

# NORRHYDRO

10/24/2025 10:20 am EEST

This is a translated version of "Vahva kasvukehitys on parantanut kokonaiskuvaa" report, published on 10/24/2025



Pauli Lohi  
+35845 134 7790  
pauli.lohi@inderes.fi

INDERES CORPORATE CUSTOMER  
**COMPANY REPORT**



# Strong growth has improved the overall picture

Norrhydro's clearly stronger growth and profitability development in Q3 than our forecasts led to significant estimate upgrades for the coming years. This supports the strengthening of the balance sheet in addition to the earnings-based valuation. The valuation, taking into account NorrDigi's growth investments, already looks quite attractive, although it must be noted that estimating the long-term return on NorrDigi's investments is very difficult. We raise our recommendation to Accumulate (was Reduce) and our target price to EUR 1.60 per share (was EUR 1.40).

## Q3 was clearly stronger than our expectations

Norrhydro Group announced figures on business development for January-September on Thursday morning. We interpret the release as a reaction to the strong development in the third quarter, which differed from our expectations and, in our interpretation, also more broadly from the market's expectations for the company's earnings development. The company's revenue grew by 36% in Q3, which significantly exceeds our previously forecast growth for the entire second half of the year (H2: 17%). In addition, Q3 EBIT and EBITDA saw year-on-year improvements of 0.54 MEUR and 0.52 MEUR, respectively. Our previous forecast was that the EBIT for the entire H2 would improve by a total of 0.56 MEUR. The company has therefore improved its Q3 result by almost as much as we expected for the entire H2. The Q3 material margin was 50.1%, while our H2 forecast was 48.4%. We have not previously forecast quarterly figures for the company, as it typically reports semi-annually.

## We expect continued growth, albeit more moderate than in Q3

In our view, the strong Q3 performance was driven by favorable demand from manufacturers of mining and material handling equipment, among others. In forest machines, on the other hand, where Ponsse is a significant customer for Norrhydro, we believe that development has been more subdued and may weaken further in Q4, as the customer in question reported a 9% decrease in new orders in Q3. We significantly raised Norrhydro's revenue

growth forecast for the current year and now estimate H2 growth at 26%. This would mean growth slowing to 20% in Q4, due to, among other things, the demand challenges of the aforementioned customer. Q3 is seasonally a slightly smaller quarter for Norrhydro and the comparison period was weak, so we believe it is unlikely that Q3's strong relative growth rate will continue for longer. Overall, the volume growth we are now forecasting will have a significantly positive impact on Norrhydro's earnings performance (2025e EBITDA increased by 15% and EBIT by as much as 33%). We forecast growth to continue at a relatively slower pace of 9% in 2026, partly due to the challenging outlook for the forest machine market. Growth will mainly come from conventional cylinders (7%), but our forecast also includes some growth from NorrDigi technologies that have become or are becoming commercially viable.

## Valuation and balance sheet outlook more attractive than before

A faster-than-expected recovery in demand and an improvement in the earnings level significantly reduce the share's earnings-based valuation and improve the company's balance sheet position. Net debt at the end of Q3 was 0.5 MEUR lower than a year ago. In our forecasts, debt will decrease even more clearly by 1 MEUR in 2026 as the earnings level continues to improve. The current year's earnings-based valuation EV/EBIT 18x is still high, but with 2026 forecasts, the multiple is already quite reasonable at 11x. In Norrhydro's case, it is also worth noting NorrDigi's growth investments, which have an estimated negative impact of 1 MEUR on operating profit. Adjusted for this, the EV/EBIT would be only 11x for 2025e and 8x for 2026e, which could be considered favorable, assuming that the investments generate profitable growth in the long term. With a NorrDigi-adjusted EV/EBIT multiple of 10x, the stock would have an upside of up to 40% – although we do not want to rely fully on this valuation method due to NorrDigi's weak predictability. Both earnings-based valuation and DCF are highly sensitive to assumptions about volume growth, which increases the stock's risk level.

## Recommendation

**Accumulate**

(was Reduce)

## Target price:

**EUR 1.60**

(was EUR 1.40)

## Share price:

EUR 1.41

## Business risk



## Valuation risk



	2024	2025e	2026e	2027e
Revenue	24.2	28.9	31.6	34.9
growth-%	-20%	19%	9%	11%
EBIT adj.	0.0	1.4	2.1	2.7
EBIT-% adj.	-0.1 %	4.7 %	6.7 %	7.6 %
Net income	-1.3	0.1	0.9	1.4
EPS (adj.)	-0.11	0.02	0.08	0.13
Dividend	0.00	0.00	0.00	0.03

P/E (adj.)	neg.	82.9	16.7	10.5
P/B	2.3	1.9	1.7	1.5
Dividend yield-%	0.0 %	0.0 %	0.0 %	2.1 %
EV/EBIT (adj.)	neg.	18.3	11.4	8.5
EV/EBITDA	21.8	9.6	6.9	5.4
EV/S	1.1	0.9	0.8	0.6

