

HARVIA

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INDERES CORPORATE CUSTOMER COMPANY REPORT



An expectedly strong quarter

Harvia's Q1 results were in line with our expectations, and the company did not comment on post-quarter developments or the outlook. As a result, our forecasts for the coming years remain unchanged, but we have slightly raised our longer-term growth forecast, which supports the increase in the target price to EUR 42 (was EUR 40). We reiterate our Reduce recommendation.

North America drove growth and profitability recovered as expected in Q1

Harvia's revenue grew by 23% in Q1, of which 14% was organic growth and the rest driven by the ThermaSol acquisition. Organic growth was a couple of percentage points below our forecast. In familiar fashion, the growth driver was the company's largest market area, North America, mainly the US, which grew by almost 60%, or even organically by about 30%.

Harvia's profitability was weaker than normal in Q4, as the lower price of campaign deliveries and increased raw material costs weakened the material margin. In Q1, the material margin rose again to over 66% (Q4'24: just under 60%, Q1'24: 64.6%) and was clearly better than our forecast (62.5%). In addition to the clear decrease in campaign deliveries, the margin was supported by, e.g., price increases. However, Harvia's fixed costs grew somewhat faster than we expected, and the adjusted EBIT was exactly in line with our forecast (11.9 MEUR), and the margin was also very close to our expectation of around 23%. However, the margin decreased slightly from the comparison period due to the company's significant investments in fixed costs, which aim to build future growth.

No comments on post-Q1 developments

Harvia does not provide guidance, nor did it comment on developments after Q1. With the US tariff situation escalating in early April, we believe that any potential impact on consumers, and thus on Harvia's demand, will not be visible until Q2. In this

regard, we will have to wait at least for the release of Harvia's Q2 figures.

However, the company reiterated that it sees the long-term potential in the USS as strong in any case, which we agree with. In addition, the company emphasized that the sauna market is still relatively small in the US, and there are enough consumers with purchasing power in the country. This is also true, and in recent years the company has been able to grow strongly in the US, regardless of the economic situation. Nevertheless, we believe that weakened consumer confidence in the US and tariff-induced inflation pose a negative risk to Harvia's short-term demand prospects. With Harvia's Q1 figures meeting our expectations and the company refraining from commenting on subsequent events, the report as a whole contained very little new information compared to our previous expectations. Thus, our forecasts remained largely unchanged. Thus, in our view, yesterday's fairly strong share price increase was not justified, at least based on the Q1 figures and forecast changes.

High valuation is deserved, but also exposes to risks

We believe that Harvia's valuation level (e.g. EV/EBIT 2025 20x, P/E 28x) is highish, although we consider the company's return on capital employed and its ability to allocate and generate cash flow excellent and that multiples will, therefore, moderate in the coming years. However, we note that there are currently more downside risks to the forecasts, especially given the risks to US consumer demand. We believe that Harvia's capital allocation will continue to be value-creating, and thus channeling cash either to acquisitions and/or larger dividends would support the investor's expected return. We also see Harvia as a potential acquisition target, but with the current valuation, we find it quite expensive for the buyer. On the other hand, we believe that the high valuation of the stock exposes it to downside risk in the event of a possible slowdown in US growth.

Recommendation

Reduce
(was Reduce)

Target price:

EUR 42.00
(was EUR 40.00)

Share price:
EUR 45.00

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	175	199	218	238
growth-%	16%	14%	10%	9%
EBIT adj.	37.1	43.1	49.7	57.0
EBIT-% adj.	21.2 %	21.7 %	22.8 %	24.0 %
Net Income	24.2	30.1	36.2	42.5
EPS (adj.)	1.38	1.63	1.95	2.28
P/E (adj.)	33.4	28.9	24.1	20.7
P/B	7.0	6.3	5.5	4.8
Dividend yield-%	1.6 %	1.8 %	2.1 %	2.5 %
EV/EBIT (adj.)	25.0	21.5	18.3	15.6
EV/EBITDA	21.8	18.4	15.8	13.6
EV/S	5.3	4.7	4.2	3.7

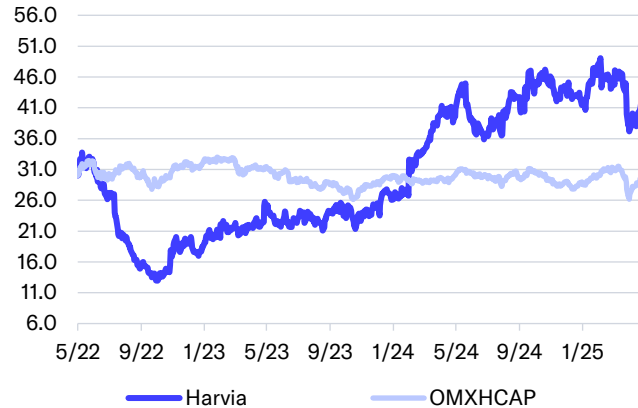
Source: Inderes

Guidance

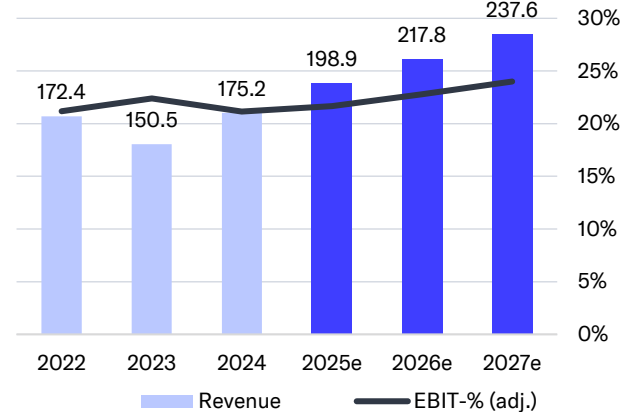
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Harvia does not publish a short-term outlook.

