

KREATE

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INDERES CORPORATE CUSTOMER COMPANY REPORT



Projects are progressing, sizes are growing

Kreate's revenue growth clearly exceeded our estimates in Q3. Due to strong volume development, profitability was also higher than our estimates in absolute terms, although relative profitability was slightly below our estimates. After a strong quarter, the current year's revenue guidance appears cautious, which may be explained by the relatively slower revenue recognition of larger projects than before. Earnings growth and dividend yield in the coming years support the expected return, but the valuation is tight based on our current year estimates. We raise Kreate's target price to EUR 10.5 (was EUR 9.4) but reiterate our Reduce recommendation.

Volume development drove the earnings beat

Kreate's Q3 revenue grew by 22% year-on-year to 94.7 MEUR, exceeding our 84.7 MEUR estimate by 12%. By business line, revenue in Structural engineering grew particularly strongly by 29% to 63.7 MEUR. In Transport infrastructure, revenue also grew by 10% to 29.9 MEUR. By country, growth in Sweden was clearly stronger than our forecasts, with revenue increasing by 54%.

Due to the strong growth, profitability was also at a higher level than we expected, with the absolute adjusted EBITA rising to 4.0 MEUR, topping our forecast of 3.6 MEUR. The EBITA margin was 4.2%, which was almost in line with our forecast of 4.3%. Despite stronger revenue development than our forecasts, profitability was still hampered during the quarter by the company's front-loaded growth investments in personnel. In the lower lines, financing expenses were lower than our estimates, and thus EPS also grew to EUR 0.30, exceeding our estimate of EUR 0.24.

The company's order book decreased slightly from the previous quarter, ending at 242 MEUR at the end of the quarter. Compared to the prior-year period, the order book at the end of the quarter grew by as much as 58%. In addition, the company has several major projects won and/or in the development phase that have not yet been recorded in the quarter's order book.

Our revenue forecast is in line with the upper end of the guidance range

Kreate reiterated its guidance in connection with the Q3 report, in which the company estimates its revenue for the current year to be 290-310 MEUR (2024: 275.5 MEUR) and EBITA to be 9-11 MEUR (2024: 8.8 MEUR). After January-September, revenue stands at 220.7 MEUR and EBITA is 6.3 MEUR. Kreate estimates that 87 MEUR of the order book at the end of Q3 will be recognized during the 2025 financial year. Thus, with only the project portfolio recognized from the order book, the company would end up near the upper end of the revenue guidance range. We now forecast the company's revenue to grow by 12% this year to 310 MEUR and EBITA to rise to 10 MEUR (EBITA%: 3.3%). Our updated revenue forecast is in line with the upper end of the company's guidance range. Profitability will be supported by continued growth in volumes in the remainder of the year and an increase in the relative share of the more profitable Swedish business. On the other hand, the company's front-loaded investments in personnel are still reflected in our forecasts in personnel costs.

Overall valuation picture neutral

Kreate's share is valued at 12x EV/EBIT and 15x P/E multiples based on our current year estimates. Relative to our acceptable valuation (EV/EBIT & P/E: 10-12x), the pricing appears challenging. On the other hand, for the coming years, the multiples fall to a more attractive level (2026-27e EV/EBIT: 9x, P/E: 11x). However, in our view, this does not offer sufficient upside to make the expected return attractive, as some of the potential has evaporated with the share price increase. In addition, there is uncertainty regarding the realization of earnings growth, especially as the average project size increases. The DCF model value is also well in line with our target price, supporting the recommendation.

Recommendation

Reduce

(was Reduce)

Target price:

EUR 10.50

(was EUR 9.40)

Share price:

EUR 10.65

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	275.5	309.7	335.1	347.4
growth-%	-14%	12%	8%	4%
EBITA	8.8	10.1	12.8	13.5
EBITA-%	3.2 %	3.3 %	3.8 %	3.9 %
Net income	4.4	6.5	8.5	9.0
EPS (adj.)	0.43	0.73	0.95	1.01
P/E (adj.)	16.5	14.5	11.2	10.5
P/B	1.5	2.1	1.9	1.8
Dividend yield-%	7.0 %	4.8 %	5.0 %	5.1 %
EV/EBIT (adj.)	11.4	11.9	9.7	9.0
EV/EBITDA	6.1	6.8	6.4	5.9
EV/S	0.3	0.4	0.4	0.3

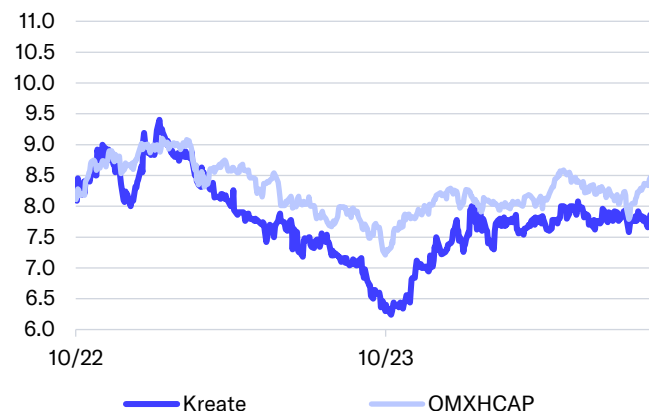
Source: Inderes

Guidance

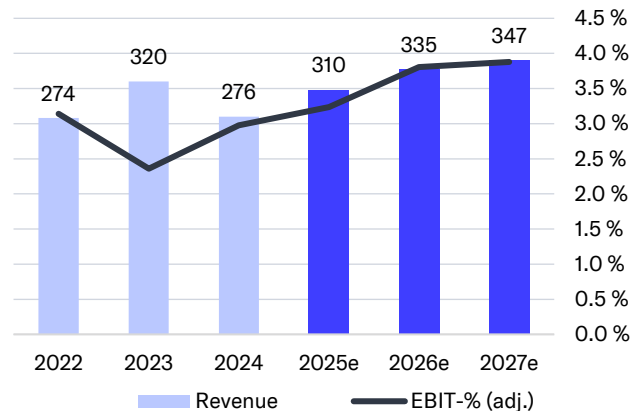
(Unchanged)