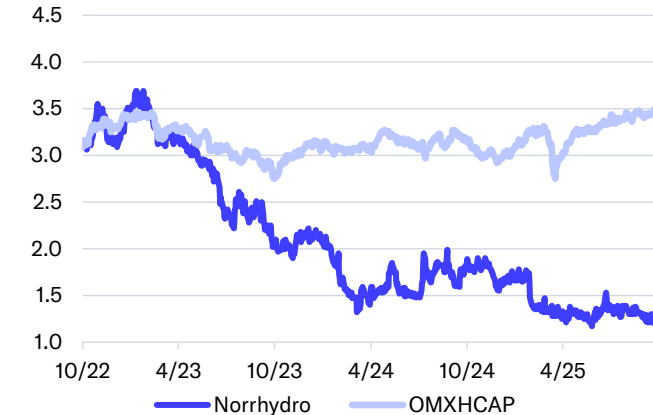
Source: Inderes

## Guidance

(Unchanged)

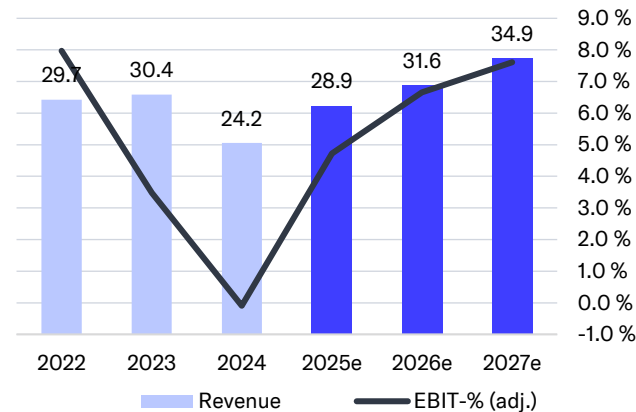
2025 revenue and EBITDA are expected to increase from 2024 (revenue was 24.2 MEUR and EBITDA was 1.3 MEUR).

## Share price



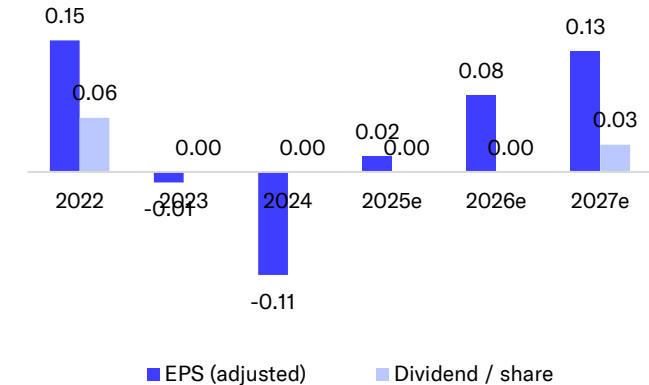
Source: Millistream Market Data AB

## Revenue and EBIT-% (adj.)



Source: Inderes

## EPS and dividend



Source: Inderes

## Value drivers

- Impressive customer list and close, long-term customer relationships
- Operating model based on partnerships
- Fairly stable basic business in hydraulic cylinders
- Higher automation degree of the new factory improves profitability potential
- NorrDigi creates significant growth potential

## Risk factors

- Cyclical nature of main customer industries
- Large individual customer risks
- NorrDigi does not meet growth and profitability expectations
- The balance sheet is under pressure

Valuation	2025e	2026e	2027e
Share price	1.41	1.41	1.41
Number of shares, millions	11.0	11.0	11.0
Market cap	16	16	16
EV	25	24	23
P/E (adj.)	82.9	16.7	10.5
P/E	>100	18.3	11.1
P/B	1.9	1.7	1.5
P/S	0.5	0.5	0.4
EV/Sales	0.9	0.8	0.6
EV/EBITDA	9.6	6.9	5.4
EV/EBIT (adj.)	18.3	11.4	8.5
Payout ratio (%)	0.0 %	0.0 %	23.7 %
Dividend yield-%	0.0 %	0.0 %	2.1 %

Source: Inderes

# We raised our estimates as demand recovered quickly

## Q3's strong momentum indicates good development for Q4 as well, albeit with a smaller coefficient in our view

Norrhydro's revenue grew by 36% in Q3, which significantly exceeds our previously forecast growth for the entire second half of the year (H2: 17%). We raised the H2 growth forecast to 26%, which would mean 20% growth in Q4. Our forecast growth for Q4 is also absolutely lower than the growth demonstrated in Q3, which is affected by, among other things, the weakened demand outlook of a key forest machine customer. It must also be noted that last year's Q3 was relatively weaker for Norrhydro than Q4 due to a moderate market recovery towards the end of the year. Our Q4 EBIT forecast improved by 0.29 MEUR, which is also more moderate compared to the significant 0.54 MEUR increase in Q3 EBIT.

## For next year, forecasts show a return to the long-term trend

For 2026, we estimate revenue to grow by 9%, which corresponds to Norrhydro's historical 10-year average growth before the market-driven downturn in 2024. 7% of the growth comes from traditional cylinder manufacturing and a small part from NorrDigi's new technologies moving to the commercialization phase. Several companies in Norrhydro's customer industries have reported favorable order numbers during 2025. Demand is particularly strong in the mining and material handling sectors. Construction and the forest industry continue to suffer from exceptionally weak demand, the recovery of which could support growth in the medium term as a continuation of current demand drivers.