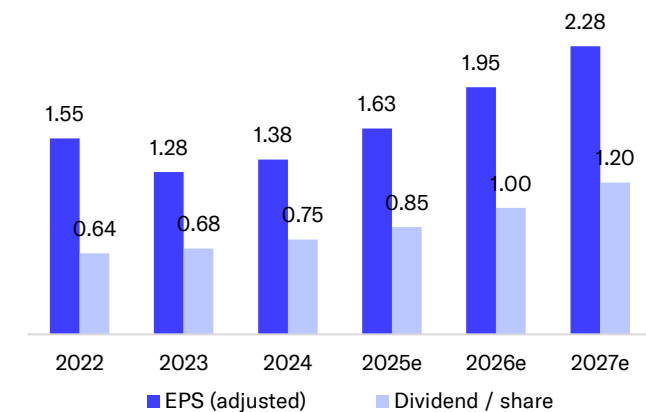
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

- Stably growing sauna and spa market in the longer term
- Leading market position and best profitability in the sector
- Strong cash flow and low investment need
- Revenue growth through complementing acquisitions and expansion of the reseller network

Risk factors

- Dependence on the Muurame plant
- Changes in the competitive field or position
- Economic fluctuations and fluctuations on the construction market may slow down growth
- Successful integration of acquisitions
- Weakening global demand trend for saunas

Valuation	2025e	2026e	2027e
Share price	47.1	47.1	47.1
Number of shares, millions	18.7	18.7	18.7
Market cap	879	879	879
EV	928	908	887
P/E (adj.)	28.9	24.1	20.7
P/E	29.2	24.3	20.7
P/B	6.3	5.5	4.8
P/S	4.4	4.0	3.7
EV/Sales	4.7	4.2	3.7
EV/EBITDA	18.4	15.8	13.6
EV/EBIT (adj.)	21.5	18.3	15.6
Payout ratio (%)	52.7 %	51.6 %	52.6 %
Dividend yield-%	1.8 %	2.1 %	2.5 %

Source: Inderes

Q1 was largely in line with expectations

North America was driving growth in a familiar fashion

Harvia's revenue grew by 23% in Q1, of which 14% was organic growth and the rest driven by the ThermaSol acquisition. As usual, the growth driver was the company's largest market area, North America, mainly the US. Growth in North America was almost 60%, or about 30% organically, which exceeded our expectation of 25%. Growth in APAC & MEA was only 12% after a very strong Q4 (we expected 30%), and Europe achieved single-digit growth figures. Comparison figures were slightly depressed by delivery difficulties due to port strikes, which made European growth in Q1'25 seem weak (our forecast was 10% growth).

By product group, growth was fairly steady with the exception of steam products, which of course grew significantly due to the ThermaSol acquisition. Currencies did not have a significant impact on the Q1 figures.

Profitability recovered as expected from a weaker Q4

Harvia's profitability was weaker than normal in Q4, as the lower price of campaign deliveries and increased raw material costs weakened the material margin. In Q1, the material margin rose again to over 66% (Q4'24: just under 60%, Q1'24: 64.6%) and was clearly better than our forecast (62.5%). In addition to the clear decrease in campaign deliveries, the margin was supported by, e.g., price increases. However, Harvia's fixed costs grew somewhat faster than we expected, and the adjusted EBIT was exactly in line with our forecast, and the margin was also close to our expectation of around 23%. However, the margin decreased slightly from the comparison period due to the company's significant investments in fixed costs, which aim to build future growth.

The CEO said on the earnings call and in our interview that these growth investments will continue in the coming years. This limits the margin improvement to some extent

but supports continued growth.

Cash flow and balance sheet strong as per usual

Harvia's cash flow generation was characteristically strong, although cash flow from operating activities decreased slightly year-on-year to 10.7 MEUR, mainly due to small negative changes in working capital. However, earnings growth and positive cash flow pushed the company's net debt/EBITDA ratio to 1.1x, compared to 1.3x at the turn of the year. This still gives the company plenty of room to make acquisitions if suitable targets are found. In our interview, the CEO also mentioned that the company practically always has some kind of M&A plans in the pipeline. In our opinion, the company also has an excellent track record with them.

Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus	Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes
Revenue	42.4	52.0	52.9	52.2			-2%
EBITDA	11.5	13.8	13.6	-			1%
EBIT (adj.)	10.1	11.9	11.9	-			0%
EBIT	9.9	11.9	11.7	11.2			1%
EPS (reported)	0.40	0.45	0.45	0.44			0%
Revenue growth-%	2.5 %	22.6 %	24.7 %	23.1 %			-2.1 pp
EBIT-% (adj.)	23.8 %	22.9 %	22.6 %				0.3 pp

Source: Inderes & Bloomberg, 4-5 analysts (consensus)

Forecasts unchanged; US consumer development in focus

No comments on post-Q1 developments

Harvia does not provide guidance, nor did it comment on developments after Q1. With the US tariff situation escalating in early April, we believe that any potential impact on consumers, and thus on Harvia's demand, will not be visible until Q2. In this regard, we will have to wait at least for the release of Harvia's Q2 figures.

