-2%	368
EBITDA (adj.)	9.4	10.3	11.4	10.0	8.0	10.0	-9%	35.0
EPS (reported)	0.21	0.21	0.24	0.19	0.00	0.00	-13%	0.59
Revenue growth-%	5.3 %	15.3 %	17.2 %	10.0 %	-100.0 %	-100.0 %	-1.9 pp	30.3 %
EBITDA-% (adj.)	12.0 %	11.5 %	12.4 %	11.7 %			-1 pp	9.5 %

Source: Inderes & Koskisen, 3 estimates (consensus)

We left our estimates virtually unchanged

Guidance remained unchanged quite as expected

Koskisen reiterated its guidance for 2025 according to which revenue will grow from last year (2024: 282 MEUR revenue) and the adjusted EBITDA margin will be 7-11%. This in itself was fully expected. The company has not been in the habit of elaborating on its guidance with adjectives, and we generally do not believe that it will do so this year either (although it would certainly be possible to narrow the profitability guidance range after Q3). H1 provides the company with a strong foundation for achieving its guidance, although the acquisition of Iisveden Metsä (incl. the increase in the share of the low-margin sawmill business) and the seasonally weaker H2 in terms of production are likely to slightly erode margins in the latter half of the year.

Koskisen's market situation is sluggish and uncertain, and construction shows no significant signs of recovery, as the US's volatile and aggressive tariff policy maintains economic uncertainty and consumers remain cautious. Based to our estimates, inventories in the sawmill sector value chain have

already risen slightly over the past year, so inventory changes may not be sufficient to fuel long-term demand and pricing before demand increases more significantly. Thus, it does not appear that a boost is forthcoming, though we also do not believe that the market situation is weakening in the construction and logistics value chains relevant to Koskisen, provided that no new major risks related to trade and geopolitics arise. The profitability of by-product sales in the energy sector will likely decline during the next heating season (Q4 and Q1'26), as wood chip stocks remain high following the warm winter of 2024/2025 and prices are under pressure. While the company was optimistic about demand for pulpwood, we also see risks associated with it given the challenging situation and weak profitability of the Finnish pulp industry. However, in our opinion, the slight decline in wood prices in recent weeks offsets these risks.

Estimate changes were relatively marginal

We made no significant changes to our estimates after the report. We expect Koskisen's revenue and EBITDA to

continue to grow, driven by the gradual recovery of the construction cycle, growth in the European logistics sector, growth and efficiency gains from investments (incl. Järvelä's new sawmill line, Järvelä's log yard, plywood investments) as well as the acquisition of Iisveden Metsä. However, continued high raw material prices will limit the improvement in profitability, as we do not believe the price of wood will decrease in the long term, should the economic situation in Europe improve and industrial demand recover.

Our forecasts are clearly below Koskisen's target of over 15% EBITDA (2025e-2027e 10-11%). Our estimates for the coming years are also slightly below the consensus, especially due to differences in profitability assumptions. The main risks to our forecasts are the global economy, commodity prices, competition, tariffs and the end of the war in Ukraine. The latter two factors may have unpredictable indirect positive and/or negative effects on Koskisen's market.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	368	368	0%	424	420	-1%	443	446	1%
EBITDA	35.8	35.0	-2%	44.3	44.5	0%	48.6	48.7	0%
EBIT (excl. NRIs)	22.1	20.7	-6%	28.8	29.2	1%	32.2	32.6	1%
EBIT	22.0	20.8	-6%	28.8	29.2	1%	32.2	32.6	1%
PTP	18.8	17.4	-7%	25.6	25.6	0%	29.0	29.0	0%
EPS (excl. NRIs)	0.64	0.59	-8%	0.85	0.85	0%	0.99	0.99	0%
DPS	0.20	0.20	0%	0.25	0.25	0%	0.30	0.30	0%

Source: Inderes

Koskisen, Webcast, Q2'25 (in Finnish)



Share price rise has exhausted any rapid upside

Main focus on earnings multiples

We focus on earnings-based multiples in Koskisen's valuation. We feel acceptable EV/EBITDA ratios for Koskisen are roughly 4-7x, considering the growth and profitability levels of the business and the risk profile. The acceptable P/E based valuation range is 10x-14x in our opinion. On an annual basis, the multiples may occasionally stretch to a wide range, especially due to the strong cyclicity of the Sawn Timber Industry, particularly during cyclical turning points.