The estimated profitability for 2025 (EBIT: 4.5%) is still below Norrhydro's historical average (2013-23: ~6%), but for 2026, we already forecast a normalization of profitability to 6.4%. Profitability will improve in the longer-term forecasts, e.g., with the scaling of NorrDigi. Another

key profitability driver is related to the company's new factory, as with the increased level of automation, we believe the company will be able to achieve higher efficiency than historical levels as volumes grow.

## NorrDigi's role in the forecasts for coming years is small

In NorrDigi, the commercialization of the MCC product for Volvo excavators has taken longer than expected, and further development of its control has continued during 2025. The company aims to secure its first commercial orders during 2026, although in our view, success in this is uncertain. Several interested commercialization partners have been found for the EMA electric cylinder, but reaching mass production is several years away on the commercialization path. Forecasting NorrDigi's growth is uncertain due to the relatively early development stage of the business. In our forecasts for the coming years, however, NorrDigi's growth plays a very small role (2026e revenue: 1.1 MEUR).

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	27.9	28.9	4%	30.8	31.6	2%	34.4	34.9	2%
EBITDA	2.3	2.6	15%	3.1	3.5	12%	3.9	4.2	8%
EBIT (excl. NRIs)	1.0	1.4	33%	1.8	2.1	18%	2.3	2.7	14%
EBIT	0.9	1.3	36%	1.7	2.0	19%	2.3	2.6	14%
PTP	-0.2	0.1	146%	0.6	0.9	57%	1.3	1.6	25%
EPS (excl. NRIs)	-0.01	0.02	223%	0.06	0.08	50%	0.11	0.13	23%

Source: Inderes



# The earnings turnaround improves the risk/reward ratio

Investment profile

Norrhydro Group's business can be divided into two entities with different profiles. In conventional hydraulic cylinders, the company has a strong position in Finland, acting as a partner to large and high-quality export-oriented engineering companies. However, the hydraulic cylinder market is also quite cyclical and competitive, which limits profitability and predictability. The company's new, larger, and more efficient factory, built in 2021-2022, offers growth potential in the conventional market.

NorrDigi products, on the other hand, offer the potential for rapid growth and, as operations scale, also for better profitability due to higher gross margins. In this new segment, competition is limited at least for the time being. There is significant uncertainty about the realization and timing of NorrDigi's growth.

The recent rapid recovery in demand and earnings development has strengthened expectations for the balance sheet position. However, if earnings development were to fall significantly short of forecasts, balance sheet risk could increase again. We currently estimate that the company will be able to significantly reduce its net debt in the coming years. If this were not the case, the company might have to resort to financing solutions unfavorable to shareholders to strengthen the balance sheet, which could eat up a significant portion of potential long-term returns.

## Earnings-based valuation could fall rapidly

The valuation of the share is still clearly elevated based on current year estimates (EV/EBIT 18x). In our view, a fair valuation level of EV/EBIT 9-12x could be applied in the long term for a company operating as a subcontractor in the

engineering sector, generating a reasonable return on capital. However, valuation multiples decline rapidly as earnings growth materializes (EV/EBIT 2026e: 11x). In addition, Norrhydro is investing significantly in the development of growth technologies in NorrDigi, which currently has a negative annual earnings impact of around 1 MEUR. Adjusted for this, the EV/EBIT would be only 11x for 2025e and 8x for 2026e, which could be considered favorable, assuming that the investments generate profitable growth in the long term. With a NorrDigi-adjusted EV/EBIT multiple of 10x, the stock would have an upside of up to 40% – although we do not want to rely fully on this valuation method due to NorrDigi's poor predictability.

## NorrDigi has high potential but low predictability

In the lower table on the right, we present various valuation scenarios for Norrhydro based on our future forecasts. In the scenario, we have assumed a highish EV/EBIT multiple of 13x for an industrial equipment manufacturer, intending to account for the long-term earnings growth potential generated by NorrDigi. We are not yet ready to accept this valuation multiple for future forecasts due to balance sheet risk and growth-related uncertainty, but we see a possibility that as NorrDigi's commercialization progresses, this type of valuation approach could become relevant.

The forecasts for 2027-30 are already quite high, as we have estimated revenue to grow by an average of 12% per year in 2026-30 and the EBIT margin to rise to 7-11% in 2027-30, which is above the company's historical level (2013-23: ~6%). This scenario exercise shows that if NorrDigi's growth materializes and the profit margin strengthens, the stock's potential relative to the current price would be high.