However, the company reiterated that it sees the long-term potential in the USS as strong in any case, which we agree with. In addition, the company emphasized that the sauna market is still relatively small in the US, and there are enough consumers with purchasing power in the country. This is also true, and in recent years the company has been able to grow strongly in the US, regardless of the economic situation. Nevertheless, we believe that weakened consumer confidence in the US and tariff-induced inflation pose a negative risk to Harvia's short-term demand prospects.

Forecasts are practically unchanged

With Harvia's Q1 figures meeting our expectations and the company refraining from commenting on subsequent events, the report ended up containing very little new information compared to our previous expectations. As a result, our forecasts remain largely unchanged, although we have made some fine-tuning.

Forecasts show buoyant growth and improving margins

Our forecasts expect Harvia to grow organically at about 9% annually in the coming years, driven by growth in the North America and APAC & MEA segments, with European growth at 3-5% per year. For North America, the organic growth forecast is still over 15% for this year and about 15% for the next few years, despite the aforementioned risk of weakening demand. This year, growth in the US will also be boosted by the ThermaSol acquisition made last summer.

Our forecast for the next few years expects the EBIT margin to increase from about 20% last year to 24% in 2027. The CEO mentioned in the Q1 call that he sees a need to increase the company's fixed costs for another 3-4 years, and only after that would the leverage from sales growth be more clearly visible in the margin. Based on this comment, our margin forecasts for the next few years may be slightly optimistic. On the other hand, by increasing resources, the company is able to maintain strong and value-creating growth, and revenue development may surprise positively compared to our forecasts, if the growth in sauna awareness continues on its current positive trend

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	Tot.	%	Old	New	%	Old	New	%
Revenue	198	199	0%	217	218	0%	236	238	1%
EBITDA	49.9	50.4	1%	57.1	57.3	0%	64.8	65.2	1%
EBIT (exc. NRIs)	42.8	43.1	1%	49.4	49.7	0%	56.7	57.0	1%
EBIT	42.3	42.8	1%	49.1	49.4	0%	56.7	57.0	1%
EPS (excl. NRIs)	1.63	1.62	0%	1.94	1.95	1%	2.27	2.28	1%
DPS	0.85	0.85	0%	1.00	1.00	0%	1.20	1.20	0%

Source: Inderes

Harvia Plc, Webcast, Q1'25



Deservedly high valuation

Valuation summary

We expect Harvia to grow significantly starting from this year, long into the 2030s, and the company has proven its quality even during the difficult years of 2022-23. Although we find Harvia's multiples high for the next few years, we note that we expect the company's earnings growth and good cash flow to push multiples down over the years. The current cash flow level and strong earnings growth offer an expected return of over 10% for years to come. However, the high valuation limits it, especially on a 12-month horizon.

Growth creates value and weighs on multiples over time

From a valuation perspective, we think our projected P/E of over 25x and EV/EBIT of around 20x for 2025 are high. On the other hand, thanks to its strong return on capital and growth profile, Harvia is clearly capable of value-creating growth. P/E for 2027 is 15x and EV/EBIT is down to 15x. The multiples are well above the average of the peer group, although we do not consider the peer group to be directly comparable with Harvia. We believe the premium valuation is well deserved, given Harvia's excellent return on capital and growth prospects.

Harvia's competitors Sauna 360 and Klafs have been bought by large US companies in recent years. We think Harvia could be a potential acquisition target for this type of player, but the current valuation already sets a fairly high price for a possible takeover bid.

The expected return looks reasonable through earnings growth and cash flow

Outlined in terms of earnings growth and dividend (i.e., assuming the current valuation is maintained), we arrive at an expected return of 10-15%. It is also worth noting that our

projections keep Harvia's net debt/EBITDA low (less than 1x), while the target is below 2.5x. This will allow the company to either distribute more profits or make acquisitions, which we believe will support expected returns. Harvia will likely seek to make acquisitions in the future. According to our estimate, free cash flow yield is approximately 4% based on this year's figures. In 2025-30, we estimate that the net profit will grow on average by more than 10%, so also from this perspective, the expected return is around 15%. In our opinion, however, the valuation should decrease from current levels, which limits the expected return compared to these calculations.

DCF model

With a stable industry, steady profitability and a fairly predictable business, we believe that the DCF model is a relevant valuation method for Harvia. As we mentioned earlier, we expect growth to remain close to 10% until 2033. We assume growth in the terminal period to be 2.8% (previously 2.5%). In the medium term, we expect profitability to rise to 24% in terms of the EBIT margin, which is also our terminal assumption. Our required return is 8.8% and our DCF value is about EUR 42, which is close to our target price.

We expect the level of investment to remain moderate, as Harvia has made significant investments in 2021 that will allow the company to grow. However, growth investments will be needed in the near future, especially in the US. The company's capital requirement is generally low and the return on capital is high, which enables strong cash flow and growth. Our medium-term assumption for the company's capex/revenue ratio is around 3%, which also allows for growth, with maintenance capex closer to 2% in our view.

