GRK INFRA OYJ

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Strong perfomance continued

GRK's Q2 EBIT almost quadrupled year-on-year and significantly exceeded our estimates. The Q2 beat, positive market comments, and our previous assessment of the order book likely converting to revenue somewhat faster also raised our earnings forecasts for 2025-2026. However, the clear rise in the share price has neutralized the valuation, so the expected return based on the dividend yield no longer appears sufficiently attractive. We downgrade GRK's recommendation to Reduce (was Accumulate), but raised our target price to EUR 14.00 (was 13.00) with the raised estimates.

Strong growth continued in Q2

GRK's revenue grew faster than we expected to 232 MEUR (+27%), and profitability also developed favorably, with an adjusted EBIT margin of 7.1%. Earnings were supported especially by a high revenue level, but projects have also proceeded without major issues. Operating cash flow, on the other hand, turned negative, but this was not a significant surprise due to the high advance payments in Q1 and the seasonality of the business. According to our calculations, GRK received new orders worth approximately 148 MEUR in Q2 (-54% y/y), which was a reasonable amount and roughly in line with our expectations. However, the order backlog decreased by 9% year-on-year, which was expected due to Q2's strong invoicing and the comparison period's significant additional orders (incl. Stegra).

Our earnings estimates for the next few years increased

GRK reiterated its raised guidance as fully expected, following the earnings revision in June. However, with strong H1 performance and a rather reasonable order backlog, even the new guidance does not appear particularly demanding. We made no changes to our H2 forecasts, but the Q2 overshoot drove our 2025 forecasts upwards. We now expect GRK's adjusted EBIT to be slightly above this year's guidance range, so another positive earnings revision towards the end of the year would not be a surprise. After the Q2 report, we raised our revenue and earnings forecasts for 2026. This was driven by positive demand comments and a slightly accelerated estimate of the order book conversion rate for next year. From 2027 onwards, our revenue and earnings forecasts remained almost unchanged, even though we added the small acquisitions recently announced by the company to our forecasts.

In terms of revenue, we expect 2025 to remain GRK's peak level, at least without new acquisitions, as it will likely be challenging to quickly compensate for the dip in Swedish revenue caused by the large Stegra project that will slow down and eventually end next year. In Finland, we expect at least market-level development, whereas in Estonia, significant railway projects are driving more rapid growth than this. Overall, the demand outlook for infrastructure construction seems quite positive in all of GRK's operating countries. In our forecasts, the Group's earnings will also decline in 2026-2027, after which the company should return to a growth path. In our estimates, the decline in earnings is also influenced by the profitability margin normalizing slightly from excellent levels. In 2028, we expect the company to slightly exceed its revenue target of over 750 MEUR and achieve the targeted adjusted EBIT margin of over 6%.

Share price rally turned the expected return insufficient

Based on our GRK estimates, the P/E ratio for 2025 is 13x, while the EV/EBIT multiple, accounting for the oversized cash position, is approximately 8x. We expect dividend yields for the next few years to be around 4-5%. Thus, valuation does not look stretched with this year's multiples, but at the company's normal earnings level, which our 2026-2027 forecasts better reflect, the stock is already priced firmly within our accepted range (2026-2027e EV/EBIT 10-11x and accepted range 9-12x). The valuation cannot, therefore, be considered unreasonably high, but with the stock being reasonably priced, the expected return largely consists of a 4-5% dividend yield. This turns the risk/reward ratio insufficient after a strong price rally.

Recommendation
Reduce
(was Accumulate)

Target price:
EUR 14.00
(was EUR 13.00)

Share price:
EUR 14.69

Business risk
●●●○○

Valuation risk
●●●○○

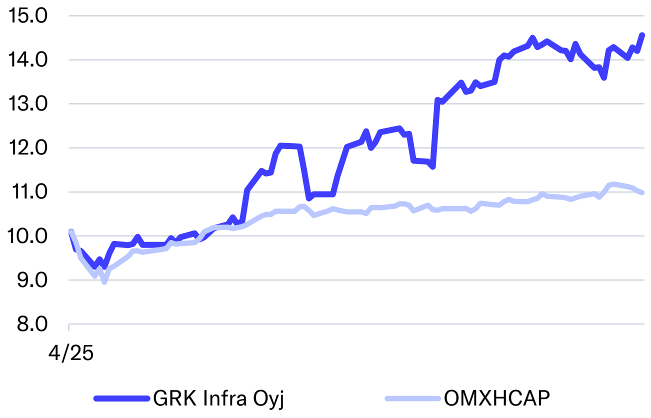
	2024	2025e	2026e	2027e
Revenue	728.4	826.3	779.2	752.5
growth-%	33%	13%	-6%	-3%
EBIT adj.	45.6	57.0	50.3	42.6
EBIT-% adj.	6.3 %	6.9 %	6.5 %	5.7 %
Net Income	36.9	44.5	40.2	34.5
EPS (adj.)	0.93	1.12	0.98	0.84
P/E (adj.)	10.9	13.1	15.0	17.5
P/B	3.4	3.2	3.0	2.9
Dividend yield-%	2.0 %	4.1 %	4.4 %	4.8 %
EV/EBIT (adj.)	7.0	8.4	9.6	11.2
EV/EBITDA	5.2	6.7	7.2	8.1
EV/S	0.4	0.6	0.6	0.6

Source: Inderes

Guidance (Unchanged)

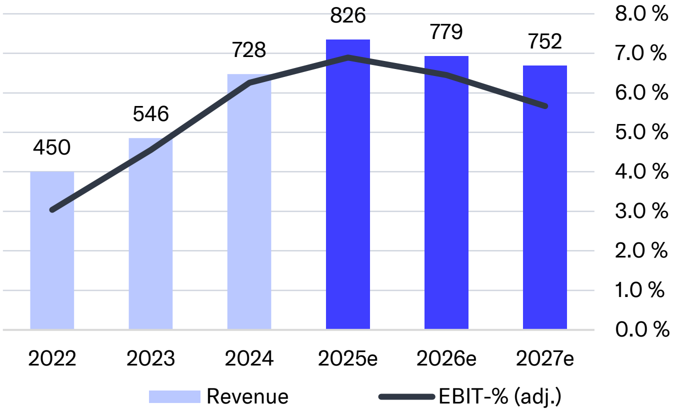
GRK estimates that its revenue in 2025 will be 730–800 MEUR (2024: 728.6 MEUR) and adjusted EBIT 45-55 MEUR in 2025 (2024: 45.6 MEUR)