Valuation	2025e	2026e	2027e
Share price	1.41	1.41	1.41
Number of shares, millions	11.0	11.0	11.0
Market cap	16	16	16
EV	25	24	23
P/E (adj.)	82.9	16.7	10.5
P/E	>100	18.3	11.1
P/B	1.9	1.7	1.5
P/S	0.5	0.5	0.4
EV/Sales	0.9	0.8	0.6
EV/EBITDA	9.6	6.9	5.4
EV/EBIT (adj.)	18.3	11.4	8.5
Payout ratio (%)	0.0 %	0.0 %	23.7 %
Dividend yield-%	0.0 %	0.0 %	2.1 %

Source: Inderes

## Valuation scenarios assuming successful growth for NorrDigi\*

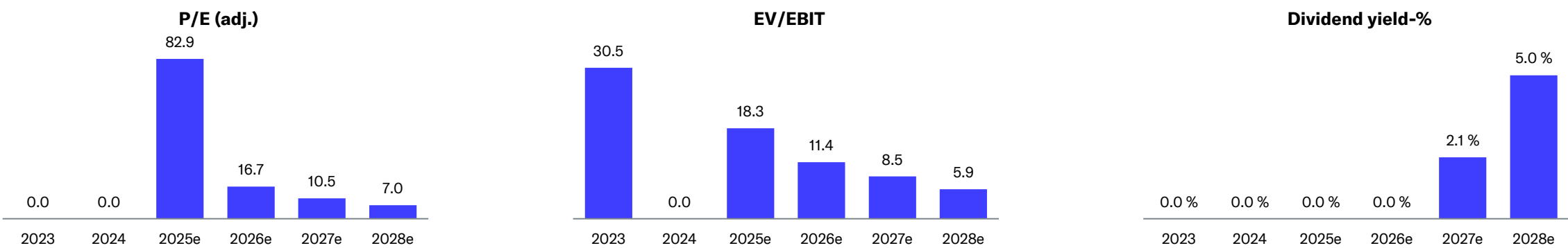
MEUR	2027e	2028e	2029e	2030e
Revenue	34.9	39.4	44.8	51.3
NorrDigi's share	2.6	5.5	9.9	15.3
EBIT-%	7.6%	9.0%	10.5%	10.9%
EBIT	2.7	3.6	4.7	5.6
EV/EBIT	13.0	13.0	13.0	13.0
EV	34.5	46.3	61.1	72.5
Market cap	27.4	40.7	55.5	66.9
Value of the stock	2.5	3.7	5.0	6.1
Discounted value of the stock	1.8	2.3	2.7	2.9
Difference to current price	25%	62%	93%	102%

\*The applied valuation multiple (13x) is a weighted average (based on 2030 revenue forecasts) that assumes a 10x multiple for the core business and 20x for NorrDigi.

# Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price		4.32	3.13	2.07	1.62	1.41	1.41	1.41	1.41
Number of shares, millions	8.24	8.46	10.9	10.9	11.0	11.0	11.0	11.0	11.0
Market cap		47	34	23	18	16	16	16	16
EV	4.7	47	42	32	27	25	24	23	21
P/E (adj.)	0.0	23.2	21.5	neg.	neg.	82.9	16.7	10.5	7.0
P/E	0.0	>100	>100	neg.	neg.	>100	18.3	11.1	7.3
P/B	0.0	4.2	3.2	2.5	2.3	1.9	1.7	1.5	1.3
P/S	0.0	1.9	1.1	0.7	0.7	0.5	0.5	0.4	0.4
EV/Sales	0.2	1.9	1.4	1.1	1.1	0.9	0.8	0.6	0.5
EV/EBITDA	1.2	15.9	19.7	29.4	21.8	9.6	6.9	5.4	4.1
EV/EBIT (adj.)	1.5	21.8	17.8	30.5	neg.	18.3	11.4	8.5	5.9
Payout ratio (%)	25.1 %	185.1 %	1521.2 %	0.0 %	0.0 %	0.0 %	0.0 %	23.7 %	36.1 %
Dividend yield-%		1.4 %	1.9 %	0.0 %	0.0 %	0.0 %	0.0 %	2.1 %	5.0 %

Source: Inderes



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

# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Kesla Oyj	10	21	10.7		7.1	21.3	0.5	0.5	8.5		4.2		0.8
Robit Plc	24	45	22.6	22.6	7.5	7.5	0.5	0.5		113.5	4.4		0.5
Ponsse Oyj	728	759	21.5	17.4	10.9	9.7	1.0	1.1	78.8	22.9	1.8	2.6	2.2
Kalmar	2223	2394	12.2	11.0	8.9	8.7	1.4	1.4	14.8	13.8	3.1	3.2	3.1
Metso Corp	10068	11303	15.0	15.6	12.5	12.5	2.3	2.3	19.6	20.5	2.9	3.0	3.9
Sandvik AB	32247	36159	19.0	18.5	14.0	13.9	3.2	3.3	24.8	22.5	2.0	2.1	3.8
Kongsberg Gruppen ASA	22056	21127	37.9	29.7	30.2	24.2	5.1	4.1	49.8	36.6	1.0	1.7	13.7
Enerpac Tool Group Corp	1911	1944	17.7	16.9	15.1	14.7	3.8	3.7	23.9	23.3			4.5
Interpump Group SpA	4562	4970	13.8	14.6	10.5	10.7	2.4	2.4	19.1	19.4	0.8	0.8	2.4
Parker-Hannifin Corp	80799	88401	24.5	22.2	21.0	19.8	5.2	5.2	29.9	27.7	0.8	0.9	7.9
Donaldson Company Inc	8244	8664	18.5	17.2	15.4	14.6	2.8	2.8	24.5	22.5	1.2	1.3	6.2
SMC Corp	18669	14663	10.6	9.1	10.7	11.2	3.3	3.3	18.8	21.2	1.8	1.9	1.8
Norrhydro (Inderes)	16	25	18.3	11.4	9.6	6.9	0.9	0.8	82.9	16.7	0.0	0.0	1.9
Average			18.0	17.0	13.4	13.8	2.7	2.6	27.6	30.4	2.1	2.0	4.0
Median			17.7	17.0	10.9	12.5	2.8	2.8	21.8	22.5	1.8	1.9	3.1
Diff-% to median			3%	-33%	-11%	-45%	-69%	-72%	281%	-26%	-100%	-100%	-37%

