ELTEL

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Share price strength outpaces fundamentals

Eltel's Q2 report was softer than expected across the board. While profitability continued to improve year-on-year, the decline in revenue was somewhat unexpected, and the total contract value came in light. Management cited continued slow decision-making among customers and fewer call-offs under existing frame agreements during the quarter. On a positive note, Eltel is gaining momentum in new and adjacent markets, with revenue from new business more than doubling year-on-year. However, in light of the Q2 results, we have revised our estimates downward, particularly concerning profitability. That said, we believe that the company's recent enhanced debt structure and steady profitability improvements have lowered the company's risk profile and warrants a lower cost of capital. The net effect of these changes had a positive effect on our fair value of the share. However, given the recent share price appreciation, we now see the risk-adjusted return over the next 12 months to be insufficient. Therefore, we lower our recommendation to Reduce (was Accumulate) but increase the target price to SEK 9.7 (was SEK 9.0).

Lower than expected across the board

Group revenue decreased by -7% (y/y) to 201 MEUR, well below our expected 218 MEUR. On the profitability side, adjusted EBITA continued to improve, amounting to 2.5 MEUR (Q2'24: 0.5 MEUR), although the increase was lower than our estimated 4.5 MEUR, primarily due to the lower-than-expected volume as well as gross margin. At a country-unit level, top-line growth was quite mixed across geographies. Sweden delivered a strong year-on-year growth of 15% (9% FX-neutral), well above our estimated 6% and driven by continued good activity within public infrastructure projects. In Finland, however, growth was -8%, clearly falling short of our expected +9%. While Power grew thanks to higher volumes in Solar PV and Data Centers, weaker FTTH volumes had a greater negative impact. We had expected Power growth, including the Taaleri Energia project, to more than offset this. Norway and Denmark & Germany was also below our forecast (-19% vs est. -10% & -9% vs est. +1%). On a more positive note, the profitability development in Norway exceeded our estimates (EBITA-%: -1.6% vs -3%), which positions it well to reach black figures during H2'25 after more than two years of negative margins.

We lower our estimates following the Q2 report

The Q2 report and management's commentary suggest no major changes to the broader outlook, with demand remaining mixed across geographies and service lines. Outside Norway, demand appears at least decent. However, customer sentiment remains cautious, and decision-making processes continue to be somewhat prolonged. Reflecting on the report, management commentary, and the softer headline figures, we have lowered our estimates for the Group. At Group level, our revenue estimates decreased by 1-3% for 2025-2027, while the corresponding changes in EBITA were 6-18%.

We are now more neutral on the valuation

Since our last update (5/2/2025), the share price has increased by 33%. Following this rally, and after our estimate changes, we now view the overall earnings-based valuation for the current year as stretched (EV/EBITDA 5x, EV/EBIT 13x, P/E 26x), relative to our acceptable valuation range (EV/EBITDA 4x-7x, EV/EBIT 7x-11x, P/E 9x-13x). For 2026, the overall earnings picture looks more neutral (EV/EBITDA 4x, EV/EBIT 9x, P/E 11x). However, considering the current demand picture, we think it doesn't present a compelling reason to be positive on the stock at current levels. That said, we think that Eltel is taking steps in the right direction, both in terms of improving the profitability but also, most recently, enhancing its debt structure. If the profitability continues to improve on the path as we expect and revenue growth starts to pick up, combined with further deleveraging, there could be some upside potential on 2027 multiples. However, reflecting this overall picture, we see the risk-adjusted expected return over the next 12 months to be insufficient at the current share price.

Recommendation
Reduce
(prev. Accumulate)

Target price:
SEK 9.70
(prev. SEK 9.00)

Share price:
SEK 10.45

Business risk

●●●●○

Valuation risk

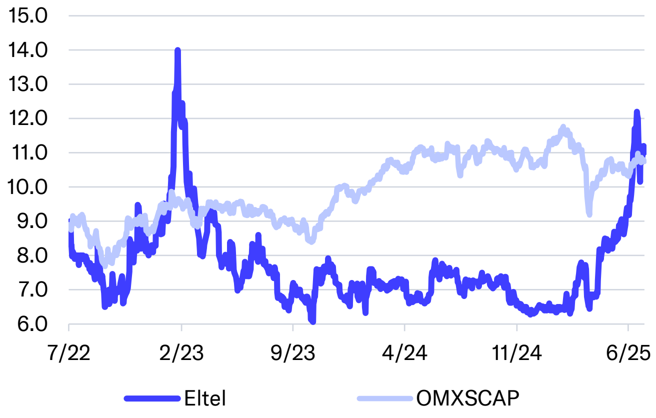
●●●○○

	2024	2025e	2026e	2027e
Revenue	828.7	841.1	876.2	899.9
growth-%	-3%	1%	4%	3%
EBIT adj.	10.4	22.1	28.5	30.8
EBIT-% adj.	1.3 %	2.6 %	3.2 %	3.4 %
Net Income	-29.8	6.2	13.1	15.5
EPS (adj.)	-0.03	0.04	0.08	0.10
P/E (adj.)	neg.	25.8	11.2	9.5
P/B	0.6	0.9	0.8	0.8
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	22.2	12.7	9.2	7.9
EV/EBITDA	5.3	5.4	4.4	4.0
EV/S	0.3	0.3	0.3	0.3

Source: Inderes

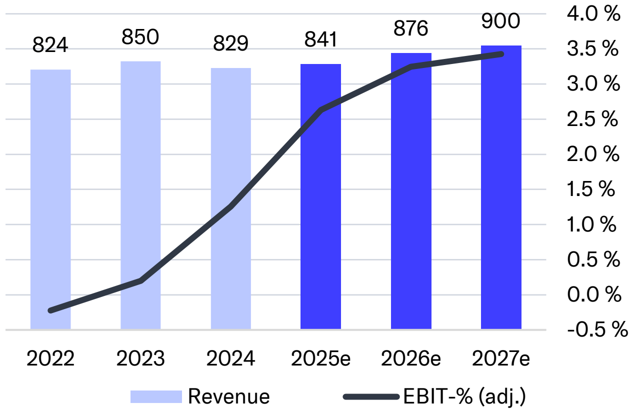
Guidance (No guidance)

Share price



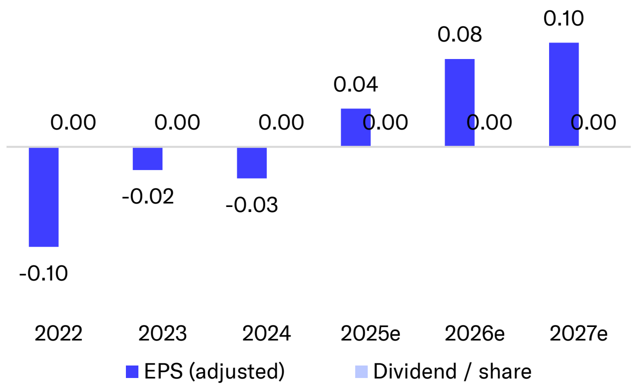
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Sustainable profitability improvement, which would also support the cash flow
- Long-term business growth drivers are healthy, especially in Power
- Expanding into new and adjacent markets and leveraging its geographical coverage
- Broadening the customer base

Risk factors

- Failure of the profitability turnaround
- Pricing and project risks
- Tight competitive situation and low barriers to entry
- Dependency on investments
- Scarce labor market and, thus difficulties to find skilled workforce
- Loss of a major customer / challenges faced by the customer themselves

Valuation	2025e	2026e	2027e
Share price	0.93	0.93	0.93
Number of shares, millions	156.7	156.7	156.7
Market cap	146	146	146
EV	281	263	243
P/E (adj.)	25.8	11.2	9.5
P/E	31.9	11.2	9.5
P/B	0.9	0.8	0.8
P/S	0.2	0.2	0.2
EV/Sales	0.3	0.3	0.3
EV/EBITDA	5.4	4.4	4.0
EV/EBIT (adj.)	12.7	9.2	7.9
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Weaker headlines figures across the board

Group revenue weaker than expected…

In Q2, the Group's revenue decreased by -7% to 201 MEUR (Q2'24: 216 MEUR), which was below our estimated 218 MEUR. FX changes had a positive impact on the top line (3 MEUR), driven by the appreciation of the Swedish Krona. The organic growth[1] amounted to -6%.

At a country unit level, Sweden reported the strongest year-on-year growth in Q2 at 15% (9% FX-neutral), which was clearly above our estimated 6%. The growth was mainly driven by continued good activity within public infrastructure projects in the Communication segment. In Finland, the growth was negative 8%, which was well below our estimated +9%. While the Power segment grew on the back of higher volumes in areas such as Solar PV and data centers, this was offset by weaker volumes in the FTTH business. Although the decline in FTTH was partly anticipated, we had expected growth in Power, particularly from projects like Taaleri Energia, to more than compensate. Growth was also negative in the newly formed segment Denmark & Germany (-9%) as well as in Norway (-19%). Both outcomes was lower than we had estimated (+1% & -10%). In Denmark & Germany, growth in smart grids did not offset declining volumes in Communication and rest of the Power segment. In Norway, while the ongoing expansion of broadening the customer base has started to yield some result in terms of higher volumes, it didn't compensate reduced investment volumes in Communication.