Kreate estimates that its revenue in 2025 will increase and be in the range of 290-310 MEUR (2024: 275.5 MEUR) and EBITA will increase and be in the range of 9-11 MEUR (2024: 8.8 MEUR).

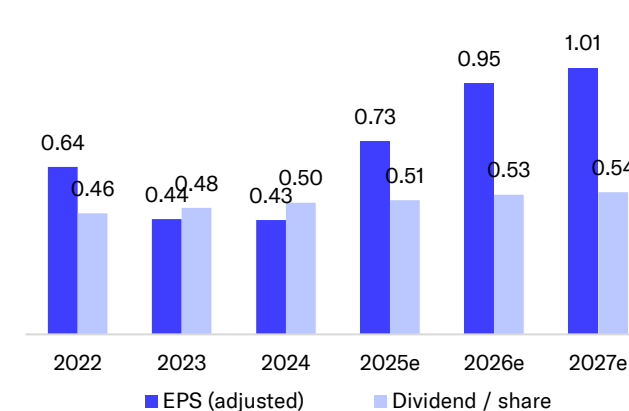
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

- Above-market growth in the medium term
- Clear room for improvement in profitability
- Strong potential for return on capital
- Infrastructure construction is more cycle-resilient than the rest of the sector
- Competitive advantage through specialized expertise in demanding projects
- Urbanization, dense construction, sustainable development, renovation debt, safety underpin market growth prospects

Risk factors

- The sector is partly dependent on the business cycle, especially on the private side
- Stagnation of public investment
- Managing growth
- Sharing and managing the risks of large projects
- Maintaining expertise and adequacy of staff incentives
- Price competition
- Cost pressures and material availability challenges

Valuation	2025e	2026e	2027e
Share price	10.7	10.7	10.7
Market cap	95	95	95
EV	120	124	121
P/E (adj.)	14.5	11.2	10.5
P/B	2.1	1.9	1.8
EV/Sales	0.4	0.4	0.3
EV/EBITDA	6.8	6.4	5.9
EV/EBIT (adj.)	11.9	9.7	9.0
Payout ratio (%)	69.4 %	55.5 %	53.3 %
Dividend yield-%	4.8 %	5.0 %	5.1 %

Source: Inderes

Year-end sprint started sharply

Revenue grew well above our expectations

Kreate's Q3 revenue grew by 22% from the comparison period to 94.7 MEUR, clearly exceeding our 84.7 MEUR estimate. By business line, revenue in Structural engineering grew particularly strongly by 29% to 63.7 MEUR. In Transport infrastructure, revenue also grew by 10% to 29.9 MEUR. By country, revenue in Finland grew by 16%, while in Sweden, growth was clearly stronger than our forecasts, with revenue increasing by 54%. The revenue growth was driven by a strengthened order book in the first half of the year. The company's drivers continue to be industrial investments, transport investments, and classified projects.

Kreate's order book stood at 242 MEUR at the end of Q3. The order book decreased from 281 MEUR at the end of Q2, and order intake was lower than revenue. Compared to the prior-year period, however, the order book is at a very strong level, with growth of as much as 58%. In

addition to the current strong order book, Kreate has won projects or projects tied to development agreements that are not yet recorded in the order book, which will support growth in the coming years. These include, among others, the Tampere passenger railway yard project and the eastern section of the Vantaa tramway. It should be noted, however, that in the current market, Kreate's focus area emphasizes long-term multi-year projects. Thus, large-scale projects will generate revenue for several years once they move into the implementation phase.

Profitability was higher than our forecasts in absolute terms

Strong volume development also supported profitability, and adjusted EBITA was 4.0 MEUR, while our forecast was 3.6 MEUR. The EBITA margin was 4.2%, which was almost in line with our forecast of 4.3%. The absolute earnings improvement thus came from stronger-than-expected volume. Profitability was still affected by the company's

front-loaded investments in personnel, and personnel costs increased by 31% year-on-year, with the number of employees at the end of September being 602 (520 in the comparison period).

In the lower lines, financial expenses were lower than our forecasts, so EPS was also clearly higher than our forecasts at EUR 0.30 (forecast EUR 0.24).

Timing-related fluctuations in cash flow

Kreate's operating free cash flow fell to 0.5 MEUR in Q3'25 from 5.9 MEUR in the comparison period. This weakening was mainly due to the commitment of working capital during the quarter. Although the drop is significant, in our view it is purely a timing issue. Kreate's project-driven business model is characterized by cash flow fluctuations between quarters.