Source: Refinitiv / Inderes

# Income statement

Income statement	2022	2023	H1'24	H2'24	2024	H1'25	H2'25e	2025e	2026e	2027e	2028e
Revenue	29.7	30.4	13.1	11.1	24.2	14.9	14.1	28.9	31.6	34.9	39.4
EBITDA	1.7	1.1	0.77	0.49	1.26	1.23	1.36	2.59	3.47	4.19	5.18
Depreciation	-0.9	-1.4	-0.67	-0.68	-1.34	-0.65	-0.65	-1.30	-1.45	-1.61	-1.70
EBIT (excl. NRI)	2.4	1.1	0.13	-0.15	-0.02	0.61	0.75	1.37	2.10	2.66	3.56
EBIT	0.8	-0.3	0.11	-0.19	-0.08	0.57	0.71	1.29	2.02	2.58	3.48
Net financial items	-0.6	-1.2	-0.55	-0.69	-1.24	-0.57	-0.62	-1.18	-1.13	-0.93	-0.80
PTP	0.2	-1.4	-0.44	-0.88	-1.32	0.01	0.10	0.11	0.90	1.64	2.67
Taxes	-0.2	0.0	0.00	0.00	0.00	0.00	0.00	0.00	-0.04	-0.25	-0.53
Net earnings	0.0	-1.4	-0.44	-0.88	-1.32	0.01	0.10	0.11	0.85	1.40	2.14
EPS (adj.)	0.15	-0.01	-0.04	-0.08	-0.11	0.00	0.01	0.02	0.08	0.13	0.20
EPS (rep.)	0.00	-0.13	-0.04	-0.08	-0.12	0.00	0.01	0.01	0.08	0.13	0.19

Key figures	2022	2023	H1'24	H2'24	2024	H1'25	H2'25e	2025e	2026e	2027e	2028e
Revenue growth-%	20.3 %	2.2 %	-28.4 %	-7.7 %	-20.2 %	13.5 %	26.4 %	19.4 %	9.1 %	10.6 %	12.9 %
Adjusted EBIT growth-%									53.6 %	26.5 %	33.8 %
EBITDA-%	5.7 %	3.6 %	5.9 %	4.4 %	5.2 %	8.2 %	9.7 %	9.0 %	11.0 %	12.0 %	13.1 %
Adjusted EBIT-%	8.0 %	3.5 %	1.0 %	-1.3 %	-0.1 %	4.1 %	5.4 %	4.7 %	6.7 %	7.6 %	9.0 %
Net earnings-%	0.1 %	-4.8 %	-3.4 %	-7.9 %	-5.5 %	0.1 %	0.7 %	0.4 %	2.7 %	4.0 %	5.4 %

Source: Inderes



# Balance sheet

Assets	2024	2025e	2026e	2027e	2028e
Non-current assets	14.8	14.2	13.8	13.6	13.5
Goodwill	0.3	0.3	0.3	0.3	0.3
Intangible assets	8.6	8.6	8.7	8.6	8.6
Tangible assets	5.9	5.3	4.7	4.6	4.5
Other investments	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	9.1	10.9	11.9	13.1	14.7
Inventories	7.4	8.8	9.7	10.6	11.9
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	1.2	1.4	1.5	1.7	1.9
Cash and equivalents	0.6	0.7	0.7	0.8	0.9
Balance sheet total	24.0	25.1	25.7	26.7	28.2