Share price



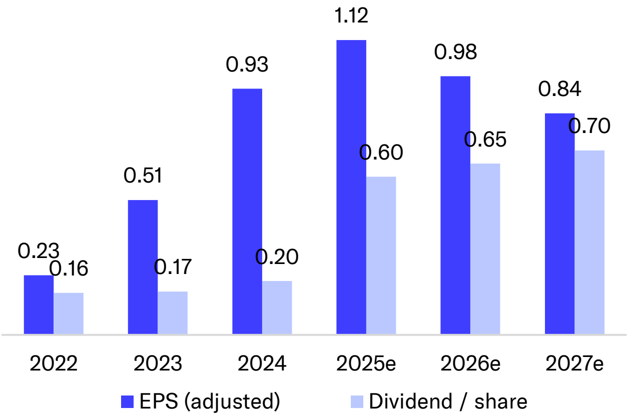
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Organic growth supported by strengths
- Inorganic expansion into Southern Sweden and new infrastructure construction segments
- Capital-light business model and industry-leading profitability enabled by soft strengths
- Fairly predictable and partly counter-cyclical demand driven by the public sector

Risk factors

- Profitability risks associated with projects
- Intensified competition
- High weight of individual customers and projects
- Consequences of the ongoing competition restriction investigation in Finland

Valuation	2025e	2026e	2027e
Share price	14.7	14.7	14.7
Number of shares, millions	41.0	41.0	41.0
Market cap	602	602	602
EV	478	483	479
P/E (adj.)	13.1	15.0	17.5
P/E	13.5	15.0	17.5
P/B	3.2	3.0	2.9
P/S	0.7	0.8	0.8
EV/Sales	0.6	0.6	0.6
EV/EBITDA	6.7	7.2	8.1
EV/EBIT (adj.)	8.4	9.6	11.2
Payout ratio (%)	55.2 %	66.2 %	83.2 %
Dividend yield-%	4.1 %	4.4 %	4.8 %

Source: Inderes

A strong start to the year continued

Revenue and EBIT smashed our estimates

GRK's revenue grew by 27% to 232 MEUR, as the swift execution of its strong order book continued in Q2. Revenue beat our estimates, as growth vastly exceeded our expectations in all of the company's operating countries (Finland, Sweden, Estonia). GRK's adjusted EBIT improved by 250% in Q2 to 16.5 MEUR, which corresponds to a good 7.1% adjusted EBIT margin for GRK. The earnings accumulation and profitability were supported especially by the high revenue level, but based on the margin, projects have proceeded without major problems during Q2 (cf. profitability was burdened by margin deteriorations in certain projects in Q2'24). In our view, profitability development, driven by revenue growth, has been favorable in all GRK’s operating countries, even though the report does not disclose country-specific profitabilities.

On the lower lines, GRK recorded listing expenses as an adjustment item to EBIT (cf. in forecasts as financing costs), but in terms of the Q2 income statement, the recorded amount was clearly smaller than our expectations. The remainder was recognized directly as a reduction in equity instead of through the income statement, which explains the difference. Conversely, financing expenses were positive, thanks to, e.g., interest income from a strong cash position and other financial income, while the tax rate was in line with the usual level. Thus, GRK's Q2 EPS of EUR 0.32 comfortably exceeded our forecast, especially reflecting the operating result. In contrast to the result, GRK's cash flow was clearly negative in Q2, but considering the seasonal nature of the business, high levels of advances on the balance sheet, and the otherwise favorable working capital situation at the end of Q1, this was not a significant surprise. Due to the nature of GRK's project business, the development of earnings and cash flow can vary significantly on a quarterly basis.

Business was generated moderately from small streams and the market situation is good

According to our calculations, GRK received new orders of around 148 MEUR in Q2, corresponding to an order-to-billing ratio of around 0.6x. GRK's order book stood at 789 MEUR at the end of Q2, which was 8% below the comparison period. The decline in orders was, in our view, expected, as GRK presumably received significant additional orders from the Stegra project in Sweden during the comparison period. Overall, we believe the order flow gathered in Q2 was moderate, consisting mainly of small contributions, and it roughly met our expectations. In turn, the order book was slightly lower than our expectations due to higher Q2 revenue than we had estimated. However, the company commented positively on the demand situation in all regions, and in addition to ongoing tenders, it has over 400 MEUR of projects already won but still in the development phase outside its order book. A significant share of these should be converted into orders in the next year. Therefore, the company's order and volume outlook appears healthy in our view, even though growth will already slow down in H2 due to the decline in the order backlog and tougher comparables.

Estimates MEUR / EUR	Q2'24 Comparison	Q2'25 Actualized	Q2'25e Inderes	Q2'25e Consensus	Consensus Low	 High	Difference (%) Act. vs. inderes	2025e Inderes
Revenue	182	232	184				26%	826
EBITDA	8.1	19.7	13.8				43%	71.4
EBIT (adj.)	4.7	16.5	9.9				66%	57.0
EBIT	4.7	15.5	9.9				56%	55.6
PTP	4.8	17.1	6.9				148%	55.6
EPS (adj.)	0.10	0.32	0.19				64%	1.12
Revenue growth-%	0.0 %	27.4 %	0.9 %				26.5 pp	13.4 %
EBIT-% (adj.)	2.6 %	7.1 %	5.4 %				1.7 pp	6.9 %

Source: Inderes

Even the recently upgraded guidance starts to look cautious after a strong H1

Following H1, especially the lower ends of the new guidance ranges appear cautious

GRK reiterated the guidance it updated in its positive profit warning in June, according to which its revenue is 730-800 MEUR and adjusted EBIT is 45-55 MEUR in 2025. The reiteration of the guidance was exactly in line with expectations. In light of the Q2 beat, however, we believe the guidance range already looks quite conservative, even though growth will slow down in H2 and, based on the comments, business development will be more stable this year than last year (cf. Q3 2024 was very strong). At this point in the year, the company should already have reasonable visibility into the full-year volume, and there don't seem to be any issues with the order book margins either.