… as was profitability

Eltel's adjusted EBITA continued its year-on-year improvement, reaching 2.5 MEUR in Q2 (Q2'24: 0.5 MEUR). However, the result came in below our forecast of 4.5 MEUR. The shortfall was mainly due to weaker-than-expected revenue in Finland (though margins were in line with our estimates) and lower-than-expected margins in Denmark & Germany (4.8% vs. Inderes estimate of 7.5%). On a more positive note, Norway showed a better-than-expected improvement in profitability (-0.4 MEUR vs est. 0.9 MEUR), despite missing our revenue forecast.

Further down the P&L, net financial costs, taxes, and minority interests came in slightly below than expected, resulting in a reported EPS of EUR -0.01 (est. EUR 0.00).

Working capital tie-ups weighed on FCFF

Operating cash flows (OCF) amounted to -8 MEUR (Q2'24: -2 MEUR), where changes in working capital negatively impacted cash flow by -17 MEUR. This follows a very strong working capital release in Q1 (+14 MEUR), a quarter that typically ties up WC. As such, we believe the outcome in Q2 could be attributed to timing effects. To better capture Eltel's cash flow performance amid quarterly volatility, we monitor LTM figures. Based on our estimates, LTM OCF was 44 MEUR (LTM-1: 53 MEUR). After accounting for CAPEX and lease payments, LTM free cash flow was 12 MEUR (LTM-1: 22 MEUR). Thus, we note that the company needs to be able to continue on this path in order to increase its cash flow and deleverage its balance sheet. At the end of Q2, net debt stood at 145 MEUR (Q2'24: 128 MEUR), resulting in a leverage ratio (net debt / adj. EBITDA) of 2.8x (Q2'24: 3.6x).

Estimates	Q2'24	Q2'25	Q2'25e	Q2'25e	Consensus		Difference (%)	2025
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	216	201	218				-8%	841
EBITA (adj.)	0.4	2.5	4.5				-44%	22.1
EBIT	0.4	2.0	4.5				-55%	21.0
PTP	-2.3	-0.6	1.7				-136%	10.0
EPS (reported)	-0.02	-0.01	0.00				-439%	0.04
Revenue growth-%	3.7 %	-6.9 %	0.7 %				-7.6 pp	1.5 %
EBITA-% (adj.)	0.2 %	1.2 %	2.1 %				-0.8 pp	2.6 %

Source: Inderes

Eltel Q2'25: Stronger than a year ago

* Adjusted for divested businesses and FX changes

We lower our estimates following the Q2 report

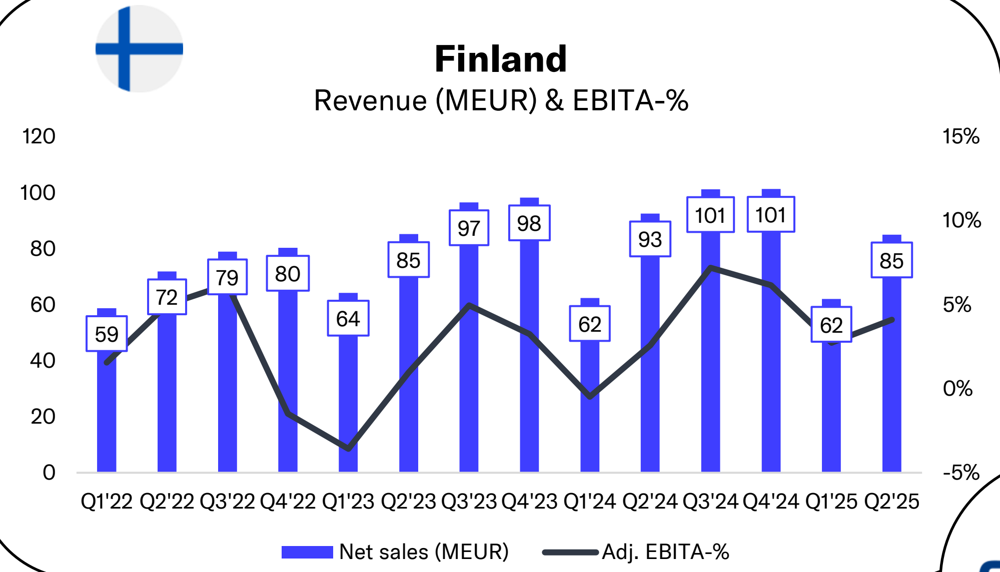
Estimate revisions

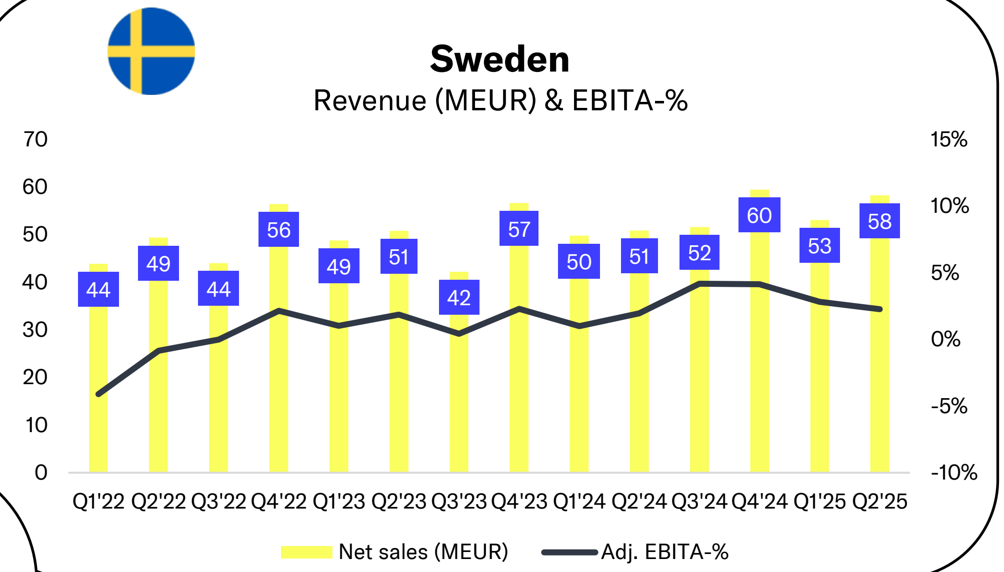
- There were no major changes in the outlook as the demand situation is currently quite mixed between countries and service areas. The company did however experience less call-offs in frame agreements, and delays in customer decisions processes remains.
- Following the Q2 report, we have trimmed down our 2025-27e revenue estimates for the Group by 1-3%. While we did increase our 2025-27e estimates for Sweden by 5-6%, primarily due to the strong momentum in public infra, it did not offset our downward revisions in Finland of ~4-6% on the back of the lower-than-expected volumes in Q2. In addition to this, we'd also slightly lower our revenue estimates for Norway and Denmark & Germany.
- While the profitability improvement continued in Q2 on a year-on-year basis, the development was a bit slower than expected, mainly driven by the lower Q2 volume than expected. However, while there was some small deviations in Q2 margins across the country units versus estimates (Norway better, Sweden lower), the largest decrepancy came from Denmark & Germany (EBITA-%: 4.8% vs est 7.5%). Based on management's comments during the earnings call, we acknowledge that we were too optimistic about margins in that segment and have revised our estimates down to around 5.5% going forward (from ~7.5%). We also made a small upward revision to our margin forecasts for Norway for 2025–2027e, as the turnaround appears to be progressing faster than expected. EBITA margin assumptions for Sweden and Finland remain largely unchanged. Combined with the downward adjustments to our revenue forecasts, these changes result in a 6-18% decrease in our Group EBITA estimates for 2025-2027e. We now forecast a Group EBITA margin of 2.6%-3.4% for FY25–27e, down from our previous estimate of 3.1%–3.6%.
- The bond issuance in June of 130 MEUR (read our comment here) led to a net increase in estimated debt and a slight uptick in projected financial expenses over the coming years. While this lowered our pre-tax profit estimates somewhat, all else equal, the early redemption of the company's hybrid bonds had a positive impact on our adjusted EPS estimates due to the removal of the higher interest cost associated with hybrid bond. In addition, we also believe the simplified debt structure (with a lower cost of debt) and improved liquidity, combined with recent quarters profitability progress, slightly reduce the company's overall risk profile. Consequently, we have lowered our cost of equity and WACC assumptions to 10.7% and 9.8%, respectively (was 11.0% and 10.2%).
- We have gone through our estimates for the next few years in more detail in our Initiation of coverage report.