Estimates	Q3'24	Q3'25	Q3'25e	Q3'25e	Consensus	Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. Inderes	Inderes
Revenue	77.6	94.7	84.7			12%	310
EBITA	3.1	4.0	3.6			10%	10.1
EBIT	3.1	4.0	3.6			10%	10.0
PTP	2.4	3.5	2.8			23%	8.2
EPS (reported)	0.20	0.30	0.24			23%	0.73
Revenue growth-%	-12.1 %	22.0 %	9.2 %			12.9 pp	12.4 %
EBITA-%	4.0 %	4.2 %	4.3 %			-0.1 pp	3.3 %

Source: Inderes

Revenue guidance seems cautious

Guidance unchanged

Kreate reiterated its guidance in connection with its Q2 report, in which it estimates revenue to be 290-310 MEUR for the current year (2024: 275.5 MEUR) and EBITA at 9-11 MEUR (2024: 8.8 MEUR). Achieving the bottom end of the guidance requires at least 69.3 MEUR in revenue and 2.7 MEUR in EBITA for Q4. Thus, the lower end of the guidance appears very conservative, considering the year-on-year improvement in the order book.

87 MEUR (Q3'24: 61 MEUR) of the order book is estimated to be realized during the 2025 financial year, of which Sweden's share is 14 MEUR. With the revenue realized in the first three quarters alone, and the revenue expected to be recognized from the current order book, the full-year revenue would rise to 308 MEUR. There is upward pressure on the revenue guidance if the company's new projects won during the fourth quarter generate revenue faster than anticipated. On the other hand, the company

currently has larger multi-year projects on the table, where revenue accumulates more slowly despite the absolute larger size of the contracts.

Profitability, in turn, is supported by growing revenue volumes and an increase in the relative share of the more profitable Swedish operations. Still, we do not consider the profitability guidance to be as conservative, and our updated forecast is in line with the midpoint of the range.

Estimates	Q3'24	Q3'25	Q3'25e	Q3'25e	Consensus	Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. Inderes	Inderes
Revenue	77.6	94.7	84.7			12%	310
EBITA	3.1	4.0	3.6			10%	10.1
EBIT	3.1	4.0	3.6			10%	10.0
PTP	2.4	3.5	2.8			23%	8.2
EPS (reported)	0.20	0.30	0.24			23%	0.73
Revenue growth-%	-12.1 %	22.0 %	9.2 %			12.9 pp	12.4 %
EBITA-%	4.0 %	4.2 %	4.3 %			-0.1 pp	3.3 %

Source: Inderes

Positive estimate revisions across the board

Estimate revisions

- Our estimate revisions for the current year are mainly due to a stronger-than-expected Q3 result.
- Our revenue estimate is now in line with the upper end of the company's guidance range. We expect some revenue from new projects in addition to the current order book to be recognized in the remainder of the year.
- The Confederation of Finnish Construction Industries RT predicts that the growth rate of the Finnish infrastructure construction market will moderate next year. We expect Kreate to still be able to grow at a faster pace than the general market due to stronger traction in the market suitable for the company.
- In addition, growth is supported by an order book that is clearly higher in our forecasts at the end of the year than last year.
- On the other hand, faster growth is softened by the large size of newly won projects, with revenue recognition occurring over several years.
- The front-loaded investments in personnel enable not only growth in line with our forecasts but also improved profitability, as we do not expect a similar scale of personnel cost increases for next year.

Operational earnings drivers 2025-2027

- The infrastructure market continues to grow, and in the company's focus areas, extensive structural engineering projects are growing more strongly than the general market growth
- Moderation of personnel cost pressures
- Earnings leverage from increased volumes
- Realization of growth investments in Sweden
- Easing of competitive pressure as other new construction recovers

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	300	310	3%	324	335	4%	335	347	4%
EBITA	9.7	10.1	4%	12.1	12.8	5%	12.9	13.5	5%
EBIT	9.7	10.0	3%	12.4	12.8	3%	12.9	13.5	5%
PTP	7.5	8.2	9%	10.2	10.6	4%	10.7	11.2	5%
EPS (excl. NRIs)	0.67	0.73	9%	0.92	0.95	4%	0.96	1.01	5%
DPS	0.51	0.51	0%	0.53	0.53	0%	0.54	0.54	0%

Source: Inderes

Kreate, Webcast, Q3'25



Valuation at a neutral level

Valuation elevated on our current year estimates

The current year's valuation is elevated based on earnings multiples compared to an acceptable level (EV/EBIT: 10-12x, P/E: 10-12x). During 2026, the earnings level in our forecasts will start to approach Kreate's normalized level of approximately 4%, at which point the valuation will also appear more attractive (2026e: EV/EBIT: 10x, P/E: 11x).

If earnings growth materializes, we believe the pricing will lean more heavily on the normalized earnings level of the coming years, which would also leave some upside in the valuation. The 5% dividend yield, enabled by the business model's normally strong cash flow and low investment needs, also supports the stock's expected return in the coming years. Kreate has expressed its intention to pay an increasing dividend, and we believe the company has the potential to do so, even if the dividend/earnings-% rises above 50% in the near future. The company also has financing capacity for growth investments.

Valued at a discount compared to peers

A peer group of Nordic listed companies in the industry is available for Kreate. However, we believe that the valuation level of the peers for 2025 is reasonably high due to the low earnings level. For example, YIT's and SRV's earnings-based multiples are at a high level, as earnings remain weak this year, especially due to the state of the domestic housing construction market. For 2026, the valuation for the entire group decreases to a more moderate level (2026e median EV/EBIT: 11x, P/E: 13x), better reflecting the sector's long-term acceptable valuation level. Compared to its peers, Kreate is valued relatively neutrally for this year but at a discount based on our forecasts for next year.