Source: Inderes

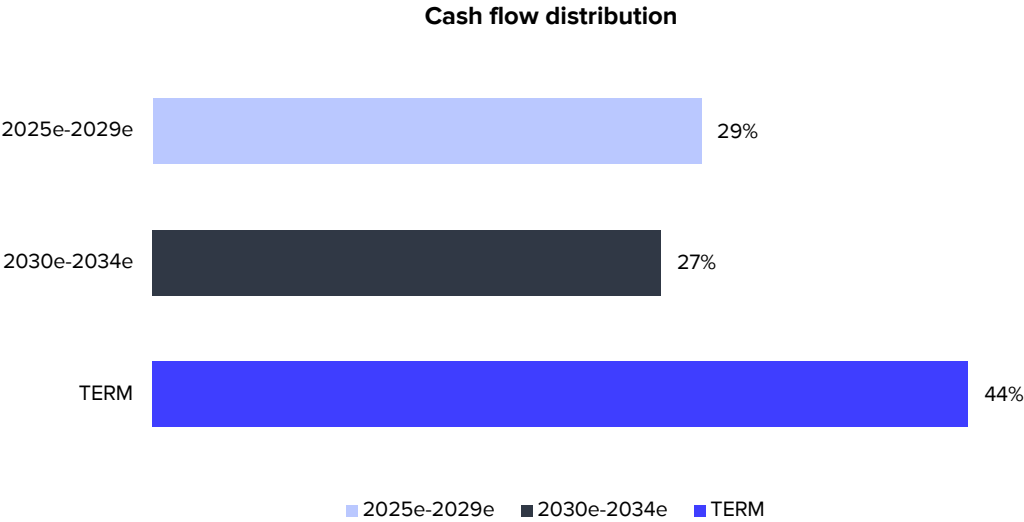
Liabilities & equity	2024	2025e	2026e	2027e	2028e
Equity	7.9	8.0	8.9	10.3	12.1
Share capital	4.3	4.3	4.3	4.3	4.3
Retained earnings	-6.7	-6.6	-5.7	-4.3	-2.5
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Other equity	10.4	10.4	10.4	10.4	10.4
Non-current liabilities	7.6	6.5	5.0	5.0	5.0
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	6.1	5.0	5.0	5.0	5.0
Convertibles	1.5	1.5	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	8.4	10.6	11.8	11.4	11.1
Interest bearing debt	2.5	3.6	4.2	3.0	1.5
Payables	5.9	7.0	7.6	8.4	9.5
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	24.0	25.1	25.7	26.7	28.2