Valuation picture quite neutral

With our 2024 and 2025 estimates, Koskisen's P/E ratios are around 16x and 11x and corresponding EV/EBITDA ratios are around 8x and 6x. Thus, the share is priced at the upper ends of our acceptable valuation ranges based on the current year's multiples and around the midpoints of the ranges based on next year's improved, but still uncertain, earnings-level multiples. As such, we see that the valuation has again become fairly neutral, even though the forecast risks have decreased slightly considering the upward trajectory of the earnings growth curve over several quarters and the proven improvement in operational capability due to progress in investments.

The balance sheet-based P/B of 1.3x (Q2'25 ACT) is also at a reasonable level, as our forecasts for Koskisen's average ROCE and ROE moderately exceed our estimate of the company's cost of capital. We have lowered our required return to reflect the slightly lower risk profile in our estimation. However, a more pronounced increase in the balance sheet valuation would require more robust value creation than our current projections (i.e. ROCE-% > WACC-%). Balance sheet-based valuation would also not, in our view, support the share if forecast risks were to materialize,

as even balance sheet valuations below the balance sheet value of equity are not uncommon in the industry.

Given this overall picture, we estimate that the expected return on Koskisen's stock, consisting of a fairly clear earnings growth, a clear valuation downside (Q1'25 LTM P/E 20x) and a dividend yield of around 2%, remains roughly in line with our required return. The expected return would turn more clearly positive in the medium term if Koskisen could raise its profitability to its target of over 15% adj. EBITDA-% (cf. our estimates of adj. EBITDA-%: 10-11%). At best, this will only be possible when a better cycle arrives, which is beyond our target price horizon of more than 12 months, as achieving the target would, in our estimation, require significantly stronger demand from the construction market than is currently the case, as well as a better pricing situation enabled by it.

DCF value approximately at the share price level

In relative terms, with 2024 and 2025 estimates Koskisen is priced at a discount relative to the loosely connected peer group with high earnings multiples. The interpretation of peer valuation is currently weakened by the modest performance of many peers. Balance sheet-based and volume-based valuations are at a premium. The overall picture of the relative valuation is therefore ambiguous and, in our view, it does not support a strong view in either direction.

We give weight to the DCF model in our valuation despite it being sensitive to the variables of the terminal period. Our DCF model indicates a share value at our target price, which, like the other methods, supports our view that the share valuation has risen to neutral with a price increase of over 30% this year.

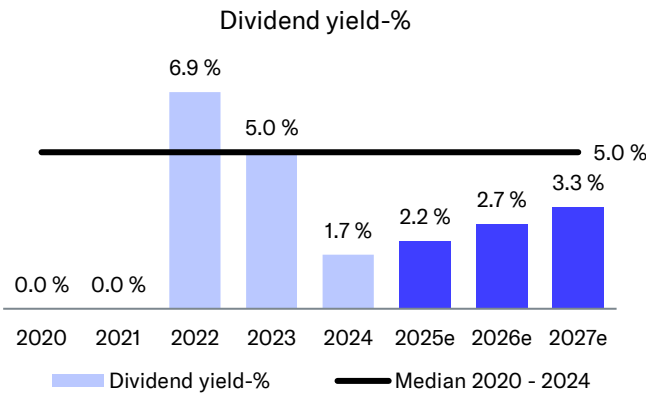
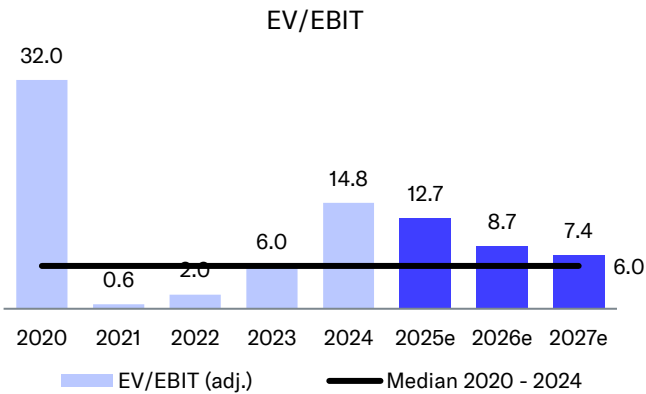
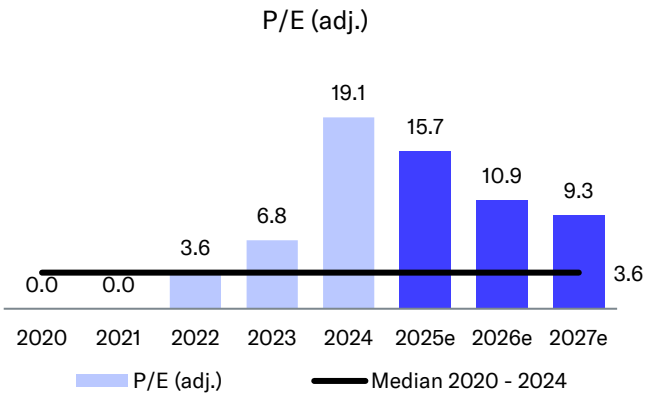
Valuation	2025e	2026e	2027e
Share price	9.22	9.22	9.22
Number of shares, millions	23.7	24.1	24.1
Market cap	222	222	222
EV	263	255	242
P/E (adj.)	15.7	10.9	9.3
P/E	15.6	10.9	9.3
P/B	1.3	1.2	1.1
P/S	0.6	0.5	0.5
EV/Sales	0.7	0.6	0.5
EV/EBITDA	7.5	5.7	5.0
EV/EBIT (adj.)	12.7	8.7	7.4
Payout ratio (%)	34.3 %	29.4 %	30.4 %
Dividend yield-%	2.2 %	2.7 %	3.3 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price			6.28	6.00	6.96	9.22	9.22	9.22	9.22
Number of shares, millions			23.0	23.0	23.0	23.7	24.1	24.1	24.1
Market cap			145	138	160	222	222	222	222
EV			116	146	195	263	255	242	230
P/E (adj.)			3.6	6.8	19.1	15.7	10.9	9.3	8.3
P/E			3.6	6.8	19.3	15.6	10.9	9.3	8.3
P/B			1.1	0.9	1.1	1.3	1.2	1.1	1.0
P/S			0.5	0.5	0.6	0.6	0.5	0.5	0.5
EV/Sales			0.4	0.5	0.7	0.7	0.6	0.5	0.5
EV/EBITDA			1.8	4.4	8.0	7.5	5.7	5.0	4.5
EV/EBIT (adj.)			2.0	6.0	14.8	12.7	8.7	7.4	6.7
Payout ratio (%)			25.1 %	34.2 %	33.4 %	34.3 %	29.4 %	30.4 %	35.0 %
Dividend yield-%			6.9 %	5.0 %	1.7 %	2.2 %	2.7 %	3.3 %	4.2 %