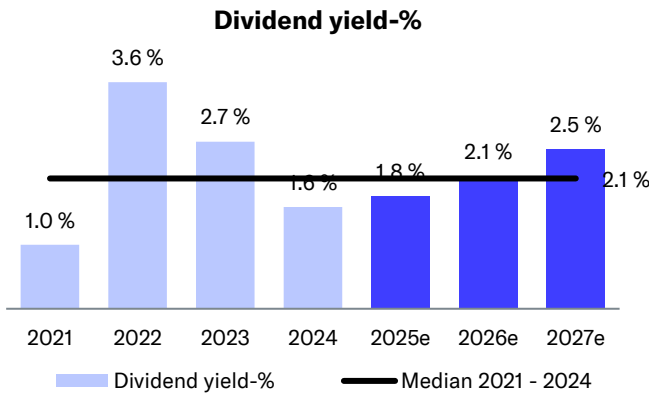
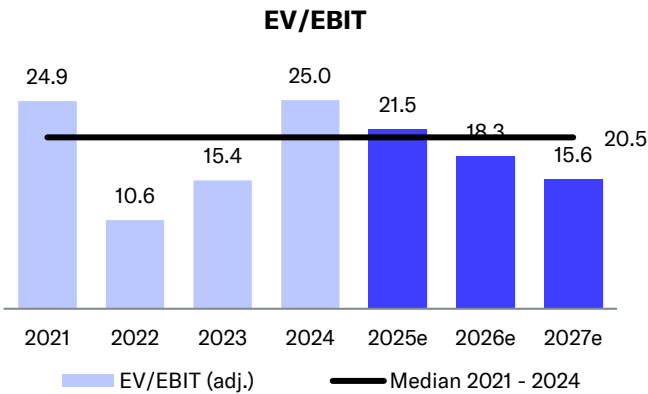
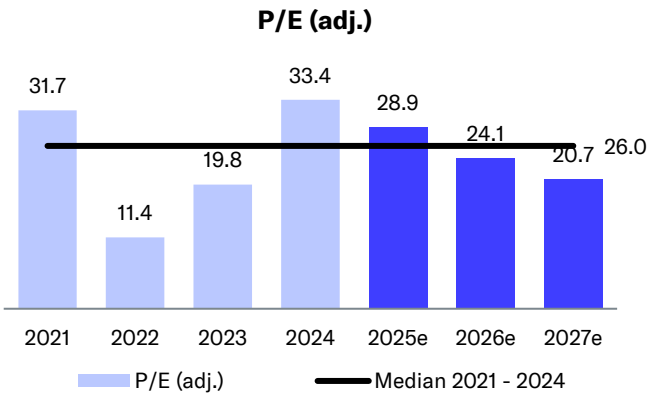
Valuation	2025e	2026e	2027e
Share price	47.1	47.1	47.1
Number of shares, millions	18.7	18.7	18.7
Market cap	879	879	879
EV	928	908	887
P/E (adj.)	28.9	24.1	20.7
P/E	29.2	24.3	20.7
P/B	6.3	5.5	4.8
P/S	4.4	4.0	3.7
EV/Sales	4.7	4.2	3.7
EV/EBITDA	18.4	15.8	13.6
EV/EBIT (adj.)	21.5	18.3	15.6
Payout ratio (%)	52.7 %	51.6 %	52.6 %
Dividend yield-%	1.8 %	2.1 %	2.5 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	24.5	58.7	17.7	25.5	46.1	47.1	47.1	47.1	47.1
Number of shares, millions	18.6	18.6	18.7	18.7	18.7	18.7	18.7	18.7	18.7
Market cap	457	1091	330	476	860	879	879	879	879
EV	503	1181	388	518	926	928	908	887	867
P/E (adj.)	26.0	31.7	11.4	19.8	33.4	28.9	24.1	20.7	18.5
P/E	29.5	32.4	12.2	20.4	35.6	29.2	24.3	20.7	18.5
P/B	6.9	13.5	3.4	4.4	7.0	6.3	5.5	4.8	4.2
P/S	4.2	6.1	1.9	3.2	4.9	4.4	4.0	3.7	3.4
EV/Sales	4.6	6.6	2.3	3.4	5.3	4.7	4.2	3.7	3.3
EV/EBITDA	18.8	22.5	9.2	13.2	21.8	18.4	15.8	13.6	12.2
EV/EBIT (adj.)	20.5	24.9	10.6	15.4	25.0	21.5	18.3	15.6	13.8
Payout ratio (%)	61%	33%	44%	55%	58%	53%	52%	53%	60%
Dividend yield-%	2.1 %	1.0 %	3.6 %	2.7 %	1.6 %	1.8 %	2.1 %	2.5 %	3.2 %