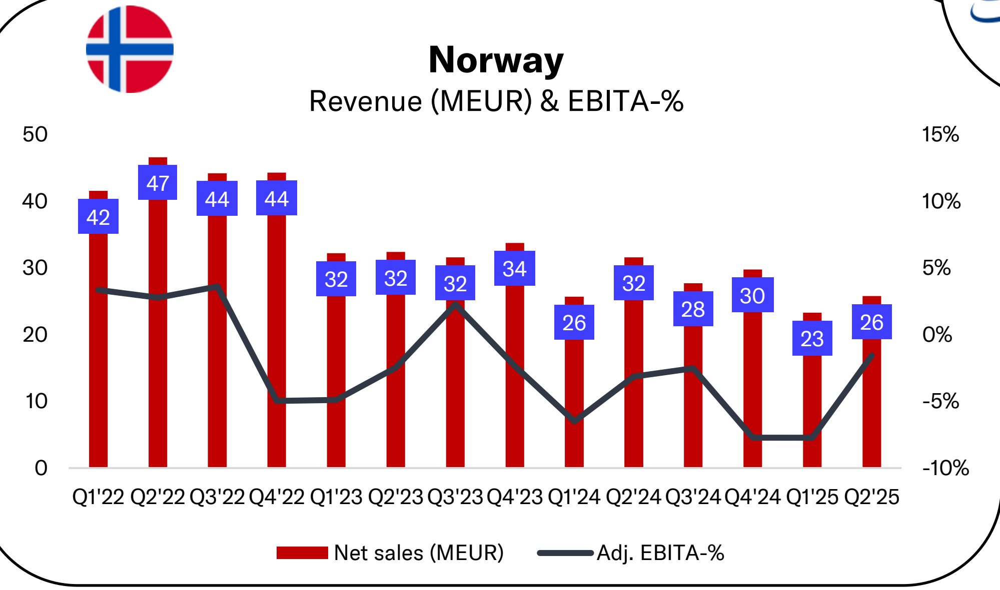
Estimate revisions MEUR / EUR	2025 Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	863	841	-3%	888	876	-1%	911	900	-1%
EBITDA	57.2	51.6	-10%	61.2	59.5	-3%	63.3	61.3	-3%
EBIT (exc. NRIs)	26.9	22.1	-18%	30.3	28.5	-6%	33.0	30.8	-6%
EBIT	26.3	21.0	-20%	30.3	28.5	-6%	33.0	30.8	-6%
PTP	15.8	10.0	-37%	20.3	16.9	-17%	23.0	19.8	-14%
EPS (excl. NRIs)	0.05	0.04	-34%	0.09	0.08	-8%	0.11	0.10	-14%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