In our view, considering Kreate's return on capital and forecast earnings growth, the discount is not justified, and we currently accept a valuation for Kreate at the peer group level. However, due to clear differences in the companies' business models, we do not give significant weight to relative valuation in the overall valuation.

The DCF model supports our target price

We also consider the discounted cash flow (DCF) model in our valuation. In our model, the company's revenue growth stabilizes at 1.5% in the terminal period after stronger medium-term growth, and the EBIT margin is 3.5% of revenue. This is below the company's target EBITA margin of over 5%. We do not consider it justified to raise the forecast level to the target level before there is concrete evidence of profitability that is higher than recently and in line with the targets. We have lowered the long-term investment needs, reflecting the company's capital-efficient business model.

The value of Kreate's share according to the DCF model is around EUR 10.7, supporting our target price. In the cash flow model, the cost of capital (WACC) we use is 9.5% and the cost of equity is 11.0%.

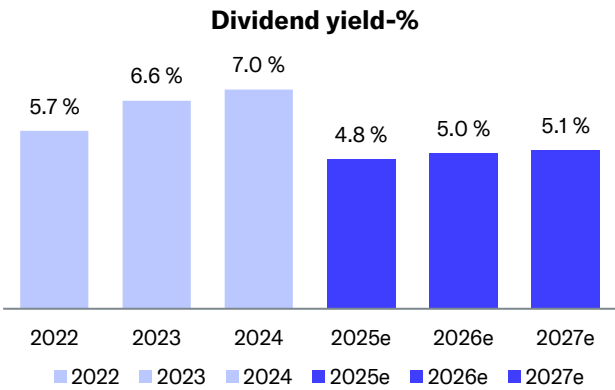
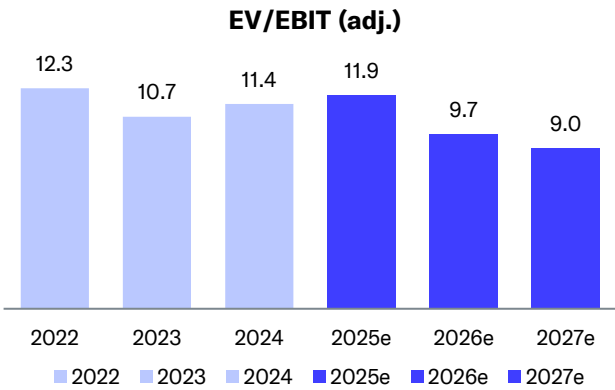
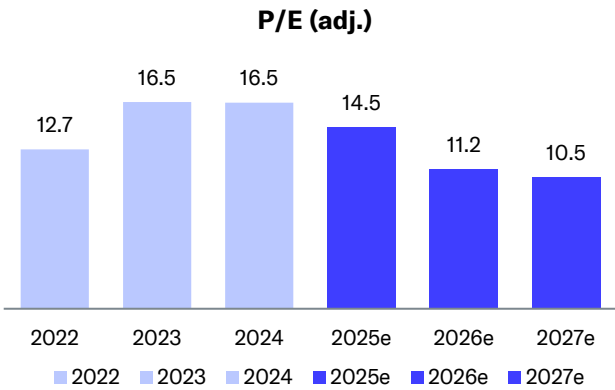
Valuation	2025e	2026e	2027e
Share price	10.7	10.7	10.7
Market cap	95	95	95
EV	120	124	121
P/E (adj.)	14.5	11.2	10.5
P/B	2.1	1.9	1.8
EV/Sales	0.4	0.4	0.3
EV/EBITDA	6.8	6.4	5.9
EV/EBIT (adj.)	11.9	9.7	9.0
Payout ratio (%)	69.4 %	55.5 %	53.3 %
Dividend yield-%	4.8 %	5.0 %	5.1 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price		11.4	8.09	7.22	7.14	10.7	10.7	10.7	10.7
Market cap		99	73	64	64	95	95	95	95
EV	28	120	106	81	94	120	124	121	115
P/E (adj.)	0.0	12.6	12.7	16.5	16.5	14.5	11.2	10.5	9.5
P/B	0.0	2.4	1.7	1.5	1.5	2.1	1.9	1.8	1.6
EV/Sales	0.1	0.5	0.4	0.3	0.3	0.4	0.4	0.3	0.3
EV/EBITDA	2.0	8.4	7.8	5.8	6.1	6.8	6.4	5.9	5.3
EV/EBIT (adj.)	2.7	11.6	12.3	10.7	11.4	11.9	9.7	9.0	8.0
Payout ratio (%)	50.4 %	56.4 %	72.4 %	109.7 %	102.0 %	69.4 %	55.5 %	53.3 %	49.9 %
Dividend yield-%		4.0 %	5.7 %	6.6 %	7.0 %	4.8 %	5.0 %	5.1 %	5.3 %