Estimates MEUR / EUR	Q2'24 Comparison	Q2'25 Actualized	Q2'25e Inderes	Q2'25e Consensus	Consensus Low	 High	Difference (%) Act. vs. inderes	2025e Inderes
Revenue	182	232	184				26%	826
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PTP	4.8	17.1	6.9				148%	55.6
EPS (adj.)	0.10	0.32	0.19				64%	1.12
Revenue growth-%	0.0 %	27.4 %	0.9 %				26.5 pp	13.4 %
EBIT-% (adj.)	2.6 %	7.1 %	5.4 %				1.7 pp	6.9 %

Source: Inderes

Our earnings estimates for the next few years incerased

Estimate revisions

- Although the order backlog was slightly below our estimate, based on comments, a good amount of volume is nevertheless scheduled for H2. Thus, we did not revise our H2 estimates. In addition, the stronger-than-expected revenue and earnings accrual in Q2 had a positive impact on 2025 estimates.
- Our revenue estimate for next year also increased, as the share of the order book to be recognized next year is, based on the comments, slightly larger than our previous expectations. In addition, market comments had a positive tone, which we expect will support the development of the order book and next year's revenue.
- In our view, new projects have a healthy margin structure despite competition, so the increase in revenue forecasts led to an upward revision of our 2026 earnings estimates. Overall, our adjusted EBIT estimate for 2025-2026 increased by 13-14%. Consequently, our updated 2025 EBIT forecast is already slightly above the company's guidance range. Our post-2026 revenue and earnings estimates remained largely unchanged, albeit, e.g., completed acquisitions slightly increased them.
- We have also raised our dividend estimates for the coming years in the wake of our earnings estimates. GRK's current policy is to pay at least 40% of its net profit as dividends, but we estimate the dividend payout ratio to be higher than the lower limit (55-80%) due to the strong cash position.

Operational earnings drivers

- In all of the company's operating countries (Finland, Sweden, Estonia), infrastructure projects are expected to drive construction development in the coming years, thanks to both public and private projects, which support the industry's growth outlook. In addition, GRK’s growth is supported by the company’s good competitiveness and the opportunity afforded by its size to participate in a wide range of projects. On the negative side, the competition for projects is tight, which limits the possibilities for profitable growth for an individual player.
- Due to solid fundamentals, we expect GRK to achieve stable single-digit growth in Finland, while in Estonia, the faster market growth and GRK's strong position in railway projects lead to clearly higher growth figures in our forecasts. In Sweden, on the other hand, we estimate that this year will be the peak in terms of revenue for the time being, as it will be challenging to fill the gap left by the large Stegra project ending next year. Stegra's exit also leads to a modest decline in group-level revenue in our forecasts for 2026-2027. After that, the company should, however, return to the growth path.
- In our forecasts, the average EBIT margin in the coming years is over 6%, which is clearly better than the industry average. We believe this is justifiable by the company's strong track record, including in pricing and project management.
- A strong cash position also enables growth through acquisitions, which are a key use of proceeds from the IPO. Acquisitions can, e.g., enable geographical expansion in Sweden or strengthen the group's expertise and service offering.

Estimate revisions MEUR / EUR	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	778	826	6%	735	779	6%	735	752	2%
EBITDA	65.5	71.4	9%	60.7	66.9	10%	59.1	59.4	1%
EBIT (exc. NRIs)	50.5	57.0	13%	44.1	50.3	14%	42.3	42.6	1%
EBIT	49.9	55.6	12%	44.1	50.3	14%	42.3	42.6	1%
PTP	45.4	55.6	22%	43.5	49.7	14%	41.7	42.0	1%
EPS (excl. NRIs)	0.97	1.12	15%	0.86	0.98	14%	0.83	0.84	1%
DPS	0.50	0.60	20%	0.55	0.65	18%	0.60	0.70	17%

Source: Inderes

Share price rally turned the expected return insufficient

As a whole, we consider GRK’s stock to be fairly neutrally priced. While there have been no material shifts in the long-term growth outlook based on the Q2 report or news flow, the share price (almost +50% from the listing price) has closed the undervaluation gap. Consequently, the expected return has also become insufficient, which is why we will monitor GRK’s development from the sidelines and lower our recommendation to Reduce. The significance of the upward revisions to estimates for the current and next year is relatively limited, if 2025 goes down as the peak earnings year in line with our estimates. A higher share price would require more favorable development than our current expectations in long-term fundamentals, i.e., in practice, an increase in earnings estimates for 2026 and beyond. A similar driver could also be putting the excessively strong balance sheet to work through value-creating acquisitions.

GRK's value development will also be significantly affected by how the company succeeds in capital allocation, as the company already has capital to expand inorganically for even stronger growth than we have predicted. The main risks to GRK's share price development are individual large projects and project risks, the success of capital allocation, maintaining the company's soft strengths in the future, and the possible consequences of the competition investigation.

Earnings multiples

The acceptable valuation level for GRK's stock is approximately 11x-14x in terms of P/E ratio and 9x-12x in terms of EV/EBIT ratio. These levels roughly correspond to the 10-year averages of GRK’s construction sector peers and the longer-term medians of Nasdaq Helsinki. We have discussed the factors affecting GRK's earnings multiples in more detail in our recently published extensive report.

Based on our GRK forecasts, the P/E ratio for 2025 is around 13x, while the EV/EBIT multiple, considering the oversized cash position, is around 8x. We expect dividend yields for the next few years to be around 4-5%. Thus, the valuation does not look stretched with this year's multiples, but at the company's normal earnings level, which our 2026-2027 forecasts better reflect, the stock is already firmly priced within our accepted range (2026-2027e EV/EBIT 10-11x). In our multiple analysis, we emphasize the enterprise value-based EV/EBIT ratio due to the strong cash position following the listing.

Thus, the valuation cannot be considered unreasonably high, but with the stock being reasonably priced, the expected return is largely derived from dividend yield. This turns the risk/reward ratio insufficient following the share price rally of the last few months.