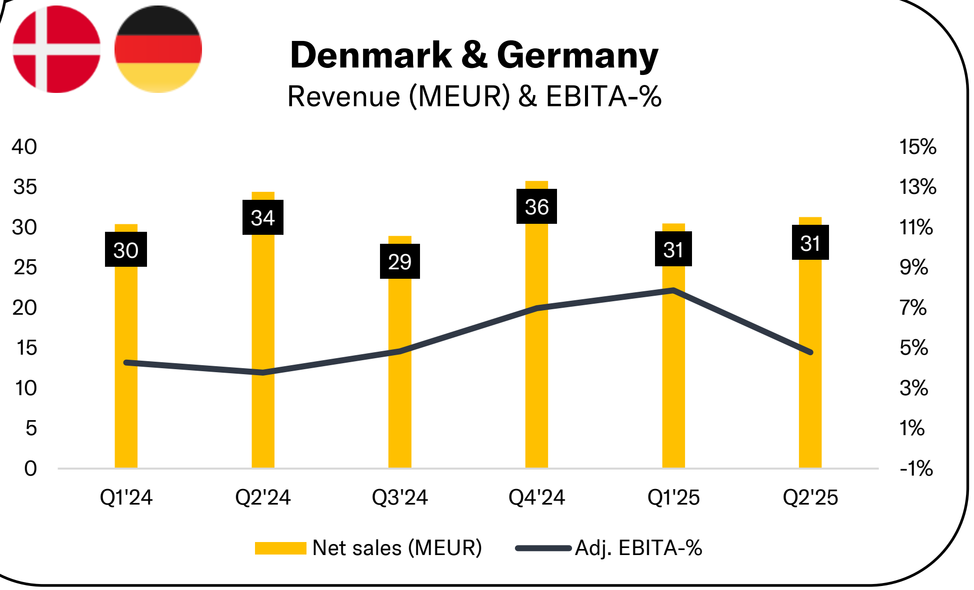
Source: Inderes

Country-unit overview





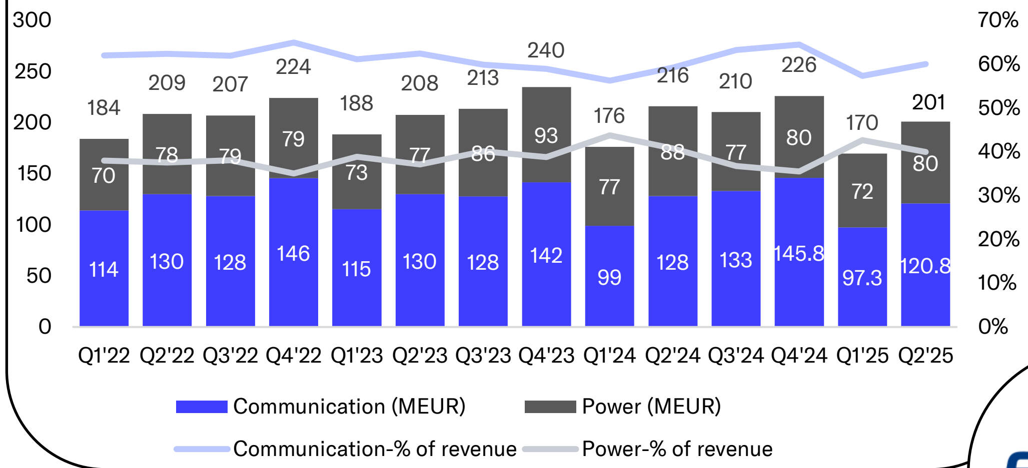




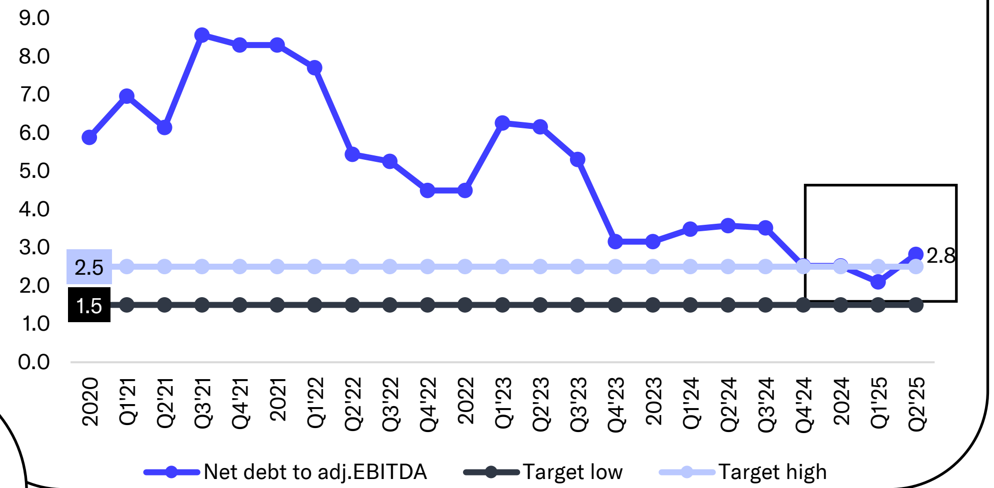
Performance vs financial targets

Communication vs Power

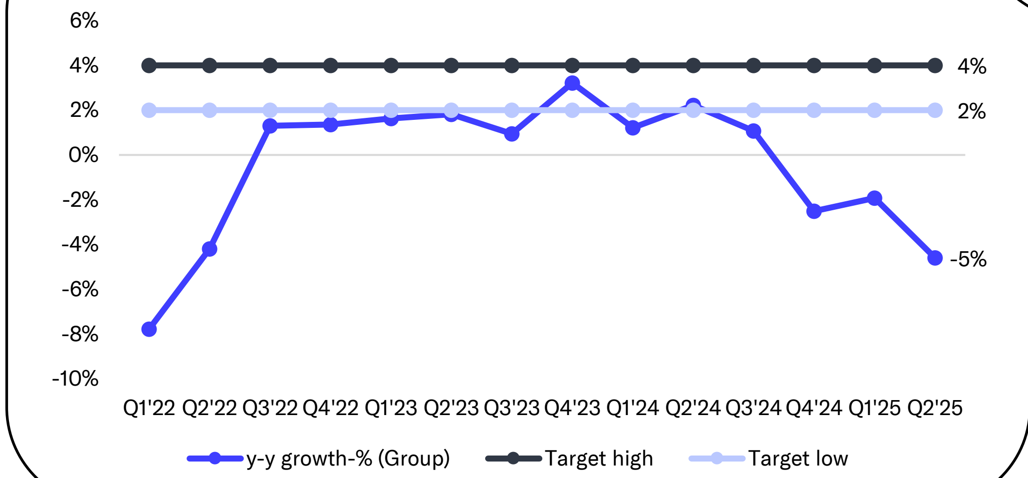
In MEUR and % of revenue, Q1'22-Q2'25



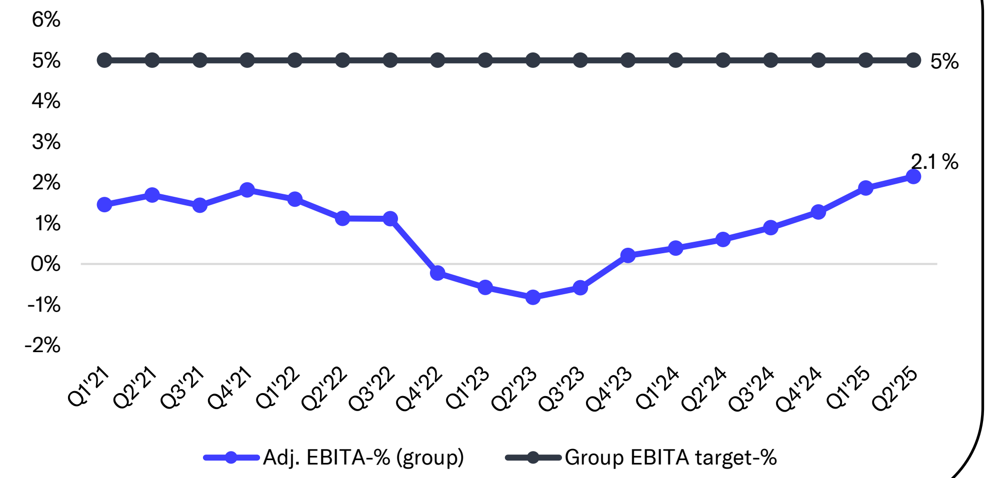
Net debt/adj.EBITDA



LTM revenue growth-% vs target



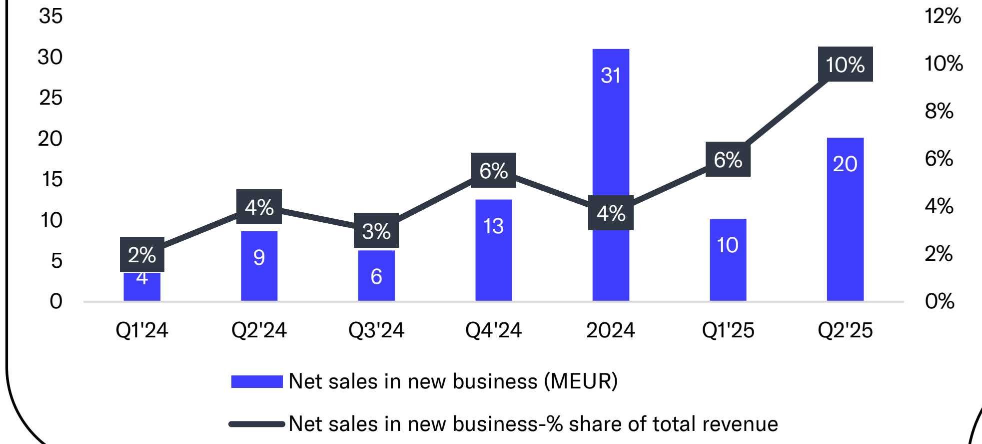
LTM adj. EBITA-% vs target



Other operational metrics

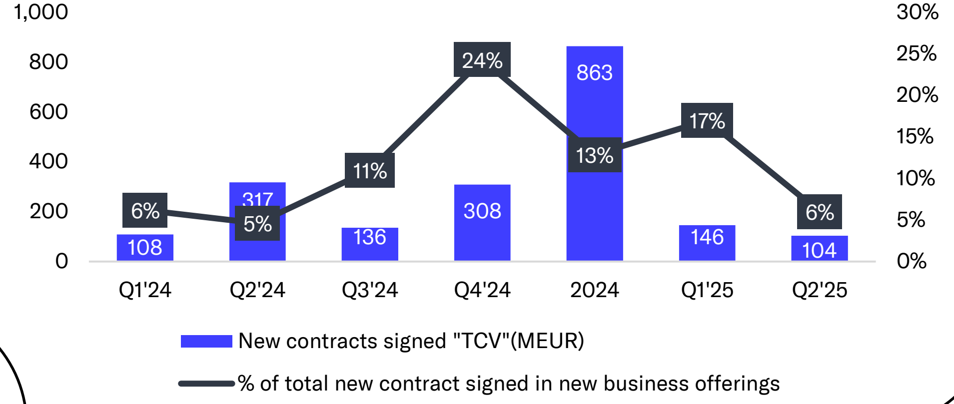
Revenue in new and adjacent markets

MEUR and -% of total revenue, Q1'24-Q2'25

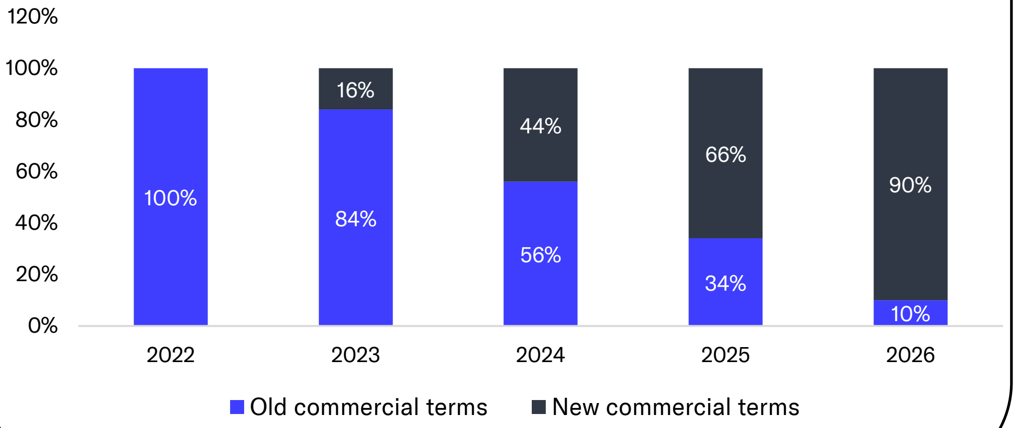


New contract signed, TCV

In MEUR and % of signed contract value from new business

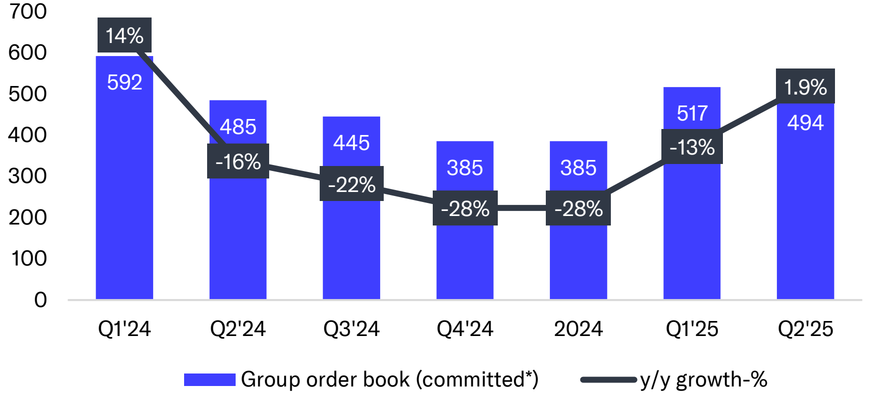


New commercial terms, impact on portfolio



Committed order book (Group)*

In MEUR & y/y change-%



*Defined as the total value of committed purchase orders received but not yet recognized as net sales. It does not include frame agreements unless a binding purchase order has been received.

We are now more neutral on the valuation

Valuation methods

We approach the valuation of Eltel primarily with absolute valuation multiples. In addition, we use a total expected return calculation for the coming years and a DCF calculation to support the valuation.

Due to the company's improved profitability profile, the valuation can be considered using different earnings-based multiples. We favor the EV-based multiples as they better capture Eltel's balance sheet structure, but we also look at the P/E ratio. We look at multiples in absolute terms and in relative terms compared to a peer group (especially compared to its closest peers Netel, Transtema and Enersense). The focus of our valuation is especially on 2025 and 2026 multiples, as visibility into Eltel's business is quite limited due to the historically volatile performance.

Absolute valuation

Based on our updated estimates, Eltel's EV/EBITDA multiple are 5x and 4x for 2025-2026. At the same time, the corresponding EV/EBIT multiples are 13x and 9x, while the P/E multiple for 2025 is at 26x due to subdued net income but is expected to decline to 11x in 2026. Thus, we believe that the overall earnings-based valuation for the current year to be stretched relative to our accepted valuation range (EV/EBITDA 4x-7x, EV/EBIT 7x-11x, P/E 9x-13x). For 2026, we think the overall earnings-based valuation looks more neutral, based on our estimates.

Thus, if the development continues on the path we expect, we believe there could be some upside in the 2026 multiples if the profitability improvement remains intact. Our perception is that, and as evidenced in the recent quarters, Eltel is structurally better positioned today than in previous years to maintain improved margins, benefiting from enhanced pricing discipline, tighter cost controls, growing exposure to new and adjacent markets, and a more diversified customer base.

However, revenue growth is also an important element for our estimated profitability trajectory. Risks that we see to our revenue outlook include a prolonged or worsening macroeconomic and geopolitical environment, which could further delay customer investment decisions or reduce overall investment levels, and, consequently, dampen revenue growth. In our view, the Q2 topline miss highlights these risks and adds some uncertainty to our near-term revenue estimates. While the structural market drivers remain intact, this increases the risk to our profitability forecasts as well. Against this backdrop, we would prefer a higher margin of safety in the valuation multiples to remain optimistic on the share at current levels. As such, we see the stock's main drivers in 2025-2026, in terms of shareholder value, to be faster revenue growth and stronger profitability development than our current expectations.