Source: Inderes



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

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Thule Group AB	2317	2702	15.2	13.4	13.0	11.6	2.7	2.6	18.1	15.7	4.1	4.7	3.1
Nobia AB	212	650	22.4	13.1	6.7	5.3	0.7	0.7	170.2	9.6			0.5
Dometic Group AB	997	2216	11.1	8.7	7.4	6.2	1.1	1.0	10.1	6.9	3.9	5.3	0.4
Nokian Tyres plc	875	1485	25.5	11.8	6.4	5.2	1.1	0.9	17.4	9.7	5.4	6.0	0.7
Rapala VMC Oyj	50	143	15.0	11.0	6.5	5.8	0.6	0.6		28.7	1.6	1.6	0.3
Husqvarna AB	2379	3476	10.9	9.0	5.9	5.3	0.8	0.8	12.8	9.7	4.2	5.5	1.0
Inwido AB	1104	1244	13.9	12.0	10.0	9.0	1.5	1.4	18.0	15.3	3.0	3.2	2.0
Nibe Industrier AB	7872	9600	23.3	19.9	16.0	14.3	2.5	2.3	30.3	24.2	1.1	1.3	2.5
Technogym SpA	2448	2296	16.5	14.7	11.6	10.6	2.3	2.2	23.6	21.1	3.1	3.1	7.5
Rockwool A/S	8572	8292	12.6	12.2	8.9	8.6	2.1	2.0	17.0	16.3	2.0	2.1	2.6
Kingspan Group PLC	13600	15710	16.5	14.7	12.7	11.5	1.7	1.6	18.9	16.6	0.8	0.9	2.8
Electrolux AB	1571	4340	11.3	8.3	4.6	4.0	0.4	0.3	9.8	5.5	5.0	8.5	1.4
De' Longhi SpA	4200	3781	8.4	7.8	6.5	6.1	1.0	1.0	12.7	11.9	3.8	3.8	2.0
Tulikivi	29	40	20.0	13.3	8.0	8.0	1.2	1.1	16.2	12.1	2.1	4.1	1.5
Harvia (Inderes)	879	928	21.5	18.3	18.4	15.8	4.7	4.2	28.9	24.1	1.8	2.1	6.3
Average			15.9	12.1	8.9	8.0	1.4	1.3	28.8	14.5	3.1	3.8	2.0
Median			15.1	12.1	7.7	7.1	1.1	1.1	17.4	13.7	3.1	3.8	1.7
Diff-% to median			42%	51%	140%	123%	309%	282%	66%	76%	-42%	-44%	265%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	151	42.4	43.2	38.7	50.9	175	52.0	48.8	43.6	54.5	199	218	238	260
Pohjois-Eurooppa	0.0	11.7	11.6	9.6	10.9	43.8	11.9	11.1	10.2	11.0	44.2	46.0	47.4	48.8
Manner-Eurooppa	0.0	13.6	12.7	11.5	14.9	52.7	14.5	12.7	12.0	15.5	54.7	56.8	59.1	61.5
Pohjois-Amerikka	43.5	13.7	14.7	13.5	20.1	62.0	21.8	20.2	16.5	22.2	80.7	92.8	107	123
APAC & MEA	11.0	3.4	4.2	4.1	5.0	16.7	3.8	4.8	4.9	5.8	19.2	22.1	24.3	26.8
EBITDA	39.3	11.5	10.5	10.1	10.4	42.4	13.8	12.8	9.9	13.9	50.4	57.3	65.2	71.2
Depreciation	-6.3	-1.6	-1.6	-1.8	-2.0	-7.0	-1.9	-1.9	-1.9	-1.9	-7.6	-8.0	-8.1	-8.4
EBIT (excl. NRI)	33.7	10.1	9.4	8.9	8.7	37.1	11.9	11.2	8.0	12.0	43.1	49.7	57.0	62.8
EBIT	33.0	9.9	8.9	8.3	8.4	35.5	11.9	10.9	8.0	12.0	42.8	49.4	57.0	62.8
Net financial items	-3.5	-0.1	-1.0	-1.5	-1.0	-3.6	-1.4	-1.0	-1.0	-1.0	-4.4	-3.0	-2.5	-2.0
PTP	29.5	9.8	7.9	6.8	7.4	31.8	10.5	9.9	7.0	11.0	38.4	46.4	54.5	60.8
Taxes	-6.3	-2.3	-2.0	-1.3	-2.0	-7.6	-2.3	-2.2	-1.5	-2.4	-8.4	-10.2	-12.0	-13.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	23.3	7.5	5.8	5.5	5.4	24.2	8.2	7.7	5.4	8.6	29.9	36.2	42.5	47.4
EPS (adj.)	1.28	0.41	0.34	0.32	0.31	1.38	0.44	0.43	0.29	0.46	1.62	1.95	2.28	2.54
EPS (rep.)	1.25	0.40	0.31	0.29	0.29	1.30	0.44	0.41	0.29	0.46	1.61	1.94	2.28	2.54

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-12.7 %	2.5 %	20.6 %	14.0 %	29.2 %	16.4 %	22.6 %	13.0 %	12.6 %	7.0 %	13.5 %	9.5 %	9.1 %	9.4 %
Adjusted EBIT growth-%	-7.6 %	8.4 %	18.0 %	29.5 %	-9.4 %	9.9 %	17.8 %	19.2 %	-10.1 %	38.2 %	16.3 %	15.2 %	14.9 %	10.1 %
EBITDA-%	26.1 %	27.1 %	24.2 %	26.0 %	20.4 %	24.2 %	26.5 %	26.2 %	22.6 %	25.6 %	25.3 %	26.3 %	27.4 %	27.4 %
Adjusted EBIT-%	22.4 %	23.8 %	21.8 %	22.9 %	17.1 %	21.2 %	22.9 %	23.0 %	18.3 %	22.1 %	21.7 %	22.8 %	24.0 %	24.2 %
Net earnings-%	15.5 %	17.7 %	13.5 %	14.1 %	10.6 %	13.8 %	15.8 %	15.8 %	12.5 %	15.8 %	15.1 %	16.6 %	17.9 %	18.3 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	115	146	145	144	144
Goodwill	73.4	91.1	91.1	91.1	91.1
Intangible assets	8.7	16.9	17.1	17.3	17.5
Tangible assets	29.4	36.3	34.7	33.9	33.5
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	2.4	1.0	1.0	1.0	1.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	1.0	0.8	0.8	0.8	0.8
Current assets	99.4	119	94.1	101	110
Inventories	35.5	49.2	49.7	52.3	57.0
Other current assets	4.6	0.6	0.6	0.6	0.6
Receivables	18.7	22.3	25.9	28.3	30.9
Cash and equivalents	40.6	46.4	17.9	19.6	21.4
Balance sheet total	214	265	239	245	254