# DCF calculation

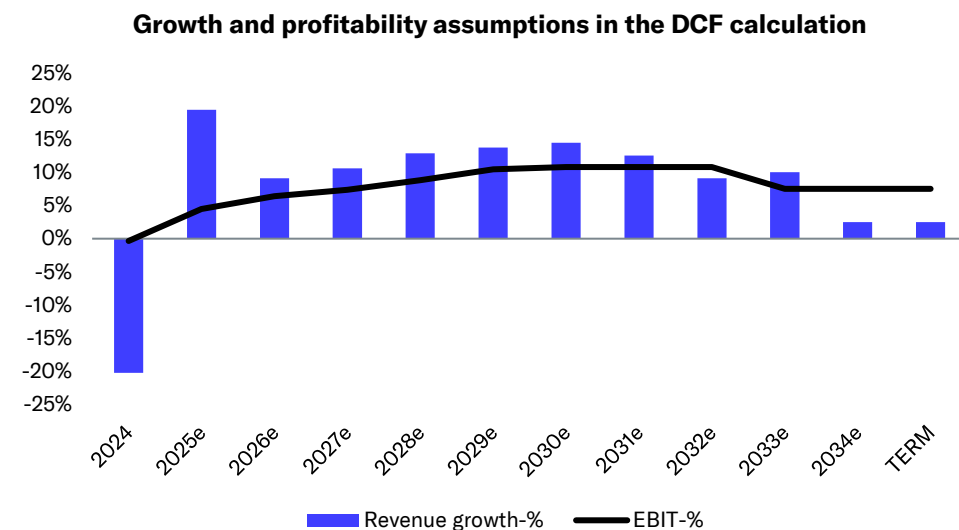
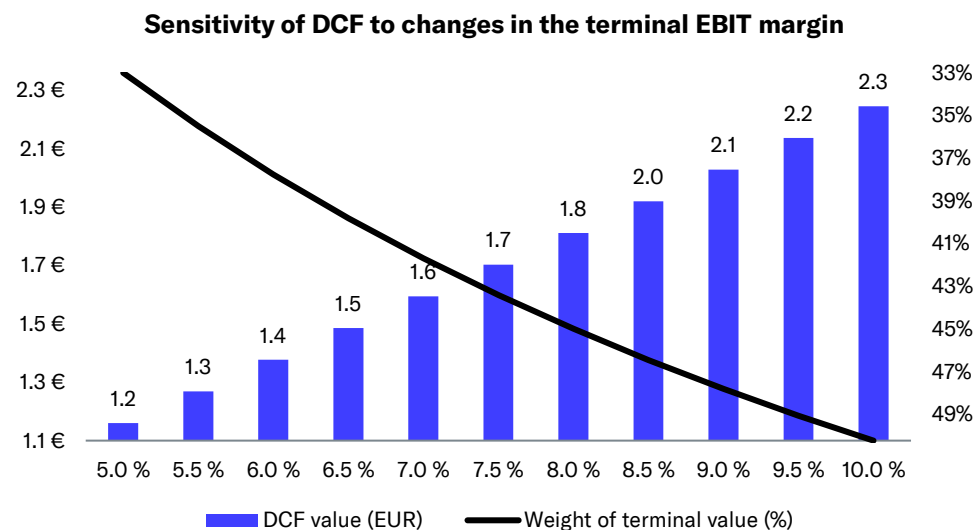
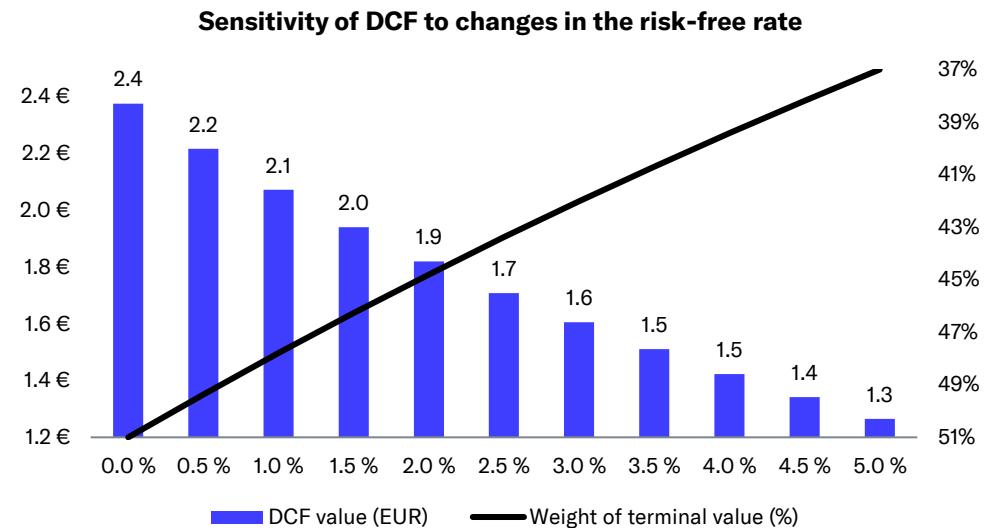
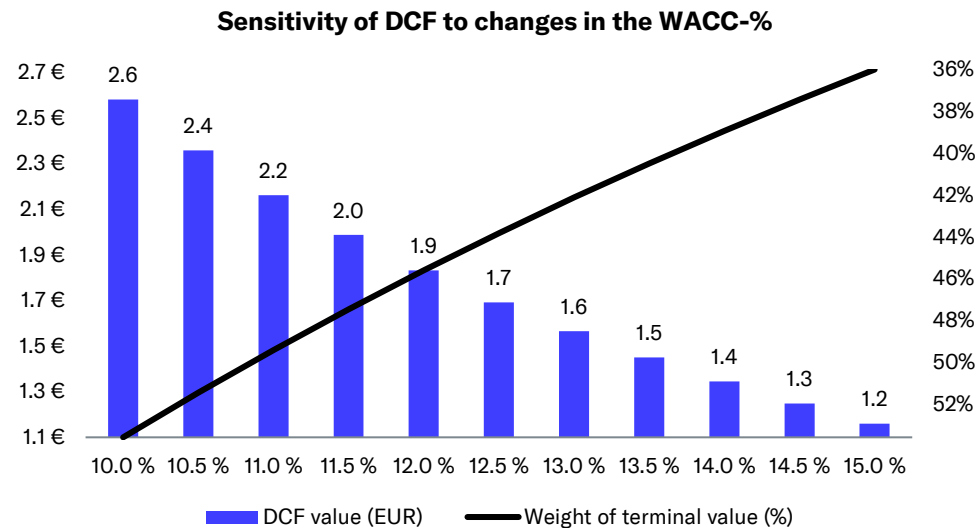
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-20.2 %	19.4 %	9.1 %	10.6 %	12.9 %	13.7 %	14.5 %	12.5 %	9.1 %	10.0 %	2.5 %	2.5 %
EBIT-%	-0.3 %	4.5 %	6.4 %	7.4 %	8.8 %	10.4 %	10.8 %	10.8 %	10.8 %	7.5 %	7.5 %	7.5 %
<b>EBIT (operating profit)</b>	<b>-0.1</b>	<b>1.3</b>	<b>2.0</b>	<b>2.6</b>	<b>3.5</b>	<b>4.7</b>	<b>5.5</b>	<b>6.2</b>	<b>6.8</b>	<b>5.2</b>	<b>5.3</b>	
+ Depreciation	1.3	1.3	1.5	1.6	1.7	1.7	1.7	1.8	1.9	2.1	2.1	
- Paid taxes	0.0	0.0	0.0	-0.2	-0.5	-0.8	-1.0	-1.2	-1.3	-1.0	-1.0	
- Tax, financial expenses	0.0	0.0	-0.1	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
- Change in working capital	0.9	-0.5	-0.3	-0.3	-0.4	-0.4	-0.5	-0.6	-0.5	-0.6	-0.2	
<b>Operating cash flow</b>	<b>2.2</b>	<b>2.1</b>	<b>3.0</b>	<b>3.5</b>	<b>4.1</b>	<b>5.1</b>	<b>5.7</b>	<b>6.1</b>	<b>6.8</b>	<b>5.6</b>	<b>6.2</b>	
- Gross CAPEX	-1.3	-0.7	-1.0	-1.4	-1.6	-1.9	-2.1	-2.4	-2.8	-2.6	-2.6	
<b>Free operating cash flow</b>	<b>0.9</b>	<b>1.4</b>	<b>2.0</b>	<b>2.1</b>	<b>2.5</b>	<b>3.2</b>	<b>3.6</b>	<b>3.7</b>	<b>4.0</b>	<b>3.0</b>	<b>3.6</b>	
FCFF	0.9	1.4	2.0	2.1	2.5	3.2	3.6	3.7	4.0	3.0	3.6	36.8
<b>Discounted FCFF</b>		<b>1.3</b>	<b>1.8</b>	<b>1.6</b>	<b>1.7</b>	<b>2.0</b>	<b>1.9</b>	<b>1.8</b>	<b>1.7</b>	<b>1.1</b>	<b>1.2</b>	<b>12.5</b>
Sum of FCFF present value		28.7	27.4	25.6	24.0	22.3	20.3	18.4	16.6	14.9	13.7	12.5
<b>Enterprise value DCF</b>		<b>28.7</b>										
- Interest bearing debt		-10.2										
+ Cash and cash equivalents		0.6										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>19.1</b>										
<b>Equity value DCF per share</b>		<b>1.74</b>										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.4 %
Equity Beta	2.25
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>14.7 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>12.5 %</b>