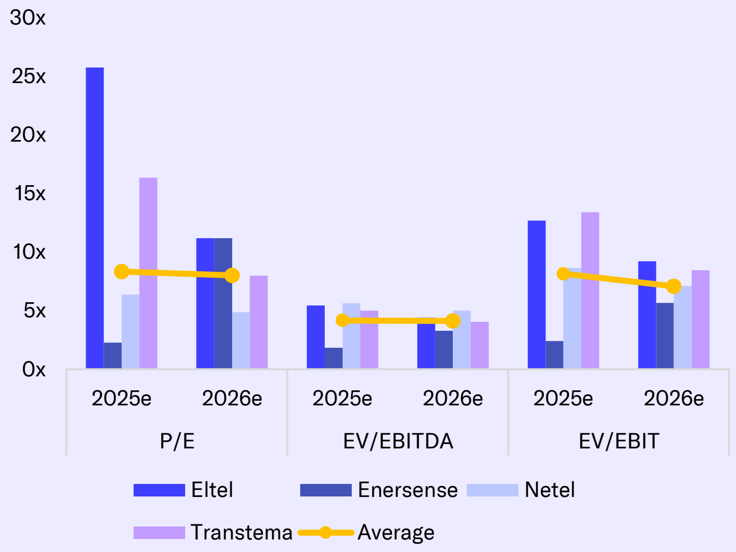
Trading at a premium to closest peers, but it's justified to some extent

Relative to its closest peers, Eltel currently trades at a premium on earnings-based multiples. The peer group's average EV/EBITDA, EV/EBIT, and P/E multiples for 2025 and 2026 stands at ~4x, 8-7x, and ~8x, respectively. Given Eltel's stronger projected revenue growth (CAGR 2025-2027: 3% vs. 2%) and EBIT growth (CAGR 25-27: 44% vs. 26%), along with comparable leverage, we believe a valuation premium is justified. However, we also note that the peer group's average EBIT margin is expected to be about 1 percentage point higher in the near to mid term, suggesting that the premium valuation should be quite moderate.

Valuation	2025e	2026e	2027e
Share price	0.93	0.93	0.93
Number of shares, millions	156.7	156.7	156.7
Market cap	146	146	146
EV	281	263	243
P/E (adj.)	25.8	11.2	9.5
P/E	31.9	11.2	9.5
P/B	0.9	0.8	0.8
P/S	0.2	0.2	0.2
EV/Sales	0.3	0.3	0.3
EV/EBITDA	5.4	4.4	4.0
EV/EBIT (adj.)	12.7	9.2	7.9
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Eltel vs closest peers (2025-2026)



We are now more neutral on the valuation

Expected return in the coming years

We have also looked at an investor's expected return over the next few years by simplifying the acceptable valuation and our 2027 earnings estimates. In our view, Eltel could be valued at 9x-10x EV/EBIT and around 11x-12x P/E at the end of 2027 based on our current estimates, if the profitability improvement is still intact and there are no major changes in the company's growth outlook.

Given this and our current estimates, we believe that Eltel could be valued at roughly SEK 12.7-14.4 per share at the end of 2027 (at current EUR/SEK FX rate). At the current share price of SEK 10.45, we estimate that the expected annual return would be around 8-14% (no dividend is expected in the medium term). Hence, in this scenario, the total annual expected return would, on average (11%), be slightly above the 10.7% cost of equity that we use. However, given Eltel's track record of earnings volatility, we believe it is still somewhat premature to place significant reliance on a scenario based on 2027. Furthermore, the expected return is back-loaded and depends on an EV-based valuation, which adds further uncertainty, e.g., regarding the capital structure, which is difficult to forecast over a longer period of time.

DCF model

We give partial weight to the DCF model in the valuation given the company's volatile earnings track-record. It's worth noting that the model is very sensitive to terminal period variables, but we believe we have used sufficiently conservative estimates for these compared to the industry context.

We expect low singe-digit growth (CAGR: 3 %) and continued small margin expansion between 2025 and 2029, after which the top-line growth gradually tapers towards 2%, which we use as the terminal growth rate. In the terminal period, we expect the EBIT margin to stabilize at around 2.5%. The weight of the terminal in the model is 41%, which we consider a reasonable level.

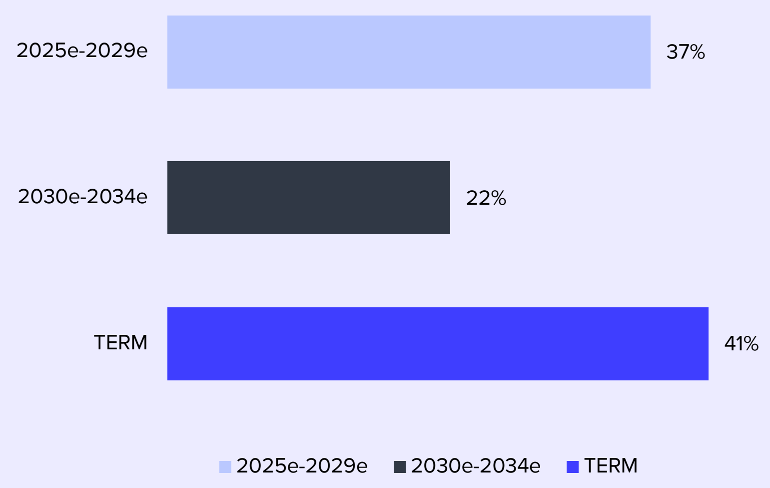
Our DCF model indicates a value of EUR 0.86 per share (SEK 9.7), suggesting a downside from the current share price level.

We have gone through the assumptions of the DCF model and the expected return for the coming years in more detail in our Initiation of coverage.

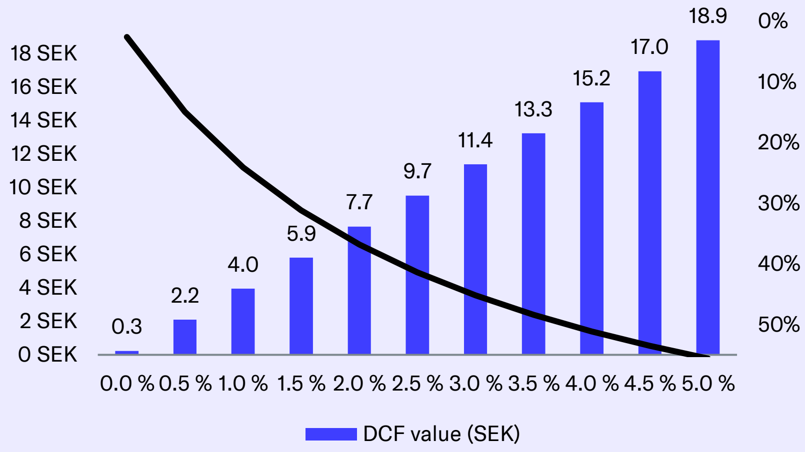
We increase the target price but lower our recommendation

Reflecting this overall updated view, we see the risk-adjusted expected return in the share to be below the cost of equity we use over the next 12 months. Hence, we lower our recommendation to Reduce (was Accumulate) but increase the target price to SEK 9.7 (was SEK 9.0).

Cash flow distribution



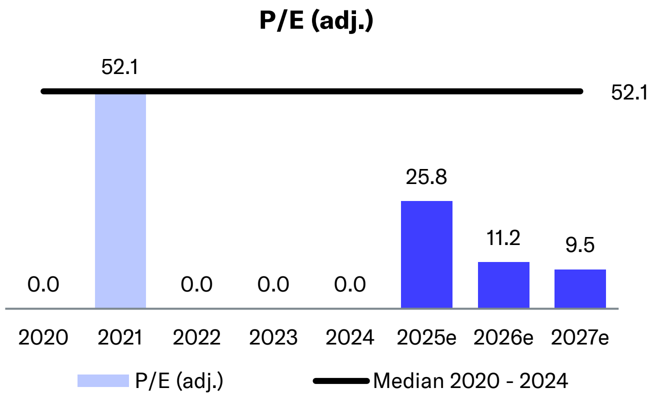
Sensitivity of DCF to changes in the terminal EBIT margin

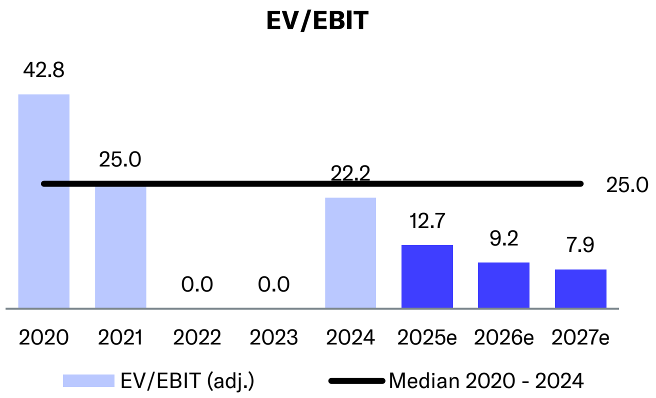


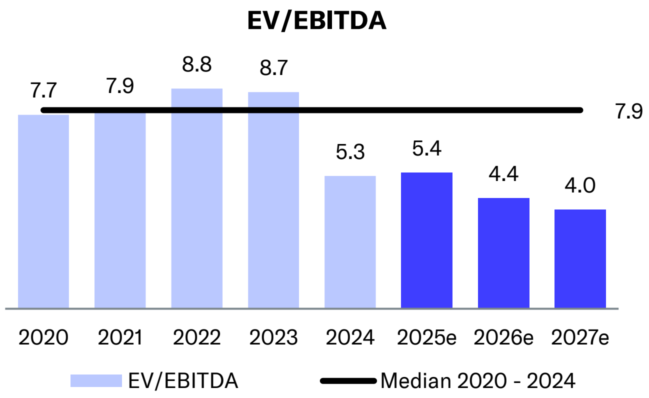
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	2.24	1.53	0.74	0.55	0.56	**0.93**	**0.93**	**0.93**	**0.93**
Number of shares, millions	156.6	156.6	156.7	156.7	156.7	**156.7**	**156.7**	**156.7**	**156.7**
Market cap	351	239	115	86	88	**146**	**146**	**146**	**146**
EV	488	369	245	214	231	**281**	**263**	**243**	**223**
P/E (adj.)	neg.	52.1	neg.	neg.	neg.	**25.8**	**11.2**	**9.5**	**8.3**
P/E	74.7	55.7	neg.	neg.	neg.	**31.9**	**11.2**	**9.5**	**8.3**
P/B	1.7	1.1	0.6	0.5	0.6	**0.9**	**0.8**	**0.8**	**0.7**
P/S	0.4	0.3	0.1	0.1	0.1	**0.2**	**0.2**	**0.2**	**0.2**
EV/Sales	0.5	0.5	0.3	0.3	0.3	**0.3**	**0.3**	**0.3**	**0.2**
EV/EBITDA	7.7	7.9	8.8	8.7	5.3	**5.4**	**4.4**	**4.0**	**3.5**
EV/EBIT (adj.)	42.8	25.0	neg.	>100	22.2	**12.7**	**9.2**	**7.9**	**6.7**
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**