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/Liikevaihto		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
YIT Oyj	647	1546	30.5	19.4	22.0	15.0	0.9	0.8		45.0		0.4	0.9
NRC Group ASA	117	187	13.6	9.7	6.0	5.1	0.3	0.3	23.2	11.4			0.8
Veidekke ASA	1806	1732	11.8	10.7	7.1	6.7	0.5	0.4	15.6	14.4	6.2	6.6	5.4
Sdiptech AB (publ)	630	630	9.4	7.2	5.6	5.2	1.3	1.2	25.9	12.3			1.5
Ncc AB	1943	2257	13.9	12.4	8.2	7.7	0.4	0.4	14.4	13.4	4.2	4.5	2.4
Peab AB	2055	3234	14.2	12.3	8.7	7.9	0.6	0.6	16.7	10.4	4.4	4.9	1.3
Skanska AB	10041	9211	13.0	11.2	9.9	8.8	0.6	0.5	16.1	14.2	3.5	3.9	1.7
SRV Yhtiot Oyj	86	218	36.4	15.6	19.0	11.2	0.3	0.3		16.9		3.0	0.8
Consti Oyj	87	90	9.0	7.2	6.5	5.8	0.3	0.3	11.6	9.3	6.6	6.8	1.9
Kreate (Inderes)	95	120	11.9	9.7	6.8	6.4	0.4	0.4	14.5	11.2	4.8	5.0	2.1
Average			14.8	10.7	9.4	7.7	0.5	0.5	16.4	15.0	4.4	3.7	1.9
Median			13.0	10.7	7.7	7.7	0.5	0.4	15.3	13.0	4.3	3.9	1.6
Diff-% to median			-8%	-9%	-12%	-17%	-14%	-13%	-5%	-14%	11%	26%	29%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue	273.9	320.0	54.4	68.0	77.6	75.5	275.5	52.4	73.5	94.7	89.1	309.7	335.1	347.4	356.5
Finland	0.0	298	47.9	61.6	67.5	65.6	242.6	44.9	64.5	79.1	74.1	262.6	279.6	286.3	291.8
Sweden	0.0	22.5	6.5	6.4	10.1	9.9	32.9	7.5	9.0	15.6	15.0	47.1	55.5	61.1	64.7
EBITDA	13.6	14.0	1.6	4.1	4.7	4.9	15.3	1.7	4.0	6.0	5.9	17.6	19.5	20.6	21.8
Depreciation	-5.0	-6.4	-1.4	-1.5	-1.6	-2.1	-6.6	-1.7	-1.8	-2.0	-2.1	-7.6	-6.7	-7.1	-7.3
EBITA	8.8	7.8	0.3	2.6	3.1	2.8	8.8	0.1	2.2	4.0	3.8	10.1	12.8	13.5	14.4
EBIT (excl. NRI)	8.6	7.6	0.2	2.6	3.1	2.3	8.2	0.0	2.2	4.0	3.8	10.0	12.8	13.5	14.4
EBIT	8.6	7.6	0.2	2.6	3.1	2.8	8.7	0.0	2.2	4.0	3.8	10.0	12.8	13.5	14.4
Net financial items	-1.9	-2.9	-0.8	-0.5	-0.7	-0.8	-2.8	0.0	-0.8	-0.4	-0.6	-1.8	-2.2	-2.3	-2.0
PTP	6.7	4.7	-0.6	2.1	2.4	2.0	5.9	0.0	1.4	3.5	3.2	8.2	10.6	11.2	12.4
Taxes	-1.1	-0.7	0.1	-0.5	-0.6	-0.4	-1.3	0.2	-0.4	-0.6	-0.7	-1.5	-1.9	-2.0	-2.2
Minority interest	0.2	-0.2	-0.1	-0.2	-0.1	0.1	-0.2	-0.1	0.2	-0.2	-0.1	-0.2	-0.2	-0.2	-0.2
Net earnings	5.8	3.7	-0.6	1.4	1.8	1.8	4.4	0.1	1.2	2.7	2.5	6.5	8.5	9.0	10.0
EPS (adj.)	0.64	0.44	-0.07	0.16	0.20	0.20	0.49	0.01	0.14	0.30	0.28	0.73	0.95	1.01	1.12
EPS (rep.)	0.64	0.44	-0.07	0.16	0.20	0.20	0.49	0.01	0.14	0.30	0.28	0.73	0.95	1.01	1.12

Key figures	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	15.3 %	16.8 %	-17.3 %	-20.7 %	-12.1 %	-5.9 %	-13.9 %	-3.7 %	8.1 %	22.0 %	18.1 %	12.4 %	8.2 %	3.7 %	2.6 %
Oikaistun EBITA:n kasvu-%	-16.9 %	-10.5 %	-77.3 %	9.2 %	4.4 %	22.6 %	12.0 %	-79.0 %	-15.4 %	29.4 %	36.4 %	15.3 %	26.2 %	5.6 %	7.1 %
Oikaistu EBITA-%	3.2 %	2.4 %	0.5 %	3.8 %	4.0 %	3.7 %	3.2 %	0.1 %	3.0 %	4.2 %	4.3 %	3.3 %	3.8 %	3.9 %	4.0 %
Adjusted EBIT-%	3.1 %	2.4 %	0.4 %	3.8 %	4.0 %	3.1 %	3.0 %	0.0 %	3.0 %	4.2 %	4.3 %	3.2 %	3.8 %	3.9 %	4.0 %

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	75.6	75.8	76.9	79.2	80.2
Goodwill	40.0	40.4	40.4	40.4	40.4
Intangible assets	0.5	0.3	0.4	0.4	0.4
Tangible assets	23.3	23.5	24.5	26.8	27.8
Associated companies	10.5	10.5	10.5	10.5	10.5
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.3	0.2	0.2	0.2	0.2
Deferred tax assets	1.0	0.9	0.9	0.9	0.9
Current assets	59.0	55.6	59.5	67.7	70.2
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.7	0.7	0.7	0.7	0.7
Receivables	34.6	44.1	46.5	53.6	55.6
Cash and equivalents	23.6	10.8	12.4	13.4	13.9
Balance sheet total	135	131	136	147	150