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	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
Interfor Corp	407	926			17.0		0.5	0.5					0.4
Boise Cascade	2741	2725	5.0	6.6	4.2	5.1	0.5	0.5	7.0	9.0	10.1	6.8	1.6
West Fraser Timber	5017	4750		165.4	9.8	8.4	0.9	0.9	7440.5	173.0	1.6	1.7	0.8
Canfor	940	1501			84.2		0.5	0.5					0.4
Stora Enso	7812	11722	46.3	20.2	12.5	10.0	1.2	1.3	51.8	21.9	2.9	2.5	0.7
STEICO	372	503	16.5	11.4	8.5	6.0	1.4	1.3	20.6	14.9	1.6	2.2	1.3
Louisiana-Pacific	5917	5930	23.7	12.9	16.1	10.4	2.7	2.4	32.4	17.6	1.0	1.1	4.7
Stella-Jones	2630	3589	11.6	11.7	9.6	9.2	1.7	1.7	13.8	14.2	1.2	1.3	2.6
Koskisen (Inderes)	222	263	12.7	8.7	7.5	5.7	0.7	0.6	15.7	10.9	2.2	2.7	1.3
Average			20.6	38.0	20.2	8.2	1.2	1.1	1261.0	41.8	3.1	2.6	1.5
Median			16.5	12.3	11.2	8.8	1.1	1.1	26.5	16.3	1.6	1.9	1.1
Diff-% to median			-23%	-29%	-33%	-35%	-32%	-45%	-41%	-33%	34%	40%	25%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	271	63.7	77.8	67.8	72.9	282	86.2	89.7	91.6	100	368	420	446	464
Sawn Timber Industry	122	29.0	47.2	23.9	39.7	140	48.7	47.5	53.8	56.7	207	238	247	258
Panel Industry	149	34.7	30.6	43.9	33.1	142	37.6	42.2	37.8	43.3	161	182	199	206
Other / Eliminations	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
Depreciation	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
Adjustments	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
EBITDA	33.0	5.5	9.4	3.6	5.7	24.2	9.4	10.5	5.3	9.9	35.0	44.5	48.7	50.7
Depreciation	-8.6	-2.4	-2.5	-3.2	-3.1	-11.2	-3.2	-3.5	-3.8	-3.8	-14.3	-15.3	-16.1	-16.3
EBIT (excl. NRI)	24.4	3.1	6.9	0.5	2.6	13.1	6.3	6.8	1.5	6.1	20.7	29.2	32.6	34.5
EBIT	24.4	3.1	6.9	0.4	2.6	13.0	6.2	7.0	1.5	6.1	20.8	29.2	32.6	34.5
Sawn Timber Industry (EBITDA)	3.3	0.7	1.6	1.7	3.3	7.2	5.4	4.2	2.6	3.9	16.2	21.2	23.1	24.2
Panel Industry (EBITDA)	29.3	5.3	8.1	1.8	2.5	17.7	4.5	6.7	3.1	6.5	20.8	25.2	27.5	28.5
Other / Eliminations	0.4	-0.4	-0.3	0.2	-0.2	-0.7	-0.5	-0.5	-0.5	-0.5	-2.0	-2.0	-2.0	-2.0
Depreciation	-8.6	-2.4	-2.5	-3.2	-3.1	-11.2	-3.2	-3.5	-3.8	-3.8	-14.3	-15.3	-16.1	-16.3
Oikaisuerät	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0
Net financial items	-0.3	-0.4	-0.7	-1.0	-1.0	-3.1	-1.0	-0.9	-0.8	-0.7	-3.4	-3.6	-3.5	-1.8
PTP	24.0	2.8	6.2	-0.6	1.6	10.0	5.3	6.1	0.7	5.4	17.4	25.6	29.0	32.6
Taxes	-3.8	-0.5	-1.3	0.1	0.0	-1.7	-1.1	-1.0	-0.1	-1.1	-3.4	-5.1	-5.2	-5.9
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	20.2	2.3	4.9	-0.5	1.6	8.3	4.2	5.0	0.5	4.3	14.0	20.5	23.8	26.8
EPS (adj.)	0.88	0.10	0.21	-0.02	0.07	0.36	0.19	0.20	0.02	0.18	0.59	0.85	0.99	1.11
EPS (rep.)	0.88	0.10	0.21	-0.02	0.07	0.36	0.18	0.21	0.02	0.18	0.59	0.85	0.99	1.11