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	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**
Bravida Holding	1655	1938	12.4	11.1	9.1	8.4	0.8	0.7	14.4	12.6	4.2	4.4	2.0
Enersense International	46	68	2.4	5.7	1.8	3.3	0.2	0.2	2.3	11.2			1.2
Instalco	650	1043	16.2	12.1	9.4	7.8	0.9	0.8	14.4	10.6	2.4	2.9	2.0
Netel Holding	47	126	8.7	7.1	5.6	5.0	0.4	0.4	6.4	4.9	3.5	6.1	0.5
Spie SA	8010	10039	14.6	13.2	9.7	9.1	1.0	0.9	17.7	15.9	2.4	2.6	3.4
Transtema	62	92	13.4	8.5	5.0	4.1	0.4	0.4	16.4	8.0			1.1
Vinci Energies	72756	96796	10.3	9.9	7.3	7.0	1.3	1.3	14.6	12.9	3.9	4.3	2.2
Eltel (Inderes)	**146**	**281**	**12.7**	**9.2**	**5.4**	**4.4**	**0.3**	**0.3**	**25.8**	**11.2**	**0.0**	**0.0**	**0.9**
Average			**11.1**	**9.6**	**6.9**	**6.4**	**0.7**	**0.7**	**12.3**	**10.9**	**3.3**	**4.1**	**1.8**
Median			**12.4**	**9.9**	**7.3**	**7.0**	**0.8**	**0.7**	**14.4**	**11.2**	**3.5**	**4.3**	**2.0**
Diff-% to median			**2%**	**-6%**	**-25%**	**-37%**	**-56%**	**-59%**	**79%**	**0%**	**-100%**	**-100%**	**-54%**

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	**850**	**176**	**216**	**210**	**226**	**829**	**170**	**201**	**226**	**245**	**841**	**876**	**900**	**920**
Finland	344	62.4	92.6	101	101	358	62.1	85.0	110	112	369	382	392	399
Sweden	198	49.8	50.9	51.6	59.5	212	53.1	58.3	56.8	64.6	233	242	248	253
Norway	130	25.7	31.6	27.8	29.8	115	23.3	25.8	28.3	31.3	109	115	120	123
Denmark & Germany	0.0[1]	30.4	34.4	29.0	35.8	130	30.5	31.4	29.8	37.2	129	137	141	145
Other business	187	9.5	8.9	2.9	3.0	24.3	1.9	2.4	2.2	2.3	8.7	8.8	8.7	8.5
Eliminations	-9.7	-1.5	-2.5	-2.3	-3.4	-9.7	-1.3	-1.9	-2.0	-2.0	-7.1	-8.6	-9.0	-9.0
EBITDA	**24.8**	**-19.6**	**8.5**	**15.2**	**12.5**	**16.6**	**7.2**	**9.7**	**18.0**	**16.8**	**51.6**	**59.5**	**61.3**	**63.7**
Depreciation	-30.1	-7.6	-8.0	-10.7	-8.4	-34.7	-6.9	-7.7	-8.0	-8.0	-30.6	-31.1	-30.4	-30.7
EBIT (excl. NRI)	**1.7**	**-4.0**	**0.4**	**8.2**	**5.7**	**10.4**	**0.9**	**2.5**	**10.0**	**8.8**	**22.1**	**28.5**	**30.8**	**33.0**
EBIT	**-5.3**	**-27.2**	**0.4**	**4.5**	**4.1**	**-18.1**	**0.3**	**2.0**	**10.0**	**8.8**	**21.0**	**28.5**	**30.8**	**33.0**
Finland	6.5	-0.3	2.4	7.3	6.4	15.7	1.7	3.4	8.5	6.4	20.0	21.6	21.5	22.0
Sweden	2.9	0.5	1.0	2.2	2.4	6.1	1.5	1.3	2.6	2.8	8.2	9.4	9.9	10.6
Norway	-2.5	-1.7	-1.0	-0.7	-2.3	-5.7	-1.8	-0.4	0.4	0.7	-1.1	2.3	4.2	4.3
Denmark & Germany	0.0	1.3	1.3	1.4	2.5	6.5	2.4	1.5	1.6	2.0	7.5	7.5	7.7	8.0
Other business	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-12.4	-12.6	-11.9
Group functions	-9.1	-3.8	-3.2	-1.9	-3.3	-12.2	-2.9	-3.3	-3.1	-3.2	-12.4	0.0	0.0	0.0
Items affecting comparability	-7.0	-23.2	0.0	-3.7	-1.6	-28.5	-0.6	-0.5	0.0	0.0	-1.1	0.0	0.0	0.0
Acquisition-related amortization	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	-12.7	-3.0	-2.8	-3.7	-3.3	-12.7	-2.4	-2.7	-3.0	-3.0	-11.0	-11.6	-11.0	-10.5
PTP	**-18.0**	**-30.2**	**-2.3**	**0.9**	**0.9**	**-30.8**	**-2.1**	**-0.7**	**7.0**	**5.8**	**10.0**	**16.9**	**19.8**	**22.5**
Taxes	10.3	-0.3	-0.4	-0.7	2.9	1.6	-0.6	-0.2	-1.4	-1.2	-3.4	-3.4	-4.0	-4.5
Minority interest	-0.3	0.0	0.0	-0.5	-0.1	-0.6	-0.1	-0.2	-0.1	-0.1	-0.5	-0.4	-0.4	-0.4
Net earnings	**-8.0**	**-30.5**	**-2.7**	**-0.3**	**3.7**	**-29.8**	**-2.8**	**-1.0**	**5.4**	**4.5**	**6.2**	**13.1**	**15.5**	**17.6**
EPS (adj.)[2]	**-0.02**	**-0.05**	**-0.02**	**0.02**	**0.03**	**-0.03**	**-0.02**	**-0.01**	**0.03**	**0.03**	**0.04**	**0.08**	**0.10**	**0.11**
EPS (rep.)	**-0.07**	**-0.20**	**-0.02**	**-0.01**	**0.02**	**-0.21**	**-0.02**	**-0.01**	**0.03**	**0.03**	**0.03**	**0.08**	**0.10**	**0.11**

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-%	3.2 %	-6.4 %	3.7 %	-1.4 %	-5.9 %	-2.5 %	-3.8 %	-6.9 %	7.3 %	8.3 %	1.5 %	4.2 %	2.7 %	2.2 %
Adjusted EBIT growth-%	-190.8 %	-27.3 %	-129.4 %	39.5 %	105.0 %	519.0 %	-122.7 %	455.6 %	21.4 %	53.6 %	112.9 %	28.6 %	8.4 %	7.0 %
EBITDA-%	2.9 %	-11.1 %	3.9 %	7.2 %	5.5 %	2.0 %	4.2 %	4.8 %	8.0 %	6.9 %	6.1 %	6.8 %	6.8 %	6.9 %
Adjusted EBIT-%	0.2 %	-2.3 %	0.2 %	3.9 %	2.5 %	1.3 %	0.5 %	1.2 %	4.4 %	3.6 %	2.6 %	3.2 %	3.4 %	3.6 %
Net earnings-%	-0.9 %	-17.3 %	-1.2 %	-0.2 %	1.6 %	-3.6 %	-1.6 %	-0.5 %	2.4 %	1.9 %	0.7 %	1.5 %	1.7 %	1.9 %

Source: Inderes

[1] Due to lack of financial history, the segment "Denmark & Germany" has been included in "Other business" in 2023.

[2] Adjusted EPS refer to net earnings after interest on hybrid bond and excluding one-off costs, while reported EPS refers to net earnings after interest on hybrid bond.