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	42.9	43.6	45.7	49.6	53.9
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	24.0	25.2	27.3	31.2	35.5
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	18.7	18.0	18.0	18.0	18.0
Minorities	0.1	0.3	0.3	0.3	0.3
Non-current liabilities	33.9	34.5	34.1	37.0	35.0
Deferred tax liabilities	1.5	1.4	1.0	1.0	1.0
Provisions	3.1	3.3	3.3	3.3	3.3
Interest bearing debt	29.4	29.8	29.8	32.8	30.8
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	57.9	53.3	56.6	60.2	61.4
Interest bearing debt	11.0	10.9	6.8	9.7	8.9
Payables	46.8	42.1	49.6	50.3	52.1
Other current liabilities	0.0	0.3	0.3	0.3	0.3
Balance sheet total	135	131	136	147	150

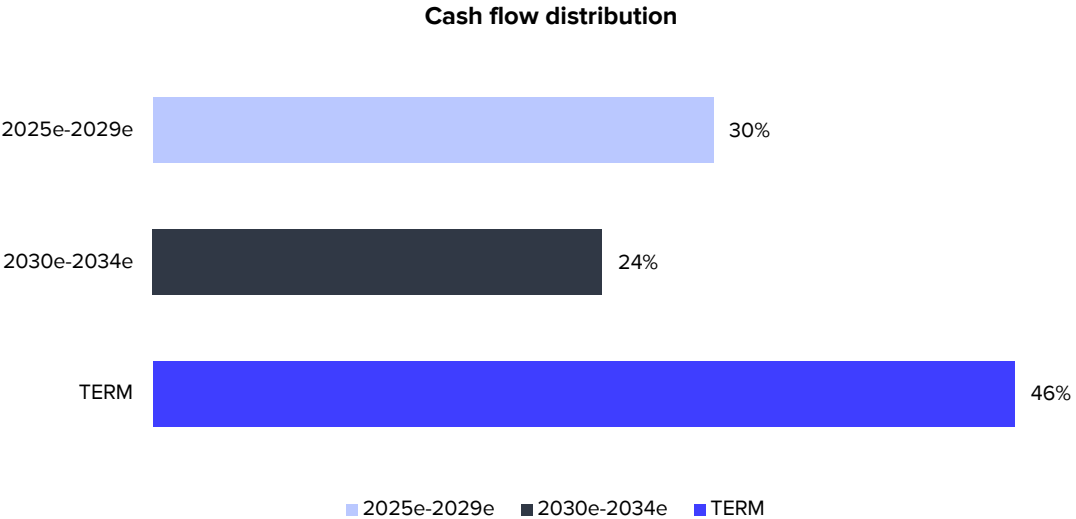
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-13.9 %	12.4 %	8.2 %	3.7 %	2.6 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	1.5 %	1.5 %
EBIT-%	3.2 %	3.2 %	3.8 %	3.9 %	4.0 %	4.1 %	4.0 %	4.0 %	4.0 %	3.5 %	3.5 %	3.5 %
EBIT (operating profit)	8.7	10.0	12.8	13.5	14.4	14.9	14.8	15.1	15.4	13.8	14.0	
+ Depreciation	6.6	7.6	6.7	7.1	7.3	7.5	7.7	7.8	8.0	8.1	8.3	
- Paid taxes	-1.3	-1.9	-1.9	-2.0	-2.2	-2.3	-2.4	-2.4	-2.5	-2.2	-2.2	
- Tax, financial expenses	-0.6	-0.3	-0.4	-0.4	-0.4	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	
+ 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	-13.9	5.1	-6.4	-0.1	1.7	0.0	1.8	0.0	0.0	0.0	0.0	
Operating cash flow	-0.6	20.5	10.8	18.1	20.9	19.8	21.7	20.3	20.7	19.5	19.8	
+ Change in other long-term liabilities	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-6.9	-8.7	-9.0	-8.1	-8.1	-8.1	-8.2	-8.4	-8.6	-8.7	-8.8	
Free operating cash flow	-7.3	11.9	1.7	10.0	12.8	11.7	13.5	11.9	12.1	10.7	11.0	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-7.3	11.9	1.7	10.0	12.8	11.7	13.5	11.9	12.1	10.7	11.0	139
Discounted FCFF		11.7	1.6	8.2	9.6	8.0	8.4	6.8	6.3	5.1	4.8	60.0
Sum of FCFF present value		130	119	117	109	99.2	91.2	82.8	76.1	69.8	64.7	60.0
Enterprise value DCF		130										
- Interest bearing debt		-40.7										
+ Cash and cash equivalents		10.8										
-Minorities		-0.6										
-Dividend/capital return		-4.4										
Equity value DCF		95.2										
Equity value DCF per share		10.7										