Source: Inderes

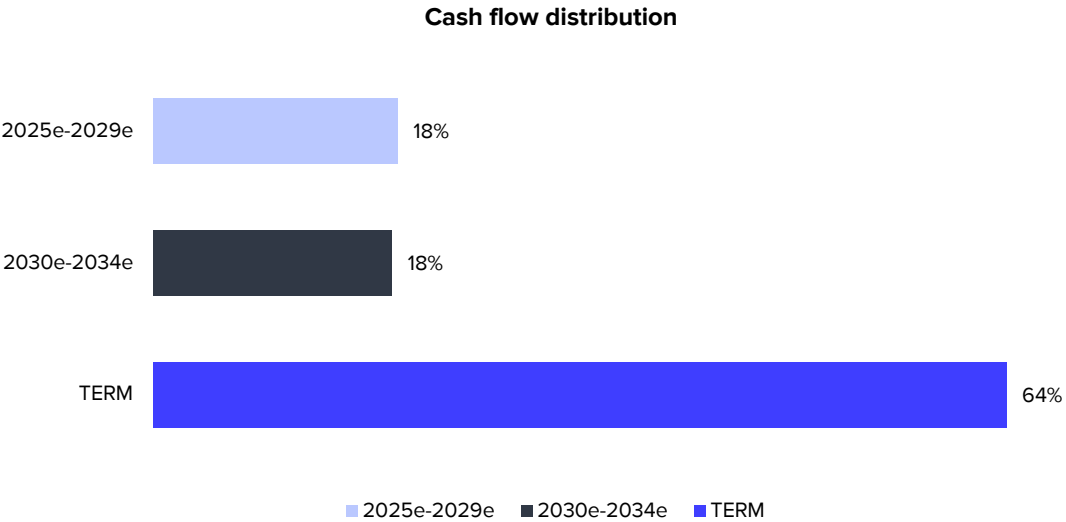
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	109	124	140	160	184
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	75.1	86.8	103	123	147
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	32.4	35.9	35.9	35.9	35.9
Minorities	1.1	1.2	1.2	1.2	1.2
Non-current liabilities	80.8	111	65.2	49.3	27.7
Deferred tax liabilities	1.2	2.7	2.7	2.7	2.7
Provisions	2.0	2.8	2.8	2.8	2.8
Interest bearing debt	77.4	103	56.8	40.9	19.3
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.2	3.0	3.0	3.0	3.0
Current liabilities	24.7	29.3	33.4	35.1	41.8
Interest bearing debt	0.8	1.0	2.3	1.1	4.8
Payables	18.0	26.4	29.8	32.7	35.6
Other current liabilities	5.9	1.9	1.4	1.4	1.4
Balance sheet total	214	264	239	245	254