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-14.6 %	-13.0 %	5.3 %	22.3 %	6.1 %	4.0 %	35.4 %	15.3 %	35.1 %	37.3 %	30.3 %	14.4 %	6.0 %	4.1 %
Adjusted EBIT growth-%	-58.3 %	-70.6 %	-41.8 %	-151.8 %	-12.2 %	-46.1 %	102.3 %	-0.8 %	177.8 %	131.8 %	57.4 %	40.9 %	11.7 %	5.7 %
EBITDA-%	12.2 %	8.7 %	12.0 %	5.4 %	7.8 %	8.6 %	10.9 %	11.7 %	5.7 %	9.9 %	9.5 %	10.6 %	10.9 %	10.9 %
Adjusted EBIT-%	9.0 %	4.9 %	8.8 %	0.8 %	3.6 %	4.7 %	7.4 %	7.6 %	1.6 %	6.1 %	5.6 %	6.9 %	7.3 %	7.4 %
Net earnings-%	7.4 %	3.6 %	6.3 %	-0.8 %	2.2 %	2.9 %	4.8 %	5.6 %	0.6 %	4.3 %	3.8 %	4.9 %	5.3 %	5.8 %

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	130	151	172	177	179
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	1.3	1.0	1.4	1.8	2.2
Tangible assets	124	146	166	171	173
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	4.6	3.9	3.9	3.9	3.9
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.1	0.0	0.0	0.0	0.0
Current assets	140	126	140	153	160
Inventories	37.5	49.2	55.1	58.9	62.4
Other current assets	22.9	21.6	22.2	22.2	22.2
Receivables	23.4	23.8	36.8	42.0	44.6
Cash and equivalents	55.8	31.8	25.7	29.4	31.2
Balance sheet total	269	277	312	329	340

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	147	149	168	183	201
Share capital	1.5	1.5	1.5	1.5	1.5
Retained earnings	51.5	65.2	76.5	92.2	110
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	94.2	82.3	89.5	89.5	89.5
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	64.1	64.6	70.5	66.5	56.7
Deferred tax liabilities	5.7	7.2	7.2	7.2	7.2
Provisions	0.2	0.2	0.2	0.2	0.2
Interest bearing debt	55.2	54.2	60.1	56.0	46.3
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	3.1	3.1	3.1	3.1	3.1
Current liabilities	57.8	63.3	73.5	79.7	81.8
Interest bearing debt	8.5	12.1	6.4	5.9	4.9
Payables	32.8	35.7	46.5	53.2	56.4
Other current liabilities	16.5	15.6	20.6	20.6	20.6
Balance sheet total	269	277	312	329	340