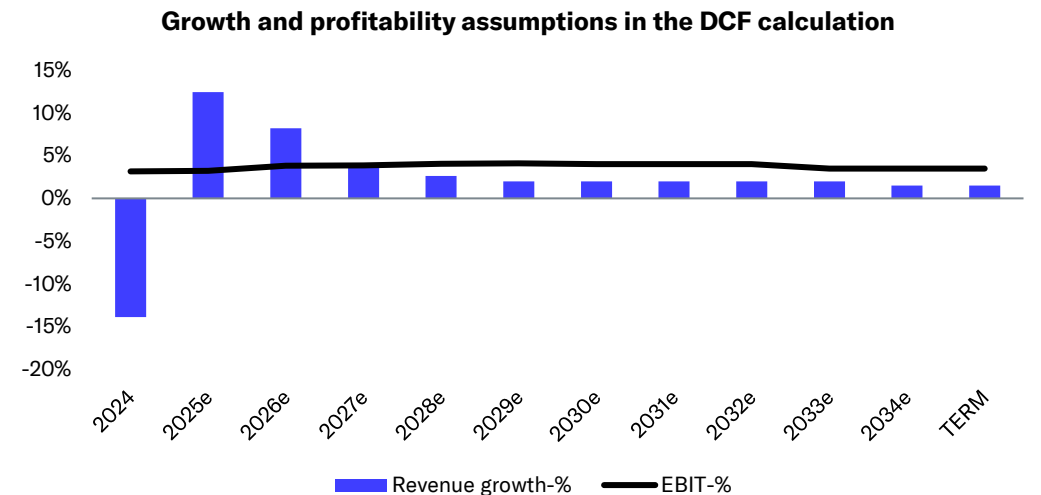
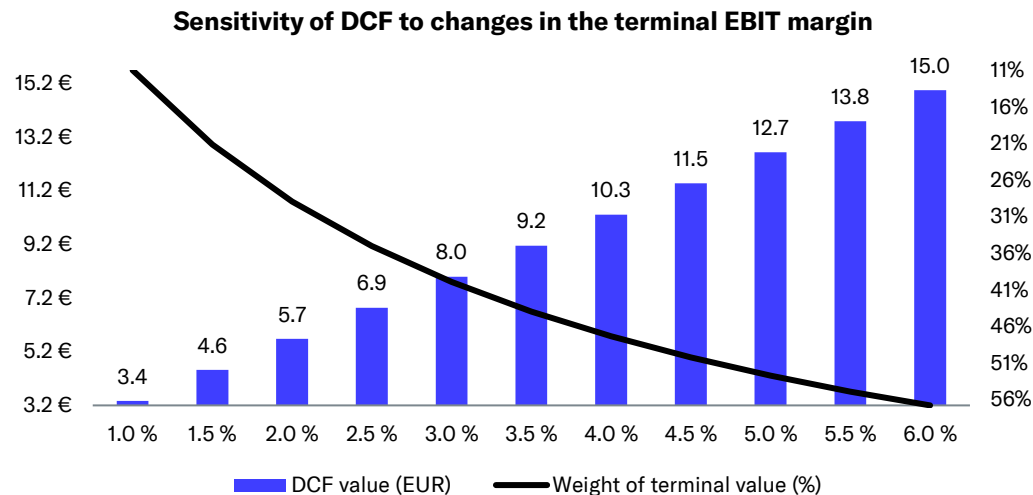
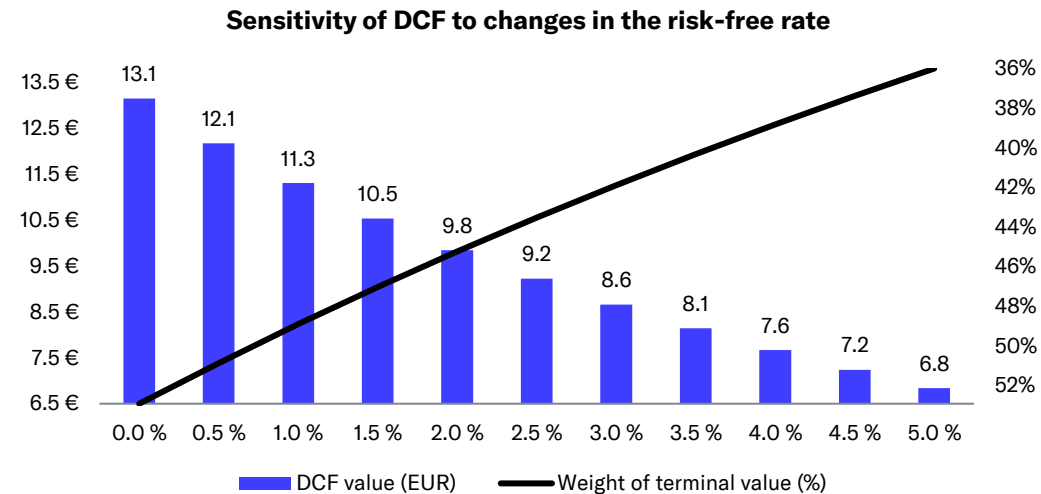
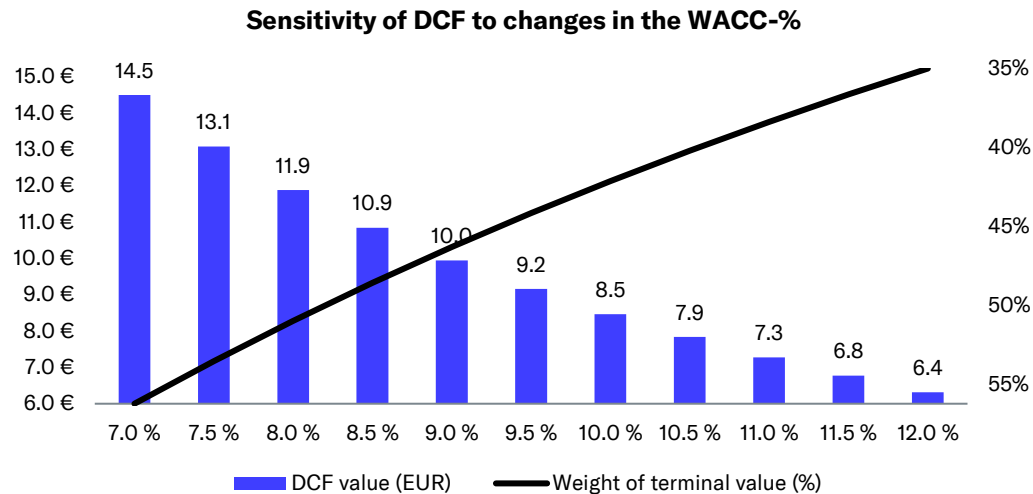
WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.50
Market risk premium	4.75%
Liquidity premium	1.40%
Risk free interest rate	2.5 %
Cost of equity	11.0 %
Weighted average cost of capital (WACC)	9.5 %