Cash flow model (DCF)

In the valuation, we also give reasonable weight to the cash flow model (DCF), as the business is mature and the company's demand and margin profiles are reasonably predictable even in the longer term. Thus, we feel the long-term DCF model provides a fairly good picture of GRK's fair value. Our DCF model values the share at just over EUR 14, which supports the picture painted by the earnings multiples of a rather neutral valuation.

The weighted average cost of capital (WACC) we use in the cash flow model is 9.2%, and the cost of equity at 9.9%. The DCF model with its assumptions can be found in the report's appendices.

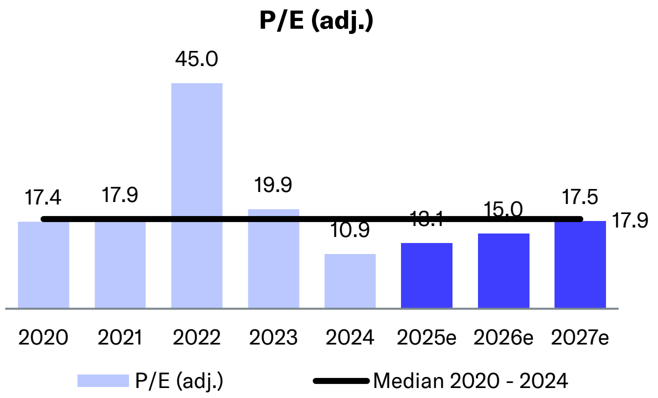
Valuation	2025e	2026e	2027e
Share price	14.7	14.7	14.7
Number of shares, millions	41.0	41.0	41.0
Market cap	602	602	602
EV	478	483	479
P/E (adj.)	13.1	15.0	17.5
P/E	13.5	15.0	17.5
P/B	3.2	3.0	2.9
P/S	0.7	0.8	0.8
EV/Sales	0.6	0.6	0.6
EV/EBITDA	6.7	7.2	8.1
EV/EBIT (adj.)	8.4	9.6	11.2
Payout ratio (%)	55.2 %	66.2 %	83.2 %
Dividend yield-%	4.1 %	4.4 %	4.8 %

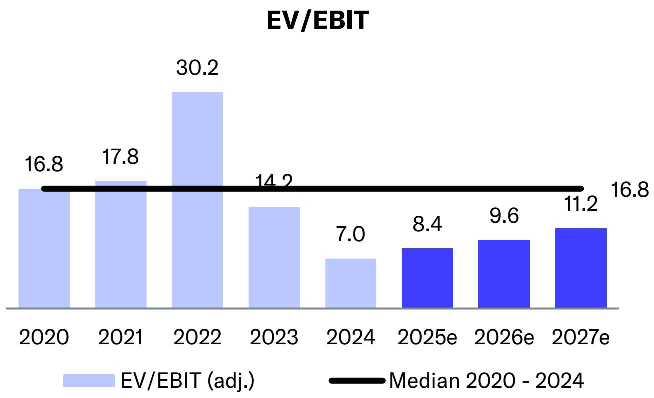
Source: Inderes

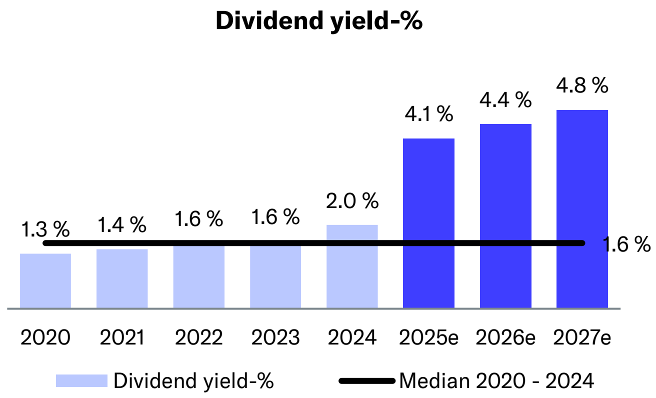
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	10.2	10.2	10.2	10.2	10.2	**14.7**	**14.7**	**14.7**	**14.7**
Number of shares, millions	39.2	39.8	41.2	40.7	39.9	**41.0**	**41.0**	**41.0**	**41.0**
Market cap	399	405	419	414	406	**602**	**602**	**602**	**602**
EV	384	403	414	354	317	**478**	**483**	**479**	**472**
P/E (adj.)	17.4	17.9	45.0	19.9	10.9	**13.1**	**15.0**	**17.5**	**15.6**
P/E	18.4	19.5	60.0	20.6	11.0	**13.5**	**15.0**	**17.5**	**15.6**
P/B	6.3	5.3	5.4	4.7	3.4	**3.2**	**3.0**	**2.9**	**2.7**
P/S	1.0	0.9	0.9	0.8	0.6	**0.7**	**0.8**	**0.8**	**0.8**
EV/Sales	1.0	0.9	0.9	0.6	0.4	**0.6**	**0.6**	**0.6**	**0.6**
EV/EBITDA	17.7	19.5	17.0	9.4	5.2	**6.7**	**7.2**	**8.1**	**7.3**
EV/EBIT (adj.)	16.8	17.8	30.2	14.2	7.0	**8.4**	**9.6**	**11.2**	**9.9**
Payout ratio (%)	24.2 %	27.9 %	94.4 %	33.3 %	22.1 %	**55.2 %**	**66.2 %**	**83.2 %**	**79.6 %**
Dividend yield-%	1.3 %	1.4 %	1.6 %	1.6 %	2.0 %	**4.1 %**	**4.4 %**	**4.8 %**	**5.1 %**