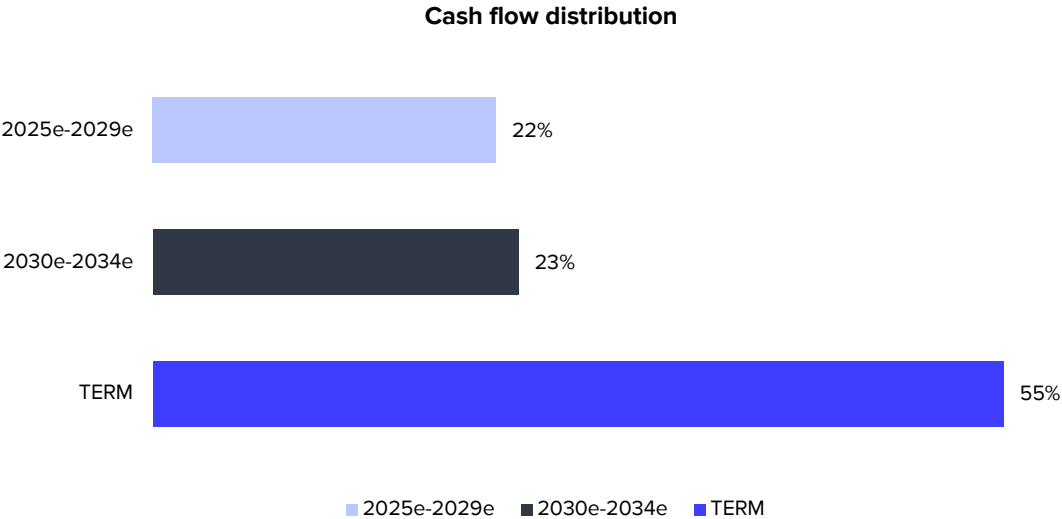
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	4.0 %	30.3 %	14.4 %	6.0 %	4.1 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	4.6 %	5.7 %	6.9 %	7.3 %	7.4 %	7.0 %	6.5 %	6.0 %	5.6 %	5.6 %	5.6 %	5.6 %
EBIT (operating profit)	13.0	20.8	29.2	32.6	34.5	33.3	31.7	30.0	28.7	29.4	30.0	
+ Depreciation	11.2	14.3	15.3	16.1	16.3	16.3	16.4	16.4	16.5	16.5	16.6	
- Paid taxes	-0.2	-3.4	-5.1	-5.2	-5.9	-5.8	-5.6	-5.3	-5.1	-5.2	-5.3	
- Tax, financial expenses	-0.6	-0.7	-0.8	-0.7	-0.4	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	
- Change in working capital	-8.9	-3.6	-2.3	-2.9	-6.2	-0.3	-0.3	-0.3	-0.3	-1.3	-1.1	
Operating cash flow	14.7	27.4	36.3	39.9	38.3	43.3	42.1	40.7	39.7	39.3	40.1	
+ 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	-32.2	-35.4	-20.4	-18.4	-17.4	-17.4	-17.4	-17.4	-17.4	-17.4	-17.1	
Free operating cash flow	-17.5	-8.0	15.9	21.5	20.9	25.9	24.7	23.3	22.3	21.9	23.0	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-17.5	-8.0	15.9	21.5	20.9	25.9	24.7	23.3	22.3	21.9	23.0	323
Discounted FCFF		-7.8	14.1	17.5	15.5	17.6	15.3	13.3	11.6	10.5	10.0	141
Sum of FCFF present value		259	267	253	235	220	202	187	173	162	151	141
Enterprise value DCF		259										
- Interest bearing debt		-66.3										
+ Cash and cash equivalents		31.8										
-Minorities		0.0										
-Dividend/capital return		-2.8										
Equity value DCF		222										
Equity value DCF per share		9.2										