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	**387**	**380**	**380**	**380**	**381**
Goodwill	254	249	249	249	249
Intangible assets	32.9	30.3	30.4	30.5	30.6
Tangible assets	62.4	59.4	59.8	59.7	60.2
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	9.8	13.4	13.4	13.4	13.4
Deferred tax assets	27.9	27.2	27.2	27.2	27.2
Current assets	**238**	**206**	**260**	**283**	**306**
Inventories	17.3	19.3	21.0	21.0	19.8
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	196	165	174	181	186
Cash and equivalents	24.7	21.3	64.6	80.3	99.5
Balance sheet total	**624**	**585**	**640**	**663**	**686**

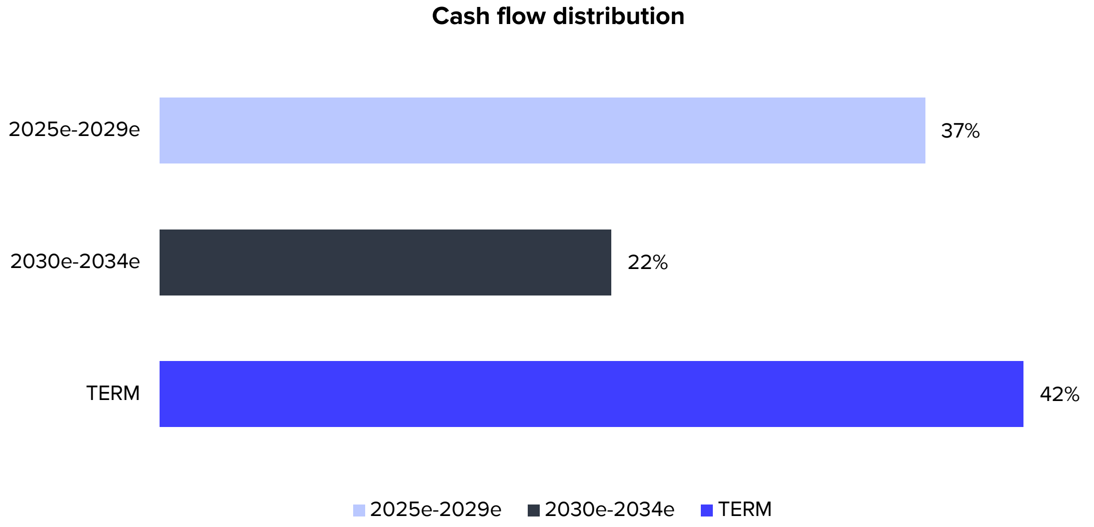
Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**224**	**189**	**170**	**182**	**198**
Share capital	162	162	162	162	162
Retained earnings	-390.8	-423.7	-419.1	-406.0	-390.6
Hybrid bonds	25.0	25.0	1.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	420	418	418	418	418
Minorities	7.6	8.0	8.0	8.0	8.0
Non-current liabilities	**75.5**	**106**	**219**	**219**	**219**
Deferred tax liabilities	11.3	10.7	10.7	10.7	10.7
Provisions	3.4	5.2	5.2	5.2	5.2
Interest bearing debt	54.6	51.8	165	165	165
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	6.2	37.9	37.9	37.9	37.9
Current liabilities	**325**	**290**	**251**	**262**	**270**
Interest bearing debt	70.3	83.2	26.0	25.0	25.0
Payables	251	203	221	233	241
Other current liabilities	3.7	3.8	3.8	3.8	3.8
Balance sheet total	**624**	**585**	**640**	**663**	**686**

DCF-calculation

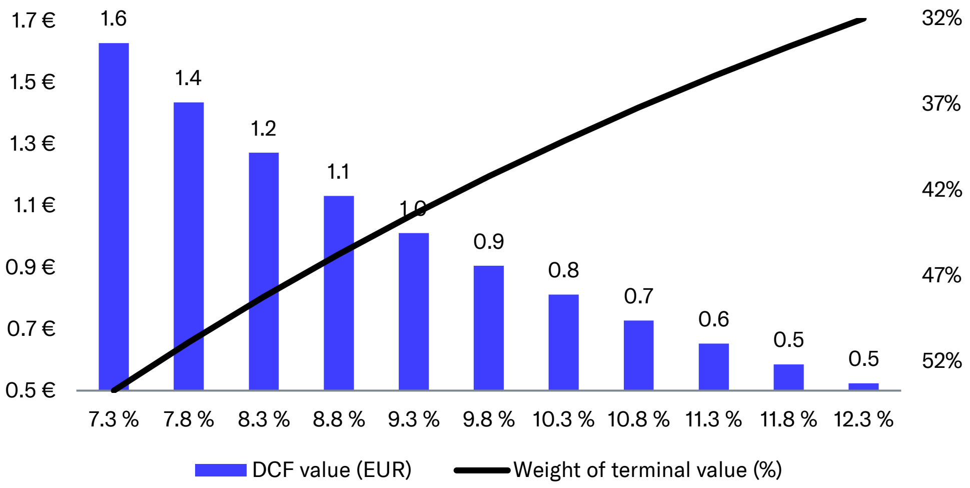
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-2.5 %	1.5 %	4.2 %	2.7 %	2.2 %	2.2 %	2.2 %	2.2 %	2.1 %	2.0 %	2.0 %	2.0 %
EBIT-%	-2.2 %	2.5 %	3.2 %	3.4 %	3.6 %	3.5 %	3.4 %	3.1 %	2.8 %	2.6 %	2.5 %	2.5 %
EBIT (operating profit)	**-18.1**	**21.0**	**28.5**	**30.8**	**33.0**	**32.9**	**32.7**	**30.4**	**28.1**	**27.0**	**26.5**	
+ Depreciation	34.7	30.6	31.1	30.4	30.7	30.3	30.6	30.8	31.2	31.5	31.7	
- Paid taxes	1.7	-3.4	-3.4	-4.0	-4.5	-4.5	-4.5	-4.1	-3.6	-3.4	-3.3	
- Tax, financial expenses	-0.7	-2.2	-2.3	-2.2	-2.1	-2.1	-2.0	-2.0	-2.0	-2.0	-2.0	
+ 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	-19.3	7.2	4.6	4.4	2.6	1.8	1.8	1.9	1.9	0.9	0.9	
Operating cash flow	**-1.6**	**53.3**	**58.4**	**59.5**	**59.7**	**58.3**	**58.6**	**57.1**	**55.5**	**54.0**	**53.9**	
+ Change in other long-term liabilities	33.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-28.4	-31.1	-31.1	-31.1	-31.1	-31.1	-31.1	-31.6	-31.9	-32.1	-32.1	
Free operating cash flow	**3.5**	**22.2**	**27.3**	**28.4**	**28.6**	**27.2**	**27.5**	**25.5**	**23.6**	**21.9**	**21.8**	
+/- Other	0.0	-3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	3.5	19.1	27.3	28.4	28.6	27.2	27.5	25.5	23.6	21.9	21.8	283
Discounted FCFF		**18.3**	**23.9**	**22.6**	**20.7**	**18.0**	**16.5**	**13.9**	**11.8**	**9.9**	**9.0**	**117**
Sum of FCFF present value		281	263	239	217	196	178	161	147	136	126	117
Enterprise value DCF		**281**										
- Interest bearing debt		-160.0										
+ Cash and cash equivalents		21.3										
-Minorities		-7.2										
-Dividend/capital return		0.0										
Equity value DCF		**136**										
Equity value DCF per share		**0.86**										
Equity value DCF per share (SEK)		**9.7**										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	25.0 %
Cost of debt	9.0 %
Equity Beta	1.35
Market risk premium	4.75%
Liquidity premium	1.80%
Risk free interest rate	2.5 %
Cost of equity	**10.7 %**
Weighted average cost of capital (WACC)	**9.8 %**

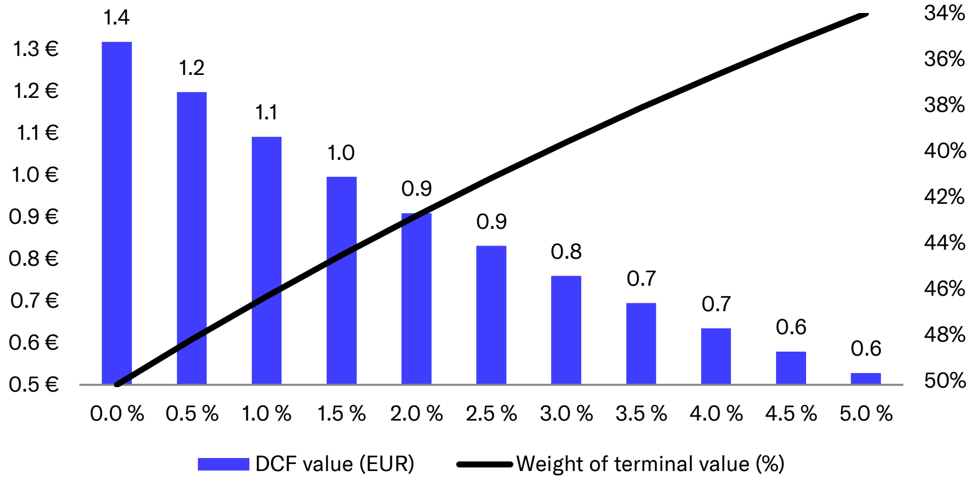


DCF sensitivity calculations and key assumptions in graphs

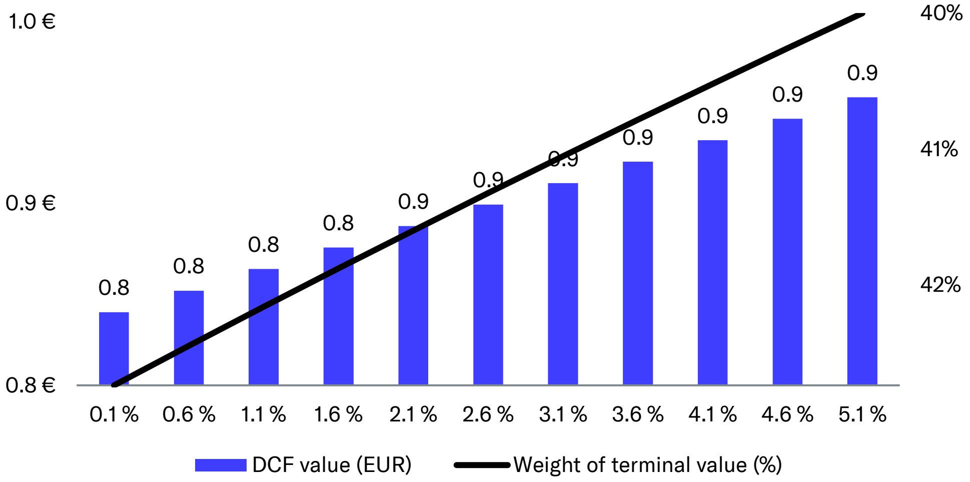
Sensitivity of DCF to changes in the WACC-%