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	2023	2024	2025e	2026e	Per share data	2023	2024	2025e	2026e
Revenue	320.0	275.5	309.7	335.1	EPS (reported)	0.44	0.49	0.73	0.95
EBITDA	14.0	15.3	17.6	19.5	EPS (adj.)	0.44	0.43	0.73	0.95
EBIT	7.6	8.7	10.0	12.8	OCF / share	3.25	-0.07	2.31	1.21
PTP	4.7	5.9	8.2	10.6	OFCF / share	2.64	-0.82	1.33	0.19
Net Income	3.9	4.4	6.5	8.5	Book value / share	4.81	4.87	5.10	5.55
Extraordinary items	0.0	0.5	0.0	0.0	Dividend / share	0.48	0.50	0.51	0.53
Balance sheet	2023	2024	2025e	2026e	Growth and profitability	2023	2024	2025e	2026e
Balance sheet total	134.6	131.4	136.4	146.9	Revenue growth-%	17%	-14%	12%	8%
Equity capital	42.9	43.6	45.7	49.6	EBITDA growth-%	3%	9%	15%	11%
Goodwill	40.0	40.4	40.4	40.4	EBIT (adj.) growth-%	-12%	9%	22%	27%
Net debt	16.7	29.9	24.2	29.0	EPS (adj.) growth-%	-31%	-1%	69%	30%
Cash flow	2023	2024	2025e	2026e	EBITDA-%	4.4 %	5.5 %	5.7 %	5.8 %
EBITDA	14.0	15.3	17.6	19.5	EBIT (adj.)-%	2.4 %	3.0 %	3.2 %	3.8 %
Change in working capital	15.9	-13.9	5.1	-6.4	EBIT-%	2.4 %	3.2 %	3.2 %	3.8 %
Operating cash flow	28.9	-0.6	20.5	10.8	ROE-%	9.1 %	10.1 %	14.7 %	17.9 %
CAPEX	-6.8	-6.9	-8.7	-9.0	ROI-%	9.0 %	10.4 %	12.0 %	14.6 %
Free cash flow	23.4	-7.3	11.9	1.7	Equity ratio	31.9 %	33.2 %	33.5 %	33.8 %
Valuation multiples	2023	2024	2025e	2026e	Gearing	39.0 %	68.6 %	53.0 %	58.5 %
EV/S	0.3	0.3	0.4	0.4					
EV/EBITDA	5.8	6.1	6.8	6.4					
EV/EBIT (adj.)	10.7	11.4	11.9	9.7					
P/E (adj.)	16.5	16.5	14.5	11.2					
P/B	1.5	1.5	2.1	1.9					
Dividend-%	6.6 %	7.0 %	4.8 %	5.0 %					

Source: Inderes

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

Date	Recommendation	Target	Share price
11/22/2021	Buy	13.00 €	10.75 €
11/24/2021	Buy	13.00 €	11.45 €
1/27/2022	Accumulate	13.00 €	11.75 €
4/27/2022	Buy	12.00 €	9.00 €
7/28/2022	Buy	12.00 €	8.80 €
10/4/2022	Buy	11.00 €	8.02 €
10/27/2022	Buy	11.00 €	8.45 €
11/21/2022	Accumulate	10.50 €	8.92 €
1/12/2023	Accumulate	10.50 €	9.05 €
2/1/2023	Accumulate	10.50 €	9.30 €
5/2/2023	Accumulate	9.00 €	7.94 €
7/12/2023	Vähennä	7.90 €	7.58 €
7/20/2023	Accumulate	7.90 €	7.44 €
10/26/2023	Accumulate	7.00 €	6.32 €
11/28/2023	Accumulate	7.30 €	6.84 €
2/1/2024	Accumulate	8.50 €	7.94 €
4/29/2024	Accumulate	8.50 €	7.80 €
7/17/2024	Accumulate	8.50 €	7.82 €
10/1/2024	Accumulate	9.00 €	8.36 €
10/28/2024	Reduce	8.80 €	8.36 €
1/13/2025	Accumulate	8.00 €	7.30 €
2/6/2025	Accumulate	8.00 €	7.50 €
4/25/2025	Accumulate	8.60 €	7.92 €
7/15/2025	Accumulate	9.20 €	8.78 €
10/6/2025	Reduce	9.40 €	10.20 €
10/23/2025	Reduce	10.50 €	10.65 €



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