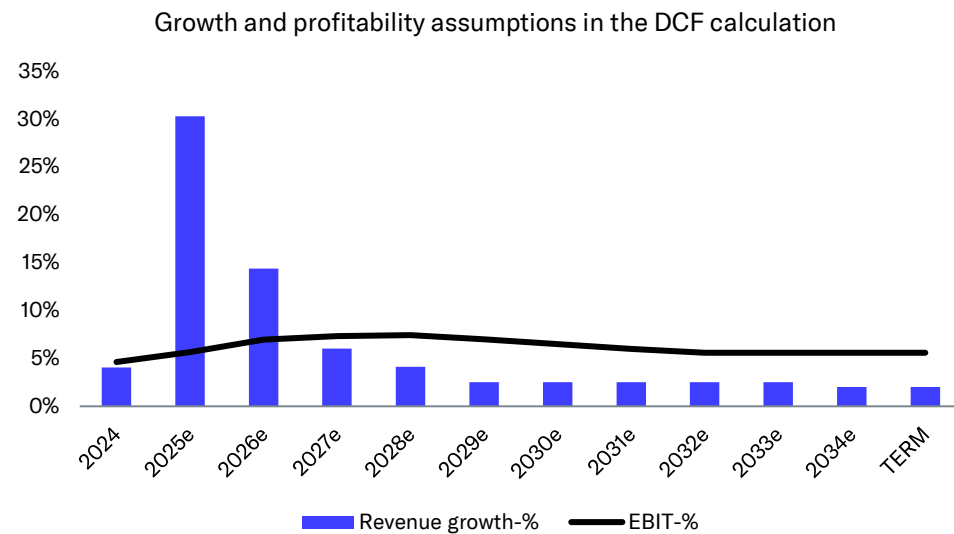
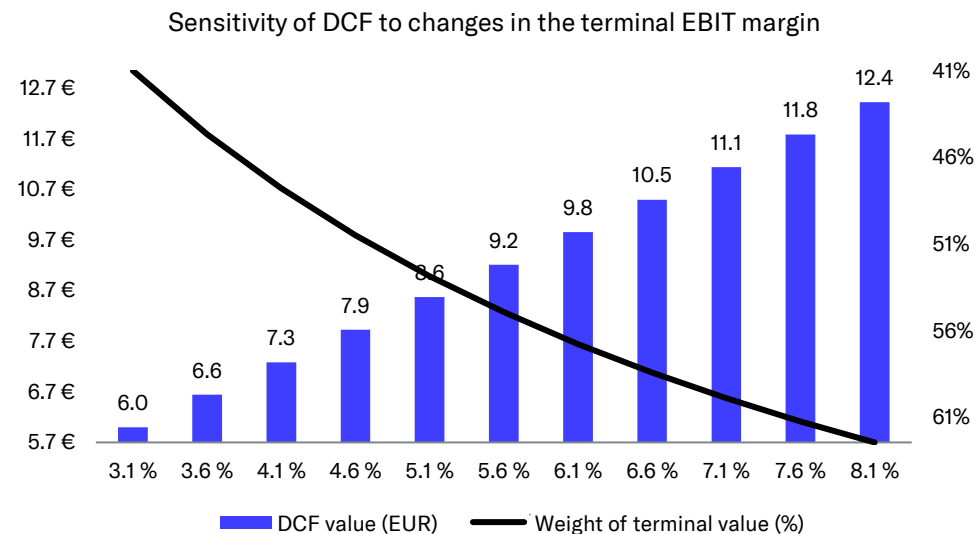
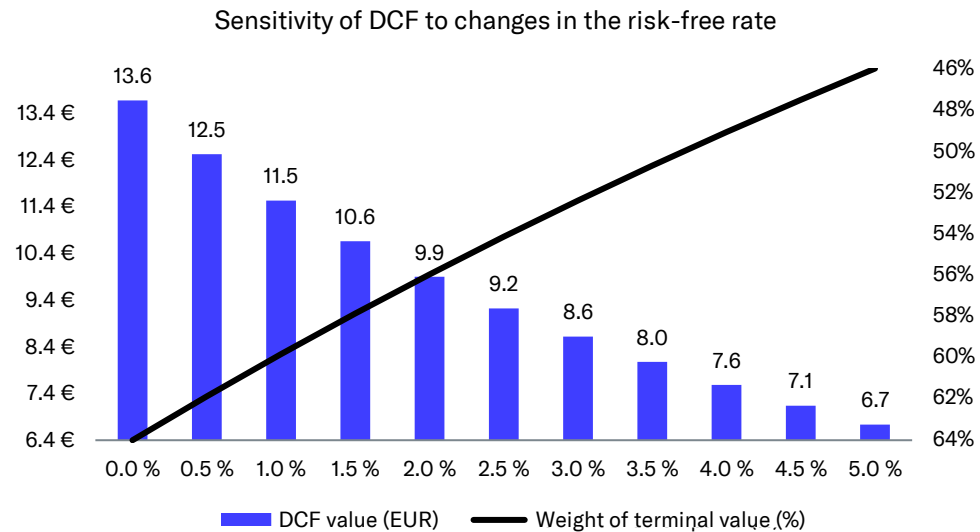
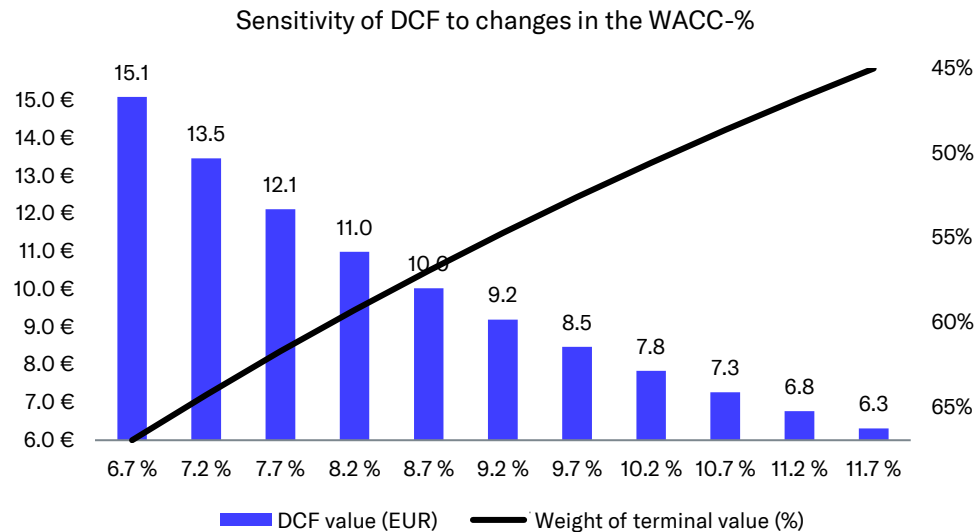
WACC