Source: Inderes







The market cap and EV in the table consider the forecast 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**
YIT	719	1618	31.8	19.3	22.5	15.0	0.9	0.8		50.0		0.3	1.0
Veidekke	1902	1702	11.8	10.8	7.2	6.7	0.5	0.5	17.1	15.8	5.7	6.0	6.6
NCC	1663	1971	12.2	11.5	7.3	7.0	0.4	0.4	12.9	11.8	4.9	5.3	2.1
Peab	1972	3127	14.2	12.3	8.7	7.9	0.6	0.6	16.9	10.4	4.4	5.1	1.3
Skanska	8667	7854	11.5	9.9	8.6	7.7	0.5	0.5	14.4	12.8	3.9	4.4	1.5
SRV	91	225	25.7	12.7	16.1	9.8	0.3	0.3	97.1	10.0	2.7	4.6	0.8
Strabag	9706	6853	7.2	6.7	4.4	4.2	0.4	0.3	13.7	13.0	3.1	3.1	1.8
Koninklijke Heijmans N.V.	1509	1549	9.5	8.6	6.6	6.0	0.6	0.5	11.3	9.8	4.2	4.6	2.6
NRC Group	113	183	15.0	9.8	6.2	5.1	0.3	0.3	25.8	11.1			0.7
Kreate	82	102	10.3	8.5	6.1	5.5	0.3	0.3	13.3	10.0	5.6	5.9	1.8
NYAB	432	440	13.3	11.3	11.0	9.6	0.8	0.8	17.3	15.2	2.5	2.5	2.1
GRK Infra Oyj (Inderes)	**602**	**478**	**8.4**	**9.6**	**6.7**	**7.2**	**0.6**	**0.6**	**13.1**	**15.0**	**4.1**	**4.4**	**3.2**
Average			**14.8**	**11.0**	**9.5**	**7.7**	**0.5**	**0.5**	**24.0**	**15.4**	**4.1**	**4.2**	**2.0**
Median			**12.2**	**10.8**	**7.3**	**7.0**	**0.5**	**0.5**	**15.6**	**11.8**	**4.2**	**4.6**	**1.8**
Diff-% to median			***-31%***	***-11%***	***-8%***	***3%***	***23%***	***38%***	***-16%***	***26%***	***-2%***	***-4%***	***83%***

Source: Refinitiv / Inderes

Income statement

Income statement	2023	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**546**	**728**	**174**	**232**	**218**	**202**	**826**	**779**	**752**	**796**
Finland	0.0	395	78.5	122	118	112	430	447	465	488
Sweden	0.0	274	82.1	91.8	67.6	54.5	296	192	125	138
Estonia	0.0	72.1	16.3	21.6	36.0	38.4	112	152	174	183
Other operations and eliminations	0.0	-12.4	-2.6	-3.2	-3.3	-3.0	-12.0	-12.0	-12.0	-12.0
EBITDA	**37.7**	**60.9**	**11.9**	**19.7**	**20.9**	**18.9**	**71.4**	**66.9**	**59.4**	**64.6**
Depreciation	-13.5	-15.7	-3.8	-4.0	-4.0	-4.0	-15.7	-16.6	-16.8	-17.0
EBIT (excl. NRI)	**24.9**	**45.6**	**8.7**	**16.5**	**16.9**	**14.9**	**57.0**	**50.3**	**42.6**	**47.6**
EBIT	**24.2**	**45.2**	**8.1**	**15.7**	**16.9**	**14.9**	**55.6**	**50.3**	**42.6**	**47.6**
Group (adj. EBIT)	24.9	45.6	8.7	16.5	16.9	14.9	57.0	50.3	42.6	47.6
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
Net financial items	0.1	0.6	-1.3	1.4	-0.1	-0.1	0.0	-0.6	-0.6	-0.5
PTP	**24.3**	**45.8**	**6.7**	**17.1**	**16.9**	**14.8**	**55.6**	**49.7**	**42.0**	**47.1**
Taxes	-4.1	-8.9	-1.3	-3.7	-3.2	-2.8	-11.0	-9.4	-7.6	-8.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**20.2**	**36.9**	**5.4**	**13.4**	**13.7**	**12.0**	**44.5**	**40.2**	**34.5**	**38.6**
EPS (adj.)	**0.51**	**0.93**	**0.15**	**0.35**	**0.33**	**0.29**	**1.12**	**0.98**	**0.84**	**0.94**
EPS (rep.)	**0.49**	**0.93**	**0.13**	**0.33**	**0.33**	**0.29**	**1.09**	**0.98**	**0.84**	**0.94**

Key figures	2023	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
EBITDA-%	6.9 %	8.4 %	6.8 %	8.5 %	9.6 %	9.3 %	8.6 %	8.6 %	7.9 %	8.1 %
Adjusted EBIT-%	4.6 %	6.3 %	5.0 %	7.1 %	7.8 %	7.4 %	6.9 %	6.5 %	5.7 %	6.0 %
Net earnings-%	3.7 %	5.1 %	3.1 %	5.8 %	6.3 %	6.0 %	5.4 %	5.2 %	4.6 %	4.8 %

Source: Inderes

Full-year EPS is calculated using the number of shares at the end of the year.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**86.3**	**91.9**	**104**	**108**	**114**
Goodwill	0.7	0.7	0.7	0.7	0.7
Intangible assets	0.5	0.5	0.6	0.6	0.7
Tangible assets	78.8	84.5	96.9	101	106
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.4	0.0	0.0	0.0	0.0
Other non-current assets	4.0	4.7	4.7	4.7	4.7
Deferred tax assets	1.8	1.4	1.4	1.4	1.4
Current assets	**194**	**243**	**303**	**300**	**302**
Inventories	5.1	6.7	8.3	7.8	7.5
Other current assets	37.7	47.2	47.2	47.2	47.2
Receivables	53.5	62.0	82.6	85.7	82.8
Cash and equivalents	97.6	127	165	159	164
Balance sheet total	**280**	**334**	**408**	**408**	**416**