DCF-calculation

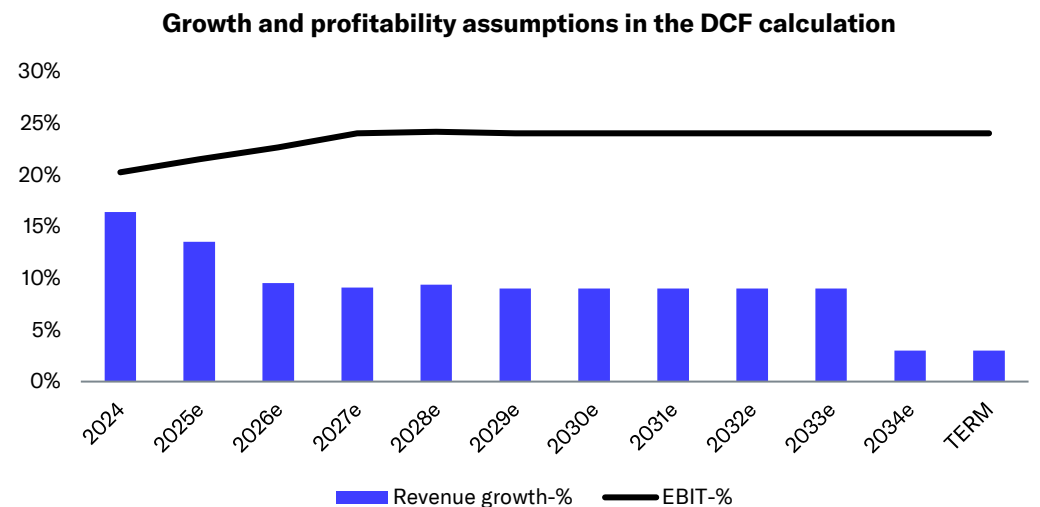
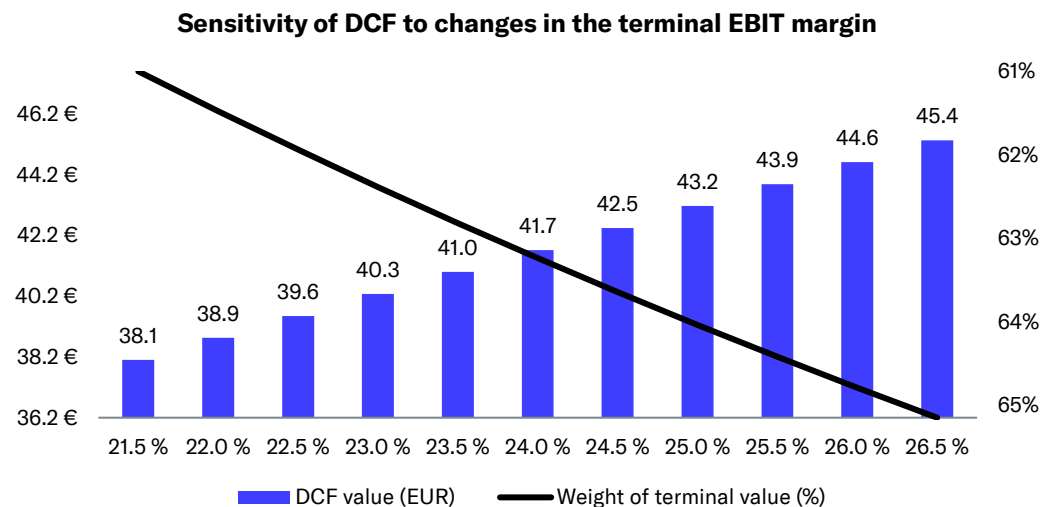
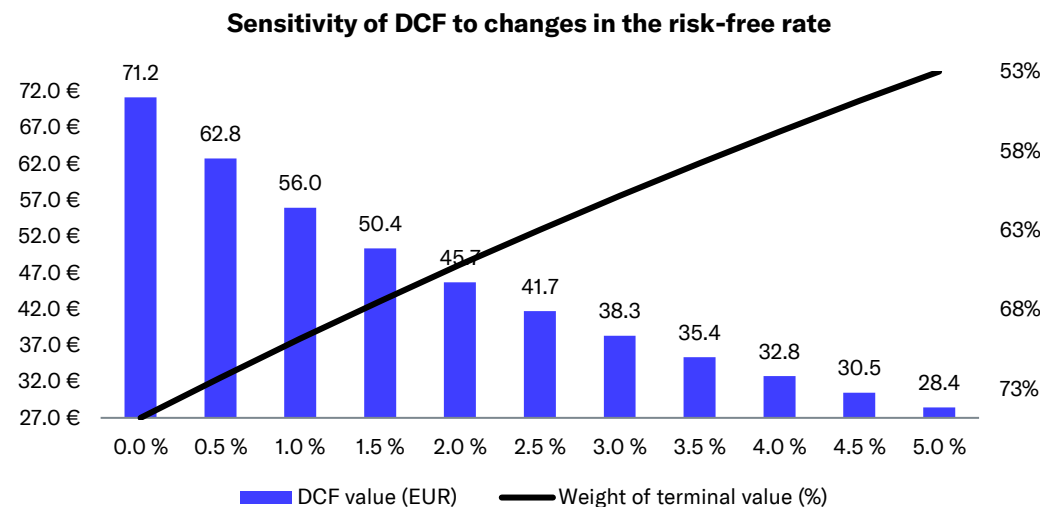
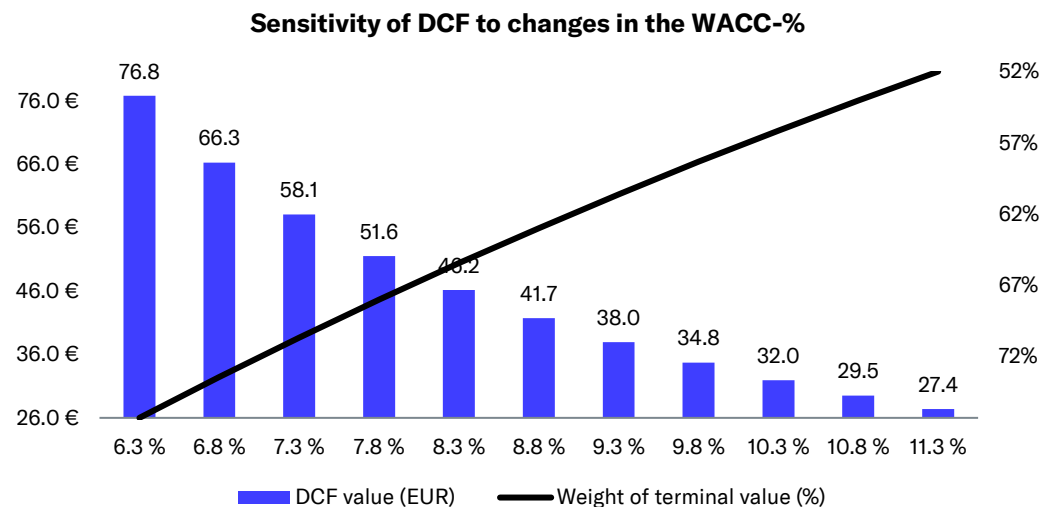
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	16.4 %	13.5 %	9.5 %	9.1 %	9.4 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	3.0 %	3.0 %
EBIT-%	20.2 %	21.5 %	22.7 %	24.0 %	24.2 %	24.0 %	24.0 %	24.0 %	24.0 %	24.0 %	24.0 %	24.0 %
EBIT (operating profit)	35.5	42.8	49.4	57.0	62.8	68.0	74.1	80.8	88.0	96.0	98.8	
+ Depreciation	7.0	7.6	8.0	8.1	8.4	8.4	8.4	8.6	8.3	8.9	9.6	
- Paid taxes	-5.9	-8.3	-10.2	-12.0	-13.4	-14.9	-16.3	-17.8	-19.4	-21.1	-21.8	
- Tax, financial expenses	-0.9	-1.0	-0.7	-0.6	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	
+ 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	-8.9	-1.1	-2.2	-4.4	-4.9	-5.1	-5.6	-6.1	-6.7	-7.3	-2.6	
Operating cash flow	26.7	40.0	44.3	48.3	52.5	56.3	60.6	65.5	70.3	76.5	84.1	
+ Change in other long-term liabilities	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-38.4	-6.2	-7.3	-8.0	-8.7	-8.7	-9.5	-10.3	-11.2	-12.2	-12.2	
Free operating cash flow	-8.1	33.8	37.0	40.3	43.8	47.6	51.2	55.2	59.1	64.3	71.9	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-8.1	33.8	37.0	40.3	43.8	47.6	51.2	55.2	59.1	64.3	71.9	1268
Discounted FCFF		32.0	32.1	32.2	32.1	32.1	31.7	31.4	30.9	30.9	31.7	560
Sum of FCFF present value		877	845	813	781	749	717	685	654	623	592	560
Enterprise value DCF		877										
- Interest bearing debt		-104										
+ Cash and cash equivalents		46										
-Minorities		-8										
-Dividend/capital return		-14										
Equity value DCF		798										
Equity value DCF per share		42.8										