Tax-% (WACC)	18.0 %
Target debt ratio (D/(D+E))	17.5 %
Cost of debt	5.0 %
Equity Beta	1.65
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	10.3 %
Weighted average cost of capital (WACC)	9.2 %

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	317.7	271.2	282.2	367.6	420.4	EPS (reported)	1.73	0.88	0.36	0.59	0.85
EBITDA	66.3	33.0	24.2	35.0	44.5	EPS (adj.)	1.74	0.88	0.36	0.59	0.85
EBIT	58.2	24.4	13.0	20.8	29.2	OCF / share	2.07	0.27	0.64	1.16	1.51
PTP	57.8	24.0	10.0	17.4	25.6	OFCE / share	2.43	-1.19	-0.76	-0.34	0.66
Net Income	39.8	20.2	8.3	14.0	20.5	Book value / share	5.90	6.40	6.47	7.07	7.60
Extraordinary items	-0.3	0.0	-0.1	0.1	0.0	Dividend / share	0.43	0.30	0.12	0.20	0.25
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	258.6	269.2	277.1	311.6	329.3	Revenue growth-%	0%	-15%	4%	30%	14%
Equity capital	135.8	147.2	149.1	167.5	183.2	EBITDA growth-%		-50%	-27%	45%	27%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%		-58%	-46%	57%	41%
Net debt	-28.5	7.9	34.4	40.8	32.5	EPS (adj.) growth-%		-50%	-59%	61%	44%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	20.9 %	12.2 %	8.6 %	9.5 %	10.6 %
EBITDA	66.3	33.0	24.2	35.0	44.5	EBIT (adj.)-%	18.4 %	9.0 %	4.7 %	5.6 %	6.9 %
Change in working capital	12.3	-24.9	-8.9	-3.6	-2.3	EBIT-%	18.3 %	9.0 %	4.6 %	5.7 %	6.9 %
Operating cash flow	47.6	6.2	14.7	27.4	36.3	ROE-%	0.0 %	14.3 %	5.6 %	8.9 %	11.7 %
CAPEX	-22.0	-33.7	-32.2	-35.4	-20.4	ROI-%	0.0 %	12.1 %	6.4 %	9.4 %	12.3 %
Free cash flow	55.9	-27.3	-17.5	-8.0	15.9	Equity ratio	52.5 %	54.7 %	53.8 %	53.8 %	55.6 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	-21.0 %	5.4 %	23.1 %	24.3 %	17.8 %
EV/S	0.4	0.5	0.7	0.7	0.6						
EV/EBITDA	1.8	4.4	8.0	7.5	5.7						
EV/EBIT (adj.)	2.0	6.0	14.8	12.7	8.7						
P/E (adj.)	3.6	6.8	19.1	15.7	10.9						
P/B	1.1	0.9	1.1	1.3	1.2						
Dividend-%	6.9 %	5.0 %	1.7 %	2.2 %	2.7 %						