Source: Inderes

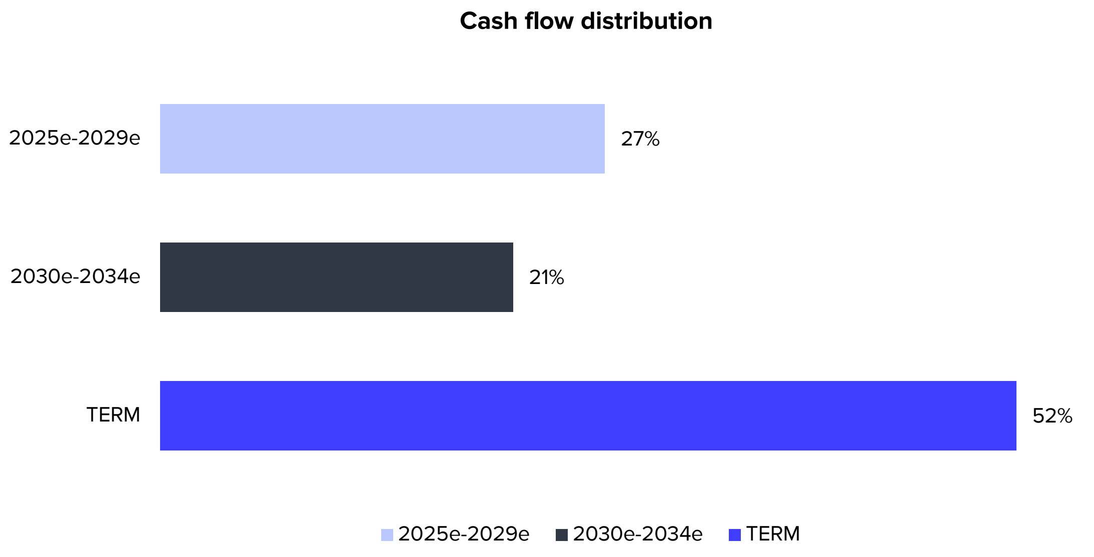
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**88.9**	**119**	**186**	**201**	**209**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	50.1	81.0	117	133	141
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	38.7	38.2	68.2	68.2	68.2
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**33.0**	**30.5**	**33.7**	**34.9**	**34.9**
Deferred tax liabilities	2.2	3.0	3.0	3.0	3.0
Provisions	3.6	2.4	2.4	2.4	2.4
Interest bearing debt	26.8	24.6	27.8	29.0	29.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.4	0.6	0.6	0.6	0.6
Current liabilities	**158**	**185**	**188**	**172**	**172**
Interest bearing debt	11.0	14.0	12.9	11.0	12.0
Payables	84.9	108	120	111	107
Other current liabilities	62.6	62.4	55.6	50.1	52.8
Balance sheet total	**280**	**334**	**408**	**408**	**416**

DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	33.4 %	13.4 %	-5.7 %	-3.4 %	5.8 %	4.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	6.2 %	6.7 %	6.5 %	5.7 %	6.0 %	6.4 %	6.2 %	5.9 %	5.5 %	5.0 %	5.0 %	5.0 %
EBIT (operating profit)	**45.2**	**55.6**	**50.3**	**42.6**	**47.6**	**53.0**	**52.9**	**51.8**	**49.8**	**46.6**	**47.5**	
+ Depreciation	15.7	15.7	16.6	16.8	17.0	18.0	20.6	21.5	22.8	23.7	23.8	
- Paid taxes	-7.8	-11.0	-9.4	-7.6	-8.5	-9.3	-9.3	-9.1	-8.7	-8.1	-8.3	
- Tax, financial expenses	0.1	0.0	-0.4	-0.4	-0.4	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	
+ Tax, financial income	0.0	0.0	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	
- Change in working capital	3.6	-17.4	-17.3	2.1	2.9	2.2	2.1	2.1	2.2	1.7	0.4	
Operating cash flow	**56.9**	**42.9**	**40.0**	**53.8**	**58.9**	**63.7**	**66.0**	**66.1**	**65.8**	**63.6**	**63.2**	
+ Change in other long-term liabilities	-1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-21.7	-28.3	-20.3	-22.3	-23.3	-23.4	-24.4	-24.4	-24.4	-24.4	-20.7	
Free operating cash flow	**34.1**	**14.6**	**19.7**	**31.5**	**35.5**	**40.3**	**41.7**	**41.7**	**41.4**	**39.2**	**42.5**	
+/- Other	0.0	27.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	34.1	41.6	19.7	31.5	35.5	40.3	41.7	41.7	41.4	39.2	42.5	602
Discounted FCFF		**40.1**	**17.4**	**25.4**	**26.3**	**27.3**	**25.9**	**23.7**	**21.5**	**18.7**	**18.6**	**263**
Sum of FCFF present value		508	468	450	425	399	371	345	322	300	281	263
Enterprise value DCF		**508**										
- Interest bearing debt		-38.7										
+ Cash and cash equivalents		127										
-Minorities		0.0										
-Dividend/capital return		-8.1										
Equity value DCF		**587**										
Equity value DCF per share		**14.3**										

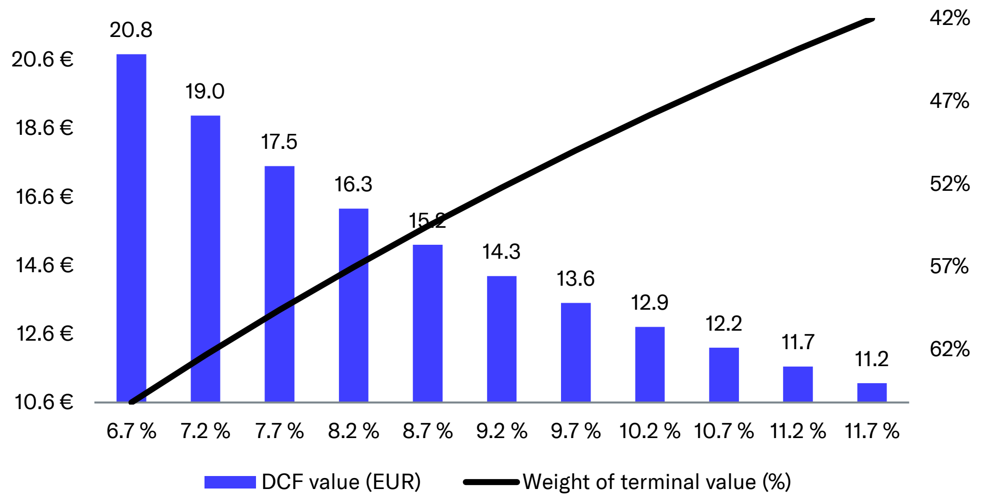
WACC	
Tax-% (WACC)	18.0 %
Target debt ratio (D/(D+E)	10.0 %
Cost of debt	4.0 %
Equity Beta	1.55
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**9.9 %**
Weighted average cost of capital (WACC)	**9.2 %**