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	29.7	30.4	24.2	28.9	31.6	EPS (reported)	0.00	-0.13	-0.12	0.01	0.08
EBITDA	1.7	1.1	1.3	2.6	3.5	EPS (adj.)	0.15	-0.01	-0.11	0.02	0.08
EBIT	0.8	-0.3	-0.1	1.3	2.0	OCF / share	0.01	0.13	0.20	0.19	0.28
PTP	0.2	-1.4	-1.3	0.1	0.9	OCF / share	-0.60	-0.01	0.08	0.12	0.19
Net Income	0.0	-1.4	-1.3	0.1	0.9	Book value / share	0.98	0.81	0.72	0.73	0.81
Extraordinary items	-1.5	-1.3	-0.1	-0.1	-0.1	Dividend / share	0.06	0.00	0.00	0.00	0.00
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	27.9	25.4	24.0	25.1	25.7	Revenue growth-%	20%	2%	-20%	19%	9%
Equity capital	10.7	8.9	7.9	8.0	8.9	EBITDA growth-%	-43%	-35%	15%	106%	34%
Goodwill	0.4	0.3	0.3	0.3	0.3	EBIT (adj.) growth-%	9%	-55%	-102%	-6095%	54%
Net debt	8.0	9.6	9.6	9.4	8.4	EPS (adj.) growth-%	-22%	-108%	874%	-115%	396%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	5.7 %	3.6 %	5.2 %	9.0 %	11.0 %
EBITDA	1.7	1.1	1.3	2.6	3.5	EBIT (adj.)-%	8.0 %	3.5 %	-0.1 %	4.7 %	6.7 %
Change in working capital	-1.3	0.3	0.9	-0.5	-0.3	EBIT-%	2.8 %	-0.8 %	-0.3 %	4.5 %	6.4 %
Operating cash flow	0.1	1.4	2.2	2.1	3.0	ROE-%	0.4 %	-14.8 %	-15.7 %	1.3 %	10.0 %
CAPEX	-6.6	-1.5	-1.3	-0.7	-1.0	ROI-%	4.8 %	-1.2 %	-0.3 %	7.2 %	11.2 %
Free cash flow	-6.5	-0.1	0.9	1.4	2.0	Equity ratio	38.3 %	35.0 %	33.1 %	32.0 %	34.6 %
						Gearing	74.7 %	108.6 %	120.9 %	117.0 %	94.8 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S		1.1	1.1	0.9	0.8						
EV/EBITDA		29.4	21.8	9.6	6.9						
EV/EBIT (adj.)		30.5	neg.	18.3	11.4						
P/E (adj.)		neg.	neg.	82.9	16.7						
P/B	3.2	2.5	2.3	1.9	1.7						
Dividend-%		0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
12/2/2021	Sell	3.60 €	4.14 €
12/16/2021	Reduce	3.60 €	3.58 €
12/23/2021	Reduce	3.85 €	4.20 €
2/14/2022	Reduce	4.00 €	3.76 €
4/21/2022	Reduce	4.10 €	3.77 €
8/19/2022	Reduce	4.10 €	3.85 €
11/14/2022	Accumulate	3.70 €	3.19 €
2/20/2022	Accumulate	3.90 €	3.49 €
5/31/2023	Reduce	3.20 €	3.02 €
8/8/2023	Accumulate	2.60 €	2.22 €
8/14/2023	Accumulate	2.80 €	2.53 €
1/10/2024	Accumulate	2.50 €	2.20 €
2/25/2024	Reduce	1.80 €	1.75 €
7/30/2024	Reduce	1.60 €	1.55 €
8/2/2024	Accumulate	2.10 €	1.80 €
10/18/2024	Accumulate	2.10 €	1.74 €
2/20/2025	Reduce	1.50 €	1.48 €
6/18/2025	Accumulate	1.40 €	1.17 €
7/15/2025	Reduce	1.40 €	1.53 €





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## **Inderes Ab**

Vattugatan 17, 5tr  
Stockholm  
+46 8 411 43 80

[inderes.se](http://inderes.se)

## **Inderes Oyj**

Porkkalankatu 5  
00180 Helsinki  
+358 10 219 4690

[inderes.fi](http://inderes.fi)

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