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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Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
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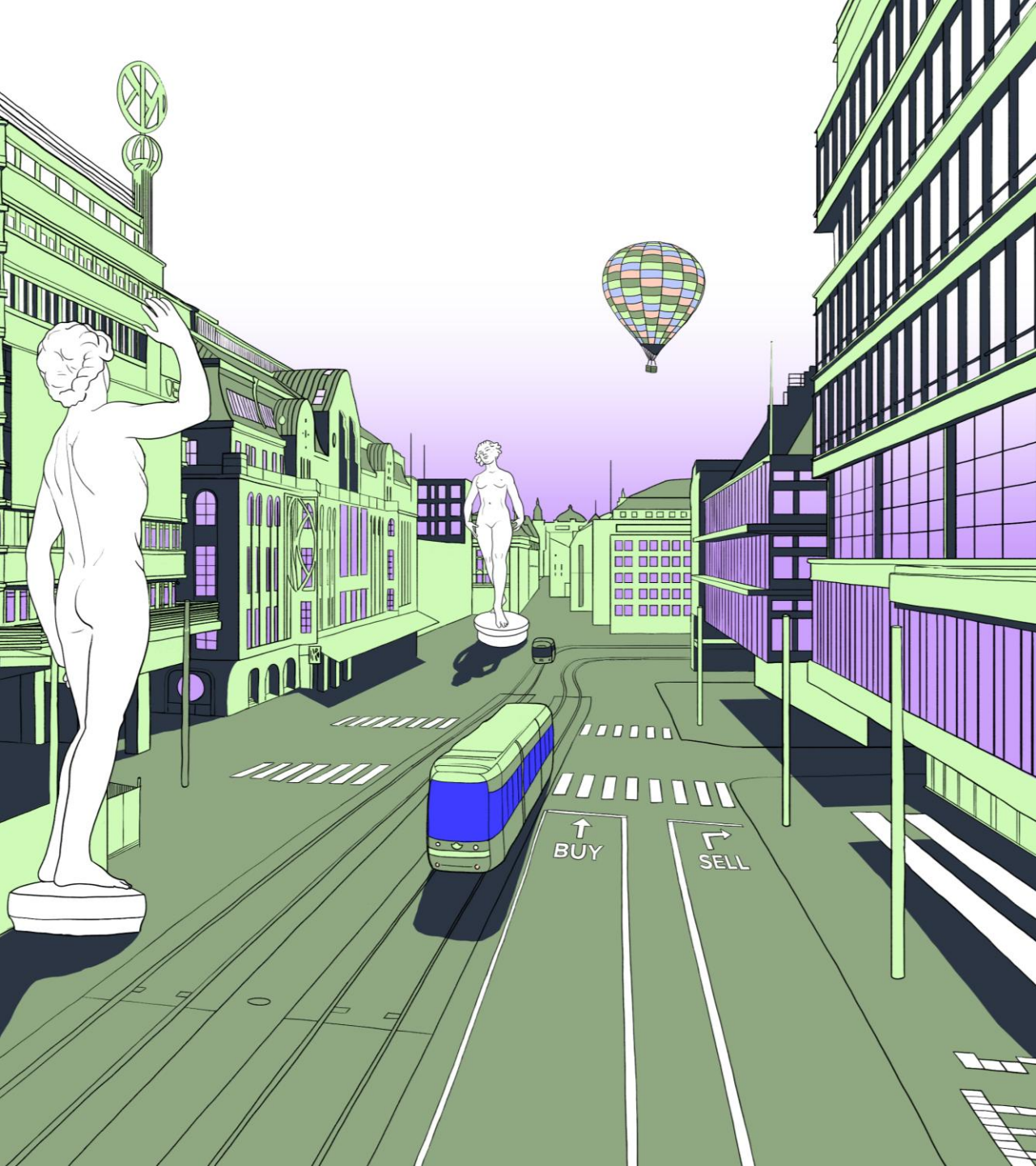
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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/24/2023	Reduce	6.00 €	6.35 €
3/17/2023	Reduce	6.00 €	6.29 €
Analyst changed			
5/25/2023	Reduce	6.75 €	6.40 €
8/11/2023	Accumulate	6.75 €	6.19 €
8/25/2023	Accumulate	7.50 €	6.40 €
11/20/2023	Accumulate	7.00 €	6.35 €
2/13/2023	Accumulate	6.75 €	6.05 €
2/19/2024	Accumulate	6.75 €	6.18 €
4/12/2024	Reduce	6.75 €	7.18 €
5/15/2024	Reduce	7.00 €	7.60 €
8/19/2024	Reduce	7.50 €	7.50 €
11/18/2024	Reduce	7.25 €	7.08 €
1/16/2025	Reduce	7.25 €	7.14 €
2/18/2025	Reduce	7.25 €	7.10 €
5/12/2025	Accumulate	8.25 €	7.54 €
8/19/2025	Reduce	9.00 €	9.22 €



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