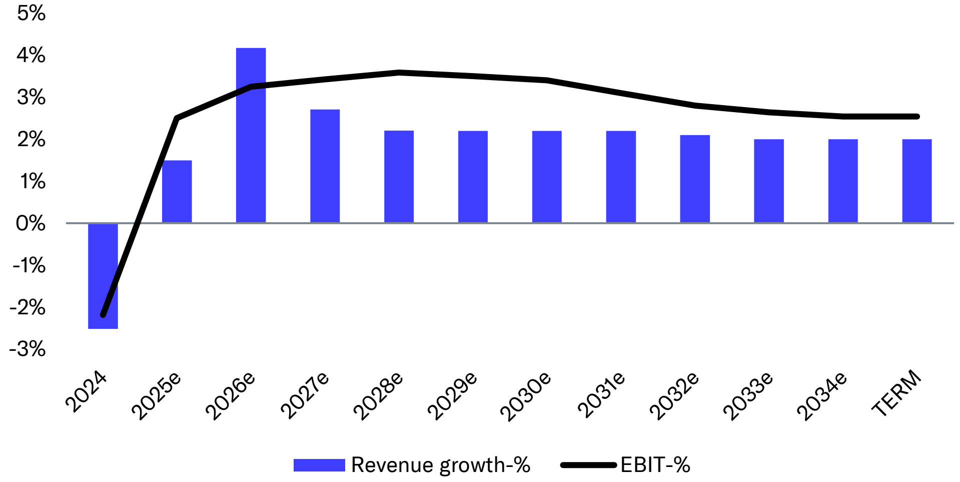
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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
Revenue	823.6	850.1	828.7	**841.1**	**876.2**
EBITDA	27.8	24.8	16.6	**51.6**	**59.5**
EBIT	-2.0	-5.3	-18.1	**21.0**	**28.5**
PTP	-11.4	-18.0	-30.8	**10.0**	**16.9**
Net Income	-15.0	-8.0	-29.8	**6.2**	**13.1**
Extraordinary items	-0.1	-7.0	-28.5	**-1.1**	**0.0**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	621.7	624.2	585.4	**639.8**	**662.7**
Equity capital	211.3	223.6	189.4	**170.0**	**182.1**
Goodwill	256.0	253.6	249.3	**249.3**	**249.3**
Net debt	125.0	100.2	113.7	**126.4**	**109.7**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	27.8	24.8	16.6	**51.6**	**59.5**
Change in working capital	5.2	25.8	-19.3	**7.2**	**4.6**
Operating cash flow	29.3	47.7	-1.6	**53.3**	**58.4**
CAPEX	-14.7	-33.2	-28.4	**-31.1**	**-31.1**
Free cash flow	6.1	15.0	3.5	**19.1**	**27.3**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	0.3	0.3	0.3	**0.3**	**0.3**
EV/EBITDA	8.8	8.7	5.3	**5.4**	**4.4**
EV/EBIT (adj.)	neg.	>100	22.2	**12.7**	**9.2**
P/E (adj.)	neg.	neg.	neg.	**25.8**	**11.2**
P/B	0.6	0.5	0.6	**0.9**	**0.8**
Dividend-%	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	-0.10	-0.07	-0.21	**0.03**	**0.08**
EPS (adj.)	-0.10	-0.02	-0.03	**0.04**	**0.08**
OCF / share	0.19	0.30	-0.01	**0.34**	**0.37**
OFCF / share	0.04	0.10	0.02	**0.12**	**0.17**
Book value / share	1.30	1.38	1.16	**1.03**	**1.11**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.00**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	1%	3%	-3%	**1%**	**4%**
EBITDA growth-%	-40%	-11%	-33%	**211%**	**15%**
EBIT (adj.) growth-%	-113%	-191%	519%	**113%**	**29%**
EPS (adj.) growth-%	-424%	-77%	36%	**-221%**	**130%**
EBITDA-%	3.4 %	2.9 %	2.0 %	**6.1 %**	**6.8 %**
EBIT (adj.)-%	-0.2 %	0.2 %	1.3 %	**2.6 %**	**3.2 %**
EBIT-%	-0.2 %	-0.6 %	-2.2 %	**2.5 %**	**3.2 %**
ROE-%	-7.1 %	-3.8 %	-15.0 %	**3.6 %**	**7.8 %**
ROI-%	-0.5 %	-1.4 %	-5.4 %	**6.1 %**	**7.8 %**
Equity ratio	37.0 %	39.6 %	35.5 %	**28.9 %**	**29.8 %**
Gearing	59.2 %	44.8 %	60.0 %	**74.4 %**	**60.3 %**

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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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

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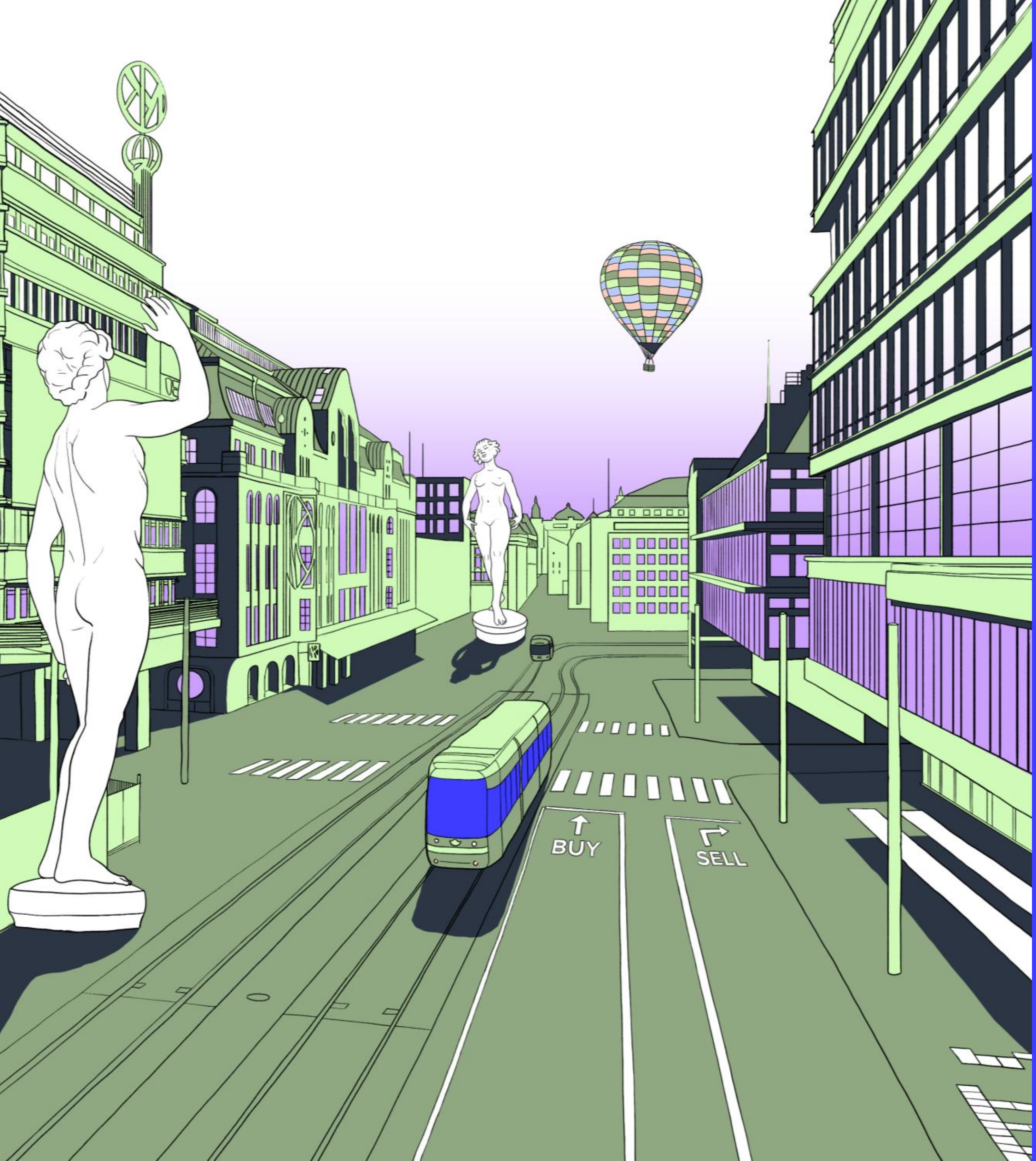
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
5/30/2024	Reduce	SEK 7.20	SEK 6.60
7/26/2024	Reduce	SEK 7.20	SEK 7.50
11/1/2024	Reduce	SEK 7.20	SEK 7.38
2/17/2025	Reduce	SEK 7.20	SEK 6.48
5/2/2025	Accumulate	SEK 9.00	SEK 7.88
7/25/2025	Reduce	SEK 9.70	SEK 10.45



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