WACC	
Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.0 %
Equity Beta	1.5
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.4 %
Weighted average cost of capital (WACC)	8.8 %

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	172.4	150.5	175.2	198.9	217.8	EPS (reported)	1.45	1.25	1.30	1.61	1.94
EBITDA	42.2	39.3	42.4	50.4	57.3	EPS (adj.)	1.55	1.28	1.38	1.63	1.95
EBIT	34.7	33.0	35.5	42.8	49.4	OCF / share	1.39	2.09	1.43	2.14	2.37
PTP	36.8	29.5	31.8	38.4	46.4	OFCF / share	-0.32	1.74	-0.44	1.81	1.98
Net Income	27.1	23.3	24.2	30.1	36.2	Book value / share	5.21	5.76	6.58	7.44	8.53
Extraordinary items	-1.8	-0.7	-1.6	-0.3	-0.3	Dividend / share	0.64	0.68	0.75	0.85	1.00
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	208.7	214.3	264.6	238.8	244.9	Revenue growth-%	-4%	-13%	16%	14%	10%
Equity capital	98.4	108.7	124.0	140.1	160.4	EBITDA growth-%	-20%	-7%	8%	19%	14%
Goodwill	73.4	73.4	91.1	91.1	91.1	EBIT (adj.) growth-%	-23%	-8%	10%	16%	15%
Net debt	54.6	37.6	57.3	41.1	22.4	EPS (adj.) growth-%	-16%	-17%	8%	18%	20%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	24.5 %	26.1 %	24.2 %	25.3 %	26.3 %
EBITDA	42.2	39.3	42.4	50.4	57.3	EBIT (adj.)-%	21.2 %	22.4 %	21.2 %	21.7 %	22.8 %
Change in working capital	-7.5	6.9	-8.9	-1.1	-2.2	EBIT-%	20.1 %	21.9 %	20.2 %	21.5 %	22.7 %
Operating cash flow	26.0	39.1	26.7	40.0	44.3	ROE-%	30.5 %	22.7 %	21.0 %	23.0 %	24.3 %
CAPEX	-7.4	-3.2	-38.4	-6.2	-7.3	ROI-%	21.8 %	18.1 %	17.1 %	20.1 %	24.6 %
Free cash flow	-6.0	32.5	-8.1	33.8	37.0	Equity ratio	47.1 %	50.7 %	46.9 %	58.7 %	65.5 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	55.5 %	34.6 %	46.2 %	29.4 %	13.9 %
EV/S	2.3	3.4	5.3	4.7	4.2						
EV/EBITDA	9.2	13.2	21.8	18.4	15.8						
EV/EBIT (adj.)	10.6	15.4	25.0	21.5	18.3						
P/E (adj.)	11.4	19.8	33.4	28.9	24.1						
P/B	3.4	4.4	7.0	6.3	5.5						
Dividend-%	3.6 %	2.7 %	1.6 %	1.8 %	2.1 %						

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

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
11/26/2020	Buy	22.00 €	19.10 €
2/12/2021	Accumulate	33.00 €	30.00 €
4/18/2021	Buy	45.00 €	33.65 €
5/6/2021	Accumulate	47.00 €	42.25 €
5/31/2021	Accumulate	52.00 €	46.05 €
7/17/2021	Accumulate	62.00 €	58.20 €
8/12/2021	Accumulate	64.00 €	59.00 €
9/2/2021	Buy	64.00 €	53.30 €
11/5/2021	Accumulate	65.00 €	60.00 €
Analyst changed			
1/27/2022	Buy	57.00 €	44.20 €
2/10/2022	Buy	51.00 €	39.20 €
3/11/2022	Buy	42.00 €	34.15 €
5/5/2022	Buy	42.00 €	32.22 €
7/20/2022	Accumulate	27.00 €	24.00 €
Analyst changed			
8/12/2022	Accumulate	22.00 €	19.93 €
9/9/2022	Buy	20.00 €	15.23 €
11/4/2022	Buy	20.00 €	15.46 €
12/19/2022	Accumulate	21.00 €	18.33 €
2/10/2023	Reduce	22.00 €	22.10 €
5/5/2023	Reduce	24.00 €	25.06 €
5/29/2023	Accumulate	24.00 €	22.14 €
8/11/2023	Accumulate	24.00 €	22.00 €
9/13/2023	Accumulate	25.50 €	24.00 €
11/3/2023	Accumulate	25.00 €	23.50 €
12/11/2023	Reduce	25.00 €	25.48 €
2/9/2024	Sell	28.00 €	32.60 €
5/6/2024	Sell	30.00 €	38.60 €
8/6/2024	Sell	32.00 €	36.50 €
8/9/2024	Sell	35.00 €	40.40 €
9/24/2024	Sell	37.00 €	42.45 €
11/8/2024	Sell	40.00 €	46.10 €
2/14/2025	Reduce	46.00 €	47.10 €
4/24/2025	Reduce	40.00 €	38.70 €
5/8/2025	Reduce	43.00 €	47.10 €



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