Source: Inderes

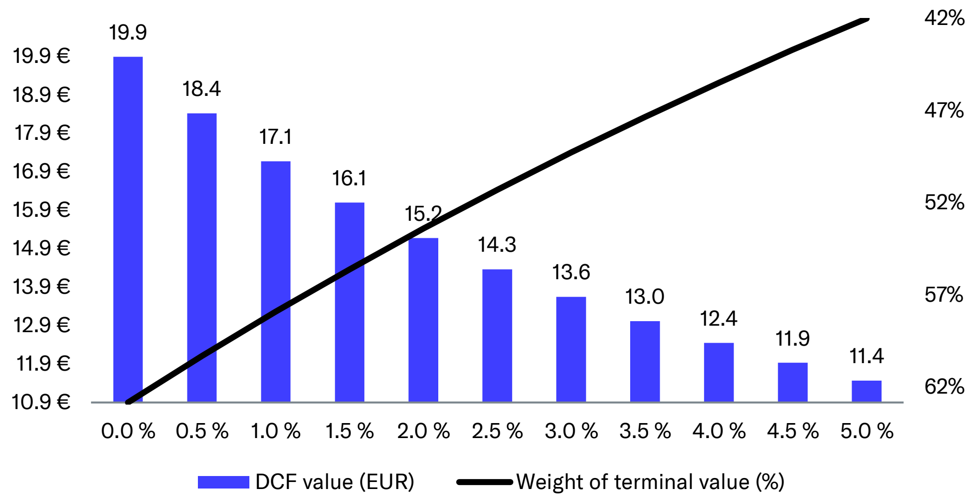


DCF sensitivity calculations and key assumptions in graphs

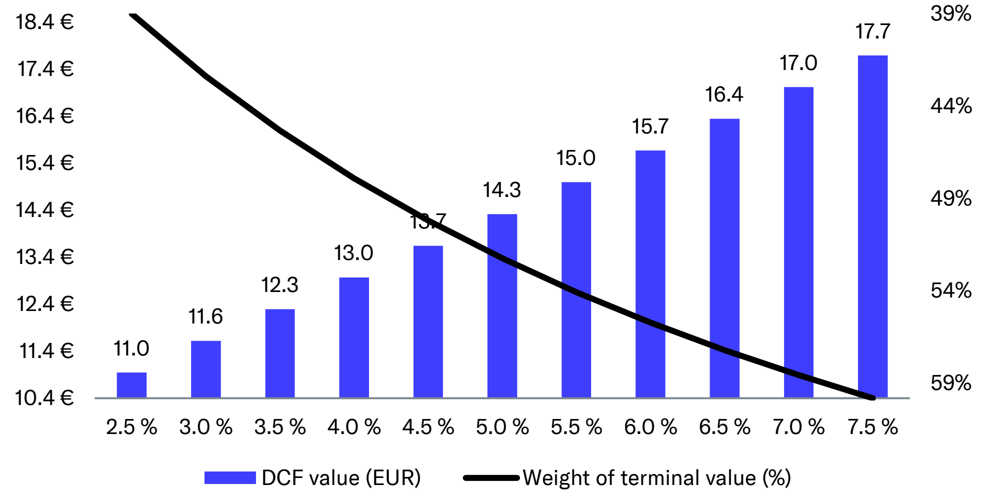
Sensitivity of DCF to changes in the WACC-%



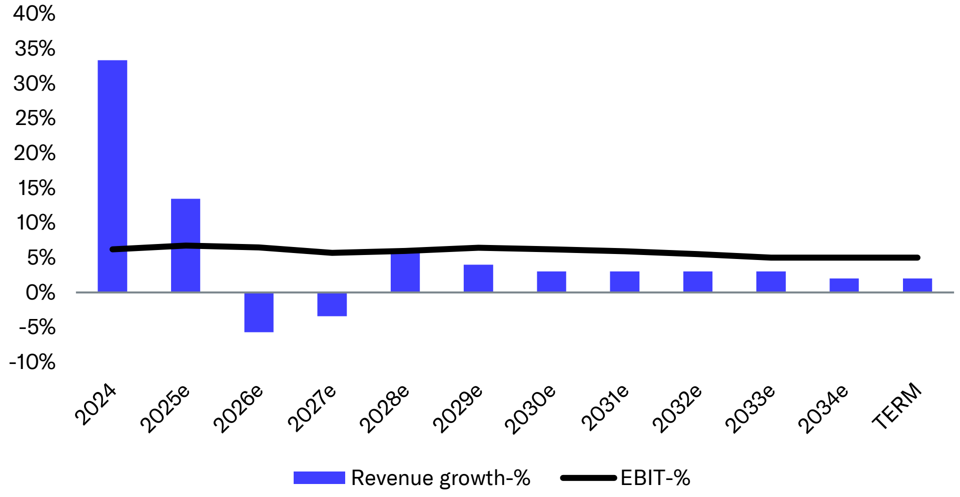
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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

Summary

Income statement	2022	2023	2024	2025e	2026e
Revenue	450.5	546.2	728.4	**826.3**	**779.2**
EBITDA	24.4	37.7	60.9	**71.4**	**66.9**
EBIT	11.4	24.2	45.2	**55.6**	**50.3**
PTP	10.0	24.3	45.8	**55.6**	**49.7**
Net Income	7.0	20.2	36.9	**44.5**	**40.2**
Extraordinary items	-2.3	-0.7	-0.4	**-1.3**	**0.0**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	215.1	280.3	334.5	**407.8**	**408.0**
Equity capital	77.0	88.9	119.3	**185.7**	**201.3**
Goodwill	0.7	0.7	0.7	**0.7**	**0.7**
Net debt	-4.9	-59.9	-88.0	**-124.5**	**-119.1**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	24.4	37.7	60.9	**71.4**	**66.9**
Change in working capital	0.7	45.9	3.6	**-17.4**	**-17.3**
Operating cash flow	21.8	79.5	56.9	**42.9**	**40.0**
CAPEX	-21.2	-17.0	-21.7	**-28.3**	**-20.3**
Free cash flow	0.4	63.3	34.1	**41.6**	**19.7**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	0.9	0.6	0.4	**0.6**	**0.6**
EV/EBITDA	17.0	9.4	5.2	**6.7**	**7.2**
EV/EBIT (adj.)	30.2	14.2	7.0	**8.4**	**9.6**
P/E (adj.)	45.0	19.9	10.9	**13.1**	**15.0**
P/B	5.4	4.7	3.4	**3.2**	**3.0**
Dividend-%	1.6 %	1.6 %	2.0 %	**4.1 %**	**4.4 %**

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	0.17	0.49	0.93	**1.09**	**0.98**
EPS (adj.)	0.23	0.51	0.93	**1.12**	**0.98**
OCF / share	0.53	1.95	1.43	**1.05**	**0.98**
FCF / share	0.01	1.55	0.86	**1.02**	**0.48**
Book value / share	1.87	2.18	2.99	**4.53**	**4.91**
Dividend / share	0.16	0.17	0.20	**0.60**	**0.65**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	5%	21%	33%	**13%**	**-6%**
EBITDA growth-%	18%	55%	61%	**17%**	**-6%**
EBIT (adj.) growth-%	-39%	82%	83%	**25%**	**-12%**
EPS (adj.) growth-%	-60%	127%	82%	**20%**	**-12%**
EBITDA-%	5.4 %	6.9 %	8.4 %	**8.6 %**	**8.6 %**
EBIT (adj.)-%	3.0 %	4.6 %	6.3 %	**6.9 %**	**6.5 %**
EBIT-%	2.5 %	4.4 %	6.2 %	**6.7 %**	**6.5 %**
ROE-%	9.1 %	24.3 %	35.4 %	**29.2 %**	**20.8 %**
ROI-%	10.0 %	20.0 %	31.8 %	**28.9 %**	**22.2 %**
Equity ratio	41.9 %	39.9 %	42.9 %	**52.0 %**	**55.5 %**
Gearing	-6.3 %	-67.4 %	-73.8 %	**-67.1 %**	**-59.2 %**

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

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

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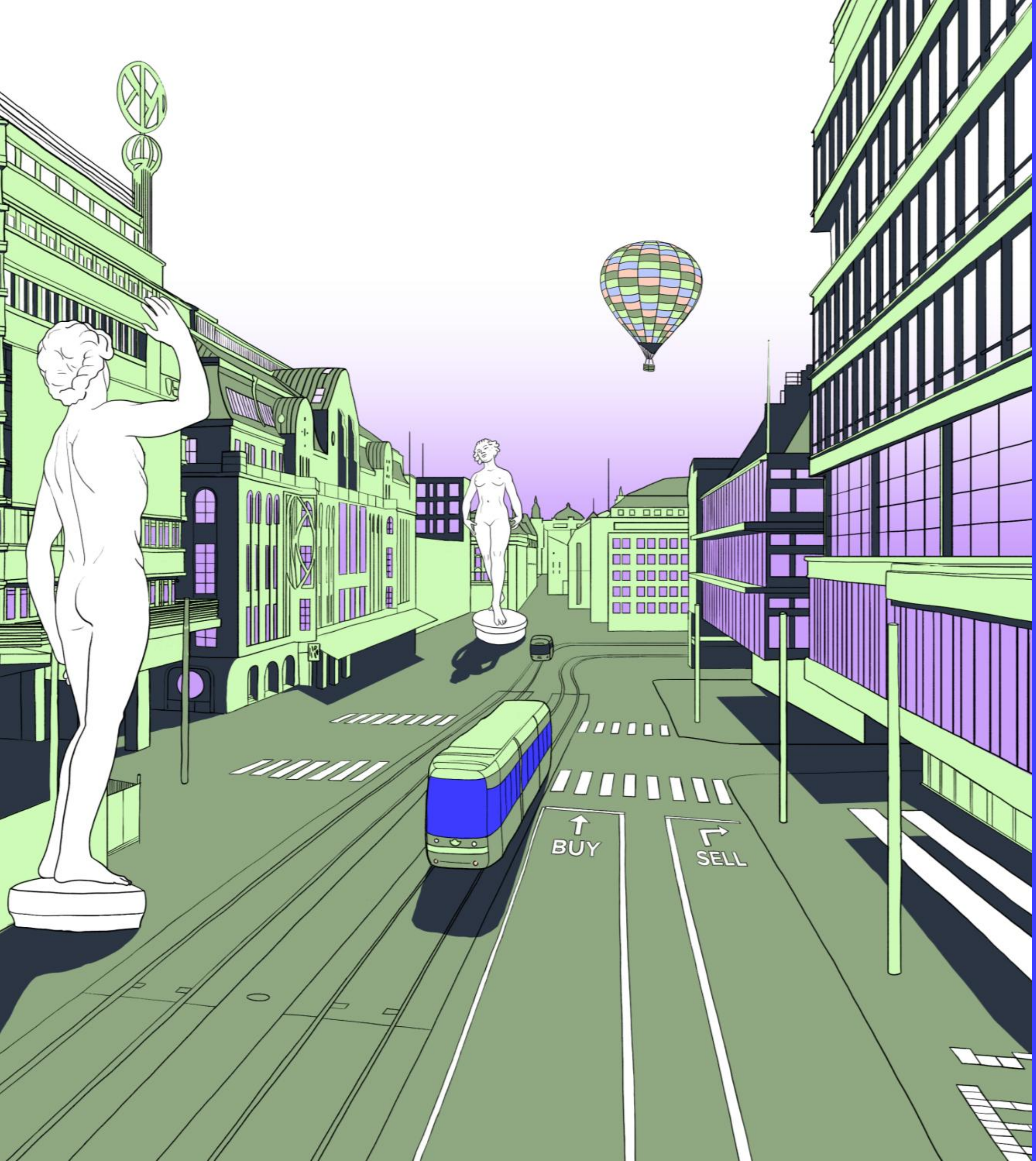
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
5/28/2025	Accumulate	13.00 €	10.95 €
8/1/2025	Reduce	14.00 €	14.69 €



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